S. 2743. A bill to amend the Public Health Service Act to develop an infrastructure for creating a national voluntary reporting system to continually reduce medical errors and improve patient safety to ensure that individuals receive high quality health care; to the Committee on Health, Education, Labor, and Pensions.

By Mr. ASHCROFT:

S. 2744. A bill to ensure fair play for family farms; to the Committee on the Judiciary.

By Mr. ASHCROFT:

S. 2745. A bill to provide for grants to assist value-added agricultural businesses; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. ASHCROFT:

S. 2746. A bill to amend the Internal Revenue Code of 1986 to allow a credit against income tax for investment by farmers in value-added agricultural property; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

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

By Mr. LAUTENBERG:

S. Con. Res. 123. A concurrent resolution expressing the sense of the Congress regarding manipulation of the mass and intimidation of the independent press in the Russian Federation, expressing support for freedom of speech and the independent media in the Russian Federation, and calling on the President of the United States to express his strong concern for freedom of speech and the independent media in the Russian Federation; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. GRAMM:

S. 2732. A bill to ensure that all States participating in the National Boll Weevil Eradication Program are treated equitably; to the Committee on Agriculture, Nutrition, and Forestry.

THE BOLL WEEVIL ERADICATION EQUITY ACT

• Mr. GRAMM. Mr. President, today I am introducing the Boll Weevil Eradication Equity Act. Boll weevil infestation has caused more than $15 billion worth of damage to the United States cotton crop, and the nation's cotton producers lose $300 million annually. Texas is the largest cotton producing state in the nation, yet the scope of this problem extends beyond Texas. The ability of all states to eradicate this pest would stop future migration to boll weevil-free areas and prevent reintroduction of the boll weevil into those areas which have already completed a successful eradication effort.

We must continue to build upon the past success of the existing program that authorizes the Animal and Plant Health Inspection Service of the United States Department of Agriculture to join with individual states and provide technical assistance and federal cost-share funds. This highly successful partnership has resulted in complete boll weevil eradication in California, Florida, Arizona, Alabama, Georgia, Virginia and North Carolina. These states received an average federal cost-share of 26.9 percent, with producers and individual states paying the remaining cost.

Since 1994, however, the program has expanded into Texas, Mississippi, Arkansas, Louisiana, Tennessee, Oklahoma and New Mexico, but the federal appropriation has remained relatively constant. The addition of this vast acreage has resulted in dramatically reducing the federal cost share to only 4 percent, leaving producers and individual states to fund the remaining 96 percent. This is not fair to the states now participating in the program because federal matching funds to the states enrolled in the early years of the program constituted almost 30 percent of eradication costs.

The National Cotton Council estimates that for every $1 spent on eradication, cotton farmers will accrue about $12 in benefits. The bill I am introducing today will authorize a federal cost share contribution of not less than 26.9 percent to the states and producers which still must contend with boll weevil infestation. I urge my colleagues to join this effort to ensure that these producers receive no less support than that which was provided during the earlier stages of the program.

I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2732

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Boll Weevil Eradication Equity Act''.

SEC. 2. FINDINGS.

Congress finds that—

(1) as of the date of enactment of this Act, infestation by Anthonomus grandis (commonly known as the ''boll weevil'') has caused more than $15,000,000,000 in damage to cotton crops of the United States and costs cotton producers in the United States approximately $300,000,000 annually;

(2) through the National Boll Weevil Eradication Program (referred to in this Act as the ''program''), the Animal and Plant Health Inspection Service of the Department of Agriculture partners with producers to provide technical assistance and Federal cost share funds to States in an effort to eradicate the boll weevil;

(3) States that enrolled in the program before 1994 have since been able to complete boll weevil eradication and were provided a Federal cost share that accounted for an average of 26.9 percent of the total cost of eradication;

(4) States that enrolled in the program in or after 1994 account for 65 percent of the national cotton acreage and are now provided an average Federal cost share of only 4 percent, placing a tremendous financial burden on the individual producers;

(5) the addition of vast acreage into the program has resulted in an increased need for Federal cost share funds;

(6) a producer that participates in the program today deserves not less than the same level of commitment that was provided to producers that enrolled in the program before 1994; and

(7) the ability of all States to eradicate the boll weevil would prevent further migration of the boll weevil to boll weevil-free areas and reintroduction of the boll weevil in those areas having completed boll weevil eradication.

SEC. 3. BOLL WEEVIL ERADICATION ASSISTANCE.

(a) IN GENERAL.—Notwithstanding any other provision of law, the Secretary of Agriculture shall provide funds to pay at least 26.9 percent of the total program costs incurred by producers participating in the program.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this Act such sums as are necessary for fiscal years 2001 through 2004.•

By Mr. SANTORUM (for himself and Mr. SARBANES):

S. 2733. A bill to provide for the preservation of assisted housing for low income elderly persons, disabled persons, and other families; to the Committee on Banking, Housing, and Urban Affairs.

AFFORDABLE HOUSING FOR SENIORS AND FAMILIES ACT

• Mr. SANTORUM. Mr. President, I rise with great pride to introduce the Affordable Housing for Seniors and Families Act. I am very pleased to say that Senator KERRY of Massachusetts and Senator SARBANES are original cosponsors of this bill.

Even as our national economy flourishes, many Americans are struggling to find safe, decent, sanitary, affordable housing. HUD estimates that 5.4 million families are either paying over half of their incomes for rent or living in substandard housing. Of these households, 1.4 million, or 26%, are elderly or disabled. The scarcity of affordable housing is particularly troubling for seniors and the disabled who may require special structural accommodations in their homes.

As Vice Chairman of the Subcommittee on Housing and Transportation, and as a member of the Aging Committee, I feel a heightened sense of urgency in helping these special populations find housing. Thus, I am pleased to offer a bill which: reauthorizes federal funding for elderly and disabled housing programs; expands supportive housing opportunities for these special populations; codifies options to enhance the financial viability of the projects; assists sponsors in offering a ''continuum of care'' that allows people to live independently and with dignity; offers incentives to preserve the stock of affordable housing that is at risk of loss due to prepayment, Section 8 opt-out, or deterioration; and modernizes current laws allowing the FHA to insure mortgages on hospitals, assisted living facilities, and nursing homes. Together, I believe these measures will help to fill the critical housing needs of elderly and disabled families.

On September 27, 1999, the House of Representatives overwhelmingly approved the Preserving Affordable Housing for Senior Citizens in the 21st Century Act (H.R. 202) by a vote of 405–5.

Several aspects of H.R. 202, which protected residents in the event that their landlords did not renew their project based Section 8 contracts, were included in the FY 2000 VA-HUD appropriations bill. The legislation I offer today is modeled on the House-passed bill, without the preservation provisions that have already been enacted. I would like to take a few moments to highlight the major provisions of this bill.

The Section 202 elderly housing program and the Section 811 disabled housing program each provide crucial affordable housing for very low-income individuals, whose incomes are 50 percent or below of the area median income. By law, sponsors, or owners, of Section 202 or Section 811 housing must be non-profit organizations. Many sponsors are faith-based. The Affordable Housing for Seniors and Families Act will increase the stock of Section 202 and 811 housing in several ways. First, it reauthorizes funding for Section 202 and 811 housing programs in the amount of $700 million and $225 million, respectively, in FY 01. Such sums as are necessary are authorized for FY 02 through FY 04. Second, it creates an optional matching grant program that will enable sponsors to leverage additional money for construction. Third, it allows Section 202 housing sponsors to buy new properties.

This legislation also codifies options giving owners financial flexibility to use sources of income besides the Section 202 and Section 811 funds. For instance, by requiring HUD to approve prepayment of the 202 mortgages, this bill allows sponsors to build equity in their projects, which can be used to leverage funding for capital improvements or services for tenants. It gives sponsors maximum flexibility to use all sources of financing, including federal money, for construction, amenities, and relevant design features. In order to raise additional outside revenue and offer a convenience to tenants, owners are permitted to rent space to commercial facilities. In the cases of both Section 202 and 811 housing, owners may use their project reserves to retrofit or modernize obsolete or unmarketable units. Finally, this bill allows project sponsors to form limited partnerships with for-profit entities. Through such a partnership, sponsors can also compete for the Low Income Housing Tax Credit, and build larger developments.

The importance of providing a ''continuum of care'' for seniors and disabled persons to continue living independently is addressed in the Affordable Housing for Seniors and Families Act. For example, this bill helps seniors stay in their apartments as they become older and more frail by authorizing competitive grants for conversion of elderly housing and public housing projects designated for occupancy by elderly persons to assisted living facilities. Responding to obstacles the handicapped face in finding special-needs housing, it allows private non-profits to administer tenant-based rental assistance for the disabled. It also ensures that funding will continue to be invested in building housing for the disabled by limiting funding for tenant-based assistance under the Section 811 program to 25% of the program's appropriation. Funding for service coordinators, who link residents with supportive or medical services in the community, is authorized through FY 04. Moreover, service coordinators are permitted to assist low-income elderly or disabled families in the vicinity of their projects. Seniors who live in their own houses will be assisted by a provision in Title V which allows them to maximize the equity in their homes by streamlining the process of refinancing an existing federal-insured reverse mortgage.

Title IV of this legislation focuses on preserving the existing stock of federally assisted properties as affordable housing for low and very low-income families. Each year, 100,000 low-cost apartments across the country are demolished, abandoned, or converted to market rate use. For every 100 extremely low-income households, having 30% or less of area median income, only 36 units were both affordable and available. Even in rural areas, the potential loss of assisted, affordable housing is very real due to prepayment of mortgages, opt-out of assisted housing programs upon contract expirations, frustration with government bureaucracy, or simply a recognition that the building would be more profitable as market-rate housing. Title IV responds with a matching grant program to assist state and local governments who are devoting their own money to affordable housing preservation. Likewise, it authorizes a competitive grant program to assist nonprofits in buying federally assisted property.

Current law allowing the Federal Housing Administration (FHA) to insure mortgages on hospitals, nursing homes, and assisted living facilities has become outdated. Title V modernizes the law and removes barriers to using FHA insurance for such facilities. Likewise, it recognizes the integrated nature of healthcare by allowing the FHA to provide mortgage insurance for ''integrated service facilities,'' such as ambulatory care centers, which treat sick, injured, disabled, elderly, or infirm persons.

Mr. President, I urge my colleagues to cosponsor this important bipartisan legislation. In closing, I would like to express my gratitude to Senator KERRY for working closely with me on this important legislation. I also would like to thank Senator SARBANES for his cosponsorship.

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

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

S. 2733

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

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Affordable Housing for Seniors and Families Act''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title and table of contents.
Sec. 2. Regulations.
Sec. 3. Effective date.

TITLE I—REFINANCING FOR SECTION 202 SUPPORTIVE HOUSING FOR THE ELDERLY

Sec. 101. Prepayment and refinancing.

TITLE II—AUTHORIZATION OF APPROPRIATIONS FOR SUPPORTIVE HOUSING FOR THE ELDERLY AND PERSONS WITH DISABILITIES

Sec. 201. Supportive housing for elderly persons.
Sec. 202. Supportive housing for persons with disabilities.
Sec. 203. Service coordinators and congregate services for elderly and disabled housing.

TITLE III—EXPANDING HOUSING OPPORTUNITIES FOR THE ELDERLY AND PERSONS WITH DISABILITIES

Subtitle A—Housing for the Elderly

Sec. 301. Matching grant program.
Sec. 302. Eligibility of for-profit limited partnerships.
Sec. 303. Mixed funding sources.
Sec. 304. Authority to acquire structures.
Sec. 305. Mixed-income occupancy.
Sec. 306. Use of project reserves.
Sec. 307. Commercial activities.
Sec. 308. Mixed finance pilot program.
Sec. 309. Grants for conversion of elderly housing to assisted living facilities.
Sec. 310. Grants for conversion of public housing projects to assisted living facilities.
Sec. 311. Annual HUD inventory of assisted housing designated for elderly persons.
Sec. 312. Treatment of applications.

Subtitle B—Housing for Persons With Disabilities

Sec. 321. Matching grant program.
Sec. 322. Eligibility of for-profit limited partnerships.
Sec. 323. Mixed funding sources.
Sec. 324. Tenant-based assistance.
Sec. 325. Use of project reserves.
Sec. 326. Commercial activities.

Subtitle C—Other Provisions

Sec. 341. Service coordinators.

TITLE IV—PRESERVATION OF AFFORDABLE HOUSING STOCK

Sec. 401. Matching grant program for affordable housing preservation.
Sec. 402. Assistance for nonprofit purchasers preserving affordable housing.
Sec. 403. Section 236 assistance.
Sec. 404. Preservation projects.

TITLE V—MORTGAGE INSURANCE FOR HEALTH CARE FACILITIES AND HOME EQUITY CONVERSION MORTGAGES

Sec. 501. Rehabilitation of existing hospitals, nursing homes, and other facilities.
Sec. 502. New integrated service facilities.
Sec. 503. Hospitals and hospital-based integrated service facilities.
Sec. 504. Home equity conversion mortgages.

SEC. 2. REGULATIONS.

The Secretary of Housing and Urban Development (referred to in this Act as the ''Secretary'') shall issue any regulations to carry

out this Act and the amendments made by this Act that the Secretary determines may or will affect tenants of federally assisted housing only after notice and opportunity for public comment in accordance with the procedure under section 553 of title 5, United States Code, applicable to substantive rules (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section). Notice of such proposed rulemaking shall be provided by publication in the Federal Register. In issuing such regulations, the Secretary shall take such actions as may be necessary to ensure that such tenants are notified of, and provided an opportunity to participate in, the rulemaking, as required by such section 553.

SEC. 3. EFFECTIVE DATE.

(a) IN GENERAL.—The provisions of this Act and the amendments made by this Act are effective as of the date of enactment of this Act, unless such provisions or amendments specifically provide for effectiveness or applicability upon another date certain.

(b) EFFECT OF REGULATORY AUTHORITY.—Any authority in this Act or the amendments made by this Act to issue regulations, and any specific requirement to issue regulations by a date certain, may not be construed to affect the effectiveness or applicability of the provisions of this Act or the amendments made by this Act under such provisions and amendments and subsection (a) of this section.

TITLE I—REFINANCING FOR SECTION 202 SUPPORTIVE HOUSING FOR THE ELDERLY

SEC. 101. PREPAYMENT AND REFINANCING.

(a) APPROVAL OF PREPAYMENT OF DEBT.—Upon request of the project sponsor of a project assisted with a loan under section 202 of the Housing Act of 1959 (as in effect before the enactment of the Cranston-Gonzalez National Affordable Housing Act), the Secretary shall approve the prepayment of any indebtedness to the Secretary relating to any remaining principal and interest under the loan as part of a prepayment plan under which—

(1) the project sponsor agrees to operate the project until the maturity date of the original loan under terms at least as advantageous to existing and future tenants as the terms required by the original loan agreement or any rental assistance payments contract under section 8 of the United States Housing Act of 1937 (or any other rental housing assistance programs of the Department of Housing and Urban Development, including the rent supplement program under section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s)) relating to the project; and

(2) the prepayment may involve refinancing of the loan if such refinancing results in a lower interest rate on the principal of the loan for the project and in reductions in debt service related to such loan.

(b) SOURCES OF REFINANCING.—In the case of prepayment under this section involving refinancing, the project sponsor may refinance the project through any third party source, including financing by State and local housing finance agencies, use of tax-exempt bonds, multi-family mortgage insurance under the National Housing Act, reinsurance, or other credit enhancements, including risk sharing as provided under section 542 of the Housing and Community Development Act of 1992 (12 U.S.C. 1707 note). For purposes of underwriting a loan insured under the National Housing Act, the Secretary may assume that any section 8 rental assistance contract relating to a project will be renewed for the term of such loan.

(c) USE OF UNEXPENDED AMOUNTS.—Upon execution of the refinancing for a project pursuant to this section, the Secretary shall make available at least 50 percent of the annual savings resulting from reduced section 8 or other rental housing assistance contracts in a manner that is advantageous to the tenants, including—

(1) not more than 15 percent of the cost of increasing the availability or provision of supportive services, which may include the financing of service coordinators and congregate services;

(2) rehabilitation, modernization, or retrofitting of structures, common areas, or individual dwelling units;

(3) construction of an addition or other facility in the project, including assisted living facilities (or, upon the approval of the Secretary, facilities located in the community where the project sponsor refinances a project under this section, or pools shared resources from more than 1 such project); or

(4) rent reduction of unassisted tenants residing in the project according to a pro rata allocation of shared savings resulting from the refinancing.

(d) USE OF CERTAIN PROJECT FUNDS.—The Secretary shall allow a project sponsor that is prepaying and refinancing a project under this section—

(1) to use any residual receipts held for that project in excess of $500 per individual dwelling unit for not more than 15 percent of the cost of activities designed to increase the availability or provision of supportive services; and

(2) to use any reserves for replacement in excess of $1,000 per individual dwelling unit for activities described in paragraphs (2) and (3) of subsection (c).

(e) BUDGET ACT COMPLIANCE.—This section shall be effective only to extent or in such amounts that are provided in advance in appropriation Acts.

TITLE II—AUTHORIZATION OF APPROPRIATIONS FOR SUPPORTIVE HOUSING FOR THE ELDERLY AND PERSONS WITH DISABILITIES

SEC. 201. SUPPORTIVE HOUSING FOR ELDERLY PERSONS.

Section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) is amended by adding at the end the following:

''(m) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for providing assistance under this section $700,000,000 for fiscal year 2001 and such sums as may be necessary for each of fiscal years 2002, 2003, and 2004. Of the amount provided in appropriation Acts for assistance under this section in each such fiscal year, 5 percent shall be available only for providing assistance in accordance with the requirements under subsection (c)(4) (relating to matching funds), except that if there are insufficient eligible applicants for such assistance, any amount remaining shall be used for assistance under this section.''.

SEC. 202. SUPPORTIVE HOUSING FOR PERSONS WITH DISABILITIES.

Section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013) is amended by striking subsection (m) and inserting the following:

''(m) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for providing assistance under this section $225,000,000 for fiscal year 2001 and such sums as may be necessary for each of fiscal years 2002, 2003, and 2004. Of the amount provided in appropriation Acts for assistance under this section in each such fiscal year, 5 percent shall be available only for providing assistance in accordance with the requirements under subsection (d)(5) (relating to matching funds), except that if there are insufficient eligible applicants for such assistance, any amount remaining shall be used for assistance under this section.''.

SEC. 203. SERVICE COORDINATORS AND CONGREGATE SERVICES FOR ELDERLY AND DISABLED HOUSING.

There is authorized to be appropriated to the Secretary $50,000,000 for fiscal year 2001, and such sums as may be necessary for each of fiscal years 2002, 2003, and 2004, for the following purposes:

(1) GRANTS FOR SERVICE COORDINATORS FOR CERTAIN FEDERALLY ASSISTED MULTIFAMILY HOUSING.—For grants under section 676 of the Housing and Community Development Act of 1992 (42 U.S.C. 13632) for providing service coordinators.

(2) CONGREGATE SERVICES FOR FEDERALLY ASSISTED HOUSING.—For contracts under section 802 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8011) to provide congregate services programs for eligible residents of eligible housing projects under subparagraphs (B) through (D) of subsection (k)(6) of such section.

TITLE III—EXPANDING HOUSING OPPORTUNITIES FOR THE ELDERLY AND PERSONS WITH DISABILITIES

Subtitle A—Housing for the Elderly

SEC. 301. MATCHING GRANT PROGRAM.

Section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) is amended—

(1) in subsection (b), in the second sentence, by inserting ''or through matching grants under subsection (c)(4)'' after ''subsection (c)(1)''; and

(2) in subsection (c), by adding at the end the following:

''(4) MATCHING GRANTS.—

''(A) IN GENERAL.—

''(i) 15 PERCENT MINIMUM.—Amounts made available for assistance under this paragraph shall be used only for capital advances in accordance with paragraph (1), except that the Secretary shall require that, as a condition of providing assistance under this paragraph for a project, the applicant for assistance shall supplement the assistance with amounts from sources other than this section in an amount that is not less than 15 percent of the amount of assistance provided pursuant to this paragraph for the project.

''(ii) PREFERENCE.—In providing assistance under this paragraph, the Secretary shall take into consideration the degree to which the applicant will supplement that assistance with amounts from sources other than this section and, all other factors being equal, shall give preference to applicants whose supplemental assistance is equal to the highest percentage of the amount of assistance provided pursuant to this paragraph for the project.

''(B) REQUIREMENT FOR NON-FEDERAL FUNDS.—Not less than 50 percent of supplemental amounts provided for a project pursuant to subparagraph (A) shall be from non-Federal sources. Such supplemental amounts may include the value of any in-kind contributions, including donated land, structures, equipment, and other contributions as the Secretary considers appropriate, but only if the existence of such in-kind contributions results in the construction of more dwelling units than would have been constructed absent such contributions.

''(C) INCOME ELIGIBILITY.—Notwithstanding any other provision of this section, the Secretary shall provide that, in a project assisted under this paragraph, a number of dwelling units may be made available for occupancy by elderly persons who are not very low-income persons in a number such that the ratio that the number of dwelling units in the project so occupied bears to the total number of units in the project does not exceed the ratio that the amount from non-Federal sources provided for the project pursuant to this paragraph bears to the sum of the capital advances provided for the project

under this paragraph and all supplemental amounts for the project provided pursuant to this paragraph.''.

SEC. 302. ELIGIBILITY OF FOR-PROFIT LIMITED PARTNERSHIPS.

Section 202(k)(4) of the Housing Act of 1959 (12 U.S.C. 1701q(k)(4)) is amended by inserting after subparagraph (C) the following:

''Such term includes a for-profit limited partnership the sole general partner of which is an organization meeting the requirements under subparagraphs (A), (B), and (C), or a corporation wholly owned and controlled by an organization meeting the requirements under subparagraphs (A), (B), and (C).''.

SEC. 303. MIXED FUNDING SOURCES.

Section 202(h)(6) of the Housing Act of 1959 (12 U.S.C. 1701q(h)(6)) is amended by striking ''non-Federal sources'' and inserting ''sources other than this section''.

SEC. 304. AUTHORITY TO ACQUIRE STRUCTURES.

Section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) is amended—

(1) in subsection (b), by striking ''from the Resolution Trust Corporation''; and

(2) in subsection (h)(2)—

(A) in the paragraph heading, by striking ''RTC PROPERTIES'' and inserting ''ACQUISITION''; and

(B) by striking ''from the Resolution'' and all that follows through ''Insurance Act''.

SEC. 305. MIXED-INCOME OCCUPANCY.

(a) IN GENERAL.—The first sentence of section 202(i)(1) of the Housing Act of 1959 (12 U.S.C. 1701q(i)(1)) is amended by striking ''and (B)'' and inserting the following: ''(B) notwithstanding subparagraph (A) and in the case only of a supportive housing project for the elderly that has a high vacancy level (as defined by the Secretary, except that such term shall not include vacancy upon the initial availability of units in a building), consistent with the purpose of improving housing opportunities for very low- and low-income elderly persons; and (C).''.

(b) AVAILABILITY OF UNITS.—Section 202(i) of the Housing Act of 1959 (12 U.S.C. 1701q(i)) is amended by adding at the end the following:

''(3) AVAILABILITY OF UNITS.—In the case of a supportive housing project described in paragraph (1)(B) that has a vacant dwelling unit, an owner may not make a dwelling unit available for occupancy by, nor make any commitment to provide occupancy in the unit to—

''(A) a low-income family that is not a very low-income family unless each eligible very low-income family that has applied for occupancy in the project has been offered an opportunity to accept occupancy in a unit in the project; and

''(B) a low-income elderly person who is not a very low-income elderly person, unless the owner certifies to the Secretary that the owner has engaged in affirmative marketing and outreach to very low-income elderly persons.''.

(b) CONFORMING AMENDMENTS.—Section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) is amended—

(1) in subsection (c)—

(A) in paragraph (1), by inserting before ''in accordance with this section'' the following: '', and for low-income elderly persons to the extent such occupancy is made available pursuant to subsection (i)(1)(B),'';

(B) in the first sentence of paragraph (2), by inserting after ''elderly persons'' the following: ''or by low-income elderly persons (to the extent such occupancy is made available pursuant to subsection (i)(1)(B))''; and

(C) in paragraph (3), by inserting after ''very low-income person'' the following: ''or a low-income person (to the extent such occupancy is made available pursuant to subsection (i)(1)(B))'';

(2) in subsection (d)(1), by inserting after ''elderly persons'' the following: '', and low-income elderly persons to the extent such occupancy is made available pursuant to subsection (i)(1)(B),''; and

(3) in subsection (k)—

(A) by redesignating paragraphs (3) through (8) as paragraphs (4) through (9), respectively; and

(B) by inserting after paragraph (2) the following:

''(3) LOW-INCOME.—The term 'low-income' has the meaning given the term 'low-income families' under section 3(b)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(2)).''.

SEC. 306. USE OF PROJECT RESERVES.

Section 202(j) of the Housing Act of 1959 (12 U.S.C. 1701q(j)) is amended by adding at the end the following:

''(8) USE OF PROJECT RESERVES.—Amounts for project reserves for a project assisted under this section may be used for costs, subject to reasonable limitations as the Secretary determines appropriate, for reducing the number of dwelling units in the project. Such use shall be subject to the approval of the Secretary to ensure that the use is designed to retrofit units that are currently obsolete or unmarketable.''.

SEC. 307. COMMERCIAL ACTIVITIES.

Section 202(h)(1) of the Housing Act of 1959 (12 U.S.C. 1701q(h)(1)) is amended by adding at the end the following: ''Neither this section nor any other provision of law may be construed as prohibiting or preventing the location and operation, in a project assisted under this section, of commercial facilities for the benefit of residents of the project and the community in which the project is located, except that assistance made available under this section may not be used to subsidize any such commercial facility.''.

SEC. 308. MIXED FINANCE PILOT PROGRAM.

(a) AUTHORITY.—The Secretary shall carry out a pilot program under this section to determine the effectiveness and feasibility of providing assistance under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) for housing projects that are used both for supportive housing for the elderly and for other types of housing, which may include market rate housing.

(b) SCOPE.—Under the pilot program the Secretary shall provide, to the extent that sufficient approvable applications for such assistance are received, assistance in the manner provided under subsection (d) for not more than 5 housing projects.

(c) MIXED USE.—The Secretary shall, for a project to be assisted under the pilot program—

(1) require that a minimum number of the dwelling units in the project be reserved for use in accordance with, and subject to, the requirements applicable to units assisted under section 202 of the Housing Act of 1959, such that the ratio that the number of dwelling units in the project so reserved bears to the total number of units in the project is not less than the ratio that the amount of assistance from such section 202 used for the project pursuant to subsection (d) bears to the total amount of assistance provided for the project under this section; and

(2) provide that the remainder of the dwelling units in the project may be used for assistance to persons who are not very low-income.

(d) FINANCING.—The Secretary may use amounts provided for assistance under section 202 of the Housing Act of 1959 for assistance under the pilot program for capital advances in accordance with subsection (c)(1) of such section and project rental assistance in accordance with subsection (c)(2) of such section, only for dwelling units described in subsection (c)(1) of this section. Any assistance provided pursuant to subsection (c)(1) of such section 202 shall be provided in the form of a capital advance, subject to repayment as provided in such subsection, and shall not be structured as a loan. The Secretary shall take such action as may be necessary to ensure that the repayment contingency under such subsection is enforceable for projects assisted under the pilot program and to provide for appropriate protections of the interests of the Secretary in relation to other interests in the projects so assisted.

(e) REPORT.—Not later than 2 years after assistance is initially made available under the pilot program under this section, the Secretary shall submit to Congress a report on the results of the pilot program.

SEC. 309. GRANTS FOR CONVERSION OF ELDERLY HOUSING TO ASSISTED LIVING FACILITIES.

Title II of the Housing Act of 1959 is amended by inserting after section 202a (12 U.S.C. 1701q–1) the following:

''SEC. 202b. GRANTS FOR CONVERSION OF ELDERLY HOUSING TO ASSISTED LIVING FACILITIES.

''(a) GRANT AUTHORITY.—The Secretary of Housing and Urban Development may make grants in accordance with this section to owners of eligible projects described in subsection (b) for 1 or both of the following activities:

''(1) REPAIRS.—Substantial capital repairs to a project that are needed to rehabilitate, modernize, or retrofit aging structures, common areas, or individual dwelling units.

''(2) CONVERSION.—Activities designed to convert dwelling units in the eligible project to assisted living facilities for elderly persons.

