United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE *104th* CONGRESS, FIRST SESSION

Vol. 141 WASHINGTON, TUESDAY, OCTOBER 10, 1995 *No. 156*

Senate

The Senate met at 9:15 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

We pray with the Psalmist, ''Show me Your ways, O Lord; teach me Your paths. Lead me in Your truth and teach me, for You are the God of my salvation; on You I wait all the day.''—Psalm 25:4–5.

Almighty God, we praise You for Your guidance. As we begin the work of this Senate today, we acknowledge again our total dependence on You. Revelation of Your truth comes in relationship with You; Your inspiration is given when we are illuminated with Your spirit. Therefore, we prepare for the decisive decisions of this day by opening our minds to the inflow of Your spirit. You know what is ahead today. Crucial issues confront us. Votes will be cast and aspects of the future of our Nation will be shaped by what is decided.

We praise You Lord, that when this day comes to an end we will have the deep inner peace of knowing that You heard and answered this prayer for guidance.

As a caring community we reach out to Senator WILLIAM COHEN and ask that You give him Your comfort and strength now at the time of the death of his father, Rubin Cohen. Grant him Your peace. In the name of our Lord. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader, Senator DOLE, is recognized.

Mr. DOLE. I thank the President pro tempore.

SCHEDULE

Mr. DOLE. I would just indicate to my colleagues that we will have morning business until the hour of 9:30 this morning. At 9:30 we begin consideration of S. 143, a bill that consolidates Federal employment training programs. We had a time agreement reached on this bill on September 15 allowing 15 amendments to the bill.

There will be no votes prior to 2:15 today. However, rollcall votes can be expected on or in relation to amendments to S. 143 from 2:15 on throughout the day.

Between 11:30 and 12:30 this morning, there will be a period for morning business with time controlled by Senators HUTCHISON and NUNN, and then, as customary, we will recess from 12:30 to 2:15 for weekly policy conferences.

MORNING BUSINESS

The PRESIDING OFFICER (Mr. GRAMS). Under the previous order, there will now be a period for the transaction of morning business.

The Senator from Alabama.

RETIREMENT OF SENATOR NUNN

Mr. HEFLIN. Mr. President, I rise to pay tribute to a great U.S. Senator, Senator SAM NUNN. After 23 years, it is difficult to envision a U.S. Senate without our esteemed colleague from Georgia. There is no doubt that had he run again in 1996, he could have won and won easily. Had he decided to stay, he would have remained the most influential Senator on defense and one of the most effective conservative Democrats overall.

Senator SAM NUNN's intellectual depth on defense and national security matters is unparalleled in this body. He has been a staunch and unyielding proponent of a strong national defense and has demonstrated a keen interest in the wide breadth of defense issues.

His thoughtfulness and dedication to what he thinks is best gives him an extraordinary amount of credibility that the Senate will sorely miss when he leaves. On many occasions he has been mentioned as a possible nominee for Secretary of Defense, Secretary of State, or even as President of the United States.

Although SAM NUNN is best known as an authority on defense issues, he has played a prominent role on other major issues as well. He is well known for his indepth knowledge of foreign affairs. His voice on human rights and civil rights has always evidenced a progression and sensitivity in seeking solutions. He is a prominent member of the Governmental Affairs Committee where he held hearings on wrongdoings in many areas and recently pertaining to some in the health insurance industry.

Having come from a farming family, he has fought for sound agricultural policy and has been a champion of the often misunderstood cotton and peanut programs. He has been a major moderating influence on our party through his work on the Democratic Leadership Council. He has fought long and hard for a balanced budget and believes in the constitutional amendment requiring the same.

His great-uncle, Carl Vinson, served for 50 years in the House of Representatives chairing the Naval Affairs and the Armed Services Committee. Recently in Honolulu, as we were celebrating the 50th anniversary of V–J Day, the end of World War II, we had various ceremonies on the aircraft carrier named for his great-uncle, *Carl Vinson*.

The seat which he now occupies was held for nearly 40 years by the late Richard Russell, who is a revered Senator and who also served as a chairman of the Armed Services Committee. Since he came to the Armed Services

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Committee in the 1970's, Senator NUNN has backed a strong national defense. No one in the Senate did more to bring about the breakup of the Communist regimes in the old Soviet Union. He has also attended to the details of defense policy, at one time chairing the Manpower Subcommittee in helping to shape the Reserve Force structure and callup procedures that allowed the United States to respond quickly to Saddam Hussein's aggression in the summer and fall of 1990.

He also worked on the Goldwater-Nichols Defense Reorganization Act of 1986, which simplified the military chain of command and granted considerable power to the Chairman of the Joint Chiefs of Staff.

In my judgment, SAM NUNN will go down as one of the giants of the Senate. His leadership and foresight will be missed here, but I am confident that we will enjoy those same qualities through other avenues that Senator NUNN undertakes and other projects that he tackles during the years to come.

Mr. President, I yield the floor.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, I rise today to express my profound sorrow upon hearing the announcement by the senior Senator from Georgia, my close and trusted friend, SAM NUNN, that he will not run for another term in 1996. His departure at the end of this Congress will surely mark a point of great loss to this body. I truly believe our future collective efforts will be notably diminished by his absence.

I recall very clearly when Senator NUNN first joined the Senate in 1973. It was evident to me from the outset that he was a man of integrity, ability, and dedication, and that he would maintain the highest standards for both his personal conduct and the quality of his work. He was appointed to serve on the Committee on Armed Services when Congress convened in 1973, and in 1974 he was named chairman of the ad hoc Subcommittee on Manpower and Personnel. In 1975, when the Subcommittee Manpower and Personnel was actually formed, he was named its chairman and he served in that capacity for 6 years, until 1981. In 1983, 10 years after he joined the Committee on Armed Services, he became the ranking minority member until 1987, when he became the chairman of the committee. He served with great distinction in that capacity for 8 years, and during that time he earned the respect of leaders around the globe for his wisdom, statesmanship, and insight.

Among his many accomplishments in the Senate, there are two which particularly stand out. First is the Nunn-Lugar program of reducing the possibility of nuclear war by actually removing nuclear weapons. This initiative has been carried out in a manner which promotes mutual trust and respect between the United States and Russia, and its consequences have reached far beyond simply dismantling weapons. Second is the manner in which Senator NUNN guided the legislative program during the turbulent post-cold-war drawdown of the Armed Forces. His highly skillful work, both inside and outside the Congress, ensured our Armed Forces would remain as strong and viable as possible.

I believe history will note what all of us here already know, that Senator NUNN led the Committee on Armed Services and guided the national agenda on defense matters through some of our most challenging periods with exceptional skill, courage, and wisdom. His high standards of excellence, his ability to view an issue from all relevant angles and perspectives and analyze problems across all different levels, combined with his high intelligence and strong leadership skills, have resulted in a wisdom of effort which has benefited the entire Nation.

We have heard many hours of debate in this Chamber about defense and national security matters. All too often that debate has focused on very narrow aspects of the issues, and the major points of the larger issue are easily lost. Senator NUNN has a well-earned reputation for returning our debate to the larger, principal issue and pointing out the implications of various courses of action. He has been able to illustrate how defense is only one element of national security, and how national security is only one element of national policy. Senator NUNN's ability to recognize the primary issue and guide the process to a meaningful conclusion have served our Nation and this body very well these past 23 years.

Throughout his 27-year career in political life, Senator NUNN has exemplified strong, selfless devotion to duty to our Nation and its citizens. He represented his constituents well and faithfully, and remained mindful of the national interest. He well deserves his reputation as a figure of high international stature. We will remember him as a man of dignity and high purpose.

Mr. President, our Nation owes Senator NUNN its deepest appreciation for his truly distinguished service. I am pleased that he intends to remain engaged in public policy matters, and I wish him and his wife, Colleen, continued success and happiness in all future endeavors.

Mr. President, I yield the floor.

THE RETIREMENT OF SENATOR NUNN

Ms. MIKULSKI. Mr. President, I was saddened to learn that Senator NUNN will retire from the Senate at the end of his fourth term, and I rise to salute him for his great contributions to the Senate, to the citizens of Georgia, and to the United States.

I know that many of my colleagues have already spoken eloquently about Senator NUNN and his accomplishments. But I wanted to express my gratitude for what Senator NUNN has meant to me, to our national security, and to the creation of an opportunity structure for the young people of this country.

For me, Senator NUNN serves as a model for commitment and patriotism. Senator NUNN has worked to ensure that while we downsize our military, we do not downgrade our military. He realizes that national security is too important to become politicized. He believes that a strong defense is not a Republican position or a Democratic position—it is a necessity for the world's only superpower.

This commitment has yielded tangible results. Both as chairman and as ranking member of the Armed Services Committee, Senator NUNN has worked to improve the quality and morale of our troops, and to ensure that we continue to have the best trained, best equipped military in the world.

And finally Mr. President, while we have all focused on Senator NUNN's contribution to our national security, he has also made a great contribution to creating an opportunity structure for our Nation's youth. He is one of the early pioneers of national service. Long before it became a hot political issue, he understood how national service could create an ethic of service in our country. He fought to enable young people to make an investment through their own sweat equity in themselves and their communities. I know that he will continue this fight after he leaves the Senate.

Mr. President, we will miss Senator NUNN in the Senate. But I know that he will continue his contributions to improving the lives of Americans and to improve America's standing in the world.

HUGO PRINCZ

Mr. LIEBERMAN. Mr. President, nearly 2 years ago, it was my privilege to meet with Mr. Hugo Princz in my office. He told me how he and his family had been victimized by Nazi brutality and disregard for international laws and civilized norms; how his family's American passports were ignored in 1942 by German officials and they were sent to death camps; how his entire family was exterminated simply because they were Jewish as were so many other Jews during those dark days of the Holocaust; and how fate intervened in the closing days of World War II and American soldiers intercepted and liberated the prison train which was taking him to his death.

I was saddened by the horrors he had suffered and endured and by the losses he had sustained. But just as powerful as the sorrow I felt for him was the outrage I felt at the brutality he was still enduring from the legalistic folly being perpetuated by the German Government which refused to resolve his claims for fair reparations. Since Mr. Princz was rescued by American forces

and was not processed through a center for displaced persons, the German government argued, he was not a stateless person eligible for the reparations which Germany agreed to pay to Holocaust survivors in the 1960's. Despite repeated attempts to get the German Government to recognize the validity of his claim, Hugo Princz was denied the remedy he was entitled to by common decency and conscience if not by the letter of German law.

But Hugo Princz did not survive the horrors of Maidanek, Auschwitz, and Dachau by being a quitter. He persisted in his claims against Germany, eventually suing in Federal district court in 1992. Still the years passed with no relief. But Hugo Princz never gave up hope. His goal was not monetary compensation; rather, it was the justice which he and his family had been denied since the early days of 1942. Finally, on September 18, 1995, Hugo Princz was offered and accepted a settlement by the Federal Republic of Germany. Fifty years after the end of World War II, 50 years after his family was torn apart with all but Hugo going to their deaths, finally, after 50 more years of being denied justice, this courageous American who has demonstrated the patience of Job received what should have been given so long ago. The settlement which Hugo has offered is not adequate compensation for what he has endured; it is a victory of the spirit not the accountant's ledger. It was too long in coming and too difficult to achieve. But it is a victory for Hugo Princz; for his courage, his persistence, his faith, and his memories.

Each of us who have been touched by Hugo Princz have been enriched by the contact. I hope that these recent events will bring to him at long last the peace which he has been denied all these years. I wish Hugo, his wife, Delores, and his children, Giselle, Howard, and Cheryl, all the peace and joy they so richly deserve and have waited so long to enjoy.

THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, the skyrocketing Federal debt, now about $25 billion short of $5 trillion, has been fueled for a generation by bureaucratic hot air; it is sort of like the weather, everybody has talked about it but almost nobody did much about it. That attitude began to change immediately after the elections in November 1994.

When the new 104th Congress convened this past January, the U.S. House of Representatives quickly approved a balanced budget amendment to the U.S. Constitution. On the Senate side, all but one of the 54 Republican Senators supported the balanced budget amendment.

That was the good news. The bad news was that only 13 Democrat Senators supported it, and that killed the balanced budget amendment for the time being. Since a two-thirds vote—67 Senators, if all Senators are present—is necessary to approve a constitutional amendment, the proposed Senate amendment failed by one vote. There will be another vote during the 104th Congress.

Here is today's bad debt boxscore:

As of the close of business Friday, October 6, the Federal debt—down to the penny—stood at exactly $4,974,778,210,422.20 or $18,884.34 for every man, woman, and child on a per capita basis.

The PRESIDING OFFICER. Is there further morning business?

The Chair, in its capacity as a Senator from Minnesota, suggests the absence of a quorum.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mrs. KASSEBAUM. Mr. President, what is the order of business at this point?

MEASURE READ FOR THE SECOND TIME—H.R. 927

The PRESIDING OFFICER. The clerk will read the bill for a second time.

The assistant legislative clerk read as follows:

A bill (H.R. 927) to seek international sanctions against the Castro Government in Cuba, to plan for support of a transition government leading to a democratically elected government in Cuba, and for other purposes.

The PRESIDING OFFICER. Is there objection to further proceedings under the bill?

Mrs. KASSEBAUM. I object.

The PRESIDING OFFICER. Objection is heard.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is now closed.

WORKFORCE DEVELOPMENT ACT OF 1995

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 143, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 143) to consolidate Federal employment training programs and create a new process and structure for funding the programs, and for other purposes, which had been reported from the Committee on Labor and Human Resources, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Workforce Development Act of 1995''.

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

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) increasing international competition, technological advances, and structural changes in the United States economy present new challenges to private businesses and public policymakers in creating a skilled workforce with the ability to adapt to change and technological progress;

(2) despite more than 60 years of federally funded employment training programs, the Federal Government has no single, coherent policy guiding employment training efforts;

(3) according to the General Accounting Office, there are over 100 federally funded employment training programs, which are administered by 15 different Federal agencies and cost more than $20,000,000,000 annually;

(4) many of the programs fail to collect enough performance data to determine the relative effectiveness of each of the programs or the effectiveness of the programs as a whole;

(5) because of the fragmentation, duplication, and lack of accountability that currently exist within and among Federal employment training programs it is often difficult for workers, jobseekers, and businesses to easily access the services they need;

(6) high quality, innovative vocational education programs provide youth with skills and knowledge on which to build successful careers and, in providing the skills and knowledge, vocational education serves as the foundation of a successful workforce development system;

(7) in recent years, several States and communities have begun to develop promising new initiatives such as—

(A) school-to-work programs to better integrate youth employment and education programs; and

(B) one-stop systems to make workforce development activities more accessible to workers, jobseekers, and businesses; and

(8) Federal, State, and local governments have failed to adequately allow for private sector leadership in designing workforce development activities that are responsive to local labor market needs.

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

(1) to make the United States more competitive in the world economy by eliminating the fragmentation in Federal employment training efforts and creating coherent, integrated statewide workforce development systems designed to develop more fully the academic, occupational, and literacy skills of all segments of the workforce;

(2) to ensure that all segments of the workforce will obtain the skills necessary to earn wages sufficient to maintain the highest quality of living in the world; and

(3) to promote the economic development of each State by developing a skilled workforce that is responsive to the labor market needs of the businesses of each State.

SEC. 3. DEFINITIONS.

As used in this Act:

(1) ADULT EDUCATION.—

(A) IN GENERAL.—The term ''adult education'' means services or instruction below the college level for adults who—

(i) lack sufficient education or literacy skills to enable the adults to function effectively in society; or

(ii) do not have a certificate of graduation from a school providing secondary education (as determined under State law) and who have not achieved an equivalent level of education.

(B) ADULT.—As used in subparagraph (A), the term ''adult'' means an individual who is age 16 or older, or beyond the age of compulsory school attendance under State law, and who is not enrolled in secondary school.

(2) AREA VOCATIONAL EDUCATION SCHOOL.—The term ''area vocational education school'' means—

(A) a specialized secondary school used exclusively or principally for the provision of vocational education to individuals who are available for study in preparation for entering the labor market;

(B) the department of a secondary school exclusively or principally used for providing vocational education in not fewer than 5 different occupational fields to individuals who are available for study in preparation for entering the labor market;

(C) a technical institute or vocational school used exclusively or principally for the provision of vocational education to individuals who have completed or left secondary school and who are available for study in preparation for entering the labor market, if the institute or school admits as regular students both individuals who have completed secondary school and individuals who have left secondary school; or

(D) the department or division of a junior college, community college, or university that provides vocational education in not fewer than 5 different occupational fields leading to immediate employment but not necessarily leading to a baccalaureate degree, if the department or division admits as regular students both individuals who have completed secondary school and individuals who have left secondary school.

(3) AT-RISK YOUTH.—The term ''at-risk youth'' means an individual who—

(A) is not less than age 15 and not more than age 24; and

(B)(i) is determined under guidelines developed by the Governing Board to be low-income, using the most recent available data provided by the Bureau of the Census, prior to the determination; or

(ii) is a dependent of a family that is determined under guidelines developed by the Governing Board to be low-income, using such data.

(4) CHIEF ELECTED OFFICIAL.—The term ''chief elected official'' means the chief elected officer of a unit of general local government in a substate area.

(5) COMMUNITY-BASED ORGANIZATION.—The term ''community-based organization'' means a private nonprofit organization of demonstrated effectiveness that is representative of a community or a significant segment of a community and that provides workforce development activities.

(6) COVERED ACTIVITY.—The term ''covered activity'' means an activity authorized to be carried out under a provision described in section 601(b) (as such provision was in effect on the day before the date of enactment of this Act).

(7) DISLOCATED WORKER.—The term ''dislocated worker'' means an individual who—

(A) has been terminated from employment and is eligible for unemployment compensation;

(B) has received a notice of termination of employment as a result of any permanent closure, or any layoff of 50 or more people, at a plant, facility, or enterprise;

(C) is long-term unemployed;

(D) was self-employed (including a farmer and a rancher) but is unemployed due to local economic conditions;

(E) is a displaced homemaker; or

(F) has become unemployed as a result of a Federal action that limits the use of, or restricts access to, a marine natural resource.

(8) DISPLACED HOMEMAKER.—The term ''displaced homemaker'' means an individual who was a full-time homemaker for a substantial number of years, as determined under guidelines developed by the Governing Board, and who no longer receives financial support previously provided by a spouse or by public assistance.

(9) ECONOMIC DEVELOPMENT ACTIVITIES.—The term ''economic development activities'' means the activities described in section 106(e).

(10) EDUCATIONAL SERVICE AGENCY.—The term ''educational service agency'' means a regional public multiservice agency authorized by State statute to develop and manage a service or program, and provide the service or program to a local educational agency.

(11) ELEMENTARY SCHOOL; LOCAL EDUCATIONAL AGENCY; SECONDARY SCHOOL.—The terms ''elementary school'', ''local educational agency'' and ''secondary school'' have the meanings given the terms in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(12) FEDERAL PARTNERSHIP.—The term ''Federal Partnership'' means the Workforce Development Partnership established in section 301.

(13) FLEXIBLE WORKFORCE ACTIVITIES.—The term ''flexible workforce activities'' means the activities described in section 106(d).

(14) GOVERNING BOARD.—The term ''Governing Board'' means the Governing Board of the Federal Partnership.

(15) INDIVIDUAL WITH A DISABILITY.—

(A) IN GENERAL.—The term ''individual with a disability'' means an individual with any disability (as defined in section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102)).

(B) INDIVIDUALS WITH DISABILITIES.—The term ''individuals with disabilities'' means more than 1 individual with a disability.

(16) LOCAL ENTITY.—The term ''local entity'' means a public or private entity responsible for local workforce development activities or workforce preparation activities for at-risk youth.

(17) LOCAL PARTNERSHIP.—The term ''local partnership'' means a partnership referred to in section 118(a).

(18) OLDER WORKER.—The term ''older worker'' means an individual who is age 55 or older and who is determined under guidelines developed by the Governing Board to be low-income, using the most recent available data provided by the Bureau of the Census, prior to the determination.

(19) OUTLYING AREA.—The term ''outlying area'' means the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

(20) PARTICIPANT.—The term ''participant'' means an individual participating in workforce development activities or workforce preparation activities for at-risk youth, provided through a statewide system.

(21) POSTSECONDARY EDUCATIONAL INSTITUTION.—The term ''postsecondary educational institution'' means an institution of higher education, as defined in section 481(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)), that offers—

(A) a 2-year program of instruction leading to an associate's degree or a certificate of mastery; or

(B) a 4-year program of instruction leading to a bachelor's degree.

(22) RAPID RESPONSE ASSISTANCE.—The term ''rapid response assistance'' means workforce employment assistance provided in the case of a permanent closure, or layoff of 50 or more people, at a plant, facility, or enterprise, including the establishment of on-site contact with employers and employee representatives immediately after the State is notified of a current or projected permanent closure, or layoff of 50 or more people.

(23) SCHOOL-TO-WORK ACTIVITIES.—The term ''school-to-work activities'' means activities for youth that—

(A) integrate school-based learning and work-based learning;

(B) integrate academic and occupational learning;

(C) establish effective linkages between secondary education and postsecondary education;

(D) provide each youth participant with the opportunity to complete a career major; and

(E) provide assistance in the form of connecting activities that link each youth participant with an employer in an industry or occupation relating to the career major of the youth participant.

(24) STATE.—The term ''State'' means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

(25) STATE BENCHMARKS.—The term ''State benchmarks'', used with respect to a State, means—

(A) the quantifiable indicators established under section 131(c) and identified in the report submitted under section 131(a); and

(B) such other quantifiable indicators of the statewide progress of the State toward meeting the State goals as the State may identify in the report submitted under section 131(a).

(26) STATE EDUCATIONAL AGENCY.—The term ''State educational agency'' means the State board of education or other agency or officer primarily responsible for the State supervision of public elementary or secondary schools, or, if there is no such officer or agency, an officer or agency designated by the chief Governor or by State law.

(27) STATE GOALS.—The term ''State goals'', used with respect to a State, means—

(A) the goals specified in section 131(b); and

(B) such other major goals of the statewide system of the State as the State may identify in the report submitted under section 131(a).

(28) STATEWIDE SYSTEM.—The term ''statewide system'' means a statewide workforce development system, referred to in section 101, that is designed to integrate workforce employment activities, workforce education activities, flexible workforce activities, economic development activities (in a State that is eligible to carry out such activities), vocational rehabilitation program activities, and workforce preparation activities for at-risk youth in the State in order to enhance and develop more fully the academic, occupational, and literacy skills of all segments of the population of the State and assist participants in obtaining meaningful unsubsidized employment.

(29) SUBSTATE AREA.—The term ''substate area'' means a geographic area designated by a Governor that reflects, to the extent feasible, a local labor market in a State.

(30) TECH-PREP PROGRAM.—The term ''tech-prep program'' means a program of study that—

(A) combines at least 2 years of secondary education (as determined under State law) and 2 years of postsecondary education in a nonduplicative sequence;

(B) integrates academic and vocational instruction and utilizes worksite learning where appropriate;

(C) provides technical preparation in an area such as engineering technology, applied science, a mechanical, industrial, or practical art or trade, agriculture, a health occupation, or business;

(D) builds student competence in mathematics, science, communications, and workplace skills, through applied academics and integrated instruction in a coherent sequence of courses;

(E) leads to an associate degree or a certificate in a specific career field; and

(F) leads to placement in appropriate employment or further education.

(31) VOCATIONAL EDUCATION.—The term ''vocational education'' means organized educational programs that—

(A) offer a sequence of courses that provide individuals with the academic knowledge and skills the individuals need to prepare for further education and careers in current or emerging employment sectors; and

(B) include competency-based applied learning that contributes to the academic knowledge, higher-order reasoning and problem-solving skills, work attitudes, general employability skills, and occupational-specific skills, of an individual.

(32) VOCATIONAL REHABILITATION PROGRAM.—The term ''vocational rehabilitation program'' means a program assisted under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.).

(33) WELFARE ASSISTANCE.—The term ''welfare assistance'' means a Federal, State, or local government cash payment for which eligibility is determined by need or by an income test.

(34) WELFARE RECIPIENT.—The term ''welfare recipient'' means an individual who receives welfare assistance.

(35) WORKFORCE DEVELOPMENT ACTIVITIES.—The term ''workforce development activities'' means workforce education activities, workforce employment activities, flexible workforce activities, and economic development activities (within a State that is eligible to carry out such activities).

(36) WORKFORCE EDUCATION ACTIVITIES.—The term ''workforce education activities'' means the activities described in section 106(b).

(37) WORKFORCE EMPLOYMENT ACTIVITIES.—The term ''workforce employment activities'' means the activities described in paragraphs (2) through (8) of section 106(a), including activities described in section 106(a)(6) provided through a voucher described in section 106(a)(9).

(38) WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH.—The term ''workforce preparation activities for at-risk youth'' means the activities described in section 241(b), carried out for at-risk youth.

TITLE I—STATEWIDE WORK- FORCE DEVELOPMENT SYSTEMS

Subtitle A—State Provisions

SEC. 101. STATEWIDE WORKFORCE DEVELOPMENT SYSTEMS ESTABLISHED.

For program year 1998 and each subsequent program year, the Governing Board shall make allotments under section 102 to States to assist the States in paying for the cost of establishing and carrying out activities through statewide workforce development systems, in accordance with this title.

SEC. 102. STATE ALLOTMENTS.

(a) IN GENERAL.—The Governing Board shall allot to each State with a State plan approved under section 104 an amount equal to the total of the amounts made available under subparagraphs (A), (B), (C), and (D) of subsection (b)(2), adjusted in accordance with subsection (c).

(b) ALLOTMENTS BASED ON POPULATIONS.—

(1) DEFINITIONS.—As used in this subsection:

(A) ADULT RECIPIENT OF AID TO FAMILIES WITH DEPENDENT CHILDREN.—The term ''adult recipient of aid to families with dependent children'' means a recipient of aid to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) who is not a dependent child (as defined in section 406(a) of such Act (42 U.S.C. 606(a))).

(B) INDIVIDUAL IN POVERTY.—The term ''individual in poverty'' means an individual who—

(i) is not less than age 18;

(ii) is not more than age 64; and

(iii) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(C) POVERTY LINE.—The term ''poverty line'' means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(2) CALCULATION.—Except as provided in subsection (c), from the amount reserved under section 134(b)(1), the Governing Board—

(A) using funds equal to 60 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals who are not less than 15 and not more than 65 (as determined by the Governing Board using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in the State bears to the total number of such individuals in all States;

(B) using funds equal to 10 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in all States;

(C) using funds equal to 10 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in all States; and

(D) using funds equal to 20 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the average monthly number of adult recipients of aid to families with dependent children (as determined by the Secretary of Health and Human Services for the most recent 12-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average monthly number of adult recipients of aid to families with dependent children (as so determined) in all States.

(c) ADJUSTMENTS.—

(1) DEFINITION.—As used in this subsection, the term ''national average per capita payment'', used with respect to a program year, means the amount obtained by dividing—

(A) the total amount allotted to all States under this section for the program year; by

(B) the total number of individuals who are not less than 15 and not more than 65 (as determined by the Governing Board using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in all States.

(2) MINIMUM ALLOTMENT.—Except as provided in paragraph (3), no State with a State plan approved under section 104 for a program year

shall receive an allotment under this section for the program year in an amount that is less than 0.5 percent of the amount reserved under section 134(b)(1) for the program year.

(3) LIMITATION.—No State that receives an increase in an allotment under this section for a program year as a result of the application of paragraph (2) shall receive an allotment under this section for the program year in an amount that is more than the product obtained by multiplying—

(A) the total number of individuals who are not less than 15 and not more than 65 (as determined by the Governing Board using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in the State; and

(B) the product obtained by multiplying—

(i) 1.3; and

(ii) the national average per capita payment for the program year.

SEC. 103. STATE APPORTIONMENT BY ACTIVITY.

(a) ACTIVITIES.—From the sum of the funds made available to a State through an allotment received under section 102 and the funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) to carry out this Act for a program year—

(1) a portion equal to 25 percent of such sum (which portion shall include the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act) shall be made available for workforce employment activities;

(2) a portion equal to 25 percent of such sum shall be made available for workforce education activities; and

(3) a portion (referred to in this Act as the ''flex account'') equal to 50 percent of such sum shall be made available for flexible workforce activities.

(b) RECIPIENTS.—In making an allotment under section 102 to a State, the Governing Board shall make a payment—

(1) to the Governor of the State for the portion described in subsection (a)(1), and such part of the flex account as the Governor may be eligible to receive, as determined under the State plan of the State submitted under section 104; and

(2) to the State educational agency of the State for the portion described in subsection (a)(2), and such part of the flex account as the State educational agency may be eligible to receive, as determined under the State plan of the State submitted under section 104.

SEC. 104. STATE PLANS.

(a) IN GENERAL.—For a State to be eligible to receive an allotment under section 102, the Governor of the State shall submit to the Governing Board, and obtain approval of, a single comprehensive State workforce development plan (referred to in this section as a ''State plan''), outlining a 3-year strategy for the statewide system of the State.

(b) PARTS.—

(1) IN GENERAL.—The State plan shall contain 3 parts.

(2) STRATEGIC PLAN AND FLEXIBLE WORKFORCE ACTIVITIES.—The first part of the State plan shall describe a strategic plan for the statewide system, including the flexible workforce activities, and, if appropriate, economic development activities, that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the first part of the State plan, using procedures that are consistent with the procedures described in subsection (d).

(3) WORKFORCE EMPLOYMENT ACTIVITIES.—The second part of the State plan shall describe the workforce employment activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the second part of the State plan.

(4) WORKFORCE EDUCATION ACTIVITIES.—The third part of the State plan shall describe the workforce education activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The State educational agency of the State shall develop the third part of the State plan.

(c) CONTENTS OF THE PLAN.—The State plan shall include—

(1) with respect to the strategic plan for the statewide system—

(A) information describing how the State will identify the current and future workforce development needs of the industry sectors most important to the economic competitiveness of the State;

(B) information describing how the State will identify the current and future workforce development needs of all segments of the population of the State;

(C) information identifying the State goals and State benchmarks and how the goals and benchmarks will make the statewide system relevant and responsive to labor market and education needs at the local level;

(D) information describing how the State will coordinate workforce development activities to meet the State goals and reach the State benchmarks;

(E) information describing the allocation within the State of the funds made available through the flex account for the State, and how the flexible workforce activities, including school-to-work activities, to be carried out with such funds will be carried out to meet the State goals and reach the State benchmarks;

(F) information identifying how the State will obtain the active and continuous participation of business, industry, and labor in the development and continuous improvement of the statewide system;

(G) information identifying how any funds that a State receives under this title will be leveraged with other public and private resources to maximize the effectiveness of such resources for all workforce development activities, and expand the participation of business, industry, labor, and individuals in the statewide system;

(H) information describing how the State will eliminate duplication in the administration and delivery of services under this Act;

(I) information describing the process the State will use to independently evaluate and continuously improve the performance of the statewide system, on a yearly basis, including the development of specific performance indicators to measure progress toward meeting the State goals;

(J) an assurance that the funds made available under this title will supplement and not supplant other public funds expended to provide workforce development activities;

(K) information identifying the steps that the State will take over the 3 years covered by the plan to establish common data collection and reporting requirements for workforce development activities and vocational rehabilitation program activities;

(L) with respect to economic development activities, information—

(i) describing the activities to be carried out with the funds made available under this title;

(ii) describing how the activities will lead directly to increased earnings of nonmanagerial employees in the State; and

(iii) describing whether the labor organization, if any, representing the nonmanagerial employees supports the activities;

(M) the description referred to in subsection (d)(1); and

(N)(i) information demonstrating the support of individuals and entities described in subsection (d)(1) for the plan; or

(ii) in a case in which the Governor is unable to obtain the support of such individuals and entities as provided in subsection (d)(2), the comments referred to in subsection (d)(2)(B),

(2) with respect to workforce employment activities, information—

(A)(i) identifying and designating substate areas, including urban and rural areas, to which funds received through the allotment will be distributed, which areas shall, to the extent feasible, reflect local labor market areas; or

(ii) stating that the State will be treated as a substate area for purposes of the application of this title, if the State receives an increase in an allotment under section 102 for a program year as a result of the application of section 102(c)(2); and

(B) describing the basic features of one-stop delivery of core services described in section 106(a)(2) in the State, including information regarding—

(i) the strategy of the State for developing fully operational one-stop delivery of core services described in section 106(a)(2);

(ii) the time frame for achieving the strategy;

(iii) the estimated cost for achieving the strategy;

(iv) the steps that the State will take over the 3 years covered by the plan to provide individuals with access to one-stop delivery of core services described in section 106(a)(2);

(v) the steps that the State will take over the 3 years covered by the plan to provide information through the one-stop delivery to individuals on the quality of workforce employment activities, workforce education activities, and vocational rehabilitation program activities, provided through the statewide system;

(vi) the steps that the State will take over the 3 years covered by the plan to link services provided through the one-stop delivery with services provided through State welfare agencies; and

(vii) in a case in which the State chooses to use vouchers to deliver workforce employment activities, the steps that the State will take over the 3 years covered by the plan to comply with the requirements in section 106(a)(9) and the information required in such section;

(C) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce employment activities;

(D) describing the workforce employment activities to be carried out with funds received through the allotment;

(E) describing the steps that the State will take over the 3 years covered by the plan to establish a statewide comprehensive labor market information system described in section 303(c) that will be utilized by all the providers of one-stop delivery of core services described in section 106(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State;

(F) describing the steps that the State will take over the 3 years covered by the plan to establish a job placement accountability system described in section 131(d); and

(G)(i) describing the steps that the State will take to segregate the amount allotted to the State from funds made available under section 901(c)(1)(A) of the Social Security Act (42 U.S.C. 1101(c)(1)(A)) from the remainder of the portion described in section 103(a)(1); and

(ii) describing how the State will use the amount allotted to the State from funds made available under such section 901(c)(1)(A) to carry out—

(I) the required activities described in clauses (ii) through (v) of section 106(a)(2)(B) and section 303; and

(II) any permissive activities carried out by the State that consist of—

(aa) the evaluation of programs provided through the statewide system of the State;

(bb) the provision of services through the statewide system for workers who have received notice of permanent or impending layoff, or workers in occupations that are experiencing limited demand due to technological change, the impact of imports, or plant closures; or

(cc) the administration of the work test for the State unemployment compensation system and

provision of job finding and placement services for unemployment insurance claimants; and

(3) with respect to workforce education activities, information—

(A) describing how funds received through the allotment will be allocated among—

(i) secondary school vocational education, or postsecondary and adult vocational education, or both; and

(ii) adult education;

(B) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce education activities;

(C) describing the workforce education activities that will be carried out with funds received through the allotment;

(D) describing how the State will address the adult education needs of the State;

(E) describing how the State will disaggregate data relating to at-risk youth in order to adequately measure the progress of at-risk youth toward accomplishing the results measured by the State goals, and the State benchmarks;

(F) describing how the State will adequately address the needs of both at-risk youth who are in school, and out-of-school youth, in alternative education programs that teach to the same challenging academic, occupational, and skill proficiencies as are provided for in-school youth;

(G) describing how the workforce education activities described in the State plan and the State allocation of funds received through the allotment for such activities are an integral part of comprehensive efforts of the State to improve education for all students and adults;

(H) describing how the State will annually evaluate the effectiveness of the State plan with respect to workforce education activities;

(I) describing how the State will address the professional development needs of the State with respect to workforce education activities;

(J) describing how the State will provide local educational agencies in the State with technical assistance; and

(K) describing how the State will assess the progress of the State in implementing student performance measures.

(d) PROCEDURE FOR DEVELOPMENT OF PART OF PLAN RELATING TO STRATEGIC PLAN.—

(1) DESCRIPTION OF DEVELOPMENT.—The part of the State plan relating to the strategic plan shall include a description of the manner in which—

(A) the Governor;

(B) the State educational agency;

(C) representatives of business and industry, including representatives of key industry sectors, and of small- and medium-size and large employers, in the State;

(D) representatives of labor and workers;

(E) local elected officials from throughout the State;

(F) the State agency officials responsible for vocational education;

(G) the State agency officials responsible for postsecondary education;

(H) the State agency officials responsible for adult education;

(I) the State agency officials responsible for vocational rehabilitation;

(J) such other State agency officials, including officials responsible for economic development and employment, as the Governor may designate;

(K) representatives of elected officials of tribal governments;

(L) the representative of the Veterans' Employment Training Service assigned to the State under section 4103 of title 38, United States Code; and

(M) other appropriate officials, including members of the State workforce development board described in section 105, if the State has established such a board;

collaborated in the development of such part of the plan.

(2) FAILURE TO OBTAIN SUPPORT.—If, after a reasonable effort, the Governor is unable to obtain the support of the individuals and entities described in paragraph (1) for the strategic plan the Governor shall—

(A) provide such individuals and entities with copies of the strategic plan;

(B) allow such individuals and entities to submit to the Governor, not later than the end of the 30-day period beginning on the date on which the Governor provides such individuals and entities with copies of such plan under subparagraph (A), comments on such plan; and

(C) include any such comments in such plan.

(e) APPROVAL.—The Governing Board shall approve a State plan if the Governing Board—

(1) determines that the plan contains the information described in subsection (c);

(2) determines that the State has prepared the plan in accordance with the requirements of this section, including the requirements relating to development of any part of the plan; and

(3) has negotiated State benchmarks with the State in accordance with section 131(c).

(f) NO ENTITLEMENT TO A SERVICE.—Nothing in this Act shall be construed to provide any individual with an entitlement to a service provided under this Act.

SEC. 105. STATE WORKFORCE DEVELOPMENT BOARDS.

(a) ESTABLISHMENT.—A Governor of a State that receives an allotment under section 102 may establish a State workforce development board—

(1) on which a majority of the members are representatives of business and industry;

(2) on which not less than 25 percent of the members shall be representatives of labor, workers, and community-based organizations;

(3) that shall include representatives of veterans;

(4) that shall include a representative of the State educational agency and a representative from the State agency responsible for vocational rehabilitation;

(5) that may include any other individual or entity that participates in the collaboration described in section 104(d)(1); and

(6) that may include any other individual or entity the Governor may designate.

(b) CHAIRPERSON.—The State workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(c) FUNCTIONS.—The functions of the State workforce development board shall include—

(1) advising the Governor on the development of the statewide system, the State plan described in section 104, and the State goals and State benchmarks;

(2) assisting in the development of specific performance indicators to measure progress toward meeting the State goals and reaching the State benchmarks and providing guidance on how such progress may be improved;

(3) serving as a link between business, industry, labor, and the statewide system;

(4) assisting the Governor in preparing the annual report to the Governing Board regarding progress in reaching the State benchmarks, as described in section 131(a);

(5) receiving and commenting on the State plan developed under section 101 of the Rehabilitation Act of 1973 (29 U.S.C. 721);

(6) assisting the Governor in developing the statewide comprehensive labor market information system described in section 303(c) to provide information that will be utilized by all the providers of one-stop delivery of core services described in section 106(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State; and

(7) assisting in the monitoring and continuous improvement of the performance of the statewide system, including evaluation of the effectiveness of workforce development activities funded under this Act.

SEC. 106. USE OF FUNDS.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—Funds made available to a State under this title to carry out workforce employment activities through a statewide system—

(A) shall be used to carry out the activities described in paragraphs (2), (3), and (4); and

(B) may be used to carry out the activities described in paragraphs (5), (6), (7), and (8), including providing activities described in paragraph (6) through vouchers described in paragraph (9).

(2) ONE-STOP DELIVERY OF CORE SERVICES.—

(A) ACCESS.—The State shall use a portion of the funds described in paragraph (1) to establish a means of providing access to the statewide system through core services described in subparagraph (B) available—

(i) through multiple, connected access points, linked electronically or otherwise;

(ii) through a network that assures participants that such core services will be available regardless of where the participants initially enter the statewide system;

(iii) at not less than 1 physical location in each substate area of the State; or

(iv) through some combination of the options described in clauses (i), (ii), and (iii).

(B) CORE SERVICES.—The core services referred to in subparagraph (A) shall, at a minimum, include—

(i) outreach, intake, and orientation to the information and other services available through one-stop delivery of core services described in this subparagraph;

(ii) initial assessment of skill levels, aptitudes, abilities, and supportive service needs;

(iii) job search and placement assistance and, where appropriate, career counseling;

(iv) customized screening and referral of qualified applicants to employment;

(v) provision of accurate information relating to local labor market conditions, including employment profiles of growth industries and occupations within a substate area, the educational and skills requirements of jobs in the industries and occupations, and the earnings potential of the jobs;

(vi) provision of accurate information relating to the quality and availability of other workforce employment activities, workforce education activities, and vocational rehabilitation program activities;

(vii) provision of information regarding how the substate area is performing on the State benchmarks;

(viii) provision of initial eligibility information on forms of public financial assistance that may be available in order to enable persons to participate in workforce employment activities, workforce education activities, or vocational rehabilitation program activities; and

(ix) referral to other appropriate workforce employment activities, workforce education activities, and vocational rehabilitation employment activities.

(3) LABOR MARKET INFORMATION SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a statewide comprehensive labor market information system described in section 303(c).

(4) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a job placement accountability system described in section 131(d).

(5) PERMISSIBLE ONE-STOP DELIVERY ACTIVITIES.—The State may provide, through one-stop delivery—

(A) co-location of services related to workforce development activities, such as unemployment insurance, vocational rehabilitation program activities, welfare assistance, veterans' employment services, or other public assistance;

(B) intensive services for participants who are unable to obtain employment through the core services described in paragraph (2)(B), as determined by the State; and

(C) dissemination to employers of information on activities carried out through the statewide system.

(6) OTHER PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to provide services through the statewide system that may include—

(A) on-the-job training;

(B) occupational skills training;

(C) entrepreneurial training;

(D) training to develop work habits to help individuals obtain and retain employment;

(E) customized training conducted with a commitment by an employer or group of employers to employ an individual after successful completion of the training;

(F) rapid response assistance for dislocated workers;

(G) skill upgrading and retraining for persons not in the workforce;

(H) preemployment and work maturity skills training for youth;

(I) connecting activities that organize consortia of small- and medium-size businesses to provide work-based learning opportunities for youth participants in school-to-work programs;

(J) programs for adults that combine workplace training with related instruction;

(K) services to assist individuals in attaining certificates of mastery with respect to industry-based skill standards;

(L) case management services;

(M) supportive services, such as transportation and financial assistance, that enable individuals to participate in the statewide system; and

(N) followup services for participants who are placed in unsubsidized employment.

(7) STAFF DEVELOPMENT AND TRAINING.—The State may use a portion of the funds described in paragraph (1) for the development and training of staff of providers of one-stop delivery of core services described in paragraph (2), including development and training relating to principles of quality management.

(8) INCENTIVE GRANT AWARDS.—The State may use a portion of the funds described in paragraph (1) to award incentive grants to substate areas that reach or exceed the State benchmarks established under section 131(c), with an emphasis on benchmarks established under section 131(c)(3). A substate area that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this Act.

(9) VOUCHERS.—

(A) IN GENERAL.—A State may deliver some or all of the workforce employment activities described in paragraph (6) that are provided under this title through a system of vouchers administered through the one-stop delivery of core services described in paragraph (2) in the State.

(B) ELIGIBILITY REQUIREMENTS.—

(i) IN GENERAL.—A State that chooses to deliver the activities described in subparagraph (A) through vouchers shall indicate in the State plan described in section 104 the criteria that will be used to determine—

(I) which workforce employment activities described in paragraph (6) will be delivered through the voucher system;

(II) eligibility requirements for participants to receive the vouchers and the amount of funds that participants will be able to access through the voucher system; and

(III) which employment, training, and education providers are eligible to receive payment through the vouchers.

(ii) CONSIDERATIONS.—In establishing State criteria for service providers eligible to receive payment through the vouchers under clause (i)(III), the State shall take into account industry-recognized skills standards promoted by the National Skills Standards Board.

(C) ACCOUNTABILITY REQUIREMENTS.—A State that chooses to deliver the activities described in paragraph (6) through vouchers shall indicate in the State plan—

(i) information concerning how the State will utilize the statewide comprehensive labor market information system described in section 303(c) and the job placement accountability system established under section 131(d) to provide timely and accurate information to participants about the performance of eligible employment, training, and education providers;

(ii) other information about the performance of eligible providers of services that the State believes is necessary for participants receiving the vouchers to make informed career choices; and

(iii) the timeframe in which the information developed under clauses (i) and (ii) will be widely available through the one-stop delivery of core services described in paragraph (2) in the State.

(b) WORKFORCE EDUCATION ACTIVITIES.—The State educational agency shall use the funds made available to the State educational agency under this title for workforce education activities to carry out, through the statewide system, activities that include—

(1) integrating academic and vocational education;

(2) linking secondary education (as determined under State law) and postsecondary education, including implementing tech-prep programs;

(3) providing career guidance and counseling for students at the earliest possible age, including the provision of career awareness, exploration, and guidance information to students and their parents that is, to the extent possible, in a language and form that the students and their parents understand;

(4) providing literacy and basic education services for adults and out-of-school youth, including adults and out-of-school youth in correctional institutions;

(5) providing programs for adults and out-of-school youth to complete their secondary education;

(6) expanding, improving, and modernizing quality vocational education programs; and

(7) improving access to quality vocational education programs for at-risk youth.

(c) FISCAL REQUIREMENTS FOR WORKFORCE EDUCATION ACTIVITIES.—

(1) SUPPLEMENT NOT SUPPLANT.—Funds made available under this title for workforce education activities shall supplement, and may not supplant, other public funds expended to carry out workforce education activities.

(2) MAINTENANCE OF EFFORT.—

(A) DETERMINATION.—No payments shall be made under this title for any program year to a State for workforce education activities unless the Governing Board determines that the fiscal effort per student or the aggregate expenditures of such State for workforce education for the program year preceding the program year for which the determination is made, equaled or exceeded such effort or expenditures for workforce education for the second program year preceding the fiscal year for which the determination is made.

(B) WAIVER.—The Governing Board may waive the requirements of this section (with respect to not more than 5 percent of expenditures by any State educational agency) for 1 program year only, on making a determination that such waiver would be equitable due to exceptional or uncontrollable circumstances affecting the ability of the applicant to meet such requirements, such as a natural disaster or an unforeseen and precipitous decline in financial resources. No level of funding permitted under such a waiver may be used as the basis for computing the fiscal effort or aggregate expenditures required under this section for years subsequent to the year covered by such waiver. The fiscal effort or aggregate expenditures for the subsequent years shall be computed on the basis of the level of funding that would, but for such waiver, have been required.

(d) FLEXIBLE WORKFORCE ACTIVITIES.—

(1) CORE FLEXIBLE WORKFORCE ACTIVITIES.—The State shall use a portion of the funds made available to the State under this title through the flex account to carry out school-to-work activities through the statewide system, except that any State that received a grant under subtitle B of title II of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6141 et seq.) shall use such portion to support the continued development of the statewide School-to-Work Opportunities system of the State through the continuation of activities that are carried out in accordance with the terms of such grant.

(2) PERMISSIBLE FLEXIBLE WORKFORCE ACTIVITIES.—The State may use a portion of the funds made available to the State under this title through the flex account—

(A) to carry out workforce employment activities through the statewide system; and

(B) to carry out workforce education activities through the statewide system.

(e) ECONOMIC DEVELOPMENT ACTIVITIES.—In the case of a State that meets the requirements of section 118(c), the State may use a portion of the funds made available to the State under this title through the flex account to supplement other funds provided by the State or private sector—

(1) to provide customized assessments of the skills of workers and an analysis of the skill needs of employers;

(2) to assist consortia of small- and medium-size employers in upgrading the skills of their workforces;

(3) to provide productivity and quality improvement training programs for the workforces of small- and medium-size employers;

(4) to provide recognition and use of voluntary industry-developed skills standards by employers, schools, and training institutions;

(5) to carry out training activities in companies that are developing modernization plans in conjunction with State industrial extension service offices; and

(6) to provide on-site, industry-specific training programs supportive of industrial and economic development;

through the statewide system.

(f) LIMITATIONS.—

(1) WAGES.—No funds provided under this title shall be used to pay the wages of incumbent workers during their participation in economic development activities provided through the statewide system.

(2) RELOCATION.—No funds provided under this title shall be used or proposed for use to encourage or induce the relocation, of a business or part of a business, that results in a loss of employment for any employee of such business at the original location.

(3) TRAINING AND ASSESSMENTS FOLLOWING RELOCATION.—No funds provided under this title shall be used for customized or skill training, on-the-job training, or company specific assessments of job applicants or workers, for any business or part of a business, that has relocated, until 120 days after the date on which such business commences operations at the new location, if the relocation of such business or part of a business, results in a loss of employment for any worker of such business at the original location.

(g) LIMITATIONS ON PARTICIPANTS.—

(1) DIPLOMA OR EQUIVALENT.—

(A) IN GENERAL.—No individual may participate in workforce employment activities described in subparagraph (A), (B), (C), (E), (G), (J), or (K) of section 106(a)(6) until the individual has obtained a secondary school diploma or its recognized equivalent, or is enrolled in a program or course of study to obtain a secondary school diploma or its recognized equivalent.

(B) EXCEPTION.—Nothing in subparagraph (A) shall prevent participation in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of section 106(a)(6) by individuals who, after testing and in the judgment of medical, psychiatric, academic, or other appropriate professionals, lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

(2) SERVICES.—

(A) REFERRAL.—If an individual who has not obtained a secondary school diploma or its recognized equivalent applies to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of section 106(a)(6), such individual shall be referred to State approved adult education services that provide instruction designed to help such individual obtain a secondary school diploma or its recognized equivalent.

(B) STATE PROVISION OF SERVICES.—Notwithstanding any other provision of this Act, a State may use funds made available under section 103(a)(1) to provide State approved adult education services that provide instruction designed to help individuals obtain a secondary school diploma or its recognized equivalent, to individuals who—

(i) are seeking to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of section 106(a)(6); and

(ii) are otherwise unable to obtain such services.

Subtitle B—Local Provisions

SEC. 111. LOCAL APPORTIONMENT BY ACTIVITY.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (1) and (3) of section 103(a) for workforce employment activities shall be made available to the Governor of such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 25 percent shall be reserved by the Governor to carry out workforce employment activities through the statewide system; and

(B) 75 percent shall be distributed by the Governor to local entities to carry out workforce employment activities through the statewide system, based on—

(i) such factors as the relative distribution among substate areas of individuals who are not less than 15 and not more than 65, individuals in poverty, unemployed individuals, and adult recipients of aid to families with dependent children, as determined using the definitions specified and the determinations described in section 102(b); and

(ii) such additional factors as the Governor (in consultation with local partnerships described in section 118(a) or, where established, local workforce development boards described in section 118(b)), determines to be necessary.

(b) WORKFORCE EDUCATION ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (2) and (3) of section 103(a) for workforce education activities shall be made available to the State educational agency serving such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 20 percent shall be reserved by the State educational agency to carry out statewide workforce education activities through the statewide system, of which not more than 5 percent of such 20 percent may be used for administrative expenses; and

(B) 80 percent shall be distributed by the State educational agency to entities eligible for financial assistance under section 112, 113, or 114, to carry out workforce education activities through the statewide system.

(3) STATE DETERMINATIONS.—From the amount available to a State educational agency under paragraph (2)(B) for a program year, such agency shall determine the percentage of such amount that will be distributed in accordance with sections 112, 113, and 114 for such year for workforce education activities in such State in each of the following areas:

(A) Secondary school vocational education, or postsecondary and adult vocational education, or both; and

(B) Adult education.

(c) SPECIAL RULE.—Nothing in this title shall be construed to prohibit any individual or agency in a State (other than the State educational agency) that is administering workforce education activities on the day preceding the date of enactment of this Act from continuing to administer such activities under this title.

SEC. 112. DISTRIBUTION FOR SECONDARY SCHOOL VOCATIONAL EDUCATION.

(a) ALLOCATION.—Except as otherwise provided in this section and section 115, each State educational agency shall distribute the portion of the funds made available for any program year (from funds made available for the corresponding fiscal year, as determined under section 134(c)) by such agency for secondary school vocational education under section 111(b)(3)(A) to local educational agencies within the State as follows:

(1) SEVENTY PERCENT.—From 70 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 70 percent as the amount such local educational agency was allocated under section 1124 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6333) for the preceding fiscal year bears to the total amount received under such section by all local educational agencies in the State for such year.

(2) TWENTY PERCENT.—From 20 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 20 percent as the number of students with disabilities who have individualized education programs under section 614(a)(5) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(a)(5)) served by such local educational agency for the preceding fiscal year bears to the total number of such students served by all local educational agencies in the State for such year.

(3) TEN PERCENT.—From 10 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 10 percent as the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of such local educational agency for the preceding fiscal year bears to the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of all local educational agencies in the State for such year.

(b) MINIMUM ALLOCATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), no local educational agency shall receive an allocation under subsection (a) unless the amount allocated to such agency under subsection (a) is not less than $15,000. A local educational agency may enter into a consortium with other local educational agencies for purposes of meeting the minimum allocation requirement of this paragraph.

(2) WAIVER.—The State educational agency may waive the application of paragraph (1) in any case in which the local educational agency—

(A) is located in a rural, sparsely-populated area; and

(B) demonstrates that such agency is unable to enter into a consortium for purposes of providing services under this section.

(3) REDISTRIBUTION.—Any amounts that are not allocated by reason of paragraph (1) or (2) shall be redistributed to local educational agencies that meet the requirements of paragraph (1) or (2) in accordance with the provisions of this section.

(c) LIMITED JURISDICTION AGENCIES.—

(1) IN GENERAL.—In applying the provisions of subsection (a), no State educational agency receiving assistance under this title shall allocate funds to a local educational agency that serves only elementary schools, but shall distribute such funds to the local educational agency or regional educational agency that provides secondary school services to secondary school students in the same attendance area.

(2) SPECIAL RULE.—The amount to be allocated under paragraph (1) to a local educational agency that has jurisdiction only over secondary schools shall be determined based on the number of students that entered such secondary schools in the previous year from the elementary schools involved.

(d) ALLOCATIONS TO AREA VOCATIONAL EDUCATION SCHOOLS AND EDUCATIONAL SERVICE AGENCIES.—

(1) IN GENERAL.—Each State educational agency shall distribute the portion of funds made available for any program year by such agency for secondary school vocational education under section 111(b)(3)(A) to the appropriate area vocational education school or educational service agency in any case in which—

(A) the area vocational education school or educational service agency, and the local educational agency concerned—

(i) have formed or will form a consortium for the purpose of receiving funds under this section; or

(ii) have entered into or will enter into a cooperative arrangement for such purpose; and

(B)(i) the area vocational education school or educational service agency serves an approximately equal or greater proportion of students who are individuals with disabilities or are low-income than the proportion of such students attending the secondary schools under the jurisdiction of all of the local educational agencies sending students to the area vocational education school or the educational service agency; or

(ii) the area vocational education school, educational service agency, or local educational agency demonstrates that the vocational education school or educational service agency is unable to meet the criterion described in clause (i) due to the lack of interest by students described in clause (i) in attending vocational education programs in that area vocational education school or educational service agency.

(2) ALLOCATION BASIS.—If an area vocational education school or educational service agency meets the requirements of paragraph (1), then—

(A) the amount that will otherwise be distributed to the local educational agency under this section shall be allocated to the area vocational education school, the educational service agency, and the local educational agency, based on each school's or agency's relative share of students described in paragraph (1)(B)(i) who are attending vocational education programs (based, if practicable, on the average enrollment for the prior 3 years); or

(B) such amount may be allocated on the basis of an agreement between the local educational agency and the area vocational education school or educational service agency.

(3) STATE DETERMINATION.—

(A) IN GENERAL.—For the purposes of this subsection, the State educational agency may determine the number of students who are low-income on the basis of—

(i) eligibility for—

(I) free or reduced-price meals under the National School Lunch Act (7 U.S.C. 1751 et seq.);

(II) the program for aid to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

(III) benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or

(IV) services under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.); and

(ii) another index of economic status, including an estimate of such index, if the State educational agency demonstrates to the satisfaction of the Governing Board that such index is a more representative means of determining such number.

(B) DATA.—If a State educational agency elects to use more than 1 factor described in subparagraph (A) for purposes of making the determination described in such subparagraph, the State educational agency shall ensure that the data used is not duplicative.

(4) APPEALS PROCEDURE.—The State educational agency shall establish an appeals procedure for resolution of any dispute arising between a local educational agency and an area vocational education school or an educational service agency with respect to the allocation procedures described in this section, including the decision of a local educational agency to leave a consortium.

(5) SPECIAL RULE.—Notwithstanding the provisions of paragraphs (1), (2), (3), and (4), any local educational agency receiving an allocation that is not sufficient to conduct a secondary school vocational education program of sufficient size, scope, and quality to be effective may—

(A) form a consortium or enter into a cooperative agreement with an area vocational education school or educational service agency offering secondary school vocational education programs of sufficient size, scope, and quality to be effective and that are accessible to students who are individuals with disabilities or are low-income, and are served by such local educational agency; and

(B) transfer such allocation to the area vocational education school or educational service agency.

(e) SPECIAL RULE.—Each State educational agency distributing funds under this section shall treat a secondary school funded by the Bureau of Indian Affairs within the State as if such school were a local educational agency within the State for the purpose of receiving a distribution under this section.

SEC. 113. DISTRIBUTION FOR POSTSECONDARY AND ADULT VOCATIONAL EDUCATION.

(a) ALLOCATION.—

(1) IN GENERAL.—Except as provided in subsection (b) and section 115, each State educational agency, using the portion of the funds made available for any program year by such agency for postsecondary and adult vocational education under section 111(b)(3)(A)—

(A) shall reserve funds to carry out subsection (d); and

(B) shall distribute the remainder to eligible institutions or consortia of the institutions within the State.

(2) FORMULA.—Each such eligible institution or consortium shall receive an amount for the program year (from funds made available for the corresponding fiscal year, as determined under section 134(c)) from such remainder bears the same relationship to such remainder as the number of individuals who are Pell Grant recipients or recipients of assistance from the Bureau of Indian Affairs and are enrolled in programs offered by such institution or consortium for the preceding fiscal year bears to the number of all such individuals who are enrolled in any such program within the State for such preceding year.

(3) CONSORTIUM REQUIREMENTS.—In order for a consortium of eligible institutions described in paragraph (1) to receive assistance pursuant to such paragraph such consortium shall operate joint projects that—

(A) provide services to all postsecondary institutions participating in the consortium; and

(B) are of sufficient size, scope, and quality to be effective.

(b) WAIVER FOR MORE EQUITABLE DISTRIBUTION.—The Governing Board may waive the application of subsection (a) in the case of any State educational agency that submits to the Governing Board an application for such a waiver that—

(1) demonstrates that the formula described in subsection (a) does not result in a distribution of funds to the institutions or consortia within the State that have the highest numbers of low-income individuals and that an alternative formula will result in such a distribution; and

(2) includes a proposal for an alternative formula that may include criteria relating to the number of individuals attending the institutions or consortia within the State who—

(A) receive need-based postsecondary financial aid provided from public funds;

(B) are members of families participating in the program of aid to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

(C) are enrolled in postsecondary educational institutions that—

(i) are funded by the State;

(ii) do not charge tuition; and

(iii) serve only low-income students;

(D) are enrolled in programs serving low-income adults; or

(E) are Pell Grant recipients.

(c) MINIMUM AMOUNT.—

(1) IN GENERAL.—No distribution of funds provided to any institution or consortium for a program year under this section shall be for an amount that is less than $50,000.

(2) REDISTRIBUTION.—Any amounts that are not distributed by reason of paragraph (1) shall be redistributed to eligible institutions or consortia in accordance with the provisions of this section.

(d) SPECIAL RULE FOR CRIMINAL OFFENDERS.—Each State educational agency shall distribute the funds reserved under subsection (a)(1)(A) to 1 or more State corrections agencies to enable the State corrections agencies to administer vocational education programs for juvenile and adult criminal offenders in correctional institutions in the State, including correctional institutions operated by local authorities.

(e) DEFINITION.—For the purposes of this section—

(1) the term ''eligible institution'' means an institution of higher education, a local educational agency serving adults, or an area vocational education school serving adults that offers or will offer a program that seeks to receive financial assistance under this section;

(2) the term ''institution of higher education'', notwithstanding section 427(b)(2) of the Higher Education Amendments of 1992 (20 U.S.C. 1085 note), has the meaning given the term in section 435(b) of the Higher Education Act of 1965 as such section was in effect on July 22, 1992;

(3) the term ''low-income'', used with respect to a person, means a person who is determined under guidelines developed by the Governing Board to be low-income, using the most recent available data provided by the Bureau of the Census, prior to the determination; and

(4) the term ''Pell Grant recipient'' means a recipient of financial aid under subpart 1 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a et seq.).

SEC. 114. DISTRIBUTION FOR ADULT EDUCATION.

(a) IN GENERAL.—Except as provided in subsection (b)(3), from the amount made available by a State educational agency for adult education under section 111(b)(3)(B) for a program year, such agency shall award grants, on a competitive basis, to local educational agencies, correctional education agencies, community-based organizations of demonstrated effectiveness, volunteer literacy organizations, public or private nonprofit agencies, postsecondary educational institutions, public housing authorities, and other nonprofit institutions that have the ability to provide literacy services to adults and families, or consortia of agencies, organizations, or institutions described in this subsection, to enable such agencies, organizations, institutions, and consortia to establish or expand adult education programs.

(b) GRANT REQUIREMENTS.—

(1) ACCESS.—Each State educational agency making funds available for any program year for adult education under section 111(b)(3)(B) shall ensure that the entities described in subsection (a) will be provided direct and equitable access to all Federal funds provided under this section.

(2) CONSIDERATIONS.—In awarding grants under this section, the State educational agency shall consider—

(A) the past effectiveness of applicants in providing services (especially with respect to recruitment and retention of educationally disadvantaged adults and the learning gains demonstrated by such adults);

(B) the degree to which an applicant will coordinate and utilize other literacy and social services available in the community; and

(C) the commitment of the applicant to serve individuals in the community who are most in need of literacy services.

(3) CONSORTIA.—A State educational agency may award a grant under subsection (a) to a consortium that includes an entity described in subsection (a) and a for-profit agency, organization, or institution, if such agency, organization, or institution—

(A) can make a significant contribution to carrying out the purposes of this Act; and

(B) enters into a contract with the entity described in subsection (a) for the purpose of establishing or expanding adult education programs.

(c) LOCAL ADMINISTRATIVE COSTS LIMITS.—

(1) IN GENERAL.—Except as provided in paragraph (2), of the funds provided under this section by a State educational agency to an agency, organization, institution, or consortium described in subsection (a), at least 95 percent shall be expended for provision of adult education instructional activities. The remainder shall be used for planning, administration, personnel development, and interagency coordination.

(2) SPECIAL RULE.—In cases where the cost limits described in paragraph (1) will be too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination supported under this section, the State educational agency shall negotiate with the agency, organization, institution, or consortium described in subsection (a) in order to determine an adequate level of funds to be used for noninstructional purposes.

SEC. 115. SPECIAL RULE FOR MINIMAL ALLOCATION.

(a) GENERAL AUTHORITY.—For any program year for which a minimal amount is made available by a State educational agency for distribution under section 112 or 113 such agency may, notwithstanding the provisions of section 112 or 113, respectively, in order to make a more equitable distribution of funds for programs serving the highest numbers of low-income individuals (as defined in section 113(e)), distribute such minimal amount—

(1) on a competitive basis; or

(2) through any alternative method determined by the State educational agency.

(b) MINIMAL AMOUNT.—For purposes of this section, the term ''minimal amount'' means not more than 15 percent of the total amount made available by the State educational agency under section 111(b)(3)(A) for section 112 or 113, respectively, for such program year.

SEC. 116. REDISTRIBUTION.

(a) IN GENERAL.—In any program year that an entity receiving financial assistance under section 112 or 113 does not expend all of the amounts distributed to such entity for such year under section 112 or 113, respectively, such entity shall return any unexpended amounts to the State educational agency for distribution under section 112 or 113, respectively.

(b) REDISTRIBUTION OF AMOUNTS RETURNED LATE IN AN PROGRAM YEAR.—In any program year in which amounts are returned to the State educational agency under subsection (a) for programs described in section 112 or 113 and the State educational agency is unable to redistribute such amounts according to section 112 or 113, respectively, in time for such amounts to be expended in such program year, the State educational agency shall retain such amounts for distribution in combination with amounts provided under such section for the following program year.

SEC. 117. LOCAL APPLICATION FOR WORKFORCE EDUCATION ACTIVITIES.

(a) IN GENERAL.—

(1) IN GENERAL.—Each eligible entity desiring financial assistance under this title for workforce education activities shall submit an application to the State educational agency at such time, in such manner and accompanied by such information as such agency (in consultation with such other educational entities as the State educational agency determines to be appropriate) may require. Such application shall cover the same period of time as the period of time applicable to the State workforce development plan.

(2) DEFINITION.—For the purpose of this section the term ''eligible entity'' means an entity eligible for financial assistance under section 112, 113, or 114 from a State educational agency.

(b) CONTENTS.—Each application described in subsection (a) shall, at a minimum—

(1) describe how the workforce education activities required under section 106(b), and other workforce education activities, will be carried out with funds received under this title;

(2) describe how the activities to be carried out relate to meeting the State goals, and reaching the State benchmarks, concerning workforce education activities;

(3) describe how the activities to be carried out are an integral part of the comprehensive efforts of the eligible entity to improve education for all students and adults;

(4) describe the process that will be used to independently and continuously improve the performance of the eligible entity; and

(5) describe how the eligible entity will coordinate the activities of the entity with the activities of the local workforce development board, if any, in the substate area.

SEC. 118. LOCAL PARTNERSHIPS, AGREEMENTS, AND WORKFORCE DEVELOPMENT BOARDS.

(a) LOCAL AGREEMENTS.—

(1) IN GENERAL.—After a Governor submits the State plan described in section 104 to the Governing Board, the Governor shall negotiate and enter into a local agreement regarding the workforce employment activities, school-to-work activities, and economic development activities (within a State that is eligible to carry out such activities, as described in subsection (c)) to be carried out in each substate area in the State with local partnerships (or, where established, local workforce development boards described in subsection (b)).

(2) LOCAL PARTNERSHIPS.—

(A) IN GENERAL.—A local partnership referred to in paragraph (1) shall be established by the local chief elected official, in accordance with subparagraphs (B) and (C), and shall consist of individuals representing business, industry, and labor, local secondary schools, local postsecondary education institutions, local adult education providers, local elected officials, rehabilitation agencies and organizations, and community-based organizations, within the appropriate substate area.

(B) MULTIPLE JURISDICTIONS.—In any case in which there are 2 or more units of general local government in the substate area involved, the chief elected official of each such unit shall appoint members of the local partnership in accordance with an agreement entered into by such chief elected officials. In the absence of such an agreement, such appointments shall be made by the Governor of the State involved from the individuals nominated or recommended by the chief elected officials.

(C) SELECTION OF BUSINESS AND INDUSTRY REPRESENTATIVES.—Individuals representing business and industry in the local partnership shall be appointed by the chief elected official from nominations submitted by business organizations in the substate area involved. Such individuals shall reasonably represent the industrial and demographic composition of the business community. Where possible, at least 50 percent of such business and industry representatives shall be representatives of small business.

(3) BUSINESS AND INDUSTRY INVOLVEMENT.—The business and industry representatives shall have a lead role in the design, management, and evaluation of the activities to be carried out in the substate area under the local agreement.

(4) CONTENTS.—

(A) STATE GOALS AND STATE BENCHMARKS.—Such an agreement shall include a description of the manner in which funds allocated to a substate area under this title will be spent to meet the State goals and reach the State benchmarks in a manner that reflects local labor market conditions.

(B) COLLABORATION.—The agreement shall also include information that demonstrates the manner in which—

(i) the Governor; and

(ii) the local partnership (or, where established, the local workforce development board); collaborated in reaching the agreement.

(5) FAILURE TO REACH AGREEMENT.—If, after a reasonable effort, the Governor is unable to enter into an agreement with the local partnership (or, where established, the local workforce development board), the Governor shall notify the partnership or board, as appropriate, and provide the partnership or board, as appropriate, with the opportunity to comment, not later than 30 days after the date of the notification, on the manner in which funds allocated to such substate area will be spent to meet the State goals and reach the State benchmarks.

(6) EXCEPTION.—A State that indicates in the State plan described in section 104 that the State will be treated as a substate area for purposes of the application of this title shall not be subject to this subsection.

(b) LOCAL WORKFORCE DEVELOPMENT BOARDS.—

(1) IN GENERAL.—Each State may facilitate the establishment of local workforce development boards in each substate area to set policy and provide oversight over the workforce development activities in the substate area.

(2) MEMBERSHIP.—

(A) STATE CRITERIA.—The Governor shall establish criteria for use by local chief elected officials in each substate area in the selection of members of the local workforce development boards, in accordance with the requirements of subparagraph (B).

(B) REPRESENTATION REQUIREMENT.—Such criteria shall require, at a minimum, that a local workforce development board consist of—

(i) representatives of business and industry in the substate area, who shall constitute a majority of the board;

(ii) representatives of labor, workers, and community-based organizations, who shall constitute not less than 25 percent of the members of the board;

(iii) representatives of local secondary schools, postsecondary education institutions, and adult education providers;

(iv) representatives of veterans; and

(v) 1 or more individuals with disabilities, or their representatives.

(C) CHAIR.—Each local workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(3) CONFLICT OF INTEREST.—No member of a local workforce development board shall vote on a matter relating to the provision of services by the member (or any organization that the member directly represents) or vote on a matter that would provide direct financial benefit to such member or the immediate family of such member or engage in any other activity determined by the Governor to constitute a conflict of interest.

(4) FUNCTIONS.—The functions of the local workforce development board shall include—

(A) submitting to the Governor a single comprehensive 3-year strategic plan for workforce development activities in the substate area that includes information—

(i) identifying the workforce development needs of local industries, students, jobseekers, and workers;

(ii) identifying the workforce development activities to be carried out in the substate area with funds received through the allotment made to the State under section 102, to meet the State goals and reach the State benchmarks; and

(iii) identifying how the local workforce development board will obtain the active and continuous participation of business, industry, and labor in the development and continuous improvement of the workforce development activities carried out in the substate area;

(B) entering into local agreements with the Governor as described in subsection (a);

(C) overseeing the operations of the one-stop delivery of core services described in section 106(a)(2) in the substate area, including the responsibility to—

(i) designate local entities to operate the one-stop delivery in the substate area, consistent with the criteria referred to in section 106(a)(2); and

(ii) develop and approve the budgets and annual operating plans of the providers of the one-stop delivery; and

(D) submitting annual reports to the Governor on the progress being made in the substate area toward meeting the State goals and reaching the State benchmarks.

(5) CONSULTATION.—A local workforce development board that serves a substate area shall conduct the functions described in paragraph (4) in consultation with the chief elected officials in the substate area.

(c) ECONOMIC DEVELOPMENT ACTIVITIES.—A State shall be eligible to use the funds made available through the flex account for flexible workforce activities to carry out economic development activities if—

(1) the boards described in section 105 and subsection (b) are established in the State; or

(2) in the case of a State that indicates in the State plan described in section 104 that the State will be treated as a substate area for purposes of the application of this title, the board described in section 105 is established in the State.

Subtitle C—Provisions for Other Entities

SEC. 121. INDIAN WORKFORCE DEVELOPMENT ACTIVITIES.

(a) PURPOSE.—

(1) IN GENERAL.—The purpose of this section is to support workforce development activities for Indian and Native Hawaiian individuals in order—

(A) to develop more fully the academic, occupational, and literacy skills of such individuals;

(B) to make such individuals more competitive in the workforce; and

(C) to promote the economic and social development of Indian and Native Hawaiian communities in accordance with the goals and values of such communities.

(2) INDIAN POLICY.—All programs assisted under this section shall be administered in a manner consistent with the principles of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) and the government-to-government relationship between the Federal Government and Indian tribal governments.

(b) DEFINITIONS.—As used in this section:

(1) ALASKA NATIVE.—The term ''Alaska Native'' means a Native as such term is defined in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b)).

(2) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—The terms ''Indian'', ''Indian tribe'', and ''tribal organization'' have the same meanings given such terms in subsections (d), (e) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(3) INSTITUTION OF HIGHER EDUCATION.—The term ''institution of higher education'' has the meaning given the term in section 1201(a) of the

Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(4) NATIVE HAWAIIAN AND NATIVE HAWAIIAN ORGANIZATION.—The terms ''Native Hawaiian'' and ''Native Hawaiian organization'' have the same meanings given such terms in paragraphs (1) and (3), respectively, of section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912).

(5) TRIBALLY CONTROLLED COMMUNITY COLLEGE.—The term ''tribally controlled community college'' has the same meaning given such term in section 2(a)(4) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(4)).

(6) TRIBALLY CONTROLLED POSTSECONDARY VOCATIONAL INSTITUTION.—The term ''tribally controlled postsecondary vocational institution'' means an institution of higher education that—

(A) is formally controlled, or has been formally sanctioned or chartered, by the governing body of an Indian tribe or Indian tribes;

(B) offers a technical degree or certificate granting program;

(C) is governed by a board of directors or trustees, a majority of whom are Indians;

(D) demonstrates adherence to stated goals, a philosophy, or a plan of operation, that fosters individual Indian economic and self-sufficiency opportunity, including programs that are appropriate to stated tribal goals of developing individual entrepreneurships and self-sustaining economic infrastructures on reservations;

(E) has been in operation for at least 3 years;

(F) holds accreditation with or is a candidate for accreditation by a nationally recognized accrediting authority for postsecondary vocational education; and

(G) enrolls the full-time equivalent of not fewer than 100 students, of whom a majority are Indians.

(c) PROGRAM AUTHORIZED.—

(1) ASSISTANCE AUTHORIZED.—From amounts made available under section 134(b)(2), the Governing Board shall make grants to, or enter into contracts or cooperative agreements with, Indian tribes and tribal organizations, Alaska Native entities, tribally controlled community colleges, tribally controlled postsecondary vocational institutions, Indian-controlled organizations serving Indians or Alaska Natives, and Native Hawaiian organizations to carry out the authorized activities described in subsection (d).