''(b) ELIGIBLE PROJECTS.—

''(1) IN GENERAL.—An eligible project described in this subsection is a multifamily housing project that is—

''(A) described in subparagraph (B), (C), (D), (E), (F), or (G) of section 683(2) of the Housing and Community Development Act of 1992 (42 U.S.C. 13641(2)), or (B) only to the extent amounts of the Department of Agriculture are made available to the Secretary of Housing and Urban Development for such grants under this section for such projects, subject to a loan made or insured under section 515 of the Housing Act of 1949 (42 U.S.C. 1485);

''(B) owned by a private nonprofit organization (as such term is defined in section 202); and

''(C) designated primarily for occupancy by elderly persons.

''(2) UNUSED OR UNDERUTILIZED COMMERCIAL PROPERTY.—Notwithstanding any other provision of this subsection or this section, an unused or underutilized commercial property may be considered an eligible project under this subsection, except that the Secretary may not provide grants under this section for more than 3 such properties. For any such projects, any reference under this section to dwelling units shall be considered to refer to the premises of such properties.

''(c) APPLICATIONS.—Applications for grants under this section shall be submitted to the Secretary in accordance with such procedures as the Secretary shall establish. Such applications shall contain—

''(1) a description of the substantial capital repairs or the proposed conversion activities for which a grant under this section is requested;

''(2) the amount of the grant requested to complete the substantial capital repairs or conversion activities;

''(3) a description of the resources that are expected to be made available, if any, in conjunction with the grant under this section; and

''(4) such other information or certifications that the Secretary determines to be necessary or appropriate.

''(d) FUNDING FOR SERVICES.—The Secretary may not make a grant under this section for conversion activities unless the application contains sufficient evidence, in the determination of the Secretary, of firm commitments for the funding of services to be provided in the assisted living facility, which may be provided by third parties.

''(e) SELECTION CRITERIA.—The Secretary shall select applications for grants under this section based upon selection criteria, which shall be established by the Secretary and shall include—

''(1) in the case of a grant for substantial capital repairs, the extent to which the project to be repaired is in need of such repair, including such factors as the age of improvements to be repaired, and the impact on the health and safety of residents of failure to make such repairs;

''(2) in the case of a grant for conversion activities, the extent to which the conversion is likely to provide assisted living facilities that are needed or are expected to be needed by the categories of elderly persons that the assisted living facility is intended to serve, with a special emphasis on very low-income elderly persons who need assistance with activities of daily living;

''(3) the inability of the applicant to fund the repairs or conversion activities from existing financial resources, as evidenced by the applicant's financial records, including assets in the applicant's residual receipts account and reserves for replacement account;

''(4) the extent to which the applicant has evidenced community support for the repairs or conversion, by such indicators as letters of support from the local community for the repairs or conversion and financial contributions from public and private sources;

''(5) in the case of a grant for conversion activities, the extent to which the applicant demonstrates a strong commitment to promoting the autonomy and independence of the elderly persons that the assisted living facility is intended to serve;

''(6) in the case of a grant for conversion activities, the quality, completeness, and managerial capability of providing the services which the assisted living facility intends to provide to elderly residents, especially in such areas as meals, 24-hour staffing, and on-site health care; and

''(7) such other criteria as the Secretary determines to be appropriate to ensure that funds made available under this section are used effectively.

''(f) DEFINITIONS.—In this section—

''(1) the term 'assisted living facility' has the meaning given such term in section 232(b) of the National Housing Act (12 U.S.C. 1715w(b)); and

''(2) the definitions in section 202(k) shall apply.

''(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for providing grants under this section such sums as may be necessary for each of fiscal years 2001, 2002, 2003, and 2004.''.

SEC. 310. GRANTS FOR CONVERSION OF PUBLIC HOUSING PROJECTS TO ASSISTED LIVING FACILITIES.

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following:

''SEC. 36. GRANTS FOR CONVERSION OF PUBLIC HOUSING TO ASSISTED LIVING FACILITIES.

''(a) GRANT AUTHORITY.—The Secretary may make grants in accordance with this section to public housing agencies for use for activities designed to convert dwelling units in an eligible projects described in subsection (b) to assisted living facilities for elderly persons.

''(b) ELIGIBLE PROJECTS.—An eligible project described in this subsection is a public housing project (or a portion thereof) that has been designated under section 7 for occupancy only by elderly persons.

''(c) APPLICATIONS.—Applications for grants under this section shall be submitted to the Secretary in accordance with such procedures as the Secretary shall establish. Such applications shall contain—

''(1) a description of the proposed conversion activities for which a grant under this section is requested;

''(2) the amount of the grant requested;

''(3) a description of the resources that are expected to be made available, if any, in conjunction with the grant under this section; and

''(4) such other information or certifications that the Secretary determines to be necessary or appropriate.

''(d) FUNDING FOR SERVICES.—The Secretary may not make a grant under this section unless the application contains sufficient evidence, in the determination of the Secretary, of firm commitments for the funding of services to be provided in the assisted living facility.

''(e) SELECTION CRITERIA.—The Secretary shall select applications for grants under this section based upon selection criteria, which shall be established by the Secretary and shall include—

''(1) the extent to which the conversion is likely to provide assisted living facilities that are needed or are expected to be needed by the categories of elderly persons that the assisted living facility is intended to serve;

''(2) the inability of the public housing agency to fund the conversion activities from existing financial resources, as evidenced by the agency's financial records;

''(3) the extent to which the agency has evidenced community support for the conversion, by such indicators as letters of support from the local community for the conversion and financial contributions from public and private sources;

''(4) extent to which the applicant demonstrates a strong commitment to promoting the autonomy and independence of the elderly persons that the assisted living facility is intended to serve;

''(5) the quality, completeness, and managerial capability of providing the services which the assisted living facility intends to provide to elderly residents, especially in such areas as meals, 24-hour staffing, and on-site health care; and

''(6) such other criteria as the Secretary determines to be appropriate to ensure that funds made available under this section are used effectively.

''(f) DEFINITION.—In this section, the term 'assisted living facility' has the meaning given such term in section 232(b) of the National Housing Act (12 U.S.C. 1715w(b)).

''(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for providing grants under this section such sums as may be necessary for each of fiscal years 2001, 2002, 2003, and 2004.''.

SEC. 311. ANNUAL HUD INVENTORY OF ASSISTED HOUSING DESIGNATED FOR ELDERLY PERSONS.

Subtitle D of title VI of the Housing and Community Development Act of 1992 (42 U.S.C. 13611 et seq.) is amended by adding at the end the following:

''SEC. 662. ANNUAL INVENTORY OF ASSISTED HOUSING DESIGNATED FOR ELDERLY PERSONS.

''(a) IN GENERAL.—The Secretary shall establish and maintain, and on an annual basis shall update and publish, an inventory of housing that—

''(1) is assisted under a program of the Department of Housing and Urban Development, including all federally assisted housing; and

''(2) is designated, in whole or in part, for occupancy by elderly families or disabled families, or both.

''(b) CONTENTS.—The inventory required under this section shall identify housing described in subsection (a) and the number of dwelling units in such housing that—

''(1) are in projects designated for occupancy only by elderly families;

''(2) are in projects designated for occupancy only by disabled families;

''(3) contain special features or modifications designed to accommodate persons with disabilities and are in projects designated for occupancy only by disabled families;

''(4) are in projects for which a specific percentage or number of the dwelling units are designated for occupancy only by elderly families;

''(5) are in projects for which a specific percentage or number of the dwelling units are designated for occupancy only by disabled families; and

''(6) are in projects designed for occupancy only by both elderly or disabled families.

''(c) PUBLICATION.—The Secretary shall annually publish the inventory required under this section in the Federal Register and shall make the inventory available to the public by posting on a World Wide Web site of the Department.''.

SEC. 312. TREATMENT OF APPLICATIONS.

Notwithstanding any other provision of law or any regulation of the Secretary, in the case of any denial of an application for assistance under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) for failure to timely provide information required by the Secretary, the Secretary shall notify the applicant of the failure and provide the applicant an opportunity to show that the failure was due to the failure of a third party to provide information under the control of the third party. If the applicant demonstrates, within a reasonable period of time after notification of such failure, that the applicant did not have such information but requested the timely provision of such information by the third party, the Secretary may not deny the application solely on the grounds of failure to timely provide such information.

Subtitle B—Housing for Persons With Disabilities

SEC. 321. MATCHING GRANT PROGRAM.

Section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013) is amended—

(1) in subsection (b)(2)(A), by inserting ''or through matching grants under subsection (d)(5)'' after ''subsection (d)(1)''; and

(2) in subsection (d), by adding at the end the following:

''(5) MATCHING GRANTS.—

''(A) IN GENERAL.—

''(i) 15 PERCENT MINIMUM.—Amounts made available for assistance under this paragraph shall be used only for capital advances in accordance with paragraph (1), except that the Secretary shall require that, as a condition of providing assistance under this paragraph for a project, the applicant for assistance shall supplement the assistance with amounts from sources other than this section in an amount that is not less than 15 percent of the amount of assistance provided pursuant to this paragraph for the project.

''(ii) PREFERENCE.—In providing assistance under this paragraph, the Secretary shall take into consideration the degree to which the applicant will supplement that assistance with amounts from sources other than this section and, all other factors being equal, shall give preference to applicants whose supplemental assistance is equal to

the highest percentage of the amount of assistance provided pursuant to this paragraph for the project.

''(B) REQUIREMENT FOR NON-FEDERAL FUNDS.—Not less than 50 percent of supplemental amounts provided for a project pursuant to subparagraph (A) shall be from non-Federal sources. Such supplemental amounts may include the value of any in-kind contributions, including donated land, structures, equipment, and other contributions as the Secretary considers appropriate, but only if the existence of such in-kind contributions results in the construction of more dwelling units than would have been constructed absent such contributions.

''(C) INCOME ELIGIBILITY.—Notwithstanding any other provision of this section, the Secretary shall provide that, in a project assisted under this paragraph, a number of dwelling units may be made available for occupancy by persons with disabilities who are not very low-income persons in a number such that the ration that the number of dwelling units in the project so occupied bears to the total number of units in the project does not exceed the ratio that the amount from non-Federal sources provided for the project pursuant to this paragraph bears to the sum of the capital advances provided for the project under this paragraph and all supplemental amounts for the project provided pursuant to this paragraph.''.

SEC. 322. ELIGIBILITY OF FOR-PROFIT LIMITED PARTNERSHIPS.

Section 811(k)(6) of the Housing Act of 1959 (42 U.S.C. 8013(k)(6)) is amended by inserting after subparagraph (D) the following:

''Such term includes a for-profit limited partnership the sole general partner of which is an organization meeting the requirements under subparagraphs (A), (B), (C), and (D) or a corporation wholly owned and controlled by an organization meeting the requirements under subparagraphs (A), (B), (C), and (D).''.

SEC. 323. MIXED FUNDING SOURCES.

Section 811(h)(5) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013(h)(5)) is amended by striking ''non-Federal sources'' and inserting ''sources other than this section''.

SEC. 324. TENANT-BASED ASSISTANCE.

Section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013) is amended—

(1) in subsection (d), by striking paragraph (4) and inserting the following:

''(4) TENANT-BASED RENTAL ASSISTANCE.—

''(A) ADMINISTERING ENTITIES.—Tenant-based rental assistance provided under subsection (b)(1) may be provided only through a public housing agency that has submitted and had approved an plan under section 7(d) of the United States Housing Act of 1937 (42 U.S.C. 1437e(d)) that provides for such assistance, or through a private nonprofit organization. A public housing agency shall be eligible to apply under this section only for the purposes of providing such tenant-based rental assistance.

''(B) PROGRAM RULES.—Tenant-based rental assistance under subsection (b)(1) shall be made available to eligible persons with disabilities and administered under the same rules that govern tenant-based rental assistance made available under section 8 of the United States Housing Act of 1937, except that the Secretary may waive or modify such rules, but only to the extent necessary to provide for administering such assistance under subsection (b)(1) through private nonprofit organizations rather than through public housing agencies.

''(C) ALLOCATION OF ASSISTANCE.—In determining the amount of assistance provided under subsection (b)(1) for a private nonprofit organization or public housing agency, the Secretary shall consider the needs and capabilities of the organization or agency, in the case of a public housing agency, as described in the plan for the agency under section 7 of the United States Housing Act of 1937.''; and

(2) in subsection (l)(1)—

(A) by striking ''subsection (b)'' and inserting ''subsection (b)(2)'';

(B) by striking the last comma and all that follows through ''subsection (n)''; and

(C) by adding at the end the following: ''Notwithstanding any other provision of this section, the Secretary may use not more than 25 percent of the total amounts made available for assistance under this section for any fiscal year for tenant-based rental assistance under subsection (b)(1) for persons with disabilities, and no authority of the Secretary to waive provisions of this section may be used to alter the percentage limitation under this sentence.''.

SEC. 325. USE OF PROJECT RESERVES.

Section 811(j) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013(j)) is amended by adding at the end the following:

''(7) USE OF PROJECT RESERVES.—Amounts for project reserves for a project assisted under this section may be used for costs, subject to reasonable limitations as the Secretary determines appropriate, for reducing the number of dwelling units in the project. Such use shall be subject to the approval of the Secretary to ensure that the use is designed to retrofit units that are currently obsolete or unmarketable.''.

SEC. 326. COMMERCIAL ACTIVITIES.

Section 811(h)(1) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013(h)(1)) is amended by adding at the end the following: ''Neither this section nor any other provision of law may be construed as prohibiting or preventing the location and operation, in a project assisted under this section, of commercial facilities for the benefit of residents of the project and the community in which the project is located, except that assistance made available under this section may not be used to subsidize any such commercial facility.''.

Subtitle C—Other Provisions

SEC. 341. SERVICE COORDINATORS.

(a) INCREASED FLEXIBILITY FOR USE OF SERVICE COORDINATORS IN CERTAIN FEDERALLY ASSISTED HOUSING.—Section 676 of the Housing and Community Development Act of 1992 (42 U.S.C. 13632) is amended—

(1) in the section heading, by striking ''**MULTIFAMILY HOUSING ASSISTED UNDER NATIONAL HOUSING ACT**'' and inserting ''**CERTAIN FEDERALLY ASSISTED HOUSING**'';

(2) in subsection (a)—

(A) in the first sentence, by striking ''(E) and (F)'' and inserting ''(B), (C), (D), (E), (F), and (G)''; and

(B) in the last sentence—

(i) by striking ''section 661'' and inserting ''section 671''; and

(ii) by adding at the end the following: ''A service coordinator funded with a grant under this section for a project may provide services to low-income elderly or disabled families living in the vicinity of such project.'';

(3) in subsection (d)—

(A) by striking ''(E) or (F)'' and inserting ''(B), (C), (D), (E), (F), or (G)''; and

(B) by striking ''section 661'' and inserting ''section 671''; and

(4) by striking subsection (c) and redesignating subsection (d) (as amended by paragraph (3) of this subsection) as subsection (c).

(b) REQUIREMENT TO PROVIDE SERVICE COORDINATORS.—Section 671 of the Housing and Community Development Act of 1992 (42 U.S.C. 13631) is amended—

(1) in the first sentence of subsection (a), by striking ''to carry out this subtitle pursuant to the amendments made by this subtitle'' and inserting the following: ''for providing service coordinators under this section'';

(2) in subsection (d), by inserting ''(''' after ''section 683(2)''; and

(3) by adding at the end following:

''(e) SERVICES FOR LOW-INCOME ELDERLY OR DISABLED FAMILIES RESIDING IN VICINITY OF CERTAIN PROJECTS.—To the extent only that this section applies to service coordinators for covered federally assisted housing described in subparagraphs (B), (C), (D), (E), (F), and (G) of section 683(2), any reference in this section to elderly or disabled residents of a project shall be construed to include low-income elderly or disabled families living in the vicinity of such project.''.

(c) PROTECTION AGAINST TELEMARKETING FRAUD.—

(1) SUPPORTIVE HOUSING FOR THE ELDERLY.—The first sentence of section 202(g)(1) of the Housing Act of 1959 (12 U.S.C. 1701q(g)(1)) is amended by striking ''and (F)'' and inserting the following: ''(F) providing education and outreach regarding telemarketing fraud, in accordance with the standards issued under section 671(f) of the Housing and Community Development Act of 1992 (42 U.S.C. 13631(f)); and (G)''.

(2) OTHER FEDERALLY ASSISTED HOUSING.—Section 671 of the Housing and Community Development Act of 1992 (42 U.S.C. 13631), as amended by subsection (b) of this section, is further amended—

(A) in the first sentence of subsection (c), by inserting after ''response,'' the following: ''education and outreach regarding telemarketing fraud in accordance with the standards issued under subsection (f),''; and

(B) by adding at the end the following:

''(f) PROTECTION AGAINST TELEMARKETING FRAUD.—

''(1) IN GENERAL.—The Secretary, in coordination with the Secretary of Health and Human Services, shall establish standards for service coordinators in federally assisted housing who are providing education and outreach to elderly persons residing in such housing regarding telemarketing fraud. The standards shall be designed to ensure that such education and outreach informs such elderly persons of the dangers of telemarketing fraud and facilitates the investigation and prosecution of telemarketers engaging in fraud against such residents.

''(2) CONTENTS.—The standards established under this subsection shall require that any such education and outreach be provided in a manner that—

''(A) informs such residents of—

''(i) the prevalence of telemarketing fraud targeted against elderly persons;

''(ii) how telemarketing fraud works;

''(iii) how to identify telemarketing fraud;

''(iv) how to protect themselves against telemarketing fraud, including an explanation of the dangers of providing bank account, credit card, or other financial or personal information over the telephone to unsolicited callers;

''(v) how to report suspected attempts at telemarketing fraud; and

''(vi) their consumer protection rights under Federal law;

''(B) provides such other information as the Secretary considers necessary to protect such residents against fraudulent telemarketing; and

''(C) disseminates the information provided by appropriate means, and in determining such appropriate means, the Secretary shall consider on-site presentations at federally

assisted housing, public service announcements, a printed manual or pamphlet, an Internet website, and telephone outreach to residents whose names appear on 'mooch lists' confiscated from fraudulent telemarketers.''.

TITLE IV—PRESERVATION OF AFFORDABLE HOUSING STOCK

SEC. 401. MATCHING GRANT PROGRAM FOR AFFORDABLE HOUSING PRESERVATION.

(a) FINDINGS AND PURPOSES.—

(1) FINDINGS.—Congress finds that—

(A) availability of low-income housing rental units has declined nationwide in the last several years;

(B) as rents for low-income housing increase and the development of new units of affordable housing decreases, there are fewer privately owned, federally assisted affordable housing units available to low-income individuals in need;

(C) the demand for affordable housing far exceeds the supply of such housing, as evidenced by recent studies; and

(D) the efforts of nonprofit organizations have significantly preserved and expanded access to low-income housing.

(2) PURPOSES.—The purposes of this section are—

(A) to continue the partnerships among the Federal Government, State and local governments, nonprofit organizations, and the private sector in operating and assisting housing that is affordable to low-income persons and families;

(B) to promote the preservation of affordable housing units by providing matching grants to States and localities that have developed and funded programs for the preservation of privately owned housing that is affordable to low-income families and persons; and

(C) to minimize the involuntary displacement of tenants who are currently residing in such housing, many of whom are elderly or disabled persons and families with children.

(b) DEFINITIONS.—In this section:

(1) CAPITAL EXPENDITURES.—The term ''capital expenditures'' includes expenditures for acquisition and rehabilitation.

(2) LOW-INCOME AFFORDABILITY RESTRICTIONS.—The term ''low-income affordability restrictions'' means, with respect to a housing project, any limitations imposed by law, regulation, or regulatory agreement on rents for tenants of the project, rent contributions for tenants of the project, or income-eligibility for occupancy in the project.

(3) PROJECT-BASED ASSISTANCE.—The term ''project-based assistance'' has the meaning given such term in section 16(c) of the United States Housing Act of 1937 (42 U.S.C. 1437n(c)), except that such term includes assistance under any successor programs to the programs referred to in such section.

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Housing and Urban Development.

(5) STATE.—The term ''State'' means each of the several States and the District of Columbia.

(c) AUTHORITY.—The Secretary shall, to the extent amounts are made available in advance under subsection (k), award grants under this section to States and localities for low-income housing preservation and promotion.

(d) APPLICATIONS.—The Secretary shall provide for States and localities (through appropriate State and local agencies) to submit applications for grants under this section. The Secretary shall require the applications to contain any information and certifications necessary for the Secretary to determine who is eligible to receive such a grant.

(e) USE OF GRANTS.—

(1) ELIGIBLE USES.—

(A) IN GENERAL.—Amounts from grants awarded under this section may be used by States and localities only for the purpose of providing assistance for acquisition, rehabilitation, operating costs, and capital expenditures for a housing project that meets the requirements under paragraph (2), (3), (4), or (5).

(B) FACTORS FOR CONSIDERATION.—In selecting projects described in subparagraph (A) for assistance with amounts from a grant awarded under this section, the State or locality shall—

(i) take into consideration—

(I) whether the assistance will be used to transfer the project to a resident-endorsed nonprofit organization;

(II) whether the owner of the project has extended the low-income affordability restrictions on the project for a period of more than 15 years;

(III) the extent to which the project is consistent with the comprehensive housing affordability strategy approved in accordance with section 105 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12705) for the jurisdiction in which the project is located;

(IV) the extent to which the project location provides access to transportation, jobs, shopping, and other similar conveniences;

(V) the extent to which the project meets fair housing goals;

(VI) the extent to which the project serves specific needs that are not otherwise met by the local market, such as housing for the elderly or disabled, or families with children;

(VII) the extent of local government resources provided to the project; and

(VIII) such other factors as the Secretary or the State or locality may establish; and

(ii) States receiving funds shall ensure that, to the maximum extent practicable, projects in both urban and rural areas in the State receive assistance.

(2) PROJECTS WITH HUD-INSURED MORTGAGES.—A project meets the requirements under this paragraph only if—

(A) the project is financed by a loan or mortgage that is—

(i) insured or held by the Secretary under section 221(d)(3) of the National Housing Act (12 U.S.C. 1715l(d)(3)) and receiving loan management assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) due to a conversion from section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s);

(ii) insured or held by the Secretary and bears interest at a rate determined under the proviso of section 221(d)(5) of the National Housing Act (12 U.S.C. 1715l(d)(5)); or

(iii) insured, assisted, or held by the Secretary or a State or State agency under section 236 of the National Housing Act (12 U.S.C. 1715z–1);

(B) the project is subject to an unconditional waiver of, with respect to the mortgage referred to in subparagraph (A)—

(i) all rights to any prepayment of the mortgage; and

(ii) all rights to any voluntary termination of the mortgage insurance contract for the mortgage; and

(C) if the low-income affordability restrictions on the project are for less than 15 years, the owner of the project has entered into binding commitments (applicable to any subsequent owner) to extend those restrictions, including any such restrictions imposed because of any contract for project-based assistance for the project, for a period of not less than 15 years (beginning on the date on which assistance is made available for the project by the State or locality under this section).

(3) PROJECTS WITH SECTION 8 PROJECT-BASED ASSISTANCE.—A project meets the requirements under this paragraph only if—

(A) the project is subject to a contract for project-based assistance; and

(B) the owner of the project has entered into binding commitments (applicable to any subsequent owner)—

(i) to continue to renew such contract (if offered on the same terms and conditions) until the later of—

(I) the last day of the remaining term of the mortgage; or

(II) the date that is 15 years after the date on which assistance is made available for the project by the State or locality under this subsection; and

(ii) to extend any low-income affordability restrictions applicable to the project in connection with such assistance.

(4) PROJECTS PURCHASED BY RESIDENTS.—A project meets the requirements under this paragraph only if the project—

(A) is or was eligible low-income housing (as defined in section 229 of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (42 U.S.C. 4119)) or is or was a project assisted under section 613(b) of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 4125(b));

(B) has been purchased by a resident council or resident-approved nonprofit organization for the housing or is approved by the Secretary for such purchase, for conversion to homeownership housing under a resident homeownership program meeting the requirements under section 226 of such Act (12 U.S.C. 4116); and

(C) the owner of the project has entered into binding commitments (applicable to any subsequent owner) to extend such assistance for not less than 15 years (beginning on the date on which assistance is made available for the project by the State or locality under this section) and to extend any low-income affordability restrictions applicable to the project in connection with such assistance.

(5) RURAL RENTAL ASSISTANCE PROJECTS.—A project meets the requirements of this paragraph only if—

(A) the project is a rural rental housing project financed under section 515 of the Housing Act of 1949 (42 U.S.C. 1485); and

(B) the restriction on the use of the project (as required under section 502 of the Housing Act of 1949 (42 U.S.C. 1472)) will expire not later than 12 months after the date on which assistance is made available for the project by the State or locality under this subsection.

(f) AMOUNT OF STATE AND LOCAL GRANTS.—

(1) IN GENERAL.—Subject to subsection (g), in each fiscal year, the Secretary shall award to each State and locality approved for a grant under this section a grant in an amount based upon the proportion of such State's or locality's need for assistance under this section (as determined by the Secretary in accordance with paragraph (2)) to the aggregate need among all States and localities approved for such assistance for such fiscal year.

(2) DETERMINATION OF NEED.—In determining the proportion of a State's or locality's need under paragraph (1), the Secretary shall consider—

(A) the number of units in projects in the State or locality that are eligible for assistance under section 6 that, due to market conditions or other factors, are at risk for prepayment, opt-out, or otherwise at risk of being lost to the inventory of affordable housing; and

(B) the difficulty that residents of projects in the State or locality that are eligible for assistance under subsection (e) would face in

finding adequate, available, decent, comparable, and affordable housing in neighborhoods of comparable quality in the local market, if those projects were not assisted by the State or locality under subsection (e).

(g) MATCHING REQUIREMENT.—

(1) IN GENERAL.—The Secretary may not award a grant under this section to a State or locality for any fiscal year in an amount that exceeds twice the amount that the State or locality certifies, as the Secretary shall require, that the State or locality will contribute for such fiscal year, or has contributed since January 1, 2000, from non-Federal sources for the purposes described in subsection (e)(1).

(2) TREATMENT OF PREVIOUS CONTRIBUTIONS.—Any portion of amounts contributed after January 1, 2000, that are counted for purposes of meeting the requirement under paragraph (1) for a fiscal year may not be counted for such purposes for any subsequent fiscal year.

(3) TREATMENT OF TAX INCENTIVES.—Fifty percent of the funds used for the project that are allocable to tax credits allocated under section 42 of the Internal Revenue Code of 1986, revenue from mortgage revenue bonds issued under section 143 of such Code, or proceeds from the sale of tax-exempt bonds by any State or local government entity shall be considered non-Federal sources for purposes of this subsection.

(h) TREATMENT OF SUBSIDY LAYERING REQUIREMENTS.—Neither subsection (g) nor any other provision of this section may be construed to prevent the use of tax credits allocated under section 42 of the Internal Revenue Code of 1986 in connection with housing assisted with amounts from a grant awarded under this section, to the extent that such use is in accordance with section 102(d) of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3545(d)) and section 911 of the Housing and Community Development Act of 1992 (42 U.S.C. 3545 note).

(i) REPORTS.—

(1) REPORTS TO SECRETARY.—Not later than 90 days after the last day of each fiscal year, each State and locality that receives a grant under this section during that fiscal year shall submit to the Secretary a report on the housing projects assisted with amounts made available under the grant.

(2) REPORTS TO CONGRESS.—Based on the reports submitted under paragraph (1), the Secretary shall annually submit to Congress a report on the grants awarded under this section during the preceding fiscal year and the housing projects assisted with amounts made available under those grants.

(j) REGULATIONS.—Not later than 12 months after the date of enactment of this Act, the Secretary shall issue regulations to carry out this section.

(k) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for grants under this section such sums as may be necessary for each of fiscal years 2001 through 2004.

SEC. 402. ASSISTANCE FOR NONPROFIT PURCHASERS PRESERVING AFFORDABLE HOUSING.

(a) CONGRESSIONAL FINDINGS.—Congress finds that—

(1) a substantial number of existing federally assisted or federally insured multifamily properties are at risk of being lost from the affordable housing inventory of the Nation through market rate conversion, deterioration, or demolition;

(2) it is in the interests of the Nation to encourage transfer of control of such properties to competent national, regional, and local nonprofit entities and intermediaries whose missions involve maintaining the affordability of such properties;

(3) such transfers may be inhibited by a shortage of such entities that are appropriately capitalized; and

(4) the Nation would be well served by providing assistance to such entities to aid in accomplishing this purpose.

(b) GRANTS.—The Secretary may make grants, to the extent amounts are made available for such grants, to eligible entities under subsection (c) for use only for operational, working capital, and organizational expenses of such entities and activities by such entities to acquire eligible affordable housing for the purpose of ensuring that the housing will remain affordable, as the Secretary considers appropriate, for low-income or very low-income families (including elderly persons).

(c) ELIGIBLE ENTITIES.—The Secretary shall establish standards for eligible entities under this subsection, which shall include requirements that to be considered an eligible entity for purposes of this section an entity shall—

(1) be a nonprofit organization (as such term is defined in 104 of the Cranston-Gonzalez National Affordable Housing Act);

(2) have among its purposes maintaining the affordability to low-income or very low-income families of multifamily properties that are at risk of loss from the inventory of housing that is affordable to low-income or very low-income families; and

(3) demonstrate need for assistance under this section for the purposes under subsection (b), experience in carrying out activities referred to in such subsection, and capability to carry out such activities.

(d) DEFINITIONS.—In this section:

(1) ELIGIBLE AFFORDABLE HOUSING.—The term ''eligible affordable housing'' means housing that—

(A) consists of more than four dwelling units;

(B) is insured or assisted under a program of the Department of Housing and Urban Development or the Department of Agriculture under which the property is subject to limitations on tenant rents, rent contributions, or incomes; and

(C) is at risk, as determined by the Secretary, of termination of any of the limitations referred to in subparagraph (B).

(2) LOW-INCOME FAMILIES; VERY LOW-INCOME FAMILIES.—The terms ''low-income families'' and very low-income families'' have the meanings given such terms in section 3(b) of the United States Housing Act of 1937.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under this section such sums as may be necessary for each of fiscal years 2001, 2002, 2003, and 2004.

SEC. 403. SECTION 236 ASSISTANCE.

Section 236(g) of the National Housing Act (12 U.S.C. 1715z–1(g)) is amended—

(1) in paragraph (2), by striking ''Subject to paragraph (3) and notwithstanding'' and inserting ''Notwithstanding''; and

(2) by striking paragraph (3) and redesignating paragraph (4) as paragraph (3).

SEC. 404. PRESERVATION PROJECTS.

Section 524(e)(1) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended by striking ''amounts are specifically'' and inserting ''sufficient amounts are''.

TITLE V—MORTGAGE INSURANCE FOR HEALTH CARE FACILITIES AND HOME EQUITY CONVERSION MORTGAGES

SEC. 501. REHABILITATION OF EXISTING HOSPITALS, NURSING HOMES, AND OTHER FACILITIES.

Section 223(f) of the National Housing Act (12 U.S.C. 1715n(f)) is amended—

(1) in paragraph (1)—

(A) by striking ''the refinancing of existing debt of an''; and

(B) by inserting ''existing integrated service facility,'' after ''existing board and care home,'';

(2) in paragraph (4)—

(A) by inserting ''existing integrated service facility,'' after ''board and care home,'' each place it appears;

(B) in subparagraph (A), by inserting before the semicolon at the end the following: '', which refinancing, in the case of a loan on a hospital, home, or facility that is within 2 years of maturity, shall include a mortgage made to prepay such loan'';

(C) in subparagraph (B), by inserting after ''indebtedness'' the following: '', pay any other costs including repairs, maintenance, minor improvements, or additional equipment which may be approved by the Secretary,''; and

(D) in subparagraph (D)—

(i) by inserting ''existing'' before ''intermediate care facility''; and

(ii) by inserting ''existing'' before ''board and care home''; and

(3) by adding at the end the following:

''(6) In the case of purchase of an existing hospital (or existing nursing home, existing assisted living facility, existing intermediate care facility, existing board and care home, existing integrated service facility or any combination thereof) the Secretary shall prescribe such terms and conditions as the Secretary deems necessary to assure that—

''(A) the proceeds of the insured mortgage loan will be employed only for the purchase of the existing hospital (or existing nursing home, existing assisted living facility, existing intermediate care facility, existing board and care home, existing integrated service facility or any combination thereof) including the retirement of existing debt (if any), necessary costs associated with the purchase and the insured mortgage financing, and such other costs, including costs of repairs, maintenance, improvements, and additional equipment, as may be approved by the Secretary;

''(B) such existing hospital (or existing nursing home, existing assisted living facility, existing intermediate care facility, existing board and care home, existing integrated service facility, or any combination thereof) is economically viable; and

''(C) the applicable requirements for certificates, studies, and statements of section 232 (for the existing nursing home, existing assisted living facility, intermediate care facility, board and care home, existing integrated service facility or any combination thereof, proposed to be purchased) or of section 242 (for the existing hospital proposed to be purchased) have been met.''.

SEC. 502. NEW INTEGRATED SERVICE FACILITIES.

Section 232 of the National Housing Act (12 U.S.C. 1715w) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking ''are not acutely ill and'';

(B) in paragraph (2), by striking ''nevertheless''; and

(C) by adding at the end the following:

''(4) The development of integrated service facilities for the care and treatment of the elderly and other persons in need of health care and related services, but who do not require hospital care, and the support of health care facilities which provide such health care and related services (including those that support hospitals (as defined in section 242(b))).'';

(2) in subsection (b)—

(A) in paragraph (1), by striking ''acutely ill and not'';

(B) in paragraph (4), by inserting after the second period the following: ''Such term includes a parity first mortgage or parity first deed of trust, subject to such terms and conditions as the Secretary may provide.'';

(C) in paragraph (6)—

(i) by striking subparagraph (A) and inserting the following:

''(A) meets all applicable licensing and regulatory requirements of the State, or if there is no State law providing for such licensing and regulation by the State, meets all applicable licensing and regulatory requirements of the municipality or other political subdivision in which the facility is located, or, in the absence of any such requirements, meets any underwriting requirements of the Secretary for such purposes;''; and

(ii) in subparagraph (C), by striking ''and'' at the end;

(D) in paragraph (7), by striking the period at the end and inserting ''; and''; and

(E) by adding at the end the following:

''(8) the term 'integrated service facility' means a facility—

''(A) providing integrated health care delivery services designed and operated to provide medical, convalescent, skilled and intermediate nursing, board and care services, assisted living, rehabilitation, custodial, personal care services, or any combination thereof, to sick, injured, disabled, elderly, or infirm persons, or providing services for the prevention of illness, or any combination thereof;

''(B) designed, in whole or in part, to provide a continuum of care, as determined by the Secretary, for the sick, injured, disabled, elderly, or infirm;

''(C) providing clinical services, outpatient services, including community health services and medical practice facilities and group practice facilities, to sick, injured, disabled, elderly, or infirm persons not in need of the services rendered in other facilities insurable under this title, or for the prevention of illness, or any combination thereof; or

''(D)(i) designed, in whole or in part to provide supportive or ancillary services to hospitals (as defined in section 242(b)), which services may include services provided by special use health care facilities, professional office buildings, laboratories, administrative offices, and other facilities supportive or ancillary to health care delivery by such hospitals; and

''(ii) that meet standards acceptable to the Secretary, which may include standards governing licensure or State or local approval and regulation of a mortgagor; or

''(E) that provides any combination of the services under subparagraphs (A) through (D).'';

(3) in subsection (d)—

(A) in the matter preceding paragraph (1)—

(i) by inserting ''board and care home,'' after ''rehabilitated nursing home,'';

(ii) by inserting ''integrated service facility,'' after ''assisted living facility,'' the first 2 places it appears;

(iii) by inserting ''board and care home,'' after ''existing nursing home,''; and

(iv) by striking ''or a board and care home'' and inserting '', board and care home or integrated service facility'';

(B) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by inserting before '', including'' the following: ''or a public body, public agency, or public corporation eligible under this section''; and

(ii) in subparagraph (B), by striking ''energy conservation measures'' and all that follows through ''95–619)'' and inserting ''energy conserving improvements (as defined in section 2(a))''.

(C) in paragraph (4)(A)—

(i) in the first sentence—

(I) by inserting '', and integrated service facilities that include such nursing home and intermediate care facilities,'' before '', the Secretary'';

(II) by striking ''or section 1521 of the Public Health Service Act'' and inserting ''of the Public Health Service Act, or other applicable Federal law (or, in the absence of applicable Federal law, by the Secretary),'';

(III) by inserting '', or the portion of an integrated service facility providing such services,'' before ''covered by the mortgage,''; and

(IV) by inserting ''or for such nursing or intermediate care services within an integrated service facility'' before '', and (ii)'';

(ii) in the second sentence, by inserting ''(which may be within an integrated service facility)'' after ''home and facility'';

(iii) in the third sentence—

(I) by striking ''mortgage under this section'' and all that follows through ''feasibility'' and inserting the following: ''such mortgage under this section unless (i) the proposed mortgagor or applicant for the mortgage insurance for the home or facility or combined home or facility, or the integrated service facility containing such services, has commissioned and paid for the preparation of an independent study of market need for the project'';

(II) in clause (i)(II), by striking ''and its relationship to, other health care facilities and'' and inserting ''or such facilities within an integrated service facility, and its relationship to, other facilities providing health care'';

(III) in clause (i)(IV), by striking ''in the event the State does not prepare the study,''; and

(IV) in clause (i)(IV), by striking ''the State or''; and

(V) in clause (ii), by striking ''or section 1521 of the Public Health Service Act'' and inserting ''of the Public Health Service Act, or other applicable Federal law (or, in the absence of applicable Federal law, by the Secretary),'';

(iv) by striking the penultimate sentence and inserting the following: ''A study commissioned or undertaken by the State in which the facility will be located shall be considered to satisfy such market study requirement. The proposed mortgagor or applicant may reimburse the State for the cost of an independent study referred to in the preceding sentence.''; and

(v) in the last sentence—

(I) by inserting ''the proposed mortgagor or applicant for mortgage insurance may obtain from'' after ''10 individuals,'';

(II) by striking ''may'' and inserting ''and''; and

(III) by inserting a comma before ''written support''; and

(D) in paragraph (4)(C)(iii), by striking ''the appropriate State'' and inserting ''any appropriate''; and

(4) in subsection (i)(1), by inserting ''integrated service facilities,'' after ''assisted living facilities,''.

SEC. 503. HOSPITALS AND HOSPITAL-BASED INTEGRATED SERVICE FACILITIES.

Section 242 of the National Housing Act (12 U.S.C. 1715z–7) is amended—

(1) in subsection (b)—

(A) in paragraph (1)—

(i) in subparagraph (A), by adding ''and'' at the end;

(ii) by striking subparagraph (B); and

(iii) by redesignating subparagraph (C) as subparagraph (B) and striking ''and'' at the end;

(B) in paragraph (2), by striking ''respectfully'' and all that follows through the period at the end and inserting ''given such terms in section 207(a), except that the term 'mortgage' shall include a parity first mortgage or parity first deed of trust, subject to such terms and conditions as the Secretary may provide; and''; and

(C) by adding at the end the following:

''(3) the term 'integrated service facility' has the meaning given the term in section 232(b).'';

(2) in subsection (c), by striking ''title VII of'' and inserting ''title VI of'';

(3) in subsection (d)—

(A) in the matter preceding paragraph (1), by inserting after ''operation,'' the following: ''or that covers an integrated service facility owned or to be owned by an applicant or proposed mortgagor that also owns a hospital in the same market area, including equipment to be used in its operation,'';

(B) in paragraph (1)—

(i) in the first sentence, by inserting before the period at the end the following: ''and who, in the case of a mortgage covering an integrated service facility, is also the owner of a hospital facility''; and

(ii) by adding at the end the following: ''A mortgage insured hereunder covering an integrated service facility may only cover the real and personal property where the eligible facility will be located.'';

(C) in paragraph (2)(A), by inserting ''or integrated service facility'' before the comma; and

(D) in paragraph (2)(B), by striking ''energy conservation measures'' and all that follows through ''95–619)'' and inserting ''energy conserving improvements (as defined in section 2(a))'';

(E) in paragraph (4)—

(i) in the first sentence—

(I) by inserting ''for a hospital'' after ''any mortgage''; and

(II) by striking ''or section 1521 of the Public Health Service Act'' and inserting ''of the Public Health Service Act, or other applicable Federal law (or, in the absence of applicable Federal law, by the Secretary),'';

(ii) by striking the third sentence and inserting the following: ''If no such State agency exists, or if the State agency exists but is not empowered to provide a certification that there is a need for the hospital as set forth in subparagraph (A) of the first sentence, the Secretary shall not insure any such mortgage under this section unless: (A) the proposed mortgagor or applicant for the hospital has commissioned and paid for the preparation of an independent study of market need for the proposed project that: (i) is prepared in accordance with the principles established by the Secretary, in consultation with the Secretary of Health and Human Services (to the extent the Secretary of Housing and Urban Development considers appropriate); (ii) assesses, on a marketwide basis, the impact of the proposed hospital on, and its relationship to, other facilities providing health care services, the percentage of excess beds, demographic projections, alternative health care delivery systems, and the reimbursement structure of the hospital; (iii) is addressed to and is acceptable to the Secretary in form and substance; and (iv) is prepared by a financial consultant selected by the proposed mortgagor or applicant and approved by the Secretary; and (B) the State complies with the other provisions of this paragraph that would otherwise be required to be met by a State agency designated in accordance with section 604(a)(1) of the Public Health Service Act, or other applicable Federal law (or, in the absence of applicable Federal law, by the Secretary). A study commissioned or undertaken by the State in which the hospital will be located shall be considered to satisfy such market study requirement.''; and

(iii) in the last sentence, by striking ''feasibility''; and

(4) in subsection (f), by inserting ''and public integrated service facilities'' after ''public hospitals''.

SEC. 504. HOME EQUITY CONVERSION MORTGAGES.

(a) IN GENERAL.—Section 255 of the National Housing Act (12 U.S.C. 1715z–20) is amended—

(1) by redesignating subsection (k) as subsection (*l*); and

(2) by inserting after subsection (j) the following:

''(k) INSURANCE AUTHORITY FOR REFINANCINGS.—

''(1) IN GENERAL.—The Secretary may, upon application by a mortgagee, insure under this subsection any mortgage given to refinance an existing home equity conversion mortgage insured under this section.

''(2) ANTI-CHURNING DISCLOSURE.—The Secretary shall, by regulation, require that the mortgagee of a mortgage insured under this subsection, provide to the mortgagor, within an appropriate time period and in a manner established in such regulations, a good faith estimate of—

''(A) the total cost of the refinancing; and

''(B) the increase in the mortgagor's principal limit as measured by the estimated initial principal limit on the mortgage to be insured under this subsection less the current principal limit on the home equity conversion mortgage that is being refinanced and insured under this subsection.

''(3) WAIVER OF COUNSELING REQUIREMENT.—The mortgagor under a mortgage insured under this subsection may waive the applicability, with respect to such mortgage, of the requirements under subsection (d)(2)(B) (relating to third party counseling), but only if—

''(A) the mortgagor has received the disclosure required under paragraph (2);

''(B) the increase in the principal limit described in paragraph (2) exceeds the amount of the total cost of refinancing (as described in such paragraph) by an amount to be determined by the Secretary; and

''(C) the time between the closing of the original home equity conversion mortgage that is refinanced through the mortgage insured under this subsection and the application for a refinancing mortgage insured under this subsection does not exceed 5 years.

''(4) CREDIT FOR PREMIUMS PAID.—Notwithstanding section 203(c)(2)(A), the Secretary may reduce the amount of the single premium payment otherwise collected under such section at the time of the insurance of a mortgage refinanced and insured under this subsection. The amount of the single premium for mortgages refinanced under this subsection shall be determined by the Secretary based on an actuarial study conducted by the Secretary.

''(5) FEES.—The Secretary may establish a limit on the origination fee that may be charged to a mortgagor under a mortgage insured under this subsection, except that such limitation shall provide that the origination fee may be fully financed with the mortgage and shall include any fees paid to correspondent mortgagees approved by the Secretary. The Secretary shall prohibit the charging of any broker fees in connection with mortgages insured under this subsection.''.

(b) REGULATIONS.—

(1) IN GENERAL.—Notwithstanding sections 2 and 3 of this Act, the Secretary shall issue any final regulations necessary to implement the amendments made by subsection (a) of this section, which shall take effect not later than the expiration of the 180-day period beginning on the date of enactment of this Act.

(2) PROCEDURE.—The regulations under this subsection shall be issued after notice and opportunity for public comment in accordance with the procedure under section 553 of title 5, United States Code, applicable to substantive rules (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section).●

Mr. KERRY. Mr. President, today, along with my colleagues, Senators SANTORUM and SARBANES, I am introducing legislation which will help address the lack of affordable housing for the most vulnerable Americans—the elderly, disabled persons, and low-income families. This bill closes a number of gaps in the federal housing assistance programs for these families, and ensures that programs designed to promote affordable housing can do so in this rapidly expanding economy.

As our economy flourishes at an unprecedented rate, many Americans have prospered. However, as the economy grows, so too does the gap between rich and poor. Instead of finding opportunities in this new economy, some Americans have found closed doors. This is especially true for low-income people who are being squeezed out of tight housing markets in my home state of Massachusetts and around the Nation.

Although a majority of elderly Americans live in decent, adequate and affordable housing, millions of elderly households require some assistance in order to afford housing that meets their needs. In fact, there are eight elderly people waiting for each unit of assisted elderly housing in this country. Fourteen percent of people in Massachusetts are over 65 years of age, and one out of every ten of these elderly persons has an income below the poverty level.

This bill expands upon the current program of providing affordable housing, increasing housing opportunities for low-income elderly and disabled persons, and bringing the program up-to-date. As Americans grow older, housing programs must be altered to address the changing needs of a generation that is living longer, and aging in place. This bill enables existing housing to be converted to assisted living facilities to meet the needs of the elderly and disabled.

Assisted living is the fastest growing type of elderly housing in the U.S., and this legislation ensures that this supportive, and increasingly necessary living arrangement, is available to all elderly and disabled Americans, regardless of income. By 2030, 20 percent of this Nation's population will be over the age of 65, compared with only 13 percent of the population today. As we make strides in medicine to allow older people to live longer, more active lives, we must also make sure that the services and structures are in place to support elderly Americans. This bill is a step in this direction.

This bill also encourages the leveraging of federal funds, helping to increase the stock of affordable housing. Public dollars alone are unable to meet the needs of low-income families. This legislation makes it easier for federal funds for disabled and elderly housing to be combined with other sources of funding, including the Low-Income Housing Tax Credit, and private funds.

Not only will this bill increase the supply of affordable housing for the elderly and disabled, it will help to preserve affordable housing for all low-income households. A record high number of households, 5.4 million, have worst case housing needs, paying over 50 percent of their income to housing costs or living in substandard housing. This is a 12 percent increase since 1991. At the same time that more Americans are finding it increasingly difficult to find suitable and affordable housing, the federal government has not been doing enough to preserve the affordable housing that exists.

A number of provisions aim to ensure that affordable housing is preserved. This bill allows uninsured 236 project owners to retain their excess income for use in the project, helping to keep these owners in the program and ensuring that the units will remain affordable. In addition, this bill includes the preservation bill introduced earlier this Congress by Senator JEFFORDS and myself, S. 1318, to provide matching grants to States and localities devoting resources to the preservation of affordable housing. Cities, like Boston, which have dedicated a substantial amount of funds to the production and preservation of affordable housing units, would receive federal funds to assist in their efforts under this provision, ensuring that an even greater number of units are preserved.

I hope that this critical legislation will attract broad support. At this time of prosperity, we cannot forget that while many Americans have benefited, there are still too many people who cannot afford to meet their basic housing needs. These people cannot be overlooked in this era of economic growth. This legislation ensures that they won't be.

Mr. SARBANES. Mr President, I come to the floor today in support of the Affordable Housing for Seniors and Families Act introduced by Senators KERRY and SANTORUM.

This bill expands upon critical housing programs for both elderly and disabled Americans. The Nation's population of elderly is growing rapidly. Between 1980 and 1997, the number of people over the age of 65 grew by 33 percent. AARP estimates that by 2030, 20 percent of the population will be over 65 years of age, compared to only 13 percent of the population today. We need to have programs in place to assist growing numbers of seniors.

AARP also estimates that there will be 2.8 million elderly people who, by 2020, will have difficulty performing a number of basic functions such as eating, bathing, and dressing. As American's age, traditional housing will have to change to accommodate the unique needs of those in their golden years. This bill will ensure that additional housing opportunities exist where these Americans can receive the services they need. This legislation allows

traditional elderly and disabled housing to be converted to assisted living facilities, to meet these growing needs.

We must not only work to ensure that adequate services are available, we must work to increase the affordable housing stock. A recent study conducted by HUD indicates that 1.7 million low-income elderly are in urgent need of affordable housing. Nearly 7.4 million elderly households pay more than they can afford on housing, and there are more than eight elderly people waiting for every unit of assisted elderly housing.

In addition, HUD estimates that 1.4 million disabled Americans have worst case housing needs, meaning they pay over half of their income for housing or live in substandard housing. The Consortium for Persons with Disabilities conducted a study in 1998 which showed that there was not one housing market in the U.S. where a disabled person receiving SSI benefits could afford rent based on federal guidelines.

The federal government is not doing enough to meet the needs of these low-income people. This legislation assists us in meeting these needs. It expands access to capital from both federal and non-federal sources for elderly and disabled housing programs, helping to create new housing opportunities for these communities. Providers of elderly and disabled housing will be able to link with the Low-Income Housing Tax Credit, a crucial source of affordable housing funding, and other private funds.

This bill also ensures that the affordable housing which exists in this country is maintained. This crucial stock of housing will be preserved through a matching grant preservation program authored by our colleagues, Senators KERRY and JEFFORDS, which will reward States and localities spending resources to preserve affordable housing by giving them federal dollars to assist in their efforts. This provision will help to ensure that as we increase the stock of affordable housing on the front end, we are not losing units on the back end—our goal is to increase available housing, not maintain the status quo.

This bill is a step in the right direction towards providing necessary housing opportunities for those Americans that are too often forgotten. And many people in this nation enjoy the benefits of a prospering economy, so too are many Americans being left behind. This legislation will ensure that more Americans have the opportunity to live in safe and decent housing.

By Mr. FITZGERALD:

S. 2734. A bill to amend the United States Warehouse Act to authorize the issuance of electronic warehouse receipts, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

THE WAREHOUSE IMPROVEMENT ACT OF 2000

• Mr. FITZGERALD. Mr. President, I rise today to introduce legislation to revitalize and streamline the federal program governing agricultural commodity warehouses. This legislation, entitled the ''Warehouse Improvement Act of 2000,'' will make U.S. agriculture more competitive in foreign markets through efficiencies and cost savings provided by today's computer technology and information management systems.

The Warehouse Act was originally enacted in 1916, and was subsequently amended in 1919, 1923, and 1931. However, since that time, the authorizing legislation for this program has seen little change. At the same time, U.S. agriculture and our society has seen drastic changes since the early part of the 20th century. Computer technology has revolutionized our world and laptops and handheld computers have become almost commonplace. Now is the time for us to bring USDA's agricultural warehouse program out of the dark ages and into the information age.

The U.S. Warehouse Act does not mandate participation by warehouse operators that it regulates; it simply offers those who apply and qualify for licenses an alternative to state regulation. Currently, warehouse licenses may be issued for the storage of cotton, grain, tobacco, wool, dry beans, nuts, syrup and cottonseed. According to the U.S. Department of Agriculture, 45.5 percent of the U.S. off-farm grain and rice storage capacity and 49.5 percent of the total cotton storage capacity is licensed under the Warehouse Act. In general, these paper warehouse receipts that are issued under the Warehouse Act are documents of title and represent ownership of the stored commodity.

The Warehouse Improvement Act of 2000 will make this program more relevant to today's agricultural marketing system. The legislation would authorize and standardize electronic documents and allow their transfer from buyer to seller across state and international boundaries. This new paperless flow of agricultural commodities from farm gate to end-user would provide significant savings and efficiencies for farmers across the Nation.

In 1992, the Congress directed the Secretary of Agriculture to establish electronic warehouse receipts for only the cotton industry. Since that time participation in the electronic-based program has grown to over half of the U.S. cotton crop. In 1996, for example, nearly 12 million bales of cotton, out of the total crop of approximately 19 million bales, were represented by electronic warehouse receipts. Recently, the cotton industry estimated that this electronic system saves them 5 to 15 dollars per bale, a savings of over $275 million per year. The legislation that I introduce today extends this electronic warehouse receipt program to all agricultural commodities covered by the U.S. Warehouse Act. This reduced paperwork, increased efficiency, and substantial time savings will certainly make U.S. agriculture more competitive in world markets, giving our U.S. farmers the upper hand.

In the short year and a half I have served in the U.S. Senate, I have introduced two bills that have been delivered to the President's desk to help bring the United States Department of Agriculture into the information age. First, S. 1733, the Electronic Benefit Transfer Interoperability and portability Act of 2000, which improves the electronic benefits transfer system that has provided significant savings and efficiency to the food stamp program, was signed into law on February 11 of this year (P.L. 106–171). And second, S. 777, the Freedom to E-File Act, requires USDA to set up a system to allow farmers to file all USDA required paperwork over the internet. This legislation unanimously passed both the House and Senate recently and is currently awaiting the President's signature. The legislation I am introducing today follows these two pieces of legislation by requiring USDA to use computer technology and information management systems to better serve farmers and the American public.

The Warehouse Improvement Act of 2000 is a positive step toward moving the Department of Agriculture from the computer technology ''dirt road'' to the information superhighway of the 21st century. It is common sense legislation and I look forward to working with my colleagues on this issue as the legislative session moves forward. I would also like to thank a number of the Senate Agriculture Committee staff who have worked tirelessly on this issue, including Michael Knipe and Bob White on Senator LUGAR's staff and Terry Van Doren on my staff. They have worked to build consensus among the USDA and the agricultural industry to bring about these needed changes to improve the efficiency of our grain marketing system. In fact, this legislation enjoys the support of USDA, the Association of American Warehouse Control Officials, the National Grain and Feed Association, the American Far Bureau Federation, and various other commodity groups.

I ask unanimous consent that the bill be printed in the RECORD following the conclusion of my remarks.

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

S. 2734

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Warehouse Improvement Act of 2000''.

SEC. 2. STORAGE OF AGRICULTURAL PRODUCTS IN WAREHOUSES.

The United States Warehouse Act (7 U.S.C. 241 et seq.) is amended to read as follows:

''SECTION 1. SHORT TITLE.

''This Act may be cited as the 'United States Warehouse Act'.

''SEC. 2. DEFINITIONS.

''In this Act:

''(1) AGRICULTURAL PRODUCT.—The term 'agricultural product' means an agricultural

commodity, as determined by the Secretary, including a processed product of an agricultural commodity.

''(2) APPROVAL.—The term 'approval' means the consent provided by the Secretary for a person to engage in an activity authorized by this Act.

''(3) DEPARTMENT.—The term ''Department'' means the Department of Agriculture.

''(4) ELECTRONIC DOCUMENT.—The term 'electronic document' means a document authorized under this Act generated, sent, received, or stored by electronic, optical, or similar means, including electronic data interchange, electronic mail, telegram, telex, or telecopy.

''(5) ELECTRONIC RECEIPT.—The term 'electronic receipt' means a receipt that is authorized by the Secretary to be issued or transmitted under this Act in the form of an electronic document.

''(6) HOLDER.—

''(A) IN GENERAL.—The term 'holder' means a person, as defined by the Secretary, that has possession in fact or by operation of law of a receipt or any electronic document.

''(B) INCLUSION.—The term 'holder' includes a person that has possession of a receipt or electronic document as a creditor of another person.

''(7) PERSON.—The term 'person' means—

''(A) a person (as defined in section 1 of title 1, United States Code);

''(B) a State; and

''(C) a political subdivision of a State.

''(8) RECEIPT.—The term 'receipt' means a warehouse receipt issued in accordance with this Act, including an electronic receipt.

''(9) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

''(10) WAREHOUSE.—The term 'warehouse' means a structure or other approved storage facility, as determined by the Secretary, in which any agricultural product may be stored or handled for the purposes of interstate or foreign commerce.

''(11) WAREHOUSE OPERATOR.—The term 'warehouse operator' means a person that is lawfully engaged in the business of storing or handling agricultural products.

''SEC. 3. POWERS OF SECRETARY.

''(a) IN GENERAL.—The Secretary shall have exclusive power, jurisdiction, and authority, to the extent that this Act applies, with respect to—

''(1) each warehouse operator licensed under this Act;

''(2) each person that has obtained an approval to engage in an activity under this Act; and

''(3) each person claiming an interest in an agricultural product by means of an electronic document or electronic receipt subject to this Act.