(2) FORMULA.—The Governing Board shall make grants to, or enter into contracts and cooperative agreements with, entities as described in paragraph (1) to carry out the activities described in paragraphs (2) and (3) of subsection (d) on the basis of a formula developed by the Governing Board in consultation with entities described in paragraph (1).

(d) AUTHORIZED ACTIVITIES.—

(1) IN GENERAL.—Funds made available under this section shall be used to carry out the activities described in paragraphs (2) and (3) that—

(A) are consistent with this section; and

(B) are necessary to meet the needs of Indians and Native Hawaiians preparing to enter, reenter, or retain unsubsidized employment.

(2) WORKFORCE DEVELOPMENT ACTIVITIES AND SUPPLEMENTAL SERVICES.—

(A) IN GENERAL.—Funds made available under this section shall be used for—

(i) comprehensive workforce development activities for Indians and Native Hawaiians;

(ii) supplemental services for Indian or Native Hawaiian youth on or near Indian reservations in Oklahoma, Alaska, or Hawaii; and

(iii) supplemental services to recipients of public assistance on or near Indian reservations or former reservation areas in Oklahoma or in Alaska.

(B) SPECIAL RULE.—Notwithstanding any other provision of this section, individuals who were eligible to participate in programs under section 401 of the Job Training Partnership Act (29 U.S.C. 1671) (as such section was in effect on the day before the date of enactment of this Act) shall be eligible to participate in an activity assisted under subparagraph (A)(i).

(3) VOCATIONAL EDUCATION, ADULT EDUCATION, AND LITERACY SERVICES.—Funds made available under this section shall be used for—

(A) workforce education activities conducted by entities described in subsection (c)(1); and

(B) the support of tribally controlled postsecondary vocational institutions in order to ensure continuing and expanded educational opportunities for Indian students.

(e) PROGRAM PLAN.—In order to receive a grant or enter into a contract or cooperative agreement under this section an entity described in subsection (c)(1) shall submit to the Governing Board a plan that describes a 3-year strategy for meeting the needs of Indian and Native Hawaiian individuals, as appropriate, in the area served by such entity. Such plan shall—

(1) be consistent with the purposes of this section;

(2) identify the population to be served;

(3) identify the education and employment needs of the population to be served and the manner in which the services to be provided will strengthen the ability of the individuals served to obtain or retain unsubsidized employment;

(4) describe the services to be provided and the manner in which such services are to be integrated with other appropriate services; and

(5) describe the goals and benchmarks to be used to assess the performance of entities in carrying out the activities assisted under this section.

(f) FURTHER CONSOLIDATION OF FUNDS.—Each entity receiving assistance under this section may consolidate such assistance with assistance received from related programs in accordance with the provisions of the Indian Employment, Training and Related Services Demonstration Act of 1992 (25 U.S.C. 3401 et seq.).

(g) NONDUPLICATIVE AND NONEXCLUSIVE SERVICES.—Nothing in this section shall be construed—

(1) to limit the eligibility of any entity described in subsection (c)(1) to participate in any program offered by a State or local entity under this Act; or

(2) to preclude or discourage any agreement, between any entity described in subsection (c)(1) and any State or local entity, to facilitate the provision of services by such entity or to the population served by such entity.

(h) PARTNERSHIP PROVISIONS.—

(1) OFFICE ESTABLISHED.—The Governing Board shall establish an office within the Federal Partnership to administer the activities assisted under this section.

(2) CONSULTATION REQUIRED.—

(A) IN GENERAL.—The Governing Board, through the office established under paragraph (1), shall develop regulations and policies for activities assisted under this section in consultation with tribal organizations and Native Hawaiian organizations. Such regulations and policies shall take into account the special circumstances under which such activities operate.

(B) ADMINISTRATIVE SUPPORT.—The Governing Board shall provide such administrative support to the office established under paragraph (1) as the Governing Board determines to be necessary to carry out the consultation required by subparagraph (A).

(3) TECHNICAL ASSISTANCE.—The Governing Board, through the office established under paragraph (1), is authorized to provide technical assistance to entities described in subsection (c)(1) that receive assistance under this section to enable such entities to improve the workforce development activities provided by such entities.

SEC. 122. GRANTS TO OUTLYING AREAS.

(a) GENERAL AUTHORITY.—Using funds made available under section 134(b)(3), the Governing Board shall make grants to outlying areas to carry out workforce development activities.

(b) APPLICATION.—The Governing Board shall issue regulations specifying the provisions of this Act that shall apply to outlying areas that receive funds under this title.

Subtitle D—General Provisions

SEC. 131. ACCOUNTABILITY.

(a) REPORT.—Each State that receives an allotment under section 102 shall annually prepare and submit to the Governing Board a report that states how the State is performing on State benchmarks specified in this section, which relate to workforce development activities carried out through the statewide system of the State. In preparing the report, the State may include information on such additional benchmarks as the State may establish to meet the State goals.

(b) GOALS.—

(1) MEANINGFUL EMPLOYMENT.—Each statewide system supported by an allotment under section 102 shall be designed to meet the goal of assisting participants in obtaining meaningful unsubsidized employment opportunities in the State.

(2) EDUCATION.—Each statewide system supported by an allotment under section 102 shall be designed to meet the goal of enhancing and developing more fully the academic, occupational, and literacy skills of all segments of the population of the State.

(c) BENCHMARKS.—

(1) MEANINGFUL EMPLOYMENT.—To be eligible to receive an allotment under section 102, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State toward meeting the goal described in subsection (b)(1), which shall include, at a minimum, measures of—

(A) placement in unsubsidized employment of participants;

(B) retention of the participants in such employment (12 months after completion of the participation); and

(C) increased earnings for the participants.

(2) EDUCATION.—To be eligible to receive an allotment under section 102, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State toward meeting the goal described in subsection (b)(2), which shall include, at a minimum, measures of—

(A) student mastery of academic knowledge and work readiness skills;

(B) student mastery of occupational and industry-recognized skills according to skill proficiencies for students in career preparation programs;

(C) placement in, retention in, and completion of secondary education (as determined under State law) and postsecondary education, and placement and retention in employment and in military service; and

(D) mastery of the literacy, knowledge, and skills adults need to be productive and responsible citizens and to become more actively involved in the education of their children.

(3) POPULATIONS.—To be eligible to receive an allotment under section 102, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure progress toward meeting the goals described in subsection (b) for populations including, at a minimum—

(A) welfare recipients;

(B) individuals with disabilities;

(C) older workers;

(D) at-risk youth; and

(E) dislocated workers.

(4) SPECIAL RULE.—If a State has developed performance indicators, attainment levels, or assessments for skills according to challenging academic, occupational, or industry-recognized skill proficiencies, the State shall use such performance indicators, attainment levels, or assessments in measuring the progress of all students in attaining the skills.

(5) NEGOTIATIONS.—

(A) INITIAL DETERMINATION.—On receipt of a State plan submitted under section 104, the Governing Board shall, not later than 30 days after the date of the receipt, determine—

(i) how the proposed State benchmarks identified by the State in the State plan compare to the model benchmarks established by the Governing Board under section 301(b)(4)(B)(ii);

(ii) how the proposed State benchmarks compare with State benchmarks proposed by other States in their State plans;

(iii) whether the proposed State benchmarks, taken as a whole, are sufficient—

(I) to enable the State to meet the State goals; and

(II) to make the State eligible for an incentive grant under section 132(a).

(B) NOTIFICATION.—The Governing Board shall immediately notify the State of the determinations referred to in subparagraph (A). If the Governing Board determines that the proposed State benchmarks are not sufficient to make the State eligible for an incentive grant under section 132(a), the Governing Board shall provide the State with guidance on the steps the State may take to allow the State to become eligible for the grant.

(C) REVISION.—Not later than 30 days after the date of receipt of the notification referred to in subparagraph (B), the State may revise some or all of the State benchmarks identified in the State plan in order to become eligible for the incentive grant or provide reasons why the State benchmarks should be sufficient to make the State eligible for the incentive grant.

(D) FINAL DETERMINATION.—After reviewing any revised State benchmarks or information submitted by the State in accordance with subparagraph (C), the Governing Board shall issue a final determination on the eligibility of the State for the incentive grant.

(6) INCENTIVE GRANTS.—Each State that sets high benchmarks under paragraph (1), (2), or (3) and reaches or exceeds the benchmarks, as determined by the Governing Board, shall be eligible to receive an incentive grant under section 132(a).

(7) SANCTIONS.—A State that has failed to demonstrate sufficient progress toward reaching the State benchmarks established under this subsection for the 3 years covered by a State plan described in section 104, as determined by the Governing Board, may be subject to sanctions under section 132(b).

(d) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—

(1) IN GENERAL.—Each State that receives an allotment under section 102 shall establish a job placement accountability system, which will provide a uniform set of data to track the progress of the State toward reaching the State benchmarks.

(2) DATA.—

(A) IN GENERAL.—In order to maintain data relating to the measures described in subsection (c)(1), each such State shall establish a job placement accountability system using quarterly wage records available through the unemployment insurance system. The State agency or entity within the State responsible for labor market information, as designated in section 303(c)(1)(B), in conjunction with the Commissioner of Labor Statistics, shall maintain the job placement accountability system and match information on participants served by the statewide systems of the State and other States with quarterly employment and earnings records.

(B) REIMBURSEMENT.—Each local entity that carries out workforce employment activities or workforce education activities and that receives funds under this title shall provide information regarding the social security numbers of the participants served by the entity and such other information as the State may require to the State agency or entity within the State responsible for labor market information, as designated in section 303(c)(1)(B).

(C) CONFIDENTIALITY.—The State agency or entity within the State responsible for labor market information, as designated in section 303(c)(1)(B), shall protect the confidentiality of information obtained through the job placement accountability system through the use of recognized security procedures.

SEC. 132. INCENTIVES AND SANCTIONS.

(a) INCENTIVES.—

(1) IN GENERAL.—The Governing Board may award incentive grants of not more than $15,000,000 per program year to a State that—

(A) reaches or exceeds State benchmarks established under section 131(c), with an emphasis on the benchmarks established under section 131(c)(3), in accordance with section 131(c)(6); or

(B) demonstrates to the Governing Board that the State has made substantial reductions in the number of adult recipients of aid to families with dependent children, as defined in section 102(b)(1)(A), resulting from increased placement of such adult recipients in unsubsidized employment.

(2) USE OF FUNDS.—A State that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this Act.

(b) SANCTIONS.—

(1) FAILURE TO DEMONSTRATE SUFFICIENT PROGRESS.—If the Governing Board determines, after notice and an opportunity for a hearing, that a State has failed to demonstrate sufficient progress toward reaching the State benchmarks established under section 131(c) for the 3 years covered by a State plan described in section 104, the Governing Board may reduce the allotment of the State under section 102 by not more than 10 percent per program year for not more than 3 years. The Governing Board may determine that the failure of the State to demonstrate such progress is attributable to the workforce employment activities, workforce education activities, or flexible workforce activities, of the State, and reduce only the portion of the allotment for such activities.

(2) EXPENDITURE CONTRARY TO ACT.—If the Governor of a State determines that a local entity that carries out workforce employment activities in a substate area of the State has expended funds made available under this Act in a manner contrary to the purposes of this Act, and such expenditures do not constitute fraudulent activity, the Governor may deduct an amount equal to the funds from a subsequent program year allocation to the substate area.

(c) FUNDS RESULTING FROM REDUCED ALLOTMENTS.—The Governing Board may use an amount retained as a result of a reduction in an allotment made under subsection (b)(1) to award an incentive grant under subsection (a).

SEC. 133. UNEMPLOYMENT TRUST FUND.

(a) IN GENERAL.—Section 901(c) of the Social Security Act (42 U.S.C. 1101(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking clause (ii) and inserting the following:

''(ii) the establishment and maintenance of statewide workforce development systems, to the extent the systems are used to carry out activities described in section 303, or in any of clauses (ii) through (v) of section 106(a)(2)(B), of the Workforce Development Act of 1995, and''; and

(B) in subparagraph (B)—

(i) in the matter preceding clause (i), by striking ''Department of Labor'' and inserting ''Department of Labor or the Workforce Development Partnership, as appropriate,''; and

(ii) by striking clause (iii) and inserting the following:

''(iii) the Workforce Development Act of 1995,''; and

(2) in the first sentence of paragraph (4), by striking ''the total cost'' and all that follows through ''the President determines'' and inserting ''the total cost of administering the statewide workforce development systems, to the extent the systems are used to carry out activities described in section 303, or in any of clauses (ii) through (v) of section 106(a)(2)(B), of the Workforce Development Act of 1995, and of the necessary expenses of the Workforce Development Partnership for the performance of the functions of the partnership under such Act, as the President determines''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect July 1, 1998.

SEC. 134. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated to carry out this Act (other than subtitle C of title II) $7,000,000,000 for each of fiscal years 1998 through 2001.

(b) RESERVATIONS.—Of the amount appropriated under subsection (a)—

(1) 92.7 percent shall be reserved for making allotments under section 102;

(2) 1.25 percent shall be reserved for carrying out section 121;

(3) 0.2 percent shall be reserved for carrying out section 122;

(4) 4.3 percent shall be reserved for making incentive grants under section 132(a) and for the administration of this Act;

(5) 0.15 percent shall be reserved for carrying out sections 302 and 304; and

(6) 1.4 percent shall be reserved for carrying out section 303.

(c) PROGRAM YEAR.—

(1) IN GENERAL.—Appropriations for any fiscal year for programs and activities under this Act shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.

(2) ADMINISTRATION.—Funds obligated for any program year may be expended by each recipient during the program year and the 2 succeeding program years and no amount shall be deobligated on account of a rate of expenditure that is consistent with the provisions of the State plan specified in section 104 that relate to workforce employment activities.

SEC. 135. EFFECTIVE DATE.

This title shall take effect July 1, 1998.

TITLE II—TRANSITION PROVISIONS

Subtitle A—Transition Provisions Relating to Use of Federal Funds for State and Local Activities

SEC. 201. WAIVERS.

(a) WAIVER AUTHORITY.—

(1) IN GENERAL.—Notwithstanding any other provision of Federal law, and except as provided in subsection (d), the Secretary may waive any requirement under any provision of law relating to a covered activity, or of any regulation issued under such a provision, for—

(A) a State that requests such a waiver and submits an application as described in subsection (b); or

(B) a local entity that requests such a waiver and complies with the requirements of subsection (c);

in order to assist the State or local entity in planning or developing a statewide system or workforce development activities to be carried out through the statewide system.

(2) TERM.—

(A) IN GENERAL.—Except as provided in subparagraph (B), each waiver approved pursuant to this section shall be for a period beginning on the date of the approval and ending on June 30, 1998.

(B) FAILURE TO SUBMIT INTERIM PLAN.—If a State receives a waiver under this section and fails to submit an interim plan under section 211 by June 30, 1997, the waiver shall be deemed to terminate on September 30, 1997. If a local entity receives a waiver under this section, and the State in which the local entity is located fails to submit an interim plan under section 211 by June 30, 1997, the waiver shall be deemed to terminate on September 30, 1997.

(b) STATE REQUEST FOR WAIVER.—

(1) IN GENERAL.—A State may submit to the Secretary a request for a waiver of 1 or more requirements referred to in subsection (a). The request may include a request for different waivers with respect to different areas within the State.

(2) APPLICATION.—To be eligible to receive a waiver described in subsection (a), a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including information—

(A) identifying the requirement to be waived and the goal that the State (or the local agency applying to the State under subsection (c)) intends to achieve through the waiver;

(B) identifying, and describing the actions that the State will take to remove, similar State requirements;

(C) describing the activities to which the waiver will apply, including information on how the activities may be continued, or related to activities carried out, under the statewide system of the State;

(D) describing the number and type of persons to be affected by such waiver; and

(E) providing evidence of support for the waiver request by the State agencies or officials with jurisdiction over the requirement to be waived.

(c) LOCAL ENTITY REQUEST FOR WAIVER.—

(1) IN GENERAL.—A local entity that seeks a waiver of such a requirement shall submit to the State a request for the waiver and an application containing sufficient information to enable the State to comply with the requirements of subsection (b)(2). The State shall determine whether to submit a request and an application for a waiver to the Secretary, as provided in subsection (b).

(2) TIME LIMIT.—

(A) IN GENERAL.—The State shall make a determination concerning whether to submit the request and application for a waiver as described in paragraph (1) not later than 30 days after the date on which the State receives the application from the local entity.

(B) DIRECT SUBMISSION.—

(i) IN GENERAL.—If the State does not make a determination to submit or does not submit the request and application within the 30-day time period specified in subparagraph (A), the local entity may submit the request and application to the Secretary.

(ii) REQUIREMENTS.—In submitting such a request, the local entity shall obtain the agreement of the State involved to comply with the requirements of this section that would otherwise apply to a State submitting a request for a waiver. In reviewing an application submitted by a local entity, the Secretary shall comply with the requirements of this section that would otherwise apply to the Secretary with respect to review of such an application submitted by a State.

(d) WAIVERS NOT AUTHORIZED.—The Secretary may not waive any requirement of any provision referred to in subsection (a), or of any regulation issued under such provision, relating to—

(1) the allocation of funds to States, local entities, or individuals;

(2) public health or safety, civil rights, occupational safety and health, environmental protection, displacement of employees, or fraud and abuse;

(3) the eligibility of an individual for participation in a covered activity, except in a case in which the State or local entity can demonstrate that the individuals who would have been eligible to participate in such activity without the waiver will participate in a similar covered activity; or

(4) a required supplementation of funds by the State or a prohibition against the State supplanting such funds.

(e) ACTIVITIES.—Subject to subsection (d), the Secretary may approve a request for a waiver described in subsection (a) that would enable a State or local entity to—

(1) use the assistance that would otherwise have been used to carry out 2 or more covered activities (if the State or local entity were not using the assistance as described in this section)—

(A) to address the high priority needs of unemployed persons and at-risk youth in the appropriate State or community for workforce employment activities or workforce education activities;

(B) to improve efficiencies in the delivery of the covered activities; or

(C) in the case of overlapping or duplicative activities—

(i) by combining the covered activities and funding the combined activities; or

(ii) by eliminating 1 of the covered activities and increasing the funding to the remaining covered activity; and

(2) use the assistance that would otherwise have been used for administrative expenses relating to a covered activity (if the State or local entity were not using the assistance as described in this section) to pay for the cost of developing an interim State plan described in section 211 or a State plan described in section 104.

(f) APPROVAL OR DISAPPROVAL.—The Secretary shall approve or disapprove any request submitted pursuant to subsection (b) or (c), not later than 45 days after the date of the submission and shall issue a decision that shall include the reasons for approving or disapproving the request.

(g) FAILURE TO ACT.—If the Secretary fails to approve or disapprove the request within the 45-day period described in subsection (f), the request shall be deemed to be approved on the day after such period ends. If the Secretary subsequently determines that the waiver relates to a matter described in subsection (d) and issues a decision that includes the reasons for the determination, the waiver shall be deemed to terminate on the date of issuance of the decision.

(h) DEFINITION.—As used in this section:

(1) LOCAL ENTITY.—The term ''local entity'' means—

(A) a local educational agency, with respect to any act by a local agency or organization relating to a covered activity that is a workforce education activity; and

(B) the local public or private agency or organization responsible for carrying out the covered activity at issue, with respect to any act by a local agency or organization relating to any other covered activity.

(2) SECRETARY.—The term ''Secretary'' means—

(A) the Secretary of Labor, with respect to any act relating to a covered activity carried out by the Secretary of Labor;

(B) the Secretary of Education, with respect to any act relating to a covered activity carried out by the Secretary of Education; and

(C) the Secretary of Health and Human Services, with respect to any act relating to a covered activity carried out by the Secretary of Health and Human Services.

(3) STATE.—The term ''State'' means—

(A) a State educational agency, with respect to any act by a State entity relating to a covered activity that is a workforce education activity; and

(B) the Governor, with respect to any act by a State entity relating to any other covered activity.

(i) CONFORMING AMENDMENTS.—

(1) Section 501 of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6211) is amended—

(A) in subsection (a), by striking ''sections 502 and 503'' and inserting ''section 502'';

(B) in subsection (b)(2)(B)(ii)—

(i) by striking ''section 502(a)(1)(C) or 503(a)(1)(C), as appropriate,'' and inserting ''section 502(a)(1)(C)''; and

(ii) by striking ''section 502 or 503, as appropriate,'' and inserting ''section 502'';

(C) in subsection (c), by striking ''section 502 or 503'' and inserting ''section 502''; and

(D) by striking ''Secretaries'' each place the term appears and inserting ''Secretary of Education''.

(2) Section 502(b) of such Act (20 U.S.C. 6212(b)) is amended—

(A) in paragraph (4), by striking the semicolon and inserting ''; and'';

(B) in paragraph (5), by striking ''; and'' and inserting a period; and

(C) by striking paragraph (6).

(3) Section 503 of such Act (20 U.S.C. 6213) is repealed.

(4) Section 504 of such Act (20 U.S.C. 6214) is amended—

(A) in subsection (a)(2)(B), by striking clauses (i) and (ii) and inserting the following clauses:

''(i) the provisions of law listed in paragraphs (2) through (5) of section 502(b);

''(ii) the Job Training Partnership Act (29 U.S.C. 1501 et seq.); and

''(iii) the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).''; and

(B) in subsection (b), by striking ''paragraphs (1) through (3), and paragraphs (5) and (6), of section 503(b)'' and inserting ''paragraphs (2) through (4) and paragraphs (6) and (7) of section 505(b)''.

(5) Section 505(b) of such Act (20 U.S.C. 6215(b)) is amended to read as follows:

''(b) USE OF FUNDS.—A State may use, under the requirements of this Act, Federal funds that are made available to the State and combined under subsection (a) to carry out school-to-work activities, except that the provisions relating to—

''(1) the matters specified in section 502(c);

''(2) basic purposes or goals;

''(3) maintenance of effort;

''(4) distribution of funds;

''(5) eligibility of an individual for participation;

''(6) public health or safety, labor standards, civil rights, occupational safety and health, or environmental protection; or

''(7) prohibitions or restrictions relating to the construction of buildings or facilities;

that relate to the program through which the funds described in subsection (a)(2)(B) were made available, shall remain in effect with respect to the use of such funds.''.

Subtitle B—Transition Provisions Relating to Applications and Plans

SEC. 211. INTERIM STATE PLANS.

(a) IN GENERAL.—For a State or local entity in a State to use a waiver received under section 201 through June 30, 1998, and for a State to be eligible to submit a State plan described in section 104 for program year 1998, the Governor of the State shall submit an interim State plan to the Governing Board. The Governor shall submit the plan not later than June 30, 1997.

(b) REQUIREMENTS.—The interim State plan shall comply with the requirements applicable to State plans described in section 104.

(c) PROGRAM YEAR.—In submitting the interim State plan, the Governor shall indicate whether the plan is submitted—

(1) for review and approval for program year 1997; or

(2) solely for review.

(d) REVIEW.—In reviewing an interim State plan, the Governing Board may—

(1) in the case of a plan submitted for review and approval for program year 1997—

(A) approve the plan and permit the State to use a waiver as described in section 201 to carry out the plan; or

(B) disapprove the plan, and provide to the State reasons for the disapproval and technical assistance for developing an approvable plan to be submitted under section 104 for program year 1998; and

(2) in the case of a plan submitted solely for review, review the plan and provide to the State

technical assistance for developing an approvable plan to be submitted under section 104 for program year 1998.

(e) EFFECT OF DISAPPROVAL.—Disapproval of an interim plan shall not affect the ability of a State to use a waiver as described in section 201 through June 30, 1998.

SEC. 212. APPLICATIONS AND PLANS UNDER COVERED ACTS.

Notwithstanding any other provision of law, no State or local entity shall be required to comply with any provision of a covered Act that would otherwise require the entity to submit an application or a plan to a Federal agency during fiscal year 1996 or 1997 for funding of a covered activity. In determining whether to provide funding to the State or local entity for the covered activity, the Secretary of Education, the Secretary of Labor, or the Secretary of Health and Human Services, as appropriate, shall consider the last application or plan, as appropriate, submitted by the entity for funding of the covered activity.

Subtitle C—Job Corps and Other Workforce Preparation Activities for At-Risk Youth

CHAPTER 1—GENERAL JOB CORPS PROVISIONS

SEC. 221. PURPOSES.

The purposes of this subtitle are—

(1) to maintain a Job Corps for at-risk youth as part of statewide systems;

(2) to set forth standards and procedures for selecting individuals as enrollees in the Job Corps;

(3) to authorize the establishment of residential and nonresidential Job Corps centers in which enrollees will participate in intensive programs of workforce development activities;

(4) to prescribe various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps; and

(5) to assist at-risk youth who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens.

SEC. 222. DEFINITIONS.

As used in this subtitle:

(1) ENROLLEE.—The term ''enrollee'' means an individual enrolled in the Job Corps.

(2) GOVERNOR.—The term ''Governor'' means the chief executive officer of a State.

(3) JOB CORPS.—The term ''Job Corps'' means the corps described in section 223.

(4) JOB CORPS CENTER.—The term ''Job Corps center'' means a center described in section 223.

SEC. 223. GENERAL AUTHORITY.

If a State receives an allotment under section 241, and a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 235, the State shall use a portion of the funds made available through the allotment to maintain the center, and carry out activities described in this subtitle for individuals enrolled in a Job Corps and assigned to the center.

SEC. 224. INDIVIDUALS ELIGIBLE FOR THE JOB CORPS.

To be eligible to become an enrollee, an individual shall be an at-risk youth.

SEC. 225. SCREENING AND SELECTION OF APPLICANTS.

(a) STANDARDS AND PROCEDURES.—

(1) IN GENERAL.—The State shall prescribe specific standards and procedures for the screening and selection of applicants for the Job Corps.

(2) IMPLEMENTATION.—To the extent practicable, the standards and procedures shall be implemented through arrangements with—

(A) one-stop career centers;

(B) agencies and organizations such as community action agencies, professional groups, and labor organizations; and

(C) agencies and individuals that have contact with youth over substantial periods of time and are able to offer reliable information about the needs and problems of the youth.

(3) CONSULTATION.—The standards and procedures shall provide for necessary consultation with individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers.

(b) SPECIAL LIMITATIONS.—No individual shall be selected as an enrollee unless the individual or organization implementing the standards and procedures determines that—

(1) there is a reasonable expectation that the individual can participate successfully in group situations and activities, is not likely to engage in behavior that would prevent other enrollees from receiving the benefit of the program or be incompatible with the maintenance of sound discipline and satisfactory relationships between the Job Corps center to which the individual might be assigned and surrounding communities; and

(2) the individual manifests a basic understanding of both the rules to which the individual will be subject and of the consequences of failure to observe the rules.

SEC. 226. ENROLLMENT AND ASSIGNMENT.

(a) RELATIONSHIP BETWEEN ENROLLMENT AND MILITARY OBLIGATIONS.—Enrollment in the Job Corps shall not relieve any individual of obligations under the Military Selective Service Act (50 U.S.C. App. 451 et seq.).

(b) ASSIGNMENT.—

(1) IN GENERAL.—Except as provided in paragraph (2), the State shall assign an enrollee to the Job Corps center within the State that is closest to the residence of the enrollee.

(2) AGREEMENTS WITH OTHER STATES.—The State may enter into agreements with 1 or more States to enroll individuals from the States in the Job Corps and assign the enrollees to Job Corps centers in the State.

SEC. 227. JOB CORPS CENTERS.

(a) DEVELOPMENT.—The State shall enter into an agreement with a Federal, State, or local agency, which may be a State board or agency that operates or wishes to develop an area vocational education school facility or residential vocational school, or with a private organization, for the establishment and operation of a Job Corps center.

(b) CHARACTER AND ACTIVITIES.—Job Corps centers may be residential or nonresidential in character, and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with access to activities described in section 228.

(c) CIVILIAN CONSERVATION CENTERS.—The Job Corps centers may include Civilian Conservation Centers, located primarily in rural areas, which shall provide, in addition to other training and assistance, programs of work experience to conserve, develop, or manage public natural resources or public recreational areas or to develop community projects in the public interest.

(d) JOB CORPS OPERATORS.—To be eligible to receive funds under this chapter, an entity who entered into a contract with the Secretary of Labor that is in effect on the effective date of this section to carry out activities through a center under part B of title IV of the Job Training Partnership Act (as in effect on the day before the effective date of this section), shall enter into a contract with the State in which the center is located that contains provisions substantially similar to the provisions of the contract with the Secretary of Labor, as determined by the State.

SEC. 228. PROGRAM ACTIVITIES.

(a) ACTIVITIES PROVIDED THROUGH JOB CORPS CENTERS.—Each Job Corps center shall provide enrollees assigned to the center with access to activities described in section 106(a)(2)(B), and such other workforce development activities as may be appropriate to meet the needs of the enrollees, including providing work-based learning throughout the enrollment of the enrollees and assisting the enrollees in obtaining meaningful unsubsidized employment on completion of their enrollment.

(b) ARRANGEMENTS.—The State shall arrange for enrollees assigned to Job Corps centers in the State to receive workforce development activities through the statewide system, including workforce development activities provided through local public or private educational agencies, vocational educational institutions, or technical institutes.

(c) JOB PLACEMENT ACCOUNTABILITY.—Each Job Corps center located in a State shall be connected to the job placement accountability system of the State described in section 131(d).

SEC. 229. SUPPORT.

The State shall provide enrollees assigned to Job Corps centers in the State with such personal allowances as the State may determine to be necessary or appropriate to meet the needs of the enrollees.

SEC. 230. OPERATING PLAN.

To be eligible to operate a Job Corps center and receive assistance under section 241 for program year 1998 or any subsequent program year, an entity shall prepare and submit, to the Governor of the State in which the center is located, and obtain the approval of the Governor for, an operating plan that shall include, at a minimum, information indicating—

(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the State plan for the State submitted under section 104;

(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the industry sectors most important to the economic competitiveness of the State; and

(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 106(a)(2) by the State.

SEC. 231. STANDARDS OF CONDUCT.

(a) PROVISION AND ENFORCEMENT.—The State shall provide, and directors of Job Corps center shall stringently enforce, standards of conduct within the centers. Such standards of conduct shall include provisions forbidding violence, drug abuse, and other criminal activity.

(b) DISCIPLINARY MEASURES.—To promote the proper moral and disciplinary conditions in the Job Corps, the directors of Job Corps centers shall take appropriate disciplinary measures against enrollees. If such a director determines that an enrollee has committed a violation of the standards of conduct, the director shall dismiss the enrollee from the Corps if the director determines that the retention of the enrollee in the Corps will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees. If the director determines that an enrollee has engaged in an incident involving violence, drug abuse, or other criminal activity, the director shall immediately dismiss the enrollee from the Corps.

(c) APPEAL.—A disciplinary measure taken by a director under this section shall be subject to expeditious appeal in accordance with procedures established by the State.

SEC. 232. COMMUNITY PARTICIPATION.

The State shall encourage and cooperate in activities to establish a mutually beneficial relationship between Job Corps centers in the State and nearby communities. The activities may include the use of any local workforce development boards established in the State under section 118(b) to provide a mechanism for joint discussion of common problems and for planning programs of mutual interest.

SEC. 233. COUNSELING AND PLACEMENT.

The State shall ensure that enrollees assigned to Job Corps centers in the State receive counseling and job placement services, which shall be

provided, to the maximum extent practicable, through the delivery of core services described in section 106(a)(2).

SEC. 234. LEASES AND SALES OF CENTERS.

(a) LEASES.—

(1) IN GENERAL.—The Secretary of Labor shall offer to enter into a lease with each State that has an approved State plan submitted under section 104 and in which 1 or more Job Corps centers are located.

(2) NOMINAL CONSIDERATION.—Under the terms of the lease, the Secretary of Labor shall lease the Job Corps centers in the State to the State in return for nominal consideration.

(3) INDEMNITY AGREEMENT.—To be eligible to lease such a center, a State shall enter into an agreement to hold harmless and indemnify the United States from any liability or claim for damages or injury to any person or property arising out of the lease.

(b) SALES.—Notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), the Secretary of Labor shall offer each State described in subsection (a)(1) the opportunity to purchase the Job Corps centers in the State in return for nominal consideration.

SEC. 235. CLOSURE OF JOB CORPS CENTERS.

(a) NATIONAL JOB CORPS AUDIT.—Not later than March 31, 1997, the Governing Board shall conduct an audit of the activities carried out under part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.), and submit to the appropriate committees of Congress a report containing the results of the audit, including information indicating—

(1) the amount of funds expended for fiscal year 1996 to carry out activities under such part, for each State and for the United States;

(2) for each Job Corps center funded under such part (referred to in this subtitle as a ''Job Corps center''), the amount of funds expended for fiscal year 1996 under such part to carry out activities related to the direct operation of the center, including funds expended for student training, outreach or intake activities, meals and lodging, student allowances, medical care, placement or settlement activities, and administration;

(3) for each Job Corps center, the amount of funds expended for fiscal year 1996 under such part through contracts to carry out activities not related to the direct operation of the center, including funds expended for student travel, national outreach, screening, and placement services, national vocational training, and national and regional administrative costs;

(4) for each Job Corps center, the amount of funds expended for fiscal year 1996 under such part for facility construction, rehabilitation, and acquisition expenses; and

(5) the amount of funds required to be expended under such part to complete each new or proposed Job Corps center, and to rehabilitate and repair each existing Job Corps center, as of the date of the submission of the report.

(b) RECOMMENDATIONS OF GOVERNING BOARD.—

(1) RECOMMENDATIONS.—The Governing Board shall, based on the results of the audit described in subsection (a), make recommendations to the Secretary of Labor, including identifying 25 Job Corps centers to be closed by September 30, 1997.

(2) CONSIDERATIONS.—

(A) IN GENERAL.—In determining whether to recommend that the Secretary of Labor close a Job Corps center, the Governing Board shall consider whether the center—

(i) has consistently received low performance measurement ratings under the Department of Labor or the Office of Inspector General Job Corps rating system;

(ii) is among the centers that have experienced the highest number of serious incidents of violence or criminal activity in the past 5 years;

(iii) is among the centers that require the largest funding for renovation or repair, as specified in the Department of Labor Job Corps Construction/Rehabilitation Funding Needs Survey, or for rehabilitation or repair, as reflected in the portion of the audit described in subsection (a)(5);

(iv) is among the centers for which the highest relative or absolute fiscal year 1996 expenditures were made, for any of the categories of expenditures described in paragraph (2), (3), or (4) of subsection (a), as reflected in the audit described in subsection (a);

(v) is among the centers with the least State and local support; or

(vi) is among the centers with the lowest rating on such additional criteria as the Governing Board may determine to be appropriate.

(B) COVERAGE OF STATES AND REGIONS.—Notwithstanding subparagraph (A), the Governing Board shall not recommend that the Secretary of Labor close the only Job Corps center in a State or a region of the United States.

(C) ALLOWANCE FOR NEW JOB CORPS CENTERS.—Notwithstanding any other provision of this section, if the planning or construction of a Job Corps center that received Federal funding for fiscal year 1994 or 1995 has not been completed by the date of enactment of this Act—

(i) the appropriate entity may complete the planning or construction and begin operation of the center; and

(ii) the Governing Board shall not evaluate the center under this Act sooner than 3 years after the first date of operation of the center.

(3) REPORT.—Not later than June 30, 1997, the Governing Board shall submit a report to the Secretary of Labor, which shall contain a detailed statement of the findings and conclusions of the Governing Board resulting from the audit described in subsection (a) together with the recommendations described in paragraph (1).

(c) CLOSURE.—The Secretary of Labor shall, after reviewing the report submitted under subsection (b)(3), close 25 Job Corps centers by September 30, 1997.

SEC. 236. INTERIM OPERATING PLANS FOR JOB CORPS CENTERS.

Part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.) is amended by inserting after section 439 the following section:

''SEC. 439A. OPERATING PLAN.

''(a) SUBMISSION OF PLAN.—To be eligible to operate a Job Corps center and receive assistance under this part for fiscal year 1997, an entity shall prepare and submit to the Secretary and the Governor of the State in which the center is located, and obtain the approval of the Secretary for, an operating plan that shall include, at a minimum, information indicating—

''(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the interim plan for the State submitted under section 211 of the Workforce Development Act of 1995;

''(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the industry sectors most important to the economic competitiveness of the State; and

''(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 106(a)(2) by the State as identified in the interim plan.

''(b) SUBMISSION OF COMMENTS.—Not later than 30 days after receiving an operating plan described in subsection (a), the Governor of the State in which the center is located may submit comments on the plan to the Secretary.

''(c) APPROVAL.—The Secretary shall not approve an operating plan described in subsection (a) for a center if the Secretary determines that the activities proposed to be carried out through the center are not sufficiently integrated with the activities carried out through the statewide system of the State in which the center is located.''.

SEC. 237. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this chapter shall take effect on July 1, 1998.

(b) INTERIM PROVISIONS.—Sections 234 and 235, and the amendment made by section 236, shall take effect on the date of enactment of this Act.

CHAPTER 2—OTHER WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH

SEC. 241. WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH.

(a) IN GENERAL.—For program year 1998 and each subsequent program year, the Governing Board shall make allotments under subsection (c) to States to assist the States in paying for the cost of carrying out workforce preparation activities for at-risk youth, as described in this section.

(b) STATE USE OF FUNDS.—

(1) CORE ACTIVITIES.—The State shall use a portion of the funds made available to the State through an allotment received under subsection (c) to establish and operate Job Corps centers as described in chapter 1, if a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 235.

(2) PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to—

(A) make grants to eligible entities, as described in subsection (e), to assist the entities in carrying out innovative programs to assist out-of-school at-risk youth in participating in school-to-work activities;

(B) make grants to eligible entities, as described in subsection (e), to assist the entities in providing work-based learning as a component of school-to-work activities, including summer jobs linked to year-round school-to-work programs; and

(C) carry out other workforce development activities specifically for at-risk youth.

(c) ALLOTMENTS.—

(1) IN GENERAL.—The Governing Board shall allot to each State an amount equal to the total of—

(A) the amount made available to the State under paragraph (2); and

(B) the amounts made available to the State under subparagraphs (C), (D), and (E) of paragraph (3).

(2) ALLOTMENTS BASED ON FISCAL YEAR 1996 APPROPRIATIONS.—Using a portion of the funds appropriated under subsection (g) for a fiscal year, the Governing Board shall make available to each State the amount that Job Corps centers in the State expended for fiscal year 1996 under part B of title IV of the Job Training Partnership Act to carry out activities related to the direct operation of the centers, as determined under section 235(a)(2).

(3) ALLOTMENTS BASED ON POPULATIONS.—

(A) DEFINITIONS.—As used in this paragraph:

(i) INDIVIDUAL IN POVERTY.—The term ''individual in poverty'' means an individual who—

(I) is not less than age 18;

(II) is not more than age 64; and

(III) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(ii) POVERTY LINE.—The term ''poverty line'' means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(B) TOTAL ALLOTMENTS.—The Governing Board shall use the remainder of the funds that are appropriated under subsection (g) for a fiscal year, and that are not made available under paragraph (2), to make amounts available under this paragraph.

(C) UNEMPLOYED INDIVIDUALS.—From funds equal to 33⅓ percent of such remainder, the Governing Board shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in the United States.

(D) INDIVIDUALS IN POVERTY.—From funds equal to 33⅓ percent of such remainder, the Governing Board shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in the United States.

(E) AT-RISK YOUTH.—From funds equal to 33⅓ percent of such remainder, the Governing Board shall make available to each State an amount that bears the same relationship to such funds as the total number of at-risk youth in the State bears to the total number of at-risk youth in the United States.

(d) STATE PLAN.—

(1) INFORMATION.—To be eligible to receive an allotment under subsection (c), a State shall include, in the State plan to be submitted under section 104, information describing the allocation within the State of the funds made available through the allotment, and how the programs and activities described in subsection (b)(2) will be carried out to meet the State goals and reach the State benchmarks.

(2) LIMITATION.—The Governing Board may not require a State to include the information described in paragraph (1) in the State plan to be submitted under section 104 to be eligible to receive an allotment under section 102.

(e) APPLICATION.—To be eligible to receive a grant under subparagraph (A) or (B) of subsection (b)(2) from a State, an entity shall prepare and submit to the Governor of the State an application at such time, in such manner, and containing such information as the Governor may require.

(f) WITHIN STATE DISTRIBUTION.—Of the funds allotted to a State under subsection (c)(3) for workforce preparation activities for at-risk youth for a program year—

(1) 15 percent shall be reserved by the Governor to carry out such activities through the statewide system; and

(2) 85 percent shall be distributed to local entities to carry out such activities through the statewide system.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subtitle, $2,100,000,000 for each of fiscal years 1998 through 2001.

(h) EFFECTIVE DATE.—This chapter shall take effect on July 1, 1998.

Subtitle D—Interim Administration of School-to-Work Programs

SEC. 251. ADMINISTRATION OF SCHOOL-TO-WORK PROGRAMS.

(a) IN GENERAL.—Any provision of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.) that grants authority to the Secretary of Labor or the Secretary of Education shall be considered to grant the authority to the Governing Board.

(b) EFFECTIVE DATE.—Subsection (a) shall take effect on October 1, 1996.

Subtitle E—Amendments Relating to Certain Authorizations of Appropriations

SEC. 261. OLDER AMERICAN COMMUNITY SERVICE EMPLOYMENT ACT.

Section 508(a)(1) of the Older American Community Service Employment Act (42 U.S.C. 3056f(a)(1)) is amended by striking ''for fiscal years 1993, 1994, and 1995'' and inserting ''for each of fiscal years 1993 through 1998''.

SEC. 262. CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.

(a) IN GENERAL.—Section 3(a) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2302(a)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1995'' and inserting ''for each of fiscal years 1992 through 1998''.

(b) RESEARCH.—Section 404(d) of such Act (20 U.S.C. 2404(d)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1995'' and inserting ''for each of fiscal years 1992 through 1998''.

SEC. 263. ADULT EDUCATION ACT.

(a) IN GENERAL.—Section 313(a) of the Adult Education Act (20 U.S.C. 1201b(a)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1995'' and inserting ''for each of fiscal years 1993 through 1998''.

(b) STATE LITERACY RESOURCE CENTERS.—Section 356(k) of such Act (20 U.S.C. 1208aa(k)) is amended by striking ''for each of the fiscal years 1994 and 1995'' and inserting ''for each of fiscal years 1994 through 1998''.

(c) BUSINESS, INDUSTRY, LABOR, AND EDUCATION PARTNERSHIPS FOR WORKPLACE LITERACY.—Section 371(e)(1) of such Act (20 U.S.C. 1211(e)(1)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1995'' and inserting ''for each of fiscal years 1993 through 1998''.

(d) NATIONAL INSTITUTE FOR LITERACY.—Section 384(n)(1) of such Act (20 U.S.C. 1213c(n)(1)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1996'' and inserting ''for each of fiscal years 1992 through 1998''.

TITLE III—NATIONAL ACTIVITIES

SEC. 301. FEDERAL PARTNERSHIP.

(a) ESTABLISHMENT.—There is established a Workforce Development Partnership that shall administer the activities established under this Act. The Federal Partnership shall be a Government corporation, as defined in section 103 of title 5, United States Code. The principal office of the Federal Partnership shall be located in the District of Columbia.

(b) GOVERNING BOARD.—

(1) COMPOSITION.—There shall be in the Federal Partnership a Governing Board that shall be composed of 13 individuals, including—

(A) 7 individuals who are representative of business and industry in the United States, appointed by the President by and with the advice and consent of the Senate;

(B) 2 individuals who are representative of labor and workers in the United States, appointed by the President by and with the advice and consent of the Senate;

(C) 2 individuals who are representative of education providers, 1 of whom is a State or local adult education provider and 1 of whom is a State or local vocational education provider, appointed by the President by and with the advice and consent of the Senate; and

(D) 2 Governors, representing different political parties, appointed by the President by and with the advice and consent of the Senate.

(2) TERMS.—Each member of the Governing Board shall serve for a term of 3 years, except that, as designated by the President—

(A) 5 of the members first appointed to the Governing Board shall serve for a term of 2 years;

(B) 4 of the members first appointed to the Governing Board shall serve for a term of 3 years; and

(C) 4 of the members first appointed to the Governing Board shall serve for a term of 4 years.

(3) VACANCIES.—Any vacancy in the Governing Board shall not affect the powers of the Governing Board, but shall be filled in the same manner as the original appointment. Any member appointed to fill such a vacancy shall serve for the remainder of the term for which the predecessor of such member was appointed.

(4) DUTIES AND POWERS.—

(A) POWERS.—The powers of the Federal Partnership shall be vested in the Governing Board.

(B) DUTIES.—The Governing Board shall—

(i) oversee the development and implementation of the nationwide integrated labor market information system described in section 303, and the job placement accountability system described in section 131(d);

(ii) establish model benchmarks for each of the benchmarks referred to in paragraph (1), (2), or (3) of section 131(c), at achievable levels based on existing (as of the date of the establishment of the benchmarks) workforce development efforts in the States;

(iii) negotiate State benchmarks with States in accordance with section 131(c)(5);

(iv) review and approve plans under section 104, and make allotments under section 102;

(v) receive and review reports described in section 131(a);

(vi) prepare and submit to the appropriate committees of Congress an annual report on the absolute and relative performance of States toward reaching the State benchmarks;

(vii) award annual incentive grants under section 132(a);

(viii) initiate sanctions described in section 132(b);

(ix) disseminate information to States on the best practices used by States to establish and carry out activities through statewide systems, including model programs to provide structured work and learning experiences for welfare recipients;

(x) perform the duties specified for the Governing Board in title II, including subtitle C of title II (relating to the Job Corps);

(xi) review all federally funded programs providing workforce development activities, other than programs carried out under this Act, and submit recommendations to Congress on how the federally funded programs could be integrated into the statewide systems of the States, including recommendations on the development of common terminology for activities and services provided through the programs;

(xii) review and approve the transition workplans developed by the Secretary of Labor and the Secretary of Education in accordance with sections 305 and 306; and

(xiii) oversee all activities of the Federal Partnership.

(C) FINAL DETERMINATIONS.—Notwithstanding any other provision of this Act, the Secretary of Labor and the Secretary of Education shall jointly make the final determinations with respect to the approval of State plans, and the disbursement of funds, under this Act.

(5) CHAIRPERSON.—The position of Chairperson of the Governing Board shall rotate annually among the appointed members described in paragraph (1)(A).

(6) MEETINGS.—The Governing Board shall meet at the call of the Chairperson but not less often than 4 times during each calendar year. Five members of the Governing Board shall constitute a quorum. All decisions of the Governing Board with respect to the exercise of the duties and powers of the Governing Board shall be made by a majority vote of the members of the Governing Board.

(7) COMPENSATION AND TRAVEL EXPENSES.—

(A) COMPENSATION.—Each member of the Governing Board who is not an officer or employee of the Federal Government shall be compensated at a rate to be fixed by the President but not to exceed the daily equivalent of the maximum rate authorized for a position above GS–15 of the General Schedule under section 5108 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Governing Board. All members of the Governing

Board who are officers or employees of the United States shall serve without compensation in addition to compensation received for their services as officers or employees of the United States.

(B) EXPENSES.—While away from their homes or regular places of business on the business of the Governing Board, members of such Governing Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, for persons employed intermittently in the Government service.

(8) DATE OF APPOINTMENT.—The Governing Board shall be appointed not later than September 30, 1996.

(c) DIRECTOR.—

(1) IN GENERAL.—There shall be in the Federal Partnership a Director, who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) COMPENSATION.—The Director shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(3) DUTIES.—The Director shall—

(A) make recommendations to the Governing Board regarding the activities described in subsection (b)(4)(B); and

(B) carry out the general administration and enforcement of this Act.

(4) DATE OF APPOINTMENT.—The Director shall be appointed not later than September 30, 1996.

(d) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Federal Partnership without reimbursement, and such detail shall be without interruption or loss of civil service or privilege. The Secretary of Education, the Secretary of Labor, and the Secretary of Health and Human Services shall detail a sufficient number of employees to the Federal Partnership for the period beginning October 1, 1996 and ending June 30, 1998 to enable the Federal Partnership to carry out the functions of the Federal Partnership during such period.

(e) INSPECTOR GENERAL.—There shall be an Office of the Inspector General in the Federal Partnership. The Office shall be headed by an Inspector General appointed in accordance with the Inspector General Act of 1978 (5 U.S.C. App.). The Inspector General shall carry out the duties prescribed in such Act.

(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for fiscal years 1996 and 1997 $500,000 to the Governing Board for the administration of this Act.

(g) CONFORMING AMENDMENT.—Section 11 of the Inspector General Act of 1978 (5 U.S.C. App.) is amended—

(1) in paragraph (1), by inserting ''the Governing Board of the Workforce Development Partnership;'' after ''the Attorney General,''; and

(2) in paragraph (2), by inserting ''the Workforce Development Partnership;'' after ''Treasury;''.

SEC. 302. NATIONAL ASSESSMENT OF VOCATIONAL EDUCATION PROGRAMS.

(a) IN GENERAL.—The Assistant Secretary for Educational Research and Improvement (referred to in this section as the ''Assistant Secretary'') shall conduct a national assessment of vocational education programs assisted under this Act, through studies and analyses conducted independently through competitive awards.

(b) INDEPENDENT ADVISORY PANEL.—The Assistant Secretary shall appoint an independent advisory panel, consisting of vocational education administrators, educators, researchers, and representatives of business, industry, labor, and other relevant groups, to advise the Assistant Secretary on the implementation of such assessment, including the issues to be addressed and the methodology of the studies involved, and the findings and recommendations resulting from the assessment. The panel, in the discretion of the panel, may submit to Congress an independent analysis of the findings and recommendations resulting from the assessment. The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the panel established under this subsection.

(c) CONTENTS.—The assessment required under subsection (a) shall include descriptions and evaluations of—

(1) the effect of this Act on State and tribal administration of vocational education programs and on local vocational education practices, including the capacity of State, tribal, and local vocational education systems to address the purposes of this Act;

(2) expenditures at the Federal, State, tribal, and local levels to address program improvement in vocational education, including the impact of Federal allocation requirements (such as within-State distribution formulas) on the delivery of services;

(3) preparation and qualifications of teachers of vocational and academic curricula in vocational education programs, as well as shortages of such teachers;

(4) participation in vocational education programs;

(5) academic and employment outcomes of vocational education, including analyses of—

(A) the effect of educational reform on vocational education;

(B) the extent and success of integration of academic and vocational curricula;

(C) the success of the school-to-work transition; and

(D) the degree to which vocational training is relevant to subsequent employment;

(6) employer involvement in, and satisfaction with, vocational education programs;

(7) the effect of benchmarks, performance measures, and other measures of accountability on the delivery of vocational education services; and

(8) the degree to which minority students are involved in vocational student organizations.

(d) CONSULTATION.—

(1) IN GENERAL.—The Secretary of Education shall consult with the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate in the design and implementation of the assessment required under subsection (a).

(2) REPORTS.—The Secretary of Education shall submit to Congress—

(A) an interim report regarding the assessment on or before January 1, 2000; and

(B) a final report, summarizing all studies and analyses that relate to the assessment and that are completed after the assessment, on or before July 1, 2000.

(3) PROHIBITION.—Notwithstanding any other provision of law or regulation, the reports required by this subsection shall not be subject to any review outside of the Office of Educational Research and Improvement before their transmittal to Congress, but the President, the Secretary, and the independent advisory panel established under subsection (b) may make such additional recommendations to Congress with respect to the assessment as the President, Secretary, or panel determine to be appropriate.

(e) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

SEC. 303. LABOR MARKET INFORMATION.

(a) FEDERAL RESPONSIBILITIES.—The Governing Board, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a nationwide integrated labor market information system that shall include—

(1) statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems, that, taken together, shall enumerate, estimate, and project the supply and demand for labor at the substate, State, and national levels in a timely manner, including data on—

(A) the demography, socioeconomic characteristics, and current employment status of the substate, State, and national populations (as of the date of the collection of the data), including self-employed, part-time, and seasonal workers;

(B) job vacancies, education and training requirements, skills, wages, benefits, working conditions, and industrial distribution, of occupations, as well as current and projected employment opportunities and trends by industry and occupation;

(C) the educational attainment, training, skills, skill levels, and occupations of the populations;

(D) information maintained in a longitudinal manner on the quarterly earnings, establishment and industry affiliation, and geographic location of employment for all individuals for whom the information is collected by the States; and

(E) the incidence, industrial and geographical location, and number of workers displaced by permanent layoffs and plant closings;

(2) State and substate area employment and consumer information (which shall be current, comprehensive, automated, accessible, easy to understand, and in a form useful for facilitating immediate employment, entry into education and training programs, and career exploration) on—

(A) job openings, locations, hiring requirements, and application procedures, including profiles of industries in the local labor market that describe the nature of work performed, employment requirements, and patterns in wages and benefits;

(B) jobseekers, including the education, training, and employment experience of the jobseekers; and

(C) the cost and effectiveness of providers of workforce employment activities, workforce education activities, and flexible workforce activities, including the percentage of program completion, acquisition of skills to meet industry-recognized skill standards, continued education, job placement, and earnings, by participants, and other information that may be useful in facilitating informed choices among providers by participants;

(3) technical standards for labor market information that will—

(A) ensure compatibility of the information and the ability to aggregate the information from substate areas to State and national levels;

(B) support standardization and aggregation of the data from administrative reporting systems;

(C) include—

(i) classification and coding systems for industries, occupations, skills, programs, and courses;

(ii) nationally standardized definitions of labor market terms, including terms related to State benchmarks established pursuant to section 131(c);

(iii) quality control mechanisms for the collection and analysis of labor market information; and

(iv) common schedules for collection and dissemination of labor market information; and

(D) eliminate gaps and duplication in statistical undertakings, with a high priority given to the systemization of wage surveys;

(4) an analysis of data and information described in paragraphs (1) and (2) for uses such as—

(A) national, State, and substate area economic policymaking;

(B) planning and evaluation of workforce development activities;

(C) the implementation of Federal policies, including the allocation of Federal funds to States and substate areas; and

(D) research on labor market dynamics;

(5) dissemination mechanisms for data and analysis, including mechanisms that may be standardized among the States; and

(6) programs of technical assistance for States and substate areas in the development, maintenance, utilization, and continuous improvement of the data, information, standards, analysis, and dissemination mechanisms, described in paragraphs (1) through (5).

(b) JOINT FEDERAL-STATE RESPONSIBILITIES.—(1) IN GENERAL.—The nationwide integrated labor market information system shall be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Federal Government and the States receiving financial assistance under this Act.

(2) ANNUAL PLAN.—The Governing Board shall, with the assistance of the Bureau of Labor Statistics and other Federal agencies, where appropriate, prepare an annual plan that shall be the mechanism for achieving the cooperative Federal-State governance structure for the nationwide integrated labor market information system. The plan shall—

(A) establish goals for the development and improvement of a nationwide integrated labor market information system based on information needs for achieving economic growth and productivity, accountability, fund allocation equity, and an understanding of labor market characteristics and dynamics;

(B) describe the elements of the system, including—

(i) standards, definitions, formats, collection methodologies, and other necessary system elements, for use in collecting the data and information described in paragraphs (1) and (2) of subsection (a); and

(ii) assurances that—

(I) data will be sufficiently timely and detailed for uses including the uses described in subsection (a)(4);

(II) administrative records will be standardized to facilitate the aggregation of data from substate areas to State and national levels and to support the creation of new statistical series from program records; and

(III) paperwork and reporting requirements on employers and individuals will be reduced;

(C) recommend needed improvements in administrative reporting systems to be used for the nationwide integrated labor market information system;

(D) describe the current spending on integrated labor market information activities from all sources, assess the adequacy of the funds spent, and identify the specific budget needs of the Federal Government and States with respect to implementing and improving the nationwide integrated labor market information system;

(E) develop a budget for the nationwide integrated labor market information system that—

(i) accounts for all funds described in subparagraph (D) and any new funds made available pursuant to this Act; and

(ii) describes the relative allotments to be made for—

(I) operating the cooperative statistical programs pursuant to subsection (a)(1);

(II) developing and providing employment and consumer information pursuant to subsection (a)(2);

(III) ensuring that technical standards are met pursuant to subsection (a)(3); and

(IV) providing the analysis, dissemination mechanisms, and technical assistance under paragraphs (4), (5), and (6) of subsection (a), and matching data;

(F) describe the involvement of States in developing the plan by holding formal consultations conducted in cooperation with representatives of the Governors of each State or the State workforce development board described in section 105, where appropriate, pursuant to a process established by the Governing Board; and

(G) provide for technical assistance to the States for the development of statewide comprehensive labor market information systems described in subsection (c), including assistance with the development of easy-to-use software and hardware, or uniform information displays. For purposes of applying Office of Management and Budget Circular A–11 to determine persons eligible to participate in deliberations relating to budget issues for the development of the plan, the representatives of the Governors of each State and the State workforce development board described in subparagraph (F) shall be considered to be employees of the Department of Labor.

(c) STATE RESPONSIBILITIES.—

(1) DESIGNATION OF STATE AGENCY.—In order to receive Federal financial assistance under this Act, the Governor of a State shall—

(A) establish an interagency process for the oversight of a statewide comprehensive labor market information system and for the participation of the State in the cooperative Federal-State governance structure for the nationwide integrated labor market information system; and

(B) designate a single State agency or entity within the State to be responsible for the management of the statewide comprehensive labor market information system.

(2) DUTIES.—In order to receive Federal financial assistance under this Act, the State agency or entity within the State designated under paragraph (1)(B) shall—

(A) consult with employers and local workforce development boards described in section 118(b), where appropriate, about the labor market relevance of the data to be collected and displayed through the statewide comprehensive labor market information system;

(B) develop, maintain, and continuously improve the statewide comprehensive labor market information system, which shall—

(i) include all of the elements described in paragraphs (1), (2), (3), (4), (5), and (6) of subsection (a); and

(ii) provide the consumer information described in clauses (v) and (vi) of section 106(a)(2)(B) in a manner that shall be responsive to the needs of business, industry, workers, and jobseekers;

(C) ensure the performance of contract and grant responsibilities for data collection, analysis, and dissemination, through the statewide comprehensive labor market information system;

(D) conduct such other data collection, analysis, and dissemination activities to ensure that State and substate area labor market information is comprehensive;

(E) actively seek the participation of other State and local agencies, with particular attention to State education, economic development, human services, and welfare agencies, in data collection, analysis, and dissemination activities in order to ensure complementarity and compatibility among data;

(F) participate in the development of the national annual plan described in subsection (b)(2); and

(G) ensure that the matches required for the job placement accountability system by section 131(d)(2)(A) are made for the State and for other States.

(3) RULE OF CONSTRUCTION.—Nothing in this Act shall be construed as limiting the ability of a State agency to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this Act.

(d) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

SEC. 304. NATIONAL CENTER FOR RESEARCH IN EDUCATION AND WORKFORCE DEVELOPMENT.

(a) GRANTS AUTHORIZED.—From amounts made available under section 134(b)(5), the Governing Board is authorized—

(1) for the period beginning on the date of enactment of this Act and ending on December 31, 1997, to support a national center that was established under section 404 of the Carl D. Perkins Vocational and Applied Technology Education Act and that was in existence on the day before the date of enactment of this Act, in accordance with such section 404 (as such section was in effect on the day before the date of enactment of this Act); and

(2) for the period after December 31, 1997, to award a grant, on a competitive basis, to an institution of higher education, public or private nonprofit organization or agency, or a consortium of such institutions, organizations, or agencies, to enable such institution, organization, agency, or consortium to establish a national center to carry out the activities described in subsection (b).

(b) AUTHORIZED ACTIVITIES.—Grant funds made available under this section shall be used by the national center assisted under subsection (a)(2)—

(1) to increase the effectiveness and improve the implementation of workforce development programs, including conducting research and development and providing technical assistance with respect to—

(A) combining academic and vocational education;

(B) connecting classroom instruction with work-based learning;

(C) creating a continuum of educational programs that provide multiple exit points for employment, which may include changes or development of instructional materials or curriculum;

(D) establishing high quality support services for all students to ensure access to workforce development programs, educational success, and job placement assistance;

(E) developing new models for remediation of basic academic skills, which models shall incorporate appropriate instructional methods, rather than using rote and didactic methods;

(F) identifying ways to establish links among educational and job training programs at the State and local levels;

(G) developing new models for career guidance, career information, and counseling services;

(H) identifying economic and labor market changes that will affect workforce needs;

(I) conducting preparation of teachers and professionals who work with programs funded under this Act; and

(J) obtaining information on practices in other countries that may be adapted for use in the United States;

(2) to provide assistance to States and local recipients of assistance under this Act in developing and using systems of performance measures and standards for improvement of programs and services; and

(3) to maintain a clearinghouse that will provide data and information to Federal, State, and local organizations and agencies about the condition of statewide systems and programs funded under this Act, which data and information shall be disseminated in a form that is useful to practitioners and policymakers.

(c) OTHER ACTIVITIES.—The Governing Board may request that the national center assisted under subsection (a)(2) conduct activities not described in subsection (b), or study topics not described in subsection (b), as the Governing Board determines to be necessary to carry out this Act.

(d) IDENTIFICATION OF CURRENT NEEDS.—The national center assisted under subsection (a)(2) shall identify current needs (as of the date of the identification) for research and technical assistance through a variety of sources including a panel of Federal, State, and local level practitioners.

(e) SUMMARY REPORT.—The national center assisted under subsection (a)(2) shall annually prepare and submit to the Governing Board and Congress a report summarizing the research findings obtained, and the results of development and technical assistance activities carried out, under this section.

(f) DEFINITION.—As used in this section, the term ''institution of higher education'' has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(g) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

SEC. 305. TRANSFERS TO FEDERAL PARTNERSHIP.

(a) DEFINITIONS.—For purposes of this section, unless otherwise provided or indicated by the context—

(1) the term ''Federal agency'' has the meaning given to the term ''agency'' by section 551(1) of title 5, United States Code;

(2) the term ''function'' means any duty, obligation, power, authority, responsibility, right, privilege, activity, or program; and

(3) the term ''office'' includes any office, administration, agency, institute, unit, organizational entity, or component thereof.

(b) TRANSFER OF FUNCTIONS.—

(1) IN GENERAL.—There are transferred to the Federal Partnership, in accordance with subsection (c), all functions that the Secretary of Labor or the Secretary of Education exercised before the effective date of this section (including all related functions of any officer or employee of the Department of Labor or the Department of Education) that relate to a covered activity and that are minimally necessary to carry out the functions of the Federal Partnership. The authority of a transferred employee to carry out a function that relates to a covered activity shall terminate on July 1, 1998.

(2) OFFICE OF INSPECTOR GENERAL.—There are transferred to the Federal Partnership, in accordance with subsection (c), all functions that the Secretary of Labor or the Secretary of Education, acting through the Office of Inspector General of the Department of Labor or of the Department of Education, exercised before the effective date of this section (including all related functions of any officer or employee of the Department of Labor or the Department of Education) that relate to the auditing or investigation of a covered activity and that are minimally necessary to carry out the functions of the Federal Partnership. The authority of a transferred employee to carry out a function that relates to the auditing or investigation of a covered activity shall terminate on July 1, 1998.

(c) DETERMINATIONS OF FUNCTIONS BY THE GOVERNING BOARD.—

(1) TRANSITION WORKPLAN.—

(A) IN GENERAL.—Not later than the date of appointment of the Governing Board, the Secretary of Labor and the Secretary of Education shall prepare and submit to the Governing Board a proposed workplan that specifies the steps that the Secretaries will take, during the period ending on July 1, 1998, to carry out the transfers described in subsection (b).

(B) CONTENTS.—The proposed workplan shall include, at a minimum—

(i) an analysis of the functions that officers and employees of the Department of Labor and the Department of Education carry out (as of the date of the submission of the workplan) that relate to a covered activity or to the auditing or investigation of a covered activity;

(ii) information on the levels of personnel and funding used to carry out the functions (as of such date);

(iii) information on the proposed organizational structure for the Federal Partnership;

(iv) a determination of the functions described in clause (i) that are minimally necessary to carry out the functions of the Federal Partnership; and

(v) information on the levels of personnel and funding that are minimally necessary to carry out the functions of the Federal Partnership.

(2) REVIEW.—Not later than 30 days after the date of submission of the workplan, the Governing Board shall—

(A) review the workplan;

(B) approve the workplan or prepare a revised workplan that contains the analysis and information described in paragraph (1)(B), including a determination of the functions described in paragraph (1)(B)(iv), which shall be transferred under subsection (b); and

(C) submit the approved or revised workplan to the appropriate committees of Congress.

(d) PERSONNEL PROVISIONS.—

(1) APPOINTMENTS.—The Director may appoint and fix the compensation of such officers and employees, including investigators, attorneys, and administrative law judges, as may be necessary to carry out the functions of the Federal Partnership. Except as otherwise provided by law, such officers and employees shall be appointed in accordance with the civil service laws and their compensation fixed in accordance with title 5, United States Code.

(2) EXPERTS AND CONSULTANTS.—The Director may obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code, and compensate such experts and consultants for each day (including travel time) at rates not in excess of the rate of pay for level IV of the Executive Schedule under section 5315 of such title. The Director may pay experts and consultants who are serving away from their homes or regular place of business travel expenses and per diem in lieu of subsistence at rates authorized by sections 5702 and 5703 of such title for persons in Government service employed intermittently.

(e) DELEGATION AND ASSIGNMENT.—Except where otherwise expressly prohibited by law or otherwise provided by this section, the Governing Board may delegate any function transferred or granted to such Federal Partnership after the effective date of this section to such officers and employees of the Federal Partnership as the Governing Board may designate, and may authorize successive redelegations of such functions as may be necessary or appropriate. No delegation of functions by the Governing Board under this subsection or under any other provision of this section shall relieve such Governing Board of responsibility for the administration of such functions.

(f) REORGANIZATION.—The Governing Board may allocate or reallocate any function transferred or granted to such Federal Partnership after the effective date of this section among the officers of the Federal Partnership, and establish, consolidate, alter, or discontinue such organizational entities in the Federal Partnership as may be necessary or appropriate.

(g) RULES.—The Governing Board is authorized to prescribe, in accordance with the provisions of chapters 5 and 6 of title 5, United States Code, such rules and regulations as the Governing Board determines to be necessary or appropriate to administer and manage the functions of the Federal Partnership.

(h) TRANSFER AND ALLOCATIONS OF APPROPRIATIONS AND PERSONNEL.—

(1) IN GENERAL.—Except as otherwise provided in this section, the personnel employed in connection with, and the assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, used, held, arising from, available to, or to be made available in connection with the functions transferred by this section, subject to section 1531 of title 31, United States Code, shall be transferred to the Federal Partnership. Unexpended funds transferred pursuant to this subsection shall be used only to carry out the functions of the Federal Partnership.

(2) EXISTING FACILITIES AND OTHER FEDERAL RESOURCES.—Pursuant to paragraph (1), the Secretary of Labor and the Secretary of Education shall supply such office facilities, office supplies, support services, and related expenses as may be minimally necessary to carry out the functions of the Governing Board. None of the funds made available under this Act may be used for the construction of office facilities for the Federal Partnership.

(i) INCIDENTAL TRANSFERS.—The Director of the Office of Management and Budget, at such time or times as the Director shall provide, may make such determinations as may be necessary with regard to the functions transferred by this section, and to make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out the provisions of this section. The Director of the Office of Management and Budget shall provide for the termination of the affairs of all entities terminated by this section and for such further measures and dispositions as may be necessary to effectuate the objectives of this section.

(j) EFFECT ON PERSONNEL.—

(1) TERMINATION OF CERTAIN POSITIONS.—Positions whose incumbents are appointed by the President, by and with the advice and consent of the Senate, the functions of which are transferred by this section, shall terminate on the effective date of this section.

(2) ACTIONS.—

(A) IN GENERAL.—The Secretary of Labor and the Secretary of Education shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to ensure that the positions of personnel that relate to a covered activity and are not transferred under subsection (b)(1) are separated from service.

(B) SCOPE.—The Secretary of Labor and the Secretary of Education shall take the actions described in subparagraph (A) with respect to not less than ⅓ of the positions of personnel that relate to a covered activity.

(C) DEFINITION.—As used in this paragraph, the term ''positions of personnel that relate to a covered activity'' shall not include any position in an Office of Inspector General that relates to the auditing or investigation of a covered activity.

(k) SAVINGS PROVISIONS.—

(1) SUITS NOT AFFECTED.—The provisions of this section shall not affect suits commenced before the effective date of this section, and in all such suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this section had not been enacted.

(2) NONABATEMENT OF ACTIONS.—No suit, action, or other proceeding commenced by or against the Department of Labor or the Department of Education, or by or against any individual in the official capacity of such individual as an officer of the Department of Labor or the Department of Education, shall abate by reason of the enactment of this section.

(l) TRANSITION.—The Governing Board may utilize—

(1) the services of officers, employees, and other personnel of the Department of Labor or the Department of Education with respect to functions transferred to the Federal Partnership by this section; and

(2) funds appropriated to such functions;

for such period of time as may reasonably be needed to facilitate the orderly implementation of this section.

(m) REFERENCES.—A reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or relating to—

(1) the Secretary of Labor or the Secretary of Education with regard to functions transferred under subsection (b), shall be deemed to refer to the Governing Board; and

(2) the Department of Labor or the Department of Education with regard to functions transferred under subsection (b), shall be deemed to refer to the Federal Partnership.

(n) ADDITIONAL CONFORMING AMENDMENTS.—

(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Governing Board shall prepare and submit to Congress recommended legislation containing technical and conforming amendments to reflect the changes made by this section.

(2) SUBMISSION TO CONGRESS.—Not later than March 31, 1997, the Governing Board shall submit the recommended legislation referred to in paragraph (1).

(o) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), this section shall take effect on June 30, 1998.

(2) REGULATIONS AND CONFORMING AMENDMENTS.—Subsections (g) and (n) shall take effect on September 30, 1996.

(3) WORKPLAN.—Subsection (c) shall take effect on the date of enactment of this Act.

SEC. 306. TRANSFERS TO OTHER FEDERAL AGENCIES AND OFFICES.

(a) TRANSFER.—There are transferred to the appropriate receiving agency, in accordance with subsection (b), all functions that the Secretary of Labor, acting through the Employment and Training Administration, or the Secretary of Education, acting through the Office of Vocational and Adult Education, exercised before the effective date of this section (including all related functions of any officer or employee of the Employment and Training Administration or the Office of Vocational and Adult Education) that do not relate to a covered activity.

(b) DETERMINATIONS OF FUNCTIONS AND APPROPRIATE RECEIVING AGENCIES.—

(1) TRANSITION WORKPLAN.—

(A) IN GENERAL.—Not later than 90 days after the date of appointment of the Governing Board, the Secretary of Labor and the Secretary of Education shall prepare and submit to the Governing Board a proposed workplan that specifies the steps that the Secretaries will take, during the period ending on July 1, 1998, to carry out the transfer described in subsection (a).

(B) CONTENTS.—The proposed workplan shall include, at a minimum—

(i) a determination of the functions that officers and employees of the Employment and Training Administration and the Office of Vocational and Adult Education carry out (as of the date of the submission of the workplan) that do not relate to a covered activity; and

(ii) a determination of the appropriate receiving agencies for the functions, based on factors including increased efficiency and elimination of duplication of functions.

(2) REVIEW.—Not later than 30 days after the date of submission of the workplan, the Governing Board shall—

(A) review the workplan;

(B) approve the workplan or prepare a revised workplan that contains—

(i) a determination of the functions described in paragraph (1)(B)(i), which shall be transferred under subsection (a); and

(ii) a determination of the appropriate receiving agencies described in paragraph (1)(B)(ii), based on the factors described in such paragraph, to which the functions shall be transferred under subsection (a); and

(C) submit the approved or revised workplan to the appropriate committees of Congress.

(3) REPORT.—Not later than July 1, 1998, the Secretary of Education and the Secretary of Labor shall submit to the appropriate committees of Congress information on the transfers required by this section.

(c) APPLICATION OF AUTHORITIES.—

(1) IN GENERAL.—

(A) APPLICATION.—Subsection (a), and subsections (d) through (n), of section 305 (other than subsections (g), (h)(2), (j)(2), and (n)) shall apply to transfers under this section, in the same manner and to the same extent as the subsections apply to transfers under section 305.

(B) REGULATIONS AND CONFORMING AMENDMENTS.—Subsections (g) and (n) shall apply to transfers under this section, in the same manner and to the same extent as the subsections apply to transfers under section 305.

(2) REFERENCES.—For purposes of the application of the subsections described in paragraph (1) (other than subsections (h)(2) and (j)(2) of section 305) to transfers under this section—

(A) references to the Federal Partnership shall be deemed to be references to the appropriate receiving agency, as determined in the approved or revised workplan referred to in subsection (b)(2);

(B) references to the Director or Governing Board shall be deemed to be references to the head of the appropriate receiving agency; and

(C) references to transfers in subsections (e) and (f) of section 305 shall be deemed to include transfers under this section.

(3) ADMINISTRATION.—Unexpended funds transferred pursuant to this section shall be used only for the purposes for which the funds were originally authorized and appropriated.

(4) CONTINUING EFFECT OF LEGAL DOCUMENTS.—All orders, determinations, rules, regulations, permits, agreements, grants, contracts, certificates, licenses, registrations, privileges, and other administrative actions—

(A) that have been issued, made, granted, or allowed to become effective by the President, any Federal agency or official of a Federal agency, or by a court of competent jurisdiction, in the performance of functions that are transferred under this section; and

(B) that are in effect on the effective date of this section or were final before the effective date of this section and are to become effective on or after the effective date of this section;

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the President, the appropriate receiving agency or other authorized official, a court of competent jurisdiction, or by operation of law.

(5) PROCEEDINGS NOT AFFECTED.—

(A) IN GENERAL.—The provisions of this section shall not affect any proceedings, including notices of proposed rulemaking, or any application for any license, permit, certificate, or financial assistance pending before the Department of Labor or the Department of Education on the date this section takes effect, with respect to functions transferred by this section.

(B) CONTINUATION.—Such proceedings and applications shall be continued. Orders shall be issued in such proceedings, appeals shall be taken from the orders, and payments shall be made pursuant to such orders, as if this section had not been enacted, and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law.

(C) CONSTRUCTION.—Nothing in this paragraph shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this section had not been enacted.