''(b) COVERED AGRICULTURAL PRODUCTS.—The Secretary shall specify, after an opportunity for notice and comment, those agricultural products for which a warehouse license may be issued under this Act.

''(c) INVESTIGATIONS.—The Secretary may investigate the storing, warehousing, classifying according to grade and otherwise, weighing, and certifying of agricultural products.

''(d) INSPECTIONS.—The Secretary may inspect or cause to be inspected any person or warehouse licensed under this Act and any warehouse for which a license is applied for under this Act.

''(e) SUITABILITY FOR STORAGE.—The Secretary may determine whether a licensed warehouse, or a warehouse for which a license is applied for under this Act, is suitable for the proper storage of the agricultural product or products stored or proposed for storage in the warehouse.

''(f) CLASSIFICATION.—The Secretary may classify a licensed warehouse, or a warehouse for which a license is applied for under this Act, in accordance with the ownership, location, surroundings, capacity, conditions, and other qualities of the warehouse and as to the kinds of licenses issued or that may be issued for the warehouse under this Act.

''(g) WAREHOUSE OPERATOR'S DUTIES.—Subject to the other provisions of this Act, the Secretary may prescribe the duties of a warehouse operator operating a warehouse licensed under this Act with respect to the warehouse operator's care of and responsibility for agricultural products stored or handled by the warehouse operator.

''(h) SYSTEMS FOR CONVEYANCE OF TITLE IN AGRICULTURAL PRODUCTS.—The Secretary may approve 1 or more systems under which title in agricultural products may be conveyed and under which documents relating to the shipment, payment, and financing of the sale of agricultural products may be transferred, including conveyance of receipts and any other written or electronic documents in accordance with a process established by the Secretary.

''(i) EXAMINATION AND AUDITS.—The Secretary may conduct an examination, audit, or similar activity with respect to—

''(1) any person that is engaged in the business of storing an agricultural product that is subject to this Act;

''(2) any State agency that regulates the storage of an agricultural product by such a person; or

''(3) any commodity exchange with regulatory authority over the storage of agricultural products that are subject to this Act.

''(j) LICENSES FOR OPERATION OF WAREHOUSES.—The Secretary may issue to any warehouse operator a license for the operation of a warehouse in accordance with this Act if—

''(1) the Secretary determines that the warehouse is suitable for the proper storage of the agricultural product or products stored or proposed for storage in the warehouse; and

''(2) the warehouse operator agrees, as a condition of the license, to comply with this Act (including regulations promulgated under this Act).

''(k) LICENSING OF OTHER PERSONS.—

''(1) IN GENERAL.—On presentation of satisfactory proof of competency to carry out the activities described in this paragraph, the Secretary may issue to any person a Federal license—

''(A) to inspect any agricultural product stored or handled in a warehouse subject to this Act;

''(B) to sample such an agricultural product;

''(C) to classify such an agricultural product according to condition, grade, or other class and certify the condition, grade, or other class of the agricultural product; or

''(D) to weigh such an agricultural product and certify the weight of the agricultural product.

''(2) CONDITION.—As a condition of a license issued under paragraph (1), the licensee shall agree to comply with this Act (including regulations promulgated under this Act).

''(l) EXAMINATION OF BOOKS, RECORDS, PAPERS, AND ACCOUNTS.—The Secretary may examine, using designated officers, employees, or agents of the Department, all books, records, papers, and accounts relating to activities subject to this Act of—

''(1) a warehouse operator operating a warehouse licensed under this Act;

''(2) a person operating a system for the electronic recording and transfer of receipts and other documents authorized by the Secretary; or

''(3) any other person issuing receipts or electronic documents authorized by the Secretary under this Act.

''(m) COOPERATION WITH STATES.—The Secretary may—

''(1) cooperate with officers and employees of a State who administer or enforce State laws relating to warehouses, warehouse operators, weighers, graders, inspectors, samplers, or classifiers; and

''(2) enter into cooperative agreements with States to perform activities authorized under this Act.

''SEC. 4. IMPOSITION AND COLLECTION OF FEES.

''(a) IN GENERAL.—The Secretary shall charge, assess, and cause to be collected fees to cover the costs of administering this Act.

''(b) RATES.—The fees under this section shall be set at a rate determined by the Secretary.

''(c) TREATMENT OF FEES.—All fees collected under this section shall be credited to the account that incurs the costs of administering this Act and shall be available to the Secretary without further appropriation and without fiscal year limitation.

''(d) INTEREST.—Funds collected under this section may be deposited in an interest bearing account with a financial institution, and any interest earned on the account shall be credited under subsection (c).

''(e) EFFICIENCIES AND COST EFFECTIVENESS.—

''(1) IN GENERAL.—The Secretary shall seek to minimize the fees established under this section by improving efficiencies and reducing costs, including the efficient use of personnel to the extent practicable and consistent with the effective implementation of this Act.

''(2) REPORT.—The Secretary shall publish an annual report on the actions taken by the Secretary to comply with paragraph (1).

''SEC. 5. QUALITY AND VALUE STANDARDS.

''If standards for the evaluation or determination of the quality or value of an agricultural product are not established under another Federal law, the Secretary may establish standards for the evaluation or determination of the quality or value of the agricultural product under this Act.

''SEC. 6. BONDING AND OTHER FINANCIAL ASSURANCE REQUIREMENTS.

''(a) IN GENERAL.—As a condition of receiving a license or approval under this Act (including regulations promulgated under this Act), the person applying for the license or approval shall execute and file with the Secretary a bond, or provide such other financial assurance as the Secretary determines appropriate, to secure the person's performance of the activities so licensed or approved.

''(b) SERVICE OF PROCESS.—To qualify as a suitable bond or other financial assurance under subsection (a), the surety, sureties, or financial institution shall be subject to service of process in suits on the bond or other financial assurance in the State, district, or territory in which the warehouse is located.

''(c) ADDITIONAL ASSURANCES.—If the Secretary determines that a previously approved bond or other financial assurance is insufficient, the Secretary may suspend or revoke the license or approval covered by the bond or other financial assurance if the person that filed the bond or other financial assurance does not provide such additional bond or other financial assurance as the Secretary determines appropriate.

''(d) THIRD PARTY ACTIONS.—Any person injured by the breach of any obligation arising under this Act for which a bond or other financial assurance has been obtained as required by this section may sue with respect to the bond or other financial assurance in a district court of the United States to recover

the damages that the person sustained as a result of the breach.

"SEC. 7. MAINTENANCE OF RECORDS.

''To facilitate the administration of this Act, the following persons shall maintain such records and make such reports, as the Secretary may by regulation require:

''(1) A warehouse operator that is licensed under this Act.

''(2) A person operating a system for the electronic recording and transfer of receipts and other documents that are authorized under this Act.

''(3) Any other person issuing receipts or electronic documents that are authorized under this Act.

"SEC. 8. PRECLUSION OF LIABILITY.

''Nothing in this Act creates any liability with respect to the Secretary or any officer, employee, or agent of the Department in any case in which a warehouse operator or other person authorized by the Secretary to carry out this Act fails to perform a contractual obligation that is not subject to this Act (including regulations promulgated under this Act).

"SEC. 9. FAIR TREATMENT IN STORAGE OF AGRICULTURAL PRODUCTS.

''(a) IN GENERAL.—Subject to the capacity of a warehouse, a warehouse operator shall deal, in a fair and reasonable manner, with persons storing, or seeking to store, an agricultural product in the warehouse if the agricultural product—

''(1) is of the kind, type, and quality customarily stored or handled in the area in which the warehouse is located;

''(2) is tendered to the warehouse operator in a suitable condition for warehousing; and

''(3) is tendered in a manner that is consistent with the ordinary and usual course of business.

''(b) ALLOCATION.—Nothing in this section prohibits a warehouse operator from entering into an agreement with a depositor of an agricultural product to allocate available storage space.

"SEC. 10. COMMINGLING OF AGRICULTURAL PRODUCTS.

''(a) IN GENERAL.—A warehouse operator may commingle agricultural products in a manner approved by the Secretary.

''(b) LIABILITY.—A warehouse operator shall be severally liable to each depositor or holder for the care and redelivery of the share of the depositor and holder of the commingled agricultural product to the same extent and under the same circumstances as if the agricultural products had been stored separately.

"SEC. 11. TRANSFER OF STORED AGRICULTURAL PRODUCTS.

''(a) IN GENERAL.—In accordance with regulations promulgated under this Act, a warehouse operator may transfer a stored agricultural product from 1 warehouse to another warehouse for continued storage.

''(b) CONTINUED DUTY.—The warehouse operator from which agricultural products have been transferred under subsection (a) shall deliver to the rightful owner of such products, on request at the original warehouse, such products in the quantity and of the kind, quality, and grade called for by the receipt or other evidence of storage of the owner.

"SEC. 12. ISSUANCE OF RECEIPTS AND OTHER DOCUMENTS.

''(a) IN GENERAL.—Subject to subsections (b) and (c) and except as otherwise provided in this Act, at the request of the depositor of an agricultural product stored or handled in a warehouse licensed under this Act, the warehouse operator shall issue a receipt to the depositor as prescribed by the Secretary.

''(b) ACTUAL STORAGE REQUIRED.—A receipt may not be issued under this section for an agricultural product unless the agricultural product is actually stored in the warehouse at the time of the issuance of the receipt.

''(c) CONTENTS.—Each receipt issued for an agricultural product stored or handled in a warehouse licensed under this Act shall contain such information, for each agricultural product covered by the receipt, as the Secretary may require by regulation.

''(d) PROHIBITION ON ADDITIONAL RECEIPTS OR OTHER DOCUMENTS.—

''(1) RECEIPTS.—While a receipt issued under this Act is outstanding and uncanceled by the warehouse operator, no other or further receipt may be issued for the same agricultural product (or any portion of the same agricultural product) represented by the outstanding receipt, except as authorized by the Secretary.

''(2) OTHER DOCUMENTS.—If a written or electronic document is recorded or transferred under this section, no other similar document in any form shall be issued by any person with respect to the same agricultural product represented by the document, except as authorized by the Secretary.

''(e) ELECTRONIC RECEIPTS AND ELECTRONIC DOCUMENTS.—Except as provided in subsection (f) and notwithstanding any other provision of Federal or State law:

''(1) IN GENERAL.—The Secretary shall promulgate regulations to authorize the issuance of electronic receipts, and the recording and transfer of electronic receipts and other documents, in accordance with this subsection.

''(2) SYSTEMS FOR ELECTRONIC RECORDING AND TRANSFER.—Electronic receipts and electronic documents issued with respect to an agricultural product may be recorded in, and transferred under, a system or systems maintained in 1 or more locations.

''(3) TREATMENT OF HOLDER.—The person designated as a holder of an electronic receipt or other electronic document shall be considered, for the purposes of Federal and State law, to be in possession of the receipt or document.

''(4) SECURITY INTERESTS.—

''(A) PERFECTION OF INTEREST.—Any security interest lawfully asserted by a person under any Federal or State law with respect to an agricultural product that is the subject of an electronic receipt, or an electronic document filed under any system for electronic receipts or other electronic documents issued or filed in accordance with this Act, may be perfected only by recording the security interest in the system in the manner specified by the regulations promulgated under paragraph (1).

''(B) EFFECT OF RECORDATION.—The recordation by a person of the person's security interest in any agricultural product included in any system for electronic receipts or other electronic documents issued or filed in accordance with this Act shall, for the purposes of Federal and State law, establish the security interest of the person.

''(C) PRIORITY.—If more than 1 security interest exists in an agricultural product covered by an electronic receipt, the priority of the security interests shall be determined by the applicable Federal or State law.

''(D) ENCUMBRANCES.—

''(i) OPERATORS LICENSED UNDER STATE LAW.—If a warehouse operator licensed under State law elects to issue an electronic receipt authorized under this subsection, a security interest, lien, or other encumbrance may be recorded on the electronic receipt under this subsection only if the security interest, lien, or other encumbrance is—

''(I) authorized by State law to be included on a written warehouse receipt; and

''(II) recorded in a manner prescribed by the Secretary.

''(ii) OTHER APPLICATIONS.—If a warehouse operator licensed under this Act, or a warehouse operator not licensed under State law, elects to issue an electronic receipt authorized under this subsection, a security interest, lien, or other encumbrance shall be recorded on the electronic receipt in a manner prescribed by the Secretary.

''(5) EFFECT OF PURCHASE OF RECEIPT OR DOCUMENT.—A person purchasing an electronic receipt or electronic document shall take possession of the agricultural product free and clear of all liens, except those liens recorded in the system or systems established under the regulations promulgated under paragraph (1).

''(6) ACCEPTANCE.—

''(A) IN GENERAL.—An electronic receipt issued, and an electronic document transferred, in accordance with the regulations promulgated under paragraph (1) shall be accepted in any business, market, or financial transaction, whether governed by Federal or State law.

''(B) NO ELECTRONIC RECEIPT REQUIRED.—A person shall not be required to issue a receipt or document with respect to an agricultural product in electronic format.

''(7) LEGAL EFFECT.—Information created to comply with this Act (including regulations promulgated under this Act) shall not be denied legal effect, validity, or enforceability on the ground that the information is generated, sent, received, or stored by electronic or similar means.

''(8) OPTION FOR STATE LICENSED WAREHOUSE OPERATORS.—Notwithstanding any other provision of this Act, a State-licensed warehouse operator not licensed under this Act may, at the option of the warehouse operator, issue electronic receipts and electronic documents in accordance with this subsection.

''(9) APPLICATION.—This subsection shall not apply to a warehouse operator that is licensed under State law to store agricultural commodities in a warehouse in the State if the warehouse operator elects—

''(A) not to issue electronic receipts authorized under this subsection; or

''(B) to issue electronic receipts authorized under State law.

''(f) ELECTRONIC RECEIPTS AND ELECTRONIC DOCUMENTS FOR COTTON.—

''(1) AUTHORITY.—

''(A) CENTRAL FILING.—Notwithstanding any other provision of Federal or State law, the Secretary, or the designated representative of the Secretary, may provide that, in lieu of issuing a receipt for cotton stored in a warehouse licensed under this Act or in any other warehouse, the information required to be included in a receipt (i) under this Act in the case of a warehouse licensed under this Act or (ii) under any applicable State law in the case of a warehouse not licensed under this Act, shall be recorded instead in 1 or more central filing systems maintained in 1 or more locations in accordance with regulations promulgated by the Secretary.

''(B) DELIVERY OF COTTON.—Any record under subparagraph (A) shall include a statement that the cotton shall be delivered to a specified person or to the order of the person.

''(C) ELECTRONIC TRANSMISSION FACILITIES BETWEEN WAREHOUSES AND SYSTEM.—

''(i) NONAPPLICABILITY TO WAREHOUSES WITHOUT FACILITIES.—This subsection and section 4 shall not apply to a warehouse that does not have facilities to electronically transmit and receive information to and from a central filing system under this subsection.

''(ii) NO REQUIREMENT TO OBTAIN FACILITIES.—Nothing in this subsection requires a warehouse operator to obtain facilities described in clause (i).

''(2) RECORDATION AND ENFORCEMENT OF LIENS IN CENTRAL FILING SYSTEM.—Notwithstanding any other provision of Federal or State law:

''(A) RECORDATION.—The record of the possessory interests of persons in cotton included in a central filing system under this subsection—

''(i) shall be considered to be a receipt for the purposes of this Act and State law; and

''(ii) shall establish the possessory interest of persons in the cotton.

''(B) ENFORCEMENT.—

''(i) POSSESSION OF WAREHOUSE RECEIPT.—Any person designated as a holder of an electronic warehouse receipt authorized under this subsection or section 4 shall, for the purpose of perfecting the security interest of the person under Federal or State law with respect to the cotton covered by the warehouse receipt, be considered to be in possession of the warehouse receipt.

''(ii) PRIORITY OF SECURITY INTERESTS.—If more than 1 security interest exists in the cotton represented by the electronic warehouse receipt, the priority of the security interests shall be determined by applicable Federal or State law.

''(iii) APPLICABILITY.—This subsection is applicable to electronic cotton warehouse receipts and any other security interests covering cotton stored in a cotton warehouse, regardless of whether the warehouse is licensed under this Act.

''(3) CONDITIONS FOR DELIVERY ON DEMAND FOR COTTON STORED.—A warehouse operator operating a warehouse covered by this subsection, in the absence of a lawful excuse, shall, without unnecessary delay, deliver the cotton stored in the warehouse on demand made by the person named in the record in the central filing system as the holder of the receipt representing the cotton, if the demand is accompanied by—

''(A) an offer to satisfy the valid lien of a warehouse operator, as determined by the Secretary; and

''(B) an offer to provide an acknowledgment in a central filing system under this subsection, if requested by the warehouse operator, that the cotton has been delivered.

''SEC. 13. CONDITIONS FOR DELIVERY OF AGRICULTURAL PRODUCTS.

''(a) PROMPT DELIVERY.—In the absence of a lawful excuse, a warehouse operator shall, without unnecessary delay, deliver the agricultural product stored or handled in the warehouse on a demand made by—

''(1) the holder of the receipt for the agricultural product; or

''(2) the person that deposited the product, if no receipt has been issued.

''(b) PAYMENT TO ACCOMPANY DEMAND IF REQUESTED.—

''(1) IN GENERAL.—Demand for delivery shall be accompanied by payment of the accrued charges associated with the storage of the agricultural product if requested by the warehouse operator.

''(2) SPECIAL RULE FOR COTTON.—In the case of cotton stored in a warehouse, the warehouse operator shall provide a written request for payment of the accrued charges associated with the storage of the cotton to the holder of the receipt at the time at which demand for the delivery of the cotton is made.

''(c) SURRENDER OF RECEIPT.—When the holder of a receipt requests delivery of an agricultural product covered by the receipt, the holder shall surrender the receipt to the warehouse operator, in the manner prescribed by the Secretary, to obtain the agricultural product.

''(d) CANCELLATION OF RECEIPT.—A warehouse operator shall cancel each receipt returned to the warehouse operator upon the delivery of the agricultural product for which the receipt was issued.

''SEC. 14. SUSPENSION OR REVOCATION OF LICENSES.

''(a) IN GENERAL.—After providing notice and an opportunity for a hearing in accordance with this section, the Secretary may suspend or revoke any license issued, or approval for an activity provided, under this Act—

''(1) for a material violation of, or failure to comply, with any provision of this Act (including regulations promulgated under this Act); or

''(2) on the ground that unreasonable or exorbitant charges have been imposed for services rendered.

''(b) TEMPORARY SUSPENSION.—The Secretary may temporarily suspend a license or approval for an activity under this Act prior to an opportunity for a hearing for any violation of, or failure to comply with, any provision of this Act (including regulations promulgated under this Act).

''(c) AUTHORITY TO CONDUCT HEARINGS.—The agency within the Department that is responsible for administering regulations promulgated under this Act shall have exclusive authority to conduct any hearing required under this section.

''(d) JUDICIAL REVIEW.—

''(1) JURISDICTION.—A final administrative determination issued subsequent to a hearing may be reviewable only in a district court of the United States.

''(2) PROCEDURE.—The review shall be conducted in accordance with the standards set forth in section 706(2) of title 5, United States Code.

''SEC. 15. PUBLIC INFORMATION.

''(a) IN GENERAL.—The Secretary may release to the public the results of any investigation made or hearing conducted under this Act, including the names, addresses, and locations of all persons—

''(1) that have been licensed under this Act or that have been approved to engage in an activity under this Act; and

''(2) with respect to which a license or approval has been suspended or revoked under section 14, including the reasons for the suspension or revocation.

''(b) CONFIDENTIALITY.—Except as otherwise provided by law, an officer, employee, or agent of the Department shall not divulge confidential business information obtained during a warehouse examination or other function performed as part of the duties of the officer, employee, or agent under this Act.

''SEC. 16. PENALTIES FOR NONCOMPLIANCE.

''(a) CIVIL PENALTIES.—If a person fails to comply with any requirement of this Act (including regulations promulgated under this Act), the Secretary may assess, on the record after an opportunity for a hearing, a civil penalty—

''(1) of not more than $25,000 per violation, if an agricultural product is not involved in the violation; or

''(2) of not more than 100 percent of the value of the agricultural product, if an agricultural product is involved in the violation.

''(b) FEDERAL JURISDICTION.—A district court of the United States shall have exclusive jurisdiction over any action brought under this Act without regard to the amount in controversy or the citizenship of the parties.

''(c) ARBITRATION.—Nothing in this Act prevents the enforceability of an agreement to arbitrate that would otherwise be enforceable under chapter 1 of title 9, United States Code.

''SEC. 17. REGULATIONS.

''The Secretary shall promulgate such regulations as the Secretary considers necessary to carry out this Act.

''SEC. 18. AUTHORIZATION OF APPROPRIATION.

''There are authorized to be appropriated such sums as are necessary to carry out this Act.''.●

By Mr. CONRAD (for himself, Mr. GRASSLEY, Mr. DASCHLE, Mr. BAUCUS, Mr. KERREY, Mr. JEFFORDS, Mr. ROCKEFELLER, Mr. THOMAS, Mr. HARKIN, Mr. ROBERTS, Mr. JOHNSON, Mr. COCHRAN, and Mrs. LINCOLN):

S. 2735. A bill to promote access to health care services in rural areas; to the Committee on Finance.

HEALTH CARE ACCESS AND RURAL EQUALITY ACT OF 2000

Mr. CONRAD. Mr. President, today, I rise to introduce the Health Care Access and Rural Equality Act of 2000 (H-CARE).

This proposal is the result of a bipartisan and bicameral effort. I am proud to be joined by several cosponsors, including Senators GRASSLEY, DASCHLE, THOMAS, HARKIN, BAUCUS, KERREY, JEFFORDS, ROCKEFELLER, ROBERTS, JOHNSON, LINCOLN, and COCHRAN. I would also like to thank our House companions for joining me as supporters of this proposal. In particular, would like to recognize Representatives FOLEY, POMEROY, TANNER, NUSSLE, MCINTYRE, STENHOLM, BERRY, and LUCAS for their efforts. Working together, I believe we are taking important steps toward improving health care access in our rural communities.

Also, I would like to thank the National Rural Health Association, the Federation of American Health Systems, and the College of American Pathologists for their support of this effort.

Last year, we received information that 12 of my State's 35 rural hospitals were in jeopardy of closing. In North Dakota, many areas do not have hospitals within their county borders. This means that in some areas of my State, many communities depend on having access to one specific rural health care facility. If this facility were to close, this would leave residents in these areas without access to vital health care services.

We know that in many rural communities, Medicare patients make up the majority of the typical rural hospitals' caseloads—in N.D., more than 70 percent of most rural hospitals' patients are covered by Medicare. This means that Medicare funding and changes to the program greatly impact our small, rural providers.

Unfortunately, while our rural facilities may serve a disproportionate number of Medicare patients, they are often forced to operate with merely half the reimbursement of their urban counterparts. For example, Mercy Hospital in Devils Lake receives on average about $4,200 for treating a patient with pneumonia. In New York City, we know that some hospitals receive more than $8,500 for treating the same illness. This disparity places our providers at a clear disadvantage.

Against the backdrop of this funding disparity, we know that rural providers

were particularly hard hit by reductions in the Balanced Budget Act of 1997. Last year, N.D. hospitals were losing at minimum 7 percent on every Medicare patient they serve. In some of our smaller communities, hospital margins fell as low as negative 21 percent. How can our hospitals be expected to survive at a 20 percent loss?

Recognizing the challenges that our communities were facing, I fought hard last year to offer relief to our rural providers. I am happy to say that the Balanced Budget Refinement Act of 1999 (BBRA) brought more than $100 million to our ND providers—but we must do more.

Even though the BBRA improved the outlook for our hospitals, N.D. facilities are still in financial trouble—they are still projected to have negative 4.9 percent margins by 2002. Continued funding shortfalls have made it, and will continue to make it, impossible for our smallest rural hospitals to make needed building improvements; impossible for them to provide patients access to updated technologies; and difficult for them to competitively recruit and retain health care providers, particularly to the most isolated, frontier areas.

For this reason, I rise to introduce H–CARE. This legislation offers targeted relief to our most vulnerable rural providers, including: our sole community, critical access, and Medicare dependent hospitals.

In particular, H–CARE would offer a full inflation update to all rural hospitals. The BBA limited hospitals' inflation updates through 2002. This has meant that our providers have not been allowed to receive payments that are in line with the costs they incur for serving Medicare patients. H–CARE would close the gap on this funding shortfall.

Also, H–CARE permanently extends the important Medicare dependent hospital program, which is due to expire in 2006, and would offer these providers more up-to-date funding. Currently, they are reimbursed based on 1988 costs. As providers that serve at least a 60 percent Medicare caseload, it is important that they receive appropriate Medicare payments.

In addition, H–CARE addresses several flaws in last year's Medicare add-back bill that have adversely impacted our rural providers. For example, many rural hospitals entered the Critical Access Hospital (CAH) program under the promise that they would receive adequate resources to keep their doors open. The BBRA inadvertently limited these hospitals' ability to receive funding for providing lab services to their patients. H–CARE fixes this problem by ensuring CAHs once again receive the funding they need to provide lab services.

For our sole community hospitals, H–CARE corrects an error in the BBRA which excluded some of these hospitals from receiving higher reimbursement rates based on more recent costs. H–CARE fixes this mistake by letting all sole community hospitals receive more up-to-date payments based on 1996 costs. This is particularly important for N.D. since 29 of my state's 36 rural facilities are sole community hospitals.

Lastly, H–CARE would establish a loan fund that rural facilities could access to repair crumbling buildings or update their equipment—eligible facilities could receive up to $5m to make repairs and an extra $50,000 to help develop a capital improvement plan. H–CARE also includes grants, in the amount of $50,000 per facility, that hospitals could use to purchase new technology and train staff on using this technology.

In summary, this year, I will fight to enact these and other measures that are vital to improving our rural health care system. I urge my colleagues to support this important effort.

● Mr. JOHNSON. Mr. President, I am pleased to join my colleagues today to support introduction of the Health Care Access and Rural Equality Act of 2000, known as H–CARE.

I especially want to commend Senators CONRAD and GRASSLEY, and Representative FOLEY for the tremendous amount of effort they put forth in drafting this key legislation. As well, I commend a number of my other colleagues who have contributed immensely to the crafting of this bill, including Senators DASCHLE, HARKIN, ROBERTS, THOMAS, KERREY, ROCKEFELLER, and Representatives POMEROY, TANNER, NUSSLE, and MCINTYRE.

The bipartisan and bicameral support for this legislation signifies the critical and often times desperate condition, that our rural hospitals are in due in large part to the unforeseen impact of the Balanced Budget Act (BBA) of 1997 and disparities in Medicare reimbursements for rural facilities.

Impact estimates and preliminary data suggest that the BBA cuts have fallen squarely on the shoulders of our rural hospitals who do not have the operating margins to shoulder consecutive years of budgetary deficits. Unfortunately, rural hospitals do not have the luxury of trimming spending in one area to meet the needs in another. Recent cuts have forced hospitals to eliminate important programs such as home health care or therapy services in order to operate within these tight budget restraints.

Rural hospitals are charged with the responsibility to provide high-quality, compassionate care to individuals in times of need, especially our senior and disabled Medicare populations. However, it also seems evident to me that we have asked hospitals to do a day's work for an hour's pay.

The H–CARE Act works to restore some of the funding disparities that exist for rural hospitals and provides resources to ensure their survival.

Hospitals in my home state of South Dakota face a potential loss in Medicare revenues of nearly $171 million over five years if something is not done to help them.

Provisions in H–CARE including inflation updates for rural hospitals, protection for Medicare Dependent Hospitals, support for the Critical Access Hospitals Programs, creation of a capital infrastructure loan program, assistance to update technology, and increased reimbursement for Sole Community Hospitals will allow rural facilities the necessary resources to keep their doors open.

We are talking about rural facilities such as the Medical Center in Huron, SD, which was forced to eliminate 24 full time positions to compensate for Medicare cuts in their FY 2001 budget, or the hospital in Burke, SD, which had to cut $124,000 from their hospital this year to ensure their survival. These are just a few examples of the many stories that I've heard from hospitals administrators throughout my home state of South Dakota.

Once again, I am please to join my colleagues today as an original cosponsor of the H–CARE Act and look forward to working with the full Senate to ensure quick and immediate action on this critically important legislation.●

By Mr. DOMENICI (for himself, and Mr. BINGAMAN):

S. 2736. A bill to provide compensation for victims of the fire initiated by the National Park Service at Bandelier National Monument, New Mexico; to the Committee on Environment and Public Works.