(6) ADMINISTRATIVE ACTIONS RELATING TO PROMULGATION OF REGULATIONS.—Any administrative action relating to the preparation or promulgation of a regulation by the Department of Labor or the Department of Education relating to a function transferred under this section may be continued by the appropriate receiving agency with the same effect as if this section had not been enacted.

(d) CONSTRUCTION.—Nothing in this section shall be construed to require the transfer of any function described in subsection (b)(1)(B)(i) to the Federal Partnership.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), this section shall take effect on June 30, 1998.

(2) REGULATIONS AND CONFORMING AMENDMENTS.—Subsection (c)(1)(B) shall take effect on September 30, 1996.

(3) WORKPLAN.—Subsection (b) shall take effect on the date of enactment of this Act.

SEC. 307. ELIMINATION OF CERTAIN OFFICES.

(a) TERMINATION.—The Office of Vocational and Adult Education and the Employment and Training Administration shall terminate on July 1, 1998.

(b) OFFICE OF VOCATIONAL AND ADULT EDUCATION.—

(1) TITLE 5, UNITED STATES CODE.—Section 5315 of title 5, United States Code, is amended by striking ''Assistant Secretaries of Education (10)'' and inserting ''Assistant Secretaries of Education (9)''.

(2) DEPARTMENT OF EDUCATION ORGANIZATION ACT.—

(A) Section 202 of the Department of Education Organization Act (20 U.S.C. 3412) is amended—

(i) in subsection (b)(1)—

(I) by striking subparagraph (C); and

(II) by redesignating subparagraphs (D) through (F) as subparagraphs (C) through (E), respectively;

(ii) by striking subsection (h); and

(iii) by redesignating subsection (i) as subsection (h).

(B) Section 206 of such Act (20 U.S.C. 3416) is repealed.

(C) Section 402(c)(1) of the Improving America's Schools Act of 1994 (20 U.S.C. 9001(c)(1)) is amended by striking ''established under'' and all that follows and inserting a semicolon.

(3) GOALS 2000: EDUCATE AMERICA ACT.—Section 931(h)(3)(A) of the Goals 2000: Educate America Act (20 U.S.C. 6031(h)(3)(A)) is amended—

(A) by striking clause (iii); and

(B) by redesignating clauses (iv) and (v) as clauses (iii) and (iv), respectively.

(c) EMPLOYMENT AND TRAINING ADMINISTRATION.—

(1) TITLE 5, UNITED STATES CODE.—Section 5315 of title 5, United States Code, is amended by striking ''Assistant Secretaries of Labor (10)'' and inserting ''Assistant Secretaries of Labor (9)''.

(2) VETERANS' BENEFITS AND PROGRAMS IMPROVEMENT ACT OF 1988.—Section 402(d)(3) of the Veterans' Benefits and Programs Improvement Act of 1988 (29 U.S.C. 1721 note) is amended by striking ''and under any other program administered by the Employment and Training Administration of the Department of Labor''.

(3) TITLE 38, UNITED STATES CODE.—Section 4110(d) of title 38, United States Code, is amended—

(A) by striking paragraph (7); and

(B) by redesignating paragraphs (8) through (12) as paragraphs (7) through (11), respectively.

(4) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—The last sentence of section 162(b) of the National and Community Service Act of 1990 (42 U.S.C. 12622(b)) is amended by striking ''or the Office of Job Training''.

(d) UNITED STATES EMPLOYMENT SERVICE.—

(1) TITLE 5, UNITED STATES CODE.—Section 3327 of title 5, United States Code, is amended—

(A) in subsection (a), by striking ''the employment offices of the United States Employment Service'' and inserting ''Governors''; and

(B) in subsection (b), by striking ''of the United States Employment Service''.

(2) TITLE 10, UNITED STATES CODE.—

(A) Section 1143a(d) of title 10, United States Code, is amended by striking paragraph (3).

(B) Section 2410k(b) of title 10, United States Code, is amended by striking '', and where appropriate the Interstate Job Bank (established by the United States Employment Service),''.

(3) INTERNAL REVENUE CODE OF 1986.—Section 51 of the Internal Revenue Code of 1986 is amended by striking subsection (g).

(4) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1993.—Section 4468 of the National Defense Authorization Act for Fiscal Year 1993 (29 U.S.C. 1662d–1 note) is repealed.

(5) TITLE 38, UNITED STATES CODE.—Section 4110(d) of title 38, United States Code (as amended by subsection (c)(3)), is further amended—

(A) by striking paragraph (10); and

(B) by redesignating paragraph (11) as paragraph (10).

(6) TITLE 39, UNITED STATES CODE.—

(A) Section 3202(a)(1) of title 39, United States Code is amended—

(i) in subparagraph (D), by striking the semicolon and inserting ''; and'';

(ii) by striking subparagraph (E); and

(iii) by redesignating subparagraph (F) as subparagraph (E).

(B) Section 3203(b) of title 39, United States Code, is amended by striking ''(1)(E), (2), and (3)'' and inserting ''(2) and (3)''.

(C) Section 3206(b) of title 39, United States Code, is amended by striking ''(1)(F)'' and inserting ''(1)(E)''.

(7) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—Section 162(b) of the National and Community Service Act of 1990 (42 U.S.C. 12622(b)) (as amended by subsection (c)(4)) is further amended by striking the last sentence.

(e) REORGANIZATION PLANS.—Except with respect to functions transferred under section 306, the authority granted to the Employment and Training Administration, the Office of Vocational and Adult Education, or any unit of the Employment and Training Administration or the Office of Vocational and Adult Education by any reorganization plan shall terminate on July 1, 1998.

TITLE IV—AMENDMENTS TO THE REHABILITATION ACT OF 1973

SEC. 401. REFERENCES.

Except as otherwise expressly provided in this title, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.).

SEC. 402. FINDINGS AND PURPOSES.

Section 2 (29 U.S.C. 701) is amended—

(1) in subsection (a)(4), by striking ''the provision of individualized training, independent living services, educational and support services,'' and inserting ''implementation of a statewide workforce development system that provides meaningful and effective participation for individuals with disabilities in workforce development activities and activities carried out through the vocational rehabilitation program established under title I, and through the provision of independent living services, support services,''; and

(2) in subsection (b)(1)(A), by inserting ''statewide workforce development systems that include, as integral components,'' after ''(A)''.

SEC. 403. CONSOLIDATED REHABILITATION PLAN.

(a) IN GENERAL.—Section 6 (29 U.S.C. 705) is repealed.

(b) CONFORMING AMENDMENT.—The table of contents for the Act is amended by striking the item relating to section 6.

SEC. 404. DEFINITIONS.

Section 7 (29 U.S.C. 706) is amended by adding at the end the following new paragraphs:

''(36) The term 'statewide workforce development system' means a statewide system, as defined in section 3 of the Workforce Development Act of 1995.

''(37) The term 'workforce development activities' has the meaning given the term in section 3 of the Workforce Development Act of 1995.

''(38) The term 'workforce employment activities' means the activities described in paragraphs (2) through (8) of section 106(a) of the Workforce Development Act of 1995, including activities described in section 106(a)(6) of such Act provided through a voucher described in section 106(a)(9) of such Act.''.

SEC. 405. ADMINISTRATION.

Section 12(a)(1) (29 U.S.C. 711(a)(1)) is amended by inserting '', including providing assistance to achieve the meaningful and effective participation by individuals with disabilities in the activities carried out through a statewide workforce development system'' before the semicolon.

SEC. 406. REPORTS.

Section 13 (29 U.S.C. 712) is amended in the fourth sentence by striking ''The data elements'' and all that follows through ''age,'' and inserting the following: ''The information shall include all information that is required to be submitted in the report described in section 131(a) of the Workforce Development Act of 1995 and that pertains to the employment of individuals with disabilities, including information on age,''.

SEC. 407. EVALUATION.

Section 14(a) (29 U.S.C. 713(a)) is amended in the third sentence by striking ''to the extent feasible,'' and all that follows through the end of the sentence and inserting the following: ''to the maximum extent appropriate, be consistent with the State benchmarks established under paragraphs (1) and (2) of section 131(c) of the Workforce Development Act of 1995. For purposes of this section, the Secretary may modify or supplement such benchmarks after consultation with the Governing Board established under section 301(b) of the Workforce Development Act of 1995, to the extent necessary to address unique considerations applicable to the participation of individuals with disabilities in the vocational rehabilitation program established under title I and activities carried out under other provisions of this Act.''.

SEC. 408. DECLARATION OF POLICY.

Section 100(a) (29 U.S.C. 720(a)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (E), by striking ''; and'' and inserting a semicolon;

(B) in subparagraph (F)—

(i) by inserting ''workforce development activities and'' before ''vocational rehabilitation services''; and

(ii) by striking the period and inserting ''; and''; and

(C) by adding at the end the following subparagraph:

''(G) linkages between the vocational rehabilitation program established under this title and other components of the statewide workforce development system are critical to ensure effective and meaningful participation by individuals with disabilities in workforce development activities.''; and

(2) in paragraph (2)—

(A) by striking ''a comprehensive'' and inserting ''statewide comprehensive''; and

(B) by striking ''program of vocational rehabilitation that is designed'' and inserting ''programs of vocational rehabilitation, each of which is—

''(A) an integral component of a statewide workforce development system; and

''(B) designed''.

SEC. 409. STATE PLANS.

(a) IN GENERAL.—Section 101(a) (29 U.S.C. 721(a)) is amended—

(1) in the first sentence, by striking '', or shall submit'' and all that follows through ''et seq.)'' and inserting '', and shall submit the State plan on the same dates as the State submits the State plan described in section 104 of the Workforce Development Act of 1995 to the Governing Board established under section 301(b) of such Act'';

(2) by inserting after the first sentence the following: ''The State shall also submit the State plan for vocational rehabilitation services for review and comment to any State workforce development board established for the State under section 105 of the Workforce Development Act of 1995, which shall submit the comments on the State plan to the designated State unit.'';

(3) by striking paragraphs (10), (12), (13), (15), (17), (19), (23), (27), (28), (30), (34), and (35);

(4) in paragraph (20), by striking ''(20)'' and inserting ''(B)'';

(5) by redesignating paragraphs (3), (4), (5), (6), (7), (8), (9), (14), (16), (18), (21), (22), (24), (25), (26), (29), (31), (32), (33), and (36) as paragraphs (4), (5), (6), (7), (8), (9), (10), (12), (13), (14), (15), (16), (17), (18), (19), (20), (21), (22), (23), and (24), respectively;

(6) in paragraph (1)(B)—

(A) by redesignating clauses (i), (ii), and (iii) as clauses (ii), (iii), and (iv), respectively; and

(B) by inserting before clause (ii) (as redesignated in subparagraph (A)) the following: ''(i) a State entity primarily responsible for implementing workforce employment activities through the statewide workforce development system of the State,'';

(7) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking ''(1)(B)(i)'' and inserting ''(1)(B)(ii)''; and

(B) in subparagraph (B)(ii), by striking ''(1)(B)(ii)'' and inserting ''(1)(B)(iii)'';

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

''(3) provide a plan for expanding and improving vocational rehabilitation services for individuals with disabilities on a statewide basis, including—

''(A) a statement of values and goals;

''(B) evidence of ongoing efforts to use outcome measures to make decisions about the effectiveness and future direction of the vocational rehabilitation program established under this title in the State; and

''(C) information on specific strategies for strengthening the program as an integral component of the statewide workforce development system established in the State, including specific innovative, state-of-the-art approaches for achieving sustained success in improving and expanding vocational rehabilitation services provided through the program, for all individuals with disabilities who seek employment, through plans, policies, and procedures that link the program with other components of the system, including plans, policies, and procedures relating to—

''(i) entering into cooperative agreements, between the designated State unit and appropriate entities responsible for carrying out the other components of the statewide workforce development system, which agreements may provide for—

''(I) provision of intercomponent staff training and technical assistance regarding the availability and benefits of, and eligibility standards for, vocational rehabilitation services, and regarding the provision of equal, effective, and meaningful participation by individuals with disabilities in workforce employment activities in the State through program accessibility, use of nondiscriminatory policies and procedures, and provision of reasonable accommodations, auxiliary aids and services, and rehabilitation technology, for individuals with disabilities;

''(II) use of information and financial management systems that link all components of the statewide workforce development system, that link the components to other electronic networks, and that relate to such subjects as labor market information, and information on job vacancies, skill qualifications, career planning, and workforce development activities;

''(III) use of customer service features such as common intake and referral procedures, customer data bases, resource information, and human service hotlines;

''(IV) establishment of cooperative efforts with employers to facilitate job placement and to develop and sustain working relationships with employers, trade associations, and labor organizations;

''(V) identification of staff roles and responsibilities and available resources for each entity that carries out a component of the statewide workforce development system with regard to paying for necessary services (consistent with State law); and

''(VI) specification of procedures for resolving disputes among such entities; and

''(ii) providing for the replication of such cooperative agreements at the local level between individual offices of the designated State unit and local entities carrying out activities through the statewide workforce development system;'';

(9) in paragraph (6) (as redesignated in paragraph (5))—

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

''(A) contain the plans, policies, and methods to be followed in carrying out the State plan and in the administration and supervision of the plan, including—

''(i)(I) the results of a comprehensive, statewide assessment of the rehabilitation needs of individuals with disabilities (including individuals with severe disabilities, individuals with disabilities who are minorities, and individuals with disabilities who have been unserved, or underserved, by the vocational rehabilitation system) who are residing within the State; and

''(II) the response of the State to the assessment;

''(ii) a description of the method to be used to expand and improve services to individuals with the most severe disabilities, including individuals served under part C of title VI;

''(iii) with regard to community rehabilitation programs—

''(I) a description of the method to be used (such as a cooperative agreement) to utilize the programs to the maximum extent feasible; and

''(II) a description of the needs of the programs, including the community rehabilitation programs funded under the Act entitled ''An Act to Create a Committee on Purchases of Blind-made Products, and for other purposes'', approved June 25, 1938 (commonly known as the Wagner-O'Day Act; 41 U.S.C. 46 et seq.) and such programs funded by State use contracting programs; and

''(iv) an explanation of the methods by which the State will provide vocational rehabilitation services to all individuals with disabilities within the State who are eligible for such services, and, in the event that vocational rehabilitation services cannot be provided to all such eligible individuals with disabilities who apply for such services, information—

''(I) showing and providing the justification for the order to be followed in selecting individuals to whom vocational rehabilitation services will be provided (which order of selection for the provision of vocational rehabilitation services shall be determined on the basis of serving first the individuals with the most severe disabilities in accordance with criteria established by the State, and shall be consistent with priorities in such order of selection so determined, and outcome and service goals for serving individuals with disabilities, established in regulations prescribed by the Commissioner);

''(II) showing the outcomes and service goals, and the time within which the outcomes and service goals may be achieved, for the rehabilitation of individuals receiving such services; and

''(III) describing how individuals with disabilities who will not receive such services if such order is in effect will be referred to other components of the statewide workforce development system for access to services offered by the components;''; and

(B) by striking subparagraph (C) and inserting the following subparagraphs:

''(C) with regard to the statewide assessment of rehabilitation needs described in subparagraph (A)(i)—

''(i) provide that the State agency will make reports at such time, in such manner, and containing such information, as the Commissioner may require to carry out the functions of the Commissioner under this title, and comply with such provisions as are necessary to assure the correctness and verification of such reports; and

''(ii) provide that reports made under clause (i) will include information regarding individuals with disabilities and, if an order of selection described in subparagraph (A)(iv)(I) is in effect in the State, will separately include information regarding individuals with the most severe disabilities, on—

''(I) the number of such individuals who are evaluated and the number rehabilitated;

''(II) the costs of administration, counseling, provision of direct services, development of community rehabilitation programs, and other functions carried out under this Act; and

''(III) the utilization by such individuals of other programs pursuant to paragraph (11); and

''(D) describe—

''(i) how a broad range of rehabilitation technology services will be provided at each stage of the rehabilitation process;

''(ii) how a broad range of such rehabilitation technology services will be provided on a statewide basis; and

''(iii) the training that will be provided to vocational rehabilitation counselors, client assistance personnel, personnel of the providers of one-stop delivery of core services described in section 106(a)(2) of the Workforce Development Act of 1995, and other related services personnel;'';

(10) in subparagraph (A) of paragraph (8) (as redesignated in paragraph (5))—

(A) in clause (i)(II), by striking '', based on projections'' and all that follows through ''relevant factors''; and

(B) by striking clauses (iii) and (iv) and inserting the following clauses:

''(iii) a description of the ways in which the system for evaluating the performance of rehabilitation counselors, coordinators, and other personnel used in the State facilitates the accomplishment of the purpose and policy of this title, including the policy of serving, among others, individuals with the most severe disabilities;

''(iv) provide satisfactory assurances that the system described in clause (iii) in no way impedes such accomplishment; and'';

(11) in paragraph (9) (as redesignated in paragraph (5)) by striking ''required—'' and all that follows through ''(B) prior'' and inserting ''required prior'';

(12) in paragraph (10) (as redesignated in paragraph (5))—

(A) in subparagraph (B), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(B) in subparagraph (C), by striking ''plan in accordance with such program'' and inserting ''State plan in accordance with the employment plan'';

(13) in paragraph (11)—

(A) in subparagraph (A), by striking ''State's public'' and all that follows and inserting ''State programs that are not part of the statewide workforce development system of the State;''; and

(B) in subparagraph (C)—

(i) by striking ''if appropriate—'' and all that follows through ''entering into'' and inserting ''if appropriate, entering into'';

(ii) by redesignating subclauses (I), (II), and (III) as clauses (i), (ii), and (iii), respectively; and

(iii) by indenting the clauses and aligning the margins of the clauses with the margins of clause (ii) of subparagraph (A) of paragraph (8) (as redesignated in paragraph (5));

(14) in paragraph (14) (as redesignated in paragraph (5))—

(A) by striking ''(14)'' and inserting ''(14)(A)''; and

(B) by inserting before the semicolon the following '', and, in the case of the designated State unit, will take actions to take such views into account that include providing timely notice, holding public hearings, preparing a summary of hearing comments, and documenting and disseminating information relating to the manner in which the comments will affect services; and'';

(15) in paragraph (16) (as redesignated in paragraph (5)), by striking ''referrals to other Federal and State programs'' and inserting ''referrals within the statewide workforce development system of the State to programs''; and

(16) in paragraph (17) (as redesignated in paragraph (5))—

(A) in subparagraph (B), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(B) in subparagraph (C)—

(i) in clause (ii), by striking ''; and'' and inserting a semicolon;

(ii) in clause (iii), by striking the semicolon and inserting ''; and''; and

(iii) by adding at the end the following clause:

''(iv) the manner in which students who are individuals with disabilities and who are not in special education programs can access and receive vocational rehabilitation services, where appropriate;''.

(b) CONFORMING AMENDMENTS.—

(1) Section 7 (29 U.S.C. 706) is amended—

(A) in paragraph (3)(B)(ii), by striking ''101(a)(1)(B)(i)'' and inserting ''101(a)(1)(B)(ii)''; and

(B) in paragraph (22)(A)(i)(II), by striking ''101(a)(5)(A)'' each place it appears and inserting ''101(a)(6)(A)(iv)''.

(2) Section 12(d) (29 U.S.C. 711(d)) is amended by striking ''101(a)(5)(A)'' and inserting ''101(a)(6)(A)(iv)''.

(3) Section 101(a) (29 U.S.C. 721(a)) is amended—

(A) in paragraph (1)(A), by striking ''paragraph (4) of this subsection'' and inserting ''paragraph (5)'';

(B) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking ''paragraph (1)(B)(i)'' and inserting ''paragraph (1)(B)(ii)''; and

(ii) in subparagraph (B)(i), by striking ''paragraph (1)(B)(ii)'' and inserting ''paragraph (1)(B)(iii)'';

(C) in paragraph (17) (as redesignated in subsection (a)(5)), by striking ''paragraph (11)(C)(ii)'' and inserting ''paragraph (11)(C)'';

(D) in paragraph (22) (as redesignated in subsection (a)(5)), by striking ''paragraph (36)'' and inserting ''paragraph (24)''; and

(E) in subparagraph (C) of paragraph (24) (as redesignated in subsection (a)(5)), by striking ''101(a)(1)(A)(i)'' and inserting ''paragraph (1)(A)(i)''.

(4) Section 102 (29 U.S.C. 722) is amended—

(A) in subsection (a)(3), by striking ''101(a)(24)'' and inserting ''101(a)(17)''; and

(B) in subsection (d)(2)(C)(ii)—

(i) in subclause (II), by striking ''101(a)(36)'' and inserting ''101(a)(24)''; and

(ii) in subclause (III), by striking ''101(a)(36)(C)(ii)'' and inserting ''101(a)(24)(C)(ii)''.

(5) Section 105(a)(1) (29 U.S.C. 725(a)(1)) is amended by striking ''101(a)(36)'' and inserting ''101(a)(24)''.

(6) Section 107(a) (29 U.S.C. 727(a)) is amended—

(A) in paragraph (2)(F), by striking ''101(a)(32)'' and inserting ''101(a)(22)'';

(B) in paragraph (3)(A), by striking ''101(a)(5)(A)'' and inserting ''101(a)(6)(A)(iv)''; and

(C) in paragraph (4), by striking ''101(a)(35)'' and inserting ''101(a)(8)(A)(iii)''.

(7) Section 111(a) (29 U.S.C. 731(a)) is amended—

(A) in paragraph (1), by striking ''and development and implementation'' and all that follows through ''referred to in section 101(a)(34)(B)''; and

(B) in paragraph (2)(A), by striking ''and such payments shall not be made in an amount which would result in a violation of the provisions of the State plan required by section 101(a)(17)''.

(8) Section 124(a)(1)(A) (29 U.S.C. 744(a)(1)(A)) is amended by striking ''(not including sums used in accordance with section 101(a)(34)(B))''.

(9) Section 315(b)(2) (29 U.S.C. 777e(b)(2)) is amended by striking ''101(a)(22)'' and inserting ''101(a)(16)''.

(10) Section 635(b)(2) (29 U.S.C. 795n(b)(2)) is amended by striking ''101(a)(5)'' and inserting ''101(a)(6)(A)(i)(I)''.

(11) Section 802(h)(2)(B)(ii) (29 U.S.C. 797a(h)(2)(B)(ii)) is amended by striking ''101(a)(5)(A)'' and inserting ''101(a)(6)(A)(iv)''.

(12) Section 102(e)(23)(A) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2212(e)(23)(A)) is amended by striking ''section 101(a)(36) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(36))'' and inserting ''section 101(a)(24) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(24))''.

SEC. 410. INDIVIDUALIZED EMPLOYMENT PLANS.

(a) IN GENERAL.—Section 102 (29 U.S.C. 722) is amended—

(1) by striking the section heading and inserting the following:

''SEC. 102. INDIVIDUALIZED EMPLOYMENT PLANS.'';

(2) in subsection (a)(6), by striking ''written rehabilitation program'' and inserting ''employment plan'';

(3) in subsection (b)—

(A) in paragraph (1)(A)—

(i) in clause (i), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(ii) in clause (ii), by striking ''program'' and inserting ''plan'';

(B) in paragraph (1)(B)—

(i) in the matter preceding clause (i), by striking ''written rehabilitation program'' and inserting ''employment plan'';

(ii) in clause (iv)—

(I) by striking subclause (I) and inserting the following:

''(I) include a statement of the specific vocational rehabilitation services to be provided (including, if appropriate, rehabilitation technology services and training in how to use such services) that includes specification of the public or private entity that will provide each such vocational rehabilitation service and the projected dates for the initiation and the anticipated duration of each such service; and'';

(II) by striking subclause (II); and

(III) by redesignating subclause (III) as subclause (II); and

(iii) in clause (xi)(I), by striking ''program'' and inserting ''plan'';

(C) in paragraph (1)(C), by striking ''written rehabilitation program and amendments to the program'' and inserting ''employment plan and amendments to the plan''; and

(D) in paragraph (2)—

(i) by striking ''program'' each place the term appears and inserting ''plan''; and

(ii) by striking ''written rehabilitation'' each place the term appears and inserting ''employment'';

(4) in subsection (c)—

(A) in paragraph (1), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(B) by striking ''written program'' each place the term appears and inserting ''plan''; and

(5) in subsection (d)—

(A) in paragraph (5), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(B) in paragraph (6)(A), by striking the second sentence.

(b) CONFORMING AMENDMENTS.—

(1) The table of contents for the Act is amended by striking the item relating to section 102 and inserting the following:

''Sec. 102. Individualized employment plans.''.

(2) Paragraphs (22)(B) and (27)(B), and subparagraphs (B) and (C) of paragraph (34) of section 7 (29 U.S.C. 706), section 12(e)(1) (29 U.S.C. 711(e)(1)), section 501(e) (29 U.S.C. 791(e)), subparagraphs (C), (D), and (E) of section 635(b)(6) (29 U.S.C. 795n(b)(6) (C), (D), and (E)), section 802(g)(8)(B) (29 U.S.C. 797a(g)(8)(B)), and section 803(c)(2)(D) (29 U.S.C. 797b(c)(2)(D)) are amended by striking ''written rehabilitation program'' each place the term appears and inserting ''employment plan''.

(3) Section 7(22)(B)(i) (29 U.S.C. 706(22)(B)(i)) is amended by striking ''rehabilitation program'' and inserting ''employment plan''.

(4) Section 107(a)(3)(D) (29 U.S.C. 727(a)(3)(D)) is amended by striking ''written rehabilitation programs'' and inserting ''employment plans''.

(5) Section 101(b)(7)(A)(ii)(II) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2211(b)(7)(A)(ii)(II)) is amended by striking ''written rehabilitation program'' and inserting ''employment plan''.

SEC. 411. SCOPE OF VOCATIONAL REHABILITATION SERVICES.

Section 103 (29 U.S.C. 723) is amended—

(1) in subsection (a)(4)—

(A) in subparagraph (B), by striking ''surgery or'';

(B) in subparagraph (D), by striking the comma at the end and inserting '', and'';

(C) by striking subparagraph (E); and

(D) by redesignating subparagraph (F) as subparagraph (E); and

(2) in subsection (b)(1), by striking ''the most severe''.

SEC. 412. STATE REHABILITATION ADVISORY COUNCIL.

(a) IN GENERAL.—Section 105 (29 U.S.C. 725) is amended—

(1) in subsection (b)(1)(A)(vi), by inserting before the semicolon the following: ''who, to the extent feasible, are members of any State workforce development board established for the State under section 105 of the Workforce Development Act of 1995''; and

(2) in subsection (c)—

(A) by redesignating paragraphs (3) through (7) as paragraphs (4) through (8), respectively;

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

''(3) advise the designated State agency and the designated State unit regarding strategies for ensuring that the vocational rehabilitation program established under this title becomes an integral part of the statewide workforce development system of the State;''; and

(C) in paragraph (6) (as redesignated in subparagraph (A))—

(i) by striking ''6024), and'' and inserting ''6024),''; and

(ii) by striking the semicolon at the end and inserting the following: '', and any State workforce development board established for the State under section 105 of the Workforce Development Act of 1995;''.

(b) CONFORMING AMENDMENT.—Subparagraph (B)(iv), and clauses (ii)(I) and (iii)(I) of subparagraph (C), of paragraph (24) (as redesignated in section 409(a)(5)) of section 101(a) (29 U.S.C. 721(a)) are amended by striking ''105(c)(3)'' and inserting ''105(c)(4)''.

SEC. 413. EVALUATION STANDARDS AND PERFORMANCE INDICATORS.

Section 106(a)(1) (29 U.S.C. 726(a)(1)) is amended—

(1) by striking ''1994'' and inserting ''1996''; and

(2) by striking the period and inserting the following: ''that shall, to the maximum extent appropriate, be consistent with the State benchmarks established under paragraphs (1) and (2) of section 131(c) of the Workforce Development Act of 1995. For purposes of this section, the Commissioner may modify or supplement such benchmarks, after consultation with the Governing Board established under section 301(b) of the Workforce Development Act of 1995, to the extent necessary to address unique considerations applicable to the participation of individuals with disabilities in the vocational rehabilitation program.''.

SEC. 414. REPEALS.

(a) IN GENERAL.—Title I (29 U.S.C. 720 et seq.) is amended—

(1) by repealing part C; and

(2) by redesignating parts D and E as parts C and D, respectively.

(b) CONFORMING AMENDMENTS.—The table of contents for the Act is amended—

(1) by striking the items relating to part C of title I; and

(2) by striking the items relating to parts D and E of title I and inserting the following:

''PART C—AMERICAN INDIAN VOCATIONAL REHABILITATION SERVICES

''Sec. 130. Vocational rehabilitation services grants.

''PART D—VOCATIONAL REHABILITATION SERVICES CLIENT INFORMATION

''Sec. 140. Review of data collection and reporting system.

''Sec. 141. Exchange of data.''.

SEC. 415. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this title shall take effect on the date of enactment of this Act.

(b) STATEWIDE SYSTEM REQUIREMENTS.—The changes made in the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) by the amendments made by this title that relate to State benchmarks, or other components of a statewide system, shall take effect—

(1) in a State that submits and obtains approval of an interim plan under section 211 for program year 1997, on July 1, 1997; and

(2) in any other State, on July 1, 1998.

TITLE V—OTHER PROGRAMS

Subtitle A—Amendments to Immigration and Nationality Act

SEC. 501. PROHIBITION ON USE OF FUNDS FOR CERTAIN EMPLOYMENT ACTIVITIES.

Section 412(c)(1) of the Immigration and Nationality Act is amended by adding at the end the following new subparagraph:

''(D) Funds available under this paragraph may not be provided to States for workforce employment activities authorized and funded under the Workforce Development Act of 1995.''.

Subtitle B—Welfare Programs

SEC. 511. WELFARE REFORM.

(a) FINDINGS.—Congress finds that—

(1) the current welfare system in the United States is failing both the families who rely on the system and the taxpayers who support the system;

(2) the current system encourages dependency and fails to promote self-sufficiency adequately;

(3) one-size-fits-all approaches to welfare reform will not work;

(4) in order to be most effective, reforms of the welfare system should take into account the individual differences among States and among families;

(5) in recent years there has been an alarming increase in the number of births to unmarried teenagers;

(6) between 1986 and 1991, births to teenagers increased by 23 percent, from 50.2 to 62.1 births per 1,000 teenage females;

(7) there is a crisis in the collection of child support that is leaving thousands of families in poverty and is increasing welfare costs to taxpayers; and

(8) in 1991, the United States Commission on Interstate Child Support reported that $5,000,000 of the $15,000,000 awarded in child support in 1991 went uncollected.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that any welfare reform legislation enacted by the Senate should be based on the following principles:

(1) Individuals on welfare should, from their first day on welfare, accept responsibility for themselves and their families. The receipt of welfare benefits by an individual should be conditioned on a partnership between the individual and the State in which the partners clearly delineate the steps that the family of the individual will take to enable the individual to move off welfare and into the workforce as well as the services, including child care, that will be provided by the State to enable the family to become self-sufficient. If an individual on welfare

fails to meet the responsibilities of the individual there should be consequences, such as a reduction in welfare benefits.

(2) Each State should be given more flexibility to design welfare programs that effectively respond to the needs of welfare recipients in the State.

(3) Welfare reform legislation should effectively respond to the alarming increase in births to teenage parents.

(4) Both parents have the responsibility for providing financial support for their children, even if the parents are divorced or were never married. Welfare reform should be accompanied by aggressive efforts to improve the collection of child support.

(5) Welfare reform legislation should recognize the interaction between the welfare system and the statewide system to alleviate unintended consequences for persons other than welfare recipients who are in need of workforce development activities, as described in this Act.

(6) Neither political party contributes all of the best policies for welfare reform, so welfare reform legislation should have widespread bipartisan support.

TITLE VI—REPEALS OF EMPLOYMENT AND TRAINING AND VOCATIONAL AND ADULT EDUCATION PROGRAMS

SEC. 601. REPEALS.

(a) IMMEDIATE REPEALS.—The following provisions are repealed:

(1) Section 204 of the Immigration Reform and Control Act of 1986 (8 U.S.C. 1255a note).

(2) Title II of Public Law 95–250 (92 Stat. 172).

(3) The Displaced Homemakers Self-Sufficiency Assistance Act (29 U.S.C. 2301 et seq.).

(4) Section 211 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 211).

(5) Subtitle C of title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11441 et seq.).

(6) Section 5322 of title 49, United States Code.

(7) Subchapter I of chapter 421 of title 49, United States Code.

(b) SUBSEQUENT REPEALS.—The following provisions are repealed:

(1) Section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)).

(2) Sections 235 and 236 of the Trade Act of 1974 (19 U.S.C. 2295 and 2296), and paragraphs (1) and (2) of section 250(d) of such Act (19 U.S.C. 2331(d)).

(3) The Adult Education Act (20 U.S.C. 1201 et seq.).

(4) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

(5) The School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.).

(6) The Wagner-Peyser Act (29 U.S.C. 49 et seq.).

(7) The Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(8) Part F of title IV of the Social Security Act (42 U.S.C. 681 et seq.).

(9) Title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.).

(10) Title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421 et seq.), other than subtitle C of such title.

(c) EFFECTIVE DATES.—

(1) IMMEDIATE REPEALS.—The repeals made by subsection (a) shall take effect on the date of enactment of this Act.

(2) SUBSEQUENT REPEALS.—The repeals made by subsection (b) shall take effect on July 1, 1998.

SEC. 602. CONFORMING AMENDMENTS.

(a) IMMEDIATE REPEALS.—

(1) REFERENCES TO SECTION 204 OF THE IMMIGRATION REFORM AND CONTROL ACT OF 1986.—The table of contents for the Immigration Reform and Control Act of 1986 is amended by striking the item relating to section 204 of such Act.

(2) REFERENCES TO TITLE II OF PUBLIC LAW 95–250.—Section 103 of Public Law 95–250 (16 U.S.C. 791) is amended—

(A) by striking the second sentence of subsection (a); and

(B) by striking the second sentence of subsection (b).

(3) REFERENCES TO SUBTITLE C OF TITLE VII OF THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.—

(A) Section 762(a) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11472(a)) is amended—

(i) by striking ''each of the following programs'' and inserting ''the emergency community services homeless grant program established in section 751''; and

(ii) by striking ''tribes:'' and all that follows and inserting ''tribes.''.

(B) The table of contents of such Act is amended by striking the items relating to subtitle C of title VII of such Act.

(4) REFERENCES TO TITLE 49, UNITED STATES CODE.—

(A) Sections 5313(b)(1) and 5314(a)(1) of title 49, United States Code, are amended by striking ''5317, and 5322'' and inserting ''and 5317''.

(B) The table of contents for chapter 53 of title 49, United States Code, is amended by striking the item relating to section 5322.

(b) SUBSEQUENT REPEALS.—

(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Governing Board shall prepare and submit to Congress recommended legislation containing technical and conforming amendments to reflect the changes made by section 601(b).

(2) SUBMISSION TO CONGRESS.—Not later than March 31, 1997, the Governing Board shall submit the recommended legislation referred to under paragraph (1).

Amend the title so as to read: ''A bill to consolidate Federal employment training, vocational education, and adult education programs and create integrated statewide workforce development systems, and for other purposes.''.

The Senate proceeded to consider the bill.

AMENDMENT NO. 2885

(Purpose: To provide a substitute amendment)

Mrs. KASSEBAUM. Mr. President, under the terms of the unanimous-consent agreement relating to consideration of S. 143, I send to the desk a substitute amendment.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kansas [Mrs. KASSEBAUM] proposes an amendment numbered 2885.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, I am pleased that today the Senate is considering Senate bill 143, the Work Force Development Act of 1995. This legislation is the product of several years of bipartisan efforts to bring about real and comprehensive reform of Federal job training programs.

I do not think anyone would argue about the need for bold and far-reaching change in our current patchwork of training programs. S. 143 provides that change.

The members of the Senate Labor and Human Resources Committee spent a lot of time in a number of hearings considering innovative, creative and constructive approaches to reform, and I am pleased that we are now going to take up consideration of this bill under a time agreement and give it our full attention.

Right now, the Federal Government runs well over 100 separate job training programs, each with its own set of rules and regulations. In combination, they create a maze of confusion to anyone who needs help getting a job. As often as not, they spell disappointment, not results, for those who have sought assistance in building a better life for themselves and their families.

Year after year, the General Accounting Office [GAO] has worked tirelessly to document how conflicting requirements and program overlap have reduced effectiveness and added unnecessary costs.

What is worse, Mr. President, is that right now we have almost no idea how well any of these programs are performing. The GAO concluded that most Federal agencies have no idea whether their programs work.

As just one example, last year Senator KENNEDY, the ranking member of the Senate Labor and Human Resources Committee, and I asked Department of Labor officials to tell us how many people are placed in permanent jobs after they receive Federal training. With the exception of one program, the Department of Labor keeps no records of how many people get jobs after the taxpayers fund their training. I was not only surprised by this finding but, frankly, troubled as well.

Mr. President, I concluded some time ago that the only way to truly reform Federal job training was to wipe the slate clean and begin again, and that is where the Work Force Development Act starts. This bill repeals over 80 different job training programs. They are wiped off the books, along with the stacks of regulations that go with them.

But the repeal of all the major Federal job training programs is just the first step toward real reform. In place of these programs, S. 143 would give States and local communities the flexibility and the means to fashion training programs and placement services that meet the local needs of job seekers and employers alike.

This is a critical change if we want to be successful in helping people find jobs. S. 143 would combine funds from these 80-odd programs and turn them over to the States and, in turn, to local communities, so that training programs will be tailored to actual jobs available in the community.

Let me emphasize that the Work Force Development Act is more than just another block grant proposal. I

would like to discuss briefly four reasons why I believe this legislation will bring a comprehensive transformation in our approach to job-related training and education.

First, S. 143 will establish in each State a coordinated work force development system where everyone, regardless of why they are unemployed, can find help. Arbitrary eligibility requirements will be gone, as will the duplication now being created by having separate, independent programs offering essentially the same services.

Savings and greater efficiency are bound to result from consolidation, as each State develops its own coordinated plan to meet the needs of its workers and the private sector.

One-stop centers, broadly defined in the bill, form the cornerstone of each State's system. These are places that will be easy to find and easy to use. They will be available to anyone wanting to gain access to basic services, such as job listings, placement help and counseling.

I think, Mr. President, we have done a poor job in our ability to serve and assist those who are looking for jobs, and far too often, there are many individuals who get lost in the cracks.

At these one-stop centers, individuals will be given the full array of available options, from further education to on-the-job training in private industry. Many States have already adopted the one-stop approach, and S. 143 gives each State greater flexibility to adopt a method that works for that State.

The second unique feature of this legislation is its emphasis on accountability. In exchange for flexibility in the use of the funds, each State must set goals and benchmarks laying out how they will improve skills and provide real jobs.

This means that, for the first time, we will know exactly how many persons getting training actually get a job and for how long. Further, if a State fails to live up to its goals and benchmarks, it will face monetary sanctions.

Unlike the current system, States will be accountable for real results, and taxpayers will know what they are getting for their Federal job training dollars.

The third key feature of S. 143 is the significant role it gives to the private sector. It goes without saying that all the job training in the world will not help unless there are jobs available at the end of the road. Ultimately, it is the private sector that will provide these jobs, and they must be brought into the system in an integral way to help develop programs that work for each State and local community.

That is why the active and meaningful involvement of employers and businesses is critical to the success of any job training effort. No legislation can ever guarantee such involvement. Nevertheless, we have assured that businesses, large and small, will be at the table in the planning and implementation of the new system at every level—local, State, and Federal.

In addition, the legislation provides an incentive for greater business involvement, by permitting a limited portion of job training funds to be used for economic development in States which establish formal local boards.

Finally, and perhaps most important, this legislation will forge a new link between education and training. Mr. President, there is one thing that is fundamental to the success of any work force development effort and that is sound, strong education programs. We have often talked about the important link between quality vocational education and job training. But we have done very little to really forge that link in a way that will last, both at the Federal level and the State and local level. Basic education is often the foundation, and should be, of any successful job training program.

While vocational education is clearly aimed toward job preparation, we have paid far too little attention to vocational education over the years. It has been shoved off to the side and not made an integral part of the total work force preparation process.

In spite of the obvious connections, vocational and adult educators and job training providers have lived far too often in different worlds. As often as not, they have operated independently, sometimes at cross purposes.

The Workforce Development Act brings the education and training communities together in each State through a collaborative planning process. This process gives all interested parties the opportunity to sit down together and work toward common goals.

Moreover, they will have every incentive to cooperate because the stakes will be high. S. 143 provides that half of each State's funds be placed in a flexible account to be used in whatever mix of education and training the State sees fit. This flex account will be the vehicle through which all parties will come together to develop a unified training system.

This bill also brings down the walls between training and education at the Federal level. Two offices—one in the Department of Labor, the other in the Department of Education—are both eliminated. They are replaced by a single Federal partnership to oversee State efforts, reducing by at least one-third the number of Federal employees now involved with work force training and education programs.

These four features, I believe, are really the heart of this legislation. We will see the creation of a new initiative that I am convinced will provide far better services than we currently do, through the myriad job training programs that have been added on top of each other over the years without thinking of how they should really fit together.

These four features are one-stop centers, strong accountability, private sector involvement, and links between education and training. Together, they create a new, bold, and innovative approach to Federal support of work force development.

In addition, the bill contains two provisions that deal specifically with at-risk youth and the disabled. There is a separate subtitle for Job Corps and other activities aimed at addressing the specific needs of our most vulnerable young people.

There will be more discussion on Job Corps in the course of today's debate. But I want to emphasize at the outset that Job Corps is not a part of the block grant. Rather, it remains as a separate program that is fully funded. However, it does mean an end to Federal administration of the Job Corps Program, and allows the States the flexibility to design a program with their Job Corps center that best meets the needs of the population being served there.

Title II amends the Rehabilitation Act of 1973 to integrate vocational rehabilitation programs into the State's training system, while still recognizing the unique requirements of bringing the disabled into the work force.

As I noted at the outset, Mr. President, many years of work have gone into the development of this legislation. Members of the Labor Committee, in particular, have devoted a great deal of time in helping to shape this bill. I want to acknowledge all of their efforts as well as the contributions made by a number of Members who do not serve on the committee.

I also note that it would not have been possible to tackle a project of this scope without the benefit of the expertise of that individual Members brought to this issue.

Senator FRIST was especially helpful in integrating vocational rehabilitation programs for the disabled into the statewide system. Senator DEWINE played a key role in developing a separate provision for at-risk youth. Senator JEFFORDS, as chairman of the Education Subcommittee, was particularly helpful in shaping the education provisions.

On the other side of the aisle, I want to recognize the support and contributions of Senator PELL, ranking member of the Education Subcommittee, whose early and steadfast support has been invaluable. Likewise, the Senator from Nebraska, Senator KERREY, deserves special recognition. He has been a stalwart supporter of job training reform, as a cosponsor of this bill in its earlier versions.

S. 143 has a broad spectrum of support that includes Governors, representatives of the business community, and educators that will play a key role in the development of this new system.

We have received letters of support from the Republican Governors Association, the National Governors' Association, the State Board of Vocational Technical Education, the National School Boards Association, the American Vocational Association, the Council of Great City Schools, the National

Association of Manufacturers, the U.S. Chamber of Commerce, and the National Alliance of Business.

Mr. President, I ask unanimous consent that these letters be printed in the RECORD.

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

STATE OF MICHIGAN,
OFFICE OF THE GOVERNOR,
Lansing, MI, October 5, 1995.

Hon. NANCY KASSEBAUM,
Chairwoman, Senate Labor and Human Resources Committee, U.S. Senate, Washington, DC.

DEAR SENATOR KASSEBAUM: On behalf of the Republican Governors' Association Workforce Development Task Force, we write to indicate our strong support for S. 143, the Workforce Development Act.

As you know, earlier this year, the RGA Workforce Task Force developed a comprehensive statement of principles outlining our vision and recommendations for consolidating existing federal employment and job training programs. We believe your approach as demonstrated in S. 143 lays the groundwork for a statewide workforce development system and meets many of the objectives we named.

While we strongly support S. 143 and urge the full Senate to approve the bill, we oppose amendments that would dismantle the intended consolidation, create new set-asides, or impair the flexibility states would have in implementing the Workforce Development Act. In particular, we oppose amendments requiring mandatory vouchers and mandatory local workforce boards or which limit the authority of Governors in designing and implementing the statewide workforce development system.

Regarding vouchers, while many states are interested in experimenting with vouchers, this remains an untried and unproven delivery system. While we support legislation allowing states to use vouchers as an option, it is inappropriate to impose a mandate at this time when states do not have the administrative capability or resources to immediately implement such a system.

This same reasoning applies to mandated local workforce boards. We believe most Governors will choose to develop a local delivery system. However, some states, in particular small states, may not have the resources to efficiently implement mandated local workforce development boards. It is important to structure local partnerships in a manner best suited for states while recognizing individual differences in the states.

Concerning FUTA issues, we support your efforts to ensure that FUTA revenues remain dedicated to their intended purposes while integrating them into a statewide workforce development system under a Governor's strategic control. We appreciate your work in this direction.

Finally, we believe provisions of the bill providing a 25% set-aside in funding for State Education Agencies should be included in the same block grant that flows to Governors for design of a statewide workforce development system. Education services are a critical component of successful career preparation and training programs. Providing Governors with greater access and linkage to education services will enable us to deliver a uniform, integrated and accountable workforce development delivery structure and eliminate duplication. We appreciate your serious consideration of options to address this issue, and our staff's are prepared to work with you in discussing possible courses of action.

Again, we thank you and your staff for your excellent leadership and hard work. We appreciate the positive working relationship we have enjoyed and the many opportunities you have provided us to participate in the drafting process. We look forward to continuing to work with you as you conference S. 143 with the House CAREERS Act.

Sincerely,

TOMMY G. THOMPSON,
Governor of Wisconsin.
JOHN ENGLER,
Governor of Michigan.
TERRY E. BRANSTAD,
Governor of Iowa.
CHRISTINE TODD WHITMAN,
Governor of New Jersey.
GEORGE V. VOINOVICH,
Governor of Ohio.

NATIONAL GOVERNORS ASSOCIATION,
Washington, DC, October 6, 1995.

Hon. NANCY LANDON KASSEBAUM,
Chair, Committee on Labor and Human Resources, U.S. Senate, Washington, DC.

DEAR SENATOR KASSEBAUM: We are pleased that the Senate will consider S. 143, the Workforce Development Act, next week and want to express our strong support for your efforts to reform and consolidate federal workforce development programs. While we remain concerned about funding setasides within the block grant, we believe that this legislation gives states great flexibility while holding us accountable for achieving results. This flexibility is especially critical given federal funding reductions in these programs.

As you put the finishing touches on S. 143 and take up amendments on the floor, our paramount concern is that you give Governors room to design programs that best meet the unique needs of our individual states. States have been moving toward integration of workforce development programs for at least a decade. It is imperative that federal legislation recognize the diversity of these efforts and not override state innovation with overly prescriptive federal rules or mandates. Therefore, we support any modifications that may be made to the bill that would increase the ability of states to develop a fully integrated workforce development system. In addition, we would support the availability of national reserve funds to assist states in the event of natural disasters, mass layoffs or to meet the needs of migrant workers.

We strongly oppose, therefore, amendments that move the bill toward federal micromanagement of the program. These include the following amendments:

An amendment to be offered by Senator Breaux to mandate the use of vouchers for job training services to dislocated workers. Governors support the bill's option for states to use vouchers and many states plan to test the use of them. We cannot support, however, mandating nationally this new service delivery mechanism.

Two amendments to be offered by Senators Jeffords and Pell. The first would place further restrictions on how states may use block grant funds by moving funds out of the ''flex account'' and into the setasides for workforce education and workforce employment activities. If this amendment were adopted, two thirds of the block grant funds would be rigidly assigned to certain activities, giving states flexibility with only one-third of the funds. The second Jeffords/Pell amendment would dictate what proportion of funds may be used for vocational versus adult education. We oppose this amendment as further limiting the ability of states to allocate funds according to their citizens' needs.

An amendment that may be offered by Senator Ashcroft to require states to conduct drug tests of clients served by workforce development. Given that federal workforce development aid is already being reduced in the appropriations process, we would view this requirement as an unfunded mandate.

An amendment to be offered by Senator Kyl to mandate local workforce boards. While many Governors do intend to create such boards, this decision should be left to states.

Finally, we are concerned about some provisions of S. 143 and hope that we may work with you to resolve them before final passage of any federal workforce legislation. First, we understand that you have added to the bill a provision which preempts state law and court rulings in at least six states by requiring that all block grant funds be subject to all procedures and rules applicable to state funds, including appropriation by state legislatures. We strongly object to this attempt to rewrite state laws through federal legislation and ask that this provision be stricken from the bill. The inclusion of this language could result in funds being allocated in a way that overrides the collaborative process involving the Governor, business representatives, the state education agency, and others required by the bill. If this occurs, state accountability will be lost because there will be no link between the state plan, including state goals and benchmarks, and the allocation of funds.

Similarly, the bill would overturn existing authority for adult and vocational education in at least 15 states by giving sole authority for these programs to state education agencies. State education agencies do not now have authority over funding or administration of these programs in these states. We ask that you revise the bill to recognize the full range of entities that now fund and administer these programs.

We remain opposed to the segregation of block grant funds and administration into workforce employment and workforce education categories. We strongly believe that these activities should be integrated as much as possible, as Congress did under the School-to-Work Opportunities Act. The collaborative group of state education officials, the Governor, workforce officials, and others should be responsible for all of the state plan and all of the funding, not just for the strategic plan and ''flex account'' funds. This is the only way to achieve an integrated system. We look forward to working with you and your staff during the conference process to give states as much opportunity as possible to integrate workforce activities.

We strongly oppose the bill's requirement that individuals in need of job training have a high school diploma or GED, or be enrolled in adult education, before entering job training. There is no clear evidence that having a GED increases individuals' employability or earnings, and we believe barring these individuals from training is counterproductive. Indeed, research shows that upgrading basic skills within the context of job training can be much more effective than adult education alone. Furthermore, the adult education system does not have the capacity to serve all of these individuals and therefore this requirement could pose an unfunded mandate on states, especially since Congress is simultaneously reducing federal job training and adult education aid to states. This requirement poses a particular problem for serving welfare recipients because, under the Senate's welfare bill, job training may be counted toward meeting work participation rates but adult education may not be counted.

Thank you for considering our views. We look forward to working with you to achieve

final passage of workforce development reform legislation this year.

Sincerely,

GOV. ARNE H. CARLSON,
Chair, Human Resources Committee.
GOV. TOM CARPER,
Vice Chair, Human Resources Committee.

STATE DIRECTORS,
VOCATIONAL TECHNICAL EDUCATION,
Washington, DC, October 5, 1995.

Hon. NANCY LANDON KASSEBAUM,
Chair, Senate Labor and Human Resources Committee, Russell Office Building, Washington, DC.

DEAR CHAIRMAN KASSEBAUM: We are writing in strong support and with special appreciation for your leadership and strong commitment to the American workforce and to the country's Vocational Education system. The National Association of State Directors of Vocational Technical Education (NASDVTEc) strongly supports the passage of S. 143, the Workforce Development Act of 1995.

Our organization's support is based on S. 143's clear commitment to high quality vocational technical education. The bill provides the opportunity for flexibility, adaptation and change that is essential to the continuous improvement of the vocational technical education system, while assuring a positive partnership between state and local education agencies to plan, administer, and improve programs. We are pleased that the bill provides agencies to plan, administer, and improve programs. We are pleased that the bill provides a specific allocation for education and for the maintenance of state and local funding. These are critical elements to assuring that high quality vocational technical education is available.

NASDVTEc is concerned that the current reduced authorization level (a result of programs being removed from the bill) may jeopardize the ability of the vocational education system to continue to expand and improve to meet the rapidly changing technical needs of employers. We support efforts to return funding for workforce education to its original or increased level.

Thank you for your leadership in preparing this important legislation. NASDVTEc also wants to thank and commend your staff, in particular Wendy Cramer, for her dedication and patience throughout this process. If you have any questions or need any additional information, please do not hesitate to contact me or Kimberly A. Kubiak, NASDVTEc's Associate Executive Director at 202–737–0303.

Sincerely,

MADELEINE B. HEMMINGS,
Executive Director.

STATE DIRECTORS,
VOCATIONAL TECHNICAL EDUCATION,
Washington, DC, October 5, 1995.

MEMBER,
U.S. Senate,
Washington, DC.

DEAR SENATOR: The National Association of State Directors of Vocational Technical Education (NASDVTEc) strongly urges you to vote in favor of S. 143, the Workforce Development Act of 1995 when the Senate considers it on Tuesday, October 10, 1995.

Our organization strongly supports S. 143 because of its explicit commitment to quality Vocational Technical Education. The bill provides the opportunity for flexibility, adaptation and change that is essential to the continuous improvement of the vocational technical education system, while assuring a positive partnership between state and local education agencies to plan, administer, and improve programs. We are pleased that the bill provides a specific allocation for education and for the maintenance of state and local funding. These are critical elements to assuring that high quality vocational technical education is available.

NASDVTEc is concerned that the current reduced authorization level (a result of programs being removed from the bill) may jeopardize the ability of the vocational education system to continue to expand and improve to meet the rapidly changing technical needs of employers. We support efforts to return funding for workforce education to its original or increased level.

Thank you for your support of this nation's only Occupational Education System. If you have any questions or need any additional information, please do not hesitate to contact me or Kimberly A. Kubiak, NASDVTEc's Associate Executive Director at 202–737–0303.

Sincerely,

MADELEINE B. HEMMINGS,
Executive Director.

NSBA,
Alexandria, VA, October 5, 1995.

MEMBER,
U.S. Senate,
Washington, DC.

DEAR SENATOR: On Tuesday, October 10, you will be faced with a floor vote on S. 143, the Workforce Development Act. School board members are pleased that this bill reflects many provisions that are good for education and we are in support of this legislation. The National School Boards Association represents 95,000 local school board members nationwide who make the key fiscal and education policy decisions for local school districts.

NSBA wants to commend Senator Kassebaum for her sponsorship and leadership during the months of debate on this bill. She, along with committee staff from Senate Labor and Human Resources, have been strong advocates for vocational education and local control. Her bill, S. 143, contains the following provisions which NSBA completely support:

(1) A guaranteed workforce education allocation of not less than 25% in the block grant funds;

(2) A local governance structure in which the local education agencies (LEAs) apply to the state education agencies (SEAs) for funds and the LEAs are represented on local workforce development boards;

(3) A uniform substate formula for the funds to be distributed directly from the SEAs to the LEAs; and

(4) A supplement, not supplant statement, thereby ensuring that the federal vocational education dollars are used to improve local education programs.

Despite the disappointing authorization level for this legislation, NSBA supports the many fine education provisions in S. 143. NSBA urges you to vote for this bill and not to support any floor amendments which would remove any of these education components. If you have any questions or concerns, please contact Kathryn L. McMichael, Director, Federal Relations, 703–838–6782.

Thank you for your support.

Sincerely,

ROBERTA G. DOERING,
President.
THOMAS A. SHANNON,
Executive Director.

AMERICAN VOCATIONAL ASSOCIATION,
Alexandria, VA, October 4, 1995.

Hon. NANCY KASSEBAUM,
Chair, Labor and Human Resources Committee, Russell Office Building, Washington, DC.

DEAR CHAIRMAN KASSEBAUM: Thank you very much for all of your efforts to develop a consolidation proposal for vocational education and job training which underscores the value of quality workforce education. The American Vocational Association (AVA) actively is urging the passage of the Workforce Development Act (S. 143).

Since the earliest drafts of this bill were circulated, AVA has been very supportive of the structure of S. 143. We are pleased that the bill promotes innovative approaches to planning and implementing workforce education activities while retaining the critical expertise and authority of state and local educators in developing and administering education programs. Further, your commitment to a specific allocation of education, as well as a sub-state distribution formula and the maintenance of state and local funding, are critical components in attaining the highest quality workforce education.

With the passage of the CAREERS Act in the House, which AVA opposed, it is even more imperative that your bill pass the Senate and that its structure be preserved in conference.

While earlier versions of S. 143 contained a higher authorization level due to the incorporation of a few programs which have now been removed, the resulting bill cuts the authorization to a degree that jeopardizes the potential to improve the quality and expand the availability of vocational education programs. Therefore, AVA urges the passage of the Pell-Kennedy amendment to change the allocation of workforce education, workforce employment, and flexible funds to an even one-third allocation for each.

Again, thank you for your leadership in preparing this important legislation and for considering our views. I also want to thank and commend your staff, particularly Wendy Cramer and Carla Widener, for their dedication and assistance throughout this process. If you have any questions or need additional information, please feel free to contact me or Nancy O'Brien, AVA's Assistant Executive Director for Government Relations, at 703/683–3111, ext. 311.

Sincerely,

BRET LOVEJOY,
Executive Director.

COUNCIL OF THE GREAT CITY SCHOOLS,
Washington, DC, October 3, 1995.

Hon. NANCY KASSEBAUM,
Chairman, Senate Committee on Labor and Human Resources, U.S. Senate, Washington, DC.

DEAR SENATOR KASSEBAUM: The Council of the Great City Schools, the coalition of the nation's largest urban school districts, is pleased to support S. 143, the Workforce Development Act, as it moves to consideration by the full Senate. Your efforts to maintain a distinct occupational education program for secondary students, which is designed and delivered by the nation's schools reflects an important commitment to continuing progress toward the educational goals of the country.

Your bill not only addresses many of the larger issues surrounding occupational education and training, but also specifically deals with important operational details which can make or break a federal legislative initiative, such as the intrastate distribution of funds, and maintenance of effort.

While the Council cannot endorse the lowering of the authorization of appropriations, we still support your bill. One very specific area of concern, however, relates to the loss of the JOBS and other authorizations during the floor action on Welfare Reform. The removal of these authorization levels will lower the overall funds available for the block grant, and thereby also lower funds available for the 25% set-aside for workforce

education. The Council, therefore, is requesting that you support a potential Pell-Kennedy amendment to adjust each of the set-aside percentages in the block grant to 33%.

As you might imagine, the Council of the Great City Schools rarely supports block grant legislation. However, your efforts to craft a pragmatic piece of legislation and to reach out for input from our organization and our colleagues, as well as to the other side of the aisle, require appreciative acknowledgment and our support.

Sincerely,

MICHAEL CASSERLY,
Executive Director.

OCTOBER 5, 1995.

DEAR SENATOR: We write to ask you to vote for S. 143, the Workforce Development Act when it comes before the Senate for consideration on Tuesday, October 10. This legislation maintains the integrity of federal investment in the quality of vocational-technical education and access to adult education, and respects state sovereignty and local authority for education. The separate allocation for workforce education programs and provisions for the active involvement of state and local education agencies and officials in the planning of a comprehensive workforce development system are critical components of America's high-skill, high-wage economy of the 21st Century.

We enthusiastically support the following provisions of S. 143:

A guaranteed allocation of block grant funds for workforce education programs and activities;

Planning and administration of the workforce education program by state and local education authorities and postsecondary institutions, together with procedures for their participation in the development and approval of comprehensive workforce development plans;

A uniform substate formula for distribution of workforce education funds to local schools and postsecondary institutions; and

Assurances that state and local financial effort will be maintained and that federal funds will supplement, not supplant state and local resources for vocational-technical and adult education.

Together these provisions will help sustain a national priority on the quality of the vocational-technical education our students need and access to adult education. They will more closely connect programs under this Act to federal, state and local funding streams for improved education and training. We urge your support of these provisions and call your attention to potential floor amendments.

SUPPORT ONE-THIRD ALLOCATION FOR EDUCATION

First, we have a major concern about the total funding for vocational/technical education under this Act and seek your support to increase it. The specific allocations for education and job training within the Workforce Development Act were initially calculated to approximate current federal investment in the antecedent programs. However, removal of the JOBS and food stamp employment authorities from the block grant subantitally reduces the total funds available for the Act. The potential impact the legislation offers for planning and sustaining necessary workforce development is jeopardized if the minimum allocations for workforce education and workforce employment programs are insufficient. We strongly urge your support of the Pell-Kennedy amendment which will be offered to raise the guaranteed allocation of education and job training funds from 25 percent of each component to 33⅓ percent of the block grant for each component.

OPPOSE UNDERMING OF WORKFORCE EDUCATION

Second, we urge also that you oppose any amendment which would undermine or eliminate specific allocations of funds for workforce education activities and oppose any amendment which would supersede state sovereignty and local control in the governance and administration of education.

On behalf of the students, parents, teachers, school leaders, postsecondary providers, and state education officials we represent, we urge your support of S. 143 together with the positions on amendments listed above. Thank you for consideration of our views and concerns.

Sincerely,

American Association of Family and Consumer Sciences.
American Association of School Administrators.
American Vocational Association.
California Department of Education.
Council for Educational Development and Research.
Council of Chief State School Officers.
Council of Great City Schools.
National Association of Secondary School Principals.
National Association of State Boards of Education.
National Association of State Directors of Vocational and Technical Education Consortium.
National School Boards Association.
Texas Education Agency.
Vocational Industrial Clubs of America.

NATIONAL ASSOCIATION OF MANUFACTURERS,
Washington, DC, October 4, 1995.

Hon. NANCY KASSEBAUM,
Chair, Labor and Human Resources Committee, U.S. Senate, Russell Senate Office Building, Washington, DC.

DEAR SENATOR KASSEBAUM: For more than two years, we have supported consolidation and reform of the current plethora of federal job-training programs. We congratulate you, as the chairwoman of the Senate Labor and Human Resources Committee, on your persistent and creative efforts to design a system that is cost-effective, reduces duplications and targets real jobs with systematic involvement of the business community.

You have consistently responded to our concerns. You have been open to the views of the business community as well as other constituencies. You have worked in a bipartisan fashion with Senator Kennedy and your committee to structure a fair approach. S. 143, the Workforce Development Act of 1995, creates a road map for reform and should receive the full endorsement of the Senate when it takes up this measure next week.

The status quo is unacceptable. While there may be ways in which S. 143 could be made even better, we believe swift passage is the correct course. Then we can begin to address the need for a job-training system that works effectively today, when fewer dollars must be spent more wisely. We plan to work closely with you and others on these matters.

Job-training reform is long overdue. It is essential to move forward with the effort to create effective programs that will help the U.S. workforce be the best in the world. We at the NAM and our affiliates at the state level plan to be vigorously involved in the eventual implementation of this effort.

Sincerely,

PAUL R. HUARD.

CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA,
Washington, DC, October 5, 1995.

MEMBERS OF THE U.S. SENATE: The U.S. Chamber of Commerce, representing 215,000 businesses, 3,000 state and local chambers of commerce, 1,200 trade and professional associations, and 73 American Chambers of Commerce abroad, urges your support for the Workforce Development Act (S. 143), which is scheduled for floor consideration on October 10.

The Workforce Development Act, sponsored by Senator Nancy Kassebaum (R-KS), contains many provisions that the Chamber supports, S. 143 would consolidate and decentralize roughly 100 federal education and training programs into a simpler, integrated block grant system for states. The bill also would enable small businesses and local chambers of commerce to compete with the public sector in the delivery of education and training services; recognize the important role of business in the design and implementation of the new system; and promote the effective use of technology and the development of labor-market information to orient education and training services.

In addition to these provisions, the Chamber is encouraged that the Workforce Development Act maintains the important goal of preparing students and workers for skills needed in the modern workplace. S. 143 aims to achieve this goal by adopting many new approaches to workforce development. Examples include promoting the use of vouchers rather than funding streams for institutions and programs; establishing user-friendly, one-stop delivery centers where individuals and employers can share and obtain relevant job information; opening the door to new measures of accountability rather than relying on the old measure bureaucratic processes; and encouraging the creation of effective business-education partnerships.

Many, if not most, of these provisions are found in the Chamber's policy statement on restructuring the federal training and employment system. A copy of this statement is attached, for your review.

For American business, the knowledge and skills of employees are the critical factors for economic success and international competitiveness. The Workforce Development Act embodies language that can help achieve this end of creating a world-class workforce development system that is responsive to today's skill needs. Again, we urge your support for S. 143, and your opposition to any weakening amendments. Doing so will dramatically enhance the possibility of enacting meaningful workforce development legislation during the 104th Congress.

Sincerely,

R. BRUCE JOSTEN.

NATIONAL ALLIANCE OF BUSINESS,
Washington, DC, October 6, 1995.

Hon. NANCY LANDON KASSEBAUM,
Chairperson, Committee on Labor and Human Resources, U.S. Senate, Washington, DC.

DEAR SENATOR KASSEBAUM: On behalf of the Alliance, I strongly support Senate passage of S. 143, the Workforce Development Act of 1995. I commend you highly for the consistent bipartisan, consultative approach you have employed, especially with the business community, while developing the text of S. 143 for Senate action on October 10. The legislation takes an historic step toward consolidating dozens of education and training programs into an integrated workforce development system for the states.

The business community supports the innovations in the bill authorizing governors to use proven methods for business involvement such as establishing state and local workforce development boards to help ensure a close link between the services provided and skills needed in the modern workplace. We support one-stop career centers and the use of vouchers. We applaud the emphasis on

program results and accountability for performance, especially against high standards, and the integration of academic achievement with work-based learning.

Provisions in the bill giving a lead role in the design, management, and evaluation of workforce development systems are particularly good when the governor chooses the option of establishing state and local workforce development boards. We believe that a workforce development system will not work effectively without a lead role of employers. Our view, as you know, prefers to mandate the establishment of local workforce development boards for this purpose.

As you go on to perfect this bill throughout the legislative process, I look forward to working with you to strengthen the role of business in the system, so that the bill's primary goal of workforce preparation and development meets the competitive needs of employers.

Under the bipartisan leadership you have employed and the continued cooperation between the business community and your committee, I am confident that this legislation can result in the most effective workforce preparation system possible for our country.

Sincerely,

WILLIAM H. KOLBERG,
President.

Mrs. KASSEBAUM. Over the past few years, I believe a bipartisan consensus has developed on the need to overhaul current Federal training efforts. I want to especially acknowledge the cooperation of the ranking member, Senator KENNEDY, in moving this bill forward.

Although we may not be in complete agreement about the solution, Senator KENNEDY and I share the desire to reform the current fragmented system. Senator KENNEDY has been a strong advocate for consolidation at the State level. His input in strengthening this bill has been most constructive. I am appreciative of his efforts and support in seeing this legislation fashioned and brought to the floor.

Past job training legislation has reflected a tradition of bipartisan cooperation and support. I hope, as we consider this bill today, we will be able to resolve our remaining differences and emerge with strong work force development legislation that all of us can support and that will be of benefit to all who will be served in the process.

Mr. President, I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, later on today, hopefully, we will have an opportunity to take action on an area of public policy which is of great significance and importance to working families in this country and of great significance and importance to the United States as a nation and its ability to compete—be a competitive society in our own country and also for the United States to be able to compete in the world.

At the outset, I commend the Chair of our Human Resource Committee, Senator KASSEBAUM, for her tireless work in bringing this legislation to the U.S. Senate and for her enormously effective manner in reaching out to Republicans and Democrats alike in trying to sift through various recommendations and ideas and suggestions, to galvanize those into an effort which reflects her driving sense that what is necessary is that we develop training programs that will be suitable for this Nation as we move into the next century, but that also understands there is a proliferation of those programs and there has to be a consolidation, a direction, a flexibility that is retained at the local level in communities, with inputs from the States and local communities, from the business and private sector as well as workers in those communities.

This has been a challenging responsibility. I think all of us in the Senate marvel at her energy and her prioritizing this important area of public policy. To many, probably, in this institution as well as across the country, training programs appear to be something that are rather mundane, but we recognize that without training, continuing upgrading of skills, the inputs of education, the interlocking relationships between training programs and the private sector, the impact on individuals and families in this country really would be profound.

So, this is a very important effort. It was a priority of Senator KASSEBAUM since the time she became Chair and a priority of hers long before, when she was a driving force in our committee to make better sense out of our training and education programs. All of us in the Senate are really grateful for her continued leadership in this very, very important policy area.

For the past 3 years, the members of our committee worked together to consolidate the outdated, overlapping variety of Federal job training and job education programs to create a more effective system providing these services and opportunities for youths and adults. The challenge facing the Nation on this issue is extremely serious. It is gratifying we are able to address it in a genuine spirit of bipartisanship.

For nearly two decades, the income gap between the rich and the poor in the United States has been widening. I will come back to this issue in a few moments. A major part of the problem is that the wages of low- and middle-income workers have been stagnating or declining throughout this period while upper income groups have received much of the benefit of a growing economy. That pattern cannot continue without imposing unacceptable costs on our Nation and our security. This legislation is a key part of our answer to that challenge. It offers a better approach to job training and job education that are the heart of our efforts to improve the skills of American workers in the modern economy.

We are very much in agreement on the need to consolidate and streamline the current fragmented system of multiple job training programs at the local level. Many of our early ideas came in response to the bipartisan ''America's Choice, High Skills or Low Wages?'' report in 1990, of the Commission on the Skills of the American Work Force, led by former Secretaries of Labor, Bill Brock and F. Ray Marshall. It was a truly bipartisan effort where we had the former Secretary of Labor under President Carter and the former Secretary of Labor, Bill Brock, who had been a Republican Senator from Tennessee. The members of their committee, which was reflective of business and labor, made a series of recommendations which I will come back to in just a few moments.

One of the major problems highlighted in the report was that the United States is not well organized to provide the highly skilled workers needed to support the emerging high performance work organizations. Public policy for worker training has been largely passive. This legislation is, in large measure, a long overdue response to that report. It addresses the maze of training and education programs, created over many years, for youths and adults seeking the skills and training needed for successful careers.

The job training portions of the Workforce Development Act are a major improvement over current law. They provide the information necessary to tell us, for the first time, whether job training programs are successful in improving the employment skills and earning power of American workers, and they provide needed incentives and sanctions to help us reach our goals.

One of the dilemmas we find ourselves in at the present time is, with the proliferation of various training programs, in many instances, too many instances, the individual being trained is uncertain of the skills that he or she is actually obtaining; at the time of the employment, the employer is unsure of those particular skills; and the taxpayers are unsure how their tax dollars are actually being invested and how valuable that investment really is. That is too often the current situation.

This is an attempt to make sure, No. 1, individuals who are involved in training programs are going to receive the good training and the skills necessary to compete in the economy; No. 2, that the employer is going to know the skills that individual actually has; and, No. 3, the taxpayer is going to know the investment in that individual and in that program is going to mean a stronger economy for us in the future that is going to benefit all of the American community. It is that desire to achieve, with variety, in a flexible way, those goals that is the underlying factor in terms of the support for this legislation.

The bill also lays the foundation for accomplishing two of the highest priorities of a bipartisan majority of the last Congress: effective school-to-work programs for non-college-bound youths, and the one-stop career centers for adults.

When we recognize that three out of four young people who graduate from high school are not going on to higher education but are going on into the job market, and when we take a look at what is happening in the job market for those individuals who just graduate from high school, the difficulty they have in getting an early entry job that provides any meaningful opportunity of acquiring skills necessary to move forward in the economy, we understand the challenge before the country, particularly the limited opportunities for many of these young people. It has been as a result, again, of the bipartisan efforts in the school-to-work programs that we have found advantage in addressing this issue. There have been a number of States that have been moving, with the encouragement of the school-to-work program, aggressively in this area with very, very strong support.

I can think of examples, both of Governor Thompson, a Republican, and his strong support for those concepts in the State of Wisconsin; also the former Governor of the State of Maine, who had been very active in the development of those programs.

This legislation would consolidate funds from a variety of programs and provide funds to States in the form of block grants. Major programs to be consolidated include the Job Training Partnership Act, the JTPA, Carl Perkins Vocational and Applied Technology Act, and the Adult Vocation Act. In addition, nearly 90 other job training and job education programs are included in this consolidation effort.

Mr. President, this effort that we have here today follows the attempt by Congress to be more effective in terms of the training programs. I think all of us understand the complexity and the difficulty that we have in doing a good job in terms of encouraging the acquisition of high grade skills in the individual and in the labor market area.

This represents, I think, the fourth great effort that this country has been involved in various training programs. We had the manpower demonstration administration years ago where we went through the CETA programs. They were discarded in the early 1980's with the leadership and the bipartisan effort that was made under the Senator from Indiana, Dan Quayle, in the development of the JTPA, which was an attempt to try to bring leaders within the local communities into the development of what was called the PIC organizations so that we would address and develop the skills that were necessary within the local community using leaders, business, community leaders, workers as well in those particular areas.

There have been a number of different communities where that particular formula worked extraordinarily well. One of them is my own city of Boston where they developed within the private sector what was called effectively the technology prep schools which involved the financial institutions in the high schools and a number of the health professions in high schools. The development of the public and private partnership had a very significant success in a number of our communities. But still, there were too many areas where there were gaps and failings. It is with the review of both the advantages and the disadvantages of that program that Senator KASSEBAUM has developed the Workforce Development Act to take advantage of the lessons that were developed through that JTPA in the early 1980's and also the recommendations that have been made upon review of that program and how that program actually could be strengthened.

With the funds available under the block grants, the bill requires each State to spend at least 25 percent of the totals on work force education and another 25 percent on work force employment activities. The remaining 50 percent will be placed in a flex account by which the State will be free to assign to another educator the employment activities. There is always the balance between giving the maximum flexibility into a community that can do an extremely effective job.

I am very proud of the initiatives which have been developed in my own State of Massachusetts that really developed under Governor Dukakis and have been continued under Governor Weld. In particular, Lieutenant Governor Cellucci has really done an extraordinary job with maximum flexibility.

So we want the maximum flexibility to permit these effective programs to grow, and then we also do not want to be into a situation where we are just effectively providing funding that will not be used effectively for those purposes of training and enhancing education. It is balanced.

Senator KASSEBAUM has fought and led our committee with great insight to make sure that the degrees of flexibility are going to be preserved at the local level to the maximum extent possible. This is something which I think is ensured in this legislation.

The dramatic and fundamental change proposed in the legislation will take place under a 3-year State work force development plan. Within this plan the State will include a strategic analysis which will describe the allocation choices for the funds in the flex account. The plan will also include the activities the State will undertake within the work force education and employment functions in order to meet the established benchmarks and goals. This bill mandates that each State's plan must include the establishment of a comprehensive one-stop delivery system which will provide the required course services, labor market information, and job placement activities. The corps services will include skill assessment, job search, placement assistance, employment screening referral and local labor market information—that sort of one-stop area so that individuals will be able to come into this one-stop area where there will be the assessment of that individual's skills where the job market is, which training programs have been effective, and being able to use the latest in terms of information services so individuals will be able to know which training programs result in individuals actually gaining employment, what their wages will be, reviewing of what the effectiveness of that program will be in 2 years or 3 years down the road so people will say, ''Well, when we go into this program, we know that we have the best opportunity developing the kind of skills and that we will have employment not just for 6 months, but for 2, 3 years, and our opportunities to make advancement will be considerable.''

That kind of consolidation with one-stop shopping is virtually nonexistent in some communities where there has been development of those programs. The opportunities now with the new kinds of information sharing, computers, and research offers up extraordinary possibilities in terms of enhanced training in the evaluation of these programs.

I underscore what the Senator has said; that is, this very careful evaluation of the various programs that are being developed so that we will have the best information about knowing which programs are working and which ones are weaker.

Another hallmark of the legislation is the extent of flexibility provided to the States. In those States committed to developing the postdelivery system, the benefits will be substantial to those with significant information and assistance. As an example, the work force employment activities are accompanied by an extensive list of permissive services which may be offered to recipients, including the on-the-job training skill and greater entrepreneurial training.

As we know now as compared to where we were 20 or 30 years ago, even in the early part of the 1960's, for someone who worked in the Quincy shipyard on the south shore of Massachusetts—their father probably worked there and their grandfather worked there, and they worked there—they were able to make a very good living. What we have now in the development of the labor market is a recognition that an individual will probably have seven different jobs over the course of their lifetime. And those jobs, in many instances, will necessitate different kinds of skills.

We are dealing with an entirely different kind of labor market situation. This is an attempt to really move us from the past in terms of the types of skills into the modern age and doing it in a variety of different ways that have been outlined by Senator KASSEBAUM.

There will be amendments that will be offered by our colleagues. I will refer to those in just a moment or two.

With respect to the job education, the funds come primarily from vocational education and adult education. The legislation requires a variety of corps activities to be funded with a 25-percent share of the block grant and the flex account allocated to education. These corps activities include vocational education, technology prep, secondary and postsecondary linkages, literacy and basic education services for adult and out-of-school youth, and the integrated academic curriculums.

As Senator KASSEBAUM also pointed out, this bill authorizes $2.1 billion for education and training activities for at-risk youth. These funds will help to fund the Job Corps activities.

I will also come back to that issue in the course of the debate, and there will be an amendment offered to change the Job Corps rather significantly doing effective kinds of evaluation but basically to preserve the basic and fundamental structure on that program. We will have an opportunity to debate that later in the course of the day.

We have also included a mandatory requirement for the summer youth programs be funded from these resources. The summer youth program is enormously important. Also included in the summer youth programs will be the educational components which have been found to be so important and have made a real difference in the significance of the summer youth programs and also tying those to various employment opportunities.

We have seen, for example, in Boston how the public and the private sectors have moved very effectively together, and how there has been a real effective utilization of summer youth and moving young individuals actually into the private sector employment as a result of either 1 or 2 years participation in summer youth programs.

So that the way this is organized I think really emphasizes the most effective types of summer youth programs.

As Senator KASSEBAUM pointed out, Senator DEWINE was particularly involved in the shaping of those programs.

We have also made substantial progress in a variety of other issues such as retaining the employment service, placing a cap on the economic development expenditures, and protection for employees who participate in the training programs.

Also we are pleased to be able to remove the Workforce Development Act from the welfare reform bill recently passed by the Senate. This act is eminently deserving of independent consideration by Congress.

The series of amendments that we will offer today represent the road we still must travel to finish the job. I believe one of the most important amendments is to honor our commitment to the dislocated workers by retaining the trade adjustment assistance programs. Only a year ago, or 2 years ago, Senators in both parties gave strong support to NAFTA and GATT. They decided that the trade adjustment assistance is the answer to the crisis of workers dislocated by expanding world trade. Those promises to working men and women will be broken by the pending bill.

In addition, the bill lacks a clear commitment to other dislocated workers. What are we to say to the factory worker whose plant is closed and is moved to Mexico, or to the coal miners who have lost their jobs, or to the timber workers who received their pink slips, or to the bank employees who are lost in the latest megamerger? What are we to say to the people who need training, or education, or job placement services? Unless this legislation is amended, we will be destroying the hopes and dreams of tens of thousands of workers. We have a special responsibility.

The trade adjustment concept goes back a number of years to actually the early 1960's. But we have renewed as a key part of the commitment of this body—and Presidents alike—a commitment for trade adjustments for those individuals who fall into the categories and lose their employment as a result of NAFTA and the GATT. I believe that commitment should be retained.

I know we will have more of an opportunity to get into that discussion later on in the day.

There will also be an amendment offered to preserve the Federal role in the Job Corps Program and to ensure the program remains strong and effective enough to continue its excellent service to our Nation's youth. Republicans in the House increased the funding for the program. They called it one of the few Federal programs that is successful and effective. Instead of addressing legitimate concerns of the current program, the Senate, I believe, goes in an unwise path on this issue. Our Members will make the changes necessary to reform and strengthen this program.

The test of the legislation will be how well it prepares the Nation's work force for the changing economy in the years ahead. American workers are the backbone of the economy. If we invest wisely in them, the country will prosper. If we fail to do so, the current problems will fester, and the economy and the Nation will suffer.

In closing, I want to recognize a member of my staff whose ability and commitment was indispensable in the preparation of this landmark legislation. Steve Spinner, who served on my staff for the past 2 years, helped guide us at every step even as the cancer which finally took his life was ravishing his body. In a sense, this legislation is his monument. To his wife and daughter we extend our heartfelt thoughts and prayers as we carry on his work.

Mr. President, I want to just mention a number of our colleagues who are not on the committee who have been very much committed to the shaping of this legislation. First of all, on the committee, Senator DODD, for emphasizing the importance of the programs that are related to national activities, recognizing that there are particular challenges that can affect either particular States or regions as the result of the downsizing of Federal contracting. We have seen that issue here in a number of different communities or with particular disasters—the floods in the Midwest, earthquakes, fires in the far West which in many of these instances pass through various jurisdictions and there has been a national impact.

Decisions are being made in the national interest which adversely affect individuals and their families in a very significant way.

No. 1, they lose their job, and with little opportunity, perhaps if they are older, to acquire skills. And we want to make a special effort to ensure that their concerns will be recognized.

That program in the past has been utilized effectively, and I am enormously grateful to Senator KASSEBAUM and our colleagues on the committee for understanding the importance of this program. She has been unwilling to accept as broad a program as many of us would like but I do think has been willing to accept the essential aspect of the program, and we are very grateful for the cooperation we received in that area.

And No. 2, in another very important area which will be talked about by our friend and colleague, the Senator from Louisiana, Senator BREAUX, with the development of the vouchers for dislocated workers so that you can maximize flexibility by the individual in their ability to seek out good training programs and give them a greater opportunity and freedom to make judgments in terms of their own future. This is something that has been considered by the committee. I think the way it has been shaped will give us a good opportunity for a very solid program that can be evaluated carefully and may very well offer great opportunity in the future for expansion of training.

Again, I am grateful to the Senator for her willingness to accept the concept of the approach. It is not all of what was initially offered but is certainly something that was, I think, a very commendable idea, accepted in the House. And I commend Senator BREAUX and Senator DASCHLE, who have been our principal advocates of this, not just on this legislation but in previous efforts as well.

Later, we will have focus on the trade adjustment by Senator MOYNIHAN and Senator ROTH with an amendment. We will have an amendment on the Job Corps by Senator SPECTER and Senator SIMON, and we will also have an adult education earmark by Senator JEFFORDS and Senator PELL. And I understand there are a few other amendments as well.

Given the magnitude of this legislation, I think it is a real tribute, again, to the chair for the fact that we do have some areas we will have to have

votes on in the Senate, but given the magnitude of this issue and the consolidation of all of these programs and working them through is really a great tribute to her leadership.

I will just say finally, because I see other colleagues who are prepared to address the Senate, what this legislation for this Senator is really about is to try to make sure, as we are moving in the latter part of this century and into the next century, we are going to see progress made for all Americans and American families in as great a lockstep as possible.

From 1950 to 1978, what we saw was that the country was really effectively growing together; with the progress that was being made during that period of time it was effectively shared by all the members of our society and the greatest amount went to those on the lower levels but everyone in the middle and the quintile, the top 20 percent, were also participating in the expansion and the robust nature of our economy.

What we are seeing now from 1980 effectively to 1993 is that those are the upper sectors which are benefiting to the greatest degree; those in the middle and in the middle lower are the ones that are continuing to fall behind. We have no magic wand to be able to bring all of these groups here into the general prosperity area. It is going to take a combination of different efforts on our part.

But one of the very important efforts will be to try to make sure that individuals who are in these areas are going to have both education and skill to the extent that we can provide those. Obviously, a key aspect of the education is done at the local level and at the State level. In higher education, obviously, we have an important responsibility. We have also responsibility in other areas as well.

But in the training programs, that is an area where we can try to ensure that there will be expanded skills for American workers. We can try to make sure, and build successful programs that will ensure, that American workers, as they move into the next century, are going to be at the cutting edge of all new skills.

We know our competitors are doing that. If you read the America's Choice Report, which I would suggest to anyone that really wants to have a good insight into where we are or where we have been and also where our competition is going, you will find out that most of the other industrial nations of the world are moving very aggressively in upgrading their skills in a continuing process. They are doing it with training programs, specific training programs. And they are doing training programs on the job and encouraging the businesses in those countries to participate. And those businesses in those countries do participate.

That is not the typical example here in the United States. It is only about 6 or 8 percent of total corporations that actually move with aggressive kinds of training programs. And most of those training programs are more to the white-collar workers rather than to the blue-collar workers.

We are trying to demonstrate by example that we have maximum assurance that there will be different opportunities for the acquisition of skills and education for the working families in this country which will effectively enhance their opportunity to improve their own economic vitality and the vital strength of our national economy.

Mr. President, I see others here who want to address the Senate. I am grateful again for the cooperation that was given by all members of the committee, as Senator KASSEBAUM has mentioned. We are very grateful for the participation of Democratic Senators as well as our Republican colleagues.

We look forward to addressing these issues during the course of the day. We know many of our colleagues have just come back. This is legislation which has been announced. We have been available to talk with our colleagues in the Senate. We are prepared to debate these issues and to get a judgment made on these matters so that we can move this very important legislation forward.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. FRIST). Who yields time?

Mr. KENNEDY. Mr. President, how much time is there?

The PRESIDING OFFICER. The Senator from Kansas has 4 hours 15 minutes, the Senator from Massachusetts 3 hours 30 minutes.

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

Mr. KERREY. Fifteen minutes.

Mr. KENNEDY. Fine.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. I rise today as an original cosponsor of S. 143, the Workforce Development Act. I should say at the outset I consider this to be one of the two or three most important pieces of legislation this body will consider this year.

I want to, at the outset, commend the Senator from Kansas, Senator KASSEBAUM, for her hard work and willingness to reach out and include anyone who has an interest in work force development. I appreciate very much her openness, her diligence, her pursuit of the objectives. As a consequence of all those things, I believe it is likely this legislation will pass.

Indeed, I believe that it is one of the, as I said, two or three most important measures which will produce something good at the local level. Whether or not people at the local level will actually see some benefit, with this piece of legislation, Mr. President, I believe strongly that they will.

I also want to commend the distinguished Senator from Massachusetts somewhat carefully here. I introduced him not long ago, and the audience began to laugh as I did. So I have to be careful. I praise the Senator from Massachusetts. It was his request for a study 5 years ago—I believe it was from the GAO—that has provided the foundation for this bill, the foundation being that we have well over 100 different job training programs at the Federal level and the lack of coordination and the lack of accountability makes it difficult for us to be able to say in our States that we are doing all we can to solve the problem of inadequate skills in the work force.

So, Mr. President, as to whether or not this particular legislation will solve a problem, will there be an effect from the cause of our passing this law, of changing this law that is beneficial in the United States, the answer has to be, in my judgment, enthusiastically and overwhelmingly yes.

Last week, during our recess, there was a great deal of attention given to a census in the Department of Labor evaluation of the U.S. economy that indicated that, as a consequence of the economic growth that has occurred in the past few years, there is less poverty in America. That is quite good news. And it is an important piece of information for those of us who still believe it is one of our most important moral challenges to try to help those Americans who live in poverty and that we need to have economic growth in order to accomplish that.

That economic growth will help those who are poor, and is an awfully important and good piece of news for us. But contained in that report as well, Mr. President, was an indication that there is not only an increased concentration of wealth and power, but there is a continuation of a trend toward a widening of incomes between those at the top end of the economic spectrum and those at the bottom end.

This piece of legislation addresses one of the most important reasons why, when we see economic growth, we do not see an increase in prosperity in the middle class; we do not see a growing middle class. And the reason, Mr. President, is that the marketplace for today requires substantially more skills than it has in the past. It places a premium on it. Those with skills are secure. Their wages and salaries are being bid up, and those without skills are seeing their wages not being bid up. They are struggling out there.

In addition, Mr. President, the way we have organized our job training programs is inadequate. Not only is there lack of accountability, but there are eligibility requirements that make it difficult for people to get into programs and difficult for Governors and business people to engage in the task of working with our schools. There are all sorts of institutional and structural barriers that exist at the local level that this piece of legislation addresses.

So I say to those who, when they go home on recess and are faced with questions from citizens, ''What are you doing that is constructive? Are you passing or changing any laws that will

improve the quality of life in our community?'' this is a piece of legislation that you can point to and say, ''Yes. This will help.'' If you change the law with S. 143, there is no doubt in my mind 10 years from now, as we examine the data as it relates to our economy, we will see people with greater skills and greater income as a consequence of this legislation.

Importantly, I say parenthetically to my colleagues, there is another piece of legislation that would also enable us to say yes to people at the local level if they ask us if a law was going to benefit them. Interestingly, this one was also sponsored by Senator KASSEBAUM and Senator KENNEDY. It is S. 1028. I hope that this body will take it up this year. It is the Health Insurance Reform Act of 1995.

Last year during the debate over health care there was almost unanimous agreement, almost unanimous from Republicans and Democrats, that the least we could do would be to change the law to end the practice of discriminating against people because of preexisting conditions and saying to them that they are not able to port their insurance from one job to another.

The GAO has evaluated this piece of legislation. Twenty-five million Americans would benefit. Again, one of the most impressive tests of this piece of legislation, if S. 143, the Work Force Development Act, passes, is it presents me with an opportunity to say to citizens in Nebraska, ''Here is a change in the law that will benefit us at the local level.''

So I praise, at the beginning, the distinguished Senator from Kansas and the distinguished Senator from Massachusetts for their work on this legislation and their work, as well, on S. 1028. I hope that both pieces of legislation will become law in this session.

Mr. President, we recently considered welfare reform legislation on the floor of the Senate. I voted against that legislation because I believe, in fact, it will make things worse, not better. There were many differences of opinion on how to best accomplish the goal of revising a welfare system that has unquestionably grown unresponsive to those on welfare, as well as those who are trying to make welfare work.

But the one point of agreement throughout the welfare debate was the need for work, for meaningful employment in the private sector, to take the place of welfare benefits. I believe this bill, the Workforce Development Act of 1995, will do more to free dependence upon public assistance than any other legislation we have considered this year.

Job training and education are the foundations of meaningful employment, and meaningful employment is the foundation of a strong economy. A productive, employed work force translates into less reliance on welfare and, more importantly, leads to a strong self-reliant and globally competitive work force. This all translates into economic security for each American in the work force and for our Nation as a whole.

If we are to have a well-prepared work force with the training and ability to enter the 21st century, it is essential that we act now, and it is essential that we pass this legislation. We need to continue to work to create high-paying jobs in this country with site-specific training. We must meet the needs of both the employee and the employer in the community in which they work and operate.

Taxpayers spend $25 billion a year for job training. It is a price we pay for a duplicative system which is not measured and not terribly accountable. We have paid a price in frustration, as those involved in job training on the local and State levels can readily attest, and we have paid the price in underemployment and unemployment, as we have not focused our dollars on the needs of local communities with their specific needs and industries in mind.

The current system of 90 separate job training programs, each clamoring to achieve the same goal, leaves those looking for training to hop from one location or program to another. In addition to being duplicative, these 90 programs are run from Washington, DC, rather than from the communities that understand what skills and training are both needed and effective at the local level.

There are times when I believe it is constructive for the Federal Government to shift the responsibility and the power back to the local and the State level, and job training is a clear example. Those of us who have been Governors, both Republicans and Democrats, will say, I believe, that it is the States that have the best programs for developing jobs and for developing the training programs for those jobs.

There are other incidents where I do not believe that is the case. I believe that the Federal Government ought to be responsible for figuring out how to make health insurance affordable for all Americans. It pleases me today that we have strong bipartisan support for Medicare. That was not always the case. There was a time when Republicans were critical of Medicare. This year, they are not only supportive of that Great Society program, but they want to preserve it for our children and grandchildren. The fundamental principle upon which Medicare rests is that some Americans, regardless of how hard they work and how hard they try, are not going to be able to purchase health insurance. That, it seems to me, should be a Federal program.

I believe it would be a big mistake for this Congress to pass a law that would convert Medicare into a block grant program, but it is a great move forward for this Congress to change the law of block granting the responsibility of job training programs.

The Workforce Development Act has as its goal the meaningful employment of every American capable of working. It takes two very important steps toward accomplishing the goal.

First, the Workforce Development Act consolidates 90 job training programs into a single block grant to States. It does not just block grant to the States, it develops a coordinated work force development system. Our current job training system is not just duplicative, it is also confusing. Consolidation in the specific language of this bill does not just consolidate, it develops a system at the State and local level that will transform our job training system into a unified system of job training and training-related education.

This bill will end the frustrating process of hopping from one location to another in search of employment services by providing for the establishment of a one-stop delivery system for job search, screening, referral and placement, as well as skill assessments.

The one-stop centers contained in this legislation are unquestionably the foundation for the effort, but there is considerably a lot more that is done in this legislation that gives me confidence we are not just block granting and turning over to the States the responsibility; we are making sure that the taxpayers are getting their money's worth for this effort.

Mr. President, this legislation does not just block grant to the States, it empowers people at the local level and it empowers people in the private sector. It unquestionably will change the environment for job training in America and give citizens who care about job training an opportunity of participating and designing programs at the local level.

Second, the responsibility for directing and operating these training programs is turned over to the State governments. This legislation encourages communities to work together to craft effective job-training programs. It requires the participation of those who have a stake in having a skilled labor force and who understand the needs of local labor markets.

It provides flexibility to the States and local communities for the design and implementation of job training efforts. But, Mr. President, equally important to me, this legislation has monetary sanctions and, for the first time, establishes benchmarks and makes our job training programs accountable. States are not just given flexibility. In exchange for significant and desirable flexibility, they are also, for the first time, going to be held accountable for performance. They must develop a plan, and that plan is not only presented to the Federal Government but, more importantly, that plan is presented to the people in each of the individual States.

This legislation provides for the continuance of our most successful vocational and job training efforts with less

interference from the Federal Government. For example, the block grant is divided three ways: 25 percent of the grant must be allocated to education; 25 percent is allocated to training; and 50 percent is allocated in a flex fund account, funds which a State can use for any employment or education activity the State deems important and relevant to its specific needs.

This legislation, in shifting of power and responsibility to the State and local level, puts heavy emphasis and focus upon education. It stipulates that a portion of the flex accounts should be used for school-to-work activities and that States, such as my State of Nebraska, that received implementation grants under the School-to-Work Opportunities Act, use a portion of their flex funds to continue their school-to-work programs under the terms of that act. This provides for the furtherance of exciting and innovative programs, such as school to work.

The Workforce Development Act provides for a strong foundation for applied learning by allowing States to link academic knowledge to real world applications in their own communities, and by forging a comprehensive sensible system of job training and education, this bill enhances both the ability and opportunity for lifelong learning.

But just as importantly, inside this flexibility, again, not only are the State and local governments engaged, but this piece of legislation empowers and gives an opportunity to the private sector, particularly private-sector employers, and most especially small businesses, to participate in designing the programs.

This change in the law will, in fact, empower Americans in a fashion that will enable them to engage in what, in my judgment, is one of the most difficult problems and most tormenting problems that we face, which is, as I said earlier, this widening gap between the economic haves and the economic have-nots, the threat to the middle class of America, and the insecurity that Americans feel at almost all economic levels in the work force today.

Mr. President, I urge my colleagues to support this bill. We are in the midst of, as all of us know, reform in many areas, including education and labor. Business leaders are constantly admonishing educators to make learning more relevant to the real world. I believe this bill is a giant step forward in that direction. By providing the means and the flexibility by which States and local communities can address their specific job training and education needs and by encouraging educators, industry, labor, and community leaders to forge the alliances necessary to make this happen, we can make the attainment of these skills and knowledge more relevant to the real world in which we live, work, and learn.

Again, I praise and applaud and thank both the distinguished Senator from Kansas and the distinguished Senator from Massachusetts. They have worked long and hard on this legislation. I am pleased to be able to come to the floor today and join them in cosponsoring it, and I urge its quick and speedy adoption.

I yield the floor.

Mrs. KASSEBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, my apologies. I was so anxious to jump in and express appreciation to the Senator from Nebraska, I did so before he finished speaking.

Senator KERREY had been a stalwart supporter in the last Congress for major job training reform and has provided the initiative for much of this effort. I value his support and his advice and his belief that this is a very important piece of legislation.

As Senator KENNEDY said, it is probably something that not a lot of people have thought about. It will not cause people to be sitting on the edge of their seats. But in many ways it could be the crux of a major change that could be of great value to a number of people. For that reason, I really very much support and appreciate Senator KERREY's efforts in the early days to continue lending support in efforts to reform the system.

I yield the floor.

Mr. KENNEDY. Mr. President, briefly, I want to also join in thanking Senator KERREY. As a former Governor, he has seen these programs in the State and has awareness about their effectiveness, and he has taken a very special interest in the issues of education and training. We are grateful for his suggestions and involvement in shaping the legislation.

I yield such time as the Senator from Louisiana may need.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. BREAUX. Mr. President, I thank the Senator from Massachusetts. Let me start off by commending both the senior Senator from Massachusetts, Senator KENNEDY, and Senator KASSEBAUM from Kansas for the work they have put into this effort. It really has been an outstanding effort. It has been a pleasure to work with them personally, and with their staffs, in order to bring to the Senate today legislation which I think is really incredibly significant. It may not be, perhaps, as interesting or a hot-button issue like some of the issues Congress is now dealing with in terms of tax cuts and what we are doing with Medicare and what we are doing with welfare reform and what we are doing to the Medicaid Program. Those programs are getting a lot of attention in all of the media, and all of the interest groups around the country are taking strong positions in favor or in opposition to what we are doing. There is a great deal of national debate.

I suggest that what we are doing here this morning in the Senate is equally, if not more important than some of those other great debates going on with regard to Medicare, Medicaid, welfare reform, and the like, because I think that this legislation really speaks to the future of America. Are we going to be a competitive Nation with skilled workers who are able to compete in the work force and compete internationally and not just in our own back yards?

What we are doing today is saying to the American worker, yes, you are important and, yes, we as a Government can do better than we have in the past by giving you the training and education that you need in order to make a difference, in order to get a job in the competitive world that we live in, in order to be able to earn a living to support your family, because that is what this legislation is all about. It is about creating a system under which Americans will be better citizens, better individuals, better able to compete with the competition today, which is universal throughout this globe. It is not just competition within our own borders; it is universal competition throughout the world.

I am not sure how many people would know if you asked them, does the Government do anything for training? A lot of people do not know. We have about 90 different training programs on which we spend probably $7 billion. We try to have a program for every possible need. I think as a result of these good efforts that we have had over the years, in creating these programs, we have something that is sort of a mishmash of a whole bunch of different programs. People out there in the real world do not know where to go. Can you imagine a worker who has just lost his job trying to figure out which program he fits under? He goes to some organization and says, ''I need help, I lost my job, the company has gone out of business because of foreign competition, and I need to be trained.'' Somebody dumps in his lap 90 different programs and descriptions about what they do. He has to try and figure out which one he fits under.

That is the way it works now—rather, that is the way it does not work now. If I had 90 different programs dumped in my lap after I lost my job, I would probably run as fast as I could away from all that material, because I am looking for help, not for some intelligence quiz on which program basically fits my needs.

So what I think is so important about this legislation is it takes all of those 90 different Federal programs and consolidates them. The programs I am talking about are the JTPA Program, job training for people who were laid off from their jobs and poor adults and students; TAA, which was a training and cash benefit program for workers laid off because of trade problems; NAFTA transitional adjustment assistance; Job Corps programs; Carl Perkins vocational education programs; adult education programs; school-to-work

programs; programs that we have created for responding to natural disasters or base closings, where we try to train the people.

In other words, we have about 90 different programs on the Federal books. What we are attempting to do with this legislation is to try and consolidate them to make them work better, to give a chance to the people who benefit from these programs to understand better which one best serves their needs. It is organized around a one-stop career center, which means that workers who need help will not have to go out and get help just to find out where to get help. We are essentially saying that we want to let the worker who needs the help know where he or she has to go, without having to hire more people to help them navigate through a maze of Federal programs.

There are some people who say that for every problem, the Government has to find a solution. I think that is what got us into some of these problems in the past, where for every problem we try to create a new job training program. Every time there was a disaster, or a base closing, or a trade impact that affected workers, we created a program to train people. The intentions were wonderful. But I think what we have produced was a convoluted group of programs that have now grown to over 90 Federal programs. And so some have said, well, we ought to do that because that is what Government does, and that is what we as Democrats do—create programs. Others say, look, this is no role for Government. When somebody loses his job because of unfair trade practices, or a natural disaster, or because of downsizing, which is that new word corporations use, or if they lose jobs because of Government cutting back and closing military bases, well, we have no role. The survival of the fittest should govern. If you can find a job, good, and maybe if you cannot, too bad. Some people take that attitude about what Government should not do to help people.

I think the real solution is that both of those perspectives are incorrect. Certainly, they do not fit the dynamics of the situation in the end of the 20th century as we move to the 21st century. Things have changed. People who think Government should have a program for every problem, I think, are wrong. On the other hand, I think people who believe Government has no role at all are also wrong. What we ought to be doing is trying to help people solve their own problems. That, I think, is the proper role of Government—to help create conditions which allow people to make their own decisions and to help them better solve their own problems.

That is what I think this legislation is all about. It helps people understand how they can benefit from the consolidation of all these training programs and lets them decide which one best fits their needs. We all know that the American worker today is far different from the American worker in the 1930's and 1940's, where people went to work at a plant or factory and stayed there for their whole lifetime. Today, the average American changes jobs several times in their own lifetime. So they have to be constantly trained and given updated information and updated skills about how to compete, because they do not always work in the same place all of their lives, which was what we used to do in society. So things have changed.

One of the greatest programs that I think we as a Government ever invented was the old GI bill, because it worked and it was simple. Government said that people who served their country were going to get help after they finished serving by allowing the Government to help pay them to go to college to get the training they needed to be able to be competitive in American society. One of the good things is that the Government did not try and make all of the decisions. The Government, under the GI bill, did not say to a person that they had to go to a particular college. The Government did not say that you had to take a particular course or a particular line of study or to major in anything that the Government decided you should major in. The wonderful thing about the GI bill is that we trusted individual Americans to make those decisions by themselves. We gave them the funds and said, ''Go to school.'' An individual could go to the school you would like to go to and major in what you think is best for your abilities, your intelligence, your interests; you make that decision. And that is why I think it worked so well. As a result, today, literally, this country has been reshaped by people who have benefited from the GI bill. So, what we have today in this legislation, which I strongly support, is it gives Americans who lose their jobs or find themselves in less beneficial jobs, an opportunity to make some decisions and choices.

It gives the States that are going to be running this program the flexibility to use vouchers, which I happen to think is very, very important. I really think we, in allowing the States to use vouchers, will improve this program. I think, for States to look at the concepts of giving an individual a voucher, giving that person the right to decide where to go to use it to get his training or her training, is a major step in the right direction.

First of all, when you allow an individual to decide where to go to school it creates competition among private institutions and public institutions for that person's interest. I think it is important for the individuals to decide where they want to go to school to get their training, rather than for us in Washington or in some State capital to make that decision for them. When government makes decisions for individuals, the decisions are not nearly as good as if the individual makes that decision.

The second advantage, I think, is competition. Because it will say to all of these schools that provide training that all of a sudden no one is going to dictate they are going to get students. They are going to have to get students based on their ability to serve those students. That is what competition is all about. Schools that are good will survive. Schools that do not meet the needs of the individuals will not survive. That is competition and I think competition, in that sense, will produce better schools, better able to address the needs of individuals who will benefit from these programs.

I think the third advantage of this concept is we will reduce bureaucracy. Because of the system now, that tries to fit people into various programs, we have created a huge bureaucracy of people who just do that. If we allow the individual to make the decision of what is best for him or her, I think we have made a major step in the right direction.

I again compliment the ranking member, the distinguished Senator from Massachusetts, and the Chair of the committee, the distinguished Senator from Kansas, for the tremendous job they have done. This is really landmark legislation. This, for the first time, says we are going to try to consolidate all of these programs and make it simpler and easier for people to understand which program will benefit their particular needs and to give the States more flexibility in how they deliver those services, to give them the option to use vouchers as a means of saying to the individual: You go out and go to an accredited facility. You pick, you choose, you decide what you want to do with the rest of your life. The Government is not going to make that decision for you.

Finally, I think we are saying to American workers that we do care about your future. We do want you to be more competitive. We know a worker in this country will be able to compete—if she or he is well trained, well educated—with workers anywhere in the world.

The theory and theme of this legislation, I think, is yes, there is a role for Government. It is to help people equip themselves to solve their own problems. It is not for government to solve everybody's problems all the time. And certainly not for government to walk away and say you are on your own, it is survival of the fittest and we are not going to care what you do with your future.

I think this approach, in consolidating the programs under the Workforce Development Act, is a major step in the right direction. I commend the Chair and ranking member who will have an amendment to be offered later on that has been worked on over the weekend. The staff is to be commended for using part of the recess, spending this time doing the work they have

done to produce an amendment I think makes a great deal of sense and, hopefully, will be supported by everyone.

This is a good bill. It is landmark legislation. I thank the people who have been so involved in it.

I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I thank the Senator from Louisiana. As I think all Members know, he has been, over the years, a forceful advocate for this concept, developing the voucher system so a displaced worker could use a voucher system to search out the most effective program for that individual, to maximize individual choice. That has been something he has advocated, not just in this program, but on others as well, that I have had the opportunity to work on with him.

He also was a very strong spokesman to make sure we were going to preserve the basic integrity of the training programs and they were not going to be lost into the welfare system. He was an important leader to getting us where we are now, where we are considering these training programs in a broader context for working families.

So, for that leadership, we are very grateful to him and we thank him.

The PRESIDING OFFICER. Who yields time?

Mrs. KASSEBAUM. Mr. President, I think the Senator from Illinois had asked for 5 minutes.

Mr. SIMON. That is correct. I understand the Presiding Officer may wish to speak on this. He was here before I was. I will be pleased to yield to him.

Mrs. KASSEBAUM. I think he will be happy to have the Senator proceed for whatever amount of time the Senator wishes to use.

Mr. SIMON. Mr. President, I thank the Senator from Kansas and thank the Chair for his courtesy. I commend the Senator from Kansas, as well as the ranking member, Senator KENNEDY, for their work in this field.

I confess, I have mixed feelings about this bill. There are good things in it. One-stop shopping makes a great deal of sense. Labor market information makes a great deal of sense. My staff, who know more about the Adult Vocational Rehabilitation Act than I do, tell me that provision is very, very sound. And I like the idea of consolidation of programs. We have multiplied too many programs. There is just no question about that.

I have to say, I am less than completely enthusiastic about just having block grants to the States. Some years ago we consolidated some education programs and one of those was the school library program. During the whole Depression, not a single library in this Nation closed. But, after we consolidated the school library program into the block grants to the States on education, over half of the school libraries in the State of California, for example, have closed.

This idea of simply giving block grants to the States is not one that I am wildly enthusiastic about. I do believe we have to give States flexibility. If I can use an example the Presiding Officer is very familiar with, when we passed the bill—I was in the House then and worked on this—when we passed the bill requiring all States to give help to young people with disabilities, we did not do that because the Federal Government wanted power. We did it because States were not doing the job. We had a lot of schools that said if you are deaf, if you are blind, if you are in a wheelchair, sorry, we are not going to serve you. A majority of the mentally retarded were not being given any help in our public schools. So we put into law a Federal mandate. Would I be willing to say let us just give this money back to the States, and the States will decide whether they are going to help these young people or not? No. I am not willing to do it.

So, when I look at consolidation and I see school-to-work opportunities just getting started, and by all reports really doing some good—but I do not know what is going to happen in Tennessee or Illinois.

(Mrs. KASSEBAUM assumed the chair.)

Mr. SIMON. The National Literacy Act—by the most conservative estimates, we have 23 million adult Americans who cannot read a newspaper or who cannot fill out a job application form. This is a massive drag on our economy. We have to make our people more productive. Among other things, those adult Americans who have literacy deficiencies are not able to help their kids in school.

So, when I see that we are going to consolidate some of these things, I get concerned.

Then the Job Corps has been—are there problems? You bet. We are dealing with marginal young people. Almost 80 percent have dropped out of school. To just say to States, ''You go ahead and run Job Corps, if you want to,'' I do not think makes sense.

Senator SPECTER and I will have an amendment this afternoon to keep the Job Corps and to make some improvements in terms of requirements on use of drugs or alcohol and some other things that I think are important. But 73 percent of the Job Corps alumni—these, again, are kids who are marginal—73 percent end up either getting a job or going on to college or to a vocational school.

So I view this legislation, Madam President, with mixed feelings. I commend you and the ranking member for all of the work you have done in this field. You have been a real legislator, Madam President, not only in this field, but with the problems we faced in Africa and in other areas.

I like the idea of consolidation, one-stop shopping, and labor market information. I am not an enthusiastic supporter of just saying to the States, ''You have this money and you make all the decisions.'' I want to give some flexibility to the States, but I also want to make sure people get served who need to be served.

Madam President, I yield the floor. I see we are going to get some words of wisdom from my colleague from Tennessee.

The PRESIDING OFFICER (Mr. INHOFE). The Senator from Tennessee.

Mr. FRIST. Mr. President, I rise in support of S. 143, the Workforce Development Act. It is truly forward-thinking legislation. It is responsible legislation. It makes it easier for States to educate and train tomorrow's work force. And it is legislation that takes a balanced approach to accountability.

Mr. President, every day we are faced with choices—even the choice not to change business as usual. I wish to commend my colleague, the chairman of the Labor and Human Resources Committee, for tackling this unwieldy area of Federal policy—job training and employment assistance—and shaping it into a coherent and cohesive proposal.

Without her leadership and tenacity on this matter, the workers of America and their employers, the future of workers of America and their potential employers, and the young people of America and their aspirations would be held off or put off by the current unfocused, untenable, and unjustifiable approach to job training.

Mr. President, through her legislation, the distinguished Senator from Kansas has given States flexibility built on common sense and based on State-defined benchmarks. It includes the availability of financial incentives for focussing on a critical bottom line—helping people prepare for and acquire jobs.

Through her legislation, the Senator from Kansas gives individuals looking for training or jobs access to information and assistance that will lead to personal choices founded in facts as well as hopes—information and assistance that will lead to opportunities which recognize ability and confirm potential, and lead to concrete results.

As Americans move into the 21st century, a more advanced and highly technical job market awaits them. Twenty-five years ago, many speculated the year 2001 would reveal a truly space age society with robots or huge computers performing all of human's work. Those predictions will remain fantasy for many years, but one thing cannot be denied—the workplace is changing both rapidly and dramatically, as new applications for technology are continually discovered.

This increasing use of technology—from FAX machines and lap-top computers to high resolution video teleconferencing—has placed a strain on our work force, which has not always been able to keep up.

It has also created a boom industry, as employers and employees seek out

higher education, job training and retraining programs to remain employable. As a result, the Federal Government spends more than $20 billion each year to fund dozens and dozens of job training and work force education programs across this country. Tennessee alone spends more than $237 million in Federal funds to administer myriad programs to prepare and retrain its workers.

But despite more than 100 programs and billion-dollar budgets, there is no real way of knowing how effective this approach actually is—the number of programs is unmanageable and too many overlap or duplicate services.

This lack of accountability and the waste of duplicative services prompted the Senate Labor and Human Resources Committee, of which I am a member, to report out the Work Force Development Act of 1995.

This legislation creates one system that integrates elements of education and training, and gives States the flexibility they need to design and implement programs that meets State-identified needs. States know the needs of their own job markets better than a large Federal bureaucracy, and can tailor their training and education programs to fit the needs of their employers and workers. If we pass S. 143, major Federal training programs would be consolidated within 2 years into one block grant to each State.

Currently, my own State of Tennessee operates more than 25 different job training programs under 9 different departments.

In Tennessee, the department of labor, the department of employment security, the department of human services, the department of education, the department of mental health and mental retardation, the department of economic and community development, the department of youth development, the department of corrections, and the Tennessee Board of Regents all operate separate programs to provide job training to Tennessee workers.

Each program and each department has its own separate bureaucracy and a separate budget.

The Workforce Development Act of 1995 eliminates unnecessary duplication and allows Tennessee and other States to create within their own borders one program that will serve their individual needs more efficiently and at less expense. Most of all, however, this legislation ensures that the program that will be in place will actually help those people who need it.

As chairman of the Disability Policy Subcommittee, I am especially pleased that title II of S. 143 contains amendments to title I of the Rehabilitation Act of 1973, amendments that clearly link State vocational rehabilitation programs to the work force development system envisioned by my colleague from Kansas.

Title I of the Rehabilitation Act authorizes the vocational rehabilitation program which provides Federal funds for counseling, for training and employment services for individuals with disabilities. The Federal Government provides 78 percent of the funding for the vocational rehabilitation program.

The vocational rehabilitation program began in 1921 initially to help disabled war veterans obtain rehabilitation and employment assistance. Today, it is a major source of employment assistance for many individuals with disabilities, including individuals with severe disabilities. Vocational rehabilitation programs, although operated by State vocational rehabilitation services, are located throughout a particular State. These programs help about a million individuals with disabilities a year, about 20 percent of whom enter the competitive labor market within 12 months. The average cost per person aided is about $2,500.

The Tennessee vocational rehabilitation program provides but one example of what can happen when the focus of an agency is clear—to get people with disabilities jobs. In 1994, this program in my State served 27,600 individuals with disabilities, of whom 81.2 percent were severely disabled. Of the individuals served, 5,300 were successfully employed, with 90.2 percent of them working in the competitive labor market.

The annualized income of these 5,300 individuals, once they entered the work force, increased from $6.7 million to $54 million. Let me repeat. The annualized income of these individuals, once they entered the work force, increased from $6.7 million to $54 million, truly an amazing return on a modest Federal investment.

Vocational rehabilitation programs have been one-stop centers for employment assistance for individuals with disabilities for many years. Making these programs a part of the work force development systems which will be authorized by S. 143 is both logical and necessary. By including vocational rehabilitation programs as an integral part of the larger system, two primary outcomes will be achieved. First, individuals with disabilities will be assisted and have access to appropriate supports and services so they can take advantage of what is available through their communities' one-stop centers. Second, vocational rehabilitation professionals will be enabled to provide technical assistance and information about disability related matters to other personnel, who, when appropriate, will be able to assist individuals with disabilities directly.

If vocational rehabilitation programs, which are currently funded at about $2 billion, had been left out of S. 143, I know we would have seen retraction from emerging collaboration between vocational rehabilitation programs and other job training programs.

Under the comprehensive one-stop centers system in S. 143, any citizen, including one with disability, will have access to core services and more, including assessments, coordination, referrals to other entities, and labor market information. An individual with severe disabilities, who may often require specialized, intensive services, may access such services in the same facilities in which core services are provided.

The key is that individuals receive job training and placement assistance and appropriate referrals from and to other parts of the work force development system, not that every service an individual receives be provided in the same location. Throughout the work force development system those individuals involved in coordinating and arranging services would follow the same procedures and policies when interacting with applicants and clients.

I believe these elements in S. 143 send a clear signal to States there will be one system. Vocational rehabilitation services will be a part of that system; individuals with disabilities will be served; individuals with disabilities will not fall through the cracks; and they will not become Ping-Pongs at the mercy of uninformed personnel.

Simply put, by recognizing the record and potential of the vocational rehabilitation program, we have strengthened it and the Workforce Development Act as well.

Given its special place in the world of job training and the range of specialized and intensive services it supports, the vocational rehabilitation program in title I of the Rehabilitation Act becomes a component of the Workforce Development Act through amendment to the Rehabilitation Act, not repeal of title I of the Rehabilitation Act. Through such legislative surgery, we are able to preserve this separate authorization of appropriation for vocational rehabilitation services and clear accountability for the use of these funds through State vocational rehabilitation agencies.

Although during deliberations on the Workforce Development Act in committee we did have our differences with regard to individuals with disabilities, we built and sustained a bipartisan consensus. This consensus should serve us well as we conference with the other body.

In closing, I wish to thank my colleague from Kansas for her leadership and her guidance and her patience that got us to this point today. Acquiring world-class skills for finding a job is neither guaranteed nor easy. It takes effort, information, time, resources, and opportunity. The chairman's bill levels the playing field so that those who make the effort and have the time can access information, resources, and opportunity. Through her legislation, the Senator from Kansas gives us a balanced equation. Tomorrow, America's work force will be at work better trained and better able to compete against global markets. The human value of such outcomes may be hard to measure in specific terms, but I am convinced that we will see a renewed spirit, unleashed pride, and the smiles

that come with confidence on the faces of America, and that is good.

I thank the Chair and yield the floor.

Mrs. KASSEBAUM. Mr. President, I said in my opening statement how much I and the ranking member, Senator KENNEDY, have valued the efforts of the Senator from Tennessee to significantly improve the legislation, and I would like to again express appreciation to Senator FRIST, who worked on the vocational rehabilitation section and strengthened it in ways that I believe have added immeasurably to not only the success of the legislation but I think also the assurance to those in the rehabilitation community that while they want to work to become integrated into the work force, they also want to retain a statutory authority and a funding stream that gives them some certainty they have a voice. And it was the effort of Senator FRIST and staffs on both sides that worked together to develop this section that I think lends great strength to the bill, and I am very appreciative to the Senator.

Mr. FRIST. I thank the Senator.

Mr. President, I ask unanimous consent that questions and answers regarding vocational rehabilitation programs be printed in the RECORD.

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

THE EFFECT OF THE WORKFORCE DEVELOPMENT ACT OF 1995 ON VOCATIONAL REHABILITATION PROGRAMS

QUESTIONS AND ANSWERS

Q. If the Work Force Development Act of 1995, S. 143, were enacted into law, when would the provisions that affect vocational rehabilitation take effect?

A. The effective date of the provisions would vary. S. 143 would allow States up to 2 years to convert to a single work force development system with one-stop career centers. Some States are already engaged in such approaches to job training, information, and placement assistance. In these States, vocational rehabilitation agencies are involved and play a role in helping individuals with disabilities. S. 143, with the State option of a 2-year phase-in, takes into account the fact that States are at differing stages in investing in a single work force development system. In an effort to promote vocational rehabilitation programs continuing their involvement or beginning early involvement in planning and participation in new systems, provisions in S. 143 would allow a State vocational rehabilitation program to transition to the new work force development system, in a manner and by a time table set by its State (within the 2-year limit specified in S. 143).

Q. Does S. 143 repeal any part of the Rehabilitation Act of 1993?

A. No. It amends title I, the State grant program of the Rehabilitation Act. S. 143 would make a State's vocational rehabilitation program an integral component of a State's work force development system.

Q. Does S. 143 affect only the State grant program in the Rehabilitation Act?

A. Yes. It amends no other programs in the Rehabilitation Act.

Q. If the Work Force Development Act of 1995, S. 143, were enacted into law, how would funding for State vocational rehabilitation programs, currently funded through the Rehabilitation Act, be affected?

A. The authorization of appropriations and the funding formula in current law would be preserved. The effect would be that designated State vocational rehabilitation agencies would continue to administer and oversee the use of rehabilitation dollars. This would ensure that designated dollars would continue to be spent to provide job training and placement assistance for individuals with disabilities.

Q. If S. 143 were enacted into law, what services could an individual with a disability expect?

A. Any individual seeking job training and placement assistance, including an individual with a disability, would have access to core services as well as other services a State may elect to offer. The core services would include: Outreach and orientation to services available through one-stop centers, assessment, job search and placement assistance, career counseling where appropriate, screening and referral of qualified applicants to employment or other support services, and accurate and timely information relating to employment opportunities, training, and education.

Q. Does S. 143 recognize that many individuals with disabilities may have specialized needs that must be addressed in order for these individuals to take advantage of job training and placement opportunities?

A. Yes. Any individual with a disability would have access to auxiliary aids and services necessary to enable him or her to take advantage of core services. In addition, if a center also offered other services, an individual with a disability, seeking these services, would have access to auxiliary aids and services if needed. If an individual with a disability has specialized needs that must be addressed to enable the individual to take advantage of what is offered within a one-stop center system, appropriate assistance would be provided by vocational rehabilitation professionals. If a State vocational rehabilitation agency is operating under an order of selection that limits most services to individuals with the most severe disabilities, then this agency could continue such a policy under S. 143. An individual who has a disability not covered by the order of selection could access services through other one-stop centers personnel. In order for these personnel to assist individuals with disabilities, technical assistance from vocational rehabilitation professionals would be available.

Q. If S. 143 were enacted into law, would it be primarily a public system with public employees controlling what services an individual with a disability could access?

A. That decision will be a State decision. Currently, State vocational rehabilitation agencies vary in the extent to which services to individuals with disabilities are provided by public or private entities. In Tennessee today, 75 percent of State vocational rehabilitation dollars are spent on private service providers. S. 143 clearly expects employers' interests and needs to influence the design of a State's work force development system. Moreover, a State will be expected to reach all areas of the State with services. These factors may cause States to expand or redirect how job training and placement assistance are addressed. For example, to be better able to address employers' needs in a timely manner with well-trained workers, a State may expand the use and involvement of private providers and elect to make vouchers available to individuals.

Q. If S. 143 were enacted into law, how would the preferences and choices of an individual with a disability be affected?

A. Amendments to the Rehabilitation Act in 1992 strengthened an individual's role and choices with regard to vocational rehabilitation services. In addition, in these 1992 amendments, the U.S. Department of Education's Rehabilitation Services Administration was directed to develop evaluation standards and performance indicators to judge if individuals with disabilities are being given a meaningful role in the design of their service package and are able to make informed choices about rehabilitation services available. S. 143 does nothing to undermine these 1992 amendments to the Rehabilitation Act. In fact, these 1992 amendments should continue to buttress and strengthen an individual's ability to access services he or she needs and prefers within one-stop centers.

Q. If S. 143 were enacted into law, could an individual with a disability have access to vouchers?

A. Yes, to the extent and under the conditions a State specifies.

Q. What in S. 143 would increase the likelihood that an individual with a disability would receive services? That is, the individual would not be denied services on the basis of disability, not fall through the cracks, or not be treated like a ping pong ball—referred to one agency after another.

A. States are expected to set benchmarks and report on individuals assisted through work force development systems. A State must report on is the number of individuals with disabilities who acquired jobs. Under S. 143, individuals with disabilities should have more opportunities to receive information and services targeted to job openings in their communities. Moreover, since there would be one, and only one, job training and placement assistance system in a State, an individual with a disability could not be turned away or denied core services.

The percent of persons with earned income of any kind increased from 21 percent at application to 90 percent at closure. The gain in the average hourly wage rate from application to the achievement of an employment outcome was $4.36 per person. Of the individuals achieving employment in fiscal year 1993, their mean weekly earnings at the time of their application to the program was $32.20, compared to $204.10 at closure, an average weekly increase of $164.90.

In 1993, the Government Accounting Office [GAO] found that an individual who completed a vocational rehabilitation program was significantly more likely than an individual who did not complete the program of working for wages 5 years after exiting the program. In addition, the GAO found that individuals who achieved an employment outcome demonstrated four times the gain in wages compared to the other groups studied.

I am also pleased to share with my colleagues the positive impact that vocational rehabilitation is having in my home State of Iowa. During fiscal year 1993–94, 5,717 Iowans with disabilities were rehabilitated through the Division of Vocational Rehabilitation Services. At referral to DVRS, 33 percent has weekly earnings; at closure the rate went to 98 percent. Average weekly earnings rose from $49.94 at referral to $229.45 at closure. In addition, the Iowa Department for the Blind provided 765 blind persons with vocational rehabilitation services. At closure the average weekly income was $352. Seventy-three percent of those rehabilitated found work in the competitive

labor market, including work in occupations such as psychologist, tax accountant, teacher, food service, and radio repair.

Mr. President, as I explained previously in my remarks, under S. 143, title I of the Rehabilitation Act, as amended most recently in 1992, is not repealed; rather it is retained, strengthened, and made an integral component of the statewide work force development system.

For example, the findings and purposes section of title I of the Rehabilitation Act are amended to make it clear that programs of vocational rehabilitation are intended to be an integral component of a State's work force development system. Further, the amendments clarify that linkages between the vocational rehabilitation program established under title I of the Rehabilitation Act and other components of the statewide work force development system are critical to ensure effective and meaningful participation by individuals with disabilities in work force development activities.

Section 14 and section 106 of title I of the Rehabilitation Act pertaining to evaluations of the program are amended to make it clear that, to the maximum extent appropriate, standards for determining effectiveness of the program must be consistent with State benchmarks established under the Workforce Development Act for all employment programs.

Provisions in the State plan under title I of the Rehabilitation Act of 1973 are also amended to include specific strategies for strengthening the vocational rehabilitation program as an integral component of the statewide work force development system established by the State. A cooperative agreement will be required to link the VR agency with the consolidated system. The cooperative agreement will address each State's unique system and will assure, for example, reciprocal referrals between the VR agency and the other components of the statewide system. The linkages will also assure that the staff at both agencies are adequately and appropriately trained. Most importantly, the linkages must be replicated at the local level so that the local office of the VR agency is working closely with the one-stop center in the community to make a seamless system of services a reality.

Many State vocational rehabilitation agencies, including the agency in Iowa, are already involved with efforts to link vocational rehabilitation with other components of the statewide system of work force development. The States that report the most success are those where the vocational rehabilitation agencies are involved in the consolidation efforts at the early planning stages. The other aspect that is critical to ensure success is the replication of cooperative agreements in local communities so that the VR counselors are working closely with the other job training programs in the statewide system.

In closing, Mr. President, I strongly support the provisions S. 143 pertaining to individuals with disabilities. The bill ensures meaningful and effective access to the generic training and education programs. In addition, the amendments to the Rehabilitation Act of 1973 will strengthen and support the involvement of vocational rehabilitation in a State's seamless system of work force development while ensuring the continued integrity and viability of the current program.

Mr. HARKIN. Mr. President, as ranking member of the Subcommittee on Disability Policy, I would like to take a few minutes to discuss the applicability of S. 143, the Workforce Development Act, to individuals with disabilities.

I would like to compliment Senator KASSEBAUM, the sponsor of the legislation and chair of the Committee on Labor and Human Resource, and Senator FRIST, the chair of the Subcommittee on Disability Policy, for including specific provisions in S. 143 that will enhance our Nation's ability to address the employment-related needs of individuals with disabilities, including individuals with significant disabilities. I am particularly pleased that these provisions were developed on a bipartisan basis and enjoy the broad-based support of the disability community.

On January 10, 1995, the Labor Committee heard testimony from Tony Young, on behalf of the Employment and Training Task Force of the Consortium for Citizens With Disabilities. CCD urged the Senate to recognize the positive advances made in the 1992 amendments to the Rehabilitation Act of 1973 and to take a two-pronged approach to addressing the needs of individuals with disabilities in our jobs consolidation legislation. I am pleased that the Senate bill adopted this two-pronged approach.

Under prong one, S. 143 guarantee individuals with disabilities meaningful and effective access to the core services and optional services that are made available to nondisabled individuals in generic work force employment activities and to work force education activities described in the legislation, consistent with nondiscrimination provisions set out in section 106(f)(7) of the legislation, section 504 of the Rehabilitation Act of 1973, and title II of the Americans With Disabilities Act.

The commitment to ensuring meaningful and effective access to generic services for individuals with disabilities is critical. Advocates for individuals with disabilities have often expressed concern that many current generic job training programs such as JTPA have not met the needs of individuals with disabilities. Ensuring access to generic services is critical for many people with disabilities who can benefit from such services.

The promise of access to generic services is also illustrated through other provisions in S. 143. The purposes of the bill—section 2(b)—include creating coherent, integrated statewide work force development systems designed to develop more fully the academic, occupational, and literacy skills of all segments of the population and ensuring that all segments of the work force will obtain the skills necessary to earn wages sufficient to maintain the highest quality of living in the world. The content of the State plan set out in section 104(c) of S. 143 must include information describing how the State will identify the current and future work force development needs of all segments of the population of the State. The term ''all'' is intended to include individuals with disabilities.

The accountability provisions in S. 143, section 121(c)(4), specify that States must develop quantifiable benchmarks to measure progress toward meeting State goals for specified populations, including at a minimum, individuals with disabilities.

Under S. 143, State vocational rehabilitation agencies must be involved in the planning and implementation of the generic system. For example, under section 104(d) of S. 143, the part of the State plan related to the strategic plan must describe how the State agency officials responsible for vocational rehabilitation collaborated in the development of the strategic plan. Under section 105(a) of S. 143, the work force development boards must include a representative from the State agency responsible for vocational rehabilitation and under section 118 of S. 143, local workforce development boards must include one or more individuals with disabilities or their representatives.

Under prong two the current program of one-stop shopping for persons with disabilities, particularly those with severe disabilities, established under title I of the Rehabilitation Act of 1973, as amended most recently in 1992, is retained, strengthened, and made an integral component of the statewide work force development system.

The current vocational rehabilitation system has helped millions of individuals with disabilities over the past 75 years to achieve employment. Since the 1992 amendments, the number of individuals assisted in achieving employment each year has increased steadily. In fiscal year 1994, 203,035 individuals achieved employment, up 5.8 percent from fiscal year 1992, the year just prior to the passage of the amendments. Data for the first three quarters of fiscal year 1995 show a 8.4-percent increase in the number of individuals achieving employment as compared to the first three quarters for fiscal year 1994.

In fiscal year 1993, 85.7 percent of the individuals achieving employment through vocational rehabilitation were either competitively employed or self-employed. Seventy-seven percent of individuals who achieved employment as

a result of the vocational rehabilitation program report that their own income is the primary source of support rather than depending on entitlement or family members.

Mrs. KASSEBAUM. Mr. President, I would like to speak for just a moment because at 11:30 we go back into morning business for an hour. We will be debating this later to a far greater extent, but because Job Corps has been raised this morning by several Members, I would like to speak for a moment to this because it is something on which we held several days of hearings. It is a subject on which I have had grave concerns. It has been a very important program through the years. But like many other things, it can stand change that I believe will make it even stronger.

Job Corps, under the legislation that we are considering, remains a residential program for at-risk youth, but it is integrated into the statewide work force development system. Too often today we have Job Corps centers that are federally run that operate independently of the vocational education efforts that are ongoing in the State. These centers remain separate and apart from job service information when we could include them into initiatives better able to help students find jobs.

I think it is just absolutely essential for us today to recognize that there is a population of at-risk youth that need a stronger support system. Many times the Job Corps centers have become, or should become perhaps, detention-center-type efforts, but because there has not been a directive that has focused on the changing needs of the population being served. I think that on the whole we are now doing a disservice. It is not to say that it is not an important initiative. And it remains so under this legislation with its own funding stream and its own section.

But primary responsibility for the operation of the Job Corps centers is transferred to the State. And each center must be linked to the one-stop center and at other local training and education efforts. I think that linkage is vital today to make it a successful effort.

During the 2-year transition period which is called for in this legislation, a national audit of the Job Corps Program will be performed. Based on the results of the audit, and other criteria, the Secretary of Labor is directed to close 25 underperforming Job Corps centers. The criteria used to determine which centers will be closed are as follows. This is, Mr. President, out of 112 centers which are operating with about 8 new ones under consideration.

The criteria would be, first, whether a given center has consistently received low performance measurement ratings under the Department of Labor or Inspector General Job Corps rating system; second, whether the center is among those that have experienced the highest number of serious incidents of violence or criminal activity; third, whether or not the center requires the largest funding for rehabilitation and repair; fourth, the relative and absolute cost of the centers compared to all other centers; and, fifth, whether the center is among those with the least State and local support.

The centers that we found that were working the best were those that had strong local support, that had strong ties to the community and worked well in that endeavor.

Mr. President, funds saved as a result of these closures as well as additional funds will be allocated to the State for work force development activities directed specifically for at-risk youth. These activities may include, for example, grants to carry out programs to assist out-of-school at-risk youth and participating in school-to-work activities. Under this provision, 85 percent of the at-risk youth funds will be distributed at the local level.

As I say, we will be debating this at some length later on because it is of concern and it has supporters and critics on both sides of the aisle. But it is something, I believe, that is a good example of a program that started with the best of intentions, and still has the best of intentions, but must be looked at in the light of the reality of what we are dealing with today. And I feel those who are participants, the young men and women in the Job Corps Program, are not being served consistently as successfully as I believe they could with some important changes that we could make in this bill. But we will be continuing this debate later. I wanted to mention those aspects of it at this point.

Mr. KENNEDY. Mr. President, I will just yield such time—as I understand it, at 11:30 we will be moving to morning business.

I yield myself such time as I might use.

Mr. President, I will join in the debate and discussion on the Job Corps Program later on in the afternoon and the substance of what I think is an excellently crafted amendment by the Senator from Illinois and the Senator from Pennsylvania, which I think addresses the responses to some of the issues and problems that have been raised during the course of hearings on the Job Corps.

I think we do not want to lose sight of the fact that we are dealing with the most difficult of the young people in our society who, for one reason or another, have in most instances been deprived of a good education. They come from difficult and challenging backgrounds. This is in many instances the last step before a life of conflict and possibly even crime. And when you look over the profile of these young individuals, we recognize the difficulty and the complexity that is presented to a society and to a community in order to try to deal with this.

Part of the problem—we will have a chance to debate this later on in the course of the afternoon—is the fact that not all the States have the Job Corps at this particular time. Part of the problem is that many of the individuals who come through the Job Corps, the kind of skills that they might be suited for may not be in the Job Corps that is closest to them. They may have a particular aptitude to develop particular skills in the Job Corps that is in the next State or the State beyond that will give them the opportunity.

Part of the problem is to try to give an opportunity for young people to move out of a neighborhood or out of a community in which that neighborhood or community and the associates have had a powerful hold over that individual. We will have a chance to go into greater detail as to the challenges and the demands and also the difficulties of the existing Job Corps issue, but I must say that I have found that the program particularly is of value.

If you take, for example, holding a young person in my own State of Massachusetts inside of what is route 128 that has had any kind of contact with the law costs about $70,000 or $75,000 a year; it costs about $35,000 to $40,000 outside of Greater Boston, the route 128 area. We are talking about how we are going to come to grips with a group of young men and women, 17 years old, 16 to 18, 19 years old, who have had a very difficult and complex and rough life.

And the question is whether this Job Corps Program can open up some opportunities for these individuals to be constructive and productive and gainful citizens. In many instances it has been an extraordinary success. In some instances there needs to be improvement and strengthening of the program. I do think that the Simon-Specter amendment addresses the particular complexities of the program.

Finally, Mr. President, as I mentioned earlier, I think when we are looking at this legislation, when we are looking at the consolidation of the various programs that Senator KASSEBAUM has pointed out, we are also trying to include in here the best of the recommendations of the America's Choice Program, which I think provided the most comprehensive review of training, apprenticeship programs, what the needs were in our own society, what is happening in other countries, very extensive program and review of countries around the world, identifying those effective programs, those programs that were effective in providing skills and opportunity for young and old alike.

This proposal that is before us, although it does not include many of the different elements of the job training that I would like to see, is, I think, a very, very constructive, productive and innovative way of this Nation coming to grips with the challenge of ensuring the upgrading and continued upgrading of skills for young and old in our society.

I hope that we will have a chance to dispose of these other amendments later on in the afternoon and move the whole process forward.

Mr. PELL. Mr. President, I rise to express my strong support for this legislation, which makes dramatic and sweeping changes not only in job training but also in vocational and adult education.

In job training, change is without a doubt necessary. We need to consolidate programs and to build a system that better meets the needs of those who need job training services. In vocational and adult education, however, the need for a massive overhaul is much less clear. In some ways, we need simply to refine and not revamp what we already have in law.

I am generally pleased with the course that has been set in this bill. It will bring coherence and coordination to a system of too many programs that have often operated at odds with each other. It will focus job training services on those who need them most, and in a way that will help them get the advice, assistance, and training they need.

In vocational and adult education, I believe we have fashioned an agreement that should sustain the strong bipartisan support these programs have traditionally enjoyed. Among the important provisions are: No. 1, are within state formula; No. 2, a focus on at-risk students from low-income families; No. 3, maintenance of effort and supplement not supplant language; No. 4, an emphasis on the integration of academic and vocational education; No. 5, the linking of secondary and postsecondary education through exciting programs like tech prep; No. 6, the disaggregation of data to let us know better the progress we are making; and, No. 7, the continuation of the critically important adult education programs.

I would emphasize, however, that we can make this bill even better if we adopt a series of important amendments. I am very concerned, for instance, that adult education should have a separate stream of funding so that its accomplishments are not diminished. I believe that the flexibility account, which constitutes 50 percent of the funding, is too large, and that a better configuration would be one-third for work force education, one-third for work force training, and one-third for the flex account. Further, I believe we should approve an amendment strengthening the Job Corps provisions now in the bill. And, I do not believe that we should repeal the Trade Adjustment Act which helps individuals who because of international competition, and through no fault of their own, have lost their jobs.

Mr. President, I supported this bill in committee largely because of the strong provisions for adult and vocational education. I support it today for the same reasons. However, I believe we have the opportunity to make a good bill an even better one if we approve amendments such as those I have mentioned. I look forward to a lively and productive debate, and remain very hopeful that the end result will be legislation that has broad and deep bipartisan support.

Mr. DODD. Mr. President, few issues we consider are as directly linked to the future strength of our Nation as those before us today. The education and training we provide today point like a compass to our Nation's future path.

The needs in education and training are clearly great. Because in the last several decades, our economy has been transformed from an economy in which heavy manufacturing was the central element to an economy that is knowledge based.

Technology has and continues to revolutionize today's workplaces. The typewriters that gained widespread use early this century are now basically gone. Computers, with their incredible power and potential, have taken over. It is hard to imagine how just a few years ago we operated without internet, fax machines, or voice mail. In manufacturing, robotics and precision machinery have replaced workers on many assembly lines.

This rapid change makes for an exciting time in today's workplaces. But it also presents us with many challenges. We must assure that education and training provide all with access to the new tools of the trade.

The work force development bill before us today makes many positive changes to meet these challenges. Senator KASSEBAUM has thought creatively about job training and vocational and adult education programs, namely how we can make them more flexible, more customer-friendly, and less redundant while providing critical links between training and labor markets.

This bill includes many promising provisions, including the transition to an accessible ''one-stop'' work force development system. With Federal leadership, one-stops have been broadly improving access to job training and information services in States across the country.

This bill also integrates vocational education and the Perkins Act as full partners in the larger work force development system. Since we last visited vocational education in 1988, vocational education has been on the cutting edge of school reform—tech-prep and school-to-work have established promising new models that ensure youth get the knowledge and skills they need to pursue successful careers and complete their education. The Work Force Development Act continues and strengthens these important efforts.

We have worked hard on this bill in the Labor Committee and made much progress—progress which has continued as we have approached today's floor consideration.

I am particularly pleased that the bill now includes a summer jobs program for at-risk youth. In committee, I offered an amendment restoring the Federal Summer Jobs Program, which has made a profound difference for youth across the country, and especially in our poor, urban centers. While the provision in the bill before use today does not go as far as my amendment, it will ensure that States establish vital summer jobs programs.

In addition, the bill now also includes important worker protections. It integrates, rather than eliminates, the successful employment and training administration into the State structure. The Federal governance structure has also been substantially improved to recognize the primary responsibility of the Secretaries of Education and Labor.

I am especially pleased that several other changes I offered in the past weeks and months are a part of the bill we consider today, including increased parental involvement in vocational education and improved conflict of interest language.

That said, I remained concerned about some aspects of the bill before us.

I strongly believe we should make some provision in this bill for mass worker dislocations, especially those that affect more than one State, that are the result of Federal action or that are caused by natural disasters. Such mass layoffs and dislocations are often too much for any one State to handle, and we have a tradition of Federal involvement in this area. I plan to offer an amendment on this point. Without this amendment, the Federal Government would have no way of addressing mass worker dislocations, and States would be left to deal with them alone. I hope my colleagues will support my amendment.

In addition, I hope that we can restore the Job Corps Program. Senator KASSEBAUM has spoken often of the need to reform Job Corps, and I agree we should work together in a bipartisan fashion to build on the considerable progress the administration has already made in this area. But I do not believe the Job Corps provisions in this bill qualify as real reform. The bill arbitrarily pulls a number out of the air and says that 25 Job Corps centers must be closed.

It makes this determination before a national audit is complete—that's evocative of Judge Roy Bean's famous dictum to ''hang 'em first, try 'em later.'' The bill would also ship management of this successful national program to the States—endangering the future of the Job Corps as well as multiplying one administrative structure by 50.

We can also improve upon the support offered for actual job training services. The work force development system, as proposed, will provide workers with information on local and State labor markets, with skills assessment and job search services. But it will

guarantee workers very little in the way of real training.

Two amendments to be offered today will go a long way in providing workers with real training. The Breaux amendment will provide support for one of the most innovative training tools—training vouchers. Under his amendment, dislocated workers will be empowered to make key decisions about training.

Senator MOYNIHAN will offer an amendment to restore the Trade Adjustment Assistance Program. Repealing TAA, as this bill does, breaks a covenant with America's workers, many of whom have felt the dark side of free trade. I believe strongly that free trade is, on balance, good for America and our workers. But it is clear there must be assistance in helping workers transition to, train for and locate jobs in growing industries.

Finally, I remain concerned about maintaining a Federal commitment to audit education. Adult education has provided thousands of needy Americans with assistance in gaining literacy skills that make them better citizens, better parents and better workers. For these Americans, these dollars provide dignity. I think we must assure that these adults continue to receive these critical services through this new system.

I want to come back to the big picture for a moment. Education and training have always been bipartisan issues and I hope they can be on this bill. Through the amendments today, it is clear we can work through some of the concerns that remain to fashion consensus legislation that will be good for American workers and good for American students. I pledge to be a part of that dialog and am hopeful that at the end of the day, this will be legislation that I can support.

Mr. KENNEDY. I see the hour of 11:30 has approached.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, we will be in a period for morning business for not to exceed 1 hour to be divided equally between the Senator from Texas [Mrs. HUTCHISON] and the Senator from Georgia [Mr. NUNN].

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

NATO EXPANSION

Mrs. HUTCHISON. Mr. President, Senator NUNN's plane is late, so I am going to start this dialog. Senator NUNN and I and other Democrats and Republicans have been talking about NATO expansion. We are very concerned that the debate needs to take place, that Americans need to understand what is important, what the questions should be, and what should be the criteria for the expansion of NATO.

After all, all of us understand that NATO is a mutual defense pact. And if we expand NATO, we must ask for and receive from the entering nation defense assurances, and we must also give those same defense assurances. Therefore, we are talking about American troops and American tax dollars, just as all of our NATO allies will be looking at the obligations they must accept.

All of us must realize how very important and crucial this decision is going to be. The expansion of NATO is a strategic decision that must not be made in haste and must not be made before we answer the crucial questions.

So Senator NUNN and I are taking this hour, along with others of our colleagues, to talk about it. Let us raise some of the questions that we think need to be answered, and let us look at potential alternatives, as well as the actual expansion of NATO, and the timetable that we might look at if we decide to make that decision.

The political map of Europe has changed dramatically since the toppling of the Berlin Wall. Just as these changes were a direct result of half a century of American leadership and NATO resolve, so, too, does the future of peace and stability in Europe depend on a strong and enduring NATO.

With the collapse of the Soviet Union and the rise of new governments, along with old ethnic and border disputes in Eastern Europe, a new set of challenges confronts the North Atlantic alliance.

A NATO study just released last week takes a decidedly positive stance toward the possibility of expanding NATO membership. The NATO study is specific in that it asserts that new NATO members will have the same benefits and obligations of all the other members of the alliance.

The study also anticipates no change in NATO nuclear policy or in the forward basing of NATO ground forces. These points are important, as far as they go. However, there are a number of very serious issues raised by the issue of NATO enlargement, and these questions need to be analyzed thoroughly before the United States and our NATO allies commit ourselves to this course of action.

First, although the NATO study talks about expansion leading to increased stability and security, it is largely silent on the real why of NATO enlargement. The real why is the deep concern in Eastern Europe and the Baltic countries about a future threat from Russia and the West's stake in responding to this potential threat.

Second, the study does not address the Russian reaction to NATO expansion. It notes that Russia has raised concerns which NATO is attempting to address, but the fact is that eastward NATO expansion in the near future is almost certain to prompt opponents of democracy and economic reform in Russia to new heights of paranoia and provocative nationalism. It could weaken the prodemocracy and proreform elements of the Russian polity that we should be striving to support. Rather than strengthening stability and security in Eastern Europe, repercussions in Russia from rapid NATO expansion could undermine our most important national security goal.

Third, full NATO membership for the nations of Eastern Europe has the potential to draw the United States and our NATO allies into regional border and ethnic disputes in which we have no demonstrable national security interest.

Many Americans and many of us in Congress have serious reservations about President Clinton's proposal to commit United States troops to a peacekeeping force in the former Yugoslavia. This is an issue we will debate here at a later date. But disagreements about the wisdom of this commitment within this body across our Nation and within NATO are directly relevant to NATO expansion.

Is it in America's interest to enter into treaty obligations that could end up committing American military and political power to current and future regional border and ethnic disputes in Eastern Europe and the Balkans?

When President Clinton argues that we must put troops on the ground in Bosnia in order to keep faith with our NATO allies and our leadership within the alliance, it illustrates perfectly the very real risks of rapid NATO expansion. Before the United States and our NATO allies take this step to guarantee mutual defense, we must acknowledge that the potential for civil war and border and ethnic strife in Eastern Europe is high. After years of vacillation and debate about what America should do about Bosnia, we must also acknowledge that there has not been a clear policy. To embark on NATO expansion without resolving this crucial question could be disastrous.

Potential flash points in Eastern Europe and the Balkans are easy to identify. Current and potential NATO members are directly involved in every one of them: Serbian opposition to Kosovo's aspirations to independence; Greek opposition to Macedonian independence; longstanding border disputes between Poland and Ukraine; unresolved problems stemming from the breakup of the former Yugoslavia.

If we move ahead rapidly with NATO expansion and the full mutual defense and security commitments that such membership implies, would that set the stage for direct American military involvement in such disputes as we have been drawn into in the conflicts in the former Yugoslavia? That is a very important question that we must answer before we take such a giant step.

Mr. President, there are alternatives to rapid NATO expansion, alternatives

which would establish a rational progression to eventual NATO membership and which would provide real encouragement and support to the nations we want to help.

The economic and political integration of all the nations of Eastern Europe is the best way to ensure long-range stability and a rational progression to expanded NATO membership. For instance, any country eligible for European Union membership should be considered for NATO membership. So you start with European Union membership requirements and the economic and trade alliances that would provide stability, and then you take the next step to NATO membership.

Expanding trade and strengthening free market capitalism in the newly emergent nations of Eastern Europe would establish a strong foundation for peace and stability based on mutual interests.

In parallel fashion, resolution of regional and internal disputes should be a precondition for eligibility for NATO membership.

The Partnership for Peace and the Organization for Security and Cooperation in Europe should be used to help bring about permanent solutions to ethnic and other disputes involving European countries and the Eastern European countries anxious to join NATO. It will also strengthen the democracies in those countries. This would maximize security and stability within Eastern Europe and underscore that expansion is not aimed at Russia.

I believe American and NATO leadership and influence should be directed at setting up a means for arbitrating these disputes to bring an end to the existing conflicts and to head off future situations that could be caused by these disputes. No Nation should be considered for NATO membership unless it has committed itself for the present and the future to accept peaceful resolution of local and regional conflicts.

One approach would be to create a forum for arbitration, comprised of peers acceptable to all parties to the conflict. To be considered for NATO membership, all countries would agree to binding arbitration of border and ethnic disputes. This might be part of the Organization for Security and Cooperation in Europe or the Partnership for Peace. But let us put that idea on the table. If the American labor negotiation concept is binding arbitration, if the parties agree to the peers that would be the judges, would this not be a way to stop the ethnic and border conflict before they erupt into the tragedy that we have seen in the former Yugoslavia?

Rather than pell-mell rushing into NATO membership, the implications of which are fraught with dangers and complications, the United States and its Eastern European allies and our Western European allies should initiate a series of coordinated efforts to strengthen new democracies and build a stronger economy and bind the nations of Europe to a set of rules that would ensure peace and stability for decades to come.

The NATO allies should also make their position clear, with respect to the overarching goal of NATO membership, the possibility of future Russian aggression. Ironically, those countries with the most valid concerns in this regard—the Balkan nations and the Ukraine—are, because of their proximity to Russia, the least likely to gain NATO membership in the short run. The people of these countries are unlikely to feel more secure if NATO expands eastward but stops short of their borders, in effect, placing them in a buffer zone between an enlarged NATO and a more paranoid Russia. The NATO allies should ensure that all parties understand that accelerated and, if necessary, immediate enlargement of NATO would depend directly upon Russian behavior. And in this way we would provide a basis for accelerated NATO expansion in response to a real threat, but we would avoid provoking the very threat we are trying to guard against.

The key criterion would remain as outlined in the NATO study recently released, Enhancement of Europe's Security and Stability. This twofold strategy for the post-cold-war Europe would provide the affected nations with what they need most, a foundation to build greater prosperity and stability and a NATO security commitment against the possibility of future Russian aggression. This straightforward approach is also important for our citizens and those in other NATO countries who will have to pay the bills and make the sacrifices required by expanding eastward NATO's security commitments.