THE CERRO GRANDE FIRE ASSISTANCE ACT

Mr. DOMENICI. Mr. President, let me say from the very beginning of this discussion today, it has been a real pleasure to work with Senator BINGAMAN and his staff—and I hope that is mutual—on putting together a bill that we are going to introduce today. It is our best effort to put together a bill that permits the citizens of Los Alamos, the people who reside there, whose houses or personal property were damaged or destroyed, and businesses that existed, owned either by corporations or individuals—the damage they might have suffered. This is just a partial list. I will read the list before we leave the floor.

This is an effort to compensate the Indian people for similar losses.

Mr. President, since May 4, 2000, it is now known that the National Park Service started a forest fire, a so-called prescribed burn, at Bandelier National Monument in New Mexico. That was done during the height of the fire season and, regrettably, as everyone now knows, that fire, which was expected to be a controlled burn by the Park Service in Bandelier National Park, was not able to be controlled by those who were called in to control it. The fire went right down the mountainside, ended up burning down the forest and parts of the community of Los Alamos. The fire destroyed more than 425 residences.

I am going to start from the beginning with just one photo. Senator

BINGAMAN has others. He drove the streets while some of the fires were still cooling off. As I understand it, Senator BINGAMAN could see the remnants of steam and heat, and the residue of fires that had not yet totally burned out.

This is just one picture of the old town site. That means there is a part of the area that was built up by the Federal Government years ago when Los Alamos was a closed off and secret community, at which the first atomic bomb was being built. All of the science was put in place up there, and it was totally a secret city. Years later, while I was a Senator—I have been here 28 years—we tore down the walls and sold those houses to individuals.

This is the way the fire looked as a house burned adjoining the trees and forests that surround Los Alamos. It was actually much worse than that. But that is the best we can do in a photograph of this type.

The fire started on May 4, and by May 5 it was a full-fledged wildfire devouring everything in its path. Ultimately, it devoured 48,000 acres of forest land and significant parts of the community where houses and businesses were owned by individuals.

During the time this fire burned out of control, our Nation was celebrating the 50th anniversary of Smokey the Bear; that is, the date of his rescue from a raging forest fire in the Lincoln National Forest in NM.

For 50 years, Smokey the Bear had cautioned Americans to be careful. Apparently, no one told the Park Service.

The decision was made to start a forest fire. The basis was a miscalculation of the danger. The result was, believe it or not, about 25,000 people were evacuated; 405 families lost their residences or homes; two Indian pueblos lost land, livelihood, and sacred sites; and 48,000 acres were transformed from a lush forest into a charcoal garden covered in some places by 12 inches of ash.

The cost thus far to taxpayers just to fight the fire is perhaps $10 million.

We now have a couple of official reports. We have a 40-page report called ''Sierra Grande Prescribed Burn Investigative Report'' dated May 18, 2000. It can be summarized.

Too little planning; too few followed procedures; too little caution; too little experience; too much dry underbrush; too much wind; too much advice unheeded; and too late arrival of the ''hotshot'' experts; and, it was too bad.

It is more than too bad. It calls into question the policy with reference to prescribed burns. But that is an issue for another day. But I am hopeful that serious discussions are taking place as to how we should handle controlled burns in the future.

We have a catastrophe. It is a catastrophe that it started in the first place. There is no doubt about that.

It is a tragedy that it destroyed homes. There is no doubt about that.

It is a disaster that fire disrupted businesses. It cost State and local governments millions of dollars. There is no disagreement about that.

Imagine the horror of seeing your home reduced to ashes and the freakishness of owning a concrete staircase to nowhere and calling it your home as you come back to visit. The house is burned to the ground, and only cement steps remain.

Imagine seeing your neighborhood reduced to a row of brick chimneys and concrete foundations.

Consider the irony of a home burned to the ground while the wooden tree house stands unoccupied in the yard.

Imagine the task of sifting through the ashes for any unincinerated remnants of your life.

Think about the gawkers and the TV trucks driving through your neighborhood waiting to see if the first rains produce mudslides and/or floods.

Imagine your life if you were they.

You want to go back to work, to get the kids back into a routine, but your life is a series of back-to-back-meetings, dealing with appraisers, contractors, insurance, FEMA, SBA, and flood insurance.

Everyone involved wishes that the fire could be unset, the match unlit, the decision unmade, but there is no way to undo the catastrophe.

The Federal Government can't undo the damage, but it can provide prompt compensation. That is the objective of the legislation that Senator BINGAMAN and I are introducing today. We have worked closely with the administration, and I am pleased that they support this legislation.

I am pleased to introduce legislation that starts the process of rebuilding lives. It provides an expedited settlement process for the victims of the fire.

The first estimate of the cost that we are covering is an approximate number of $300 million. We will use $300 million as our approximate cost as we take this bill into conference on the MILCON bill and attempt to get it adopted in an expedited matter as part of that conference, along with the moneys needed to compensate the victims for their claims under this legislation. And there are moneys for other components of the fire under other federal programs—$134 million for the laboratory damage itself, which is a separate appropriations item.

To accomplish the goal of compensating fire victims in the most efficient and fair way possible, this legislation establishes a compensation process through a separate Office of Cerro Grande Fire Claims at FEMA.

It provides for full compensation for property losses and personal injuries sustained by the victims, including all individuals, regardless of their immigration status, small businesses, local governments, schools, Indian tribes, and any other entities injured as a result of the fire.

Such compensation will include the replacement cost of homes, cars, and any other property lost or damaged in the fire, as well as lost wages, business losses, insurance deductibles, emergency staffing expenses, debris removal and other clean-up costs, and any other losses deemed appropriate by the Director of FEMA.

To make sure that this is an expedited procedure, within 45 days of enactment, FEMA must promulgate rules governing the claims process. After the rules are in place, FEMA must publish in newspapers and other places in New Mexico, an easy-to-understand description of the claims process in English and Spanish, so that everyone will know their rights and where and how to file a claim.

Once those rules are in place, victims will have 2 years to file their claims, and FEMA must pay those claims within 6 months of filing.

During the adjudication of each claim, FEMA is authorized to make interim payments to victims so that those with the greatest need will not be forced to wait a long time before receiving some form of compensation from the government.

This bill also will reimburse insurance companies for the costs they paid to help rebuild Los Alamos and the surrounding communities. Under this bill, insurance companies will be able to make subrogation claims against the government on behalf of themselves or their policyholders in same manner as any other victim of the fire.

I want the victims to know that this bill requires that they will compensated before insurance companies.

The intent is to encourage insurance companies to settle with their policyholders and then come to the government for compensation. That way, victims can get on with their lives as soon as possible, and insurance companies can get reimbursed through the claims process without the need to proceed under the cumbersome Federal Tort Claims Act.

For victims whose insurance will not cover the complete replacement cost of their property loss or their personal injury, insurance companies should cover all that is required under their policies, and the government will make up the difference.

Mr. President, I think that in this bill, we have developed a process which is fair, comprehensive, and efficient. Yet there will be some who believe, for whatever reasons, that they are not receiving what they are entitled from the government.

For those individuals, this bill preserves their right to sue under the Tort Claims Act or to protest the final claims decision of FEMA. I hope that there will be few, if any, such lawsuits, but I believe we must maintain the rights of individuals to proceed to court if they are unhappy with their claims award.

I think we have taken an excellent first step in proposing this claims legislation. There is no way one bill can address every issue which might arise in every circumstance. Many of the details will be determined by the Fire

Claims Office. I want my constituents to know that I will do all I can to monitor the process as it moves forward to ensure that New Mexicans are treated fairly and in accordance with the intent of this law.

All our citizens owe a tremendous gratitude to the workers at Los Alamos. We won the cold war because of their contributions. Today we enjoy our freedoms because of their dedication. We need their continued dedication to assure that those freedoms survive for our future generations. And they need our help to rebuild their lives and return to their vital missions.

I hope my colleagues will support the Cerro Grande Fire Assistance Act.

Citizens can choose not to take this claims approach provided for in this legislation, and they can go to the Federal courts under the Federal Tort Claims Act. If they do, they will get no compensation under this bill. That is their option.

If they choose the option provided under this bill and they go through it to get money for their damages—let's just take an item, such as a house which Senator BINGAMAN and I discussed. If there is a dispute as to the value of that house, and they are supposed to get the value for the replacement cost—if there is a dispute, this bill provides an opportunity to use arbitration.

We have limited attorney's fees in this bill to 10 percent. We don't think this is going to be a heavily litigated process. I repeat, if citizens want to make their claim under the Federal Tort Claims Act, this legislation does not preclude that, other than they have no right to claim anything under this bill.

We owe tremendous gratitude to the workers of Los Alamos. We won the cold war because of their efforts and their predecessors in the various activities and scientific niches at this laboratory which has been run admirably by the University of California.

Today, we enjoy some of our basic freedoms because in that cold war with the Soviet Union we had great people in this community and a couple of other communities, always staying ahead so people could be assured nuclear weapons would never be used against our people.

That laboratory is having some trouble besides the fire. When it all finishes, we will still stand in awe at the fantastic brain trust that is assembled in the mountains of northern New Mexico. We have a sister institution in California, obviously, and an engineering institution in Albuquerque called Sandia National Laboratories. They are three labs that are tied together by scientific prowess and a commitment to serve America in her needs.

The PRESIDING OFFICER. The junior Senator from New Mexico.

Mr. BINGAMAN. Mr. President, I thank my colleague, Senator DOMENICI. I also want to state how much I have enjoyed working with him on this terrible subject. I think the ability of our offices to work together has been admirable. We have come up with a plan that moves the process forward and closer to some real relief for the people who were damaged by this incident.

Mr. President, this was a disaster. This was a catastrophe. Let me show three photos that make the case. This is a photo from space, from a very high altitude, that shows the fire while it was burning, with the smoke plume coming through northeastern New Mexico into Colorado, into Oklahoma, and into west Texas. The photo shows the magnitude of what was involved. This was clearly the largest forest fire we have ever had in our State of New Mexico since they have been keeping records. It is very unfortunate that it was started by a controlled burn to which the Park Service agreed. That clearly makes this the responsibility of the Federal Government. As a country, we need to step up and compensate people for their losses.

Let me show two other photos that make the case as to what was done. This is a photo of one of the houses in Los Alamos with a car out front. These people in Los Alamos were advised they needed to leave their homes, get in cars or on buses, and go down to Santa Fe to escape the danger. They did. This is what they came back to a couple of weeks later. Clearly, this is not the kind of a circumstance of which anyone can be proud.

Mr. DOMENICI. Will the Senator yield?

Mr. BINGAMAN. I yield.

Mr. DOMENICI. The Senator views this scene while driving down the streets?

Mr. BINGAMAN. I toured the community and the neighborhoods with James Lee Witt, the head of FEMA, and with our Governor, Governor Johnson. We saw the devastation.

Mr. DOMENICI. This is a chimney?

Mr. BINGAMAN. That is a chimney.

The people did not have time to even arrange to drive their cars out of town. Of course, all their personal belongings were in the houses. The damage was total. The loss was total for the families who were burned out.

Another photo makes the case, a photo of the rubble that was left at one of the sites. Here is a bicycle. I might add, the water lines in these houses were still running. As we drove up and down the street, we saw water spurting out of the water lines, but there would be no house. Clearly, the devastation was enormous.

The people of Los Alamos and Senator DOMENICI made this point, and it has been made many times: The people of Los Alamos were heroic in their response to this tragedy. They pulled together as a community. They helped each other. They worked together to get their community back up and running. The people of the entire State came together and rallied to help the people who were injured. This was a period, and we are still in it to some extent, a period where we have lots of fires going on in New Mexico. It was not just the people who were injured in the Cerro Grande fire who were requiring assistance. We had other fires in our State, including the Scott Able fire in southern New Mexico which was very devastating, the fire at Ruidoso, the Viveash fire near Pecos.

Our job now, and what Senator DOMENICI and I are trying to do in this legislation, is to put in place a mechanism so people can get as full a relief as possible. We recognize you are not ever in a position to compensate someone for all of this loss, but we want to compensate people as fully as the Government can. We also, of course, want to do so as quickly as possible.

The reason this legislation is important, I believe—and I think this was something which the administration officials, and Jack Lew with the Office of Management and Budget agreed with entirely—is that the time it takes to go through the Tort Claims Act is extensive. History has shown that in many cases it is not satisfactory, that process has not been satisfactory. It was our conclusion, and the conclusion supported by the administration, that we should do a separate bill which would set up a different procedure that, hopefully, would give better compensation to people, and do it much more quickly than is otherwise possible.

Senator DOMENICI pointed out we have gone to great lengths to not interfere with the right of people to pursue their remedies under current law, if they choose to do that. We have not changed the rules for that. We have not in any way impeded that. But people have to make a judgment after they consult with everyone involved—their attorneys if they have attorneys, or anyone else with whom they want to consult—make a judgment as to whether to use the remedy, the process we are setting up in this legislation, once this becomes law, or to use the process that is available to them under current law under the Tort Claims Act.

My own hope is that we have come up with a better alternative. That is my belief. That has certainly been our purpose. We hope people will see it that way and that this legislation will result in more full compensation, much more rapidly than would otherwise be possible, and that people will be able to get on with their lives because of that.

The legislation has many aspects to it, which I discussed in detail. Senator DOMENICI went into some of that. Let me just say, the main thrust of it is to compensate people for injuries they receive, for loss of property, compensate businesses for losses they incurred, compensate businesses and individuals, both, for financial losses that are directly traceable and attributable to this fire.

Clearly, we want this to be a fair process for those involved. At the same time, we are anxious that it be done in a responsible way, so once it is over with, we can have an accounting for

what compensation was provided and the justification for it. I think the American people will want that and should be entitled to that. I believe this will substantially improve the chances of folks getting fully compensated, as fully compensated as possible, as early as possible.

For that reason, I am pleased to join Senator DOMENICI in cosponsoring this legislation. I do think we have several steps, several hoops to jump through between now and when this becomes law. There will be opportunities for us to fine-tune this as we go forward. I hope we can do that, but I hope we can go forward very quickly. He indicated our desire to have it included in some appropriations legislation—the military construction appropriations bill—which is pending now. I hope very much that can happen, and I hope that bill can get to the President very quickly with this included and can become law.

Mr. President, on May 4, 2000, a decision by the National Park Service to conduct a prescribed burn in the Bandelier National Park changed the lives of Los Alamos residents forever. What started as a prescribed burn of approximately 1,000 acres, turned into a fire that roared for 18 days and in the end charred over 47,000 acres. Soon after the fire raged out of control, the National Park Service assumed responsibility for the damage caused by the fire.

While we need to take another look at the Park Service's policy concerning prescribed burns, we first need to take care of those that were injured by the Park Service's actions. There will be time for hearings and investigations. But first, there are people that must be clothed, homes that must be rebuilt, and businesses that must pay their bills. We need to make sure our children are settled again before the 2001 school year begins in 2 months. We need to clean up the debris and hazardous waste so families can think about rebuilding.

The Cerro Grande Fire Assistance Act that I am introducing with Senator DOMENICI today is what we believe represents the Government's responsibility to the citizens of Los Alamos and the surrounding pueblos.

The Cerro Grande fire didn't just burn 47,000 acres of national forest. This fire was so intense that it traveled several miles from the point of origin to the town of Los Alamos, New Mexico. When the fire roared up the canyons in Los Alamos, it completely destroyed 385 dwellings and seriously damaged another 17 dwellings. Over 60 homes were burned on 46th, 48th and Yucca Streets alone. Keep in mind that Los Alamos is not a large community and these numbers reflect a large majority of the residents in those areas. This chart shows what used to be single family homes on Arizona Avenue. It was one of the 50 homes destroyed along Arizona Avenue.

This second picture shows the damage done along Alabama Avenue. The fourplexes across the street were spared but many of the fourplexes along Alabama are no longer standing. Most of these fourplexes were built between 1949 and 1954 by the federal government for the first workers of the national laboratory. In the late 1960's the federal government sold these homes to the residents of Los Alamos. On May 4th, many of these homes were occupied by the original residents—individuals who are now retired from the lab and enjoying their golden years. Ten percent of the households destroyed belonged to senior citizens. One such couple showed up to a town meeting to show me all they had left of their former home—the wife had the burned door handle and the husband had the key in his pocket.

Other fourplexes that were destroyed were occupied by young families and the most recent generation of lab employees. 35% of the housing units destroyed were being rented and 92 of those tenants were without any form of insurance. Many of these people are now without a home for their young families. One of the couples I spoke with after the fire was a young couple expecting a child who lost their home and their adjoining rental unit. And I was recently informed that over 200 school children were burned out of their homes.

Driving through these neighborhoods that are now filled with blackened trees, melted swing sets and burned bicycles is a difficult thing to witness. This fire grew out of control so quickly, mostly because of the 60 mph winds that swirled through the controlled burn area, that most families had less than an hour to gather their belongings and evacuate the mesa. Many others didn't have even that much time. As you can see by the numerous burned cars, many families were unable to get both of their cars down the hill before the fire hit. In the end, 5% of the housing units in Los Alamos was destroyed by this fire.

Despite the personal tragedy many of them suffered, the residents of Los Alamos came together and helped one another and supported the efforts of the hundreds of firefighters who fought long and hard to control this monstrous blaze. Several Los Alamos restaurant owners returned to Los Alamos during the height of the fire and donated their inventory and services to cook up meals at the local Elks Lodge for the firefighters, police and National Guardsmen who were sent to this remote community. In addition, the outpouring of support from the nearby communities in setting up shelters and offering food and clothing was something I was proud to witness firsthand. This support also included the shelters and individuals who volunteered to take in the hundreds of animals that belonged to the over 20,000 residents evacuated from Los Alamos and White Rock.

The citizens of Los Alamos were heroic throughout this fire. Residents, like engineer Tony Tomei, were single-handedly trying to help save their neighborhoods from spreading wildlife. Tomei used his garden hose to douse small spot fires and used a rake and shovel to extinguish burning debris. His all night efforts saved his own house and the house of one neighbor, much to the neighbor's surprise.

After returning from Los Alamos and viewing the extent of damage, I began work with Senator DOMENICI on legislation that would compensate the people of Los Alamos, the surrounding pueblos, and the national laboratory for the damages sustained. We have been working for over 3 weeks now with the Office of Budget and Management, the White House, and the citizens of New Mexico to come up with legislation that will provide those who suffered personal and/or financial injury the most expedient and thorough compensation possible. We have received input from a number of individuals who lost their homes, from business owners who were shut down for up to a week, from the Los Alamos County Council and the governors of the San Ildefonso and Santa Clara Pueblos. While no one can truly be made whole after such a devastating experience, the role of the federal government in this situation is to ensure that people are adequately compensated for the losses resulting from the fire. Senator DOMENICI and I worked to come up with legislation that would compensate New Mexicans as fully as possible, while still being something acceptable to the entire Congress.

Based on the numerous meetings we held with the people mentioned above, we have come up with categories of damages that are compensable, including: property losses, business losses and financial losses. The goal is to compensate individuals for losses that were not otherwise covered by insurance or any other third party contribution.

For example, compensable property losses will include such things as uninsured property losses. This should address the problem many individuals are facing after realizing that they were under insured for their homes or their personal property. The goal is this legislation is to provide individuals with the funds needed to repair or replace their real and personal property using ''replacement value'' as a determining factor. This means that individuals should receive the dollar amount needed to rebuild their homes using current construction methods and materials, in line with current zoning requirements, and without a deduction for depreciation. It also means that individuals should be provided with the funds necessary to allow them to replace their damaged personal property with property that provides them equal utility. Moreover, we realize that homeowners will need funds to cover the cost of stabilizing and restoring their land to a condition suitable for building after the debris is removed.

The legislation will also compensate public entities for the damage to the physical infrastructure in the community. The county and other governmental entities will be able to seek compensation for the cost of rebuilding community infrastructure damaged by the fire, such as power lines, roads and public parks.

Compensable business losses will include such things as damage to tangible business assets, lost profits, costs incurred as a result of suspending business for one week, wages paid to employees for days missed during the fire, and other business losses deemed appropriate by the Claims Office. This provision is intended to help business owners who were forced to evacuate Los Alamos for up to 5 days. For people like the local nursery owner, closing shop during Mothers' Day weekend and the short planting season in northern NM was devastating. While the residents of Los Alamos disappeared from the community, the fixed overhead costs of the small business owners did not disappear.

Compensable financial losses will include economic losses for expenses such as insurance deductibles, temporary living expenses, relocation expenses, debris removal costs, and emergency staffing expenses for our governmental entities. The intent is to assist victims in rebuilding and recovering incidental expenses that they would otherwise not have incurred, had it not been for the Cerro Grande Fire. This includes costs incurred by the claimant in proving his losses, including the cost of appraisals where necessary.

In addition, the pueblos will be eligible to seek compensation for the damage to the forest lands on the pueblo and the impact of the fire on their subsistence hunting, fishing, firewood, timbering, grazing and agricultural activities. Individual tribal members and wholly-owned tribal entities will be eligible to seek reimbursement through this claims process for quantifiable losses. This means that the BIA will not serve as a conduit for any settlement to an individual tribal member or a tribe.

This legislation also intends to provide resources for the remediation that will be necessary to prevent future disasters because of flooding and mudslides. While we have experienced an unusually dry summer in the Southwest, forecasters predict an earlier than usual monsoon season and efforts must be made to shore up the burned hillsides and 70 foot canyon walls. The remediation effort will have to be undertaken by several federal agencies, including the Department of interior, the Agriculture Department and other entities with experience in this regard.

In order to expedite an individual's recovery, we have designed an administrative claims process that will allow injured parties to seek compensation for the expenses that were incurred, and were not otherwise covered by a third party, as a result of the Cerro Grande fire. This legislation authorizes that claims process and establishes an Office of Cerro Grande Fire Claims which will be under the authority of the Director of FEMA. FEMA is directed to compensate the victims of the Cerro Grande fire for injuries resulting from the fire and to settle those claims in an expeditious manner. FEMA will be given authority to hire an independent claims manager or other experts in claims processing to oversee this large project. We feel that FEMA is the best federal agency to handle this responsibility as they are capable of the task and are familiar with the damages that are common in a disaster. I trust that the FEMA Director will assemble a team that the community of Los Alamos can have confidence in and that will strive to settle claims to the benefit of those injured.

The Director of FEMA has 45 days to design this claims process and promulgate regulations for the claims office to follow. The regulations should not be overly burdensome for the claimants and should provide an understandable and straight forward path to settlement. In the event that issues arise concerning a settlement amount, the claimant will be able to enter into binding arbitration to settle any disputes with the claims office. If a claimant would rather have the Director's decision reviewed by a judge, the claimant will be able to seek judicial review of the Director's decision in federal court. Claimants who believe they need legal assistance as they proceed through this process should know that attorneys' fees are provided for in this legislation, with a cap of 10%. And while we believe this administrative claims process is the most efficient and reliable route for those seeking compensation, we are leaving the option of a federal tort action open to this legislation.

Mr. President, there is nothing Senator DOMENICI or I can do to replace the personal items and sentimental possessions that were consumed by the Cerro Grande Fire. This federal compensation will do nothing to replace a coin collection collected over a lifetime or an heirloom inherited from a great-grandmother. However, the federal government has the responsibility to try and restore the lives of the people impacted by this horrible tragedy. The federal government started this mess and it is time the federal government started cleaning up this mess and fixing what was damaged.

Congress can start the recovery process by passing this legislation. I ask that my colleagues act quickly on this legislation as the season for rebuilding this community is a short season for this city that sits high above the valley. I thank my colleagues for their support and for their willingness to do the right thing in this very unique situation.

I yield the floor.

The PRESIDING OFFICER. The senior Senator from New Mexico.

Mr. DOMENICI. Mr. President, I once again thank Senator BINGAMAN.

Part of the time these discussions were taking place in New Mexico, I was not available to be there. As most people in New Mexico know, I have been there twice, but I missed one occasion when Senator BINGAMAN got to talk with the people. I thank him for that because he brought back a number of ideas. One of my staffers was present with him. Those ideas are incorporated in this legislation.

In particular, let me repeat that the bill covers ''loss of property,'' and it says what that means; ''business losses,'' and it says what that means; ''financial losses,'' and it says what that means. Then a ''summary of the claims process'' and a summary of the remedies and a summary of appeal rights.

The lead agency is going to be the Office of Cerro Grande Fire Claims within FEMA. James Lee Witt or his successor will oversee that office but has the discretionary authority to designate an independent claims manager to run the office, if he so desires.

We are not creating anything new, it will be FEMA. But if he wants an independent claims manager, he has the latitude and authority to do that. There will be a separate account for the victims of the Cerro Grande fire that will be separate from the disaster assistance fund. Also, all of the money appropriated will be designated as an emergency.

I want to thank the staff who worked on this legislation. In my office: Steve Bell, Denise Greenlaw Ramonas, Brian Benczkowski, James Fuller and Veronica Rodriguez. From Senator BINGAMAN's office, Trudy Vincent, Christine Landavazo, Sam Fowler and Bob Simon. I also want to thank Ann Bushmiller from the White House Counsel's office and Elizabeth Gore from the Office of Management and Budget. I ask unanimous consent that a letter from Jack Lew expressing the Administration's support be printed in the RECORD.

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

S. 2736

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Cerro Grande Fire Assistance Act''.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) on May 4, 2000, the National Park Service initiated a prescribed burn on Federal land at Bandelier National Monument in New Mexico during the peak of the fire season in the Southwest;

(2) on May 5, 2000, the prescribed burn, which became known as the ''Cerro Grande Prescribed Fire'', exceeded the containment capabilities of the National Park Service, was reclassified as a wildland burn, and spread to other Federal and non-Federal land, quickly becoming characterized as a wildfire;

(3) by May 7, 2000, the fire had grown in size and caused evacuations in and around

Los Alamos, New Mexico, including the Los Alamos National Laboratory, 1 of the leading national research laboratories in the United States and the birthplace of the atomic bomb;

(4) on May 13, 2000, the President issued a major disaster declaration for the counties of Bernalillo, Cibola, Los Alamos, McKinley, Mora, Rio Arriba, Sandoval, San Juan, San Miguel, Santa Fe, Taos, and Torrance, New Mexico;

(5) the fire resulted in the loss of Federal, State, local, tribal, and private property;

(6) the Secretary of the Interior and the National Park Service have assumed responsibility for the fire and subsequent losses of property; and

(7) the United States should compensate the victims of the Cerro Grande fire.

(b) PURPOSES.—The purposes of this Act are—

(1) to compensate victims of the fire at Cerro Grande, New Mexico, for injuries resulting from the fire; and

(2) to provide for the expeditious consideration and settlement of claims for those injuries.

SEC. 3. DEFINITIONS.

In this Act:

(1) CERRO GRANDE FIRE.—The term ''Cerro Grande fire'' means the fire resulting from the initiation by the National Park Service of a prescribed burn at Bandelier National Monument, New Mexico, on May 4, 2000.

(2) DIRECTOR.—The term ''Director'' means—

(A) the Director of the Federal Emergency Management Agency; or

(B) if a Manager is appointed under section 4(a)(3), the Manager.

(3) INJURED PERSON.—The term ''injured person'' means—

(A) an individual, regardless of the citizenship or alien status of the individual; or

(B) an Indian tribe, corporation, tribal corporation, partnership, company, association, county, township, city, State, school district, or other non-Federal entity (including a legal representative);

that suffered injury resulting from the Cerro Grande fire.

(4) INJURY.—The term ''injury'' has the same meaning as the term ''injury or loss of property, or personal injury or death'' as used in section 1346(b)(1) of title 28, United States Code.

(5) MANAGER.—The term ''Manager'' means an Independent Claims Manager appointed under section 4(a)(3).

(6) OFFICE.—The term ''Office'' means the Office of Cerro Grande Fire Claims established by section 4(a)(2).

SEC. 4. COMPENSATION FOR VICTIMS OF CERRO GRANDE FIRE.

(a) IN GENERAL.—

(1) COMPENSATION.—Each injured person shall be entitled to receive from the United States compensation for injury suffered by the injured person as a result of the Cerro Grande fire.

(2) OFFICE OF CERRO GRANDE FIRE CLAIMS.—

(A) IN GENERAL.—There is established within the Federal Emergency Management Agency an Office of Cerro Grande Fire Claims.

(B) PURPOSE.—The Office shall receive, process, and pay claims in accordance with this title.

(C) FUNDING.—The Office—

(i) shall be funded from funds made available to the Director under this title; and

(ii) may reimburse other Federal agencies for claims processing support and assistance.

(3) OPTION TO APPOINT INDEPENDENT CLAIMS MANAGER.—The Director may appoint an Independent Claims Manager to—

(A) head the Office; and

(B) assume the duties of the Director under this Act.

(b) SUBMISSION OF CLAIMS.—Not later than 2 years after the date on which regulations are first promulgated under subsection (f), an injured person may submit to the Director a written claim for 1 or more injuries suffered by the injured person in accordance with such requirements as the Director determines to be appropriate.

(c) INVESTIGATION OF CLAIMS.—

(1) IN GENERAL.—The Director shall, on behalf of the United States, investigate, consider, ascertain, adjust, determine, grant, deny, or settle any claim for money damages asserted under subsection (b).

(2) APPLICABILITY OF STATE LAW.—Except as otherwise provided in this Act, the laws of the State of New Mexico shall apply to the calculation of damages under subsection (d)(4).

(3) EXTENT OF DAMAGES.—Any payment under this Act—

(A) shall be limited to actual compensatory damages measured by injuries suffered; and

(B) shall not include—

(i) interest before settlement or payment of a claim; or

(ii) punitive damages.

(d) PAYMENT OF CLAIMS.—

(1) DETERMINATION AND PAYMENT OF AMOUNT.—

(A) IN GENERAL.—

(i) PAYMENT.—Not later than 180 days after the date on which a claim is submitted under this Act, the Director shall determine and fix the amount, if any, to be paid for the claim.

(ii) PRIORITY.—The Director, to the maximum extent practicable, shall pay subrogation claims submitted under this Act only after paying claims submitted by injured parties that are not insurance companies seeking payment as subrogees.

(B) PARAMETERS OF DETERMINATION.—In determining and settling a claim under this Act, the Director shall determine only—

(i) whether the claimant is an injured person;

(ii) whether the injury that is the subject of the claim resulted from the fire;

(iii) the amount, if any, to be allowed and paid under this Act; and

(iv) the person or persons entitled to receive the amount.

(C) INSURANCE AND OTHER BENEFITS.—

(i) IN GENERAL.—In determining the amount of, and paying, a claim under this Act, to prevent recovery by a claimant in excess of actual compensatory damages, the Director shall reduce the amount to be paid for the claim by an amount that is equal to the total of insurance benefits (excluding life insurance benefits) or other payments or settlements of any nature that were paid, or will be paid, with respect to the claim.

(ii) GOVERNMENT LOANS.—This subparagraph shall not apply to the receipt by a claimant of any government loan that is required to be repaid by the claimant.

(2) PARTIAL PAYMENT.—

(A) IN GENERAL.—At the request of a claimant, the Director may make 1 or more advance or partial payments before the final settlement of a claim, including final settlement on any portion or aspect of a claim that is determined to be severable.

(B) JUDICIAL DECISION.—If a claimant receives a partial payment on a claim under this Act, but further payment on the claim is subsequently denied by the Director, the claimant may—

(i) seek judicial review under subsection (i); and

(ii) keep any partial payment that the claimant received, unless the Director determines that the claimant—

(I) was not eligible to receive the compensation; or

(II) fraudulently procured the compensation.

(3) RIGHTS OF INSURER OR OTHER THIRD PARTY.—If an insurer or other third party pays any amount to a claimant to compensate for an injury described in subsection (a), the insurer or other third party shall be subrogated to any right that the claimant has to receive any payment under this Act or any other law.

(4) ALLOWABLE DAMAGES.—

(A) LOSS OF PROPERTY.—A claim that is paid for loss of property under this Act may include otherwise uncompensated damages resulting from the Cerro Grande fire for—

(i) an uninsured or underinsured property loss;

(ii) a decrease in the value of real property;

(iii) damage to physical infrastructure;

(iv) a cost resulting from lost tribal subsistence from hunting, fishing, firewood gathering, timbering, grazing, or agricultural activities conducted on land damaged by the Cerro Grande fire;

(v) a cost of reforestation or revegetation on tribal or non-Federal land, to the extent that the cost of reforestation or revegetation is not covered by any other Federal program; and

(vi) any other loss that the Director determines to be appropriate for inclusion as loss of property.

(B) BUSINESS LOSS.—A claim that is paid for injury under this Act may include damages resulting from the Cerro Grande fire for the following types of otherwise uncompensated business loss:

(i) Damage to tangible assets or inventory.

(ii) Business interruption losses.

(iii) Overhead costs.

(iv) Employee wages for work not performed.

(v) Any other loss that the Director determines to be appropriate for inclusion as business loss.

(C) FINANCIAL LOSS.—A claim that is paid for injury under this Act may include damages resulting from the Cerro Grande fire for the following types of otherwise uncompensated financial loss:

(i) Increased mortgage interest costs.

(ii) An insurance deductible.

(iii) A temporary living or relocation expense.

(iv) Lost wages or personal income.

(v) Emergency staffing expenses.

(vi) Debris removal and other cleanup costs.

(vii) Costs of reasonable efforts, as determined by the Director, to reduce the risk of wildfire, flood, or other natural disaster in the counties specified in section 2(a)(4), to risk levels prevailing in those counties before the Cerro Grande fire, that are incurred not later than the date that is 3 years after the date on which the regulations under subsection (f) are first promulgated.

(viii) A premium for flood insurance that is required to be paid on or before May 12, 2002, if, as a result of the Cerro Grande fire, a person that was not required to purchase flood insurance before the Cerro Grande fire is required to purchase flood insurance.

(ix) Any other loss that the Director determines to be appropriate for inclusion as financial loss.

(e) ACCEPTANCE OF AWARD.—The acceptance by a claimant of any payment under this Act, except an advance or partial payment made under subsection (d)(2), shall—

(1) be final and conclusive on the claimant, with respect to all claims arising out of or relating to the same subject matter; and

(2) constitute a complete release of all claims against the United States (including any agency or employee of the United

States) under chapter 171 of title 28, United States Code (commonly known as the ''Federal Tort Claims Act''), or any other Federal or State law, arising out of or relating to the same subject matter.

(f) REGULATIONS AND PUBLIC INFORMATION.—

(1) REGULATIONS.—Notwithstanding any other provision of law, not later than 45 days after the date of enactment of this Act, the Director shall promulgate and publish in the Federal Register interim final regulations for the processing and payment of claims under this Act.

(2) PUBLIC INFORMATION.—

(A) IN GENERAL.—At the time at which the Director promulgates regulations under paragraph (1), the Director shall publish, in newspapers of general circulation in the State of New Mexico, a clear, concise, and easily understandable explanation, in English and Spanish, of—

(i) the rights conferred under this Act; and

(ii) the procedural and other requirements of the regulations promulgated under paragraph (1).

(B) DISSEMINATION THROUGH OTHER MEDIA.—The Director shall disseminate the explanation published under subparagraph (A) through brochures, pamphlets, radio, television, and other media that the Director determines are likely to reach prospective claimants.

(g) CONSULTATION.—In administering this Act, the Director shall consult with the Secretary of the Interior, the Secretary of Energy, the Secretary of Agriculture, the Administrator of the Small Business Administration, other Federal agencies, and State, local, and tribal authorities, as determined to be necessary by the Director to—

(1) ensure the efficient administration of the claims process; and

(2) provide for local concerns.

(h) ELECTION OF REMEDY.—

(1) IN GENERAL.—An injured person may elect to seek compensation from the United States for 1 or more injuries resulting from the Cerro Grande fire by—

(A) submitting a claim under this Act;

(B) filing a claim or bringing a civil action under chapter 171 of title 28, United States Code; or

(C) bringing an authorized civil action under any other provision of law.

(2) EFFECT OF ELECTION.—An election by an injured person to seek compensation in any manner described in paragraph (1) shall be final and conclusive on the claimant with respect to all injuries resulting from the Cerro Grande fire that are suffered by the claimant.

(3) ARBITRATION.—

(A) IN GENERAL.—Not later than 45 days after the date of enactment of this Act, the Director shall establish by regulation procedures under which a dispute regarding a claim submitted under this Act may be settled by arbitration.

(B) ARBITRATION AS REMEDY.—On establishment of arbitration procedures under subparagraph (A), an injured person that submits a disputed claim under this Act may elect to settle the claim through arbitration.

(C) BINDING EFFECT.—An election by an injured person to settle a claim through arbitration under this paragraph shall—

(i) be binding; and

(ii) preclude any exercise by the injured person of the right to judicial review of a claim described in subsection (i).

(4) NO EFFECT ON ENTITLEMENTS.—Nothing in this Act affects any right of a claimant to file a claim for benefits under any Federal entitlement program.

(i) JUDICIAL REVIEW.—

(1) IN GENERAL.—Any claimant aggrieved by a final decision of the Director under this Act may, not later than 60 days after the date on which the decision is issued, bring a civil action in the United States District Court for the District of New Mexico, to modify or set aside the decision, in whole or in part.

(2) RECORD.—The court shall hear a civil action under paragraph (1) on the record made before the Director.

(3) STANDARD.—The decision of the Director incorporating the findings of the Director shall be upheld if the decision is supported by substantial evidence on the record considered as a whole.

(j) ATTORNEY'S AND AGENT'S FEES.—

(1) IN GENERAL.—No attorney or agent, acting alone or in combination with any other attorney or agent, shall charge, demand, receive, or collect, for services rendered in connection with a claim submitted under this Act, fees in excess of 10 percent of the amount of any payment on the claim.

(2) VIOLATION.—An attorney or agent who violates paragraph (1) shall be fined not more than $10,000.

(k) WAIVER OF REQUIREMENT FOR MATCHING FUNDS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, a State or local project that is determined by the Director to be carried out in response to the Cerro Grande fire under any Federal program that applies to an area affected by the Cerro Grande fire shall not be subject to any requirement for State or local matching funds to pay the cost of the project under the Federal program.

(2) FEDERAL SHARE.—The Federal share of the costs of a project described in paragraph (1) shall be 100 percent.

(l) APPLICABILITY OF DEBT COLLECTION REQUIREMENTS.—Section 3716 of title 31, United States Code, shall not apply to any payment under this Act.

(m) INDIAN COMPENSATION.—Notwithstanding any other provision of law, in the case of an Indian tribe, a tribal entity, or a member of an Indian tribe that submits a claim under this Act—

(1) the Bureau of Indian Affairs shall have no authority over, or any trust obligation regarding, any aspect of the submission of, or any payment received for, the claim;

(2) the Indian tribe, tribal entity, or member of an Indian tribe shall be entitled to proceed under this Act in the same manner and to the same extent as any other injured person; and

(3) except with respect to land damaged by the Cerro Grande fire that is the subject of the claim, the Bureau of Indian Affairs shall have no responsibility to restore land damaged by the Cerro Grande fire.

(n) REPORT.—Not later than 1 year after the date of promulgation of regulations under subsection (f)(1), and annually thereafter, the Director shall submit to Congress a report that describes the claims submitted under this Act during the year preceding the date of submission of the report, including, for each claim—

(1) the amount claimed;

(2) a brief description of the nature of the claim; and

(3) the status or disposition of the claim, including the amount of any payment under this Act.

(o) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this Act.

SUMMARY OF CERRO GRANDE FIRE ASSISTANCE ACT OF 2000

Administrator: FEMA as lead agency, with authority to designate an independent claims manager.

Entities eligible for compensation: all individuals, Indian tribes, corporations, tribal corporations, partnerships, companies, associations, counties, townships, cities, State, school districts and any other non-federal entity that suffered injury resulting from the Cero Grande fire.

Types of compensable injuries: tracks the Federal Tort Claims Act: Injury, loss of property and personal injuries are compensable.

Damages for ''loss of property'' will include: uninsured or under-insured property loss, decrease in the value of real property, damage to physical infrastructure, loss of subsistence hunting, fishing, firewood, timbering, grazing and agricultural activities, and any other loss deemed appropriate as a ''loss of property.''

Damages for ''injury'' will include ''business losses'', such as: damage to tangible assets or inventory, business interruption losses, overhead costs, employee wages paid for work not performed as a result of the fire, and any other injury deemed appropriate for compensation as a ''business loss.''

Damages for ''injury will include ''financial losses'' such as: increased mortgage interest costs, insurance deductibles, the cost of flood insurance, temporary living or relocation expenses, emergency staffing expenses, debris removal and other clean-up costs, hazard mitigation and any other injury deemed appropriate for compensation as a ''financial loss.''

Process: FEMA Director required to promulgate interim final regulations within 45 days of enactment of the Act. Claims must be filed within two years of promulgation of the regulations, and adjudicated by FEMA within 180 days of filing. Once regulations are promulgated, Director must publish easy-to-understand explanation of the rights conferred by the law and a description of the claims process in English and Spanish in New Mexico newspapers and other media outlets.

Election of remedies: Party must at the outset elect either to proceed under Federal Tort Claims Act (FTCA) or legislative claims process. The election is binding on the claimant for all damages resulting from the Cerro Grande fire. Must release U.S. Government from lawsuit under FTCA as a condition of receiving a claims process award.

Appeal: If victim is dissatisfied with claims decision, may appeal to Federal District Court for the District of New Mexico or pursue binding arbitration. If elect binding arbitration, decision of the arbitor is final. If elect Federal Court, standard of review is that the decision of the Director stands if supported by substantial evidence on the record.

Insurance: Insurance companies allowed to proceed in same manner under the Act as all other claimants, but to the maximum extent practicable, insurance company subrogation claims must be paid after those of other injured persons. Awards received through claims process will be reduced by amounts of insurance payments already received.

Consultation: Director required to consult with Secretary of Energy, Secretary of Interior, Secretary of Agriculture, SBA, FEMA, other federal agencies, State, local and tribal officials to ensure the efficient administration of the process and provide an outlet for local concerns.

Attorney's fees: Limited to 10 percent of claims award. Attorneys who violate the rule fined $10,000.

Matching requirements: Waives State and local matching requirement for all Federal programs utilized in response to the fire.

Flood insurance: Government will reimburse homeowners for the cost of three years of Federal flood insurance premiums if their property was not in the flood plain prior to the fire and subsequently was included in the flood plain as a result of the fire.

OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, June 15, 2000.

Hon. PETE V. DOMENICI,
U.S. Senate,
Washington, DC.

DEAR SENATOR DOMENICI: As you know from our work together in recent weeks, the Administration shares with you the commitment to ensuring that all those affected by the fire that began at Bandelier National Monument are fully compensated for their losses. We are pleased that our work together in a constructive dialogue has resulted in legislation that will achieve this goal.

We are fully supportive of the Cerro Grande Fire Assistance Act, which will help fully, fairly, and quickly compensate those who have suffered losses as a result of this fire. We urge Congress to move promptly to pass this essential legislation.

Sincerely,

JACOB J. LEW,
Director.

By Mr. LUGAR (for himself and Mr. HARKIN)

S. 2737. A bill to amend the United States Grain Standards Act to extend the authority of the Secretary of Agriculture to collect fees, extend the authorization of appropriations, and improve the administration of that Act, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

THE GRAIN STANDARDS IMPROVEMENT ACT OF 2000

● Mr. LUGAR. Mr. President, today I rise to introduce the Grain Standards Improvement Act of 2000. I am pleased that the ranking minority member of the Senate Agriculture Committee, Senator HARKIN, has joined me as a cosponsor.

The United States Grain Standards Act was enacted in 1916 as a means of eliminating confusion resulting from the use of many different sets of grain standards applied by different grain inspection organizations operating without national coordination and supervision. Created by this Act and operating within the United States Department of Agriculture (USDA), the Federal Grain Inspection Service (FGIS) sets and administers official grain standards and conducts grain inspection services.

The Act authorizes FGIS to establish standards of ''kind, class, quality and condition for corn, wheat, rye, oats, barley, flax seed, sorghum, soybeans, mixed grain and such other grains as in the administrator's judgment the usages of the trade may warrant and permit.'' The FGIS administrator is authorized to develop standards or procedures for accurate weighing and weight certification and controls for grain shipped in interstate or foreign commerce. The Act also established certain performance requirements for grain inspection and weighing equipment. The certainty of these standards and the credibility and integrity of the inspection system has allowed our domestic and international markets to flourish as a result.

But improvements are necessary to keep up with the changing markets. The legislation that I am introducing today is based on legislation proposed by the Administration earlier this year. The Gain Standards Improvement Act of 2000 will reauthorize the collection of fees, the FGIS Advisory Committee, and funding for FGIS until September 30, 2005.

In order to keep up with advances in technology, FGIS needs flexibility in the way that commodity samples can be obtained. Grain marketing patterns, quality attributes, and quality testing methods are changing rapidly. New quality traits developed through biotechnology have increased the speed of change. This Act will provide flexibility needed by FGIS to continue to maintain an efficient sampling system.

In general, under current law, only one official federal inspection agency can operate within geographic boundaries. The 1993 amendments to the Grain Standards Act provided for a pilot program that allowed for more than one official inspection agency within a single geographic area at interior locations. These programs were successful in facilitating the marketing of grain without jeopardizing the integrity of the system. This bill will permanently authorize this policy.

This legislation is supported by the National Association of State Departments of Agriculture, the Association of American Warehouse Control Officials, the National Grain and Feed Association, the American Farm Bureau Federation, the National Farmers Union and other agricultural commodity organizations.

The credibility and integrity of the United States grain inspection must be maintained to allow U.S. producers to continue to feed the world through our marketing system. The Grain Standards Improvement Act of 2000 will help FGIS to continue these high standards and increase the economic efficiency of the U.S. grain marketing system.

Mr. President, I ask unanimous consent that the bill and a section-by-section summary be printed in the RECORD following my statement.

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

S. 2737

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Grain Standards Improvement Act of 2000''.

SEC. 2. SAMPLING FOR EXPORT GRAIN.

Section 5(a)(1) of the United States Grain Standards Act (7 U.S.C. 77(a)(1)) is amended by striking ''(on the basis'' and all that follows through ''from the United States)''.

SEC. 3. GEOGRAPHIC BOUNDARIES FOR OFFICIAL AGENCIES.

(a) INSPECTION AUTHORITY.—Section 7(f)(2) of the United States Grain Standards Act (7 U.S.C. 79(f)(2)) is amended by striking ''conduct pilot programs to''.

(b) WEIGHING AUTHORITY.—Section 7A(i) of the United States Grain Standards Act (7 U.S.C. 79a(i)) is amended in the last sentence by striking ''conduct pilot programs to''.

SEC. 4. AUTHORIZATION TO COLLECT FEES.

(a) INSPECTION AND SUPERVISORY FEES.—Section 7(j)(4) of the United States Grain Standards Act (7 U.S.C. 79(j)(4)) is amended in the first sentence by striking ''2000'' and inserting ''2005''.

(b) WEIGHING AND SUPERVISORY FEES.—Section 7A(l)(3) of the United States Grain Standards Act (7 U.S.C. 79a(l)(3)) is amended in the first sentence by striking ''2000'' and inserting ''2005''.

SEC. 5. TESTING OF EQUIPMENT.

Section 7B(a) of the United States Grain Standards Act (7 U.S.C. 79b(a)) is amended in the first sentence by striking ''but at least annually and''.

SEC. 6. LIMITATION ON ADMINISTRATIVE AND SUPERVISORY COSTS.

Section 7D of the United States Grain Standards Act (7 U.S.C. 79d) is amended—

(1) by striking ''2000'' and inserting ''2005''; and

(2) by striking ''40 per centum'' and inserting ''30 percent''.

SEC. 7. LICENSES AND AUTHORIZATIONS.

Section 8(a)(3) of the United States Grain Standards Act (7 U.S.C. 84(a)(3)) is amended by inserting ''inspection, weighing,'' after ''laboratory testing,''.

SEC. 8. GRAIN ADDITIVES.

Section 13(e)(1) of the United States Grain Standards Act (7 U.S.C. 87b(e)(1)) is amended by inserting '', or prohibit disguising the quality of grain,'' after ''sound and pure grain''.

SEC. 9. AUTHORIZATION OF APPROPRIATIONS.

Section 19 of the United States Grain Standards Act (7 U.S.C. 87h) is amended by striking ''2000'' and inserting ''2005''.

SEC. 10. ADVISORY COMMITTEE.

Section 21(e) of the United States Grain Standards Act (7 U.S.C. 87j(e)) is amended by striking ''2000'' and inserting ''2005''.

GRAIN STANDARDS IMPROVEMENT ACT OF 2000—SECTION-BY-SECTION SUMMARY

Section 1. Short title

This Act may be cited as the Grain Standards Improvement Act of 2000.

Section 2. Sampling for export grain

This section would provide FGIS with more flexibility in obtaining samples of export grain. Currently, samples of export grain can only be obtained after final elevation of the grain. Historically, this has been a requirement due to the breakage that can occur as the grain goes through an export elevator. In many cases, this sampling procedure is still appropriate. However, for value enhanced traits (e.g. protein) that are not affected by handling, sampling and testing prior to final elevation may be more appropriate. Often it is not a simple process to perform these tests in a field environment. Grain marketing patterns, quality attributes, and quality testing methods are changing rapidly. These changes are being expedited by quality traits developed through biotechnology and new testing methods. In response to these breakthroughs, new grain marketing programs are evolving that require measurement of additional, more complex quality attributes. Also, in order to maintain an efficient and effective marketing system in the United States, grain merchants are relying more on identity preserved programs to assure acceptable quality with limited testing. These merchants may need quality results on identity preserved grain prior to final elevation. Flexibility in obtaining samples would not jeopardize the representatives of the samples obtained for inspection.

Section 3. Geographic boundaries for official agencies

This section would allow, under certain conditions, more than one official agency to

perform inspection and weighing services within a single geographic area at interior locations. The 1993 amendments provided for pilot programs to test such a change. These programs were successful in that they facilitated the marketing of grain without jeopardizing integrity of the system. This section will give the Secretary the authority to develop criteria similar to the current pilot programs.

Section 4. Authorization to collect fees

This section would extend, through fiscal year 2005, the authority of the Secretary to charge user fees assessed for the supervision of official agencies and to invest sums collected.

Section 5. Testing of equipment

This section would eliminate the requirement for mandatory annual testing for all equipment used in sampling, grading, inspection, and weighing. Annual testing is not necessary or appropriate for such equipment.

Section 6. Limitation on administration and supervisory costs

This section would provide that the administration and supervisory costs for services, performed through fiscal year 2005, would be subject to the ceiling of 30 percent of total costs for such services (excluding the costs of standardization, compliance, and foreign monitoring activities).

Section 7. Licenses and authorizations

This section would allow the Secretary to contract for inspection and weighing services in addition to specified sampling and technical functions. This allows the Secretary greater flexibility in performing the duties required by the Act.

Section 8. Grain additives

This section would prohibit disguising the quality of the grain as a result of the introduction of nongrain substances and other identified grains. The prohibition would include the introduction of nongrain substances such as cinnamon, vanilla, and bleach, and could apply to all grain whether officially inspected or not. This prohibition will enhance the integrity of the national grain marketing system.

Section 9. Authorization of appropriations

The section would extend, through fiscal year 2005, the authorization for appropriations to cover standardization, compliance, foreign monitoring activities and any other expenses necessary to carry out the provisions of the Act which are not obtained from fees and sales of samples.

Section 10. Advisory committee

This section would maintain an advisory committee through fiscal year 2005. This committee represents the industry and advises the Secretary in administering the Act.●

By Mr. JEFFORDS (for himself, Mr. FRIST, and Mr. ENZI):

S. 2738. A bill to amend the Public Health Service Act to reduce medical mistakes and medication-related errors; to the Committee on Health, Education, Labor, and Pensions.

THE PATIENT SAFETY AND ERRORS REDUCTION ACT

Mr. JEFFORDS. Mr. President, I am pleased to join today with my good friend Senator FRIST to announce the introduction of the Patient Safety and Errors Reduction Act, a bill which will work toward increasing patient safety for all Americans.

Late last year, the Institute of Medicine (IOM) released a report citing medical errors as the eighth leading cause of death in the United States, with as many as 98,000 people dying as a result each year. More people die of medical mistakes than from motor vehicle accidents, AIDS, or breast cancer. The IOM report took a serious look at the problem of medical errors and provided some thoughtful recommendations for change.

Last year I worked closely with Senator FRIST to ensure that Congress pass Senate Bill 580, the Healthcare Research and Quality Act of 1999. This newly passed legislation reauthorized by the Agency for Health Care Policy and Research, renamed it the Agency for Healthcare Research and Quality (AHRQ), and refocused its mission to support healthcare research on safety and quality improvement. I am pleased that AHRQ has decided to dedicate more than $20 million for research on medical error reduction. This shows a real commitment by Dr. John Eisenberg and his agency to address the problem of medical errors.

Our bill will attack this problem in several ways. First, it will provide a framework of support for the numerous efforts that are already underway in the public and the private sectors. Second, it will establish a Center for Quality Improvement and Patient Safety within the Agency for Healthcare Research and Quality. And finally, it will provide needed confidentiality protections for medical error reporting systems.

I believe we can save thousands of lives by substantially reducing medical mistakes over the next few years. We have a great opportunity to apply the safety lessons that we have already learned—both within health care and in other fields.

How can we prevent these mistakes? One lesson we have learned that was repeated time and again in our hearings is that mandatory reporting of all errors and subsequent punishment of healthcare professionals doesn't work very well.

Even good doctors and nurses make mistakes during the most routine of tasks. Clearly, the root cause of medical errors is more systemic. Medicine has some of the most advanced technology for treating patients and some of the most rudimentary systems for ensuring quality. Taking a look at the systems that ensure patient safety will go farther in addressing the problem of medical errors rather than reprimanding any one individual or group.

Over the past few decades we have seen one industry after another adopt the principles of continuous quality improvement. The government itself has instituted these principles, notably in its regulation of aviation. Focusing on punishment will only deter improvement.

Having said that, we are not interested in sweeping problems under the rug, but bringing them out into the open. And if an individual is harmed, this bill in no way limits the legal recourse that patients have now. The confidentiality protections are just for information that is submitted under quality improvement and medical error reporting systems. Patients and their lawyers will still have access to the entire medical record just like they do now.

Our bill also creates a new center for patient safety through AHRQ as the IOM report recommended. This Center will collect information on medical errors and serve as a center to develop strategies to reduce them. It is likely that additional funding beyond the $20 million recommended by the President will be needed for AHRQ's new role overseeing this center for patient safety.

We also need to allow for confidentiality—through peer review protections—for information that is voluntarily submitted regarding medical errors. This legislation provides for these protections.

Once the information is collected and analyzed, either through AHRQ or another deemed institution, such as the Vermont Program for Quality in Health Care, recommendations on ways to prevent errors need to be developed and disseminated throughout the health care industry.

It is my hope that these recommendations will continue to be incorporated into survey instruments by organizations such as the Joint Commission on Accreditation of Healthcare Organizations, the accrediting body responsible for hospitals and other inpatient healthcare settings. In this way, the health care industry can engage in the kind of continuous quality improvement that is vital to curbing errors and saving lives. But a medical errors program will only succeed if hospitals, doctors and other health professionals support it and participate in it willingly.

Neither the IOM nor Congress discovered this problem. Health care professionals have been at work for some time in trying to address medical errors. I hope that by becoming a partner in this process, the federal government can accelerate the pace of reform and provide the most effective structure possible.

I am pleased that our legislation has the support of many, including the United States Pharmacopeia, the American Hospital Association, the American Health Quality Association, the American College of Physicians/American Society of Internal Medicine, the American Psychological Association, and the Institute for Safe Medication Practices.

Mr. President, we cannot afford to wait on this issue. This legislation will raise the quality of health care delivered by decreasing medical errors and increasing patient safety and I will work to ensure its enactment this year.

By Mr. LAUTENBERG (for himself, Mr. HELMS, Mr. MOYNIHAN,

Mr. ROTH, Mr. THURMOND, and Mr. WARNER):

S. 2739. A bill to amend title 39, United States Code, to provide for the issuance of a semipostal stamp in order to afford the public a convenient way to contribute to funding for the establishment of the World War II Memorial; to the Committee on Governmental Affairs.

SEMIPOSTAL STAMP FOR THE ESTABLISHMENT OF THE WORLD WAR II MEMORIAL

Mr. LAUTENBERG. Mr. President, I rise today to introduce S. 2749, the World War II Memorial Postage Stamp Act. The purpose of this bill is to raise funds for the construction of the National World War II Memorial by issuing a special World War II Memorial ''semipostal'' stamp.

Mr. President, many events have shaped world history, but none so dramatically or so deeply as the Second World War. The war permanently altered lives, communities, and nations, at the same time speeding America's rise as a superpower.