We, in America, cannot assess public opinion in other countries, of course. But when NATO expansion and the debate that will follow focuses on the issues of NATO nuclear policy, NATO troop deployment, NATO infrastructure development, and former NATO commitments, played against the background of repercussions in Russia and priorities for our fewer defense dollars in the United States, we must first understand public opinion in our country, and we and our allies must undertake our primary goal, to maintain the underlying strength of NATO.

NATO has the total support of the American people. As we move forward to an expanding cooperation and mutual defense, we must maintain that American support of NATO. All of the issues that I have raised must be considered before we expand, so that once the commitment is made, we can be assured that we have the absolute will and determination to keep our commitment. The American people must fully understand and support the role of the United States for that goal to be achieved.

Mr. President, as I said when I started, Senator NUNN and I and many of our colleagues have traveled throughout the new Eastern European democracies. We have gone to Russia, as members of the Armed Services Committee. We have met with members of the Russian Duma. We want to take the steps that are right, and we want to take them at the right time. That is why Senator NUNN and I and others of our colleagues wanted to take this time today to start the debate, to start the thinking process, to make sure that we have thought of every eventuality and that the American people understand what is important, what questions must be asked, and what the criteria are for expanded NATO membership.

Mr. President, Senator NUNN has arrived. As I said, his plane was late, but he has now arrived. I want to take this opportunity before I turn the floor over to the senior Senator from Georgia to say that I, like so many of my colleagues, watched him yesterday announce that he would not seek a fifth term to the U.S. Senate. He said he needs time to read, write, and think. Mr. President, all of us understand in this body how very important the time to think and to write is to a good public debate and a solid public policy. I just want to say that I think Senator NUNN has provided that thoughtful public policy leadership in his four terms in the Senate, as chairman and now ranking member of the Armed Services Committee, on which I have been very fortunate to sit.

I have worked with Senator NUNN and have come to respect him greatly for the thought that he gives to public policy and for the leadership that he has given for our country. He and I agree in almost every respect about the need for a strong national defense, the need for us to think to the future, and I feel that by taking this time out, he is going to continue to provide even greater leadership for what we must do for the future to make sure that our country remains strong militarily.

I will end by just saying that I think the best of all things that can be said about the Senator is that he had the instinct to know when it was time for him to go and the judgment to do it while people still hoped that he would stay.

Mr. President, I thank you and I yield the floor.

Mr. NUNN. Mr. President, I want to thank my colleague and friend from Texas on two points. One is her very kind comments about my difficult decision which has now been made. I appreciate very much her thoughtfulness and her comments. I appreciate her friendship, and serving with her on the Armed Services Committee has been a great pleasure.

I also commend her for her substantive remarks on the question of NATO expansion. I will have more to say about that in a few minutes as we proceed to discuss that very important issue. But I know that the Senator from Kansas has been on the floor. I

would much prefer to hear her address the subject. She has another bill to manage. I will listen to her attentively, and then I will make some comments on the substantive issue myself.

I thank the Chair and I thank my friend from Texas for her kind remarks.

Mrs. KASSEBAUM. Mr. President, I was just here to fill in for the Senator from Georgia until he got to the floor. I just have a few very brief remarks to make.

First, I want to say that I am very appreciative of Senator HUTCHISON and Senator NUNN for organizing this debate—a beginning debate, perhaps—on a very important subject. I think it is essential for us to begin to think about the consequences of the expansion of the North Atlantic Treaty Organization and what that may mean.

I would also like to say that the announcement of the Senator from Georgia yesterday was one which I think all of us felt great disappointment with, but also thoughtful understanding. Senator NUNN has brought to the U.S. Senate, and to the United States, sincerity, integrity, and a depth of knowledge in a debate of the public policy issues before us in this country through the four terms he has served that will be remembered far into the future. And his legacy will be one that will be an inspiration to all who wish to follow in public service. So I join with all on both sides of the aisle who will greatly miss his presence in the U.S. Senate.

Mr. President, I would like to join for a few minutes in this discussion on the North Atlantic Treaty Organization and its future.

This debate has been ongoing for years in Europe among foreign policy experts, and in the administration. But in Congress, which would have to approve any changes in the North Atlantic Treaty to accommodate new members, it is long overdue. I enter this debate as a strong supporter of NATO and a firm believer it must remain the foundation of the security architecture in Europe, just as the Senator from Texas pointed out in her excellent statement. Supporters of the NATO expansion have said for some time the issue is not, why and how, but rather who and when? In my mind, we have gotten ahead of ourselves. The issue, I believe, remains very much why and how. I believe the first order of business must be to clearly define in our own minds, and with our allies, what we want NATO to do in Europe's new security environment.

The Soviet Union is gone and with it the clear threat that held NATO together. We know we still need a security structure in Europe and that America should be a part of that structure. But we have not in my mind made clear the new purpose for that structure. It seems to me difficult to construct a security system and to make significant decisions such as whom to include, and by implication whom to exclude, without a clear, shared purpose to pursue. The dangers of fuzzy purpose have been made clear in Bosnia. For years, NATO hesitated, the allies could not agree, we did not act, and, in my view, the alliance has been weakened as a result. While NATO now seems to have found its footing in the Bosnia conflict, I suggest Bosnia has shown our first order of business must be to find anew our shared purpose for America's involvement in Europe. Only then can we properly consider what security structure will best serve that purpose.

Let me make clear that I am not arguing against changes in NATO. It is a cold war institution that must adapt to new realities. But I am not yet prepared to say that change necessarily equates with expansion. Perhaps President Clinton put it best in his speech at Freedom House last week when he called for NATO's modernization. It seems to me this broader question about how NATO should be updated to fit our new needs, not a predetermined notion that expansion is both desirable and inevitable, should be the debate we now take up. As this debate continues and reaches the Congress, we will face many questions. Are the American people prepared to pledge, in the words of the North Atlantic Treaty, that an armed attack against one or more of these potential new members will be considered an attack against all? That, I think, is a question we should keep first and foremost in our minds.

It is easy to say how important this expansion will be. It is important to the future of the organization. But when it comes right down to it, are we prepared to do what is asked for in the North Atlantic Treaty Organization Charter as it stands? I do not know the answer to that. But I do know that it is the basic issue we are debating. Those who support this expansion have a heavy burden to make their case.

I look forward to the comments of Senator NUNN. I think the debate is called for by Mrs. HUTCHISON in her role on the Armed Services Committee and her important role as a Senator from Texas, where there are a number of military installations. Kansas has military installations also. Fort Riley is always very involved in forward deployment to Germany. And certainly the same for the senior Senator from Georgia [Mr. NUNN]. These are issues of grave importance to all of us, and I think, as we can begin to reason together, it will be useful in this dialog.

I yield the floor.

The PRESIDING OFFICER (Mr. ASHCROFT). The Senator from Georgia.

Mr. NUNN. Mr. President, I thank my friend from Kansas, Senator KASSEBAUM, for her kind remarks about my service in the U.S. Senate. I am not here today to precipitate that discussion. We probably had enough retirement announcements around this institution for 1 year. That is not my purpose in taking the floor today, but I do thank her for her remarks.

I also agree with her words of caution on NATO expansion. We have a lot of thinking to do. We have a lot of debating to do. We have a lot of discussion to conduct, to make the right kind of decision, both for the alliance itself and for the stability of Europe.

I thank my friend from Texas, again, for organizing this discussion this morning. I think it is going to be very fruitful in precipitating other people to think and also speak on the subject. I talked to enough Senators on both sides of the aisle to know there are a number of people who are concerned, deeply concerned, and who have a lot of thoughts and a lot of questions about this matter. I think we will be hearing from them in the days and weeks ahead. So I thank both of my colleagues for their remarks.

I say to the Senator from Kansas, she has been a very fine leader. We have relied on her for so long in the field of foreign policy as well as many other fields, and I have such deep admiration for her and her leadership, and I am grateful to her for that.

Mr. President, the issue of NATO expansion deserves thorough and careful consideration because it has important ramifications for the future of NATO, for the countries of Central and Eastern Europe, for the future of Russia and the other countries of the former Soviet Union, and for the future security order throughout Europe, East and West.

President Clinton has declared, and NATO has concurred, the organization's enlargement is not an issue of whether but of when and how. I, like the Senator from Kansas, believe the when and how need to be discussed more thoroughly.

On September 28 of this year, NATO released a study on the why and how of enlargement. It reserves for future decisions the question of who and when. On the positive side, the study declares that NATO enlargement will be gradual, deliberate, and transparent. It presents no fixed set of criteria for membership but specifies that enlargement will be decided on a case-by-case basis, with the key judgments being whether a given country's admission will contribute to Europe's stability and security.

It states that new members will have the same benefits and obligations as all other members and it anticipates no change in NATO nuclear policy or in the forward basing of NATO ground forces.

On the less positive side, I believe three large gaps exist in the study and give it an unrealistically optimistic tone. First, the study provides no satisfactory answer to the key question of why, and merely expresses what NATO hopes will be the outcome of expansion: increased stability for all in the Euro-Atlantic area. All of us hope for that, but that does not really get down to the essential reasons of how and why expansion will lead to that result.

Second, it glosses over the increasingly negative Russian reaction to NATO expansion.

Third, it asserts that enlargement is part of a broad security architecture in Europe that transcends the idea of dividing lines in Europe, yet it is silent about the fact that gradual enlargement will create dividing lines between those countries admitted and those countries that are not admitted.

NATO was established primarily to protect the Western democracies from an expansionist Soviet Union that, after World War II, seemed determined to spread its influence through subversion, through political intimidation, and through the threat of the use of military force. With the end of the cold war, we have witnessed a heart pounding, terrain altering set of earthquakes centered in the former Soviet Union and in Eastern Europe. These seismic events have ended an international era. The European security environment has changed. We have moved from a world of high risk but also high stability, because of the danger of escalation and the balance of terror on both sides, to a world of much lower risk but much lower stability. We are all aware of the dramatic change in the threat environment in Europe resulting from these seismic changes.

The immediate danger is posed by violent terrorist groups, by isolated rogue states, by ethnic, religious and other types of subnational passions that can flare into vicious armed conflict, as we have seen too well and too thoroughly in the Bosnian conflict.

The lethality of any and all of these threats can be greatly magnified by the proliferation of nuclear, chemical, and biological weapons, as well as by the spread of destabilizing conventional weapons.

At the same time, Russia currently possesses at least 20,000 nuclear weapons—in fact over 20,000—at least 40,000 tons of chemical weapons, advanced biological warfare capability, hundreds of tons of fissile material, huge stores of conventional weapons, plus literally thousands of scientists and technicians skilled in manufacturing weapons of mass destruction.

Mr. President, this is the first time in history that an empire has disintegrated while possessing such enormous destructive capabilities. Even if these capabilities are greatly reduced, the know-how, the production capability, and the dangers of proliferation will endure for many years. Even if we do our very best job, this is going to be our No. 1 security threat for America, for NATO, and for the world in terms of decades; not simply a few years.

As we contemplate NATO enlargement, I believe that we must carefully measure NATO enlargement's effect on this proliferation security problem, which is our No. 1 security problem.

Threats cannot be cleanly delinked, resulting in one section on proliferation and another section on NATO enlargement as if there is no connectivity. Those two subjects are intimately related. And in the longer term, we cannot dismiss the possibility of a resurgent and threatening Russia. Russia not only has inherited the still dangerous remnants of the Soviet war machine, but in its current weakened condition Russia contains potential resources by virtue of its size and strategic location. Russia exerts considerable weight in Europe, Asia, and the Middle East. Meanwhile, Russia has inherited the former Soviet Union's veto power in the U.N. Security Council, and, therefore, has a major voice in multilateral decisionmaking.

Mr. President, Russia will be a major factor, for better or for worse, across the entire spectrum of actual and potential threats that face us over the next years ahead. Russia can fuel regional conflicts with high-technology conventional weapons along with other political and material support, or, on the other hand, Russia can cooperate with us in diffusing such conflicts, particularly by preventing the spread of Russian weaponry to irresponsible hands. Russia can emerge as a militarily aggressive power. That is certainly possible. Or Russia can assist the United States and the Western World and the free world in averting new rivalry among major powers that poison the international security environment. Russia can pursue a confrontational course that undermines the security and cooperation in Europe, or Russia can work with us to broaden and strengthen the emerging system of multilateral security in Europe.

Mr. President, no one knows the answer to any of these questions at this juncture. Russia itself does not know the answer because it is in a period of economic stress, and political challenge and turmoil.

Mr. President, out of this background come five fundamental points. First, preventing or curbing the proliferation of weapons of mass destruction is the most important and the most difficult security challenge we face. And that is particularly true when you have a very large growth of organized crime, international organized crime, and terrorism in our own country and around the world.

Second, Russia is a vast reservoir of weaponry, weapons material, and weapons know-how. Thousands of people in Russia and throughout the former Soviet Union have the knowledge, the access, and the strong economic incentives to engage in weapons traffic.

Mr. President, there are literally thousands of scientists in Russia that know how to make weapons of mass destruction, that know how to make high-technology weapons that can shoot down aircraft in the air including passenger liners, that know how to make missile technology to deliver these weapons of mass destruction across borders, and even across continents. They have this knowledge. But several thousand of them at least do not know where their next paycheck is coming from. They do not know how they are going to feed their families, and they are in great demand around the world from both terrorist organizations and from rogue Third World countries.

The third conclusion is that increased Russian isolation, paranoia, or instability would make our No. 1 security challenge more difficult and more dangerous.

The fourth conclusion: Although the West cannot control events in Russia, and probably can assist political and economic reform there only on the margins, as the medical doctors say, our first principle should be to do no harm.

Fifth, we must avoid being so preoccupied with NATO enlargement that we ignore the consequences it may have for even more important security priorities.

Mr. President, it is against this background that I offer a few observations on the current approach to NATO enlargement.

NATO was founded on a fundamental truth: The vital interests of the countries of NATO were put at risk by the military power and political intimidation of the Soviet Union. As President Harry Truman said in his memoirs, ''The [NATO] pact was a shield against aggression and against the fear of aggression.'' Because NATO was built on this fundamental truth, and because we discussed it openly and faced it truthfully with our people, the NATO alliance endured and prevailed. There was no misunderstanding about why we were forming NATO when we did it. Today, we seem to be saying different things to different people on the subject of NATO enlargement.

To the Partnership for Peace countries, we are saying that you are all theoretically eligible, and, if you meet NATO's entrance criteria, you will move to the top of the list. To the Russians we are also saying that NATO enlargement is not threat-based, and it is not aimed at you. In fact, we say to Russia you, too, can eventually became a member of NATO.

This raises a serious question. Are we really going to be able to convince the East Europeans that we are protecting them from their historical threats—that usually boils down to Russia—while we convince the Russians that NATO enlargement has nothing to do with Russia as a potential military threat?

Are we really going to be able to convince the Ukraine and the Baltic countries that they are somehow more secure when NATO expands eastward but draws protective lines short of their borders and places them in what Russians are bound to perceive as the buffer zone? Is that going to make them feel more secure?

In short, Mr. President, are we trying to bridge the unbridgeable, to explain the unexplainable? Are we deluding others, or are we deluding ourselves?

The advantages of NATO's current course toward enlargement cannot be ignored, and I do not ignore that. If NATO expands in the near term to take in the Visegrad countries, these countries would gain in self-confidence and stability. It is possible that border disputes and major ethnic conflicts would be settled before entry—for instance, the dispute involving the Hungarian minority in Romania.

What these countries really want and what they really need is the ability to have trade and economic relations with the European Community and the rest of the world. They really need markets now—not military protection. Their threat is economic at this moment, and probably for the few years to come. No one can conceive of an invasion by Russia in the near term. The question is in the long term. That is another matter. But in the near term, economic trade and entry into the European Community is what they need most of all to stabilize their democratic efforts and their economy.

Serious disadvantages must also be thought through carefully. If NATO's enlargement stays on its current course, reaction in Russia is almost inevitably going to be a sense of isolation by those that are committed to democracy and democratic reform with varying degrees of paranoia, nationalism, and demagoguery emerging from across the current political spectrum. In next few years Russia will have neither the resources nor the wherewithal to respond to any NATO enlargement with a conventional military buildup. They simply do not have the resources to do that, even if they choose to.

If, however, the more nationalist and more extreme political forces gain the upper hand by election or otherwise, we are likely to see other responses that are more achievable, and also even more dangerous to European stability. For example, while Russia would take years to mount a sustained military threat to Eastern Europe, it can within weeks or months exert severe external and internal pressures on its immediate neighbors to the west, including the Baltic countries, and including the Ukraine. This could set in motion a dangerous action-reaction cycle.

Moreover, because a conventional military response from Russia in answer to NATO enlargement is not feasible economically, a nuclear response in the form of a higher alert status for Russia's remaining strategic nuclear weapons and conceivably renewed deployment of tactical nuclear weapons is more likely.

I recall very well when the United States and our allies felt we were overwhelmed with conventional forces by the former Soviet Union. How did we respond? We responded by building up tactical nuclear forces. We responded by deploying thousands of tactical nuclear forces because we did not have the tanks, we did not have the artillery tubes to meet the conventional challenge. Are we confident the Russians would be so different from us if they truly have a nationalistic surge and end up believing the NATO enlargement is a threat to them?

I am not confident that would not be their response as it was ours years ago.

The security of NATO, Russia's neighbors and the countries of Eastern Europe will not be enhanced if the Russian military finger moves closer to the nuclear trigger.

Where do we go from here? I recognize full well it is much easier to criticize than to construct, so let me make a few suggestions. I am not opposed to NATO expansion per se, but I feel that we need to alter the course of that expansion. I suggest a two-track approach to NATO enlargement. The first track would be evolutionary and would depend on political and economic developments within the European countries that aspire to full NATO membership. When a country becomes eligible for European Union membership, it will also be eligible to join the Western European Union, and then it will be prepared for NATO membership, subject, of course, to NATO's formal approval.

This is a natural process connecting economic and security interests. We can honestly say to Russia, and particularly the democrats in Russia who are struggling to be able to have a democracy in that country, this process is economic in nature and is not aimed at you.

The second track would also be a clear track. It would be a threat-based track. An accelerated and, if necessary, immediate expansion of NATO would depend on Russian behavior. We should be candid with the Russian leadership and the Russian people, above all be honest with the Russian people by telling them, frankly, if you respect the sovereignty of your neighbors, carry out your solemn arms control commitments and other international obligations, and if you continue down the path of democracy and economic reform, your neighbors will not view you as a threat and neither will NATO. We will watch, however, and we will react to aggressive moves against other sovereign states, to militarily significant violations of your arms control and other legally binding obligations pertinent to the security of Europe, and to the emergence of a nondemocratic Russian Government that impedes fair elections, suppresses domestic freedoms or institutes a foreign policy incompatible with the existing European security system. These developments would be threatening to the security of Europe and would require a significant NATO response, including expansion eastward. We would be enlarging NATO based on a real threat. We would not, however, be helping to create the very threat we are trying to guard against. And the Senator from Texas made this point very well a few minutes ago in her remarks.

Mr. President, this would change the psychology of the NATO expansion because the democrats in Russia would be able to say to their own people: Our behavior, what we do with our military forces, what we do with our tactical nuclear posture, what we do regarding human rights and freedom of the press, what we do regarding our solemn arms control obligations will have a bearing on whether NATO expands. If we do not cause a threat, we in turn are not likely to be threatened.

That changes the psychology completely from where it is now where the nationalists, any time you are in a meeting with Russian parliamentarians—and I am sure the Senator from Kansas and the Senator from Texas have experienced this—what you see is that when the nationalists hear about NATO expansion, they start smiling and almost clapping because it feeds right into what they want to convince their people of, that is, they have to reconstitute not only the military but the empire. On the other hand, when you talk about NATO expansion, those parliamentarians that truly believe in democracy start wiping their brow with their handkerchief because they know the kind of problems it is going to cause them politically in their own country.

Finally, Mr. President, Partnership for Peace, I believe, is a sound framework for this two-track approach. Its role would be to prepare candidate countries and NATO itself for enlargement on either the European track or the threat-based track. Programs of joint training and exercises, development of a common operational doctrine and establishment of the interoperational weaponry, technology and communications would continue based on more realistic contingencies. Tough issues such as nuclear policy and forward stationing of NATO troops would be discussed in a threat-based environment, one which we would hope would remain theoretical.

I know there are those in Europe and there are those here who say, How can we handle this expansion of the European community? We have complex matters like farm products. How do we handle farm products coming in from Eastern Europe, or any other type product?

When you expand NATO, you are extending a nuclear umbrella over the countries coming in. Are we to be told it is easier to say that if a country is attacked, America is going to respond if necessary with nuclear weapons, than it is to decide how many farm products come across our border?

I do not buy the argument that economic expansion is more difficult and more challenging than extending the nuclear umbrella.

As the Russian leaders and people make their important choices, they should know that Russian behavior will be a key and relative factor for NATO's future. This straightforward approach does not give them a veto. I do not favor giving Russia a veto. But I do favor putting them on notice that

what they do themselves in creating threats to others may very well determine what the others do in terms of enlarging NATO and enlarging the security umbrella.

This straightforward approach is also important for our own citizens here in this country who will have to pay the bills. They will have to make the sacrifices required by expanded NATO security commitments.

Again, I am not against expanding NATO. I think there are countries in Eastern Europe and Central Europe that will be eligible for NATO membership, democracies that will qualify and be eventual members. I am concerned about how we do it and how we go about explaining our logic. It makes a big difference.

The profound historical contrast between post-World War I Germany and post-World War II Germany should tell us that neocontainment of Russia is not the answer at this critical historical juncture. If future developments require the containment of Russia, it should be real containment based on real threats.

I thank again my colleague from Texas for organizing this. I know there are others who are not back in town who want to speak on this subject, and I hope by her leadership and the discussions we have had this morning we will precipitate debate on this subject. I know there will be debate on both sides. There are other people, whom I respect greatly, who have different views on this subject, but it is time for us to start paying attention before we get down to the point of having some agreement presented to the Senate for our ratification that we have not studied, that we have not contemplated, but that has profound implications.

I at this point again thank my colleague from Texas and yield the floor.

Mrs. HUTCHISON. Mr. President, if the Senator will yield for a moment, I should like to say I really appreciate, of course, his very articulate view of this issue. He has given speeches on this subject. As I said earlier, he and I have traveled with the Armed Services Committee to Russia.

We have met with members of the Duma and we have also been to many of the new emerging Eastern European democracies. And I think that it would be very important for us to keep in mind the conflicts that we see in many of those different countries versus what we hear from members of the Duma. And I thought it was especially important that Senator NUNN mentioned the reformers, and I would like him, if he would, to comment on the upcoming elections and the impact that this discussion could have on those upcoming elections.

Mr. NUNN. I say to my friend from Texas, we have had some very interesting meetings in both Russia and this country with our Russian parliamentarian friends. And I believe that it is clear in those meetings that the fear among reformers and democrats is that this issue, which most of them do not realistically see as a threat to Russia, but that this expansion of NATO will give the nationalists, the extremists, the demagogues, those who want to restructure and rebuild the empire and threaten their neighbors, will give them an argument to be made for the Russian population that has been hearing that NATO is an enemy for the last 40, 45 years.

So, it is the great concern of the reformers in Russia that I believe we have to take into account. We will not be doing anyone in Europe a favor if, by taking certain action regarding NATO expansion, we end up giving an edge in the political process to the most extremist elements in Russia.

This is not to say that we should give them a veto. They should have no veto. NATO should make its own decisions. But Russian behavior and economic reality in Europe also should play a very important role in how we go about taking these important steps.

Mrs. HUTCHISON. Along that same line, if the Senator would yield, I think it is also important that we link Russian behavior to any expansions of NATO and how those will come about so that there will be an incentive on the part of Russia to make sure that they are cooperating in the community of nations and that they understand that it is only if we begin to see a buildup or some sort of aggressive behavior that then we would come in in a very swift manner and look at the expansion possibilities.

Mr. NUNN. I agree with the Senator from Texas on that. I think that is the way we ought to structure it. I believe having the natural approach of an economic admission to the European Community be one path, one option which is a natural course and would lead inevitably to NATO eligibility for those countries. That is one course.

But the other course ought to be very clear, the military-threat-based course. But where we are now is between those courses. We are saying that the European Community is not going to be able to expand fast enough and saying there is no threat from Russia. And we are saying that Russia can be a member of NATO at some point in time—and that simply does not ring true to people who have observed this process over a period of time from the European perspective, it does not ring very true to those in the Ukraine who worry about Russian reaction and know they will not be the first country, one of the first countries, to be admitted, does not ring true to the Baltics where they know that they can be subverted by Russia on a 48-hour basis. It would take years for Russia to be able to muster the military power to invade Poland, but to destabilize politically the Baltics would take a matter of days. And that may very well be the pattern that could emerge if we are not prudent in how we go about this situation.

Mrs. HUTCHISON. One other point that I think is important. The Senator from Georgia was very instrumental in negotiating the language that we put in our authorization bill regarding the missile defense capabilities that the United States would have and how that relates to the ABM Treaty that we have with Russia, and it also affects the START Treaty, which is being looked at for ratification by the Duma, the Russian Duma at this time.

I think those are very important issues, along with the nuclear warheads that are still in Russia. All of those are issues that I think must be looked at as we determine how our relationship with Russia and the impact that NATO expansion and the way we do it has. As the Senator from Georgia mentioned, there will be no Russian veto of NATO expansion. But as we move along, we can certainly make this decision in the right way that keeps our ability to negotiate with Russia on any changes in the ABM Treaty, on ratification of the START Treaty, those things that are very important to our security as well as their security and the security of Eastern Europe.

So it is not just an easy decision that we make with regard to any one country in Eastern Europe, as the Senator from Georgia fully realizes, especially having been so involved in the negotiations on what we will do in the future to protect our borders and our theaters from potential ballistic missile attack.

Mr. NUNN. I say to my friend from Texas, I could not agree more with her on what she said. The threat in Europe now is not Russian invasion of one of the Visegrad countries. The threat is the huge proliferation problem with nuclear materials being smuggled across the borders to these countries, with Russian scientists under severe economic pressure being in demand in various parts of the world. But, hopefully, we can work together to prevent that. That is the threat.

The threat is terrorism, the threat is ethnic strife, the threat is religious strife. It could change in 10 years. Ten years from now Russia could reemerge as a real military threat to some of those countries. We have to be prepared for that. We have to make sure we are in a position to react to that. But now we have many mutual interests, and not just with Russians, but with the East Europeans and others, in proliferation and working together against organized crime, which is one of the biggest challenges Russia has right now, their organized criminal activity which is devastating to confidence for investment, economic kinds of commitments by business people from all over the world.

So we have so many mutual interests with Russia. We are also going to have many differences with Russia. They do not have the same interests we have in many parts of the world. They have historically had different interests. But we have got to build the common bridges. And even when we have a disagreement, we have to continue to

work at this proliferation problem because we do not want to wake up in 3 years or 5 years and find that the kind of people who just derailed Amtrak, if that was a terrorist group, the kind of people that blew up the Federal building in Oklahoma, or the kind of people who carried out a chemical attack in Tokyo, we do not want to wake up and find those people possess awesome weapons of mass destruction. Only by working with the elements in Russia who are willing to work on this are we going to be able to prevent this from happening. It will be difficult at best.

So I think this factor has to be very much considered in our overall deliberations about how we go about expanding a security alliance which, after all, is supposed to be about security. And this is the heart of our security threat. It is also the heart of Russia's security threat. I, like the Senator from Texas, believe they have a threat of missiles on their borders at some point.

I believe that at some point we will find it conducive to them and to us to work together in this overall area of preventing the spread of missile technology and also defending against it where required and where necessary. So I agree with the Senator from Texas and again commend her for her leadership and her thoughts on this subject.

THE FUTURE OF NATO—ENLARGING FOR A NEW CENTURY

Mr. LIEBERMAN. Mr. President, I rise today to join Senators NUNN and HUTCHISON and others in this important discussion on the future of NATO and NATO's role in maintaining U.S. national security in the next century. My colleague from Georgia has been a powerful driving force in the debate on the relevance of NATO. He takes second place to no one in his intellectual honesty and in his ability to examine this issue with depth and intelligence. I appreciate his seeking this time to engage the Senate in thoughtful discussion of this important issue and I thank him for asking me to take part.

Like the Senator from Georgia and many others in this Chamber, I am deeply concerned about the role the United States will play in international affairs in the years ahead of us. Our involvement with NATO—more precisely, our leadership of NATO—has been a critical part of American involvement in global affairs since our victory in the cold war. There is an important role for NATO to continue to play for the stability and security of Europe and the United States and we must continue to be an active leader in this highly successful alliance of sovereign, democratic states.

As all of us know too well, during this century the United States fought two world wars in Europe. We recognized that a free and stable Europe is vital to America's own national security. Our victory in those wars was attributable to the courage and ability of our Armed Forces, the support of the American people, and the willingness of the United States to form alliances with other nations when it was mutually beneficial.

At the end of the Second World War, we developed a strong alliance of free nations to ensure that America and Western Europe would remain safe and free. That alliance, the North Atlantic Treaty Organization—NATO—successfully deterred Soviet Communist expansionism which threatened the security of the United States and our European allies for four decades. NATO has been the most successful defensive alliance the world has ever seen. By maintaining the military and economic strength, and political will of its members, NATO deterred war and, in fact, never had to fire a shot against any of the states it had been formed to defend against.

Now the cold war is history. People in most of central and Eastern Europe have made bold and significant steps toward democracy. They have elected governments which share our beliefs in freedom, human rights, and the power of free markets.

There are some in America and abroad who argue that NATO is no longer necessary because the cold war has been won. But in my view those who advocate the abandonment of NATO are wrong. NATO is not an anachronism. The fundamental purpose of NATO—uniting like-minded, free, democratic nations in common self-defense to deter attacks and prevent war—remains as valid and worthy a purpose today as it was in 1949. It is important to do all that is necessary to ensure that NATO can continue to fulfill this role. That does not mean, however, that the NATO of 2001 should be or even can be identical to the NATO of 1949 or 1995.

NATO must adapt to new political geography and continue to contribute to the development of an integrated, free Europe.

Since the fall of the Berlin Wall, NATO and defense thinkers have conducted a number of studies on the future of NATO. In 1994 the Center for Strategic and International Studies [CSIS] published a report by its Senior NATO Policy Group, upon which I was privileged to serve along with Senators NUNN, COHEN, and MCCAIN. Earlier this year, the Council on Foreign Relations published the report of an independent task force chaired by former Secretary of Defense Harold Brown entitled ''Should NATO Expand?'' This year Secretary of Defense Perry provided his views on NATO expansion in a March 10 report to Congress. Each of these studies has moved forward the debate on NATO enlargement and new roles for NATO.

Now the alliance itself has issued a major report on the question in its September 1995 ''Study on NATO Enlargement.'' This most recent study by the 16 member states of NATO sets out the purposes and principles of enlargement and establishes a process under which NATO will consider admitting new members on a case-by-case basis. It does not establish a specific timetable for the admission of new members, prioritize candidates for membership, or develop precise criteria which must be met in order to gain membership. It does, however, convey a number of important messages.

First, new members of NATO will need to accede to the Washington Treaty. No state may enjoy the rights and benefits of NATO membership without also assuming the obligations of membership.

Second, negotiations on admission of new members will consider both the candidate state's potential contributions to collective defense as well as broader political and security criteria.

Third, expansion of NATO, if it occurs, is intended to strengthen relations with Russia through increased European stability and security. While Russian sensitivities and security requirements must and will be considered, no country outside the alliance will have a veto over NATO enlargement.

Needless to say, a document such as this study which reflects consensus of 16 nations is unlikely to fully satisfy everyone. Because I have spoken often on the need for NATO to expand its membership sooner rather than later, I would have preferred to see in this study a statement of clear criteria for inviting new members to join the alliance. Unfortunately, in my view, many of these central issues have been left to the negotiations between NATO and each prospective new member.

I have read with great interest and attention the analysis of my friend from Georgia, Senator NUNN, on the question of NATO expansion. The questions he poses are good ones which need to be considered as we and NATO decide how to proceed. Senator NUNN continues to make invaluable contributions to the debate on these critical issues which affect our national security and I hope that he will continue to speak out and to help focus our attention on them.

Last week, the Senator from Texas [Mrs. HUTCHISON] and I had the opportunity to meet with NATO Secretary General Willy Claes and the U.S. Ambassador to NATO Robert Hunter. In the course of a wide-ranging discussion, we spoke of the importance of American leadership in NATO and the question of NATO enlargement.

In that regard, I would like to make a few observations.

First, NATO always has been and must continue to be an alliance which is both military and political. It will not just be the number of troops which NATO nations can mass which will keep Europe and the United States secure in the decades ahead as it was not just numbers which kept Europe secure during the cold war. Rather, it is the degree of political solidarity and agreement on fundamental principles of democracy, human rights, and the necessity for free markets which will keep

the alliance viable and provide security for its members. Candidates for membership must demonstrate the same commitment to these democratic principles as current members. There can be no exceptions granted with regard to belief in and enforcement of human rights, the exercise of freedoms by citizens, the transparency of defense budgets, real civilian control of the military and intelligence arms of the government, and adherence to the principles of peaceful resolution of disputes within and beyond a state's borders.

Second, membership in the alliance carries with it obligations and benefits. No candidate can be accepted just because it wants the fruits of membership; each state must be able to contribute something to the alliance. This will be a difficult issue to resolve for the new democracies are constrained by their defense budgets and economic difficulties. NATO must be realistic, but at the same time creative, in determining what capabilities NATO requires and how new members can contribute to them.

Third, membership in NATO is not a zero-sum game. The new democracies of central and Eastern Europe are not competing with each for some predefined number of spaces being allocated for expansion. No one knows today whether the right number for the composition of NATO is 16, as it is today, or 18 or 20 or more. Candidates must be evaluated on the basis of the political and military norms which members must demonstrate on an absolute—not comparative—basis. It should not matter if one candidate country is less able to contribute than another candidate country. If the required standards are met, both should be admitted.

Fourth, participation in the Partnership for Peace is an important transitional step for candidate countries though it need not be a mandatory one if a candidate can demonstrate it meets the requirements of membership without it. I personally find it hard to believe that a country which chooses not to take part in the Partnership for Peace would or should be an early candidate for membership. If new members are to be full participants in all aspects of the alliance upon ratification of their membership, they should want to start exercising with NATO, determining what they need to achieve full integration, and exposing their own leaders—both military and civilian—to NATO procedures and thinking.

Fifth, contrary to the assertions of nationalist forces within Russia, NATO expansion is not and should not be construed as a threat to Russia. I fully agree with the conclusions of the recent NATO study that no state outside of NATO should have a veto over the accession of new members to the alliance. These are decisions which the independent members of the alliance themselves must make. Nor do I believe that decisions on membership should be based solely on threat considerations. NATO should expand to meet the requirements for security and stability in Europe well into the next century. Russian conduct today cannot be used as a criterion by itself to determine whether there is a need to expand the alliance's membership. To do so, in fact gives Russia a de facto veto over what the alliance does in the near-term and long-term. We must all do everything we can to assure the leaders and people of Russia that NATO expansion is not just a shifting of cold war confrontation lines to the east. At the same time we need to make decisions which are right for our security and that of our European allies today and into the next century.

Finally, we must not lose sight of the fact that we are a founding member of NATO not just because we wanted to help our friends in Western Europe, but because it was in our national interest. I believe that this is as true today as it was in 1949. NATO expansion is something we should do because it is in our interest and the interest of security and stability in Europe. It is not a gift which we offer up to former Communist States or a reward for beginning the movement to full democracy.

There is no doubt in my mind that it is in our interest to find ways to encourage and support the transitions to democracy which are taking place today in Europe. Expanding NATO membership is one way to do this. It should not, however, be done in isolation. Nor should it be done solely because of what is or is not going on within Russia. We have no desire to confront Russia along a new wall of tension and confrontation. All of us—Americans, Russians, current members of NATO, and prospective members—must continue to work together to find ways to cooperate and make the world a safer and more prosperous place for us all.

I hope that this discussion, which Senators NUNN and HUTCHISON have organized, will help set a positive tone for the policy debates which lie ahead on this important issue.

Mr. JOHNSTON addressed the Chair.

Mrs. HUTCHISON. Mr. President, could I inquire from the Senator from Louisiana if he wishes to speak on this subject or did he want to change subjects?

Mr. JOHNSTON. I did want to speak on this subject.

Mrs. HUTCHISON. I will be happy to yield.

Let me say, before the Senator from Georgia leaves, that I think that his last point was a very important one. That is, in the future as we look at the ABM Treaty and the missile defense technologies, I think that the strategic interests of the United States will probably be parallel with the interests of Russia because both of us will want to look for other ways to defend our own shores from potential ballistic missile attack. That is something that I think the Russians will be in agreement with the United States on, and I certainly hope that we can pursue our mutual defenses as we keep the ABM Treaty able to change with the times. It is no longer a bipolar world but, in fact, a multipolar world. So we will want to make sure that the ABM Treaty can last by letting it change with the times.

Well, I want to certainly yield some time to the Senator from Louisiana.

I also do want to mention that Senator COHEN from Maine was going to be with us today to add to this discussion. And a very sad thing happened. He lost his father just over the weekend, so he was not able to come. And our thoughts and prayers are certainly with Senator COHEN at this time. And we look forward to having a debate with him included because he is a thoughtful person who has traveled through these countries as well and I think will add greatly to the debate.

I yield now to the Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I notice that the time is due to expire momentarily.

The PRESIDING OFFICER. Time has expired.

Mr. JOHNSTON. Mr. President, I ask unanimous consent to extend the time for morning business for 5 minutes.

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

POLICY OF CONTAINMENT IS MADNESS

Mr. JOHNSTON. I thank the occupant of the chair.

Mr. President, over the Memorial Day recess, I had the opportunity, along with the Senator from Georgia and other Members of the Senate and of the House, to go to a conference sponsored by the Carnegie Institute for Peace in Madrid. It was a joint conference between us and Members of the Russian Duma. Those Members had been selected on a broad philosophical spectrum properly and as fully representative of the Duma as we could get. There were those who were the nationalists, there were those who were the Democrats, there were those representing every spectrum of the Duma.

We thought we were going to discuss a whole range of issues, but the theme that came back over and over and over again was the threat that all of these Members of the Duma feel from making the bordering countries around them of Eastern Europe members of NATO subject to the nuclear shield of the United States.

It is an obsession with those Members of the Duma, and as we discussed it with them, it struck me, first of all, that what possible interest is there of the United States to so threaten Russia that all of the ongoing things we have with respect to nuclear proliferation, with respect to the dismantlement of the Soviet nuclear weapons to threaten that ongoing process?

I think it is one of those policies, I do not know how conceived, but we really ought to rethink that and rethink it immediately.

A number of things occurred to me as we were at that conference in Madrid.

As I say, first was the overwhelming universal feeling of all parts, all of the philosophical spectrum in Russia opposing this, not only opposing it but emotionally opposing it, feeling threatened by it.

Second, Mr. President, I was struck by what you might call the political immaturity, the fact that the political personality of Russia has not yet matured. Their national psyche is still in the formative process. Their emotional involvement in this new democratic experiment—it was just overwhelming to see the emotion of these Members of the Duma. At this critical time, at this time in a formative process for Russia, for us to come along, rather than portray ourselves as their friend, their ally, their helper, someone who is interested in seeing the country move forward, to come along, in effect, with a new policy of containment to me, Mr. President, is absolute madness.

It seems to me that we ought to find some way to have cooperation with these new Eastern European democracies to make them feel part of our political family without having them be part of our nuclear umbrella, particularly when that umbrella is surrounding the former Soviet Union, containing the former Soviet Union, and threatening the former Soviet Union.

TRIBUTE TO SENATOR SAM NUNN

Mr. JOHNSTON. Mr. President, just for one moment, I want to congratulate, of course, the Senator from Texas for her leadership, but the Senator from Georgia for his leadership on this issue, which is just another one of those issues in which, through the years, he has led this Senate, has led this country in its political thinking.

Most Senators of this body are content to properly represent their people, to reflect their political views, to be popular in the polls, to vote right, to vote in the national good. Other Senators like to think of themselves as being effective enough to be able to take the ideas of others which they agree with, to take the speeches, to take the bills, to take the thoughts of others and effectively represent those thoughts and feelings and bills out here on the floor of the Senate so as to move the country in the right direction.

There are occasional Senators, Mr. President, by virtue of their wisdom, their training, their background, their effort, their industry, their dedication, their devotion, but mainly by virtue of their God-given gifts, who are able to lead, to conceive the ideas by which the country ought to move, to determine what those policies are and, in the process, to serve as the beacon, the guidepost by which the rest of us Senators may guide our thoughts and our policies and our votes.

The Senator from Georgia [Mr. NUNN] is one of those rare individuals. As Senator BYRD said here on the floor not too many months ago, Senator NUNN will stand out in the history of this country through the 200 years of this Senate as one of the outstanding leaders, not just for the 1990's or the 1970's when he came, but throughout the history of the country.

He really gives lie to that old aphorism that no one is essential because, Mr. President, when Senator NUNN leaves this body, there will be left a tremendous hole. Of course, in his experience, and know-how and technique, but really in that kind of wisdom that guides the country, that forms policy, that gives Americans, and especially gives Senators, the confidence that the country is moving in the right direction. As long as Senator NUNN was here, we always knew there was a voice on foreign policy matters upon which we could rely, and defense matters.

He will be greatly missed and, I suspect, if he is ever replaced, it will be many, many decades before we ever develop a man of his ability and wisdom and judgment.

Mr. President, he will be greatly missed and, from a personal standpoint, I can say that many of us will miss him and certainly his wife, Colleen, who is one of the most beloved Senate wives in this body and certainly one greatly beloved by me and my family.

Mr. President, I yield the floor.

Mr. NUNN addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. NUNN. Mr. President, I thank the Senator from Louisiana for his kind remarks, for his friendship and leadership. As he well knows, I have the greatest esteem for him. We have been colleagues from day one. He tried to claim seniority when he first came here and had to be awakened to the fact that he did not have it. I was the senior Member of the new class of 1972, now ancient.

Mr. JOHNSTON. If the Senator will yield, I have only said I was second to ''NUNN'' in seniority.

Mr. NUNN. The Senator is corrected on that. I appreciate his kind words and leadership. I appreciate him coming to the floor. He has basically been a keen observer of the national security scene and the NATO scene for a long, long time. All of us who have had dealings in this area realize that this is a subject that needs some really careful consideration. So I thank the Senator from Louisiana for his comments.

USE OF THE CAPITOL ROTUNDA FOR A RAOUL WALLENBERG CEREMONY

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of House Concurrent Resolution 94 regarding the use of the Capitol rotunda for a Raoul Wallenberg ceremony just received from the House, that the concurrent resolution be agreed to, and that the motion to reconsider be laid upon the table, and that any statements relating to this measure be placed in the RECORD at the appropriate place as if read.

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

So the concurrent resolution (H. Con. Res. 94) was agreed to.

RECESS

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 p.m. having arrived, the Senate will stand in recess until 2:15 p.m. today.

There being no objection, the Senate, at 12:40 p.m., recessed until 2:16 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. DEWINE).

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mrs. HUTCHISON). Without objection, it is so ordered.

Mr. PRYOR. Madam President, I ask unanimous consent I may proceed as in morning business. I ask unanimous consent that the time that I use not be charged against either side managing the bill that is now the pending business of the Senate.

The PRESIDING OFFICER. Is there objection?

Mrs. KASSEBAUM. Reserving the right to object, and I will not do so, just to suggest we are waiting for, I believe, probably Senator JEFFORDS and Senator PELL to offer the first amendment. But certainly I look forward to Senator PRYOR being able to speak as in morning business.

Mr. SIMON. I thank the Chair. I thank my distinguished colleague from Kansas.

I see the distinguished Senator from Rhode Island here at this time. I am wondering if he would like for me to withdraw my consent request and allow him to offer his amendment.

Mr. PELL. Madam President, I think I would prefer that the sponsor of the amendment have the first opportunity.

Mr. PRYOR. I thank the distinguished Senator. I will proceed. I will be sensitive to the time constraint that we are faced with.

(The remarks of Mr. PRYOR pertaining to the introduction of S. 1299 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. PRYOR. Mr. President, I thank once again the distinguished manager of the bill and my colleague from Rhode Island, who allowed me to go before him. I thank them.

WORKFORCE DEVELOPMENT ACT OF 1995

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mrs. KASSEBAUM. I yield to the Senator from Rhode Island whatever time is necessary for the offering of his amendment.

AMENDMENT NO. 2886

(Purpose: To provide for the State distribution of funds for secondary school vocational education, postsecondary and adult vocational education, and adult education)

Mr. PELL. I thank the Senator from Kansas, and I send an amendment to the desk on behalf of the Senator from Vermont [Mr. JEFFORDS] and myself and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Rhode Island [Mr. PELL], for Mr. JEFFORDS, for himself and Mr. PELL, proposes an amendment numbered 2886.

Mr. PELL. Madam President, I ask that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 77, strike lines 7 through 18, and insert the following:

(4) STATE DETERMINATIONS.—From the amount available to a State educational agency under paragraph (2)(B) for a program year, such agency shall distribute such funds for workforce education activities in such State as follows:

(A) 75 percent of such amount shall be distributed for secondary school vocational education in accordance with section 112, or for postsecondary and adult vocational education in accordance with section 113, or for both; and

(B) 25 percent of such amount shall be distributed for adult education in accordance with section 114.

The PRESIDING OFFICER. The Senator from Rhode Island should be aware there are 45 minutes allocated, equally divided, for this amendment.

Mr. PELL. Right. That will be done by the managers of the bill.

I want to express my strong support for the amendment offered by Senator JEFFORDS.

The bill provides that 25 percent of the funds go to the work force education. This amendment would stipulate that 25 percent of those education funds would go to adult education and 75 percent to vocational education.

To my mind, it is very important the adult education be assured of funding. In State after State this is a program that is run by volunteers and groups that do not have substantial political clout. Consequently, I fear that adult education will be at a considerable disadvantage in the give and take that will lead to dividing the pie with vocational education.

Today, adult education serves only half of all those who seek its services. This says nothing about outreach to those who need such services, but do not seek them. If the one-stop career centers operate as they are envisioned, it is reasonable to expect that we will identify many more adults who need adult education services. That, in turn, could well overwhelm an adult education system that is already overburdened.

Approval of the Jeffords amendment would mean simply that adult education would be ensured a flow of funds that would enable it to continue the very excellent and much-needed services it now provides. I would urge my colleagues to support its passage and that I strongly support it myself.

Mr. JEFFORDS addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. Mr. President, I rise in strong support of this amendment. I think this is a critical time in our history when we examine as we go forward how we are going to take care of the difficult problems facing our society. We are dealing in this bill with people who have difficulty obtaining employment, and at the same time in a related bill we are dealing with individuals who are on welfare.

Let me take a look at the overall needs of the Nation in order to emphasize how important it is that we allocate our scarce resources appropriately.

There are approximately 90 million people in this Nation who are functionally illiterate. There are also large numbers, millions, who are unemployed. What would be the cost of helping all 90 million achieve literacy? If we dedicated merely $10 per person, it would cost $900 million; or $100 per person, the figure would be $9 billion. However, to be truly effective, a more realistic figure would be $1,000 per person or $90 billion to help those 90 million people achieve literacy.

As far as unemployment is concerned, the figures are less specific, but we do know that for every space we have for employment training now, there are 10 people who are unemployed or underemployed who desire that slot. That leaves nine people who desire this training unserved for every one who receives training.

The amendment we have before us today will help ensure that we adequately provide literacy services for those who must, at least, overcome this obstacle before entering the work force; this is the essence of adult basic education. The amount of money that we are dealing with in this particular bill is approximately $5 billion.

When you remember those figures I gave you on what it would cost to help those 90 million people achieve literacy or the fact that it would probably cost 10 times as much to provide adequate job training for those who require it, you realize how desperate the need is for these funds to be adequately appropriated.

With respect to our amendment, my own experience causes me to be concerned that the pressures that are placed on these bills and the kinds of incentives that are placed in these bills will tend to focus resources on employment training at the expense of adult basic education.

I say that from my experience, because I have been in either the House or Senate for 21 years now, and I have been involved in all the employment training legislation that has gone on during that period of time. I have watched how these scarce resources were moved in one direction or another.

Before I go through that, let us look at what this bill and the welfare bill encourage States and individuals to do. One, we have the social welfare bill. The primary emphasis in this bill is to move people off welfare; that is, the States are rewarded for moving people off welfare.

On the other hand, and keep this in mind because it kind of shows what can happen here if we are not careful, there is a provision that could terminate benefits after 2 years. That is an incentive to the individual that says, ''I must get educated, I must get a job or else I lose my benefits.''

My experience tells me that the incentive created to get people off welfare, combined with the incentives we have now in employment training to try and move people off the unemployment rolls and on to the employment rolls will inadvertently result in what is referred to as creaming. That is the emphasis will be to focus the funds on those for whom it is easiest to get off welfare and to get employment. That means, however, those who need the funding and education the most, those who are on welfare now and have been on welfare for many years, will probably have no opportunity to get the education they need because States have responded to incentives to focus resources in other directions.

Let me now turn to some charts, first of all, to emphasize what I have been saying. I point to the first chart. I told all of you to remember the article from the business section of the Washington Post that came to the attention of all of us, ''Battling Against Workplace Illiteracy.'' This article emphasized how critical and how important the failure of our country to have provided an adequate education to our people has been to this Nation. I will just read the subtitle: ''Companies Take Action as Awareness Increases of $225 Billion Drag on U.S. Productivity.'' At the same time, as we remind ourselves that we are here to figure out how it is that this Nation can reduce the deficit, it seems very clear, when I look at the next chart, and other charts thereafter, that it is education that is a key to balancing the budget. If we do not improve the education of this Nation, not only will our deficit not get better, but it will get worse.

Let us take a look at the total drag on the economy now caused by the failure of our educational system. I tell you, when I see the statistics—I do not know how we got into this. In our schools, 50 percent of the kids who graduate, the ''forgotten half'' as we

are prone to refer to them now, graduate from high school functionally illiterate. That is a big part of how we got to where we are.

Let us take a look at this next chart, which indicates over half a trillion dollars in gross domestic product is lost each year because we have failed to educate our people properly. The $225 billion I mentioned earlier is in this piece of the pie, which is green, $225 billion for the cost of illiteracy to the marketplace. That is the inability of people to handle a job they ought to be able to handle has created a drag on our business to such a degree that we lose about $225 billion of productivity annually.

Now let us get to the relevance of the two bills I have referred to today. First of all, take a look at $208 billion for welfare expenditures. That means that the individuals that are on welfare, as against not being on welfare and in the employment sector, costs us $208 billion. You see there is some double counting in here, obviously, because we are already up to $433 billion, and we still have another factor to go.

The other factor is for training of employees. The businesses in this Nation are required to spend $200 billion a year on either skill training or literacy programs. In fact, if you put literacy in there, it goes even higher. That is another burden on our businesses. If you add those up, we are over $600 billion, with some double counting.

In addition to that, if you consider what it would save this Nation by having higher revenues because businesses and individuals would be earning more, we lose another $125 billion.

My point, and a critical point, is that education is the key to our problems; education is the key to our future.

Now let me take a look at the next chart which I think will put things in perspective also.

We all say, ''Hey, it's not our State. We are all doing fine. Our kids are getting educated. We don't have a problem.''

Take a look at this chart. Those in green are the best States, and that means about 25 percent of their adults are functionally illiterate. Most of the States are even worse. Most of them are in the orange and red. Thirty to fifty percent of the adults in these States are functionally illiterate. The final category contains a large portion of the population and a lot of States. These States are shown in blue and have populations in which 50 percent or more of the adults are functionally illiterate. What a staggering indication that our country is in trouble.

The final chart will show you the relevance of illiteracy to the welfare problem. This one is very critical, and I think everyone should be aware of what we are talking about. The percentage of welfare recipients who have less than a high school diploma: Of those on welfare more than 5 years, almost 70 percent have less than a high school diploma. Of those on welfare 2 to 5 years, over 40 percent did not get a high school diploma. And of those who have less than 2 years on welfare, 30 percent.

What does that mean? It means that if we do not provide basic adult education, then there is no hope that those who have been on welfare more than 5 years are going to have an opportunity to get off welfare and to be able to be taxpaying citizens of this country.

I point out that what this means is that the way the incentives are built into this bill—and that is to try and enable people to move from unemployment to employment and to reduce the welfare rolls—all the emphasis will be placed upon this group right here, those that are on welfare less than 2 years. They are the ones more likely to be able to be employed, more likely to get off the unemployment and welfare rolls. And yet, there is little incentive to help those who have been on welfare more than 5 years. Without adult basic education these long-term welfare recipients, more than 60 percent of whom do not have a high school diploma, will not have the opportunity to become employable. In fact, I would guess that the incentives for States in this bill are such that very few long-term welfare recipients will be able to get the kind of education needed to give them any hope of getting off of welfare if we do not have adequate funding for adult education.

All this amendment does is to make sure that a minimum of 25 percent of the work force education funds here will be used for adult basic education—education for those on welfare who really need it.

I am sure, in my own mind, from my own experience, that if we do not pass this amendment, you are going to see the percentage of funds spent on adult education go down steadily. We will see more and more people suffering and losing their benefits, and we will have to restructure our work force development programs. It has happened before. It happened when we went from CETA to the Job Training Partnership Act. Since then, we have seen that we still did not effectively serve all of the target population. Now, without this amendment, this bill may very well have the exact same result.

So I urge you to support this amendment which would ensure the very minimum necessary to help long-term welfare recipients who need the most help get off of welfare and not just help those who need the minimum assistance to get off of welfare.

I yield the floor.

Mrs. KASSEBAUM. Mr. President, I ask how much time remains?

The PRESIDING OFFICER (Mr. SANTORUM). There are 22 minutes 30 seconds, and the Senator from Rhode Island has 12 minutes 25 seconds.

Mrs. KASSEBAUM. If I may comment for a moment, many of us put education as a top priority of interest and concern. But there are no two people, I think, in the U.S. Senate who have spoken with greater dedication to the importance of education than Senator PELL, who has lent his name to one of the most important student aid programs that there is, the Pell grant program, and Senator JEFFORDS. So it is with regret that I must oppose this amendment. I opposed it in committee where it was defeated on a tie vote, and I oppose it today for one major reason.

To me, it is an important one, because it goes to the heart of what we have tried to do with the work force development legislation. It would reduce the State flexibility, which is really at the heart of S. 143. Many have said that S. 143 is still too bureaucratic. Mr. President, we ended 80-some programs. We have really revolutionized the way we handle job training, and we have tried very hard to keep a flexibility in place so that the States can determine how best to design a program that fits the need of that State.

Major goals of the legislation are to create a single work force development system, to allow States flexibility in deciding what is needed. Throughout the development of this legislation, we have made every effort to minimize the number of mandates and funding set-asides. Some guidance to the States is necessary to assure that the Federal dollars are appropriately and effectively spent. That is why the bill sets minimum amounts—25 percent—which must be spent both on work force training and work force education activities respectively. Beyond that point, however, I do not believe we should be dictating the mix of education or training activities the State feels is most important. If we start down this path, I suggest that we will soon arrive at the same place we started, which was 90-odd separate, narrowly defined programs.

That is why, as I say, with all of the good intent of the authors of this amendment, I must oppose this. I do not believe that adult basic education services will be forgotten without this set-aside. The bill already requires that funds be provided for these services within the 25 percent that is reserved for education activities.

So I just suggest, Mr. President, that I think we have addressed that concern without, again, going back to a set-aside that would be very restrictive to the flexibility that is necessary.

I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Rhode Island yield time, or is the Senator using time on the bill?

Mr. KENNEDY. I yield myself 5 minutes on the bill.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I rise to support the amendment. I think the Senator from Rhode Island and the Senator from Vermont have made a very strong case for adult education. We are perhaps the only advanced industrial nation in the world in which

illiteracy is increasing. The fact is that the States themselves have not been responsive to this problem in developing adult education programs. It was the hope of all of us, when we developed the initial adult education programs at the Federal level, that the value of these programs would be clearly seen and the States themselves would develop such programs. But that has not been the case.

With the existing adult education program, it is oversubscribed by twice the number of individuals than actually receive services. There are 100 percent more individuals who want to participate in the adult education programs than are able to do so. So there is a great demand and desire for adult education.

Finally, Mr. President, what we have seen is that adult education programs have enormous benefits for both the individuals participating in the programs and for the economy. These programs are also enormously important in terms of the education of the children of adults who participate. One of the most powerful reasons for increasing support for adult education is because, for the most part, parents that are involved in these programs and have small children are able to participate more effectively in the development and the education of their children. So this has a dramatic impact in terms of bringing children along and enhancing their ability to achieve academic excellence.

So, Mr. President, I know that the Senator from Kansas has included in her legislation a provision reserving 25 percent of the funds in the block grant for education, and that her bill also requires that there be funds spent on adult education, but there are no figures specified. Looking at what has happened so far in the States, there is very little reason to believe that the States are going to embrace adult education programs in a robust kind of way. Adult education, it seems to me, has a very special standing, an importance in terms of our citizenry. Therefore, I think it deserves the kind of targeting in the legislation which the amendment would provide.

Mr. President, I see the Senator from Minnesota here. I ask how much time we have. We want to try to follow the agreement, which is to work through on the agreed time on the amendments.

The PRESIDING OFFICER. The Senator from Rhode Island has 6 minutes 21 seconds, the Senator from Kansas has 19 minutes.

Mrs. KASSEBAUM. Mr. President, I am happy to yield some time to the Senator from Minnesota. It is my understanding that Senator MOYNIHAN is prepared to offer the next amendment. Senator GRAMS has an amendment he will offer, and then we will stack those three votes. So we will complete the debate on this amendment, and that is with the agreement of Senator JEFFORDS and Senator PELL, just to give some indication for those who might be wondering what the timing is. I would be happy to yield 5 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. WELLSTONE. Mr. President, I thank the Senator from Kansas. Five minutes would certainly suffice.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 5 minutes.

Mr. WELLSTONE. Mr. President, I rise to support the Pell-Jeffords amendment. I am proud to be an original cosponsor.

Mr. President, the Minnesota Literacy Council issued a study earlier this year, and I quote:

> Minnesota adult basic education has had a profound and multidimensional impact on individual learners and on the quality of life in Minnesota.

I was a teacher for 20 years, and I have spoken on the floor before and I have made the argument, and I think the evidence is irrefutable and irreducible—not because I make the argument, but nevertheless I think the evidence is very strong—that there is a very strong correlation between the education of a mother or a father, or both, and certainly whether or not a mother or father are literate, and what they can do by way of encouraging their children to learn in school. So, this is really, if you will, an important family issue.

Also, there is a tremendous multiplier effect that comes with adult basic education, which is why I thank my colleagues for their effort. To the extent a man or woman is literate, he or she not only can do better with their children, not only can do better at work, but also can more fully participate in the economic and the social and the political life of our Nation. In other words, this is critical to a functioning democracy.

Adult basic education programs work. I have seen that in Minnesota, over and over and over again, traveling around the State and working with people who are in adult education. In 1993, more than 36,000 people received adult basic education services free of charge at over 600 sites statewide. Of these, 63 percent obtained a high school diploma, GED, gained citizenship, secured employment or job advancement, or got off public assistance. So it is enormously important in my State.

Nationally, there was a recent article, and I think I heard the Senator from Vermont refer to this, in the Washington Post, which reported that about 90 percent of the Fortune 1,000 executives say illiteracy is hurting productivity and profitability, and it costs the United States, roughly speaking, $225 billion a year in lost productivity. So it seems to me this is really very much, if you will, a national security issue. It is a national commitment, and that is why I support this important focus on adult education.

As the Senator from Vermont pointed out, my State is ranked as one of the best States in terms of literacy rates. According to the Minnesota Literacy Council, about 20 percent, however, of Minnesotans, are functionally illiterate. According to the 1990 census, in Minnesota approximately 18 percent, or 445,000, aged 25 and over, do not have a high school diploma. If you add to that those between 18 and 25, the number of people without a high school diploma or GED would go up to about 560,000. So, again, it seems to me, this amendment is extremely important. It puts the focus on the education that is vitally important to adults, vitally important to their children, vitally important to families, vitally important to democracy, vitally important to job productivity, and I would argue in a State that has been the leader in the Nation, as my State so often is—if I can say that on the floor of the Senate—vitally important to Minnesota.

I yield the floor and I thank my colleague from Kansas for her graciousness.

Mr. LEAHY. Mr. President, I rise as a strong supporter and cosponsor of this amendment, which will guarantee that adult education—including adult literacy—programs receive adequate funding under the Workforce Development Act. Unfortunately, over 50 percent of adults in the United States are functionally illiterate, roughly 44 million Americans. Illiteracy costs the U.S. economy about $225 billion a year in lost productivity. As we improve our worker training programs, we must provide adequate funding to combat adult illiteracy.

In my home State, many dedicated Vermonters are working hard to help adults overcome illiteracy and enjoy a more productive and enjoyable life. For instance, my sister, Mary Leahy, has devoted herself to helping adults with reading and writing problems at Central Vermont Adult Basic Education in Barre, VT. Mary, along with many other Vermonters, know the deep satisfaction of helping another adult unlock his or her potential.

I urge my colleagues to support this amendment. It is one of the best ways to help our work force and improve the quality of life of millions of adults.

Mrs. KASSEBAUM. Mr. President, I do not know if anyone else wishes to be heard. Does the Senator from Vermont wish to speak at this time?

Mr. JEFFORDS addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. JEFFORDS. Mr. President, I would like to clarify where we are here, so people understand a little bit better.

First of all, when we talk about education in this bill, we are not just talking about what I was referring to as adult basic education. This is where all your money comes from for the so-called Perkins programs, the vocational education, the other employment money. That 25 percent amounts to a little over $1 billion.

What we are saying is, when you take a look, again, at this chart, the bulk of

people on welfare are in the category where they have been on it 2 to 5 years. These are the ones who are supposed to lose their benefits if they do not get adequate education. There is $340 million that would be available for them, plus anyone else in that area, to get the basic adult education. That would be fine, but the demand is about $1.6 billion. All we are saying is, for God's sake, at least make sure they get the $340 million that is indicated when they need $1.6 billion to be able to comply with the purpose of the bill, and welfare, and that is get to work. How can you get work if you do not have an education, if you have no skill training? So we have $1.6 billion that should be out there to get the people off but only $340 million as provided in this bill. All this amendment does is say: At least, at least make sure they have the $340 million.

I urge everyone to vote for this amendment just to protect, as best they can, really the small amount of money that is available relative to the great need in this area.

I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I yield myself 1 minute.

I hope this amendment will be adopted. Effectively, what this amendment is doing is saying that adult education should be a priority and a national priority. For all the reasons the Senators from Rhode Island and Vermont have expressed here, plus the particular importance that this does not just benefit the adult, but also the child, which has been verified time in and time out by every single study, I hope the amendment will be accepted.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent the Jeffords-Pell amendment be set aside for the consideration of the Moynihan amendment.

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

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that any remaining time on that amendment would be yielded back.

Mr. KENNEDY. I yield it back.

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

The Senator from New York.

AMENDMENT NO. 2887 TO AMENDMENT NO. 2885

(Purpose: To strike the provisions repealing training and employment services for trade adjustment assistance, and for other purposes)

Mr. MOYNIHAN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from New York [Mr. MOYNIHAN] proposes an amendment numbered 2887 to amendment No. 2885.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 217, beginning on line 14, strike all through line 17.

On page 217, line 18, strike ''(2)'' and insert ''(1)''.

On page 217, line 20, strike ''(3)'' and insert ''(2)''.

On page 217, line 22, strike ''(4)'' and insert ''(3)''.

On page 217, line 24, strike ''(5)'' and insert ''(4)''.

On page 218, line 1, strike ''(6)'' and insert ''(5)''.

On page 220, beginning on line 1, strike all through page 225, line 6.

On page 225, line 7, strike ''(2)'' and insert ''(1)''.

On page 227, line 8, strike ''(3)'' and insert ''(2)''.

On page 232, line 10, strike ''(4)'' and insert ''(3)''.

On page 232, line 15, strike ''(3)'' and insert ''(2)''.

On page 233, line 1, strike ''(3)'' and insert ''(2)''.

On page 233, line 6, strike ''(3)'' and insert ''(2)''.

On page 233, line 17, strike ''(3)'' and insert ''(2)''.

On page 234, line 6, strike ''(5)'' and insert ''(4)''.

On page 242, lines 11 and 12, strike ''(as amended in paragraph (1)(G)(i) is further amended'' and insert ''is amended''.

On page 245, line 15, strike ''(2)'' and insert ''(1)''.

On page 260, line 9, strike ''(6)'' and insert ''(5)''.

Mr. MOYNIHAN. Mr. President, I rise to make a simple proposal, which I deeply wish the Senate will accept and see the reasons for. This amendment would simply preserve the Trade Adjustment Assistance Program, which has been in place for a third of a century now, having been one of the great social inventions, one of those that come along from time to time to help a nation, in this case ours, resolve a legitimate dispute in which there are legitimate interests on either side, in the very best tradition of a democratic society.

The conflict is elemental. When our Government enters a trade agreement with another nation or group of nations, as is increasingly the case, it undertakes to lower tariffs on goods coming into our country in return for lowered tariffs in other countries—lowered restrictions, access to markets, all the different arrangements that go into a multilateral world trading system which has emerged so exceptionally in the world, and of which we are the preeminent member, the largest trading nation in the world.

Getting to this point was not easy. It took courage, it took invention, and it happened here in the U.S. Congress. We have to go back to 1930 and the Smoot-Hawley tariff of that year, in which tariffs were raised to the highest levels in our history. The understanding was that this would protect American jobs.

Indeed, in the course of the next 2 years from the time it was signed by President Hoover, imports dropped by one-third in our Nation. More. Alas, so did exports. And the world spun into the disaster of the 1930's. The British left free trade and went to imperial preferences. In Japan, the Greater East Asia Co-Prosperity Sphere was put in place. Manchuria was invaded—China, in fact. But we somehow called it Manchuria. Unemployment soared.

In 1933, Mr. President, in Germany, Adolf Hitler came to power in a free election. Our Nation tumbled into a depression unlike anything we had known. And we had been warned. Mr. President, 1,000 economists—at a time when the Nation perhaps was more fortunate then than now and had only about 1,000 economists—wrote to President Hoover and said, ''Do not do this.'' He did it even so.

Then in 1934, Cordell Hull, who was Secretary of State, began the reciprocal trade agreements program in which we would try to make our way by mutual accommodation with other countries. It was a great invention. A great man, Harry Hopkins, worked on it. It was to have been given an institution as part of the great postwar settlement—the World Bank, the United Nations, the International Monetary Fund, the International Trade Organization which was to have been located in Havana. But the ITO died in the Senate Finance Committee out of lingering fear of opening trade to the rest of the world. But I am happy to say in the last Congress it came back alive as the World Trade Organization now in place in Geneva as part of that enormous achievement, the Uruguay Round.

How did we get to the point where there was this consensus that we had the Kennedy round, the Tokyo round, the Uruguay round, and then the free trade agreement with Canada, the North American Free-Trade Agreement with Canada and Mexico, and more in prospect? Well, sir, one was the manifest benefits that trade had brought this Nation and the world.

But there was also a social invention. It began in 1954, when David MacDonald, then President of the United Steelworkers of America, proposed that as part of a next trade agreement, if workers were put out, if workers lost their jobs because of imports that the Federal Government had agreed to in a trade agreement, there would be some trade adjustment assistance. There would be training for them. The proposition was that, as a matter of public policy, the U.S. Government had entered into an agreement in which certain workers were displaced, certain workers lost their jobs, and other workers would gain jobs. The total would be much to the advantage of all. But there were individuals left out, and

it had been the result of a Government policy. Well, then it ought to be the practice and policy of the Government to help with a readjustment.

In 1962, as the Trade Expansion Act of that year was under consideration, Luther Hodges, then President Kennedy's Secretary of Commerce, came before the Senate Finance Committee. He said this.

> Both workers and firms may encounter special difficulties when they feel the adverse effects of import competition. This is import competition caused directly by the Federal Government when it lowers tariffs as part of a trade agreement undertaken for the long-term economic good of the country as a whole. . . . The Federal Government has a special responsibility in this case. When the Government has contributed to economic injuries, it should also contribute to the economic adjustment required to repair them.

Sir, at that time I had the honor to be an Assistant Secretary of Labor. I was Assistant Secretary of Labor for Policy Planning and Research. We had done our work on this, sir. We knew what we were proposing. I thereupon became one of the three persons who negotiated the Long-term Cotton Textile Agreement—still in place in its successor form—that helped firms, and saw to it that firms which were losing out to international competitors because of a trade agreement—textile mills in the Carolinas, garment industries in New York, Chicago, and California—were protected, in this case by quotas.

Also, there was trade adjustment assistance for workers. We put that into that legislation, sir. And the American labor movement was solidly behind the Trade Expansion Act and the Kennedy round.

There was social learning going on here; how to protect certain vulnerable firms, workers whose jobs had been negotiated away in the larger general interest. And so we went from there to the Tokyo round. Labor supported the round because it had a commitment to trade adjustment. And then we had the free trade agreement with Canada and the North American Free-Trade Agreement with Canada and Mexico. And last year the Uruguay round. And before that, the commitment to trade adjustment assistance was crucial in obtaining the necessary support for fast track—in which the President brings a trade agreement back and sends it up here to the Congress for an up-or-down vote—and for NAFTA itself. The Uruguay round came to the Finance Committee in the 103d Congress when I had the honor to be chairman. And trade adjustment assistance was an essential commitment. Labor did not support the North American Free-Trade Agreement. I did not in fact support it. But we did not stop it, and we could have done so, and would have done so if there had been no trade adjustment assistance.

Mr. President, in the years just since 1975, to give you a sense of the dimension we are talking about here, 2 million workers have received trade adjustment assistance benefits as their right, as the public interest demands. The assistance is part of the trade expansion activity of the Federal Government. Tariffs and trade agreements, those, sir, have always been located in the Committee on Finance. The Committee on Finance has very carefully—not always successfully but I think with an ever assiduous effort—tried to see that trade adjustment assistance is maintained. You get trade adjustment assistance when it can be shown that tariff agreements have closed down an industry at the cost of the workers and management—2 million workers since 1975.

It would be such a great loss—turning our backs on generations of experience and learning the hard way—to give this up now. I do not think we want to do this to American workers. We made a commitment. Pacta sunt servanda, agreements must be kept. These are agreements at the highest level of Government. And they have been so enormously effective.

But, sir, I say to the Senate, I say to anyone listening outside the Senate, strip trade adjustment assistance from the trade laws and you will never see a trade agreement again in this time. For the men and women, the working people who will have seen a pledge to them broken, a commitment negotiated by their own leaders broken, the trust will not be there again. It is sufficiently eroded as is.

We know very well how difficult the last 10 years have been in this area, and we see troubles coming ahead of us. We do not need them. We worked out an arrangement which got by as—which I think is a fair statement—a social invention of very considerable measure.

And so, Mr. President, it fell to the distinguished chairman of our committee, Senator ROTH, and I to write to our very good friends, in whom we have the deepest respect, the chairman of the Committee on Labor and Human Resources and the ranking member, who are here today. On October 5, Senator ROTH and I wrote to say that the Committee on Finance has not had an opportunity to consider this matter, the folding in and thereby elimination of trade adjustment assistance, and the NAFTA transitional adjustment assistance program. These are programs under the jurisdiction of the Committee on Finance, and we respectfully asked they be removed from the Workforce Development Act, a remarkable bipartisan achievement, with the changes we would like to make, as, for example, those suggested by Mr. PELL and Mr. JEFFORDS.

Now I offer this amendment, and I would hope it might be accepted. It will ensure great harmony in this measure if it is accepted and disharmony if it is not. It will break with 33 years of legislation, break with three generations of learning and working together in the area of trade which has proved of such enormous benefit to the United States, and it would put in jeopardy, put a cloud over our prospects of continuing in that tradition.

Mr. President, I do not speak longer than necessary if there are other Senators who wish to speak.

Mr. WELLSTONE addressed the Chair.

Mr. MOYNIHAN. I see my friend from Minnesota present.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. Five minutes.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 5 minutes.

Mr. WELLSTONE. I thank the Chair. I thank the Senator from Massachusetts for his graciousness.

Mr. President, while I agree with the underlying premise of this job training bill to consolidate and streamline—and I simply say to the Senator from Kansas and the Senator from Massachusetts, I deeply appreciate this bipartisan effort—I believe that repealing key elements of the Trade Adjustment Assistance Program in the process, as this bill does, is a serious mistake.

Mr. President, from January 1, 1993, to August 31 of this year, more than 2,300 Minnesota workers have received TAA. That assistance has taken the form of about $4.5 million in training funds—job search and educational assistance—and about $6.8 million in income support.

Let me just be very direct about it. I did not support NAFTA even with the TAA as a part of it. I opposed NAFTA and GATT, and the view I took then and the view I take now is it is far better to raise wages and living standards and environmental protection through international agreements than depress those standards.

I argued that GATT and NAFTA failed to meet these tests, and many of my predictions about NAFTA's adverse impact on American workers have come to pass. American jobs have been shipped to Mexico and workers have been left to fend for themselves.

This bill in present form without this amendment—and, Mr. President, I ask unanimous consent to be an original cosponsor of this amendment——

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

Mr. WELLSTONE. Would exacerbate the problem. It is sometimes necessary to remind ourselves of promises made. Proponents of NAFTA, for example, promised it would boost exports to Mexico and create hundreds of thousands of new American jobs almost immediately.

Instead, 21 months after implementation of NAFTA, our trade balance with Mexico has dramatically worsened. Our trade deficit with Mexico for the first 6 months of this year was $8.5 billion. Furthermore, according to the Department of Labor, 42,000 Americans are certified to have lost their jobs as a result of NAFTA. And as an article in yesterday's New York Times observed,

this number is undoubtedly lower than the actual numbers of jobs lost to NAFTA—that is, for a variety of reasons, not all workers eligible did apply.

What about the American companies that assured us during the NAFTA debate that many new American jobs would be created by the agreement? Public Citizen conducted a useful survey of a number of these firms. Public Citizen's report found that of 66 firms which had made explicit job-creating promises or projections and which replied to Public Citizen's inquiries, 89 percent reported making no significant progress toward meeting these projections.

Twenty months after NAFTA, Public Citizen also was able to contact five companies from my State of Minnesota. Officials from each one of these companies had made explicit projections or promises of economic benefits to Minnesotans from NAFTA. Unfortunately, after 20 months of NAFTA, none could report creating new jobs in Minnesota or even increased exports from Minnesota as a result of the agreement.

It seems to me a promise is a promise, and we must live up to our commitment. I think NAFTA was a profound mistake. I think GATT was a profound mistake. But the TAA as a part of NAFTA was supposed to help those workers gain new skills and obtain new jobs in the local economies because these workers are the ones who are rocked by some of these agreements and some of what has happened in the global economy.

The increasing globalization of our economy makes a lot of U.S. workers feel that the forces that directly affect our standard of living and the quality of our lives are moving further and further from our control and from accountability to us. It seems that local, State and national governments are increasingly powerless to solve our most pressing problems. And I am afraid that this trend only makes citizens more alienated from and distrustful of their governments.

Without this amendment, this bill would heighten this sense of alienation from their government that American workers feel. Repealing TAA would betray the commitments we made here in Congress to provide even modest job retraining and other benefits to sustain dislocated workers through a difficult transition period to another job. Even the House version of the job training bill which recently passed did not repeal TAA.

THE IMPORTANCE OF TRADE ADJUSTMENT ASSISTANCE

Let me describe why I think this job retraining funding commitment is so important, and how it works in practical terms.

Under the Trade Adjustment Assistance Program [TAA] and the special NAFTA/TAA program enacted when NAFTA was passed 2 years ago, workers who meet certain eligibility requirements and are certified as having lost their jobs because of competition from imported goods are eligible for special assistance. This assistance includes:

First, income support consisting of up to 52 weeks of extended unemployment benefits beyond the 26 weeks a worker would normally be entitled to under most State unemployment laws; and second, employment and retraining services;

The income support portion of these programs is an entitlement. A worker who meets the eligibility requirements is entitled to the extended unemployment benefits, provided that the worker is enrolled in training.

Employment and training services are provided through a capped entitlement—that is, funds are appropriated for these services, and eligible workers are entitled to receive them as long as funds are available.

This bill repeals the sections of TAA and the NAFTA/TAA program that give eligible workers a capped entitlement to employment and training services. Eliminating the entitlement to these services means that these workers will have to compete with all other job seekers for whatever employment and training services may be available in their State.

At the same time, the bill substantially cuts Federal job training programs overall, thereby prompting an intense competition for diminishing funding among the various groups of workers who need to be retrained—whatever the reason for their displacement.

Repealing these provisions fundamentally breaks faith with a commitment first made by President Kennedy in the Trade Expansion Act 1962—and renewed again when Congress passed the NAFTA/TAA program—that workers adversely affected by our trade policies would receive special assistance from the Government to find new employment.

Mr. President, since the TAA program was established, Democrats and Republicans alike have recognized our special responsibility to workers who lose the jobs as a direct result of Government trade policies. The Senate reaffirmed its commitment to honor that responsibility when it enacted the NAFTA/TAA program for workers displaced because of increased imports or shifts in production to Mexico and Canada. We must not renege on that commitment now.

Even under the current JTPA Dislocated Worker Program, there is not enough money to serve more than about 25 percent of eligible workers. Under the Kassebaum bill, there is no requirement that a State spend any particular portion of the Federal funds it receives to serve dislocated workers.

Moreover, while States are required to offer job search and job placement services through their one-stop centers, there is no requirement in the bill that States actually provide job training to anyone. If trade-impacted workers are no longer entitled to employment and training services, there is a good chance that in some States many will not get them. They will be out of luck.

This amendment preserves the employment and training portions of the TAA and NAFTA/TAA programs as a capped entitlement. This is part of a social contract that we made with working men and women when we asked them to support our efforts to open world markets and eliminate trade barriers. I believe we have an obligation to honor that contract.

At the Labor and Human Resources Committee markup on this bill, Senator KENNEDY offered an amendment similar to this one which preserved the right of trade-impacted workers to obtain retraining services, but required that all such services be provided through the same systems established by the State to serve other dislocated workers. Unfortunately, this amendment was defeated on a tie 8-to-8 vote. I hope that we will get a different result on this vote. American workers deserve better.

So I thank the Senator from New York for his amendment. I thank the Senator from Delaware. I thank him for their leadership. I am proud to be an original cosponsor, if that is appropriate, and I yield the floor.

Mr. ROCKEFELLER. Mr. President, in general, I believe that our country must improve our Federal job training programs to reduce fragmentation and increase efficiency. I also firmly believe that we should maintain our longstanding commitments to workers who are dislocated by Federal trade policy.

Two programs under the Finance Committee provide assurances that workers who are dislocated because of Federal trade policies will get retraining and support—the Trade Adjustment Assistance Act [TAA] and NAFTA–TAA.

In my view, these programs are fundamental commitments made to workers during trade negotiations. Many West Virginia workers have relied on TAA benefits in the past. In fact, since 1990, 1,673 West Virginians qualified for TAA benefits and got retraining and income support needed to rebuild their lives and find new jobs or careers after being dislocated. For these families, TAA offered hope and a second chance.

TAA means a great deal to workers in small towns that are hit with major plant closings. For example, when Hanover Shoes in Marlinton, WV, closed because of shoe imports, 231 West Virginia workers needed and got assistance thanks to TAA. Similar dislocations have occurred in Franklin, Bartow, Parsons, Martinsburg, and other communities because of the decline in shoe manufacturing and textiles in this country. Many of these workers have spent 10 years or more working in one factory, so it takes time and support to learn new skills. Similar disruptions occur in the oil, natural gas, and coal industry. West

Virginia workers want to get new jobs and new careers, but retraining is often essential to help make a shift from an industry like textiles into another field.

Because of my concerns for dislocated workers in West Virginia and my longstanding support for TAA, I am strongly supporting Senator MOYNIHAN's amendment to strike the language repealing the TAA and NAFTA–TAA programs. We should not renege on this basic commitment to workers, especially at a time when we are just beginning to see plant closings and dislocations from NAFTA.

Personally, I believe that we do have a special obligation to workers who are dislocated by general trade policy or trade treaties like the North American Free-Trade Agreement—Federal decisions that we make knowing they may jeopardize jobs in particular industries or regions.

There is no doubt in my mind that more West Virginians will need retraining and benefits to cope with the dislocations created by trade policy, by NAFTA, and also because of the implementation of the Clean Air Act.

I believe passing the Moynihan amendment to strike language repealing TAA and NAFTA–TAA is essential, and I want to ensure that the new streamlined approach suggested by the Workforce Development Act will provide the help and training that West Virginia workers need, and deserve.

I strongly hope that the Moynihan amendment and other amendments will be adopted today to improve this legislation, and I expect that I will be supporting many of them.

Mr. BIDEN. Mr. President, I rise today in support of the amendment by the distinguished Senator from New York. This amendment preserves trade adjustment assistance—job training and job placement help for workers who have lost their jobs as a direct consequence of U.S. trade policies.

We here in Congress pass the laws that put out Nation's trade policies into effect—the policies that are negotiated by Presidents with our trading partners. We have the responsibility to assure that those trade policies benefit all Americans.

Now, Mr. President, at times I have supported expanded trade as one of the ways to promote our Nation's economic interests. I am convinced that we must open the markets for American products and services around the world. Those new markets are our best hope for a growing economy with growing incomes and expanded job opportunities.

I believe that without expanding world markets we will end up fighting over a stagnant or shrinking economy. But at the same time, there is no automatic guarantee that growth will benefit all Americans—in fact, economists will tell us that there will be losses as well as gains as jobs shift from low-growth to high-growth industries.

That is why we must have the ability to help those who will pay part of the price for progress—those whose job loss can be traced to changes in our trade policies. That is why we must preserve the trade adjustment assistance training programs.

These are men and women who have played by the rules—who have worked by the rules, Mr. President—and who, through no fault of their own, find their work is no longer needed. They have raised their families, built our neighborhoods and cities—they have done all a country can ask of them, and more.

But today, these men and women can find that their job security is dependent on trade policy made here in Washington. Our decisions to participate in trade agreements can expose their industries to increased international competition. How can we turn our backs on their plight?

Trade adjustment assistance not only helps these people deal with the transitions that are increasingly part of our rapidly changing international economy. This assistance makes good economic sense because it lowers the costs of economic adjustments—costs in wasted hours of unemployment and underemployment, in depressed communities, towns, and regions. By helping to move workers displaced by trade into new jobs faster, into jobs that best fit their skills and work experience, we reduce the costs of economic adjustment and increase the benefits for everyone.

I urge my colleagues to join with me in supporting this amendment. It is the fair thing for us to do, it is the responsible thing for us to do, and it makes good economic sense.

The PRESIDING OFFICER. Who yields time?

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Just 30 seconds, if I may, sir, I ask my friend from Massachusetts.

The PRESIDING OFFICER. The Senator has 4 minutes and 50 seconds remaining.

Mr. MOYNIHAN. I would like to put a table in the RECORD, a cumulative program activity record from the last 20 years to show—this is a carefully administered program—of 2,011,268 workers certified for the program, 2,032,507 were denied.

This is carefully administered and successful and ought to be continued.

I ask unanimous consent that it be printed in the RECORD.

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

CUMULATIVE PROGRAM ACTIVITY

[April 3, 1975 Through June 30, 1995]

	Cases	Workers
Cases Instituted	31,183	4,240,496
Certified	11,494	2,011,268
Partially Certified	416	104,824
Denied	17,594	2,032,507
Terminated/Withdrawn	1,576	91,897
In Process	103	N/A
Completed	31,080	4,2450,496

CUMULATIVE PROGRAM ACTIVITY—Continued

[April 3, 1975 Through June 30, 1995]

	Cases	Workers
JUNE, 1995 PROGRAM ACTIVITY		
Instituted	94	2,732
Certified	81	7,628
Part. Certified	0	0
Denied	27	2,694
Terminated/Withdrawn	9	2
Completed	117	10,324

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. How much time remains on the Moynihan amendment?

The PRESIDING OFFICER. The Senator from Massachusetts has 4 minutes, and the Senator from Kansas has the other 22 minutes 32 seconds.

Mr. KENNEDY. I yield myself my time remaining on the amendment.

Mr. President, I welcome the opportunity to be a cosponsor with the Senator from New York, Senator MOYNIHAN, on this amendment. He has made the case for this amendment very powerfully. Effectively, what we are saying is that for the past 30 years it has been a matter of national policy for Republicans and Democrats alike that, if we were going to enter into various trade agreements as a direct result of which individual workers were going to lose their jobs, those workers would be entitled to retraining and income support in the form of extended unemployment benefits so that they can continue to support their families while they are being retrained. The income support amounts to up to a year, rather than 6 months, of extended unemployment benefits. That is what is basically the outline of the Trade Adjustment Assistance Program.

And the concept behind that, Mr. President, was that as a result of expanded trade, the economy as a whole was going to benefit, Americans were going to benefit in all parts of the country. But some workers in some industries were also going to lose their jobs, and we recognize a special responsibility to those workers—in many instances workers who had worked a lifetime at a particular job—and ensure that those workers would be able to get training and financial support during that period of the training for up to 1 year.

Now, what have the results been, Mr. President? The fact is, that individuals have lost their jobs as a result of increased imports and plant relocations stemming from trade agreements like GATT and NAFTA. These are men and women who want to work, who can work, and the only reason they are not working is because a decision has been made that is in the national interest, passed by the Congress and the Senate, which results in their dislocation. These individuals' lives are disrupted. But under the TAA and NAFTA–TAA programs, they are able to get into training programs and are able to get some supplemental assistance. And then they are able to try and generally are able to get back into employment.

Now, what does the pending legislation say? It says that in spite of the assurances that were given by Members of Congress, Republicans and Democrats alike at the time we approved NAFTA and the GATT, that these programs would be available for them, that we had a broad bipartisan agreement to support—in spite of those assurances, this bill now says that if an individual is dislocated, there is no guarantee that there will be a training program there. And if there is no training program there, then there are no extended unemployment benefits. These individuals will no longer get any priority for assistance.

Now, Mr. President, I think this is basically going back on the solemn commitments that were made during the debate on NAFTA and on GATT. The Senator from New York mentioned a number of those.

Let's look at what was said about TAA by Members of Congress and the administration when we were debating whether to enter into the NAFTA.

On May 1, 1991, in a letter to congressional leaders requesting an extension of fast-track authority to negotiate the NAFTA, President Bush wrote as follows:

[W]hile economic studies show that a free trade agreement would create jobs and promote growth in the United States, I know there is concern about adjustment in some sectors. these concerns will be addressed through provisions in the NAFTA designed to ease the transition for import-sensitive industries. In addition, my Administration is committed to working with the Congress to ensure that there is adequate assistance and effective retraining for dislocated workers.

At a question-and-answer session with business editors and writers on that same day, May 1, 1991, President Bush said again:

I know that there's a concern—not just on Capitol Hill but in many of the labor halls around this country—about job loss. And our negotiators will address these concerns in provisions of the North American Free-Trade Agreement. We will work with Congress to see that dislocated workers receive proper assistance and retraining. We believe we have the answers to the questions that are being raised by the labor unions and by some on Capitol Hill.

On May 7, 1991, at a Finance Committee hearing on United States-Mexico trade, Secretary of Labor Lynn Martin repeated that commitment. She testified that:

The President and I are both committed to working with the Congress to be sure there will be adequate assistance for effective retraining of any dislocated American workers. . . . The President is determined to assure the timely availability of comprehensive services to United States workers who might conceivably be displaced over a period of time as a result of such a trade agreement.

Carla Hills, then the U.S. Trade Representative, acknowledged at that same hearing that:

Studies also show, and experience would indicate, that some sectors might face increased competitive pressure. In a broad sense, society benefits when we focus our jobs and our capital in sectors where we are most productive. But we should not and will not forget that the transition to a new job can be difficult for individual workers and communities. Not every worker will keep his or her job once a NAFTA is negotiated. . . . [W]e cannot ignore the impact that the loss of a job has on the individual affected. . . . [W]e have a responsibility to be ready to assist any dislocated workers affected by the NAFTA who face adjustment difficulties. Effective retraining and adjustment programs can facilitate adaptation to ongoing shifts in our economy.

[T]he Administration is firmly committed to working with the Congress to ensure an effective, adequately funded worker adjustment program. . . . Any needed changes in U.S. law should be in place by the time the NAFTA enters into force and could appropriately be addressed in legislation implementing the NAFTA.

The importance of that commitment in persuading Members on both sides of the aisle to support the NAFTA agreement cannot be overstated.

During the Finance Committee hearings, Senator Bentsen, then the chairman of the committee, stressed the origins of trade adjustment assistance, noting that:

It was President Kennedy who first proposed trade adjustment assistance when he launched a new round of global talks back in 1962. President Kennedy favored free trade because he knew it would benefit the United States as a whole; that, as competitive as we are, we would come out a net winner.

But he also understood that a country had to do something for those who suffer in the move to open competition, and he saw trade adjustment assistance as an essential part of that trade policy. Adjustment assistance is just as much an essential part of our trade policy today as it was 30 years ago.

That is why, when I was working to extend the fast track, I stressed to [President Bush] that we needed a firm commitment from the administration to work with the committee and the Congress on an effective program to work with the committee and the Congress on an effective program to meet the challenge of a Mexican agreement.

We got a promise and an action plan from the President in May of 1991. That commitment was important to winning congressional approval of the fast track.

Senator Packwood, then the ranking Republican on the Finance Committee, agreed with Senator Bentsen that a commitment to trade adjustment assistance for workers who lost their jobs was an integral reason why Congress agreed to the fast-track authorization. He stated:

I agree with the chairman that NAFTA will rise or fall on whether or not there is a good retraining act. Without it, I do not see any possibility that NAFTA will pass.

Senator ROTH, who is now the chairman of the Finance Committee and who has long been a champion of the TAA Program, also stressed how important worker adjustment assistance was to approval of the NAFTA. He stated:

While many of us have made a final decision on whether to support NAFTA . . . there is one thing on which we can all agree, and that is the need to help dislocated workers make the difficult but necessary transition to new jobs. . . . An effective worker adjustment program must go hand in hand with NAFTA.

Senator BAUCUS, also a member of the Finance Committee, stated:

I think I speak for many Senators when I say that I will not vote for the NAFTA until a fully-funded worker retraining program is in place.

Mr. President, all we are saying is that we all support the consolidation of training programs. And the Senator from Kansas has done an extraordinary job in being able to do that. But we have a solemn responsibility to those workers who have lost or will lose their jobs because of NAFTA or GATT. I will not take the time to spell out a profile of who these workers are. But they are men and women who are proud Americans, and who have suffered as a result of the action of Congress. I think we can do no less than meet our responsibilities to them as has been outlined by the Presidents and the leaders of the Congress when we passed those particular treaties.

I thank the Chair.

Mrs. KASSEBAUM. Mr. President, if I may put a little different perspective on this issue, recognizing, as has been eloquently stated by the Senator from New York, Senator MOYNIHAN, and the ranking member of the Labor Committee, that there has been, through both Republican and Democratic administrations, a commitment regarding trade adjustment assistance.

But let me make clear how the TAA is handled in the work force development bill. While the training part of the trade adjustment assistance is consolidated into the bill, the entitlement to income support for dislocated workers under TAA is not repealed. This, of course, is something that remains under the Finance Committee. This means our commitment to workers who lose their jobs because of a trade agreement is maintained, it is not eliminated. That is why I believe S. 143 is important in the context of helping all workers. Workers who may have been affected by any trade agreement will still receive the assistance for job training but, I suggest, in a far more effective way.

It makes no sense to keep separate and distinct programs for workers who are laid off for one reason or another. All workers who lose their jobs should have access to job training. All workers who need assistance should be able to enter the system with the kind of quality assistance that is their due. Dislocated workers who need good training linked to real jobs have been ill-served by existing programs, including TAA. We must reform these programs and establish a comprehensive system that is based on accountability for putting people into real jobs. I think the Senator from New York would be certainly one who would agree with that goal as I know the Senator from Massachusetts does as well.

Secretary of Labor Reich has pointed out that under the current program when a plant closes, one group of workers may be eligible for training while others on a different assembly line are

not. This makes no sense. How do you know whether somebody has lost work at Cessna Aircraft because of NAFTA or because of structural related cutbacks? We need to move to a single integrated job training system and not single out a particular group for special training programs. That is, as I suggested before, how we end up with the maze of programs that we have here today.

I believe that Governors and local elected officials will be responsive to the training needs of all their citizens and in particular to those who are laid off and have lost their jobs.

Anyone who is mindful of the concerns in their State will be putting those people first and foremost in wanting to offer the very best program.

Mr. President, I would like for a moment to comment on the General Accounting Office's report on the Trade Adjustment Assistance Job Training Program. It stated that it believes the TAA Program is seriously flawed. The GAO has testified that its study, as well as those of the Department of Labor Inspector General and a study commissioned by the Department of Labor, concluded that the TAA Program falls short in assisting dislocated workers to enter the work force.

I would like to list a few of the findings: TAA benefits are not equally available to all available workers as a result of the flawed certification process; and the TAA Program is often slow in reaching workers as a result of this complex certification process. I think there is a recognition that some of this does need to be improved. The TAA recipients do not receive services tailored to their needs because only a limited mix of services are provided. TAA lacks the ongoing counseling and support necessary to ensure completion of training. The liberal use of waivers has resulted in as many as half of TAA recipients not even participating in training. It rarely works with participants after they finish training to help them find jobs, and TAA does not have an effective accountability system in place.

The GAO has also pointed out that the existence of ''several other targeted dislocated worker programs,'' in addition to the Trade Adjustment Assistance Program, suggesting that the United States overall approach to dislocated worker assistance needs reform.

The GAO followup study of the NAFTA–TAA Program last year indicated that many of the shortcomings of the existing TAA Program had not been addressed.

Mr. President, I urge my colleagues to oppose this amendment. I believe that the protection in the entitlement that exists still with the Finance Committee for financial support is protected and continues. At the same time the job training portion would be included in, I think, a much superior system so that everybody can be helped and assisted in a comprehensive way.

I yield the floor, Mr. President.

Mr. MOYNIHAN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I yield myself 4 minutes.

Just in response to the Senator from Kansas, the concerns described in the GAO study which have been outlined in terms of criticisms of the way the Trade Adjustment Assistance Program was administered under previous administrations are in the process of being remedied under the present administration.

What we have seen under Secretary Reich is a vigorous effort to try and deal with some of the points that have been raised in the General Accounting Office report. We stand ready to make sure that any other problems which are brought to our attention are addressed.

Let me just say this, Mr. President. We are not saying that you have to have a separate training program for trade-impacted workers. We support the consolidation of training programs. We are not saying maintain a separate training program for those who fall under this particular category. We offered an amendment in committee to require that States provide training and employment services to workers eligible for TAA and NAFTA–TAA through the same programs established by the State to serve other dislocated workers. What we wanted to preserve, we said, was the guarantee that trade-impacted workers who needed retraining would actually receive training, which is something we have under the TAA and NAFTA–TAA programs which we do not provide to other dislocated workers. But my amendment was rejected in committee.

We are saying, all we want to do is make sure that these workers' rights to retraining are going to be protected as they were guaranteed by previous administrations, Republicans and Democrats alike. And we support providing that training through consolidated training programs. All we are saying is that these workers should be included in the same programs, but their rights to participate should be preserved. They, in effect, get a right to retraining if they qualify, and if they are in training, they can receive extended unemployment benefits so that they can continue to pay their bills and support their families while they are in training. Under the law, if they are not in training they are not able to receive the income support benefits.

At the present time, these workers have certain rights that were guaranteed by Presidents and Congress when we approved GATT and NAFTA, and we are saying continue those rights under the consolidated training programs. That is basically what we are asking for.

Mr. President, I yield back whatever time we have.

Mrs. KASSEBAUM. Mr. President, I do not know if the Senator from New York wishes to make any further comment.

Mr. MOYNIHAN. Mr. President, I would simply like to thank the chairperson for her courtesy and clarity. I do make the point, however, that the future of trade agreements in this country would be diminished if this authority does not remain in the committee that is required to approve the trade agreements themselves.

Mrs. KASSEBAUM. Mr. President, I now call on the Senator from Minnesota. I ask unanimous consent, first, to set aside the Moynihan amendment for a brief presentation of an amendment that has been agreed to by both sides.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mrs. KASSEBAUM. I yield to Senator GRAMS.

The PRESIDING OFFICER. The Senator is recognized.

AMENDMENT NO. 2888 TO AMENDMENT NO. 2885

(Purpose: To enable States to develop integrated plans)

Mr. GRAMS. Mr. President, I rise to offer an amendment and send it to the desk for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Minnesota [Mr. GRAMS] proposes an amendment numbered 2888 to amendment No. 2885.

Mr. GRAMS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 30, between lines 6 and 7, insert the following:

(5) STATE OPTION FOR INTEGRATED PLAN.—Notwithstanding any other provision of this subsection, with the express written agreement of the Governor, the State educational agency, the State postsecondary education agency, and representatives of vocational education and community colleges, of a State, the Governor may develop all parts of the State plan, using procedures that are consistent with the procedures described in subsection (d). Nothing in this section shall be construed to require a Governor who develops an integrated State plan under this paragraph to duplicate any information contained in 1 part of the plan in another part of the plan.

Beginning on page 114, strike line 15 and all that follows through page 115, line 13, and insert the following:

(1) FAILURE TO DEMONSTRATE SUFFICIENT PROGRESS.—

(A) FINDING.—If the Federal Partnership determines, after notice and an opportunity for a hearing, that a State has failed to demonstrate sufficient progress toward reaching the State benchmarks established under section 121(c) for the 3 years covered by a State plan described in section 104, the Federal Partnership shall—

(i) make a finding regarding whether the failure is attributable to the workforce employment activities, or workforce education activities, of the State; and

(ii) provide advice to the Secretary of Labor and the Secretary of Education.

(B) REDUCTIONS.—

(i) FAILURE ATTRIBUTABLE TO BOTH CATEGORIES.—Except as provided in subparagraph (C), if the Federal Partnership finds that the failure referred to in subparagraph (A) is attributable to both categories referred to in subparagraph (A)(i), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may reduce the allotment of the State under section 102 by not more than 10 percent per program year for not more than 3 years.

(ii) FAILURE ATTRIBUTABLE TO ONE CATEGORY.—Unless the Governor of the State has developed an integrated State plan under section 104(b)(5), if the Federal Partnership finds that the failure referred to in subparagraph (A) is attributable to 1 category of activities referred to in subparagraph (A)(i) but not to the remaining category, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may decide to reduce only the portion of the allotment for the category of activities to which the failure is attributable.

(C) COMBINATION AND REDUCTION.—Notwithstanding sections 103 and 111, if the Federal Partnership finds that the Governor of the State has developed an integrated State plan under section 104(b)(5), and the failure referred to in subparagraph (A) is attributable to 1 category of activities referred to in subparagraph (A)(i) but not to the remaining category, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, in lieu of making a reduction under subparagraph (B), shall—

(i) reduce the portion of the allotment for the category of activities to which the failure is attributable by a percentage determined by the Secretaries, but not to exceed 5 percent of such portion, for a period determined by the Secretaries;

(ii) require the State to combine, for such period—

(I) an additional percentage, equal to the percentage determined under clause (i), of the funds made available through such portion; and

(II) the funds made available to the State under this subtitle for the remaining category; and

(iii) require the State to expend the combined funds in accordance with the strategic plan of the State referred to in section 104(b)(2) to carry out the remaining category of activities.

(D) CONSTRUCTION.—Notwithstanding any other provision of this title, funds referred to in subparagraph (C)(ii)(I) that are combined under subparagraph (C) shall be considered—

(i) to be made available under section 103(a)(1) if the combined funds are required to be expended for workforce employment activities; and

(ii) to be made available under section 103(a)(2) if the combined funds are required to be expended for workforce education activities.

Mr. GRAMS. Mr. President, the Federal job training system, as we know, is broken. The current patchwork of 163 programs is failing to give us the results we need as a Nation to compete in a worldwide economy. Furthermore, we can no longer afford the $25 billion it costs American taxpayers each year.

To improve results, the legislation before us will send one block grant to the States allowing each State to invest this money in the most efficient and effective employment programs. But with those dollars comes responsibilities. States would be accountable for how that money is spent. The State must be able to show how it meets or exceeds several specific performance standards. Such standards include increasing the number of job placements, increasing the length of time participants stay employed and increasing participant earnings.

While these are noble goals, as it currently stands, S. 143 requires the plan to be developed into three distinct parts: The strategic plan, the work force education plan, and the work force employment plan.

It also requires the block grant to be set aside into three separate pots of money: 25 percent for the Governor; 25 percent for the State education agency; and 50 percent for a flex account which is jointly administered by a broad-based group of State officials and private sector individuals.

After consulting with officials in my home State of Minnesota, it is clear that Minnesotans strongly support this bill, and they are anxious to assume the duty of training and placing of Minnesota workers.

However, Minnesota wants to go one step further and coordinate its efforts for education and training. Under the current bill, Minnesota and every other State would be required to create three separate plans covering education and training. My amendment would provide States with a choice.

I understand there are occasions when separate efforts may be desired. However, the Federal Government should not stand in the way of States wishing to coordinate those efforts. A State should be allowed to implement a work force State development strategy without divided State plans. If the Governor and State education agency can both agree to work through a collaborative State partnership, they should be allowed to. My amendment would give States that option.

By allowing States to form a collaborative effort in planning both sides of the block grant, States like Minnesota will be able to save time and resources, as well as to maximize the benefits to its workers.

My amendment requires the consent of the Governor, the State education agency, the State postsecondary agency, and representatives of vocational education and community colleges before the option to integrate into one State plan can be implemented.

My amendment also ensures that work force education and work force employment activities are integrated to the greatest extent possible within the constraints of State laws regarding educational authority.

It gives the State the option, again, only if the Governor and the State election officials agree, to integrate State planning for the block grant by using the collaborative effort.

The State will be allowed to develop one strategic plan tailored to the needs of the State to develop all areas that are required under the bill.

Most important, my amendment unifies State accountability for program performance by placing the responsibility for setting State performance indicators by all parts of the block grant with the same collaborative process that develops the State goals and benchmarks.

Lastly, State accountability is strengthened under this amendment.

If a Federal partnership finds that a State which has exercised its option to integrate has failed to make progress toward work force employment or educational goals, it may recommend a sanction of up to 10 percent from the State's block grant.

However, for States that do not exercise the integrated option, the Federal partnership can sanction the part of the plan that does not meet the benchmarks, up to 10 percent.

Under this scenario, only one-half of the sanction will return to the Federal partnership; the other half will remain in the State but will be transferred to the administrator of the programs that are meeting those goals.

Mr. President, in conclusion, this amendment will ensure that States have the option to put forth the most efficient strategy for implementing its block grant.

My amendment protects State education agency authority by expressly requiring agreement between all of the parties before exercising the option. It also maintains strict sanctions for States that do not meet those benchmarks.

Furthermore, my amendment has the strong support of Minnesota Gov. Arne Carlson, the National Governors' Association, and the Republican Governors' Association Workforce Development Task Force.

Mr. President, I ask unanimous consent that a letter from the National Governors' Association outlining that support be printed in the RECORD.

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

NATIONAL GOVERNORS' ASSOCIATION,
October 10, 1995.

Hon. ROD GRAMS,
U.S. Senate, Senate Dirksen 261, Washington, DC.

DEAR SENATOR GRAMS: It is our understanding that during consideration of the Workforce Development Act, you plan to offer an amendment that would provide states with additional flexibility to submit a unified state workforce development plan. NGA is strongly supportive of these efforts.

As I understand it, your amendment does two things. First of all, it would provide states with the option, if the Governor and the State Education Agency agree, of unifying policymaking authority for all of the block grant funds by using the state's collaborative process for the strategic plan to develop all parts of the state plan. This state option would address in part NGA's concerns

that the bill would prohibit states from developing a fully integrated workforce development system because it fragments planning and implementation authority for the block grant. Your amendment would provide states with this important flexibility while also protecting the legal authority of the state education agency (SEA) by requiring the explicit consent of the SEA before the state can exercise this option. The NGA applauds your efforts to remove barriers that stand in the way of states creating a single unified workforce development system.

We thank you for your efforts to provide states with greater flexibility and look forward to preserving this provision during the conference process.

Sincerely,

GOV. ARNE H. CARLSON,
Chair, Human Resources Committee.
GOV. TOM CARPER,
Vice Chair, Human Resources Committee.

Mr. GRAMS. Mr. President, the task force includes Governor Thompson of Wisconsin, Governor Engler of Michigan, Governor Branstad of Iowa, Governor Voinovich of Ohio, and Governor Whitman of New Jersey.

In conclusion, I urge my colleagues to adopt this amendment.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mrs. KASSEBAUM. Mr. President, I would like to say that I am very appreciative of the Senator from Minnesota and the initiative he has undertaken on his amendment. I believe it strengthens our bill. I appreciate his willingness to work with us to craft a provision that streamlines the planning process for some States while maintaining important jurisdictional protections.

I think this is a very worthy addition.

UNANIMOUS-CONSENT AGREEMENT

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that votes now occur, first, on the Pell-Jeffords amendment, second, on the Moynihan amendment and, third, on the Grams amendment. I further ask unanimous consent that the second and third votes be limited to 10 minutes each and that 4 minutes of debate time be available between each vote.

The PRESIDING OFFICER (Mr. THOMPSON). Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I welcome the Senator's amendment and urge its adoption as well.

I am prepared to yield back my time. Mr. President, as I understand, we are prepared to move ahead with votes. The first vote would be the Jeffords-Pell amendment followed by the Moynihan-Kennedy-Wellstone amendment, followed by the Grams amendment. I urge an aye vote on all of them.

VOTE ON AMENDMENT NO. 2886

The PRESIDING OFFICER. The question is on agreeing to amendment No. 2886 offered by the Senator from Rhode Island [Mr. PELL]. The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Arizona [Mr. KYLE] is necessarily absent.

I also announce that the Senator from Maine [Mr. COHEN] is absent due to a death in the family.

Mr. FORD. I announce that the Senator from Nevada [Mr. BRYAN] and the Senator from Nebraska [Mr. EXON] are necessarily absent.

The result was announced—yeas 46, nays 49, as follows:

[Rollcall Vote No. 481 Leg.]

YEAS—46

Akaka	Ford	Moseley-Braun
Baucus	Glenn	Moynihan
Biden	Harkin	Murray
Bingaman	Heflin	Pell
Boxer	Hollings	Pryor
Bradley	Inouye	Reid
Breaux	Jeffords	Robb
Bumpers	Johnston	Rockefeller
Byrd	Kennedy	Sarbanes
Chafee	Kerry	Simon
Conrad	Kohl	Snowe
Daschle	Lautenberg	Specter
Dodd	Leahy	Stevens
Dorgan	Levin	Wellstone
Feingold	Lieberman	
Feinstein	Mikulski	

NAYS—49

Abraham	Gorton	McCain
Ashcroft	Graham	McConnell
Bennett	Gramm	Murkowski
Bond	Grams	Nickles
Brown	Grassley	Nunn
Burns	Gregg	Pressler
Campbell	Hatch	Roth
Coats	Hatfield	Santorum
Cochran	Helms	Shelby
Coverdell	Hutchison	Simpson
Craig	Inhofe	Smith
D'Amato	Kassebaum	Thomas
DeWine	Kempthorne	Thompson
Dole	Kerrey	Thurmond
Domenici	Lott	Warner
Faircloth	Lugar	
Frist	Mack	

NOT VOTING—4

Bryan	Exon
Cohen	Kyl

So the amendment (No. 2886) was rejected.

Mrs. KASSEBAUM. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. KENNEDY. Mr. President, we might bring the membership up to speed about where we are on the various amendments and what we would like to try and do for the remainder of the afternoon.

Mrs. KASSEBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, on behalf of the majority leader, I ask unanimous consent that the next two stacked votes be postponed to occur not before 5:20 this evening.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. We have made some good progress, and as I understand it, we have an Ashcroft amendment on drug testing; we have the Glenn amendment on displaced homemakers; and a Pell amendment on the reallocation of the distribution of the formula; and a Phil Gramm amendment with regard to the reduction of FTE's.

There may be one or two other items, but I think those are the principal measures which we want to address. We have made good progress. We have two votes now which we will stack, hopefully have that vote shortly after 5:20. One is a very important measure dealing with the trade adjustment provisions. We are very hopeful after those we will come to the Job Corps amendment on which there is a great deal of interest. But we would like to invite those Members certainly on our side, my side and others who do have amendments to be prepared to move ahead because we are prepared to move ahead.

I see the Senator from Ohio in the Chamber at this time; also, the Senator from Louisiana who had an amendment which we have been able to work out. It is a very important amendment. So we would welcome the opportunity to deal with either or both of those in the next immediate period. Then the Senator from Connecticut, Senator DODD, has an amendment which has been worked out. And then perhaps we could be close enough to the period of 5:30 where we could vote on the other two amendments, if that is agreeable to the Members.

AMENDMENT NO. 2889 TO AMENDMENT NO. 2885

(Purpose: To ensure that training for displaced homemakers is included among work force employment activities and work force education activities for which funds may be used under this act)

Mr. GLENN. Mr. President, I rise to offer an amendment. I send an amendment to the desk and ask for its consideration.

The PRESIDING OFFICER. Without objection, the clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Ohio [Mr. GLENN] proposes an amendment numbered 2889 to amendment No. 2885.

Mr. GLENN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 11, strike lines 4 through 10 and insert the following:

(9) DISPLACED HOMEMAKER.—The term ''displaced homemaker'' means an individual who—

(A) has been dependent—

(i) on assistance under part A of title IV of the Social Security Act and whose youngest child is not younger than 16; or

(ii) on the income of another family member, but is no longer supported by such income; and

(B) is unemployed or underemployed, and is experiencing difficulty in obtaining or upgrading employment.

On page 50, line 9, strike ''and''.

On page 50, line 12, strike the period and insert ''; and''.

On page 50, between lines 12 and 13, insert the following:

(P) preemployment training for displaced homemakers.

On page 54, between lines 10 and 11, insert the following:

(6) providing programs for single parents, displaced homemakers, and single pregnant women;

On page 54, line 11, strike ''(6)'' and insert ''(7)''.

On page 54, line 13, strike ''(7)'' and insert ''(8)''.

On page 108, line 15, strike ''and''.

On page 108. line 16, strike the period and insert ''; and''.

On page 108, between lines 16 and 17, insert the following:

(F) displaced homemakers.

The PRESIDING OFFICER. The Senate will be in order.

There are 45 minutes of debate equally divided.

Mr. GLENN. Mr. President, I rise today to offer this amendment because I am extremely concerned that the current provisions in this bill will neglect and ignore a very important segment of our population, and that is displaced homemakers. Nationwide there are 17 million displaced homemakers. We have close to 700,000 in Ohio.

How do you define displaced homemaker? It can be people who are divorced; it can be widows. It does not have to be women. As a matter of fact, it can be widowers, those who have lost their wives and are responsible for taking care of the children in the family.

In other words, they are at-risk people which this bill has said it wants to take care of, which is defined in the bill, but I think this particular group has been pretty much left out. And I think that is a shame. I realize that the managers of the bill do not want amendments in the bill and are trying to hold those down, but I do not want to see us hold down amendments and see some 17 million displaced homemakers not be dealt with properly in this legislation, and that is what we are talking about here.

The current Perkins vocational programs for displaced homemakers and single parents has been extremely effective. Approximately 80 percent of women served in these programs are placed in employment and/or postsecondary education.

Mr. President, I repeat that. Approximately 80 percent of women served in these programs are placed in employment and/or postsecondary education. That is an amazing success story, 80 percent. If that is not considered a success story, I certainly do not know what is.

It is a good example in which something that we created many years ago works and works well. Recent statistics show that 85 percent of former program participants across the Nation rated the displaced homemakers programs ''excellent'' or ''very good.'' And over 75 percent said that these programs were better than other Government-funded programs they had participated in. In other words, it gets accolades all over.

Mr. President, not long ago a lot of us voted for a welfare reform bill that was heavy on promises but light on the mechanics of how you get people off the welfare rolls. Well, what we are talking about right now is a vital component of moving people from welfare to work. And we can pass all the laws in the world requiring people to get off of welfare and get a job, but it is not going to do the least bit of good if we do not provide them with the job skills. That is where the rubber meets the road. That is what is going to move single parents from welfare to work.

Amber McDonald back in Ohio recently sent me a letter about her experiences about such training. I would like to quote this.

I'd like to state that I am on public assistance at this time in my life and have one child. I don't take pride in the fact I receive welfare. I am grateful to the State of Ohio for their help. It has allowed me to survive and keep my child. It's a long hard road to getting off assistance. One I believe I'm on now. I am attending Displaced Homemaker classes and these classes have helped me make decisions—good solid decisions. Not the pleases-the-system decisions I've made in the past. The Displaced Homemaker classes educated me about where I could go, what I would need to succeed and how to go about it. We need this program and others like it. A lot of us want off welfare. We are as tired of being on the system as the system is of having us.

I think, Mr. President, that really summarizes this whole program. And this is why the success ratio of displaced homemaker programs is so high. It is because of people like Amber. They take their training very seriously. They are not deadbeats. They are taking this very seriously, and they have a lot riding on it. And they have been working very hard with this program. Before 1984 when States were not required to fund displaced homemakers training activities, States, unfortunately, spent less than 1 percent of their funding on specialized services for displaced homemakers.

This is unfortunate because programs for single parents and displaced homemakers have been effective in not only helping families move in the welfare system, but also in preventing families from entering the welfare system. And displaced homemakers remain an at-risk population, something this legislation purports to deal with. According to the 1990 census, more than half of the displaced homemakers live in or near poverty. I want to repeat that. According to the 1990 census, more than half of the displaced homemakers live in or near poverty. Some recent statistics show that 47 percent of displaced homemakers lack a high school diploma, and the median annual personal income for displaced homemakers is $6,766. Try living on that with a child in this modern day and age.

And I know that my distinguished colleague from Kansas will argue that this amendment, by separately defining and listing displaced homemakers, is somehow giving preferential treatment to one category of people and therefore goes against the philosophy of job training consolidation.

Unfortunately, displaced homemakers seem to be singled out for exclusion under this bill. For some unknown reason, the displaced homemakers are the only major program from Perkins not included in this bill. While ignoring displaced homemakers, the bill singles out veterans, out-of-school youth, youth in correctional facilities, adults in correctional facilities, older workers, at-risk youth, and individuals with disabilities, just to name a few.

But this was the only major program from Perkins not included in this bill. In fact, language in the House bill, H.R. 1617, the careers bill, includes a requirement for States to provide plans on addressing displaced homemakers. And that bill passed with an overwhelming bipartisan support of 345 to 79 in the House of Representatives.

My amendment will not—and I repeat will not—result in a set-aside. This amendment will only make it permissible for States—does not require it—it makes it permissible for States to fund specialized vocational employment and educational activities. It just makes it permissible for States to fund specialized vocational employment and educational activities. States will still have the flexibility in determining the funding amount and the types of programs to institute. There is nothing in this amendment that will require the States to fund employment or educational activities for displaced homemakers. I just want to make sure that States are encouraged and reminded to continue these programs that are working so well.

Now, there may be some who will argue that displaced homemakers are included under the dislocated workers definition, but the reality is that this will not—I repeat will not—result in programs or services for these women. Displaced homemakers were included in the definition of a dislocated worker when Congress passed the Economic Dislocation and Worker Adjustment Act in 1988. And in 1994, a survey of 35 States found that virtually no services were provided to displaced homemakers under EDWAA.

Another argument that I have heard is theoretically everyone is eligible for services under this act under the discretion of the States. Well, given that we are already reducing the funding by 15 percent under this block grant, it is clear that funding will be inadequate to serve even the populations that are specifically referenced. I have been hearing from many people in Ohio who have benefited from these services. I read one such account a moment ago. And these women are now gainfully employed, and they are providing for their families. Recent data from just my home State of Ohio shows that displaced homemakers in Ohio who have gone through training programs are

now working an average of 32 hours per week.

For example, Rebecca Richards, from Fairfield, OH, wrote how she and her child's life changed since she participated in a displaced homemaker program.

She said:

As a result of the programs available, I was able to become a productive person in society.

And she concluded by saying:

With the program, I found a friend who counseled me, listened to complaints and successes, gave me useful information and training, and helped me meet with other single parents to form a network of friends.

Let us face it. The traditional vocational training programs will not provide this type of training.

Another Ohioan, Diane Cook, wrote me saying that:

Everyone makes mistakes but they all should be allowed a second chance. Give us that second chance.

The bottom line is to employ single parents so they can support their families. And what better way to accomplish this objective than encouraging the States to conduct tailored training programs which will affect over 17 million displaced homemakers all over this country?

Mr. President, I would say let us give them a second chance. I would only repeat two major facts. This is the one area that was not picked up out of Perkins and used as examples in this bill. It is included by an overwhelming vote that the House had on it, included in the House vote.

I urge adoption of this amendment. At the appropriate time I will move for a record rollcall vote. And I reserve the remainder of our time on this side.

Mrs. KASSEBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. I would like to ask the Senator from Ohio a couple questions because, as I understand it, in his proposed amendment he redefines the term ''displaced homemaker'' to include anyone who has been on welfare and has a child under the age of 16; is that correct?

Mr. GLENN. Would you repeat the question, please?

Mrs. KASSEBAUM. As it is defined in the Senator's amendment, ''displaced homemaker'' would be anyone who has been on welfare and has a child under the age of 16?

Mr. GLENN. If they had been on welfare, yes.

Mrs. KASSEBAUM. If they had been on welfare.

Mr. GLENN. If they had been previously.

Mrs. KASSEBAUM. Then the Senator also adds employment training for displaced homemakers to the list of permissible job training activities?

Mr. GLENN. Permissible job training activity, correct. Permissible, not required. That is an important point.

Mrs. KASSEBAUM. Programs for single parents and displaced homemakers and single pregnant women—the list required educational activities?

Mr. GLENN. Was the question whether they are required to participate in educational activity?

Mrs. KASSEBAUM. Yes. Are they required to do that?

Mr. GLENN. No, they are not required to; they would be permitted to.

Mrs. KASSEBAUM. Well, I guess I thought that under the language, as I read it, the State would be required to offer that.

Mr. GLENN. We have no amount required to be set aside in this. It permits the States a lot of flexibility to do what they think is best in each individual case, but we do not set aside a specific amount of money for this program.

Mrs. KASSEBAUM. Well, I am very sympathetic to what the Senator from Ohio is saying. I have been a strong supporter of the displaced homemaker programs. But I think that under the language of his amendment, as I read it, it significantly expands the concept of ''displaced homemaker.''

Under ''Education Activities'' it says that the State educational agency shall use the funds made available to the State under this subtitle for work force education activities. To carry it out, there are certain State activities that are included. It then lists these activities in this section.

Mr. GLENN. The States could permit the program. It does not require that the States actually set aside a certain amount of money for this program. In other words, it includes them in the same category as the rest of the ones I read into the RECORD.

Mrs. KASSEBAUM. I suggest that if it is only something the Senator is wanting to list as a permissible activity, we already do that under the Workforce Development Act. It is listed as a definition. It is included in the dislocated workers as one of the benchmarks in the bill. Although displaced homemakers are not counted separately, I will argue this is still a population that is very much a part of the training, both education and jobs, under the work force development bill.

Mr. GLENN. The difficulty, I believe, is that displaced homemakers have not automatically been considered displaced workers in the past, so they get left out of these programs.

Mr. KENNEDY. Can I ask the Senator a question? As I understand it, there are a number of programs that are available now for this population as defined by the Glenn amendment. There are about a half a dozen programs which are utilized in order to reach that population. This is a program that has proven to be an impressive success and provides a great sense of meaning for individuals who qualify. The fact that their lives are changed has a direct impact on the communities in which they reside.

I understand that what the Senator wants to do with his amendment is to make sure that the definition, which is used in other programs, will be used in this program and that the States will have at least a requirement to develop a program. The Senator is not saying how much.

Mr. GLENN. That is right.

Mr. KENNEDY. The clear expectation is that the respective States are going to provide some form of assistance to displaced homemakers. The Senator from Ohio is hopeful, and I agree, that States will recognize the importance of these services and they will find an area with which they will provide further support. But the Senator from Ohio is not prescribing a percent or amount.

What my colleague is basically doing, as I understand the amendment, is making sure that the need is going to be highlighted so that some attention is going to be focused on the program. If the States want a robust program, they can do it. If the States want a very modest program, they can do it. But nonetheless, this function, which is of such importance to many women in our society, will not be lost. That is the way I read the Senator's amendment, and it is a reason why I think it is commendable. I think that it is an extraordinarily vulnerable population and one which justifies this kind of support and attention.

Mr. GLENN. The Senator stated it very, very well. I agree with his statement.

Mrs. KASSEBAUM. Mr. President, I will only say, the definition as we traditionally thought of is one which is defined as a full-time homemaker for a substantial number of years and who no longer receives financial support previously provided by a spouse or public assistance. That is what we traditionally thought of as a displaced homemaker.

I will suggest that this expanded definition includes anyone who has been on welfare and has a child under the age of 16 will be, obviously, someone who is receiving some duplicative assistance as well.

I just suggest while it is a very vulnerable population, the amendment does make a dramatic change, and I suggest, at least of my reading of it, under the education requirements that it is a required education activity. While it is permissible under job training, as I read it, it is required under education activities.

I just think, Mr. President, that it runs contrary to the thrust of this bill which is attempting to get away, again, from our practice of narrowly defining programs and eligible recipients. Not that we do not all have some real sympathy; I believe it is important to be able to reach that population. But this practice is the reason we have, again, so many separate programs and I think have not served any of them as well as they could be and why we worked hard to try and do a totality of the system that could provide better quality assistance.

So I have to oppose this. I think that it really goes in a different direction to

a larger degree than we had intended by creating the programs that we had under this legislation.

Mr. GLENN. Mr. President, I yield myself such time as I might require.

The displaced homemakers are not mentioned in the bill itself, yet at the same time, the bill singles out, as I understand, the veterans, singles out out-of-school youth, youth in correctional facilities, adults in correctional facilities, older workers, at-risk youth and individuals with disabilities. So it is not that the bill does not specify some of these specific difficulties that people have and try to address them.

As the Senator from Massachusetts said a moment ago, we estimate there are some 17 million displaced homemakers across this country. These can be men as well as women. The wife has died, a person is having a problem trying to raise the kids and that qualifies as a displaced homemaker as well as the usual definition of the wife who may be divorced or may have lost her husband for whatever reason or another. The figures are outstanding with regard to this program.

Approximately 80 percent of women served in the programs are placed in employment and postsecondary education; 80 percent. That is an amazing success story. It is very successful, and that is the reason I brought it up. It does not require the States to put money aside. It does not require that they set up programs. It says that they will be permitted to. On programs that have been successful and are continuing to be successful, they will be permitted to and, obviously, encouraged to because there is a need, and that need can be addressed if we adopt this amendment.

I do not want to cut off debate. I will be happy to yield back time and move to a vote at the appropriate time, if no one else wishes to speak.

Mrs. KASSEBAUM. Mr. President, just to clarify, displaced homemakers is listed in the bill. It is a category under ''dislocated workers,'' and that is true with the definition that I gave earlier. But it is a benchmark under the dislocated worker section as something that should be addressed without setting aside any special allocation.

So just to clarify, we were conscious of it being an important population. It was not addressed as the Senator from Ohio would like to see it by his amendment. I do not want people to think we did not debate this and were not cognizant of that group.

Mr. President, I yield the floor.

Mr. KENNEDY. Mr. President, I think both Senators are correct. It is not defined as the Senator from Ohio wanted. It is defined as the Senator from Kansas has referred. It does seem, as I mentioned earlier and for the reasons the Senator from Ohio has spelled out, that we want to make sure this population is highlighted. As the Senator has pointed out as well, it will be up to the State to decide whether they are going to have an enhanced and robust program or not. But the Senator is trying to make sure that it is a population that is not overlooked.

Mr. President, if this completes the debate on this issue and it is agreeable with the Senator from Ohio, I would hope we could move onto the Senator from Connecticut's amendment which is yet to be considered. Has the Senator concluded?

Mr. GLENN. I have concluded. I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. ABRAHAM). Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mrs. MURRAY. Mr. President, I rise today in support of the Glenn amendment to the Workforce Development Act. Although, the Senator from Ohio and I may be at odds this week over baseball's American League Championship, I could not agree more with his amendment that includes displaced homemakers and single parents in workforce education programs.

It is difficult to understand why these individuals, displaced homemakers, and single parents, are not currently included in this act. Congress has long mandated that these women had access to the job training and vocational education services needed to become and remain economically self-sufficient. Without including these single parents, we are severely penalizing women who choose to raise families and are then forced to cope without income due to the loss of their husbands or divorce.

I must emphasize that this amendment is not a set-aside, with no mandated funding and it adds no cost to the bill.

Further, the amendment preserves State flexibility and only clarifies that these services are permissible and not required by the State. The decision about how to serve displaced homemakers and single parents and at what level remains with the State.

The amendment's definition of ''displaced homemaker'' is the same as under Federal legislation under JTPA, Perkins, the Displaced Homemakers Self-Sufficiency Act, and the Higher Education Act. When displaced homemakers are defined as dislocated workers, they are simply not served through workforce training programs.

We cannot ignore this important segment of our population. These single parents are as deserving of career training as any other segment of our dislocated worker population.

Further, this amendment continues the theme of the recently-passed welfare reform legislation that moves citizens from public assistance to payrolls through education.

Let us come together on this amendment that truly supports family values. If we are to prioritize the working family in our society, we cannot forget those parents that have sacrificed economic gain for the growth of their children. When those single parents are left without a monthly paycheck, we must at least be willing to provide educational assistance that puts their family back on the road to self-sufficiency.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that the Glenn amendment be set aside and that the vote occur after the previously scheduled votes on the Moynihan amendment and the Grams amendment, which will occur after 5:20, with 4 minutes of debate in between those amendments.

I believe the Senator from Michigan wants to speak for a few moments on Senator MOYNIHAN's amendment before Senator DODD offers.

The PRESIDING OFFICER. First, is there objection to the unanimous-consent request? Without objection, it is so ordered.

Who yields time?

Mrs. KASSEBAUM. Mr. President, I yield 5 minutes to the Senator from Michigan.

AMENDMENT NO. 2887

Mr. LEVIN. I thank the Senator from Massachusetts and the Senator from Kansas for letting me go in at this point and yielding me time off of the bill so that I can speak for a moment on the bill and also on the Moynihan amendment.

Mr. President, from World War II until the 1980's, American families saw a steady rise in their standard of living. The poorest 20 percent saw their incomes increase by over 130 percent, and the middle 40 percent of American families doubled their income. Paraphrasing the words of John Kennedy, ''a rising tide raised all boats.''

A bedrock truth of American life virtually since our creation as a Nation has been the assurance that, with initiative and hard work, men and women can pull themselves up, and even more importantly, generations of Americans confidently expected that their children would have better lives than they had.

Unfortunately, most Americans no longer feel that for a variety of reasons, including Government policies in the 1980's, the increasing Federal deficit, our toleration of discrimination against American products in foreign markets, and a wider labor base in the United States. People are working harder to advance more slowly and, in some cases, only to slide back down.

Individuals who enter the labor market today expect to change jobs at least seven times within their lifetimes. This requires an extraordinary and unprecedented flexibility on their part. Workers are required to adapt to new situations and master new skills quickly if they are to succeed. But this cannot be done alone.

The Federal Government has a critical role in providing a system of training and retraining programs to help people through these transitions. In today's world marketplace, these programs are more important now than ever. However, as new programs to meet new needs have been designed and

implemented, the system has become needlessly complicated. Many people who require job training services become lost within the maze of programs. A recent GAO report cited over 100 Federal programs that offer job training services. So, clearly, some consolidation and restructuring is necessary.

Mr. President, the Senator from New York, however, has offered an amendment to this bill which I think is critically important. It would maintain the Trade Adjustment Assistance Act as a separate program. This is a critically needed program which was set up to help workers who lose their jobs because of trade agreements into which we enter. And given the growing role of exports in our Nation's economy, a program of that type is required.

But even more important, a commitment was made during the debate in the presentation of both NAFTA and GATT. A commitment was made that trade adjustment assistance would be there if those two agreements were entered into and were implemented by the Congress. We knew when those agreements were passed that there would be a loss of jobs in some sectors and, knowing that, those agreements were entered into. And we decided, as part of that approach, to compensate for what are the harsh consequences to many in some sectors of our economy.

NAFTA-specific trade adjustment assistance provisions were added to NAFTA. They were added in order to gain more support for NAFTA in Congress. It was a commitment that was made and should be kept. And now that NAFTA has passed and American jobs are indeed being lost in some sectors, the least we can do is carry out our commitment that was made at that time and which helped to get approval of those two agreements. And the least we can do is provide a safety net for those Americans who have lost their jobs because of those agreements, either because the jobs have relocated to Mexico, or because they were displaced by imports from Mexico as a result of NAFTA.

Mr. President, the workers that frequently lose those jobs because of trade agreements are people who have worked their whole lives at one place. Their skills have been developed to suit the workplaces. Often they require extensive retraining. Trade adjustment assistance provides that training and it does so successfully. Over 85 percent of the workers assisted by the TAA have found permanent employment.

Mr. President, workers from my State of Michigan have benefited from TAA. From January 1993 to August 1995, over 4,000 workers in the State of Michigan received trade adjustment assistance. As I said, it has been 85-percent successful. We have had $4 million in training money, over $7 million for job location assistance and supplementary income. Those funds were used to help support families until they could get on their feet again and obtain permanent employment.

So while I generally support the goals of this legislation, Mr. President, some consolidation and reorganization of the system, I believe, is indicated. Surely, we ought to keep the commitments we made just a few years ago to the people who we knew were going to be displaced by trade agreements and keep our commitment to have a trade adjustment-specific program kept in place for them.

Mr. President, we should strive to pass a bill which recognizes the Federal job training network and provides more flexibility for States, but does so in a way which empowers individuals and provides maximum access to needed services.

The bill before us, S. 143, accomplishes these goals to a considerable extent. It would provide States with a substantial amount flexibility, institute benchmarks for service that States must meet, establish a reporting system to track recipients of services, and coordinate the program more closely with the private sector. All of these are important changes which I support.

Under S. 143, States will be required to formulate a State plan which explains how they will provide services with particular attention paid to how they will meet the needs of special population groups, like older workers. This will allow States to better tailor services to the local market demands.

In Michigan, in recent years, this has unfortunately often meant responding to large, sometimes permanent layoffs of factory workers. Several towns in my State are undergoing this process as we speak.

Compounding the problem within Michigan is the fact that many of our larger urban centers have entirely different employment problems. This bill would better enable us to respond to this type of variety by tailoring the program to address such situations.

I am very concerned, however, about changes to the Job Corps Program in the bill. Administration of the program would be turned over to the States and 25 Job Corps centers would be closed.

I support the approach to be offered by Senators SPECTER and SIMON that would maintain Federal standards and administration while increasing State and local involvement. Governors would have an opportunity to review a community's application before it was submitted to the Department of Labor. Community organizations and local work force development boards would actively participate.

The State of Michigan currently operates two Job Corps centers, one in Detroit, one in Grand Rapids, and a third is slated to open in Flint in 1996. As an indication of the Flint community's commitment to this program, over 30 local organizations have raised $2 million in resources to help support the program. Michigan, like many other industrial States, has a number of economically depressed communities struggling to train workers and generate jobs. Job Corps is one of the programs that many of these communities rely upon to help meet that challenge.

I am concerned that the block grant approach will not adequately retain the commitment to special population groups like older workers or at-risk youth which require different services than the rest of the population. Although the bill does contain benchmarks which the States would establish for themselves, I would like to see a clearer commitment to serving these groups.

Also, while the bill also allows for the establishment of local work force development boards to help integrate local officials into the process, they are not mandated. One of the important and productive parts of the current system is the private industry councils, or PIC's which work with local and county officials to design training programs that meet the needs of local businesses. It is fundamental to the success of job training programs that we prepare people for jobs which exist in their communities. Local work force development boards can be an important part of assuring that that happens. Therefore, I would like to see an expanded role for local participation.

Finally, I would like to highlight two organizations within my state which demonstrate the great potential of job training. Focus:HOPE, a retraining center in Detroit, was established in 1968 to meet the needs of the city's low-income residents. This program has been a shining success story. For example, a recent study found that 85 percent of the graduates of Focus:HOPE's Machinist Training Institute are employed in machinist trades. This is a tremendous step forward for people who come to the center with little educational background and very low skill levels. They leave with advanced training in computer-assisted machining. The average salary for this group is $25,000 to $35,000 per year. And, their skills are closely matched to the area's labor market. Some students are even recruited by local manufacturers before they finish their program. Focus:HOPE works. It provides an enormously valuable service to both the students and the Detroit community.

Similarly, OperationAble, founded in 1989, has become one of the most successful job training centers of its kind in the country. It serves older workers, in an innovative way. Job counselors carefully examine each individual's background, future needs and aspirations before helping them to plan a training program. Over 83 percent of OperationAble's students are placed in permanent jobs. OperationAble is mobilizing a vital part of our community, our older workers, one which should not be left out in a proposed consolidation.

Mr. President, the legislation before us has some pluses and minuses. I am hopeful that we will strengthen it. If

we focus on the needs of working families caught in a changing marketplace, and eliminate unnecessary duplication and waste; if we learn from experience and build on what has worked best, we will have taken an important step forward.

Mr. BREAUX. Mr. President, I was going to inquire of the managers of the bill, through the Chair, if it is appropriate that I send an amendment to the desk at this time.

Mr. KENNEDY. Yes. We hope that the Senator will send his amendment to the desk.

AMENDMENT NO. 2890 TO AMENDMENT NO. 2885

(Purpose: To improve the voucher provisions)

Mr. BREAUX. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Louisiana [Mr. BREAUX], for himself, Mr. DASCHLE, Mr. KENNEDY, and Mr. PELL, proposes an amendment numbered 2890 to amendment No. 2885.

Mr. BREAUX. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 51, line 6, strike ''deliver'' and insert ''deliver, to persons age 18 or older who are unable to obtain Pell Grants under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.),''.

On page 53, between lines 12 and 13, insert the following:

(D) INFORMATION.—A State that determines that a need exists to train persons age 18 or older through activities authorized under paragraph (6) shall indicate in the State plan described in section 104 for the State, or the annual report described in section 121(a) for the State, the extent, if any, to which the State will use the authority of this paragraph to deliver some or all such activities through a system of vouchers, including indicating the information and timeframes required under subparagraph (C).

On page 104, line 2, strike ''or''.

On page 104, line 7, strike the period and insert: ''; or''.

On page 104, between lines 7 and 8, insert the following:

(3) beginning with program year 2000, in the case of a State that elects to offer activities for persons age 18 or older under section 106(a)(6), the State uses the authority of section 106(a)(9) to deliver some or all of such activities through a system of vouchers.

On page 114, line 3, strike, ''or''.

On page 114, line 9, strike the period and insert ''; or''.

On page 114, between lines 9 and 10, insert the following:

(C) in the case of a State that elects to offer activities for persons age 18 or older under section 106(a)(6); uses the authority of section 106(a)(9) to deliver some or all of such activities through a system of vouchers.

Mr. BREAUX. Mr. President, I want to first start off by thanking the distinguished managers of the bill, the Senator from Massachusetts, Senator KENNEDY, and the Senator from Kansas, Senator KASSEBAUM, for all of the work they have been able to put into helping us draft this amendment. I think it is an amendment that should be enthusiastically supported by all of our colleagues.

Mr. President, just as a concept of the background of the entire bill, what we are doing is consolidating about 90 Federal programs that currently serve people who are in need of job training, to meet the needs and the skills, or demand, as we move into the 21st century.

I think the essence of the legislation is really monumental. It is historical that the U.S. Senate and, hopefully, the other body, at the appropriate time, can realize that all of these programs we have written over the years—90 different programs—aimed at encouraging people to become better trained so they could meet the demands and challenges of the work force in the 21st century need to be consolidated. If I found myself unemployed and I wanted to get help from my Government, I do not know if I would know where to go. There are 90 programs, and if somebody dumped them in front of me and said, ''pick one,'' I would say, look, I have to be a rocket scientist to figure out which program fits my need.

The reason for that is basically that I think in the last several decades, we as a Congress have tried to create a solution or program for every problem. As a result of trying to address every problem with a program, we ended up with all of these programs and tried to address every conceivable need of every citizen in the country. Some would suggest that the proper role of Government is to help solve everybody's problems all the time. I suggest that that is really not the proper role. The proper role is to help people to solve their own problems, help equip the citizens of this country to be in a position to solve their own problems. On the other extreme, some in Government think there is no role for Government at all, and that if somebody loses his job, so be it, let him survive if he can. That is the survival of the fittest theory, that suggests there is no role for Government that is proper or appropriate in helping the citizens of our country meet the needs that are facing them. If a plant is closed because of downsizing, tough luck. If a military base is closed in your area and all the jobs associated with that base are lost, tough luck. If, in fact, we have a disaster, or because of some trade policy, foreign imports are increased and you lose your job in the domestic industry here in this country, tough luck. There is no role for Government to help at all.

That, I think, should be rejected categorically by all Members of this body as an improper response from Government. But we cannot, at the same time, create a program for every problem. What this legislation does is consolidate these 90 programs, make them more efficient, make them function better, make it easier for people to get help from the Government so they can help themselves. Because each of us has a duty in life to be responsible, to utilize the gifts we have, to help develop those gifts and be a better citizen. I think, by consolidating these programs, we move a long way toward accomplishing that.

My amendment is, really, patterned after the great success we have had in this country with the GI bill. The GI bill's great success was not that it created a whole bunch of programs, because it did not. It created one program. It told the people of this country if they served in the military that when they got back, the Government was going to help them go to college. Under the GI bill we did not tell them which college they had to go to, and we did not tell them which program or which studies they had to take when they got there. We did not tell them what they had to major in, and we to not tell them what they had to minor in. But we said, here is some financial help. Go to the school you think can serve your needs the best and take the courses you enjoy, that you are best adapted for. The great success of the program was really its flexibility, calling on people to be challenged in what they want to do and figure out where they can best go to meet those requirements.

The amendment I am offering with the managers of the bill provides incentives in this bill to encourage States to use vouchers, to give States the right to issue vouchers to the people in their State and let those individuals make the decisions as to how they best can get the proper training to meet the needs they have. Instead of what is usual in Washington or in some State capital, saying, ''You have to go here to get your training and it has to be this type of training,'' the voucher system will say to the individual, ''We trust you to make the right decision. We trust you to pick the best school, the best program, the best course that is going to meet your needs. No one in Washington is going to tell you where you can best be served. No one in your State capital is going to tell you what you have to do.''

We, in this Government, trust the individual's instincts to do what is right when the proper choices are in front of him or her. So what we do in this amendment is fairly simple. It gives States two incentives, two incentives to adopt the voucher system.

First, it authorizes the Secretary to provide incentive awards to States that have begun providing services through these vouchers of up to $15 million extra money that a State would be able to receive if it sets up a voucher program within the States to give vouchers to individuals to allow them to go to the particular program they think best fits their particular needs.

The second incentive is that my amendment will allow Governors to use flexible funds on economic development activities if they have established a workforce development board

or a voucher system. This is in the third year of the program. We are saying to the States, you are going to be able to use your flexible funds on economic development if you put together this workforce development board or if you have established the voucher program. And, in the third year, under my amendment, if a State decides to set up a voucher program, then it would be able to use the flex funds for economic development activity.

So this amendment essentially puts two additional incentives in the legislation to encourage the States—not demand the States to do it, but to encourage the States—to set up vouchers for the people who need the benefit of the programs. Then let that individual take those vouchers and go to where he or she thinks the needs they have can best be met within the program.

That would increase competition because all of these programs would start competing for the vouchers of the individuals. People in this society know if they provide a better service, people are going to use that service. They are going to go to the school that meets their needs. They are going to go to the best school, not a worse school; not a second-class school, but the best school. So schools, I think, because of competition, because of this amendment, will do a better job because they know people will be going to them based on their ability to deliver the training that individuals who are unemployed actually need.

I think it also teaches individuals responsibility, because they are going to have to make that decision. They are not going to just sit back and say, ''Tell me where I have to go, tell me what I have to do, and tell me how I have to do it.'' They are going to say, ''I have to make a decision.'' Maybe for the first time in the lives of some individuals, they are going to start taking responsibility for their future by saying, ''I want to make sure I pick the best school, that I pick the best program. And after I finish with it, I know I am going to be a much better citizen.'' That individual will become a person who can market his or her abilities after receiving the training for the program they pick as opposed to the program that someone has picked for them.

In addition, I point out that in return for accepting the vouchers, school and training providers will be required to provide performance information. That means the completion rates of the people who go to their schools, the licensing rates, placement retention, wage rates, which voucher recipients and others could use to make good decisions about where to go to get the training they need.

In other words, schools that provide training to unemployed workers are going to have to provide information to the workers, the unemployed workers who are looking for the training, on how their schools perform so those unemployed workers will then have information they can use to determine which school is the best for their needs.

If I had a list of performance results based on schools, and at one school 95 percent of the people who went to that school and got the training became employed, and there was another school that only got jobs for about 15 percent of their people, is there any question about which school I would want to go to or anybody would want to go to? Of course, the answer is simple: They would want to go to the school that finds jobs for people that complete their programs.

That is competition and that is what this amendment does. It allows individuals to become more responsible. It allows them to make the decision based on what is best for them while at the same time it requires responsibility on the part of the institutions that they would be going to, to make sure that fly-by-night groups and organizations that have been created overnight just to take advantage of these programs are not going to be successful. With the information they are required to present, everybody will have a chance to make the right decision.

Mr. President, I think this amendment adds to the bill. I think it is an important step. It makes the bill an even stronger piece of legislation, one that we can all be proud of supporting.

I thank the managers of the bill, Senator KENNEDY and Senator KASSEBAUM, for their involvement and their assistance and their encouragement in this effort. I encourage all our colleagues to support the amendment, and I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I yield myself 3 minutes.

I thank the Senator from Louisiana for his cooperation on this innovative and creative concept, and thank as well Senator DASCHLE and others who have favored this improvement in the legislation. The way this has been crafted, those who will be eligible will be over 18 years of age, who are unable to obtain a Pell grant.

We can imagine a situation where there has been a significant closing of a plant or phasing out of a defense industry, or perhaps as a result of a merger, as we saw with the Chase Manhattan Bank and the Chemical Bank, affecting some 12,000 workers in different communities out there. We can see local community colleges or other educational facilities in communities responding to those particular needs. They will be developing programs which are designed to place individuals and upgrade their skills so they can be successfully employed.

We are maximizing the flexibility with this amendment and giving an individual the opportunity to take advantage of that situation, or maybe they will decide that they want to go to a different part of the country and will be able to go into a different program. We are permitting the States to make the judgment about what that voucher will be worth. It may be worth a couple of thousand dollars in Massachusetts, and it may be valued less in a different part of the country. So there is maximum flexibility within the State and maximum versatility for the displaced worker.

For the reasons that the Senator has spelled out, I think it is a very, very creative and imaginative way of trying to make us do better with training programs. I want to thank him for his cooperation. He has had legislation on this over a period of years and has worked very closely with all of the members of the committee.

We have tried to capture the essence of his proposal. I think we have, and we look forward to its success and, hopefully, building on it over the period of the future.

I thank the Senator from Louisiana. At an appropriate time, I hope the amendment will be accepted unanimously.

Mrs. KASSEBAUM. Mr. President, I, too, am pleased that we have been able to work out an agreement on the language with the Senator from Louisiana. He spent a lot of time on this. He has given a lot of thought to it. And I have supported the limited use of vouchers for job training services but only as an option for the States. I think there is a recognition that there is a place, but we need to be careful on how we move in that direction. I have been very concerned about mandating vouchers because it is a new and untested concept. Therefore, I think the direction that this amendment would take us is an important one.

I very much value the effort of Senator BREAUX to speak to this. He cares a lot about it. And the amendment will not mandate that States provide vouchers but, rather, will provide additional means to assist and encourage States to implement a voucher system. I am pleased to be a supporter of this amendment.

Mr. BREAUX. Mr. President, if I can just add one short note, I thank my colleagues for their most generous comments. Lt. Gov. Buddy McKay, of Florida, who served in the House with some of us when we were in the other body, in behalf of Governor Chiles, has a statement which is a couple of sentences that I want to read because I think it really makes the point very well. He said:

> In this country we trust citizens to choose their elected officials, but we don't trust them to choose training programs. Currently, leaders of Government employees in Washington, in Federal regional offices, in State capitals and State regional offices, and in service sites dictate those decisions for their own citizens. That is bunk. Informed citizens can make the best decisions for themselves. It is a simple enough premise in this country, but it is a revolutionary idea for government.

I think the point is well made that we trust citizens to make decisions on who their elected officials are but we

do not trust them to decide which programs are best for them. I think, as the Lieutenant Governor said, that is ''bunk.'' And this amendment would, I think, help us overcome that current situation and allow, through the voucher program, people to make the best decisions for themselves and trust the American citizen to do what is right instead of requiring the government to make that decision for them.

Mr. President, I yield the floor.

Mr. KENNEDY. Mr. President, we are prepared to yield back time and ask for the consideration of the amendment.

The PRESIDING OFFICER. Is all time yielded?

Mrs. KASSEBAUM. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment (No. 2890) was agreed to.

Mr. KENNEDY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mrs. KASSEBAUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Who yields time?

AMENDMENT NO. 2891 TO AMENDMENT NO. 2885

(Purpose: To provide for a migrant or seasonal farmworker program and for national discretionary grants)

Mr. DODD. Mr. President, I send an amendment to the desk and I ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Connecticut (Mr. DODD), for himself and Mr. PELL, proposes an amendment numbered 2891 to amendment No. 2885.

Mr. DODD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 7, line 19, strike ''186(c)'' and insert ''187(c)''.

On page 74, between lines 7 and 8, insert the following:

SEC. 108. MIGRANT OR SEASONAL FARMWORKER PROGRAM.

(a) GENERAL AUTHORITY.—Using funds made available under section 124(b)(3), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts with, entities to carry out the activities described in subsection (d).

(b) ELIGIBLE ENTITIES.—To be eligible to receive a grant or enter into a contract under this section, an entity shall have an understanding of the problems of migrant or seasonal farmworkers, a familiarity with the area to be served, and a previously demonstrated capacity to administer effectively a diversified program of workforce development activities for migrant or seasonal farmworkers.

(c) PROGRAM PLAN.—

(1) IN GENERAL.—To be eligible to receive a grant or enter into a contract under this section, an entity described in subsection (b) shall submit to the Federal Partnership a plan that describes a 3-year strategy for meeting the needs of migrant or seasonal farmworkers in the area to be served by such entity.

(2) CONTENTS.—Such plan shall—

(A) identify the education and employment needs of the population to be served and the manner in which the services to be provided will strengthen the ability of the individuals served to obtain or be retained in unsubsidized employment;

(B) describe the services to be provided and the manner in which such services are to be integrated with other appropriate services; and

(C) describe the goals and benchmarks to be used to assess the performance of such entity in carrying out the activities assisted under this section.

(d) AUTHORIZED ACTIVITIES.—Funds made available under this section shall be used to carry out comprehensive workforce development activities, and related services, for migrant or seasonal farmworkers.

(e) CONSULTATION WITH STATE AND LOCAL PARTNERSHIPS AND BOARDS.—In making grants and entering into contracts under this section, the Federal Partnership shall consult with the Governors (or, where established, the State workforce development boards described in section 105) and with local partnerships (or, where established, the local workforce development boards described in section 118(b)).

On page 74, line 8, strike ''**108.**'' and insert ''**109.**''.

On page 74, line 10, strike ''124(b)(3)'' and insert ''124(b)(4)''.

On page 117, line 7, strike ''92.7'' and insert ''90.75''.