The National World War II Memorial will honor the 16 million Americans who served in uniform during the war, the more than 400,000 who gave their lives, and the millions more who supported the war effort at home. A symbol of the defining event of 20th-century America, the Memorial will honor the spirit, sacrifice, and commitment of the American people as well as the cause of freedoom from tyranny throughout the world.

To date, the World War II Memorial Fund, chaired by Bob Dole, has raised approximately $92 million. Issuing a World War II Memorial Stamp could raise millions more, helping the World War Memorial Fund reach its goal of $100 million needed to construct and maintain the Memorial. Furthermore, a new stamp would give every American the chance to play a part in building this monument to those who served our Nation.

Mr. President, I served this great country as a member of the Armed Forces during World War II, and I know firsthand the sacrifices made by our Nation's veterans. It is my sincere hope that, thanks to this bill, the National World War II Memorial will be a lasting symbol of American unity—and a timeless reminder of the moral strength that joins the citizens of this country.

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

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

S. 2739

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

SECTION 1. SEMIPOSTAL STAMP FOR THE ESTABLISHMENT OF THE WORLD WAR II MEMORIAL.

(a) IN GENERAL.—Chapter 4 of title 39, United States Code, is amended by inserting after section 414 the following:

''§ 414a. Special postage stamp for the establishment of the World War II Memorial

''(a) In order to afford the public a convenient way to contribute to funding for the establishment of the World War II Memorial, the Postal Service shall establish a special rate of postage for first-class mail under this section.

''(b) The rate of postage established under this section—

''(1) shall be equal to the regular first-class rate of postage, plus a differential of not to exceed 25 percent;

''(2) shall be set by the Governors in accordance with such procedures as the Governors shall by regulation prescribe (in lieu of the procedures under chapter 36); and

''(3) shall be offered as an alternative to the regular first-class rate of postage.

The use of the special rate of postage established under this section shall be voluntary on the part of postal patrons.

''(c)(1) Amounts becoming available for the establishment of the World War II Memorial under this section shall be paid to the American Battle Monuments Commission. Payments under this section shall be made under such arrangements as the Postal Service shall by mutual agreement with the American Battle Monuments Commission establish in order to carry out the purposes of this section, except that, under those arrangements, payments to such Commission shall be made at least twice a year.

''(2) For purposes of this section, the term 'amounts becoming available for the establishment of the World War II Memorial under this section' means—

''(A) the total amounts received by the Postal Service that it would not have received but for the enactment of this section, reduced by

''(B) an amount sufficient to cover reasonable costs incurred by the Postal Service in carrying out this section, including those attributable to the printing, sale, and distribution of stamps under this section,

as determined by the Postal Service under regulations that it shall prescribe.

''(d) It is the sense of the Congress that nothing in this section should—

''(1) directly or indirectly cause a net decrease in total Federal funding received by the American Battle Monuments Commission below the level that would otherwise have been received but for the enactment of this section; or

''(2) affect regular first-class rates of postage or any other regular rates of postage.

''(e) Special postage stamps under this section shall be made available to the public beginning on such date as the Postal Service shall by regulation prescribe, but in no event later than 90 days after the date of the enactment of this section or, if earlier, November 11, 2000 (Veterans Day).

''(f) The Postmaster General shall include in each report rendered under section 2402 with respect to any period during any portion of which this section is in effect information concerning the operation of this section, except that, at a minimum, each shall include—

''(1) the total amount described in subsection (c)(2)(A) which was received by the Postal Service during the period covered by such report; and

''(2) of the amount under paragraph (1), how much (in the aggregate and by category) was required for the purposes described in subsection (c)(2)(B).

''(g) This section shall cease to be effective upon the determination of the Postmaster General (in consultation with the American Battle Monuments Commission) that the Commission has or will have the funds necessary to pay all expenses of the establishment of the World War II Memorial. Any excess funds shall be deposited in the fund within the Treasury of the United States created by section 2113 of title 36 and may be used for any of the purposes allowable under such section.

''(h) As used in this section, the term 'World War II Memorial' refers to the memorial the construction of which is authorized by Public Law 103–32.''.

(b) CONFORMING AMENDMENTS.—(1) The analysis for chapter 4 of title 39, United States Code, is amended by striking the item relating to section 414 and inserting the following:

''414. Special postage stamps to benefit breast cancer research.

''414a. Special postage stamps for the establishment of the World War II Memorial.''.

(2) The heading for section 414 of title 39, United States Code, is amended to read as follows:

''§ 414. Special postage stamps to benefit breast cancer research''.

By Ms. LANDRIEU:

S. 2740. A bill to provide for the establishment of Individual Development Accounts (IDAs) that will allow individuals and families with limited means an opportunity to accumulate assets, to access education, to own their own homes and businesses, and ultimately to achieve economic self-sufficiency, and to increase the limit on deductible IRA contributions, and for other purposes; to the Committee on Finance.

THE SAVINGS ACCOUNTS ARE VALUABLE FOR EVERYONE ACT OF 2000

Ms. LANDRIEU. Mr. President, I want to speak for a few moments this morning and introduce a bill that I am calling the Savings Are Valuable for Everyone Act, the SAVE Act of 2000.

Mr. President, as of February 1, 2000, the United States officially entered into the longest period of economic expansion in our history. This means we have had nine years of continuous growth—a hard-earned achievement. During this time, we have had the first back-to-back federal budget surpluses in 43 years, the smallest welfare rolls in 30 years, and 20 million new jobs for people across America.

Clearly we are doing something right. However, that does not mean our work is done. In order for this economic prosperity to reach its full potential, we must continue to provide more opportunities (not guarantees) to widen the ''winners' circle'' and allow all Americans to participate in our economic expansion.

According to the U.S. Department of Labor, the latest unemployment figures show that most Americans do have jobs. The unemployment average is 4.1 percent and many states have even lower rates, such as Iowa with 2.5 percent, New Hampshire with 2.7 percent, and Virginia with 2.8 percent. In some places across the country, there are some even higher spots, such as Howard County, Maryland, where the unemployment rate is a remarkable 1.4 percent. However, because of the high cost of living, many working families

still struggle to make ends meet and are being forced to live from paycheck to paycheck, without any hope of saving for the future or building the tangible assets which are so important to upward mobility.

I recently finished reading the book, ''The Millionaire Next Door,'' and discovered that when the authors of this book began interviewing millionaires as part of their research, they were surprised to find most of the wealthy people they spoke with didn't drive fancy sports cars, or have $5,000 gold watches or even live in fabulous mansions. They were first-generation business people who, through aggressive saving, sensible investing and frugal spending, had managed to accumulate a significant amount of assets.

While not everyone's goal in life is to become a millionaire, this book does carefully outline the road to fiscal security and clearly documents the importance of saving.

I know that you will be as shocked as I was to learn that, while the net worth of the typical American family has increased dramatically recently, the net worth of families under $25,000 has actually been decreasing. The Federal Reserve Board recently released a study which showed that families earning under $10,000 a year had a medium net worth of $1,900 in 1989. This figure rose to $4,800 in 1995 but slipped to $3,600 by 1998. The net worth of families who earn less than $25,000 annually was $31,000 in 1995 but then dropped to $24,800 in 1998.

During this same time period, while the number of families who owned a home or business rose overall, this figure among lower income families has actually decreased. In 1995, 36.1 percent of families who earned less than $10,000 a year owned a home, however by 1998 this number had decreased to 34.5 percent. In 1995, 54.9 percent of families who earn less than $25,000 annually owned their home but in 1998 this percentage was reduced to 51.7 percent.

Mr. President, I rise today to address this problem by introducing the Savings Are Valuable for Everyone Act of 2000, or SAVE, which will help all families save for the future. The goal of SAVE is simple: help the working poor build assets for themselves and to expand the IRA limit to ensure retirement savings. The goal is not income redistribution, but instead it is to find ways that allow opportunities for everyone, regardless of income, to build the productive assets that lead to economic security.

In order to help the working poor break the discouraging cycle of living from paycheck to paycheck and to help the lower-middle class move up the income ladder and save for the future, this measure provides incentives for the accumulation of assets through the use of Individual Development Accounts, or IDAs, while, at the same time, making it easier for the rest of America to save for retirement.

IDAs are matched savings accounts which are restricted to three uses: (1) post-secondary education/training; (2) small business start-up costs; and (3) purchasing a first home. Private as well as state and local public sector funds can also be contributed to the account with a special tax credit of up to $500 a year attached to the private contribution. Usually it takes two to four years for the account holder to accumulate enough funds to purchase the asset they were saving for and, before the money is released, they must complete an approved financial education course which is provided by the qualified financial institution or non-profit which holds the account.

All IDAs must be held at a ''qualified financial institutions,'' meaning, any financial institution qualified to hold an IRA. IDAs are available to all citizens or legal residents of the United States who are at least 18 years old and whose household income does not exceed 80 percent of the area median income, or AMI. At least 33 percent of the IDAs will be targeted to households which are at 50 percent or below the AMI. Contributions made by a participant into an IDA are limited to $2,000 per year. While the individuals who open these accounts are encouraged to use the money for their own benefit, they may withdraw it to help a spouse or dependent open a business, buy a house, or further their education.

For example, one such program was started in March of 1999, by Hibernia Bank Louisiana. They began pilot IDA programs in New Orleans, with another one operating in Shreveport, to help low-income families save for a house. So far, 11 families are participating in the New Orleans program, with seven already placed in homes of their own and four shopping for one.

The program administrator said these 11 families ''absolutely would not be in a position to buy a home at this time'' without this program. Hibernia matches the account holders funds two-to-one up to a set amount. The funds then can be used for home-buying costs, such as a down payment or closing costs—lump sums that often can be prohibitive to working families on a tight budget.

In order to encourage the establishment of IDAs, two tax credits are offered. The first is available to participating financial institutions. For every dollar saved in an IDA, the qualified financial institution will provide a one to one match, limited to $500 per person per year. The financial institution would then be eligible for a 90 percent federal tax credit for matching funds provided.

The second tax credit is known as the IDA Investment Tax Credit. In order to leverage private sector investments and encourage broader community involvement in this program, a 50 percent tax credit will be available for investments in qualified non-profits, 501(c)(3)s or credit unions, which can administer qualified IDA programs. However, in order qualify for this tax credit, at least 70 percent of the funds received must be used for financial education, program monitoring, and/or program administration. Any taxpayer can participate can participate as a donor.

It is important to remember that each IDA consists of two parallel accounts—one that the participants make his deposits into and one that the donor makes their deposits of matching funds into. The interest on the money in the participant's account would be taxed while all funds in the matching account (including interest) would be tax free. One could say that the participant's account is treated in a similar fashion to the way that the IRS treats IRAs and 401(k)s.

Already an estimated 3,000 people nationwide are taking advantage of available pilot programs, which are run in partnership with more than 100 non-profit organizations and authorized financial institutions. This fact shows the strength of this plan: it serves as a catalyst for the rapid creation of public-private partnerships—between accountholders, banks, foundations, policymakers and providers of financial education—that are the hallmark of successful IDA programs.

As you can see, IDAs are not only good for individuals and their families, they also are good for the future of our country. Russell Long once said, ''The problem with Capitalism is that there are not enough Capitalists.'' IDAs provide a tool with which our country can address this age-old problem and help create more Capitalists. When capitalism is combined with the proper social safety nets and incentives for asset development for those at all income levels, we create incentives for saving at all levels while you create a capitalist system that works for everybody. These accounts are a sure-fire mechanism that will build assets and create wealth among the families and communities who need help the most.

Economic analyses of the impact of a national IDA investment show that for every dollar invested, a $5 return to the national economy would result in the form of new businesses, new jobs, increased earnings, higher tax receipts and reduced welfare expenditures. However, it is important to realize that the Savings Accounts Are Valuable for Everyone Act does not simply focus on the working poor. It also provides savings incentives for the middle class by expanding the current Individual Retirement Account limits from $2,000 a year to $3,500.

Currently, our tax code allows individuals to save up to $2,000 a year in IRAs with income earned on the deposits either being tax deferred until withdrawal, which can begin at age 59½, or, through the use of the Roth IRA, the taxes can be paid up front on the money deposited into the accounts. SAVE will make these accounts an even better tool for retirement saving by expanding the annual contribution limits.

I firmly believe that we must find ways to shift our nation's policy from

one of consumption to one of savings and wealth accumulation for all American households. To understand why, one need only consider these facts which were calculated by the Corporation for Enterprise Development in Washington, D.C.:

One-half of all American households have less than $1,000 in net financial assets;

One-third of all American households and 60 percent of African-American households have zero or negative net financial assets;

Forty percent of all white children and 73 percent of all black children grow up in households with zero or negative financial assets;

By some estimates, 13–20 percent of all American households do not even have a checking or savings account; and

Ten percent of all American households control two-thirds of the wealth.

We already have a tax code that provides over $300 billion in federal tax expenditures which are dedicated to asset building for middle- and upper-income wage earners and businesses, but tax-based incentives are still out of reach for most lower- and middle-income families. In this time of wealth and prosperity, why can't we offer tools that will assist in asset building for the families who need them the most—the working poor and moderate-income families who make up the backbone of our economic system.

Benjamin Franklin once said, ''The wealth of an individual is measured not by what a person earns but by what he saves.''

Take the example of Oseola McCarty of Mississippi. Oseola toiled in obscurity for most of her life, taking in other people's laundry for $2 a bundle and amassing a small fortune by socking away every extra cent in a savings account. At the age of 87, she donated $150,000 of her life savings to the University of Southern Mississippi, establishing a scholarship fund to give African-American youths a chance for the education she never received.

What Oseola accomplished is a great example of the power of savings. Savings, investing and assets—not necessarily income—determine wealth. Just think what Oseola could have accomplished, not only for herself but for others, with the benefit of a program like IDAs to add matching funds and additional interest to her hard-earned savings.

IDAs are partnerships between the government, the community and the individual to build stronger families and a stronger economy. For not only do Americans improve their economic security through the building of assets, this also stimulates the development of capital for the entire nation. As our nation continues to build on our recent economic successes, we in Congress must continue to look for innovative ways to give working families the tools they need to plan for the future. Passage of the Savings Accounts are Valuable for Everyone Act is one way we can do this.

Mr. President, to summarize my comments, I will share a story about what this act, if passed and adopted, will do. There is a family in Washington, the Darden family. Selena and Dwayne Darden thought they were doing the best they could do. They were both working, earning about 150 percent of the poverty rate. They had four children and were doing a very good job of raising their children, but basically living paycheck to paycheck. They never thought they could save for the future or, for that matter, own a home. There just wasn't anything extra.

Then just about 2 years ago, according to this article, Selena, who is a beautician, heard about something called Individual Development Accounts, a program that was offered here in Washington with the Capital Area Asset Building Corporation. They inquired and were told basically that this was a pilot program that Congress had established a few years earlier that would allow her and her husband to put up some savings, which would be matched by the Federal Government through an appropriate financial institution and a community agency that would provide some education and support for the effort. If she was a consistent and good saver, she and her husband could save enough for a downpayment. The end of the story is that they did; they saved enough. They are now proud homeowners right here in Marshall Heights.

I share that story because that is exactly what this bill does. In my State, in the last few years, I have come to learn about these pilot programs that we initiated through the work of Senator Coats, and Senator SANTORUM has been on this issue for some time, and Senator LIEBERMAN has been advocating this proposal. I want to add my voice by introducing this bill to say how much I support this effort, and to take these pilot programs that have been successful and expand them nationwide.

In Louisiana, I have come across many families from New Orleans to Shreveport, and elsewhere, who are coming into partnership with the Hibernia Bank and community action organizations, such as the Providence House in Louisiana, that help families get back on their feet when they go through a crisis. The idea is to help create these accounts. People can begin saving money.

The bill allows for them to either use the funds for home ownership, because we know how important that is, or building a person's confidence and self-esteem—how important it is for children to live in a home that actually belongs to them, as opposed to renting and perhaps having to move, and to be able to put down roots. We know how important that is.

This bill will allow people to save to start up a business. We spend a lot of time in Washington talking about business. Sometimes I think we focus on businesses that are actually quite large, which is wonderful; but we need to focus on the great strength of America, which is small business—that entrepreneur out there who takes a risk to start a business. He employs himself and one, two, or three other people. That is the backbone of the American economy and the great system we have enjoyed. We are really the envy of the world. This bill will allow for people to save a few thousand dollars to start a successful business and employ members of their family, or friends, or other workers in their area.

I am hoping we can potentially consider, as this bill moves through the process, that it may allow savings for a transportation vehicle. If you can get a good job, sometimes the jobs are not necessarily where people live. Mass transit is not as dependable as it should be. Perhaps we should consider this matched savings plan to give people the ability to get a vehicle and to be able to drive to work. Some of these pilots allow that.

This bill will allow for these savings accounts. It is limited to households of 80 percent of the median income, based on regions, and 150 percent of the national poverty rate. While that might work for Louisiana, it doesn't work very well for poor families in Connecticut or California, where the standard of living is high.

We have designed this bill to reach to the low-income working poor. But we are sensitive to the different regions in this Nation. We believe if we can help people accumulate assets and encourage them to save, that not only is it good for individual families but it is good for our Nation to encourage savings rates.

Let me share a few statistics about this which are of very great concern to me and of which I would like my colleagues to be more aware.

According to a recent report by the Corporation for Enterprise Development in Washington, DC, one-half of all American households have less than $1,000 in financial assets; one-third of all American households and 60 percent of African American households have zero, or negative financial assets; 40 percent of all white children and 73 percent of all African American children grow up in households with zero or negative financial assets; by some estimates, 13 to 20 percent of all American households do not have a checking or a savings account; and 10 percent of all American households control currently two-thirds of the wealth.

If we want to address an income gap, if we want to try to increase prosperity, if we want to try to eliminate poverty, I suggest that our efforts have to be more than just income, more than just about full employment or a job. It is about income, frugal spending, and aggressive savings. And we

should be partnering with the American people to do just that, to encourage wealth and assets creation and development.

Not everyone wants to be a millionaire. Some people are better at that than others. But I don't know of a family that doesn't want to have financial security—not one. Whether they work at a relatively modest job from 9 to 5, or whether they work two jobs, or three, or whether they are quite aggressive and well educated enough to make large sums of money, in every case I think it is about security. It is about choices. But I don't know any family that doesn't want to be secure. We can be better partners in this Government by encouraging policies such as this that enable people to be part of that American dream, to widen the winners circle, because we have the greatest economic expansion underway and there is a cost-effective way to do it.

Let me just make a couple of other points as I close.

According to some documents that are supporting this policy, let me read for the RECORD a couple of things:

No. 1, assets matter and have largely been ignored in poverty policy debates.

No. 2, individual development accounts address the wealth gap and bring people into the financial mainstream.

No. 3, public policy plays a large role in determining levels of household wealth.

People say, We can't afford to do this. They ask, Why would we want to do this for a certain group of people, low- and moderate-income people? One reason is we already do it to the tune of $300 billion for middle-income and wealthy individuals and businesses. It is called tax incentives. All throughout our Tax Code and public policy, we are already putting up $300 billion to help create and maintain assets for the wealthy and for businesses. Let's do the same for the working poor and lower and middle class so they can be more able to join this extraordinary economic expansion. We do that through IRAs and 401(k)s and IDAs, which are good national investments and they improve the national savings rate.

In conclusion, let me say that this SAVE Act will expand IDA. It also raises the income limits for IRAs for all families in America to encourage them to save. By expanding the opportunities for IRAs, which many of us have supported in a bipartisan way, and by implementing IDAs from pilots to a national model, I believe we could go a long way in eliminating poverty, expanding the middle class, and expanding and widening the winners circle in this great economic expansion.

I share this with my colleagues. I thank again Senator LIEBERMAN for his great work. Senator SANTORUM has also been leading this effort. Senator Dan Coats, who is no longer serving with us, I understand was one of the original sponsors of this pilot program. It is now time. We know it works to take it national. That is what we do with this bill.

I yield whatever time I may have.

Mr. President, I ask unanimous consent to insert additional material into the RECORD.

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

IDAS: FEDERAL POLICY

The benefits and rationale for enacting federal IDA policy can be summarized in five parts:

1. *Assets matter, and have been largely ignored in poverty policy.* Assets provide an economic cushion and enable people to make investments in their futures in a way that income alone cannot provide. IDAs address a big piece of the poverty puzzle—the savings and asset base of the poor—that has never been addressed before.

2. *IDAs address the wealth gap and bring people into the financial mainstream.* Despite the growing trend of average Americans investing in stocks and mutual funds, many are being left behind. One-third of all American households have zero or negative net financial assets, and up to 20 percent of all households do not even have a checking or savings account.

3. *Public policy plays a large role in determining levels of household wealth.*—Nearly $300 billion in federal tax expenditures are dedicated to asset building for middle- and upper-income people (for home ownership, retirement, and investing). But public policies often penalize low-income people or put tax-based asset incentives out of their reach.

4. *Individual asset accounts (like IDAs) are the future of asset building.* Increasingly, asset accounts such as IRA's, 401(k)s, medical savings accounts, individual training accounts and other individual savings incentives are the emerging tools for wealth-building policy in the new global, flexible economy. IDAs are an inclusive extension of this policy trend.

5. *IDAs are a good national investment and improve the national savings rate.* Economic analyses of the impact of a national IDA investment show that for every dollar invested, a five dollar return to the national economy would result in the form of new businesses, new jobs, increased earnings, higher tax receipts, and reduced welfare expenditures. At the same time, IDAs will increase core deposits at a time when many Americans are moving to other investment vehicles. And, importantly, IDAs help address the growing problem of the declining national personal savings rate.

By Mr. JOHNSON (for himself, Mr. CONRAD, Mr. HARKIN, Mr. DORGAN, Mr. ROBERTS, Mr. LEVIN, Mr. KERREY, Mr. GRASSLEY, and Mr. CRAIG):

S. 2741. A bill to amend the Agricultural Credit Act of 1987 to extend the authority of the Secretary of Agriculture to provide grants for State mediation programs dealing with agricultural issues, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

MEDIATION PROGRAM LEGISLATION INTRODUCTION

Mr. JOHNSON. Mr President, I rise on the floor of the Senate today to introduce bipartisan legislation to extend a popular program which provides mediation services between agricultural producers and the various credit and United States Department of Agriculture agencies who family farmers and ranchers work with to maintain their operations.

During the 1980's farm crisis, Congress authorized federal participation in a state farm mediation program. Originally authorized in the Agriculture Credit Act of 1987, mediation programs help agricultural producers and their creditors to resolve credit disputes (and other types of disputes) in a confidential and non-adversarial setting which is outside the traditional process of litigation, appeals, bankruptcy, and foreclosure.

The mediators are neutral facilitators and they do not make decisions for the disputing parties.

Federal legislation has encouraged state involvement by providing matching grant funds to the states that participate in the mediation program. Currently, 24 states participate, including Alabama, Arkansas, Arizona, Florida, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Nebraska, Nevada, New Mexico, New York, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wisconsin, and Wyoming.

Beyond the scope of agricultural credit-related mediation, the program aims to resolve disputes such as wetland determinations, grazing issues, and USDA program compliance, and other issues the Secretary of Agriculture deems appropriate.

Each year, Congress seeks to provide funding for the mediation program through the Agriculture Appropriations process. This year $3 million has been appropriated for this program in both the House and Senate Agriculture Appropriation bills. This legislation will not change the fact that Congress must go through the Appropriations process each year to secure funding for this program.

The legislation my colleagues and I are introducing today reauthorizes the mediation program by eliminating the sunset clause (set to expire in FY 2000), clarifies that funds appropriated by Congress to the mediation program must be used for farm credit cases (including USDA direct and guaranteed loans and loans from commercial entities) and may be used for other USDA program disputes, and clarifies that mediation services can include counseling services to prepare parties to a dispute prior to mediation.

In a time when family farmers and ranchers continue to deal with low prices and suffer under more and more vertical integration, I believe we must begin to reflect on what we can do to maintain the independent family farms and ranches that our country depends on for our food supply. We live in a day and age where nearly every farm and ranch operation must secure credit in order to pay production expenditures necessary to stay in business. This mediation program is supported by both

sides of the aisle and allows farmers and ranchers to settle their credit and farm program disputes in a fair way without digging themselves into legal debt.

I have worked with the lone Congressman from my home state of South Dakota in drafting this legislation and the same bill will be introduced in the House of Representatives today as well.

I urge my colleagues of the Senate to join me in supporting this bi-partisan legislation with the goal of moving it through the legislative process quickly in order to continue to provide these services to our American farmers and ranchers.

By Mr. SMITH of Oregon (for himself, Mr ABRAHAM, Mr. ASHCROFT, Mr. BURNS, Mr. SANTORUM, Mr. GORTON, Mrs. HUTCHISON, Mr. ALLARD, Mr. BENNETT, Mr. COVERDELL, Mr. GREGG, Mr. HELMS, Mr. THOMAS, Mr. INHOFE, Mr. MACK, Mr. WARNER, Mr. BUNNING, Mr. LOTT, Mr. MCCONNELL, Mr. CRAPO, and Mr. ROBERTS):

S. 2742. A bill to amend the Internal Revenue Code of 1986 to increase disclosure for certain political organizations exempt from tax under section 527 and section 501(c), and for other purposes; read the first time.

TAX-EXEMPT POLITICAL DISCLOSURE ACT INTRODUCTION

Mr. SMITH of Oregon. Mr. President, I rise today to introduce legislation, co-sponsored by 20 of my Senate colleagues, to bring sunshine to our campaign finance laws, to provide for full disclosure of contributions and expenditures of groups which have heretofore not been held accountable, yet have been subsidized by the American people through their tax-exempt status.

Joining me in this effort are Senators ABRAHAM, ASHCROFT, BURNS, SANTORUM, GORTON, HUTCHISON, ALLARD, BENNETT, COVERDELL, GREGG, HELMS, THOMAS, INHOFE, MACK, WARNER, BUNNING, LOTT, MCCONNELL, CRAPO, and ROBERTS.

I have long been a proponent of full disclosure, to the extent it is consistent with the First Amendment, of campaign contributions and expenditures.

If we are to rekindle the trust of the American people, not only must the political parties be held accountable, so, too, must those tax-exempt groups which engage in political activities, yet heretofore have operated outside the realm of disclosure. The public has the right to know the identity of those trying to influence our elections, and Congress must do whatever it can to make sure that organizations do not wrongly benefit from the public subsidy of tax exemption.

The bill we are introducing today, the Tax-Exempt Political Disclosure Act, expands upon the McCain-Lieberman amendment of last week which targeted a narrow list of tax-exempt organizations established under section 527 of the tax code. The so-called 527 groups covered in this bill do not make contributions to candidates or engage in express advocacy, and thus are not required to publicly disclose contributors or expenditures. Our bill contains in its entirety the provisions of the McCain-Lieberman amendment, but goes beyond the 527 groups to require tax-exempt labor and business organizations, as well, to disclose their contributors and expenditures.

Specifically, in Title I of our bill, which is identical to the McCain-Lieberman amendment, we require the subset of 527 organizations that are not already subject to the Federal Election Campaign Act to:

1. Disclose their existence to the IRS;
2. File publicly available tax returns;
3. Publicly report expenditures of over $500; and
4. Identify those who contribute more than $200 annually to the organization.

Title II of our bill applies to business or labor organizations that are tax-exempt under sections 501(c)(5) or 501(c)(6) of the Internal Revenue Code and that spend $25,000 or more on the very same kinds of political activities engaged in by section 527 organizations covered by Title I of our bill. As we do with the 527 organizations, we require tax-exempt business and labor organizations to report expenditures for political activity of $500 or more and identify those who contribute more than $200 annually.

Importantly, this legislation will not result in disclosure of any labor or business organization's membership lists because annual dues to these tax-exempt groups are excluded from the definition of ''contribution.'' The bill requires disclosure only of those members who choose to contribute more than $200 annually for political purposes.

If the Senate is for disclosure of the few tax-exempt 527 organizations that may spend a couple of million dollars on issue ads, then surely we should advocate disclosure of the tax-exempt labor and business organizations that will spend twenty or forty times that amount of money on issue ads and other political activity. Our legislation will require these organizations receiving tax exempt status to emerge from the shadows and make some minimal disclosure about themselves and the source of their money.

Tax exemption is not an entitlement, and any organization wanting to avoid the ramifications of claiming such status simply may choose not to seek that status. Our bill merely says that if a group engaging in political activity wants tax exempt status, the public has a right to expect certain things in return.

Let me make clear that we are sincere in this effort, and we welcome and invite Senators MCCAIN and FEINGOLD to work with us. We are open to discussions with business and labor groups, as well, on the mechanics of the bill. We want to be flexible and will consider changes where appropriate.

The bottom line, however, is that in the end there must be meaningful disclosure if we are to have the confidence of the American people and bring integrity to the process.

By Mr. KENNEDY (for himself, Mr. DODD, and Mrs. MURRAY):

S. 2743. A bill to amend the Public Health Service Act to develop an infrastructure for creating a national voluntary reporting system to continually reduce medical errors and improve patient safety to ensure that individuals receive high quality health care; to the Committee on Health, Education, Labor, and Pensions.

THE VOLUNTARY ERROR REDUCTION AND IMPROVEMENT IN PATIENT SAFETY ACT

• Mr. KENNEDY. Mr. President, between 44,000 and 98,000 patients die each year from medical errors, making it the eighth leading cause of death in the United States. Each day, more than 250 people die because of medical errors—the equivalent of a major airplane crash every day. Estimates of the annual financial cost of preventable errors run as high as $29 billion a year. We can do better for our citizens. We must do better.

The Voluntary Error Reduction and Improvement in Patient Safety Act of 2000, which Senator DODD and I are introducing today, will provide the federal investment and framework necessary to take the first steps to effectively treat this continuing epidemic of medical errors. Today, there errors are a stealth plague hidden deep within the world's best health care system. This legislation will support needed research in this area, and identify and reduce common mistakes.

Reducing medical errors can save lives and health care dollars, and avoid countless family tragedies. The field of anesthesia had the foresight to undertake such an effort almost 20 years ago, and today, the number of fatalities from errors in administering anesthesia has dropped by 98 percent. Our goal should be to achieve equal or even greater success in reducing other types of medical mistakes. This legislation lays the foundation to achieve this goal.

The 1999 Institute of Medicine report, To Err is Human, documented the compelling need for aggressive national action on the issue. The IOM report recommended the creation of two reporting systems, each with different goals. The first is a voluntary confidential reporting system to learn about medical errors and help researchers develop solutions for future error prevention and reduction. The second is a mandatory public reporting system for certain serious errors and deaths in order to inform the public and hold health care facilities responsible for their mistakes.

Our legislation today deals with the first issue, but the second issue is also critical. I believe that the public has a right-to-know about certain serious events, and public disclosure is an important tool to assure that institutions

put safety on the front burner, not the back burner.

I commend the Administration for recognizing the value of mandatory reporting by recently establishing such programs in the Department of Veterans Affairs and Department of Defense health care systems. The Agency for Healthcare Research and Quality is also in the process of evaluating existing mandatory reporting systems, and the Health Care Financing Administration is planning to sponsor a mandatory reporting demonstration project for selected private hospitals. I believe our next step should be to move ahead with mandatory reporting, and the results of these studies will shed needed light on the effectiveness of different options.

The bill we introduce today would take a significant first step toward implementing and providing support for the recommendations in the IOM report.

The overwhelming majority of errors are caused by flaws in the health care system, not the outright negligence of individual doctors and nurses. Our hospitals, doctors, nurses, and other health care providers want to do the right thing. Our proposal gives the health care community the tools to identify the causes of medical errors, the resources to develop strategies to prevent them, and the encouragement to implement those solutions.

First, the Act creates a new patient safety center in the Agency for Healthcare Research and Quality. The Center for Quality Improvement and Patient Safety will improve and promote patient safety by conducting and supporting research on medical errors, administering the national medical error reporting systems created under this bill, and disseminating evidence-based practices and other error reduction and prevention strategies to health care providers, purchasers and the public.

Second, the legislation would establish national voluntary reporting and surveillance systems under AHRQ to identify, track, prevent and reduce medical errors. The National Patient Safety Reporting System will allow health care professionals, health care facilities, and patients to voluntarily report adverse events and close calls. The National Patient Safety Surveillance System would establish a surveillance system, which is modeled on a successful CDC initiative that tracks hospital-acquired infections, for health care facilities that choose to participate. Participating facilities will include a representative sample of various institutions, which will monitor, analyze, and report selected adverse events and close calls. Researchers will provide feedback to the participating facilities.

Reports submitted to both programs will be analyzed to identify systemic faults that led to the errors, and recommend solutions to prevent similar errors in the future.

In order to encourage participation, reports and analyses from both programs will be protected from discovery, and health care workers who submit reports to the programs will be protected against workplace retaliation based on their participation in the reporting systems.

In exchange for establishing this reporting system, health care facilities and professionals would be expected to voluntarily implement appropriate patient safety solutions as they are developed. In addition, in recognition of the significant federal investments in error reduction strategies and the provision of health services, the Secretary of Health and Human Services will be required to develop a process for determining which evidence-based practices should be applied to programs under the Secretary's authority. The Secretary will take appropriate, reasonable steps to assure implementation of these practices.

Our proposal also requires the Director of the Office of Personnel Management to develop a similar process for determining which evidence-based practices should be used as purchasing standards for the Federal Employees Health Benefits Program. Plans will also be rated on how well they met these standards, and compliance ratings will be provided to federal employees and retirees during the annual enrollment period.

The bill authorizes $50,000,000 for the Agency for Healthcare Research and Quality for FY 2001, increasing to $200,000,000 in FY 2005, to fund error-related research and the reporting systems.

Systemic errors in the health care system put every patient at risk of injury. The measure we propose today is designed to reduce that risk as much as possible. Americans deserve the highest quality health care. This bill will raise patient safety to a high national priority, and ensure that patient safety becomes part of every citizen's expectation of high quality health care. This is essential legislation, and I look forward to working with my colleagues to expedite its passage and to develop companion legislation that establishes a mandatory reporting system.

I ask unanimous consent that the following summary, fact sheet, and letters of support be inserted into the RECORD.

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

VOLUNTARY ERROR REDUCTION AND IMPROVEMENT IN PATIENT SAFETY ACT OF 2000: SUMMARY

According to the November 1999 Institute of Medicine report, ''To Err is Human: Building a Safer Health System,'' between 44,000 and 98,000 patients die each year as a result of mistakes. Estimates of total annual national costs for preventable errors range from $17 to $29 billion. This legislation amends the Public Health Service Act to establish a national non-punitive system to prevent and reduce medical errors. Provisions are designed to: (1) identify and investigate certain medical errors; (2) develop and disseminate best practices to prevent and reduce medical errors; and (3) assure implementation of evidence-based error reduction strategies.

CENTER FOR PATIENT SAFETY

Authorizes the Agency for Healthcare Research and Quality (AHRQ) to: (1) create a Center for Quality Improvement and Patient Safety to promote patient safety; (2) serve as a central publicly accessible clearinghouse for information concerning patient safety; (3) administer the reporting systems created under this legislation; (4) conduct and fund research on the causes of and best practices to reduce medical errors; and (5) disseminate evidence-based information to guide in the development and continuous improvement of best practices.

REPORTING SYSTEMS

Creates two national voluntary, and confidential reporting systems under AHRQ: (1) a reporting system of adverse events and close calls that uses uniform reporting standards and forms; and (2) a surveillance system in which participating health care facilities agree to monitor, analyze, and report specified adverse events and close calls that occur in their institutions. Reports submitted to both programs will be protected from discovery, and analyzed to identify errors that result from faults in the health care system. Neither program will preempt existing nor preclude the later development of new reporting systems.

Health care professionals who submit reports to the reporting systems, their employer, or an appropriate regulatory agency or private accrediting body may not be discriminated against in their employment for reporting.

AUTHORIZATION LEVELS

Authorizes $50,000,000 for AHRQ for fiscal year 2001, with gradual increases to $200,000,000 for fiscal year 2005, to fund error-related research and the reporting systems.

APPLICATION TO FEDERAL PROGRAMS

Requires the Secretary of the Department of Health and Human Services to: (1) develop a process for determining which evidence-based best practices disseminated by AHRQ should be applied to programs under the Secretary's authority; and (2) take reasonable steps as may be appropriate to bring about the implementation of such practices. Requires the Director of the Office of Personnel Management to develop a process for determining which evidence-based best practices disseminated by AHRQ should be used as purchasing standards for the Federal Employees Health Benefits Program.

FACT SHEET: THE NEED FOR THE VOLUNTARY ERROR REDUCTION AND IMPROVEMENT OF PATIENT SAFETY ACT (VERIPSA)

In December, 1999, the Institute of Medicine issued a report, To Err is Human: Building a Safer Health Care System, that documents the compelling need for national action to reduce errors and improve patient safety:

Between 44,000 and 98,000 patients die each year as a result of medical errors, making medical errors the eighth leading cause of death.

Errors in the health care system result in more deaths each year than highway accidents, breast cancer or AIDS. Errors that seriously injure or otherwise harm patients are even more prevalent.

In 1993, medication errors alone are estimated to have accounted for 7,000 deaths. Two percent of patients admitted to hospitals experience an adverse event caused by medication errors, resulting in $2 billion in

national spending for additional hospital costs related to preventable medication errors for inpatients.

Total annual national costs (e.g., health care, lost wages/productivity, disability) resulting from medical errors are estimated to be between $38 and $50 billion, including $17–29 billion for preventable events.

VERIPSA CAN SAVE LIVES AND REDUCE HEALTH CARE COSTS

The report found that most medical errors are the result of flaws in the health care system, rather than carelessness by health professionals, including, for example, errors that arise from misreading a physician's handwritten prescription. Many of these problems can be minimized through better systems and computerization.

Over the last two decades, a systematic effort to reduce deaths from errors in administering anesthesia has resulted in a decline from two deaths per 10,000 patients in the early 1980s to one death per 300,000 patients today.

One study found that 60 percent of preventable adverse drug events could be avoided by physician computer-entry order systems.

The experience on other industries has shown the effectiveness of concerted efforts to reduce errors. Since 1976, the death rate from airline accidents has declined 400%. Since the creation of the Occupational Safey and Health Administration in 1970, the workplace death rate has been cut in half.

The Institute of Medicine report concludes that a reduction in medical errors of 50% over the next five years is achievable and should be a minimum target for national action.

AMERICAN HEALTH QUALITY ASSOCIATION,
Washington, DC, June 15, 2000.

STATEMENT ON THE ''VOLUNTARY ERROR REDUCTION AND IMPROVEMENT IN PATIENT SAFETY ACT''

The American Health Quality Association (AHQA) represents the national network of Quality Improvement Organizations (QIOs), which are known as the Peer Review Organizations (PROs), for their Medicare quality improvement work. The QIOs have vast clinical and analytic expertise, work daily with providers across the country, and know how to affect systemic change and bring about measurable improvement in care. They are experts at translating the literature and research regarding best practices from ''bookshelf to bedside'' and teaching providers how to perform ongoing measurement of their progress.

Senator KENNEDY and Senator DODD have done a commendable job of addressing all of the various aspects of what is necessary for a national system for improving patient safety. In their ''Voluntary Error Reduction and Improvement in Patient Safety Act,'' they direct AHRQ to establish a Center for Quality Improvement and Patient Safety to conduct research of medical errors and disseminate information on the best practices for reducing them. The bill also proposes two reporting systems that are voluntary, nonpunitive, and confidential. One system asks providers to report adverse events and close calls to AHRQ using uniformed standards and forms. The other asks providers to agree to monitor specific types of adverse events as directed by AHRQ.

AHQA is pleased that AHRQ is given the authority to contract with experts in the field to work with health care providers and practitioners to identify adverse events and determine what systemic changes are necessary to prevent them for recurring. AHQA's goal in the patient safety debate is to make sure that true quality improvement is achieved. We do not support error reporting for the sake of reporting. Organizations, such as the QIOs, should be encouraged to work side by side with providers and practitioners to improve their health care delivery systems.

''The Voluntary Error Reduction and Improvement in Patient Safety Act'' then goes beyond reporting and research by directing the Secretary of HHS to take the best practices disseminated by AHRQ and apply them, as may be appropriate, to programs under the Secretary's authority. The bill specifically directs the Secretary to enter into agreements with the QIOs (through their PRO work) to provide, upon request, technical assistance regarding best practices and root-cause analysis to health care providers participating in HHS funded health programs.

AHQA believes it is the appropriate next step to regime HHS to apply the most up-to-date methods for assuring patient safety to its health care programs. The QIOs stand ready to assist the Director of AHRQ and the Secretary of HHS in their efforts to help the medical community find the root cause of adverse events that are occurring and help develop strategies for preventing them in the future.

MASSACHUSETTS HOSPITAL ASSOCIATION,
Burlington, MA, June 15, 2000.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY: On behalf of the hospitals in Massachusetts, I am writing to applaud the introduction of your legislation ''The Error Reduction and Improvement in Patient Safety Act.'' This bill will no doubt serve as a major step toward making patient safety a national priority.

We hope that many aspects of this legislation will become law. In particular, we support your suggested process to ensure that proven practices to reduce medical errors are implemented. In addition, we also believe that your efforts to improve confidentiality protections for reporting will go a long way towards creating a safe environment that supports open dialogue about errors, their causes, and solutions.

Thanks to you and your staff, Massachusetts continues to be on the forefront of the national debate about how best to address this important issue.

Sincerely,

ANDREW DREYFUS,
Executive Vice President.

FEDERATION OF BEHAVIORAL, PSYCHOLOGICAL AND COGNITIVE SCIENCES,
Washington, DC, June 15, 2000.

Hon. EDWARD KENNEDY,
Health, Education, Labor and Pensions Committee, U.S. Senate, Washington, DC.

DEAR SENATOR KENNEDY: I am writing on behalf of the Federation of Behavioral, Psychological and Cognitive Sciences, a coalition of 19 scientific associations. Among its scientists are human factors researchers whose work is devoted to understanding and reducing the adverse effects of medical errors. I write to endorse the ''Voluntary Error Reduction and Improvement in Patient Safety Act.''

This bill recognizes that human error in healthcare settings has reached epidemic proportions and will provide an infrastructure for centralized error reporting systems. Important provisions of the bill will allow healthcare providers to learn from such reporting systems by creating interdisciplinary partnerships to conduct root cause analyses across a wide range of health care settings.

Such analyses will help detect error trends and inform new lines of directed inquiry and hypothesis-driven research to reduce errors. The bill highlights the pivotal role of human factors research in understanding human error in any context and would draw upon the success of human factors as it has been applied in many other industries such as aviation, maritime shipping, and nuclear power to improve safety.

As in these other industries, particularly as evidenced in aviation, the real value of error reporting lies in the development of useful applications of the reported data to improve safety. The ''Voluntary Error Reduction and Improvement in Patient Safety Act'' clearly lays out the infrastructure to promote the development of evidence-based interventions to improve safety. Further, unique features of this learning system include basic behavioral principles of positive reinforcement to stimulate voluntary reporting. Such a positive feedback loop will surely strengthen the quality of the database this bill will structure. The database will form the foundation for a bold new way of thinking about patient safety. The data and the research, in turn, will make attainable the goal we all strive for, the dramatic reduction of adverse events in health care settings.

We believe the Kennedy-Dodd bill is a very strong plan for reducing adverse events due to medical error. We also find much to praise in the Jeffords bill. So we take the unusual step of endorsing both and encourage work to meld the unique features of these two extraordinary bills into a coherent whole that will then surely receive the overwhelming support of the Congress.

Sincerely,

DAVID JOHNSON,
Executive Director.●

● Mr. FRIST. Mr. President, I am pleased to join with my colleague, the distinguished chairman of the Health, Education, Labor, and Pensions Committee (HELP), Senator JEFFORDS, in introducing today a critical piece of legislation that will take needed steps to improve the quality of health care delivered in this country. The goal of our legislation today is to improve patient safety by reducing medical errors throughout the health care system.

The Institute of Medicine Report (IOM), released last November, sparked a national debate about how safe our hospitals and health care settings actually are for patients. The scope of the problem identified in the findings were shocking. The IOM found that each year an estimated 44,000 to 98,000 hospital deaths occur as a result of preventable adverse events. This makes medical errors the 8th leading cause of death, with more deaths than vehicle accidents, breast cancer or AIDS. These errors cost our Nation $37.6 billion to $50 billion per year, representing 4 percent of national health expenditures.

Despite the recent IOM findings, this is not a new debate. Many experts have told us that the health care industry is a decade or more behind in utilizing new technologies to reduce medical errors. Just last year, the HELP Committee took initial steps last year to reduce medical errors through the reauthorization of the Agency for Healthcare Research and Quality (AHRQ), revitalizing this agency as the

federal agency focused on improving the quality of health care in this country. Part of the core mission of AHRQ is to further our understanding of the causes of medical errors and the best strategies we can employ to reduce these errors. The legislation authorized the Director of AHRQ to conduct and support research; to build private-public partnerships to identify the causes of preventable health care errors and patient injury in health care delivery; to develop, demonstrate, and evaluate strategies for reducing errors and improving patient safety; and to disseminate such effective strategies throughout the health care industry.

The legislation we introduce today builds upon the further recommendations of the IOM report and reflects the culmination of testimony received throughout the past several months in a series of hearings held by the HELP Committee.

The central goal of this legislation is quality improvement throughout the health care system. We heard over and over throughout our hearings that we need to develop our knowledge base about the best mechanisms to reduce medical errors. This can only be achieved if we build a system where errors can be reported and understood to improve care, not to punish individuals. We need to create a ''culture of safety'' in which errors can be reported, and analyzed, and then change can be implemented.

I will not go into the details of this legislation, which Senator JEFFORDS has already outlined, I would simply outline the three main goals of this legislation, the creation of a national center for quality improvement and patient safety at the AHRQ, the creation of a voluntary reporting system to collect and analyze medical errors, and the establishment of strong confidentiality provisions for the information submitted under quality improvement and medical error reporting systems.

I am very supportive of the goals of this legislation and will continue to examine the best ways to reduce medical errors in our health care system. It is essential that we pass medical errors legislation this year. We will continue to seek input from patients and provider groups as we work to pass this legislation.●

Mr. DODD. Mr. President, I am pleased to join Senator KENNEDY in sponsoring the ''Error Reduction and Improvement in Patient Safety Act,'' legislation which will establish a national system to identify, track and prevent medical errors.

Last November, the Institute of Medicine reported that between 44,000 and 98,000 deaths per year are attributable to medical errors, ranging from illegible prescriptions to amputations of the wrong limb. In other words, patients are being harmed not because of a failure of science or medical knowledge, but because of the inability of our health care system to mitigate common human mistakes.

Most Americans feel confident that the health care they receive will make them better—or at the very least, not make them feel worse. And in the vast majority of circumstances, that confidence is deserved. The dedication, knowledge and training of our doctors, nurses, surgeons and pharmacists in this country are unparalleled. But, as the IOM report starkly notes, the quality of our health care system is showing some cracks. If we are to maintain public confidence, we must respond quickly and thoroughly to this crisis.

One thing is certain: the paradigm of individual blame that we've been operating under discourages providers from reporting mistakes—and thwarts efforts to learn from those mistakes. We have to move beyond finger-pointing and encourage the reporting and analysis of medical errors if we want to make real progress towards improving patient safety.

This legislation will do just that. It authorizes the creation of a national Center for Quality Improvement and Patient Safety to set and track national patient safety goals and conduct and fund safety research. The bill also sets up national non-punitive, voluntary, and confidential reporting systems for medical errors. By analyzing and learning from mistakes, we will be better able to determine what systems and procedures are most effective in preventing errors in the future.

Identification and analysis of errors is critical to improving the quality of health care. But we must also develop measures of accountability that ensure that the information that is generated by a national error reporting system is actually used to improve patient safety. Our bill takes those practices shown to be most effective in preventing errors and creates a mechanism for integrating those practices into federally-funded health care programs. These evidence-based ''best practices'' will also be used as standards for health care organizations seeking to participate in the Federal Employees Health Benefits Program.

Mr. President, the ''Error Reduction and Improvement in Patient Safety Act'' addresses the complex problem of medical errors in the most comprehensive manner possible—from the identification of errors, to the analysis of the errors, to the application of best practices to prevent those errors from ever occurring again. Simply put, this legislation will save lives. I look forward to working with my colleagues to enact this legislation expeditiously, because frankly, one medical error is one too many.

By Mr. ASHCROFT:

S. 2744. A bill to ensure fair play for family farms; to the Committee on the Judiciary.

THE FAIR PLAY FOR FAMILY FARMS ACT OF 2000

S. 2745. A bill to provide for grants to assist value-added agricultural businesses; to the Committee on Agriculture, Nutrition, and Forestry.

THE VALUE-ADDED DEVELOPMENT ACT FOR AMERICAN AGRICULTURE

S. 2746. A bill to amend the Internal Revenue Code of 1986 to allow a credit against income tax for investment by farmers in value-added agricultural property; to the Committee on Finance.

THE FARMERS' VALUE-ADDED AGRICULTURAL INVESTMENT TAX CREDIT ACT

Mr. ASHCROFT. Mr. President, I rise today to discuss the concerns of Missouri farmers and ranchers about concentration in the agriculture sector and about individual farmers' ability to compete and to get fair prices for their commodities.

Missouri is a ''farm state'', so ensuring fair competition in markets is an important issue to me. The state of Missouri is ranked second in the list of states with the most number of farms—only Texas has more. Missouri's varying topography and climate makes for a very agriculturally diverse state. Farmers and ranchers produce over 40 commodities, 22 of which are ranked in the top ten among the states. Missouri is a leader in such crops as beef, soybeans, hay, and rice, as well as watermelon and concord grapes. Having diversity and the ability to change has allowed Missouri farmers to maintain their livelihood for generations. More than 88 percent of the farms in Missouri are family or individually owned, and 8 percent are partnerships. It is easy to see that Missouri is a state that values small and family farms—which are the bedrock of Missouri's rural communities.

As I have traveled around Missouri—visiting every county in the state—Missouri farmers and ranchers have repeatedly told me that increasing concentration of the processing and packing industry has resulted—and will continue to result—in a less competitive market environment and lower prices for producers.

I have been responding to these concerns, and I am taking further action today. Last year, I asked the Department of Justice to create a high-level post within the Antitrust Division to specialize in agriculture-related mergers and transactions. The Administration responded by appointing a representative for agriculture in the Department of Justice. This appointment is a step in the right direction, but producers still have multiple concerns that need to be addressed.

Today, I am introducing three bills to address Missouri and American farmers' concerns about agriculture concentration and market competition. In addition to listening to Missouri farmers on this issue, I have reviewed a resolution that was considered in the Missouri State Legislature about competition in the agricultural economy.

The Ninetieth General Assembly of Missouri called upon the 106th Congress to take an initiative on federal

law governing agriculture concentration. Missouri State Concurrent Resolution 27 (S. Con. Res. 27) is a bipartisan resolution outlining what the Missouri legislature recommends the federal government should do to address the issue of concentration. The resolution passed the Missouri State Senate and was reported out of the House Agriculture Committee to the full House. In drafting the package of bills I am introducing today, I studied the recommendations and objectives in State Senator MAXWELL's Missouri resolution as well as including important provisions of my own.

Mr. President, the bill I'm introducing today—the Fair Play of Family Farms Act—does the following things:

First, this legislation adds ''sunshine'' to the merger process. It will give the Department of Agriculture more authority when it comes to mergers and acquisitions. This will heighten USDA's role in review of all proposed agriculture mergers so that the impact on farmers will be given more consideration, and will make these reviews public. The public will be given an opportunity to comment on the proposed merger, and the USDA will be required to do an impact analysis on producers on a regional basis. I want to ensure that if two agri-businesses merge, the impact on farmers are completely evaluated.

Second, my bill creates a permanent position for an Assistant Attorney General for Agricultural Competition. This position will not simply be appointed by the President or by the Attorney General, but the position will require Senate review and confirmation. Also, my bill provides additional staffing for this new position.

In addition, this bill provides additional funds and requires the Grain Inspection, Packers and Stockyard Administration (GIPSA) to hire more litigation attorneys, economists, and investigators to enforce the Packers and Stockyard Act. An important element of this provision is that it requires GIPSA to put more investigators out ''in the field'' for oversight and investigations. I want to make sure that there are not just more attorneys and economists in Washington, D.C., but that there are more people out doing investigations and oversight.

Because there has been some concerns that the Packers and Stockyards Act does not cover the entire poultry industry, this legislation also requires an analysis of why the poultry industry is not covered, and requires GAO to offer suggestions for how the disparity between poultry and livestock can be remedied.

This bill addresses another problem I was informed about when I was out visiting Missouri farmers—and that is the issue of confidentiality clauses in contracts signed by farmers. Several farmers were concerned about confidentiality clauses in the contracts with agri-business that they were told make it illegal for farmers to share the contract with others, even their lawyers and bankers. I want to ensure that farmers are able to get the legal and financial advice they need, so this bill ensures that such confidentiality clauses do not apply to farmers' contacts with their lawyers or bankers.

The bill also creates a statutory trust for the protection of ranchers who sell on a cash basis to livestock dealers. Right now, if ranchers deliver their cattle to a dealer and then the dealer goes bankrupt, the rancher is not protected. My bill would set up a trust for the rancher, so that if the dealer goes bankrupt, the rancher would be at the front of the line to get paid. There are similar trusts already set up for when a rancher sells livestock to a packer, and this legislation extends the same protections to ranchers when they sell their livestock to dealers.

One of the recommendations from the Missouri legislature that I included in the bill allows GIPSA to seek reparations for producers when a packer is found to be engaged in predatory or unfair practices. This section specifies that when money is collected from those that are damaging producers, the money should go to the farmers, not to the federal government.

This bill will lead to a more fair playing field for Missouri farmers and ranchers. It address concerns of Missourians that I have visited with and incorporates the outline of the Missouri State Resolution.

Finally, I am pleased to be the Senate sponsor of two bills that have already been introduced in the other Chamber by the distinguished Representative from Missouri, Congressman JIM TALENT. I would like to commend Congressman TALENT for the work he has done to help the Missouri agriculture community. Representative TALENT's bills on value added agriculture are a positive step for Missouri and U.S. producers. Therefore, I would like to introduce these two bills in the Senate to ''help put farmers back in the driver's seat.''

The Value-Added Development Act for American Agriculture provides technical assistance for producers to start value-added ventures. This bill helps family farmers compete by giving farmers the opportunity to take a greater share of the profit from the processing industry. The legislation will provide technical assistance to producers for value-added ventures, including engineering, legal services, applied research, scale production, business planning, marketing, and market development.

The funds would be provided to farmers through grants requests, which will be evaluated on the State level. It has long been my opinion that farmers know how best to farm their land, meet market demands, and make a profit. If the ideas of farmers are cultivated on a local and state level, farmers will likely have more flexibility to make wise decisions for markets in their home states and regions.

States would have the opportunity to apply for $10 million grants to start up an Agriculture Innovation Center. The state boards will consist of the State Department of Agriculture, the largest two general farm organizations, and the four highest grossing commodity groups. The Agriculture Innovation Center will then use the funds to help farmers finance the start-up of value added ventures.

Once it is determined that the farmers' ideas for a value added venture could be beneficial, the State Agriculture Innovation Center can give the farmers assistance with plans, engineering, and design. When the farmer is actually ready to begin implementation of the value added project, the third bill I am introducing will help out.

The Farmers' Value-Added Agricultural Investment Tax Credit Act would create a tax credit for farmers who invest in producer owned value-added endeavors—even ventures that are not farmer-owned co-ops. This would provide a 50% tax credit for the producers of up to $30,000 per year, for six years.

The three bills I am introducing today are important to the continuation of the American farmer over the next century. I know that these bills will benefit the producers of Missouri, and in turn benefit all of America.

ADDITIONAL COSPONSORS

S. 514

At the request of Mr. COCHRAN, the name of the Senator from Rhode Island (Mr. L. CHAFEE) was added as a cosponsor of S. 514, a bill to improve the National Writing Project.

S. 567

At the request of Mr. LEAHY, his name was added as a cosponsor of S. 567, a bill to amend the Dairy Production Stabilization Act of 1983 to ensure that all persons who benefit from the dairy promotion and research program contribute to the cost of the program.

S. 717

At the request of Ms. MIKULSKI, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of S. 717, a bill to amend title II of the Social Security Act to provide that the reductions in Social Security benefits which are required in the case of spouses and surviving spouses who are also receiving certain Government pensions shall be equal to the amount by which two-thirds of the total amount of the combined monthly benefit (before reduction) and monthly pension exceeds $1,200, adjusted for inflation.

S. 730

At the request of Mr. DURBIN, the name of the Senator from Iowa (Mr. GRASSLEY) was added as a cosponsor of S. 730, a bill to direct the Consumer Product Safety Commission to promulgate fire safety standards for cigarettes, and for other purposes.

S. 764

At the request of Mr. THURMOND, the name of the Senator from Utah (Mr.