On page 117, strike lines 11 through 15 and insert the following:

(3) 1.25 percent shall be reserved for carrying out section 108;

(4) 0.2 percent shall be reserved for carrying out section 109;

(5) 5.0 percent shall be reserved for making incentive grants under section 122(a), for making national discretionary grants under section 184, and for the administration of this title;

On page 117, line 16, strike ''(5)'' and insert ''(6)''.

On page 117, line 18, strike ''(6)'' and insert ''(7)''.

On page 117, line 19, strike ''184 and 185'' and insert ''185 and 186''.

On page 162, line 17, strike ''186(c)'' and insert ''187(c)''.

On page 163, line 4, strike ''108, and 173'' and insert ''108, 109, 173, and 184''.

On page 163, line 6, strike ''108, 122(a), 161, and 184'' and insert ''108, 109, 122(a), 161, 184, and 185''.

On page 163, lines 12 and 13, strike ''186(c) and 187(b)'' and insert ''187(c) and 188(b)''.

On page 166, line 22, strike ''186(c)'' and insert ''187(c)''.

On page 183, between lines 8 and 9, insert the following:

SEC. 184. NATIONAL DISCRETIONARY GRANTS.

(a) NATIONAL GRANTS.—Using funds made available under section 124(b)(5), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may in a timely manner award a national grant—

(1) to an eligible entity described in subsection (b) to carry out the activities described in such subsection; and

(2) at the request of an officer described in subsection (c), to such an officer to carry out the activities described in such subsection.

(b) RAPID RESPONSE GRANTS.—

(1) IN GENERAL.—

(A) MAJOR ECONOMIC DISLOCATION.—Funds made available under this section to an eligible entity described in this subsection may be used to provide adjustment assistance to workers affected by a major economic dislocation that results from a closure, layoff, or realignment described in section 3(8)(B).

(B) EMERGENCY DETERMINATION.—Such funds may also be used to provide adjustment assistance to dislocated workers whenever the Federal Partnership (with the agreement of the Governor involved) determines that an emergency exists with respect to any particular distressed industry or any particularly distressed area. The Federal Partnership may make arrangements for the immediate provision of such emergency financial assistance for the purposes of this subsection with any necessary supportive documentation to be submitted on a date agreed to by the Governor and the Federal Partnership.

(2) ELIGIBLE ENTITIES.—To be eligible to receive a grant under this section for activities described in this subsection, an eligible entity shall be a State or local entity.

(3) APPLICATION.—To be eligible to receive a grant under this section for activities described in this subsection, an eligible entity shall submit an application to the Federal Partnership at such time, in such manner, and containing such information as the Federal Partnership determines to be appropriate.

(c) DISASTER RELIEF EMPLOYMENT ASSISTANCE.—

(1) IN GENERAL.—Funds made available under this section to officers described in this subsection shall be used solely to provide individuals in a disaster area with employment in projects to provide clothing, shelter, and other humanitarian assistance for disaster victims and in projects regarding the demolition, cleanup, repair, renovation, and reconstruction of damaged and destroyed structures, facilities, and lands located within the disaster area.

(2) OFFICERS.—To be eligible to receive a grant under this section for activities described in this subsection, an officer shall be a chief executive officer of a State within which is located an area that has suffered an emergency or a major disaster as defined in paragraph (1) or (2), respectively, of section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122(1) and (2)) (referred to in this section as a ''disaster area'').

On page 183, line 9, strike ''**184.**'' and insert ''**185.**''.

On page 183, line 12, strike ''124(b)(6)'' and insert ''124(b)(7)''.

On page 188, line 4, strike ''**185.**'' and insert ''**186.**''

On page 192, line 1, strike ''**186.**'' and insert ''**187.**''.

On page 204, line 9, strike ''**187.**'' and insert ''**188.**''

On page 207, line 16, strike ''186'' and insert ''187''.

On page 207, line 21, strike ''186'' and insert ''187''.

On page 207, line 24, strike ''186'' and insert ''187''.

On page 208, line 2, strike ''186'' and insert ''187''.

On page 208, line 6, strike ''186'' and insert ''187''.

On page 208, line 17, strike ''186'' and insert ''187''.

On page 211, line 17, strike ''**188.**'' and insert ''**189.**''.

On page 216, line 10, strike ''187'' and insert ''188''.

On page 293, line 9, strike ''186(c)'' and insert ''187(c)''.

On page 307, line 25, strike ''124(b)(6)'' and insert ''124(b)(7)''.

Mr. DODD. Mr. President, I offer this amendment on behalf of myself and the Senator from Rhode Island, Senator PELL.

Mr. President, this is an amendment which we worked on for some time. I believe it will be accepted by both the floor manager and the ranking minority member.

Very briefly, this amendment is designed to establish a rapid response service where you have national disasters or national needs that would go beyond the capacity of States to respond to them. Our distinguished colleague from Louisiana talked about some of those when he mentioned base closures. Often, States cannot anticipate those results. All of a sudden States find themselves in the situation where a significant number of people lose their jobs—in the case of base closures because the Federal Government has made a decision affecting the economy of the local area. There are also, of course, other situations where you have natural disasters.

I think all of us at one time or another have certainly seen our States afflicted by unanticipated events with weather or climatic conditions. Again, we can find people who, through no fault of their own and no fault of the business, are displaced. This amendment allows for some additional funds to respond to people who find themselves out of work under those circumstances.

As the Presiding Officer will no doubt recall, I offered this amendment in the committee. There was a good discussion at the time, and we lost the amendment on a tie vote 8 to 8. But there was a strong enough feeling there that I brought this up to see if we could work out some of the language, which we are able to do.

As a result of that, today I offer this amendment which will allow us to respond in those kind of situations. I think it is in the national interest for the Federal Government to provide assistance to our States under those circumstances and, just as importantly if not more importantly, the very people who find themselves without work and unable to provide for their families.

I just want to underscore the point that has been made by others. We all know how well the economy is doing in certain areas. Profitability is up and productivity is at its highest level in many ways. The stock market has been doing very, very well. But, as the Senator from Massachusetts pointed out a few moments ago, look at 12,000 to 20,000 people losing their jobs as a result of a merger between Chemical and Chase Bank. And in another act of downsizing, DuPont laid off some 5,000 or 6,000 people recently. All of this downsizing contributes, I suppose, we are told, to the strength of the economic well-being of the country. Yet, the people who lose their jobs are oftentimes forgotten in the discussion. We need to focus on what happens to these people and what happens to their families.

This amendment does not address that situation specifically, but much of what is included in this bill does.

For those reasons, I commend the distinguished Senator from Kansas, the chairman of the committee, for the work in this area. I think we need to be thinking creatively when we end up with a tax proposal, a tax bill coming up—which we are apt to—as to how we might pay more attention to what happens to those people who lose their jobs not from a natural disaster, not from some accident or something undertaken by Government, but when you have great mergers and acquisitions which may result in a real need—the merger itself may be worthwhile—but when results of that activity cause thousands of people to lose their jobs, I think we have a responsibility to respond to them, and we need to be thinking about how we can do that.

I appreciate the efforts of Senator KASSEBAUM and staff to work the specifics out so this is now acceptable.

This amendment offers real protection to States and workers affected by mass layoffs due to economic downsizing, plant and base closings, and natural disasters.

It preserves the ability of the Federal Government to respond quickly and in a meaningful way to concentrated economic employment difficulties—the kind no one State can predict or pay for. Without this amendment, this assistance, which gets communities and workers through the worst of times, would no longer be available.

We keep hearing about an economic recovery, a rising stock market. But we have to remember that one result of the improving economy is downsizing in many industries all across the country. All of a sudden people are being thrown out of work through no fault of their own.

We may not be able to prevent these Americans from losing their jobs, but we should try to give them some aid in the form of training and other support to help them get back in to the work force.

The need for such assistance will not diminish in the coming years. Defense-related layoffs in the private sector alone are continuing, with up to an additional 25- to 30-percent reduction expected within the next 2 to 3 years. Mergers in the banking and other industries are resulting in thousands of layoffs. And the downsizing trend is expected to continue. Natural disasters, like the flooding in the Midwest, cannot be predicted. We cannot just turn our backs on Americans in need.

This amendment ensures that the resources will be available to provide emergency funds in order to get people back on their feet. Specific examples of how we have helped out recently are:

In addition to the grants that will go to Connecticut, which I mentioned earlier, Washington State received $14.6 million to assist workers laid off by Boeing. More than $4 million in retraining dollars have been made available for 9,500 GTE employees expected to be severed from their jobs in 22 States, including Missouri, Washington, and Illinois. More than $100 million has been spent in the last 4 years in response to natural disasters. For example, for the 1993 Midwest floods, funding went to Missouri, Illinois, Iowa, Minnesota, and Kansas.

This kind of vital assistance will continue under my amendment. The Secretary of Labor, with the Federal partnership, will be able to provide States, communities, and workers with critical assistance when there is a mass layoff, base closing, or natural disaster.

The need for this assistance is broadly recognized. Just last week, the National Governors' Association strongly endorsed this concept.

This amendment also ensures that migrant farmworkers continue to receive training services. There could not be a needier population, yet, because they move so much, they are difficult to serve. This amendment provides the Secretary with funds to assist these workers, as he currently does.

Mr. President, this amendment represents the kind of good compromise we can reach when we share the same goal—to assist workers in times of crisis.

I appreciate the efforts of Senator KASSEBAUM and am pleased the amendment will be accepted.

Mr. President, I urge adoption of the amendment.

Mr. KENNEDY. Mr. President, I yield myself such time as I might use. I will be very brief.

Mr. President, I commend the Senator from Connecticut for bringing this up, both in the committee and on the floor, and thank him for all of his work on this extremely important program, which I am pleased to say will be accepted.

I am grateful to the Senator from Kansas for her support of the program as well.

This amendment is particularly timely as we consider the events of the last few days with Hurricane Opal and the devastating economic impact it has left in its wake. It has been estimated to have caused over $2 billion in damage in that particular region of the country. What Member of this body would want the kind of devastation that has affected the Southern States? Not many years ago New England was similarly affected and we saw similar damage in the Midwest by the floods.

I see my friend and colleague from California, which has been devastated by a wide variety of natural disasters, by extraordinary fires, earthquakes, and other natural disasters. I think we are also very mindful of these dramatic changes that have been taking place in terms of mergers, downsizing, and the changes in the defense procurement where we find men and women that have devoted their lives working for

this country. They have been in the defense production industry for 20 or 30 years during the cold war, and now with these dramatic shifts in changes in the procurement policies in defense, we see them virtually pink-slipped from these companies. They are older workers. We have some important responsibilities certainly to them. I think if you look at the record of this program particularly in the recent years under the Secretary of Labor it is really a commendable example about how these limited resources can be leveraged to give new hope and opportunity to tens of thousands of workers here in this country.

I think it is an extremely important measure and we are enormously grateful for the willingness of our Chair to consider this. Because I know, for the reasons she has outlined in the committee and expressed otherwise, of her concern about the general shape of this whole legislation, this has been modified, it has been adjusted to try to respond to some of her particular concerns and we are hopeful it will be accepted and included.

Mrs. KASSEBAUM. Mr. President, I, too, am pleased that we have been able to come together in agreement on the amendment put forward by the Senator from Connecticut and the Senator from Rhode Island. Senator DODD has been an eloquent advocate for wanting to make sure that these workers who may be laid off due to some sort of natural disaster would be taken care of, and we had some lengthy debates in the committee. This is an issue on which Members on both sides of the aisle have worked hard to address.

The national interest in addressing major economic dislocations from natural disasters is something that affects all of our States and goes often across State lines. It is difficult for States to adequately prepare to handle themselves when there is a disaster that may happen without any advanced notice.

While I have been reluctant to set aside a large amount at the Federal level which would further diminish moneys going to the States, this amendment will allow those funds already set aside at the national level for incentive grants to also be used for rapid response grants. This will assist workers affected by plant closures or mass layoffs or natural disasters.

In addition, a small amount of funds are being made available for migrant and seasonal farm workers, and this I believe is also something that the Senator from Connecticut and the Senator from Rhode Island have been particularly concerned about as well.

So I am pleased that this amendment does not substantially reduce the amount of funding that is going directly to the States under this bill, which was my primary concern when it was offered in committee.

I appreciate the willingness of my colleagues on the committee, Senator DODD and Senator PELL, to try to work out some language that we could all come together and support and I believe this is it.

So for all these reasons, Mr. President, I think it is a good amendment. I am very appreciative of the efforts of the Senator from Connecticut and the Senator from Rhode Island to help work out the language.

Mr. DODD. I thank the Chair. Just very briefly, I meant to point out that while this is not directly a result of the amendment that hopefully will be adopted shortly, it is an indication of the kind of difference this amendment will make. Just today, the Department of Labor announced it would provide $1,500,000 in retraining assistance to some 600 employees of the Southern Connecticut Telephone Co., who just lost their jobs. Also, recently, Allied Signal, a defense contractor, closed a facility in Connecticut. The Federal Government is able to provide an additional $4,300,000 to assist those 1,500 employees who will have lost their work.

This is an example of a national policy affecting a major local employer in that area, and so this the kind of thing in which we think the Federal Government can play a proper role in assisting in these kinds of emergencies.

That first grant was announced today, and we are very pleased they are going to be offering some assistance to the people of Connecticut with that kind of support.

Mr. President, I again thank my colleagues for their support.

Mr. PELL. Mr. President, I am pleased to again join with Senator DODD in sponsoring this amendment. Unfortunately, when a similar version was offered at the Senate Labor and Human Resources Committee markup, it was defeated on an 8 to 8 tie.

Senator DODD and I know all too well how a State is affected by sudden, unexpected, large-scale worker dislocations. It is our strong belief that under S. 143 States would not be able to react go the large dislocations my home State has become familiar with recently. By their nature, these massive dislocations are abrupt events. In designing its general work force plan called for under this new legislation, no State would, or should, reserve a portion of its limited job training money to prepare for an event that might or might not take place at an undetermined time in the future.

This is why we have introduced this amendment that reserves a small pool of money at the Federal level to be dispersed to States when and if they are in need. This program works well now and I believe it should be allowed to continue.

I urge my colleagues to join us in support of this amendment.

The PRESIDING OFFICER. Who yields time?

Mrs. KASSEBAUM. Mr. President, if there is no one else who wishes to speak on this amendment, I would urge adoption of the amendment.

The PRESIDING OFFICER. Is all time yielded back?

Mr. KENNEDY. I yield back the remainder of the time.

Mrs. KASSEBAUM. I yield back the time.

The PRESIDING OFFICER. If all time is yielded back, the question is on agreeing to the amendment.

The amendment (No. 2891) was agreed to.

Mrs. KASSEBAUM. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. KENNEDY. Mr. President, if I understand it correctly, I see my friend and colleague, the Senator from California who wanted to speak, and the Senator from New York also wanted to speak briefly. After these speakers it was the hope that we might move towards the votes which had been ordered. Is that the understanding of the Chair?

Mrs. KASSEBAUM. Yes. Did I understand the Senator from Washington [Mrs. MURRAY] wanted to speak?

Mr. KENNEDY. If we can hold that in abeyance. She had talked to me, and then I received other instructions. But if we could work out perhaps for the benefit of the Members who have been inquiring about how we might be proceeding, how long did the Senator from California desire?

Mrs. FEINSTEIN. I have about 12 minutes.

Mr. KENNEDY. The only question is—how long did the Senator from New York wish to speak?

Mr. D'AMATO. Five minutes.

Mr. KENNEDY. I am just trying to think about how we might proceed. Does the Senator then want to speak after the three votes? Is that agreeable?

Mrs. FEINSTEIN. I would be happy to do that. That will be helpful.

Mrs. KASSEBAUM. Mr. President, I think it would perhaps serve us best to have the Senator from California and the Senator from New York make their comments and then go to the three votes that have already been ordered, the one on trade adjustment assistance, the amendment of Senator GRAMM, and the amendment of Senator GLENN. And then at that time the majority leader I think is to make a decision about whether we will continue this evening or put the rest of the amendments off until tomorrow.

Mr. KENNEDY. That is fine. I yield the time, 12 minutes, to the Senator from California.

The PRESIDING OFFICER. The Senator from California.

Mrs. FEINSTEIN. I thank the Senator from Massachusetts.

Let me begin by saying that I very much appreciate the job that has been done by the chairman of the committee and the ranking member, and I know it has not been easy to put together this kind of consensus. I am led to believe

this bill will pass the Senate. However, I have to make my own point of view on it clear because what is sauce for the goose is not necessarily sauce for the gander, when you begin to change the formula on which some of these programs are based.

I have come to the conclusion that I must oppose this bill. I must oppose it for basically two reasons. The first is that the bill cuts dramatically into the ability of California to provide job training.

Let me point this out. While the United States added 3 million jobs from May 1991 to December 1993, California lost nearly 450,000 jobs during that time. As a matter of fact, in the last 5 years, our unemployment rate has never dropped below 7 percent, with a high of 10 percent in 1994.

So we have more people unemployed in the State of California than 13 other States have people today. So job training becomes a very important factor. Compared to current funding, this bill shifts funds from California to other States. Under the revised formula in the managers' amendment, almost one-half of all funds of the losing States come from California.

This is a proportion that is very high. I think the No. 1 determinant of a job training program should be existing unemployment needs and data. Instead, this block grant consolidation bases 10 percent only on unemployment. This is a major departure from the way these programs were determined in the past.

My major concern about this bill is that it gives greater weight to things other than unemployment, and the bill does not give adequate weight to unemployment. So with a 7.2-percent unemployment rate in September, while the national rate was 5.6 percent, California will lose about $7 million in this bill despite the fact that that is just a 4-percent reduction. It translates into $7 million based on the change in formula application.

The new managers' amendment drops the 20 percent for AFDC to 10 percent and increases from 10 percent to 20 percent the weight given to poverty. My State, has high rates of AFDC recipients and unemployed people. For example, California is home to 18 percent of all AFDC recipients. That translates into 909,000 AFDC cases. That translates into 2.6 million people on AFDC.

By deemphasizing AFDC recipients and unemployment with the low-weighting factor, the bill essentially gives California short shrift. Under current law, we receive 14.8 percent of job training funds. Under this approach, we will only get 14.2 percent. That is the $7 million difference. And it is a big difference.

Let me mention what has happened in California by way of Federal policy. California has struggled through the closing or realignment of 9 military bases in this round alone following 22 in previous rounds. In total, these have eliminated more than 200,000 direct and indirect jobs. The closings and realignments have drained about $7 billion out of the California economy.

Corporate defense downsizing has claimed 250,000 layoffs in the past 5 years, and that is expected to double. So from defense downsizing alone, before it is through, in the corporate sector and from base closures, California will lose over 1 million jobs. Now, that is something this formula does not take into consideration.

I mentioned California has 18 percent of the country's welfare caseload but 12.2 percent of the Nation's population. Now, what does this show? It shows that our need is actually higher than the population-driven formula number. So this formula and the redesignation of formula clearly does not work for California. This is not a case in this bill where as a product of consolidating 80 programs, States are going to be held harmless. That is not true. The money taken from California by this new formula is essentially given to other States that have less poverty and less unemployment.

So it is very hard for me, representing California, to turn around and vote for this bill. I am willing to say, sure, we should do our fair share, and I voted for the welfare reform bill despite the fact that I lost on major amendments that addressed the fact that we have a huge immigrant population. That bill will cost California billions of dollars.

Republican Medicare and Medicaid plans will cost California billions of dollars. Our own Governor has up to this point indicated he will not accept $42 million in Goals 2000 education funds. I cannot understand that—$42 million for schools when we have schools that are crumbling, elementary schools that have 5,000 youngsters in them, the highest class size in the Nation, and he plans to turn down these funds. I am hopeful he will reconsider. This is one more diminution of revenues to address the needs of 32 million people.

In summary, I very much recognize the good work done by both Senators here and by the committee, and I am appreciative of it. It is just when the State takes hit after hit after hit, when other States benefit and California with its needs, as has been referenced earlier—base closures, earthquakes, fires, riots, you name it—all the things that have happened, and when we know that job training is as important as it is, to take a loss of over $7 million in this bill, through the consolidation of programs and see the money essentially go to other States—under a different formula albeit—is very hard for me to do.

I appreciate the forbearance of the chairman and the ranking member, and I appreciate the opportunity to explain my vote.

Mrs. KASSEBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, I am very sensitive to the concerns of the Senator from California. She is a very effective advocate for her State in wanting to protect, of course, what should come to her State.

I would just point out that California gets twice what any other State gets. The closest States to California are New York and Texas. So while California has a large population, a population that has many needs, it also is a population that is getting a significant amount in this formula. No one knows better than the Senator from California how difficult these formula debates are.

We all want to get as much as we can. I think that when we are taking formulas from some 80 programs and combining them into one formula, that will be the fairest to most States, it obviously is not an easy task.

But we made 60 percent of the formula focus on population, which I think is the fairest way to distribute funds among the States. And the Senator from California has already pointed out 20 percent is based on poverty, 10 percent is based on the number of welfare recipients and 10 percent is based on employment.

I would also suggest that we are going to be continuing to reduce appropriations to each of the various programs. I think combining the programs as we do provides a greater sense of certainty to the States about what they will be receiving. It is also bound to do better under a single appropriation than trying to split it up among all of the other efforts that really do not provide the continuum of planning and certainty that I think is in the work force development legislation.

We did decrease the emphasis on welfare recipients because the JOBS program, which is the job training program for welfare recipients, was taken out of the bill during the welfare debate.

Finally, and most importantly, we put a cap on the maximum amount a State can gain or lose. It cannot gain more than 5 percent. It cannot lose more than 5 percent.

California, under this formula, does lose about 4.2 percent. This means, I think, that we have tried to again provide a balance over the previous year's allocation through the 5-percent provision. That is not such a dramatic shift that it cannot be accommodated. I certainly realize that some States can be adversely affected. But I believe, all in all, that this is the fairest approach that we could devise.

It is, as I say, very difficult when we try to get into allocations. The Senator from California represents a State with a large population, and many parts of that population really need some significant assistance. It would be my hope that with the moneys that presently are going to California, that this one appropriation will be a far more effective means of delivering those funds to the State and provide a more effective job training system.

Mr. President, I yield the floor. I do not know if the Senator from California wishes to respond in any other way to those comments. I will be happy to yield any other time that she might need.

Mr. JEFFORDS. Mr. President, I rise in strong general support for the Workforce Development Act of 1995. I commend the chairman of the Senate Labor and Human Resources Committee, Senator KASSEBAUM, for her tireless efforts over the last several years to restructure our vocational education and job training systems. Both the chairman and the ranking Democrat of the committee, Senator KENNEDY, have made this subject a focal point of the committee's deliberations. I supported this measure in the Labor Committee, and I continue to support the bill here.

Of course, I do not agree with everything contained in the bill. It is a large undertaking and I do have my disagreements with portions of it. Later today I will offer an amendment with Senator PELL to adjust the funding allocation for adult education activities. I may also support one or more of the other amendments that will be offered to the bill. However, I consider myself a strong supporter of this effort, and I heartily commend Senator KASSEBAUM for her unwavering efforts to make this much needed change a reality.

Mr. President, I believe this legislation is very badly needed. Let me briefly explain why I have reached that conclusion. Since the late 1960's, the Federal Government has invested huge sums helping people find employment through participation in a myriad of employment and training programs. From a few limited programs, this effort has now ballooned today into a confusing maze of over 160 separate programs. The administration of these is scattered across 15 separate Federal agencies, with a total cost to the taxpayer of more than $20 billion per year. Not surprisingly, Mr. President, these programs are hamstrung by duplication, waste and conflicting requirements that too often leave program trainees no better off than when they started.

I am a great believer in job training, and I count the Job Training Partnership Act among the legislative achievements of my years in Congress. However, the facts that illustrate the problems with our job training system, and which demonstrate the need for wide ranging reform, are not really in dispute. For example, Mr. President, there are more than 60 separate programs targeted at the economically disadvantaged. There are 34 literacy programs designed to help that same group. The system has six different standards for defining income eligibility levels, five for defining family and household income, and five for defining what is included in income.

For me, one of the most distressing aspects of this problem is that the system has no effective means of determining whether programs really work. The General Accounting Office has released several reports on this issue, and its findings have not been encouraging. One GAO report studied 62 programs. Of these, fully half had no means of checking whether participants obtained jobs after training. During the past decade, only seven of those programs were ever evaluated to find out whether trainees would have achieved the same outcomes without Federal assistance.

At this point, I need to digress for just a moment to speak about one new effort at self-evaluation undertaken this year. The Department of Labor has initiated a longitudinal study aimed at answering the question whether the Job Corps Program improves the employment opportunities and earnings of its participants. I support longitudinal studies and have encouraged their use in connection with job training program evaluation. However, this particular study, which is being directed by Mathematica Policy Research, has a very ugly underbelly that I want to explore a bit today.

This study employs a control group methodology. John A. Burghardt, director of the Mathematica project, offered this explanation to me in a September 29 letter responding to my inquiry:

> The National Job Corps Study is based on a random selection process in which approximately 11 out of 12 eligible applicants are selected to enter Job Corps, and 1 out of 12 eligible applicants is selected for a control group. The control group members are not eligible to enroll in Job Corps for a period of three years (but may do so after three years if they are eligible at that time).

What this means is that a kid can go through the Job Corps application process, qualify, be selected for training, and then be told that he or she cannot enroll for 3 years because we want to see him or her sink or swim as compared to the other applicants who were admitted. This ''twist-in-the-wind'' aspect of the study is unconscionable. It may make sense from a social science point of view, but it is inhumane in the extreme.

In my State of Vermont, a young man by the name of Donovan De Leon has been caught in the Job Corps study control group. He is heartbroken, and his family is in disbelief that he would be asked to make this sacrifice. In essence, they feel that the authorities are allowing him to fail in order to demonstrate the success that Job Corps can bring about. They have asked me if there is not another way to conduct this study that does not punish the innocent few in this fashion. I have to agree with their view, there must be another way.

This has just come to my attention and, with the current parliamentary situation, I may not be able to do anything to address the issue in the context of this bill. However, I will look for a way to take on this study either here or in other legislation. Further, I suspect that many other Senators, who have youngsters like Donovan De Leon in their States, will be of like mind.

Another problem proving the need for this legislation, Mr. President, is the confusion that the patchwork of conflicting programs causes. There are no clear entry points and no clear path from one job training program to another. The programs targeted for consolidation have conflicting eligibility criteria. They apply program incentives that are not always compatible with helping individuals find jobs. These program requirements may encourage staff to assist individuals who are the easiest to serve, rather than the most difficult. There is limited coordination across programs. There is no systematic link between educational services and job training services.

Providers of employment and training services range from public institutions of higher education to local education agencies; from nonprofit community based organizations to private for-profit corporations. Further, different programs very often target the same client populations. Youth, at-risk youth, veterans, native Americans, the poor and dislocated workers all have many programs designed for their benefit. Not surprisingly, people have difficulty knowing where to begin looking for assistance. As a result, they may go to the wrong agency, or worse, give up altogether.

Employers also experience problems with the multitude of employment programs. Employers want a system that is easy to access and that provides qualified job candidates. Instead, they must cope with solicitations from over 50 programs that provide job referral and placement assistance to individuals. Often, employers are not even involved in designing programs that should be responsive to their labor market needs. There is no clear linkage between economic development activities and employment and training programs to help employers meet their labor needs. Training programs are a waste of Federal dollars if employers cannot hire newly trained workers because their skills do not match employer needs.

Our principal international competitors do a much better job than we have matching worker training and skills to the needs of their industries and potential employers. The changes initiated in this bill are needed to enable us to compete effectively in the international arena. If employment and training programs are to succeed, a simple, integrated work force development system must be established that gives States, local communities, and employers both the assistance and the incentives to train real workers for real jobs. The Workforce Development Act takes on the challenge of structuring such a system. It will enable all segments of the work force to obtain the skills necessary to earn wages sufficient to maintain a high quality of living. Further, it will insure a skilled

work force that can meet the labor market needs of the businesses of each State.

We are at a defining moment in our Nation's history. The United States is still the most productive country in the world. But we are losing our edge to other industrialized nations such as Japan and Germany as well as other rapidly developing countries such as Taiwan, Korea, and China. Our enormous Federal trade deficit is testimony to our deficiencies. Over the past 25 years, the standard of living for those Americans without at least a 4-year postsecondary degree has plunged. This, too, serves as an example of our Nation's declining productivity. In the next decade, we will be surpassed as the world's foremost economic power if we do not begin to redefine our priorities on national, State, and local levels.

In response to this problem, education must be a top priority and we must connect education with the workplace.

Our international competitors have been leaders in making the important link between education and work. Germany, for example, has long been a model for vocational education. As early as the sixth grade, students opt for a college-prep or vocational education program. In Germany's vocational education system, students receive extensive training in industry through collaborations with business along with pursuit of an academic curriculum.

Unfortunately, in the United States, misconceptions about vocational education abound. Some think of voc. ed as a second rate education for students who could not otherwise succeed on a so-called traditional academic path. Nothing, could be further from the truth. Vocational education courses hold appeal for all students. In my home State of Vermont, over 4,500 students participate in vocational education courses, of which 12 percent are adults.

Another misconception is that there are few similarities among Federal vocational education and job training programs. In fact, a strong voc. ed program is the best kind of job training and should be viewed as a major step in the lifelong learning process.

The Workforce Development Act is a major effort that strongly links education with job training. In addition, it also establishes a very strong linkage between the three levels of government: local, State, and Federal. The bill also calls on the private sector to be a major participant in work force development activities.

S. 143, the Workforce Development Act creates a unified system for vocational education and job training programs. The Governor and the State education agency work together with State and local panels to devise a comprehensive vocational education and job training system that will respond to the needs of all those who seek its services. This is already being done in my home state of Vermont through the establishment of work force investment boards. S. 143 will support a strong school-based infrastructure for vocational education of students from all age groups, and the foundation for a strong and competitive work force.

The Workforce Development Act emphasizes the important role business must play in devising vocational education and job training strategies. This past spring, the first detailed American business survey was released by the U.S. Department of Education. The study found that ''a 10 percent increase in the educational attainment of a company's work force resulted in an 8.6 percent increase in productivity. Whereas a 10 percent increase in the value of capital stock such as tools, buildings, and machinery only resulted in a 3.4 percent increase in productivity.''

In the book ''Reinventing Education,'' Louis Gerstner, the chairman and CEO of IBM, writes:

> Business . . . [i]s not only a major stakeholder in the issue of education quality, it is the only potential source of major institutional pressure on the system. Without business pressure to improve the schools there will be no one else to act. And if no one acts, the schools will ultimately fail to change and fail to prepare our students and citizens adequately for the next century.

I urge my colleagues to act today and support S. 143, the Workforce Development Act.

Mr. THURMOND. Mr. President, I congratulate Senator KASSEBAUM and the Committee on Labor and Human Resources for their work on S. 143, the Workforce Development Act. I support this bill, and commend and thank the distinguished chairwoman for responding to my concerns regarding employment and training programs for veterans and for the disabled.

Currently, there are 160 Federal job training programs administered by 15 different Federal agencies. This bill will consolidate and restructure these programs into a single block grant that will go directly to the States with a minimum of Federal requirements. By eliminating the additional administrative costs of overlapping employment training programs at the Federal, State, and local level, this bill will drastically reduce the $20 billion spent each year to fund these programs. The purpose of S. 143 is not to eliminate the opportunities provided by these programs, but to maximize their effectiveness through reorganization and consolidation.

In particular, I am pleased that S. 143 addresses the special needs of unemployed individuals with physical or mental disabilities. Under title I of the Rehabilitation Act, the Vocational Rehabilitation Program has provided special job training to persons with disabilities. Of the 160 Federal job training programs, this is the only one that targets the special needs of the disabled. This bill recognizes the importance of training individuals with disabilities by preserving the integrity of the current Vocational Rehabilitation Program. Title I of the Rehabilitation Act will be amended so that vocational rehabilitation will be coordinated with the comprehensive workforce development system. A vocational rehabilitation representative will participate in the overall employment and training efforts for each State, providing technical assistance on training individuals with disabilities. By ensuring that the special needs of the disabled are met, S. 143 will strengthen an important service to a valuable element of our work force.

Another significant feature of this bill relates to veterans employment. This Nation has a long history of providing assistance to our veterans, dating back to colonial days. Since World War I, several laws have been enacted to reaffirm and strengthen the Federal Government's role in promoting wider employment and training opportunities for veterans.

Currently, the primary programs to assist veterans are those administered by the Department of Labor, through the Veterans' Employment and Training Service [VETS]. These include the Disabled Veterans' Outreach Program [DVOP], the Local Veterans' Employment Representative [LVER], and Veterans Employment Program, which are grant programs to the States.

Because of the national interest in veterans' programs, these grant programs will continue in their present form. In addition, the committee included language in the bill which first, added a veteran representative to the State workforce development board; second, added a veteran representative to the local workforce development boards; third, included veterans in the collaborative process developing a State plan; and fourth, designated veterans as a population group for benchmark measurement.

These provisions of the bill will ensure that veterans employment and training programs get the priority and visibility they need at a national level to address the unique concerns of veterans. At the same time, the bill provides that veterans employment and training programs will be integrated into the overall strategy, at the state and local level, for improving employment and training opportunities.

Again, I thank Senator KASSEBAUM for her excellent work on this bill and urge my colleagues to support it.

Mrs. KASSEBAUM. Mr. President, just to put everyone on notice, there will soon be a vote, as we had suggested earlier. Just so everyone will have a chance to get here in fashion, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mrs. KASSEBAUM. Mr. President, I believe, if I am correct, the pending vote would be on the Moynihan amendment.

The PRESIDING OFFICER. The Senator is correct.

Mrs. KASSEBAUM. I believe we are prepared to vote.

Mr. KENNEDY. Mr. President, would it be agreeable, since we have three votes, that the second and third vote be 10-minute votes?

Mrs. KASSEBAUM. Yes. I ask unanimous consent that the second and third votes be 10-minute votes, with 4 minutes in between for further debate.

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

VOTE ON AMENDMENT NO. 2887

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Maine [Mr. COHEN] is absent due a death in the family.

Mr. FORD. I announce that the Senator from Nebraska [Mr. EXON] is necessarily absent.

The PRESIDING OFFICER (Ms. SNOWE). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 52, nays 45, as follows:

[Rollcall Vote No. 482 Leg.]

YEAS—52

Abraham	Feingold	Mikulski
Akaka	Feinstein	Moseley-Braun
Baucus	Ford	Moynihan
Biden	Glenn	Murray
Bingaman	Graham	Nunn
Bond	Harkin	Pell
Boxer	Heflin	Pryor
Bradley	Hollings	Reid
Breaux	Inouye	Robb
Bryan	Johnston	Rockefeller
Bumpers	Kennedy	Roth
Byrd	Kerrey	Sarbanes
Campbell	Kerry	Simon
Conrad	Kohl	Specter
D'Amato	Lautenberg	Thompson
Daschle	Leahy	Wellstone
Dodd	Levin	
Dorgan	Lieberman	

NAYS—45

Ashcroft	Gramm	Mack
Bennett	Grams	McCain
Brown	Grassley	McConnell
Burns	Gregg	Murkowski
Chafee	Hatch	Nickles
Coats	Hatfield	Pressler
Cochran	Helms	Santorum
Coverdell	Hutchison	Shelby
Craig	Inhofe	Simpson
DeWine	Jeffords	Smith
Dole	Kassebaum	Snowe
Domenici	Kempthorne	Stevens
Faircloth	Kyl	Thomas
Frist	Lott	Thurmond
Gorton	Lugar	Warner

NOT VOTING—2

Cohen	Exon

So the amendment (No. 2887) was agreed to.

Mr. KENNEDY. Madam President, I move to reconsider the vote.

Mrs. KASSEBAUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2888

The PRESIDING OFFICER. There will now be 4 minutes, equally divided, on the Grams amendment.

The Senator from Massachusetts.

Mr. KENNEDY. Madam President, I see the Senator from Minnesota. We have 4 minutes evenly divided.

Mr. GRAMS. I have nothing more to add.

Mrs. KASSEBAUM. I yield back any time I might have.

Mr. KENNEDY. I yield the time and urge support for the amendment.

The PRESIDING OFFICER. The question is now on the amendment offered by the Senator from Minnesota. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Maine [Mr. COHEN] is absent due to a death in the family.

Mr. FORD. I announce that the Senator from Nebraska [Mr. EXON] is necessarily absent.

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

The result was announced—yeas 97, nays 0, as follows:

[Rollcall Vote No. 483 Leg.]

YEAS—97

Abraham	Ford	Mack
Akaka	Frist	McCain
Ashcroft	Glenn	McConnell
Baucus	Gorton	Mikulski
Bennett	Graham	Moseley-Braun
Biden	Gramm	Moynihan
Bingaman	Grams	Murkowski
Bond	Grassley	Murray
Boxer	Gregg	Nickles
Bradley	Harkin	Nunn
Breaux	Hatch	Pell
Brown	Hatfield	Pressler
Bryan	Heflin	Pryor
Bumpers	Helms	Reid
Burns	Hollings	Robb
Byrd	Hutchison	Rockefeller
Campbell	Inhofe	Roth
Chafee	Inouye	Santorum
Coats	Jeffords	Sarbanes
Cochran	Johnston	Shelby
Conrad	Kassebaum	Simon
Coverdell	Kempthorne	Simpson
Craig	Kennedy	Smith
D'Amato	Kerrey	Snowe
Daschle	Kerry	Specter
DeWine	Kohl	Stevens
Dodd	Kyl	Thomas
Dole	Lautenberg	Thompson
Domenici	Leahy	Thurmond
Dorgan	Levin	Warner
Faircloth	Lieberman	Wellstone
Feingold	Lott	
Feinstein	Lugar	

NOT VOTING—2

Cohen	Exon

So, the amendment (No. 2888) was agreed to.

Mr. KENNEDY. Madam President, I move to reconsider the vote by which the amendment was agreed to.

Mrs. KASSEBAUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Massachusetts.

AMENDMENT NO. 2889

Mr. KENNEDY. Madam President, could we have order in the Senate so that the Senator from Ohio could be heard? There is a brief time limit, as I understand it, of 4 minutes.

The PRESIDING OFFICER. Four minutes equally divided.

Mr. KENNEDY. May we have order in the Senate so we can hear the Senator from Ohio?

The PRESIDING OFFICER. May we have order in the Chamber?

Mr. GLENN. Madam President, I offer this amendment because I think it is important we do not overlook displaced homemakers in this bill. What the amendment does is simply incorporate the definition of displaced homemaker in currently found law—the Perkins Act, the Higher Education Act, and the Displaced Homemaker Self-Sufficiency Act.

In the bill itself, the current language includes displaced homemakers only as a subcategory of dislocated workers. I do not think that is good enough.

My amendment, second, clarifies that employment services for displaced workers are permissible—not required by the States, they are permissible. Governors and States have the flexibility to decide whether displaced homemakers will receive employment services at all.

Third, my amendment gives States flexibility in providing work force education programs for displaced homemakers and single parents. I think there was some confusion about that earlier in the debate. The Senator from Kansas pointed out in my amendment there is a requirement that States give some attention to work force education programs for displaced homemakers. However, States do retain total flexibility.

Also, the amendment adds displaced homemakers to the list of populations in the bill for which States need to set or need to require performance benchmarks. I think it is very reasonable. Some 17 million Americans are displaced homemakers.

I urge support of this amendment, and I yield the remainder of my time to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I support this proposal. If there is any group of Americans who are left behind it has been the homemakers, and they have to be able to develop the high-level skills needed in order to compete in the economy. This does not require an allocation of funds by the States, but it does require that the States are going to at least have to give some consideration to this program. I think it is well justified. I hope it is accepted.

Mrs. KASSEBAUM. Madam President, I am also a strong supporter of the displaced homemaker program, but the amendment of Senator GLENN will start an entirely new program. It will create another set-aside effort for a particular special category. It is an expanded category because it substantially distorts the concept of what was thought of as a displaced homemaker by including anyone with a child aged 16 or younger who has received AFDC assistance.

Madam President, I feel strongly that the way we have addressed it in

the bill, by listing it as one of the considerations under dislocated workers, which provides a benchmark but does not require it being set aside as a special program, is a very important rationale. Otherwise, we get right back into trying to serve a special population. If we do serve this one, then why should we not serve that one? This would put us right back where we started.

I think expanding the definition is a mistake. I think the requirement that it be so defined is a mistake, and I urge opposition to the amendment of the Senator from Ohio.

The PRESIDING OFFICER. The question is now on agreeing to the amendment offered by the Senator from Ohio. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

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

Mr. LOTT. I announce that the Senator from Maine [Mr. COHEN] is absent due to a death in the family.

Mr. FORD. I announce that the Senator from Nebraska [Mr. EXON], is necessarily absent.

The result was announced—yeas 44, nays 53, as follows:

[Rollcall Vote No. 484 Leg.]

YEAS—44

Akaka	Feinstein	Mikulski
Baucus	Ford	Moseley-Braun
Biden	Glenn	Moynihan
Bingaman	Graham	Murray
Boxer	Harkin	Nunn
Bradley	Hollings	Pell
Breaux	Inouye	Pryor
Bryan	Johnston	Reid
Bumpers	Kennedy	Robb
Byrd	Kerry	Rockefeller
Conrad	Kohl	Sarbanes
Daschle	Lautenberg	Simon
Dodd	Leahy	Snowe
Dorgan	Levin	Wellstone
Feingold	Lieberman	

NAYS—53

Abraham	Gorton	Mack
Ashcroft	Gramm	McCain
Bennett	Grams	McConnell
Bond	Grassley	Murkowski
Brown	Gregg	Nickles
Burns	Hatch	Pressler
Campbell	Hatfield	Roth
Chafee	Heflin	Santorum
Coats	Helms	Shelby
Cochran	Hutchison	Simpson
Coverdell	Inhofe	Smith
Craig	Jeffords	Specter
D'Amato	Kassebaum	Stevens
DeWine	Kempthorne	Thomas
Dole	Kerrey	Thompson
Domenici	Kyl	Thurmond
Faircloth	Lott	Warner
Frist	Lugar	

NOT VOTING—2

Cohen	Exon

So the amendment (No. 2889) was rejected.

Mrs. KASSEBAUM. Mr. President, I move to reconsider the vote by which the amendment was rejected.

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

The motion to lay on the table was agreed to.

ORDER OF PROCEDURE

Mrs. KASSEBAUM. Madam President, for the information of Senators, there will be no further rollcall votes this evening. However, we will continue to debate several amendments this evening. First, we will consider the amendment of Senator CRAIG, from Idaho, that I believe has been worked out on both sides.

Then we will move to debate the amendment of the Senator from Missouri [Mr. ASHCROFT] followed by, I believe, an amendment offered by the Senator from Texas [Mr. GRAMM]. Rollcall votes on those two amendments will occur tomorrow, as well as the disposition of the amendment of the Senator from Pennsylvania [Mr. SPECTER] and then there will be final passage.

It is my understanding the Senator from Ohio would like to offer a few minutes of comments as in morning business.

Mr. GLENN. Madam President, I ask unanimous consent to proceed for 5 minutes as in morning business.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. I will not object. How much time does the Senator desire?

Mr. GLENN. Not more than 5 minutes for a short eulogy.

Mr. CRAIG. No objection.

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

TRIBUTE TO RACHEL M. SCHLESINGER

Mr. GLENN. Madam President, the United States lost a wonderful woman and we lost a good friend today. Rachel Schlesinger died today in Arlington, VA, after a long-time struggle against cancer. She was the wife, the partner, indeed a wonderful supporter of James Schlesinger, who served in Cabinet positions in three separate administrations for this country. In all the agencies in which her husband served, she was universally loved.

I do not think I ever heard a hint of criticism about Rachel Schlesinger in all the years in Washington. She was born in Springfield, OH, in 1930 and grew up on the family farm, which she still owned with her sisters up to the time of her passing. Her father's family had come to southwestern Ohio from Pennsylvania Dutch country. Her mother's family had migrated from the German Palatinate and settled in rural Missouri. Her father was a livestock raiser and so called himself a dirt farmer who managed to survive the Depression, which was tough back in those days, of course. Rachel was an outstanding student at Springfield High School. She won a scholarship to Radcliffe College, which was then a woman's college at Harvard University, in 1948. She won honors in American history and literature. She graduated with honors in American history and literature.

After college, Rachel moved to New York and became a college editor at Mademoiselle magazine, and in 1954, she married Jim Schlesinger, whom she had known since her college years. She became a freelance writer but devoted her time mainly to family life.

Over time, they lived in Arlington, MA, Charlottesville, VA, Newport, RI, Santa Monica, CA, and Arlington, VA. Jim and Rachel had eight children: Cora, Charles, Ann, William, Emily, Thomas, Clara, and Jim, Jr. They all reside in Arlington, save for Charles, who is an engineer in Texas, and Ann, who lives with her husband and children in Prague.

Rachel had mixed feelings about her husband's Government service, but only rarely did she involve herself in public issues. One such occasion did occur in 1971 when her husband was Chairman of the Atomic Energy Commission. The Commission was about to test the warhead for the Spartan missile in the Aleutian Islands. There were widespread protests developed in this country and overseas primarily associated with the peace movement and the environmental movement. It was said that the underground detonation would probably initiate an earthquake and maybe even a Sunami wave that would inflict widespread damages throughout the Pacific.

Well, Rachel simply packed up two of her daughters and headed with her husband to Amchitka Island, where the test was to take place. The action of the family in going to the island quieted much of the alarm that the prospective test had generated.

In 1975, she accompanied her husband on an extended trip to Asia. It was the first trip to Japan by a United States Secretary of Defense since World War II. Needless to say, the trip, again, generated very widespread protests, but also an outpouring of support along with it. The trip occurred after the fall of Saigon. Kim Il-Song was uttering threats to overrun South Korea, just as South Vietnam had been overrun. And in Korea, there was great concern regarding the strength of the American commitment. The visit of Mrs. Schlesinger and her husband did much to reassure the Korean Government and public that American support was steadfast and that North Korea would be given no latitude for aggressive action.

In the 1980's, with her children departing from home, Mrs. Schlesinger again became active in local and charitable affairs. She was a very dedicated and accomplished musician. She served as a violinist with the Arlington Symphony Orchestra since 1983 and served on the board of directors with the symphony since 1987 and on the executive committee since 1990. She was founder and first chairman of the Ballston Pops, which she originally organized and continued to organize each May, and which will soon celebrate its 10th anniversary.

Mrs. Schlesinger served on the overseas committee to visit the Memorial Church at Harvard. She was deacon of

Georgetown Presbyterian Church. She also taught and began to raise Christmas trees as a business, and even delivered most of these trees herself.

Despite the glamour of much official life in Washington, Rachel always referred to herself as a country girl. In her later years, she became more involved in the preservation of historic sites and increasingly the preservation of rural land. So, in addition to her civic and charitable work and her small business, she was very devoted to music, to gardening and, of course, her biggest devotion of all was to her family.

She is survived by Jim, who is a good friend of ours, of course, and many people here, as she was also. She is survived by her eight children, six grandchildren, and three sisters, Mrs. Ann Kirkwood of Prescott, AZ; Janice Lynn of Croton-on-the-Hudson, NY; and Rebecca Mellinger (Mrs. Jane Engelthanier) of Chicago, IL. She had one sister who preceded her in death, Mrs. Judith Peterson of Upper Arlington, OH.

Madam President, I just wanted to get that in today on the same day on which we lost this very good friend and dedicated American and wonderful supporter. I know her family is missing her, and our thoughts and prayers go out to them this evening.

I yield the floor.

WORKFORCE DEVELOPMENT ACT OF 1995

The Senate continued with the consideration of the bill.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

AMENDMENT NO. 2892 TO AMENDMENT NO. 2885

(Purpose: To provide for evaluation of State programs)

Mr. CRAIG. Madam President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Idaho [Mr. CRAIG] proposes an amendment numbered 2892 to amendment No. 2885.

Mr. CRAIG. Madam President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 105, strike lines 4 through 14 and insert the following:

(1) IN GENERAL.—Each State that receives an allotment under section 102 shall annually prepare and submit to the Federal Partnership, a report that states how the State is performing on State benchmarks, and the status and results of any State evaluations specified in subsection (f), that relate to workforce development activities (and workforce preparation activities for at-risk youth) carried out through the statewide system of the State. In preparing the report, the State may include information on such additional benchmarks as the State may establish to meet the State goals.

On page 113, between lines 15 and 16, insert the following:

(f) EVALUATION OF STATE PROGRAMS.—

(1) IN GENERAL.—Each State that receives an allotment under section 102 shall conduct ongoing evaluations of workforce employment activities, flexible workforce activities, and activities provided through Job Corps centers, carried out in the State under this title.

(2) METHODS.—The State shall—

(A) conduct such evaluations through controlled experiments using experimental and control groups chosen by random assignment:

(B) in conducting the evaluations, determine, at a minimum, whether job training and job placement services provided through the activities described in paragraph (1) effectively raise the hourly wage rates of individuals receiving the services through such activities; and

(C) conduct at least 1 such evaluation at any given time during any period in which the State is receiving funding under this title for such activities.

Mr. CRAIG. Madam President, I want to thank the chairman, the Senator from Kansas, for her help and support in arriving at a final form of the performance measurement amendment that I am offering today. I understand and I think we heard the chairman just mention that both sides have cleared this, and I do appreciate the work of both the chair and the ranking member on agreeing to this amendment and working with us to get it to the form necessary for that agreement.

This amendment embodies a simple, commonsense principle but one that is often lacking in many of our Federal programs. I refer to the idea that when we have a program, we should study what we are doing to determine whether it works and, most importantly, how well it works.

This amendment simply would require that each State receiving an allotment under section 102 report on how it is performing on State benchmarks and on status and results of evaluations measuring the impact of job training programs on the wages of the individuals receiving the job training services. The need for and the benefits of such an evaluation process were brought home to me by the outstanding work already being done in this area by the Southwest Idaho Private Industry Council.

The folks at the Southwest Idaho PIC have visited with my staff and me frequently and have prepared an impressive array of information measuring the effectiveness of the PIC's programs. Specifically, the Southwest Idaho PIC regularly computes, among other figures, a return on investment.

Now, that is a very unique concept when we think of Federal programs. But this shows various ways that the clients of the PIC are repaying their entire investment made in their training program. Currently, the average graduate each earns enough, after just 13 months in the work force, to repay in Federal taxes the entire Federal share investment of his or her training.

Mr. President, if every federally funded job training provider across the country had to compute a return on investment, or similar measure of its performance, based on objective, empirical research data, we would see the best of both worlds. And in Idaho, with the training program of the Private Industry Council, we are beginning to realize that. More importantly, they are able to fine-tune their program to get the highest yield; and, in this instance, the highest yield very simply means a better-trained person, who comes to the job market more prepared and, as a result, is able to perform not only to their own satisfaction, but in a business sense, it returns to the taxpayer the kind of investment all of us strive for in job training programs.

We need to build a body of evidence on the true effectiveness of job training programs. Very few programs have ever been subjected to rigorous and scientific evaluation. We have the opportunity, with this amendment, to debate results, rather than mere hopes.

As a Department of Labor report already has pointed out, ''there are many areas where little thorough and reliable evaluation evidence is available.''

It is our intent with this amendment to compare the results for served clients with data from control groups—that is, unserved persons. Evaluations would be valid and reliable, and conducted through controlled experiments.

I stress the importance of comparing applies with apples—the control group should be identical to the served group in every way except for the provision of the job training services. This is the essence of scientific studies of this sort. Therefore, it is my understanding and intent that this amendment require that the demographic characteristics in each group be proportional to the characteristics in the other.

I thank the chairman and the ranking member for their consideration. I urge adoption of this very simple and practical amendment.

Mrs. KASSEBAUM. Madam President, I would like to say that we are prepared to accept the Craig amendment. I believe it would add an additional measure of accountability to the bill.

I am very appreciative of the Senator from Idaho bringing this to the attention of the committee. Under the Craig amendment, I think States will conduct ongoing evaluations of their training activities. I think that is enormously beneficial. It was something that was recommended in the Heritage Foundation bulletin as a weakness in the bill that we did not have that evaluation. I think being able to strengthen accountability is very important, and I am most appreciative. I think it has been agreed to on both sides.

Mr. SIMON. Madam President, it is a good amendment. We are pleased to accept it on this side.

Mrs. KASSEBAUM. Madam President, I urge adoption of the Craig amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2892) was agreed to.

Mrs. KASSEBAUM. Madam President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 2893 TO AMENDMENT NO. 2885

(Purpose: To establish a requirement that individuals submit to drug tests, to ensure that applicants and participants make full use of benefits extended through work force employment activities)

Mr. ASHCROFT. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Missouri [Mr. ASHCROFT] proposes an amendment numbered 2893 to amendment No. 2885.

Mr. ASHCROFT. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 65, between lines 23 and 24, add the following subsection:

(i) LIMITATIONS ON PARTICIPANTS.—

(1) FINDING.—Congress finds that—

(A) the possession, distribution, and use of drugs by participants in workforce employment activities should not be tolerated, and that such use prevents participants from making full use of the benefits extended through such activities at the expense of taxpayers; and

(B) applicants and participants should be tested for illegal drug use, in order to maximize the training and assistance provided under this Act.

(2) DRUG TESTS.—Each local entity carrying out workforce employment activities described in subparagraph (A), (B), (C), (D), (E), (G), (H), (J), or (K) of subsection (a)(6) shall administer a drug test—

(A) on a random basis, to individuals who apply to participate in such activities; and

(B) to a participant in such activities, on reasonable suspicion of drug use by the participant.

(3) ELIGIBILITY OF APPLICANTS.—In order for such an applicant to be eligible to participate in workforce employment activities, the applicant shall agree to submit to a drug test administered as described in paragraph (2) and, if the test is administered to the applicant, shall pass the test.

(4) ELIGIBILITY OF PARTICIPANTS.—In order for such a participant to be eligible to participate in workforce employment activities described in subparagraph (A), (B), (C), (D), (E), (G), (H), (J), or (K) of subsection (a) (6), the individual shall agree to submit to a drug test administered as described in paragraph (2) and, if the test is administered to the participant, shall pass the test. If a participant refuses to submit to the drug test, or fails the drug test, the local entity shall dismiss the participant from participation in the activities.

(5) REAPPLICATION.—

(A) IN GENERAL.—Except as provided in subparagraph (B), an individual who is an applicant and is disqualified from eligibility under paragraph (3), or who is a participant and is dismissed under paragraph (4), may reapply, not earlier than 6 months after the date of the disqualification or dismissal, to participate in the workforce employment activities described in subparagraph (A), (B), (C), (D), (E), (G), (H), (J), or (K) of subsection (a)(6). If the individual demonstrates that the individual has completed a drug treatment program and passed a drug test within the past 30 days, the individual may participate in such activities, under the same terms and conditions as apply to other applicants and participants, including submission to drug tests administered as described in paragraph (2).

(B) SECOND DISQUALIFICATION OR DISMISSAL.—If the individual reapplies to participate in the activities and fails a drug test administered under paragraph (2) by the local entity, while the individual is an applicant or a participant, the local entity shall disqualify the individual from eligibility for, or dismiss the individual from participation in, the workforce employment activities. The individual shall not be eligible to reapply for participation in the activities for 2 years after such disqualification or dismissal.

(6) APPEAL.—A decision by a local entity to disqualify an individual from eligibility for participation in workforce employment activities under paragraph (3) or (5), or to dismiss a participant as described in paragraph (4) or (5), shall be subject to expeditious appeal in accordance with procedures established by the State in which the local entity is located.

(7) DEFINITIONS.—As used in this section:

(A) DRUG.—The term ''drug'' means a controlled substance, as defined in section 102(6) of the Controlled Substance Act (21 U.S.C. 802(6)).

(B) DRUG TEST.—The term ''drug test'' means a biochemical drug test carried out by a facility that is approved by the local entity administering the test.

Mr. ASHCROFT. Madam President, the training of an appropriate and productive work force is essential to the future of America. We are not speaking this evening about some marginal enterprise. The success and survival of this society in the next century depends on our ability to be productive and our ability to be competitive in a global marketplace which, more frequently than not, now requires us to match the productivity of people around the globe. It is important for us, then, to do those things which we can to help our work force be the most competitive and productive work force on the face of the Earth.

There are a variety of challenges to productivity and worker success in America. One of the challenges which our workers face is the challenge of narcotics and drugs. The National Institute on Drug Abuse has found that illicit drug use costs about $140 billion annually in lost productivity, thefts, absenteeism and accidents. It is as if a $140 billion tariff were to be placed upon American goods in the world marketplace. It is a cost which must be undertaken, a cost which must be covered. It hurts our ability to compete. It substantially impairs our ability to deliver to consumers goods at an appropriate price. And it challenges the sense in which this society can be successful, not only in this decade but in the next century.

Just to give you an idea, we are debating a bill of $7.8 billion in terms of job training, and yet we are talking about $140 billion a year that we find is basically levied against our system because we have the problem of drug abuse in the workplace.

The amendment which I have sent to the desk and which I called to the attention of the U.S. Senate, for which I urge Senator's serious consideration, is an amendment which would seek to signal very clearly that this Government does not endorse drug use in the marketplace. As a matter of fact, we could not endorse it and make it work. Seventy-seven percent of all the companies that hire employees in the United States do drug testing because they know that, as a matter of fact, individuals who are on drugs are not productive, are not capable, do not turn out to be good employees.

The Utah Power and Light Co. ran a survey, and they found that individuals who had tested positive on drugs were 77 percent more likely to be fired during their first 3 years of employment.

So this challenge to America, the challenge to our productivity, the challenge to our ability to appropriately deploy a resource which is scarce—training dollars—is an important challenge, and it is the drug challenge.

There are a few facts about drugs in America which are not inspiring, but they are instructive. We began to make progress in the war on drugs. From 1989 to 1992, we were driving down the number of individuals who had used an illicit drug during the last 12 months. Unfortunately, since 1992, we have seen that on the uptake and on the increase.

We will not be competitive or successful if drug use continues to go in this direction. We need, as a Government, as a society, and as a culture, to send a signal, to make it a signal which is unmistakably clear that individuals cannot contemporaneously be involved in illicit narcotics in the work force and in the achievement of other goals and dreams that are common to America.

Certainly true in the private sector—77 percent of the firms in the private sector test for drug use. Even small firms, from 1 to 499 in number, 62.3 percent of those firms test. Of course, in the large firms, 88 percent test; 88.6 percent of those firms having between 2,500 jobs and 10,000 jobs test; 88 percent of the firms with over 10,000 test. It is important to note the categories in which firms do drug testing. Manufacturers—these are the places where people who are trained to work, who go through training programs need to find jobs.

Eighty-nine percent of the manufacturers involve themselves in drug testing; 88 percent in transportation; and sales, 71 percent; financial service, only 47 percent.

I venture to say that our job training program is not going to be training mutual fund managers. We are talking about folks who will have to find themselves employed in these categories. I think in fairness to individuals who will be looking for jobs in these industries where they will be drug tested, we should say to them, you need to be drug free to be part of the job training program.

We should not allow them to continue along a pathway of mythology which says you can go ahead and be involved in illicit drugs and still be involved productively in society. You can still get a good job. The truth of the matter is, you cannot.

We need to ask ourselves whether we are really being compassionate if we have a program of job training that ignores drug use and suggests that the mythology that you can just waltz along in drug use and get a job is reality, or whether we ought to introduce people to the reality of the fact if you want a job, you want to be on the payroll, you have to be off the drug role. It is that simple.

I think these are compelling facts that we do an injustice to a population of individuals that wants to aspire to and wants to prepare for the work force if we fail to tell them very clearly and unmistakably, you cannot have both of these tracks going. It does not work. It is bad national policy.

It costs the country $140 billion a year. It will not work for you personally, because 90 percent virtually of the kinds of businesses where you get jobs will not allow you to come to work without first taking a drug test. I believe it is time for us to say we ought to have drug testing for those who are involved in job training.

We need to prepare them at the earliest time possible to understand the reality of the work force. The reality of the work force is you cannot be on the payroll if you are on drugs.

These numbers, these conditions, I think compel us to a conclusion that we need to have drug testing. I think there are other reasons to have drug testing.

We have talked over and over again, we hear people remark how scarce job training funds are, how we need more job training funds, how there is a population that needs job training but we do not have all of the resources to meet the needs.

When you have a universe of scarcity, when you have more people needing training than you have funds to train them, you have to decide who you will train. It seems to me you ought to decide to train the people who are most likely to get jobs and most likely to be able to keep those jobs.

Now, the amendment which I have sent to the desk and for which I ask consideration and approval is an amendment that says we will train people who are drug free. It is really a way of saying we want to use our training funds efficiently. We want to use them effectively. We do not want to spend a lot of money training someone, then sending them to one of the manufacturers and having them wash them out of the system.

I think that is eminently reasonable. I think it is important for us, it is fair to the worker to say we need for you to confront reality now. It is fair to America to say we ought to deploy our resource for training where it is most productive and where it will have a positive effect and where it is likely to help someone get a job, instead of perpetuating a myth for them until they run into their application which requires them to be involved in drug testing.

Millions of taxpayers' dollars have been wasted on individuals expecting to receive or receiving training but not capable of being trained as they ought to. Can you imagine how difficult it would be to try and train someone who was on drugs? It seems to me that it is eminently reasonable we ought to say to individuals, if you want a job, you need to get off drugs.

Our program ought to make a clear and unmistakable statement. I think a vote for this amendment is a vote that says we as a country ought to say to individuals honestly and early, you cannot follow both tracks. You cannot follow the drug culture and also the culture of industry.

I think we ought to make that clear. It is unfair to them. If you vote against drug testing, you vote in favor of saying continue the current policy of ignoring drug use. I think ignoring drug use is like ignoring a cancer on the body of this great Nation. We may be able to ignore it today but its presence will be felt and it will erode and undermine and the canker of it all will make it impossible for us to succeed.

I come to say stop suggesting that you can be involved in the drug culture and the culture of industry and the work ethic. That is the wrong set of values. It is wrong. It is morally wrong to suggest that you can come along, go ahead and get training, you will get a job, send them out to hit this 89, 90 percent of the companies, and then have them rejected, told that the money the taxpayers have spent for their training is wasted. I think that is morally wrong.

I think it is also a bad allocation of public resources. If the resources are scarce, train the people for jobs who can benefit from the training. Make a statement to the people who pay their taxes, who send us here to Washington, that we will honor and respect those who care enough about themselves, their families and their futures to be drug free and to seriously deal with job training, and we will prefer them over people who do not care enough about themselves or their families to stay off drugs long enough to get job training.

I cannot imagine that this body would want to reject this amendment and thereby say that we preferred to tell people that we do not have a preference between drug use and nondrug use.

This bill is not an unreasonable bill. It provides for random drug tests. It provides for drug tests on reasonable suspicion. It allows individuals who have failed the drug test to clean up their lives and to come back. It allows firms to have greater confidence in graduates of drug training programs.

It makes the right statement. It says to America we need to be productive. We need to be competitive. We need to be successful. Yes, we need to be compassionate, so compassionate that we will not allow people to sail along in the middle of a myth but we will ask people to respect reality. Early in the program if you want to be involved in training, you should be drug free.

Let me just say this is not novel or new. There are Job Corps programs. Of course, they cost $23,000 a year for full-time people. There are requirements that there be drug training there. I think it is a good program. I think it is a good requirement. I think it is a requirement that should be extended to other individuals.

I believe that this amendment which would provide for this random drug testing would provide for opportunities for individuals to be preferred if they were drug free, because it would say to individuals if you are not drug free, we will not waste the public's resource on trying to train you for a job you cannot get because of your drug habit.

I think this is an amendment which ought to have the approval of the U.S. Senate because I believe it carries a strong endorsement of the people of this country. I urge the Members of the Senate to respond constructively and vote in favor of this amendment.

I reserve the balance of my time.

Mr. SIMON. Madam President, I respect the sincerity of our new colleague from Missouri. He is dealing with a problem that is unquestionably a major problem in our society.

I believe his approach is wrong. I want to tell him why I believe his approach is wrong.

First of all, if you take the logic of what he has to say, then why do we not take all of the citizens of this Nation and just randomly test them for drugs? We do not do that because there is an invasion of privacy that takes place if we do that.

We do that for people who are in public safety positions—pilots, people on the railroads, in positions like that.

I can recall some years ago when one of our colleagues who is no longer here announced he was going to have everyone in his Senate office tested for drugs. I guess I was around here and happened to be present and I was the next person the reporters could grab hold of and they asked me what I thought.

I said I was not going to do that. I related that we did have at one point one employee whose conduct was a little erratic and I had told my chief of staff that I wanted to talk to him and insist that he take a drug test or we were going to discharge him, and he quit before we got to that point.

I would not favor an amendment like this for Senate employees even though this is a hugely important role here. There is a basic privacy.

When you talk about people who are unemployed, you are talking about people who face disaster. What about other disaster programs? What about farmers in Missouri and Illinois or

Maine or Kansas who are getting disaster relief?

Are we going to test farmers before they get disaster relief? Or, what about people who, in Missouri and Illinois, receive flood relief? We had a major problem in our two States. That is disaster assistance. Are we going to send a signal to the Nation: Sorry, if you cannot pass a drug test, we are not going to give you flood relief? I do not think we want to go down that road.

I am sure any study will show that people who have house mortgages under FHA and have a drug problem are much greater risks. Should we test everyone who wants to get a house mortgage in this country? Again, I think we should not go down that road. And I have a few other points, and then I am going to have to leave before my colleague even has a chance to rebut my arguments here.

I have heard a lot of speeches about unfunded mandates on this floor. I made a few myself and my guess is maybe the new Senator from Missouri has made a few speeches on unfunded mandates. This is an unfunded mandate. It costs about $35 apiece for these tests. And, incidentally—maybe not so incidentally—about 4 percent of the tests are inaccurate. So if we test 500,000 people, 20,000 of those tests—no small number—are inaccurate.

Do we have a problem? Should we deal with it? You bet. But the House of Representatives has just cut 23 percent from drug treatment and prevention. That is what we ought to be working on.

I visited Cook County jail—9,000 prisoners. I visited with a group of prisoners in the minimum security area, about 40 of them, in what is like an old army barracks that I remember. I was going around talking to them, and I said to one fellow, ''What can we do to be of help to you?'' He said, ''I want to get into drug treatment.''

I turned to the warden and I said, ''How come he cannot get into drug treatment?'' The warden said, ''We have 9,000 prisoners and places for 200 in drug treatment.''

I turned to this room with 40 people and said, ''How many of you would like to get into drug treatment?'' Probably three-quarters of them raised their hands.

If the Senator from Missouri wants to increase funding for drug treatment in our country, I will cosponsor the amendment. That is what we ought to do. We ought to do much more along that line.

Then, finally, let me just add one other point. Why do people go on drugs? I think there is a variety of reasons, but one factor for a great many is a lack of hope. What job training does is to give that spark of hope to a lot of people who have just given up in our society. I do not question for a moment the motivation of the junior Senator from Missouri. He is dealing with a problem that is very real, and he wants to do something to solve it. I want to do something to solve it. I do not think this does anything to solve it, and it creates some real problems. So I will, tomorrow when we vote on this, vote against it.

I yield the floor.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. Madam President, I thank my friend from Illinois. I really regret the fact he is leaving, because I would like to have a chance to respond. But I understand people leave this Senate very frequently. I would like to address, and I hope he will not be offended if I address very specifically, the arguments which he has raised, in his absence. I do not do that because he is leaving in anticipation he will not refute me, but I do it because, though he is leaving, I cannot do it at any other time.

Mr. SIMON. I understand.

Mr. ASHCROFT. The Senator raised a number of questions. If we are going to drug test individuals who are in the job training program, why not drug test farmers in Missouri who get crop subsidies in some way? Here are the reasons to drug test individuals. They are going to be drug tested anyway, and the benefit we give them is going to be lost. They are not going to get the jobs. Madam President, 89 percent of the manufacturers are going to say, ''No dice. You are on drugs. You cannot work here.'' We are going to have spent $1,000, $2,000, $3,000, up to $20,000, $21,000, $22,000, $23,000 on these individuals and what are they going to do? They are going to run into a brick wall.

The idea that somehow it is compassionate to say, ''That is quite all right. Just stay with your drugs. Don't worry, we aren't going to test you. Because we are not going to test everybody, we cannot test you.'' These are the folks who are going to run into the wall of tests as soon as they try to get jobs. These tests I am recommending are related to the fact we are trying to give them a benefit for purpose of employment. And one of the things that will stop them from enjoying the benefit is the fact they will have to take a drug test.

It seems to me it is eminently reasonable that, instead of saying we will spend the $5,000, $10,000, $15,000, $20,000 on your training and then you take the drug test, why do you not take the drug test first? Why do you not make a part of your preparation for the rest of your life, part of the development for the workplace—why do you not make it so you move yourself into a drug-free category?

No. 2, he said, ''Why do we not do the farmers and the flood relief people,'' as if we pick and choose between farmers and individuals who get flood relief. Not so, we do not do it that way. But we do pick and choose. How often has it been said in this debate alone, ''I wish we had more money. I wish we had more training. We need more training.'' So we are picking and choosing, except we are not picking and choosing wisely. We have decided we will just ignore the fact that some of the individuals who are in the program have a far lower opportunity to succeed than others. They are people on drugs.

Why do we not—since this resource is scarce, since we do not have a lot of money, since we have limited resources—why do we not focus it on people who are likely to succeed? It seems to me that is a question that hardly demands an answer.

Then, that is an unfunded mandate; somehow, that this is costly to the States, when you could spend $35 to find out you are not going to waste $5,000, $10,000, $15,000 or $20,000 on people because people will later run into a wall or not have the kind of training for the job for which they were seeking training. It seems to me this is a classic case of the ounce of prevention is better than the pound of cure.

They get a pound of cure. They get pounded when they go to ask for a job. They ought to have this clear statement made earlier. The Senator kindly says, if I would just agree to build drug treatment centers all over the country and fund drug treatment, he would be a cosponsor. I really think we ought to be involved in something other than treatment. This is a way for us to say let us prevent this. Let us not try to slam this gate after the horses are gone. Do you know what the success rate is for drug treatment centers that are sponsored by the Government? It is so low, it is less than 5 percent. It is less than 5 percent. And we want to do that instead of telling people up front they should not be involved in drugs? It is no wonder what is happening to us is that we are seeing this escalation.

We need to stop this escalation. We need to say it is time for us to wake up to reality. Let us not focus our resources on those who will not be able to benefit from them. Let us not perpetuate the myth that they can be a part of the drug culture and the work culture at the same time, and send them out to have these doors slammed in their faces. That is not compassion. That is not kindness.

We are sticking our heads in the sand while they are sticking needles into their arms. We need to be real, and we need to ask them to confront reality.

I yield the floor and reserve the remainder of my time.

Mrs. KASSEBAUM. Madam President, I, too, share the comments made by the Senator from Illinois in admiration for the sincerity and dedication of the Senator from Missouri in his efforts on this amendment. We all worry about the problem of drug abuse. Certainly, I think he makes a case, that if we are getting into job training, why should we not make sure during that process that those men and women who are engaged in programs will come out of it stronger and more able to be participants in a positive way in the work force?

I share the concerns raised about unfunded mandates. I know the Senator

from Missouri has said we talk about unfunded mandates and we talk about prevention programs. But this mandate becomes part of the equation on this that I think we must address. Because I believe it requires mandatory testing, I simply have to oppose the amendment as it is offered at this point.

Under the legislation, as I understand it, the Governor of each State is responsible for administering the job training program. In some cases the Governor can contract with the private sector for necessary services. In other cases county officials or community colleges will run the program.

Is that correct?

Mr. ASHCROFT. My understanding is that the local entity, whether it is the Governor or whether another institution, would be responsible.

Mrs. KASSEBAUM. So the cost of the drug testing for job training applicants and participants would be paid for by the State or local government, or by the private sector, potentially?

Mr. ASHCROFT. Yes. If the Senator is inquiring of me under my amendment, there is no intention on our part to have additional funding from the Federal Government outside the block grant.

Mrs. KASSEBAUM. I am assuming that States could take funds to pay for this out of the job training moneys that are in the block grant going back to the State?

Mr. ASHCROFT. That is correct.

Mrs. KASSEBAUM. Or even vocational education dollars?

Mr. ASHCROFT. They could match this with resources of their own. The bill does not require that any particular funding, of course, be used to conduct the drug testing.

Mrs. KASSEBAUM. Madam President, I tend to believe the costs will be substantial. Local drug testing labs charge between $22 and $50 per test, with an additional $5 to $8 for a doctor to review the test to eliminate any false positives. If we have one-half million to 1 million individuals in job training programs, the total cost of drug testing could run into millions of dollars. We could also say this will be well worth the effort because we will be able, hopefully, to provide some assistance to those who are in job training.

Perhaps I did not understand the Senator from Missouri correctly. Did he say he did not think they should then be in a prevention program?

Mr. ASHCROFT. No. We do not specify what can happen. We just say that they are eligible to apply again for participation, and, if they can apply and demonstrate that they are drug free, then they are eligible for participation. So there is no continuing prejudice as a result of a single negative drug test. The multiple drug test amendment provides that after several drug tests, all of which are positive, the person has to wait for about a 2-year period before coming in to ask again for an application in the program.

Mrs. KASSEBAUM. I think that anybody who would be in testing would have to be a participant in some type of treatment program. It seems to me that this becomes a part of the process that would be necessary. I really feel that we are adding a significant burden.

I know it is of concern to the Governors. I received a letter from Governor Engler of Michigan and Governor Branstad of Iowa, respectively. They say that they write to share their concerns regarding the mandate of drug testing of job training participants. If I may quote the letter:

> In keeping with the principles adopted by the Republican Governors Association, we believe it is imperative for the States to have the maximum flexibility and freedom from mandates. If States want to use drug testing as a screening mechanism, then States should have the ability to do so. However, to make this a national policy is overprescriptive and holds serious cost implications in this time of budget cutback. We appreciate the concerns for our views and encourage you to oppose efforts that would mandate this effort.

The Senator from Missouri mentioned the Job Corps program. This is the one program where they have had a zero tolerance policy. There have been major drug problems in some of the Job Corps centers. I think it is a real tragedy. Again, this is the place where they should be making sure that any drug trafficking and any use of drugs be closely monitored and not be tolerated. They are beginning to make some inroads toward this goal.

But I can appreciate very much what the Senator is trying to say, that if they have this problem, what good will job training do if they cannot come to recognize that the problem needs to be corrected?

I would suggest to the Senator from Missouri that he consider modifying his amendment to make it voluntary and limit it to voluntary, reasonable-cause testing. It seems to me that we state then that it is something that is very important to us, encourage it be voluntary, and hope that the States and employers would join forces in making that a major effort. But I myself could not support the amendment as long as it is not mandatory for the various reasons that the Senator from Illinois outlined as well.

Mr. ASHCROFT. Madam President, let me just address these issues. And I thank the Senator from Kansas. I particularly thank her for providing me the opportunity to offer this amendment.

First of all, as it relates to whether or not this is a mandate, we are sending Federal money—$7.8 billion—in block grants. That money can be used to conduct the test. That is not an unfunded mandate. It is an opportunity to deploy the money that the Federal Government invests wisely. To take a $35 test and decide we are not going to spend $2,000 or $5,000 or $10,000 on someone who is going to fail a drug test when they go out to get a job—you can call it a Federal mandate, if you want, but any condition at all in the law, I guess, is called a Federal mandate. But the funding is in this bill.

I am delighted that the Republican Governors have written about mandates. But there are lots of other conditions in this bill. I would be most pleased to agree with the chairman that we would take all of the mandates out of this bill, but I would withdraw all of the conditions, and I would withdraw these conditions.

I hope she will submit the letters of the Republican Governors for the RECORD so that they can be clear about the fact that all of the other things in the bill that they objected to are not really less onerous. Many of them are far more onerous than this particular idea. The Job Corps obviously is the tough area. It is a residential program. It costs a lot of money. It takes the toughest cases, and in those toughest cases that is where they have problems with drugs more frequently than others. But they have recognized that it is inappropriate to spend this kind of resource and expect, having spent the kind of resource, to get good results unless we get people to be drug free. Because they have some failures does not mean that they should not do it. As a matter of fact, if they did not do drug testing, we would never know about the problem. People would just whistle through the program taking their drugs, and then hitting the wall when they go to apply for work. That is what we are really setting up as the way of handling this.

Two last points: First, this is a very generous amendment which suggests to the States that they do not have to have a specific program of testing. It says they have to develop a program, and it can be a random testing program.

It leaves it up to the States as to how to shape it, how often to have it, what numbers involved in the program. It does not say they have to do 10 per 1,000. It does not say they have to do 50 per 1,000. It says use your good judgment. It says to the States use your good judgment, but in spending this Federal resource find a way not to spend it so as to waste it, and do not lead people to believe they are on a track for a job when they are going to hit a wall of employers who say they are going to have to be tested.

The last point. The bill does provide that in addition to the random approach that Governors are allowed to select, there is a reasonable suspicion test that can be used in the program. So we are very close to what the chairman has suggested as a compromise. We do require that a State would set up a random testing program to be determined by the State. We also allow the States to participate in a reasonable suspicion imposition of a test.

I believe we should stop suggesting it is unimportant whether or not people who seek training are on drugs. We must make a statement to them. We must allocate our resource effectively,

and that means we should stop devoting resource to those who are on drugs and begin to focus the resource on those who care enough to be ready to go on the payroll by being off drugs.

I thank the Senator, and I thank the Chair.

Mrs. KASSEBAUM. Madam President, if I may just make one further comment. Of the $7.2 billion in the block grant, 25 percent is vocational education, potentially even more, 25 percent, as the Senator from Missouri knows, is job training, and 50 percent is the flex account which the Governors can use for either vocational education or the job services section.

We tried hard to keep mandates as limited as possible. We do plan that the States have one-stop service centers rather than several duplicative job service outlets because we have found from experience that it is far better to have all that information in one place than a number of places.

Mandates do creep into the legislation. It is not just turning the money over to the States but it includes, hopefully, enough flexibility that the Governors and the business community and the participants in either education or job training can design the programs to best fit their communities.

I am very supportive of the efforts behind the amendment proposed by Senator Ashcroft. I only wish that I did not feel it was going to be overly prescriptive to the extent that it could potentially reduce the moneys which have become limited for both education and training.

Mr. ASHCROFT. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mrs. KASSEBAUM. Madam President, if the Senator from Missouri is finished, I would suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that further proceedings under the call of the quorum be dispensed with.

The PRESIDING OFFICER (Mr. ASHCROFT). Without objection, it is so ordered.

MORNING BUSINESS

Mrs. KASSEBAUM. I ask unanimous consent that there now be a period for the transaction of routine morning business with Senators permitted to speak for up to 5 minutes each.

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

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT OF THE SECOND SUPPLEMENTARY AGREEMENT—MESSAGE FROM THE PRESIDENT—PM 86

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Finance.

To the Congress of the United States:

Pursuant to section 233(e)(1) of the Social Security Act (the ''Act''), as amended by the Social Security Amendments of 1977 (Public Law 95–216; 42 U.S.C. 433(e)(1)), I transmit herewith the Second Supplementary Agreement Amending the Agreement Between the United States of America and the Federal Republic of Germany on Social Security (the Second Supplementary Agreement), which consists of two separate instruments: a principal agreement and an administrative arrangement. The Second Supplementary Agreement, signed at Bonn on March 6, 1995, is intended to modify certain provisions of the original United States-Germany Social Security Agreement, signed January 7, 1976, which was amended once before by the Supplementary Agreement of October 2, 1986.

The United States-Germany Social Security Agreement is similar in objective to the social security agreements with Austria, Belgium, Canada, Finland, France, Greece, Ireland, Italy, Luxembourg, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. Such bilateral agreements provide for limited coordination between the United States and foreign social security systems to eliminate dual social security coverage and taxation, and to help prevent the loss of benefit protection that can occur when workers divide their careers between two countries.

The present Second Supplementary Agreement, which would further amend the 1976 Agreement to update and clarify several of its provisions, is necessitated by changes that have occurred in U.S. and German law in recent years. Among other things, it would extend to U.S. residents the advantages of recent German Social Security legislation that allows certain ethnic German Jews from Eastern Europe to receive German benefits based on their Social Security coverage in their former homelands.

The United States-Germany Social Security Agreement, as amended, would continue to contain all provisions mandated by section 233 and other provisions that I deem appropriate to carry out the provisions of section 233, pursuant to section 233 (c)(4) of the Act.

I also transmit for the information of the Congress a report prepared by the Social Security Administration explaining the key points of the Second Supplementary Agreement, along with a paragraph-by-paragraph explanation of the effect of the amendments on the principal agreement and the related administrative arrangement. Annexed to this report is the report required by section 233(e)(1) of the Act on the effect of the agreement on income and expenditures of the U.S. Social Security program and the number of individuals affected by the agreement. The Department of State and the Social Security Administration have recommended the Second Supplementary Agreement and related documents to me.

I commend the United States-Germany Second Supplementary Social Security Agreement and related documents.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *October 10, 1995*.

MESSAGES FROM THE HOUSE RECEIVED DURING ADJOURNMENT

Under the authority of the order of the Senate of January 4, 1995, the Secretary of the Senate, on September 29, 1995, during the adjournment of the Senate, received a message from the House of Representatives announcing that the Speaker has signed the following enrolled bill:

H.R. 2404. An act to extend authorities under the Middle East Peace Facilitation Act of 1994 until November 1, 1995, and for other purposes.

Under the authority of the order of the Senate of January 4, 1995, the enrolled bill was signed on October 2, 1995, during the adjournment of the Senate by the President pro tempore (Mr. THURMOND).

Under the authority of the order of the Senate of January 4, 1995, the Secretary of the Senate, on October 2, 1995, during the adjournment of the Senate, received a message from the House of Representatives announcing that the Speaker has signed the following enrolled bills:

S. 895. An act to amend the Small Business Act to reduce the level of participation by the Small Business Administration in certain loans guaranteed by the administration, and for other purposes.

H.R. 2288. An act to amend part D of title IV of the Social Security Act to extend for 2 years the deadline by which States are required to have in effect an automated data processing and information retrieval system for use in the administration of State plans for child and spousal support.

Under the authority of the order of the Senate of January 4, 1995, the enrolled bills were signed on October 3, 1995, during the adjournment of the

Senate by the President pro tempore (Mr. THURMOND).

MESSAGES FROM THE HOUSE

At 11:11 a.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 1601. An act to authorize appropriations to the National Aeronautics and Space Administration to develop, assemble, and operate the International Space Station.

The message also announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 94. Concurrent resolution authorizing the use of the rotunda of the Capitol for a dedication ceremony incident to the placement of a bust of Raoul Wallenberg in the Capitol.

At 2:40 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that pursuant to section 203(b)(1)(G) of Public Law 102–166, the majority leader and minority leader appoint Mrs. KELLY of New York to serve as a member of the Glass Ceiling Commission.

MEASURES REFERRED

The following bill was read the first and second times by unanimous consent and referred as indicated:

H.R. 1601. An act to authorize appropriations to the National Aeronautics and Space Administration to develop, assemble, and operate the International Space Station; to the Committee on Commerce, Science, and Transportation.

MEASURES PLACED ON THE CALENDAR

The following measure was read the second time and placed on the calendar:

H.R. 927. An act to seek international sanctions against the Castro government in Cuba, to plan for support of a transition government leading to a democratically elected government in Cuba, and for other purposes.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on October 3, 1995, he had presented to the President of the United States, the following enrolled bill:

S. 895. An act to amend the Small Business Act to reduce the level of participation by the Small Business Administration in certain loans guaranteed by the administration, and for other purposes.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–1474. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the report on the extent of compliance of the independent states of the former Soviet Union with the Biological Weapons Convention and other international agreements; to the Committee on Armed Services.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BINGAMAN:

S. 1298. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel *Shooter*, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. PRYOR:

S. 1299. A bill to amend the Internal Revenue Code of 1986 to bring opportunity to small business and taxpayers; to the Committee on Finance.

By Mr. BREAUX:

S. 1300. A bill to amend the Internal Revenue Code of 1986 to simplify the method of payment of taxes on distilled spirits; to the Committee on Finance.

By Mr. SPECTER:

S. 1301. A bill to amend the Goals 2000: Educate America Act to eliminate the National Education Standards and Improvement Council and requirements concerning opportunity-to-learn standards, to limit the authority of the Secretary of Education to review and approve State plans, to permit certain local educational agencies to receive funding directly from the Secretary of Education, and for other purposes; to the Committee on Labor and Human Resources.

By Ms. MIKULSKI:

S. 1302. A bill to restore competitiveness to the sugar industry by reforming the Federal Sugar Program and thereby ensuring that consumers have an uninterupted supply of sugar at reasonable prices, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. MCCAIN (for himself, Mr. BAUCUS, Mr. BINGAMAN, Mr. CAMPBELL, Mr. INOUYE, Mr. KYL, Mr. STEVENS, and Mr. THOMAS):

S. 1303. A bill to amend the Internal Revenue Code of 1986 to provide tax credits for Indian investment and employment, and for other purposes; to the Committee on Finance.

By Mr. MCCAIN (for himself, Mr. BAUCUS, Mr. BINGAMAN, Mr. DOMENICI, Mr. FEINGOLD, Mr. INOUYE, Mr. KOHL, Mr. KYL, Mr. STEVENS, and Mr. THOMAS):

S. 1304. A bill to provide for the treatment of Indian tribal governments under section 403(b) of the Internal Revenue Code of 1986; to the Committee on Finance.

By Mr. MCCAIN (for himself, Mr. BAUCUS, Mr. CAMPBELL, Mr. DOMENICI, Mr. INOUYE, Mr. KYL, Mr. STEVENS, and Mr. THOMAS):

S. 1305. A bill to amend the Internal Revenue Code of 1986 to treat for unemployment compensation purposes Indian tribal governments the same as State or local units of government or nonprofit organizations; to the Committee on Finance.

By Mr. MCCAIN (for himself, Mr. BAUCUS, Mr. CAMPBELL, Mr. DOMENICI, Mr. INOUYE, and Mr. KYL):

S. 1306. A bill to amend the Internal Revenue Code of 1986 to provide for the issuance of tax-exempt bonds by Indian tribal governments, and for other purposes; to the Committee on Finance.

By Mr. MCCAIN (for himself, Mr. BAUCUS, Mr. DOMENICI, and Mr. INOUYE):

S. 1307. A bill to amend the Internal Revenue Code of 1986 to exempt from income taxation income derived by a member of an Indian tribe directly or through a qualified Indian entity derived from natural resources activities; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. PRYOR:

S. 1299. A bill to amend the Internal Revenue Code of 1986 to bring opportunity to small business and taxpayers; to the Committee on Finance.

THE BRINGING OPPORTUNITY TO OUR SMALL BUSINESS AND TAXPAYERS ACT

Mr. PRYOR. Madam President, on December 27, 1994, while in Arkansas over the last Christmas holiday, I announced one of the most important legislative initiatives for the 104th Congress. I call it, Bringing Opportunity to Our Small Businesses and Taxpayers—or BOOST.

BOOST is a five-point initiative that addresses problems faced by everyday individual taxpayers, small businesses, and family farms.

Madam President, BOOST delivers a much-needed dose of fairness to small taxpayers, and it provides a clear path toward capitalizing on two of our country's greatest assets—small business and the family farm.

Over these past 9 months, I have worked with my colleagues on both sides of the aisle to introduce the five bills which make up the BOOST package. Today, I am introducing these five important bills as a combined package. I believe this is important because it represents a collective vision for helping small business and the average individual taxpayer—one which we can do quickly with bipartisan support while causing very little drain, if any, or the Federal budget.

We can act quickly because the Finance Committee will meet this week to consider tax legislation as part of the budget reconciliation package which will soon come to the Senate floor. Madam President, the issues raised by the BOOST package are not politically charged, in fact, they are all issues that can pull us together.

The five bills I am referring to are as follows:

First, the Taxpayer Bill of Rights II, S. 258, introduced by Senator GRASSLEY and myself;

Second, a bill to make the 100 percent health care deduction for the self-employed, S. 262, introduced by Senator GRASSLEY, Senator ROTH, and myself;

Third, the S Corporation Reform Act of 1995, S. 758, introduced by Senator HATCH and myself;

Fourth, the Pension Simplification Act of 1995, S. 1006, introduced by Senator HATCH and myself; and

Fifth, the American Family-Owned Business Act of 1995, S. 1086, introduced by Senator DOLE and myself.

Madam President, each of these bills enjoys a broad base of support from small business and agriculture organizations; each has a balanced cosponsor list of both Republican and Democratic Senators; and each has been introduced in the House of Representatives with similar strong bipartisan support.

The bills have three primary goals.

The first is to create capital formation opportunities for American small business owners and their employees. The resulting payoff will be more jobs created in a sector that already creates over one-half of all new jobs in our country.

The second is to simplify the rules that small businesses must comply with in dealing with the Internal Revenue Service, resulting in reduced cost to small business whose resources may be better spent on business expansion and their employees' retirement savings.

And third, a very important goal of the BOOST package is to safeguard the rights of smaller taxpayers in their dealings with the IRS. The goal: to inspire greater taxpayer confidence in our tax system by making it more fair and more accountable.

Of course, these are all goals that every one of us can support in principle. But it is important to point out that BOOST is more than just a set of worthy goals. It is an actual nuts and bolts proposal which has attracted strong and broad bipartisan support. And even more than that, it carries only a modest revenue cost in times when it is very difficult to act in light of our Federal budget deficit.

Madam President, the enactment of BOOST will send a message that Congress can work together to achieve practical solutions to the very real problems faced by American small business and the individual American taxpayer. I hope we can enact this legislation very soon and send this message.

Madam President, I do want to comment on each of the five-points of the BOOST package.

TAXPAYER BILL OF RIGHTS II

On January 23 of this year, Senator GRASSLEY and I came to the Senate floor and introduced the Taxpayer Bill of Rights II, along with 20 cosponsors—12 Democrats and 8 Republicans. The Taxpayer Bill of Rights II builds on the foundation laid by the original Taxpayer Bill of Rights passed in 1988 and is the next natural step in requiring the IRS achieve higher standards of accuracy, timeliness and fair play in providing taxpayer service.

The Taxpayer Bill of Rights II achieves these new standards through 27 provisions, including:

First, expanding the authority of the Taxpayer Advocate to prevent hardships on taxpayers.

Second, requiring the IRS to abate interest when it has made an unreasonable error or delay, and enable the courts the power to review the interest abatement determination.

Third, strengthen the code so a taxpayer can recover out-of-pocket costs incurred in a case in which the IRS position was not substantially justified.

Finally, prohibit the IRS from issuing retroactive proposed regulations.

Madam President, the Taxpayer Bill of Rights II contains many more commonsense provisions designed to safeguard the rights of taxpayers and instill some confidence into our system of taxation.

Madam President, I would like to point out that the Taxpayer Bill of Rights II was passed twice in 1992 but was vetoed because it was included as part of two large tax bills with which President Bush did not agree. I believe the time is now to enact this legislation, and I am committed to work along with my friend Senator Grassley to push the Taxpayer Bill of Rights II into law.

100 PERCENT DEDUCTION FOR SELF-EMPLOYED

The next important piece of the BOOST package is a bill, introduced by Senator GRASSLEY, Senator ROTH, and myself to make the health insurance premiums for the self-employed 100 percent deductible.

Earlier this year, the Congress passed, and the President signed into law, H.R. 831 which restored the 25 percent care deduction in 1994, increased the deduction to 30 percent for 1995, and permanently extended the 30 percent deduction for all years in the future. This was an important and positive step. The fact that the Senate could move such a tax bill without amendment underscored the widespread bipartisan support and importance of this effort.

It is now important to take the next step of making health insurance premiums 100 percent deductible for the self-employed.

Madam President, large corporations now enjoy a 100 percent deduction, and on top of this, they typically pay smaller insurance premiums because they have a larger number of employees.

So, the self-employed pay higher insurance premiums, and to compound it, they can only take a 30 percent tax deduction for premiums paid—a double penalty. These over 9 million self-employed small businessmen and women are innovators and job creators—people we should encourage, not penalize. That is why BOOST contains this important provision to make the deduction 100 percent.

THE S CORPORATION REFORM ACT OF 1995

On May 4, 1995, my friend and colleague, Senator HATCH, and I introduced the S Corporation Reform Act of 1995, S. 758.

The bill is endorsed by the U.S. Chamber of Commerce, National Federation of Independent Business, the American Institute of Certified Public Accountants, and the members of the S Corporation Subcommittee of the American Bar Association. Today, we have 32 Senate cosponsors—12 Democrats and 20 Republicans.

As you can tell, this legislation is the culmination of the efforts of many, and certainly represents a step Congress can and should take in order to capitalize on one of our country's most valuable resources—small business.

Today, close to 2 million U.S. businesses are S Corporations, and these businesses are still subject to many of the oppressive restraints which date back to its original enactment in 1958.

Madam President, it goes without saying that times have changed since 1958. The financial environment is far more complex, and the 1950's Sub S limitations restrict growth opportunities. Frankly, Sub S needs an overhaul.

This legislation is the overhaul we need. It is an overhaul that is doable. And it is an overhaul that can give a boost to our economic recovery by creating more opportunities for capital growth and jobs in our country.

PENSION SIMPLIFICATION FOR SMALL BUSINESS

On June 30, 1995, Senator HATCH and I introduced the Pension Simplification Act of 1995. This legislation contains provisions that target complex and costly rules effecting pension plans offered by small businesses—and there is a very good reason for this action.

In 1993, 83 percent of companies with 100 or more employees offered some type of retirement plan. In contrast, in businesses with less than 25 employees, only 19.6 percent of these employees had an employer-provided pension plan available to them, and only 15 percent of these employees participated in the plan.

A major factor contributing to this dismal statistic is the sky-high per-participant cost of establishing and maintaining a pension plan for small business. This legislation alleviates the high cost barriers for small business by creating a tax credit which can be applied toward the start-up costs of providing a new plan for employers with 50 or fewer employees.

Next, the bill slashes extensive annual nondiscrimination testing requirements for firms where no employee is highly compensated. These two provisions alone will significantly reduce the cost of starting up and maintaining a retirement plan for employers of small business. With these barriers lowered, we will be encouraging retirement savings for our Nation's small business worker.

AMERICAN FAMILY-OWNED BUSINESS ACT

The fifth point of BOOST was introduced on July 28, 1995, by Senator DOLE and myself—we call it the American Family-Owned Business Act.

Madam President, the impact of the estate tax on a family-owned business is devastating because of one simple fact—the rates are too high. The rates reach 55 percent of the value of an estate very quickly, and the tax bill comes due abruptly on the death of a loved one who also happens to be an invaluable asset to the family business.

For families whose major asset is its business, many times these enterprises are literally forced out of business because of the imposition of the estate tax. The effect is a disruption in not only the family's life but the lives of the employees of the business and the community that depends on or enjoys the goods or services provided by the business.

Contrast this scenario with the little to no impact the estate tax has on widely held businesses and you discover a disturbing reality in our current tax code—we place closely-held, family-owned businesses at a significant disadvantage when compared to widely held businesses.

Senator DOLE and I introduced the American Family-Owned Business Act with 44 cosponsors. Virtually every small business and agriculture organization in America has endorsed this bill. It carefully targets estate tax relief to family businesses whose major asset is its business and whose family members will materially participate in the business for years to come.

The message of the American Family-Owned Business Act is that we will treat family businesses more fairly, and in doing so, we will foster an environment which encourages family entrepreneurship. I am proud to work with the Majority Leader on this effort and I look forward to its passage.

PAY-FOR

Madam President, although BOOST package has only a moderate cost to the Federal Treasury, I do believe we must pay for these tax code reforms through cuts in spending.

I propose to pay for these important reforms from the provisions from my bill, S. 573, the Spending Reductions Act of 1996, which would save $5.374 billion in fiscal year 1996.

In order to achieve these savings, I first proposed a modest reduction in the Government's spending on Federal contractors. This is a broad topic I have focused on for over 14 years. But today, I am not proposing to address all of the problems involved with the Federal Government's extensive reliance on contractors and consultants. I simply want to address the concern expressed by the voters in the 1992 and 1994 elections to shrink the size of Government.

The Congress only acted half-way in responding to this message when it voted to cut the number of Federal employees by 12 percent, because Congress has yet to order a corresponding reduction in the contractor work force. This contractor work force has been growing at a rapid rate over the past 10 years, while at the same time, the number of Federal workers has actually declined. In the early 1980's, the Federal Government spent roughly $40 billion on service contracts. Last year, in fiscal year 1994, the Federal Government spent $110 billion on service contracts. My proposal is to reduce this amount for 1996, a modest 4.5 percent.

Madam President, this reduction will still permit agencies to get their work done, but it will also reduce some of the waste that comes from too much money being spent without adequate oversight. For example, at my request, the inspector general at the Pentagon has been looking at some contracts awarded by the star wars program. Listen to some of the problems they found with the three contracts they audited:

First, cost overruns on the contracts totalled $3.1 million.

Second, the contractor awarded prohibited subcontracts worth several million dollars.

Third, one contractor charged the Government for 588 hours of work that it did not actually perform.

I believe a reduction in spending, as I have proposed, will force agencies to spend money more wisely and eliminate such waste.

My next spending cut proposal will reduce spending on Federally Funded Research and Development Centers [FFRDC's] at the Department of Defense. FFRDC's, like Mitre, Rand, and the Center for Naval Analysis are contractors who work solely for the Federal Government. While these contractors perform some valuable service, I believe it is appropriate to cut back a modest amount on these in-house consulting companies, as we have on the Federal work force and as I am proposing on service contracts.

Madam President, our taxpayers should not continue being billed for the very high salaries and overhead being charged by these Government-run consulting firms. For example, the head of Aerospace made $230,000 in 1991 and $265,000 in 1992. I have no idea what they made in 1993 and 1994, but I imagine the increase has been alarming. This in-house Government contractor was making more than the President of the United States. My proposal would reduce spending on FFRDC's by $162.7 million from the amount authorized by the Department of Defense authorization bill. This would still leave over $1 billion for these companies.

Madam President, my final proposal to reduce spending involves an issue that I have worked on for a number of years—the export of arms to countries around the world. I am not proud of the fact that the United States is the leading arms exporter. We sell 53 percent of all the arms in international trade. However, my proposal is not targeted at totally reforming this arms trade, that is a battle for the future. I simply propose that we reduce the spending in our foreign military financing program by $271.5 million from the total budget of $3.7 billion.

Taken together, these spending reductions amount to over $5 billion in 1996. It is more than enough to cover the costs of the BOOST package for this year and to give the small family owned business and the family farmers a real break that they justly deserve.

CONCLUSION

In conclusion, I would just like to say that—while some in Washington are consumed with passing or blocking the huge tax cuts reported on the front page of every newspaper, we, in Congress, should all be concerned with the practical, commonsense, and relatively inexpensive changes that will help the American taxpayer believe that Government can work for, not against, them. Also, to allow and to encourage those entrepreneurs to create jobs for people who will be paying taxes and who will be boosting our local communities.

Our program, the BOOST program, is such a change. It offers an opportunity. It gives people a chance, it should give people hope where hope has not been present. It reaffirms a commitment to fairness for small taxpayers and capitalizes on one of our country's greatest assets—small business and the family farm.

I am urging, Madam President, my colleagues to join me in supporting BOOST to be included in any tax legislation sent from this Senate. Madam President, I ask unanimous consent that a copy of the bill and a brief summary be included in the RECORD.

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

S. 1299

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

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Bringing Opportunity to Our Small Business and Taxpayers (BOOST) Act''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

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

TITLE I—TAXPAYER BILL OF RIGHTS 2

SEC. 1001. SHORT TITLE.

This title may be cited as the ''Taxpayer Bill of Rights 2''.

Subtitle A—Taxpayer Advocate

SEC. 1011. ESTABLISHMENT OF POSITION OF TAXPAYER ADVOCATE WITHIN INTERNAL REVENUE SERVICE.

(a) GENERAL RULE.—Section 7802 (relating to Commissioner of Internal Revenue; Assistant Commissioner (Employee Plans and Exempt Organizations)) is amended by adding at the end the following new subsection:

''(d) OFFICE OF TAXPAYER ADVOCATE.—

''(1) IN GENERAL.—There is established in the Internal Revenue Service an office to be known as the 'Office of the Taxpayer Advocate'. Such office, including all problem resolution officers, shall be under the supervision and direction of an official to be known as the 'Taxpayer Advocate' who shall report directly to the Commissioner of Internal Revenue. The Taxpayer Advocate shall be entitled to compensation at the same rate as the Chief Counsel for the Internal Revenue Service.

''(2) FUNCTIONS OF OFFICE.—

''(A) IN GENERAL.—It shall be the function of the Office of Taxpayer Advocate to—

''(i) assist taxpayers in resolving problems with the Internal Revenue Service,

''(ii) identify areas in which taxpayers have problems in dealings with the Internal Revenue Service,

''(iii) to the extent possible, propose changes in the administrative practices of the Internal Revenue Service to mitigate problems identified under clause (ii), and

''(iv) identify potential legislative changes which may be appropriate to mitigate such problems.

''(B) ANNUAL REPORTS.—

''(i) OBJECTIVES.—Not later than June 30 of each calendar year after 1995, the Taxpayer Advocate shall report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the objectives of the Taxpayer Advocate for the fiscal year beginning in such calendar year. Any such report shall contain full and substantive analysis, in addition to statistical information.

''(ii) ACTIVITIES.—Not later than December 31 of each calendar year after 1995, the Taxpayer Advocate shall report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the activities of the Taxpayer Advocate during the fiscal year ending during such calendar year. Any such report shall contain full and substantive analysis, in addition to statistical information, and shall—

''(I) identify the initiatives the Taxpayer Advocate has taken on improving taxpayer services and Internal Revenue Service responsiveness,

''(II) contain recommendations received from individuals with the authority to issue taxpayer assistance orders under section 7811,

''(III) contain a summary of at least 20 of the most serious problems encountered by taxpayers, including a description of the nature of such problems,

''(IV) contain an inventory of the items described in subclauses (I), (II), and (III) for which action has been taken and the result of such action,

''(V) contain an inventory of the items described in subclauses (I), (II), and (III) for

which action remains to be completed and the period during which each item has remained on such inventory,

''(VI) contain an inventory of the items described in subclauses (II) and (III) for which no action has been taken, the period during which each item has remained on such inventory, the reasons for the inaction, and identify any Internal Revenue Service official who is responsible for such inaction,

''(VII) identify any Taxpayer Assistance Order which was not honored by the Internal Revenue Service in a timely manner, as specified under section 7811(b),

''(VIII) contain recommendations for such administrative and legislative action as may be appropriate to resolve problems encountered by taxpayers, and

''(IX) include such other information as the Taxpayer Advocate may deem advisable.

''(iii) REPORT TO BE SUBMITTED DIRECTLY.—Each report required under this subparagraph shall be provided directly to the Committees referred to in clauses (i) and (ii) without any prior review or comment from the Commissioner of the Internal Revenue Service, the Secretary of the Treasury, any other officer or employee of the Department of the Treasury, or the Office of Management and Budget.

''(3) RESPONSIBILITIES OF COMMISSIONER OF INTERNAL REVENUE SERVICE.—The Commissioner of Internal Revenue shall establish procedures requiring a formal response to all recommendations submitted to the Commissioner by the Taxpayer Advocate.''

(b) CONFORMING AMENDMENTS.—

(1) Section 7811 (relating to taxpayer assistance orders) is amended—

(A) by striking ''the Office of Ombudsman'' in subsection (a) and inserting ''the Office of the Taxpayer Advocate'', and

(B) by striking ''Ombudsman'' each place it appears (including in the headings of subsections (e) and (f)) and inserting ''Taxpayer Advocate''.

(2) The heading for section 7802 is amended to read as follows:

''SEC. 7802. COMMISSIONER OF INTERNAL REVENUE; ASSISTANT COMMISSIONERS; TAXPAYER ADVOCATE.''

(3) The table of sections for subchapter A of chapter 80 of subtitle F is amended by striking the item relating to section 7802 and inserting the following new item:

''Sec. 7802. Commissioner of Internal Revenue; Assistant Commissioners; Taxpayer Advocate.''

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 1012. EXPANSION OF AUTHORITY TO ISSUE TAXPAYER ASSISTANCE ORDERS.

(a) TAXPAYER'S HARDSHIP.—Section 7811(a) (relating to authority to issue) is amended by striking ''significant''.

(b) TERMS OF ORDERS.—Subsection (b) of section 7811 (relating to terms of taxpayer assistance orders) is amended—

(1) by inserting ''within a specified time period'' after ''the Secretary'', and

(2) by inserting ''take any action as permitted by law,'' after ''cease any action,''.

(c) LIMITATION ON AUTHORITY TO MODIFY OR RESCIND.—Section 7811(c) (relating to authority to modify or rescind) is amended to read as follows:

''(c) AUTHORITY TO MODIFY OR RESCIND.—Any Taxpayer Assistance Order issued by the Taxpayer Advocate under this section may be modified or rescinded only by the Taxpayer Advocate, the Commissioner, or any superior of either.''

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

Subtitle B—Modifications to Installment Agreement Provisions

SEC. 1021. TAXPAYER'S RIGHT TO INSTALLMENT AGREEMENT.

(a) IN GENERAL.—Subsection (a) of section 6159 (relating to agreements for payment of tax liability in installments) is amended to read as follows:

''(a) IN GENERAL.—

''(1) AUTHORIZATION OF AGREEMENTS.—The Secretary is authorized to enter into written agreements with any taxpayer under which such taxpayer is allowed to satisfy liability for payment of any tax in installment payments if the Secretary determines that such agreement will facilitate collection of such liability.

''(2) AGREEMENT AS A MATTER OF RIGHT.—In the case of any taxpayer other than a corporation, the Secretary shall enter into such an agreement if—

''(A) the taxpayer requests such an agreement,

''(B) the tax liability is attributable to the tax imposed under chapter 1 and is less than $10,000, and

''(C) the taxpayer has paid any tax liability for the 3 preceding taxable years at the time such liability was due.

''(3) NOTICE.—The Secretary shall include in the instructions for returns of the tax imposed under chapter 1 the rights of taxpayers under this subsection and the steps necessary to exercise those rights.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 1022. RUNNING OF FAILURE TO PAY PENALTY SUSPENDED DURING PERIOD INSTALLMENT AGREEMENT IN EFFECT.

(a) GENERAL RULE.—Section 6651 (relating to penalty for failure to file tax return or to pay tax) is amended by adding at the end the following new subsection:

''(g) TREATMENT OF INSTALLMENT AGREEMENTS UNDER SECTION 6159.—If—

''(1) an agreement is entered into under section 6159 for the payment of any tax in installments, and

''(2) the taxpayer requested the Secretary to enter into the agreement on or before the due date (including extensions) for the return of the tax,

the period during which such agreement is in effect shall be disregarded in determining the amount of any addition under paragraph (2) or (3) of subsection (a) with respect to such tax.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to installment agreements entered into after the date of the enactment of this Act.

SEC. 1023. NOTIFICATION OF REASONS FOR TERMINATION OR DENIAL OF INSTALLMENT AGREEMENTS.

(a) TERMINATIONS.—Subsection (b) of section 6159 (relating to extent to which agreements remain in effect) is amended by adding at the end the following new paragraph:

''(5) NOTICE REQUIREMENTS.—The Secretary may not take any action under paragraph (2), (3), or (4) unless—

''(A) a notice of such action is provided to the taxpayer not later than the day 30 days before the date of such action, and

''(B) such notice includes an explanation why the Secretary intends to take such action.

The preceding sentence shall not apply in any case in which the Secretary believes that collection of any tax to which an agreement under this section relates is in jeopardy.''

(b) DENIALS.—Section 6159 (relating to agreements for payment of tax liability in installments) is amended by adding at the end the following new subsection:

''(c) NOTICE REQUIREMENTS FOR DENIALS.—The Secretary may not deny any request for an installment agreement under this section unless—

''(1) a notice of the proposed denial is provided to the taxpayer not later than the day 30 days before the date of such denial,

''(2) such notice includes an explanation why the Secretary intends to deny such request, and

''(3) such notice includes a statement of the taxpayer's right to administrative review under subsection (d).

The preceding sentence shall not apply in any case in which the Secretary believes that collection of any tax to which a request for an agreement under this section relates is in jeopardy.''

(c) CONFORMING AMENDMENT.—Paragraph (3) of section 6159(b) is amended to read as follows:

''(3) SUBSEQUENT CHANGE IN FINANCIAL CONDITIONS.—If the Secretary makes a determination that the financial condition of a taxpayer with whom the Secretary has entered into an agreement under subsection (a) has significantly changed, the Secretary may alter, modify, or terminate such agreement.''

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date 6 months after the date of the enactment of this Act.

SEC. 1024. ADMINISTRATIVE REVIEW OF DENIAL OF REQUEST FOR, OR TERMINATION OF, INSTALLMENT AGREEMENT.

(a) GENERAL RULE.—Section 6159 (relating to agreements for payment of tax liability in installments), as amended by section 1023(b), is amended by adding at the end the following new subsection:

''(d) ADMINISTRATIVE REVIEW.—The Secretary shall establish procedures for an independent administrative review of denials of requests for, or terminations of, installment agreements under this section.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 1996.

Subtitle C—Interest

SEC. 1031. EXPANSION OF AUTHORITY TO ABATE INTEREST.

(a) GENERAL RULE.—Paragraph (1) of section 6404(e) (relating to abatement of interest in certain cases) is amended—

(1) by inserting ''unreasonable'' before ''error'' each place it appears in subparagraphs (A) and (B), and

(2) by striking ''in performing a ministerial act'' each place it appears.

(b) MANDATORY ABATEMENT FOR SMALL TAXPAYERS.—The first sentence of section 6404(e)(1) is amended by inserting ''in the case of a taxpayer not described in section 7430(c)(4)(A)(iii) and shall abate the assessment of such interest until the date demand for payment is made in the case of a taxpayer described in section 7430(c)(4)(A)(iii)'' before the period at the end.

(c) CLERICAL AMENDMENT.—The subsection heading for subsection (e) of section 6404 is amended by striking ''Assessments'' and inserting ''Abatement''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to interest accruing with respect to deficiencies or payments for taxable years beginning after the date of the enactment of this Act.

SEC. 1032. EXTENSION OF INTEREST-FREE PERIOD FOR PAYMENT OF TAX AFTER NOTICE AND DEMAND.

(a) GENERAL RULE.—Paragraph (3) of section 6601(e) (relating to payments made within 10 days after notice and demand) is amended to read as follows:

''(3) PAYMENTS MADE WITHIN SPECIFIED PERIOD AFTER NOTICE AND DEMAND.—If notice

and demand is made for payment of any amount and if such amount is paid within 21 days (10 days if the amount for which such notice and demand is made equals or exceeds $100,000) after the date of such notice and demand, interest under this section on the amount so paid shall not be imposed for the period after the date of such notice and demand.''

(b) CONFORMING AMENDMENT.—Paragraph (3) of section 6651(a) (relating to addition to tax for failure to file tax return or pay tax) is amended by striking ''10 days'' and inserting ''21 days (10 days if the amount for which such notice and demand is made equals or exceeds $100,000)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply in the case of any notice and demand given after December 31, 1995.

Subtitle D—Joint Returns

SEC. 1041. DISCLOSURE OF COLLECTION ACTIVITIES.

(a) GENERAL RULE.—Subsection (e) of section 6103 (relating to disclosure to persons having material interest) is amended by adding at the end the following new paragraph:

''(8) DISCLOSURE OF COLLECTION ACTIVITIES WITH RESPECT TO JOINT RETURN.—If any deficiency of tax with respect to a joint return is assessed and the individuals filing such return are no longer married or no longer reside in the same household, upon request in writing of either of such individuals, the Secretary may disclose in writing to the individual making the request whether the Secretary has attempted to collect such deficiency from such other individual, the general nature of such collection activities, and the amount collected.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 1042. JOINT RETURN MAY BE MADE AFTER SEPARATE RETURNS WITHOUT FULL PAYMENT OF TAX.

(a) GENERAL RULE.—Paragraph (2) of section 6013(b) (relating to limitations on filing of joint return after filing separate returns) is amended by striking subparagraph (A) and redesignating the following subparagraphs accordingly.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

Subtitle E—Collection Activities

SEC. 1051. MODIFICATIONS TO LIEN AND LEVY PROVISIONS.

(a) WITHDRAWAL OF CERTAIN NOTICES.—Section 6323 (relating to validity and priority against certain persons) is amended by adding at the end the following new subsection:

''(j) WITHDRAWAL OF NOTICE IN CERTAIN CIRCUMSTANCES.—

''(1) IN GENERAL.—The Secretary may withdraw a notice of a lien filed under this section and this chapter shall be applied as if the withdrawn notice had not been filed, if the Secretary determines that—

''(A) the filing of such notice was premature or otherwise not in accordance with administrative procedures of the Secretary,

''(B) the taxpayer has entered into an agreement under section 6159 to satisfy the tax liability for which the lien was imposed by means of installment payments, unless such agreement provides otherwise,

''(C) the withdrawal of such notice will facilitate the collection of the tax liability, or

''(D) with the consent of the taxpayer or the Taxpayer Advocate, the withdrawal of such notice would be in the best interests of the taxpayer (as determined by the Taxpayer Advocate) and the United States.

Any such withdrawal shall be made by filing notice at the same office as the withdrawn notice. A copy of such notice of withdrawal shall be provided to the taxpayer.

''(2) NOTICE TO CREDIT AGENCIES, ETC.—Upon written request by the taxpayer with respect to whom a notice of a lien was withdrawn under paragraph (1), the Secretary shall promptly make reasonable efforts to notify credit reporting agencies, and any financial institution or creditor whose name and address is specified in such request, of the withdrawal of such notice. Any such request shall be in such form as the Secretary may prescribe.''

(b) RETURN OF LEVIED PROPERTY IN CERTAIN CASES.—Section 6343 (relating to authority to release levy and return property) is amended by adding at the end the following new subsection:

''(d) RETURN OF PROPERTY IN CERTAIN CASES.—If—

''(1) any property has been levied upon, and

''(2) the Secretary determines that—

''(A) the levy on such property was premature or otherwise not in accordance with administrative procedures of the Secretary,

''(B) the taxpayer has entered into an agreement under section 6159 to satisfy the tax liability for which the levy was imposed by means of installment payments, unless such agreement provides otherwise,

''(C) the return of such property will facilitate the collection of the tax liability, or

''(D) with the consent of the taxpayer or the Taxpayer Advocate, the return of such property would be in the best interests of the taxpayer (as determined by the Taxpayer Advocate) and the United States,

the provisions of subsection (b) shall apply in the same manner as if such property had been wrongly levied upon, except that no interest shall be allowed under subsection (c).''

(c) MODIFICATIONS IN CERTAIN LEVY EXEMPTION AMOUNTS.—

(1) FUEL, ETC.—Paragraph (2) of section 6334(a) (relating to fuel, provisions, furniture, and personal effects exempt from levy) is amended—

(A) by striking ''If the taxpayer is the head of a family, so'' and inserting ''So'', and

(B) by striking ''$1,650 ($1,550 in the case of levies issued during 1989)'' and inserting ''$1,750''.

(2) BOOKS, ETC.—Paragraph (3) of section 6334(a) (relating to books and tools of a trade, business, or profession exempt from levy) is amended by striking ''$1,100 ($1,050 in the case of levies issued during 1989)'' and inserting ''$1,250''.

(3) INDEXED FOR INFLATION.—Section 6334 (relating to property exempt from levy) is amended by adding at the end the following new subsection:

''(f) INFLATION ADJUSTMENTS.—

''(1) IN GENERAL.—In the case of any calendar year beginning after 1996, each dollar amount referred to in paragraphs (2) and (3) of subsection (a) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, by substituting 'calendar year 1995' for 'calendar year 1992' in subparagraph (B) thereof.

''(2) ROUNDING.—If any dollar amount after being increased under paragraph (1) is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10 (or, if such dollar amount is a multiple of $5, such dollar amount shall be increased to the next higher multiple of $10).''

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) EXEMPT AMOUNTS.—The amendments made by subsection (c) shall take effect with respect to levies issued after December 31, 1995.

SEC. 1052. OFFERS-IN-COMPROMISE.

(a) GENERAL RULE.—Subsection (a) of section 7122 (relating to compromises) is amended by adding at the end the following new sentence: ''The Secretary may make such a compromise in any case where the Secretary determines that such compromise would be in the best interests of the United States.''

(b) REVIEW REQUIREMENTS.—Subsection (b) of section 7122 (relating to records) is amended by striking ''$500.'' and inserting ''$50,000. However, such compromise shall be subject to continuing quality review by the Secretary.''

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 1053. NOTIFICATION OF EXAMINATION.

(a) IN GENERAL.—Section 7605 (relating to restrictions on examination of taxpayer) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) NOTIFICATION REQUIREMENT.—No examination described in subsection (a) shall be made unless the Secretary notifies the taxpayer in writing by mail to an address determined under section 6212(b) that the taxpayer is under examination and provides the taxpayer with an explanation of the process as described in section 7521(b)(1). The preceding sentence shall not apply in the case of any examination if the Secretary determines that—

''(1) such examination is in connection with a criminal investigation or is with respect to a tax the collection of which is in jeopardy, or

''(2) the application of the preceding sentence would be inconsistent with national security needs or would interfere with the effective conduct of a confidential law enforcement or foreign counterintelligence activity.''

(b) CONFORMING AMENDMENT.—Paragraph (1) of section 7521(b) (relating to safeguards) is amended by striking ''or at''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 1054. INCREASE IN LIMIT ON RECOVERY OF CIVIL DAMAGES FOR UNAUTHORIZED COLLECTION ACTIONS.

(a) GENERAL RULE.—Subsection (b) of section 7433 (relating to damages) is amended by striking ''$100,000'' and inserting ''$1,000,000''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to actions by officers or employees of the Internal Revenue Service after the date of the enactment of this Act.

SEC. 1055. SAFEGUARDS RELATING TO DESIGNATED SUMMONS.

(a) STANDARD OF REVIEW.—Subparagraph (A) of section 6503(k)(2) (defining designated summons) is amended by redesignating clauses (i) and (ii) as clauses (ii) and (iii), respectively, and by inserting before clause (ii) (as so redesignated) the following new clause:

''(i) the issuance of such summons is preceded by a review of such issuance by the regional counsel of the Office of Chief Counsel for the region in which the examination of the corporation is being conducted,''.

(b) NOTICE REQUIREMENTS FOR ISSUANCE.—Section 6503(k) is amended by adding at the end the following new paragraph:

''(4) NOTICE REQUIREMENTS.—With respect to any summons referred to in paragraph (1)(A) issued to any person other than the corporation, the Secretary shall promptly notify the corporation, in writing, that such summons has been issued with respect to such corporation's return of tax.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to summons issued after the date of the enactment of this Act.

Subtitle F—Information Returns

SEC. 1061. PHONE NUMBER OF PERSON PROVIDING PAYEE STATEMENTS REQUIRED TO BE SHOWN ON SUCH STATEMENT.

(a) GENERAL RULE.—The following provisions are each amended by striking ''name and address'' and inserting ''name, address, and phone number of the information contact'':

(1) Section 6041(d)(1).
(2) Section 6041A(e)(1).
(3) Section 6042(c)(1).
(4) Section 6044(e)(1).
(5) Section 6045(b)(1).
(6) Section 6049(c)(1)(A).
(7) Section 6050B(b)(1).
(8) Section 6050H(d)(1).
(9) Section 6050I(e)(1).
(10) Section 6050J(e).
(11) Section 6050K(b)(1).
(12) Section 6050N(b)(1).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to statements required to be furnished after December 31, 1995 (determined without regard to any extension).

SEC. 1062. CIVIL DAMAGES FOR FRAUDULENT FILING OF INFORMATION RETURNS.

(a) GENERAL RULE.—Subchapter B of chapter 76 (relating to proceedings by taxpayers and third parties) is amended by redesignating section 7434 as section 7435 and by inserting after section 7433 the following new section:

''SEC. 7434. CIVIL DAMAGES FOR FRAUDULENT FILING OF INFORMATION RETURNS.

''(a) IN GENERAL.—If any person willfully files a false or fraudulent information return with respect to payments purported to be made to any other person, such other person may bring a civil action for damages against the person so filing such return.

''(b) DAMAGES.—In any action brought under subsection (a), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the greater of $5,000 or the sum of—

''(1) any actual damages sustained by the plaintiff as a proximate result of the filing of the false or fraudulent information return (including any costs attributable to resolving deficiencies asserted as a result of such filing), and

''(2) the costs of the action.

''(c) PERIOD FOR BRINGING ACTION.—Notwithstanding any other provision of law, an action to enforce the liability created under this section may be brought without regard to the amount in controversy and may be brought only within the later of—

''(1) 6 years after the date of the filing of the false or fraudulent information return, or

''(2) 1 year after the date such false or fraudulent information return would have been discovered by exercise of reasonable care.

''(d) COPY OF COMPLAINT FILED WITH IRS.—Any person bringing an action under subsection (a) shall provide a copy of the complaint to the Internal Revenue Service upon the filing of such complaint with the court.

''(e) FINDING OF COURT TO INCLUDE CORRECT AMOUNT OF PAYMENT.—The judgment of the court in an action brought under subsection (a) shall include a finding of the correct amount which should have been reported in the information return.

''(f) INFORMATION RETURN.—For purposes of this section, the term 'information return' means any statement described in section 6724(d)(1)(A).''

(b) CLERICAL AMENDMENT.—The table of sections for subchapter B of chapter 76 is amended by striking the item relating to section 7434 and inserting the following:

''Sec. 7434. Civil damages for fraudulent filing of information returns.
''Sec. 7435. Cross references.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to false or fraudulent information returns filed after the date of the enactment of this Act.

SEC. 1063. REQUIREMENT TO CONDUCT REASONABLE INVESTIGATIONS OF INFORMATION RETURNS.

(a) GENERAL RULE.—Section 6201 (relating to assessment authority) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

''(d) REQUIRED REASONABLE INVESTIGATION OF INFORMATION RETURNS.—If a taxpayer asserts a reasonable dispute with respect to any item of income reported on an information return filed with the Secretary under chapter 61 by a third party, the Secretary, when making a determination of a deficiency based on such information return, shall have the burden of proof with respect to such determination unless the Secretary has conducted a reasonable investigation to corroborate the accuracy of such information return.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

Subtitle G—Modifications to Penalty for Failure To Collect and Pay Over Tax

SEC. 1071. PRELIMINARY NOTICE REQUIREMENT.

(a) IN GENERAL.—Section 6672 (relating to failure to collect and pay over tax, or attempt to evade or defeat tax) is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

''(b) PRELIMINARY NOTICE REQUIREMENT.—

''(1) IN GENERAL.—No penalty shall be imposed under subsection (a) unless the Secretary notifies the taxpayer in writing by mail to an address as determined under section 6212(b) that the taxpayer shall be subject to an assessment of such penalty.

''(2) TIMING OF NOTICE.—The mailing of the notice described in paragraph (1) shall precede any notice and demand of any penalty under subsection (a) by at least 60 days.

''(3) STATUTE OF LIMITATIONS.—If a notice described in paragraph (1) with respect to any penalty is mailed before the expiration of the period provided by section 6501 for the assessment of such penalty (determined without regard to this paragraph), the period provided by such section for the assessment of such penalty shall not expire before the date 90 days after the date on which such notice was mailed.

''(4) EXCEPTION FOR JEOPARDY.—This subsection shall not apply if the Secretary finds that the collection of the penalty is in jeopardy.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to assessments made after December 31, 1995.

SEC. 1072. DISCLOSURE OF CERTAIN INFORMATION WHERE MORE THAN 1 PERSON SUBJECT TO PENALTY.

(a) IN GENERAL.—Subsection (e) of section 6103 (relating to disclosure to persons having material interest), as amended by section 1041(a), is amended by adding at the end the following new paragraph:

''(9) DISCLOSURE OF CERTAIN INFORMATION WHERE MORE THAN 1 PERSON SUBJECT TO PENALTY UNDER SECTION 6672.—If the Secretary determines that a person is liable for a penalty under section 6672(a) with respect to any failure, upon request in writing of such person, the Secretary shall disclose in writing to such person—

''(A) the name of any other person whom the Secretary has determined to be liable for such penalty with respect to such failure, and

''(B) whether the Secretary has attempted to collect such penalty from such other person, the general nature of such collection activities, and the amount collected.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 1073. PENALTIES UNDER SECTION 6672.

(a) PUBLIC INFORMATION REQUIREMENTS.—The Secretary of the Treasury or the Secretary's delegate (hereafter in this section referred to as the ''Secretary'') shall take such actions as may be appropriate to ensure that employees are aware of their responsibilities under the Federal tax depository system, the circumstances under which employees may be liable for the penalty imposed by section 6672 of the Internal Revenue Code of 1986, and the responsibility to promptly report to the Internal Revenue Service any failure referred to in subsection (a) of such section 6672. Such actions shall include—

(1) printing of a warning on deposit coupon booklets and the appropriate tax returns that certain employees may be liable for the penalty imposed by such section 6672, and

(2) the development of a special information packet.

(b) BOARD MEMBERS OF TAX-EXEMPT ORGANIZATIONS.—

(1) VOLUNTARY BOARD MEMBERS.—

(A) IN GENERAL.—The penalty under section 6672 of the Internal Revenue Code of 1986 shall not be imposed on unpaid, volunteer members of any board of trustees or directors of an organization referred to in section 501 of such Code to the extent such members are solely serving in an honorary capacity, do not participate in the day-to-day or financial operations of the organization, and do not have actual knowledge of the failure on which such penalty is imposed.

(B) APPLICATION OF PARAGRAPH.—This paragraph shall not apply if it results in no person being held liable for the penalty described in section 6672(a) of the Internal Revenue Code of 1986.

(2) DEVELOPMENT OF EXPLANATORY MATERIALS.—The Secretary shall develop materials explaining the circumstances under which board members of tax-exempt organizations (including voluntary and honorary members) may be subject to penalty under section 6672 of such Code. Such materials shall be made available to tax-exempt organizations.

(3) IRS INSTRUCTIONS.—The Secretary shall clarify the instructions to Internal Revenue Service employees on the application of the penalty under section 6672 of such Code with regard to voluntary members of boards of trustees or directors of tax- exempt organizations.

(c) PROMPT NOTIFICATION.—To the maximum extent practicable, the Secretary shall notify all persons who have failed to make timely and complete deposit of any taxes described in section 6672 of the Internal Revenue Code of 1986 of such failure within 30 days after the return was filed reflecting such failure or after the date on which the Secretary is first aware of such failure. If the person failing to make the deposit is not an individual, the Secretary shall notify the entity subject to such deposit requirement and that entity shall notify, within 15 days of the notification by the Secretary, all officers, general partners, trustees, or other managers of the failure.

Subtitle H—Awarding of Costs and Certain Fees

SEC. 1081. MOTION FOR DISCLOSURE OF INFORMATION.

Paragraph (4) of section 7430(c) (defining prevailing party) is amended by adding at the end the following new subparagraph:

''(C) MOTION FOR DISCLOSURE OF INFORMATION.—Once a taxpayer substantially prevails as described in subparagraph (A)(ii), the taxpayer may file a motion for an order requiring the disclosure (within a reasonable period of time specified by the court) of all information and copies of relevant records in the possession of the Internal Revenue Service with respect to such taxpayer's case and the substantial justification for the position taken by the Internal Revenue Service.''

SEC. 1082. INCREASED LIMIT ON ATTORNEY FEES.

Paragraph (1) of section 7430(c) (defining reasonable litigation costs) is amended—

(1) by striking ''$75'' in clause (iii) of subparagraph (B) and inserting ''$110'',

(2) by striking ''an increase in the cost of living or'' in clause (iii) of subparagraph (B), and

(3) by adding after clause (iii) the following:

''In the case of any calendar year beginning after 1995, the dollar amount referred to in clause (iii) shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, by substituting 'calendar year 1994' for 'calendar year 1992' in subparagraph (B) thereof. If any dollar amount after being increased under the preceding sentence is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10 (or, if such dollar amount is a multiple of $5, such dollar amount shall be increased to the next higher multiple of $10).''

SEC. 1083. FAILURE TO AGREE TO EXTENSION NOT TAKEN INTO ACCOUNT.

Paragraph (1) of section 7430(b) (relating to requirement that administrative remedies be exhausted) is amended by adding at the end the following new sentence: ''Any failure to agree to an extension of the time for the assessment of any tax shall not be taken into account for purposes of determining whether the prevailing party meets the requirements of the preceding sentence.''

SEC. 1084. AUTHORITY FOR COURT TO AWARD REASONABLE ADMINISTRATIVE COSTS.

Section 7430(c)(7)(B) is amended to read as follows:

''(B) the position taken in an administrative proceeding to which subsection (a) applies.''

SEC. 1085. EFFECTIVE DATE.

The amendments made by this subtitle shall apply in the case of proceedings commenced after the date of the enactment of this Act.

Subtitle I—Other Provisions

SEC. 1091. REQUIRED CONTENT OF CERTAIN NOTICES.

(a) GENERAL RULE.—Subsection (a) of section 7522 (relating to content of tax due, deficiency, and other notices) is amended by striking ''shall describe the basis for, and identify'' and inserting ''shall set forth the adjustments which are the basis for, and shall identify''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to notices sent after the date 6 months after the date of the enactment of this Act.

SEC. 1092. TREATMENT OF SUBSTITUTE RETURNS UNDER SECTION 6651.

(a) GENERAL RULE.—Section 6651 (relating to failure to file tax return or to pay tax), as amended by section 1022(a), is amended by adding at the end the following new subsection:

''(h) TREATMENT OF RETURNS PREPARED BY SECRETARY UNDER SECTION 6020(b).—In the case of any return made by the Secretary under section 6020(b)—

''(1) such return shall be disregarded for purposes of determining the amount of the addition under paragraph (1) of subsection (a), but

''(2) such return shall be treated as the return filed by the taxpayer for purposes of determining the amount of the addition under paragraphs (2) and (3) of subsection (a).''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply in the case of any return the due date for which (determined without regard to extensions) is after the date of the enactment of this Act.

SEC. 1093. RELIEF FROM RETROACTIVE APPLICATION OF TREASURY DEPARTMENT REGULATIONS.

(a) IN GENERAL.—Subsection (b) of section 7805 (relating to rules and regulations) is amended to read as follows:

''(b) RETROACTIVITY OF REGULATIONS.—

''(1) IN GENERAL.—Except as otherwise provided in this subsection, no temporary, proposed, or final regulation relating to the internal revenue laws shall apply to any taxable period ending before the earliest of the following dates:

''(A) The date on which such regulation is filed with the Federal Register.

''(B) In the case of any final regulation, the date on which any proposed or temporary regulation to which such final regulation relates was filed with the Federal Register.

''(C) The date on which any notice substantially describing the expected contents of any temporary, proposed, or final regulation is issued to the public.

''(2) PREVENTION OF ABUSE.—The Secretary may provide that any regulation may take effect or apply retroactively to prevent abuse of a statute to which the regulation relates.

''(3) CORRECTION OF PROCEDURAL DEFECTS.—The Secretary may provide that any regulation may apply retroactively to correct a procedural defect in the issuance of any prior regulation.

''(4) INTERNAL REGULATIONS.—The limitation of paragraph (1) shall not apply to any regulation relating to internal Treasury Department policies, practices, or procedures.

''(5) CONGRESSIONAL AUTHORIZATION.—The limitation of paragraph (1) may be superseded by a legislative grant from Congress authorizing the Secretary to prescribe the effective date with respect to any regulation.

''(6) ELECTION TO APPLY RETROACTIVELY.—The Secretary may provide for any taxpayer to elect to apply any regulation before the dates specified in paragraph (1).

''(7) APPLICATION TO RULINGS.—The Secretary may prescribe the extent, if any, to which any ruling (including any judicial decision or any administrative determination other than by regulation) relating to the internal revenue laws shall be applied without retroactive effect.''

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by subsection (a) shall apply with respect to—

(A) any temporary or proposed regulation filed on or after January 5, 1993, and

(B) any temporary or proposed regulation filed before January 5, 1993, and filed as a final regulation after such date.

(2) SPECIAL RULE.—Section 7805(b)(2) of the Internal Revenue Code of 1986 (as added by subsection (a)) shall apply only to statutes enacted on or after the date of the enactment of this Act.

SEC. 1094. REQUIRED NOTICE OF CERTAIN PAYMENTS.

If any payment is received by the Secretary of the Treasury or the Secretary's delegate (hereafter in this section referred to as the ''Secretary'') from any taxpayer and the Secretary cannot associate such payment with any outstanding tax liability of such taxpayer, the Secretary shall make reasonable efforts to notify the taxpayer of such inability within 60 days after the receipt of such payment.

SEC. 1095. UNAUTHORIZED ENTICEMENT OF INFORMATION DISCLOSURE.

(a) IN GENERAL.—Subchapter B of chapter 76 (relating to proceedings by taxpayers and third parties), as amended by section 1062(a), is amended by redesignating section 7435 as section 7436 and by inserting after section 7434 the following new section:

''SEC. 7435. CIVIL DAMAGES FOR UNAUTHORIZED ENTICEMENT OF INFORMATION DISCLOSURE.

''(a) IN GENERAL.—If any officer or employee of the United States intentionally compromises the determination or collection of any tax due from an attorney, certified public accountant, or enrolled agent representing a taxpayer in exchange for information conveyed by the taxpayer to the attorney, certified public accountant, or enrolled agent for purposes of obtaining advice concerning the taxpayer's tax liability, such taxpayer may bring a civil action for damages against the United States in a district court of the United States. Such civil action shall be the exclusive remedy for recovering damages resulting from such actions.

''(b) DAMAGES.—In any action brought under subsection (a), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the lesser of $500,000 or the sum of—

''(1) actual, direct economic damages sustained by the plaintiff as a proximate result of the information disclosure, and

''(2) the costs of the action.

Damages shall not include the taxpayer's liability for any civil or criminal penalties, or other losses attributable to incarceration or the imposition of other criminal sanctions.

''(c) PAYMENT AUTHORITY.—Claims pursuant to this section shall be payable out of funds appropriated under section 1304 of title 31, United States Code.

''(d) PERIOD FOR BRINGING ACTION.—Notwithstanding any other provision of law, an action to enforce liability created under this section may be brought without regard to the amount in controversy and may be brought only within 2 years after the date the actions creating such liability would have been discovered by exercise of reasonable care.

''(e) MANDATORY STAY.—Upon a certification by the Commissioner or the Commissioner's delegate that there is an ongoing investigation or prosecution of the taxpayer, the district court before which an action under this section is pending, shall stay all proceedings with respect to such action pending the conclusion of the investigation or prosecution.

''(f) CRIME-FRAUD EXCEPTION.—Subsection (a) shall not apply to information conveyed to an attorney, certified public accountant, or enrolled agent for the purpose of perpetrating a fraud or crime.''

(b) CLERICAL AMENDMENT.—The table of sections for subchapter B of chapter 76, as amended by section 1062(b), is amended by striking the item relating to section 7435 and by adding at the end the following new items:

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to actions after the date of the enactment of this Act.

Subtitle J—Form Modifications; Studies

SEC. 1100. DEFINITIONS.

For purposes of this subtitle:

(1) SECRETARY.—The term ''Secretary'' means the Secretary of the Treasury or his delegate.

(2) 1986 CODE.—The term ''1986 Code'' means the Internal Revenue Code of 1986.

(3) TAX-WRITING COMMITTEES.—The term ''tax-writing Committees'' means the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

CHAPTER 1—FORM MODIFICATIONS

SEC. 1101. EXPLANATION OF CERTAIN PROVISIONS.

(a) GENERAL RULE.—The Secretary shall take such actions as may be appropriate to ensure that taxpayers are aware of the provisions of the 1986 Code permitting payment of tax in installments, extensions of time for payment of tax, and compromises of tax liability. Such actions shall include revising the instructions for filing income tax returns so that such instructions include an explanation of—

(1) the procedures for requesting the benefits of such provisions, and

(2) the terms and conditions under which the benefits of such provisions are available.

(b) COLLECTION NOTICES.—In any notice of an underpayment of tax or proposed underpayment of tax sent by the Secretary to any taxpayer, the Secretary shall include a notification of the availability of the provisions of sections 6159, 6161, and 7122 of the 1986 Code.

SEC. 1102. IMPROVED PROCEDURES FOR NOTIFYING SERVICE OF CHANGE OF ADDRESS OR NAME.

The Secretary shall provide improved procedures for taxpayers to notify the Secretary of changes in names and addresses. Not later than June 30, 1997, the Secretary shall institute procedures for timely updating all Internal Revenue Service records with change-of-address information provided to the Secretary by taxpayers.

SEC. 1103. RIGHTS AND RESPONSIBILITIES OF DIVORCED INDIVIDUALS.

The Secretary shall include in the Internal Revenue Service publication entitled ''Your Rights As A Taxpayer'' a section on the rights and responsibilities of divorced individuals.

CHAPTER 2—STUDIES

SEC. 1111. PILOT PROGRAM FOR APPEAL OF ENFORCEMENT ACTIONS.

(a) GENERAL RULE.—The Secretary shall establish a 1-year pilot program for appeals of enforcement actions (including lien, levy, and seizure actions) to the Appeals Division of the Internal Revenue Service—

(1) where the deficiency was assessed without actual knowledge of the taxpayer,

(2) where the deficiency was assessed without an opportunity for administrative appeal, and

(3) in other appropriate circumstances.

(b) REPORT.—Not later than June 30, 1997, the Secretary shall submit to the tax-writing Committees a report on the pilot program established under subsection (a), together with such recommendations as he may deem advisable.

SEC. 1112. STUDY ON TAXPAYERS WITH SPECIAL NEEDS.

(a) GENERAL RULE.—The Secretary shall conduct a study on ways to assist the elderly, physically impaired, foreign-language speaking, and other taxpayers with special needs to comply with the internal revenue laws.

(b) REPORT.—Not later than June 30, 1996, the Secretary shall submit to the tax-writing Committees a report on the study conducted under subsection (a), together with such recommendations as he may deem advisable.

SEC. 1113. REPORTS ON TAXPAYER-RIGHTS EDUCATION PROGRAM.

Not later than April 1, 1996, the Secretary shall submit a report to the tax-writing Committees on the scope and content of the Internal Revenue Service's taxpayer-rights education program for its officers and employees. Not later than June 30, 1996, the Secretary shall submit a report to the tax-writing Committees on the effectiveness of the program referred to in the preceding sentence.

SEC. 1114. BIENNIAL REPORTS ON MISCONDUCT BY INTERNAL REVENUE SERVICE EMPLOYEES.

Not later than June 30, 1996, and during June of each second calendar year thereafter, the Secretary shall report to the tax-writing Committees on all cases involving complaints about misconduct of Internal Revenue Service employees and the disposition of such complaints.

SEC. 1115. STUDY OF NOTICES OF DEFICIENCY.

(a) GENERAL RULE.—The Comptroller General shall conduct a study on—

(1) the effectiveness of current Internal Revenue Service efforts to notify taxpayers with regard to tax deficiencies under section 6212 of the 1986 Code,

(2) the number of registered or certified letters and other notices returned to the Internal Revenue Service as undeliverable,

(3) any followup action taken by the Internal Revenue Service to locate taxpayers who did not receive actual notice,

(4) the effect that failures to receive notice of such deficiencies have on taxpayers, and

(5) recommendations to improve Internal Revenue Service notification of taxpayers.

(b) REPORT.—Not later than June 30, 1996, the Comptroller General shall submit to the tax-writing Committees a report on the study conducted under subsection (a), together with such recommendations as he may deem advisable.

SEC. 1116. NOTICE AND FORM ACCURACY STUDY.

(a) GENERAL RULE.—The Comptroller General shall conduct annual studies of the accuracy of 25 of the most commonly used Internal Revenue Service forms, notices, and publications. In conducting any such study, the Comptroller General shall examine the suitability and usefulness of Internal Revenue Service telephone numbers on Internal Revenue Service notices and shall solicit and consider the comments of organizations representing taxpayers, employers, and tax professionals.

(b) REPORTS.—The Comptroller General shall submit to the tax-writing Committees a report on each study conducted under subsection (a), together with such recommendations as he may deem advisable. The first such report shall be submitted not later than June 30, 1996.

TITLE II—INCREASE OF DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS

SEC. 2001. INCREASE OF DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) INCREASE IN DEDUCTION.—Section 162(l) is amended—

(1) by striking ''30 percent'' in paragraph (1) and inserting ''the applicable percentage'', and

(2) by adding at the end the following new paragraph:

''(6) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage shall be determined as follows:

''For taxable years beginning in:	The applicable percentage is:
1996	75
1997 and thereafter	100.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

TITLE III—S CORPORATION REFORM ACT OF 1995

SEC. 3001. SHORT TITLE.

This title may be cited as the ''S Corporation Reform Act of 1995''.

Subtitle A—Eligible Shareholders of S Corporation

CHAPTER 1—NUMBER OF SHAREHOLDERS

SEC. 3101. S CORPORATIONS PERMITTED TO HAVE 50 SHAREHOLDERS.

Subparagraph (A) of section 1361(b)(1) (defining small business corporation) is amended by striking ''35 shareholders'' and inserting ''50 shareholders''.

SEC. 3102. MEMBERS OF FAMILY TREATED AS 1 SHAREHOLDER.

Paragraph (1) of section 1361(c) (relating to special rules for applying subsection (b)) is amended to read as follows:

''(1) MEMBERS OF FAMILY TREATED AS 1 SHAREHOLDER.—

''(A) IN GENERAL.—For purposes of subsection (b)(1)(A)—

''(i) except as provided in clause (ii), a husband and wife (and their estates) shall be treated as 1 shareholder, and

''(ii) in the case of a family with respect to which an election is in effect under subparagraph (E), all members of the family shall be treated as 1 shareholder.

''(B) MEMBERS OF THE FAMILY.—For purposes of subparagraph (A)(ii), the term 'members of the family' means the lineal descendants of the common ancestor and the spouses (or former spouses) of such lineal descendants or common ancestor.

''(C) COMMON ANCESTOR.—For purposes of this paragraph, an individual shall not be considered a common ancestor if, as of the later of the effective date of this paragraph or the time the election under section 1362(a) is made, the individual is more than 6 generations removed from the youngest generation of shareholders.

''(D) EFFECT OF ADOPTION, ETC.—In determining whether any relationship specified in subparagraph (B) or (C) exists, the rules of section 152(b)(2) shall apply.

''(E) ELECTION.—An election under subparagraph (A)(ii)—

''(i) must be made with the consent of all shareholders,

''(ii) shall remain in effect until terminated, and

''(iii) shall apply only with respect to 1 family in any corporation.''.

CHAPTER 2—PERSONS ALLOWED AS SHAREHOLDERS

SEC. 3111. CERTAIN EXEMPT ORGANIZATIONS.

(a) CERTAIN EXEMPT ORGANIZATIONS ALLOWED TO BE SHAREHOLDERS.—

(1) IN GENERAL.—Subparagraph (B) of section 1361(b)(1) (defining small business corporation) is amended to read as follows:

''(B) have as a shareholder a person (other than an estate, a trust described in subsection (c)(2), or an organization described in subsection (c)(7)) who is not an individual,''.

(2) ELIGIBLE EXEMPT ORGANIZATIONS.—Section 1361(c) (relating to special rules for applying subsection (b)) is amended by adding at the end the following new paragraph:

''(7) CERTAIN EXEMPT ORGANIZATIONS PERMITTED AS SHAREHOLDERS.—For purposes of subsection (b)(1)(B), an organization described in section 401(a) or 501(c)(3) may be a shareholder in an S corporation.''

(b) CONTRIBUTIONS OF S CORPORATION STOCK.—Section 170(e)(1) (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following sentence: ''For purposes of applying this paragraph in the case of a charitable contribution of stock in an S corporation, rules similar to the rules of section 751 shall apply in determining whether gain on such stock would have been long-term capital gain if such stock were sold by the taxpayer.''

(c) SPECIAL RULES APPLICABLE TO PARTNERSHIPS AND S CORPORATIONS.—

(1) IN GENERAL.—Subsection (c) of section 512 (relating to unrelated business tax income) is amended—

(A) by inserting ''or S corporation'' after ''partnership'' each place it appears in paragraphs (1) and (3),

(B) by inserting ''or shareholder'' after ''member'' in paragraph (1), and

(C) by inserting ''AND S CORPORATIONS'' after ''PARTNERSHIPS'' in the heading.

(2) REPORTING REQUIREMENT.—Section 6037 (relating to return of S corporation) is amended by adding at the end the following new subsection:

''(c) SEPARATE STATEMENT OF ITEMS OF UNRELATED BUSINESS TAXABLE INCOME.—In the case of any S corporation regularly carrying on a trade or business (within the meaning of section 512(c)(1)), the information required under subsection (b) to be furnished to any shareholder described in section 1361(c)(7) shall include such information as is necessary to enable the shareholder to compute its pro rata share of the corporation's income or loss from the trade or business in accordance with section 512(a)(1), but without regard to the modifications described in paragraphs (8) through (15) of section 512(b).''

SEC. 3112. FINANCIAL INSTITUTIONS.

Subparagraph (B) of section 1361(b)(2) (defining ineligible corporation) is amended to read as follows:

''(B) a financial institution which uses the reserve method of accounting for bad debts described in section 585 or 593,''.

SEC. 3113. NONRESIDENT ALIENS.

(a) NONRESIDENT ALIENS ALLOWED TO BE SHAREHOLDERS.—

(1) IN GENERAL.—Paragraph (1) of section 1361(b) (defining small business corporation) is amended—

(A) by adding ''and'' at the end of subparagraph (B),

(B) by striking subparagraph (C), and

(C) by redesignating subparagraph (D) as subparagraph (C).

(2) CONFORMING AMENDMENTS.—Paragraphs (4) and (5)(A) of section 1361(c) (relating to special rules for applying subsection (b)) are each amended by striking ''subsection (b)(1)(D)'' and inserting ''subsection (b)(1)(C)''.

(b) NONRESIDENT ALIEN SHAREHOLDER TREATED AS ENGAGED IN TRADE OR BUSINESS WITHIN UNITED STATES.—

(1) IN GENERAL.—Section 875 is amended—

(A) by striking ''and'' at the end of paragraph (1),

(B) by striking the period at the end of paragraph (2) and inserting '', and'', and

(C) by adding at the end the following new paragraph:

''(3) a nonresident alien individual shall be considered as being engaged in a trade or business within the United States if the S corporation of which such individual is a shareholder is so engaged.''

(2) APPLICATION OF WITHHOLDING TAX ON NONRESIDENT ALIEN SHAREHOLDERS.—Section 1446 (relating to withholding tax on foreign partners' share of effectively connected income) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

''(f) S CORPORATION TREATED AS PARTNERSHIP, ETC.—For purposes of this section—

''(1) an S corporation shall be treated as a partnership,

''(2) the shareholders of such corporation shall be treated as partners of such partnership, and

''(3) any reference to section 704 shall be treated as a reference to section 1366.''

(3) CONFORMING AMENDMENTS.—

(A) The heading of section 875 is amended to read as follows:

''SEC. 875. PARTNERSHIPS; BENEFICIARIES OF ESTATES AND TRUSTS; S CORPORATIONS.''

(B) The heading of section 1446 is amended to read as follows:

''SEC. 1446. WITHHOLDING TAX ON FOREIGN PARTNERS' AND S CORPORATE SHAREHOLDERS' SHARE OF EFFECTIVELY CONNECTED INCOME.''

(4) CLERICAL AMENDMENTS.—

(A) The item relating to section 875 in the table of sections for subpart A of part II of subchapter N of chapter 1 is amended to read as follows:

''Sec. 875. Partnerships; beneficiaries of estates and trusts; S corporations.''

(B) The item relating to section 1446 in the table of sections for subchapter A of chapter 3 is amended to read as follows:

''Sec. 1446. Withholding tax on foreign partners' and S corporate shareholders' share of effectively connected income.''

(c) PERMANENT ESTABLISHMENT OF PARTNERS AND S CORPORATION SHAREHOLDERS.—Section 894 (relating to income affected by treaty) is amended by adding at the end the following new subsection:

''(c) PERMANENT ESTABLISHMENT OF PARTNERS AND S CORPORATION SHAREHOLDERS.—If a partnership or S corporation has a permanent establishment in the United States (within the meaning of a treaty to which the United States is a party) at any time during a taxable year of such entity, a nonresident alien individual or foreign corporation which is a partner in such partnership, or a nonresident alien individual who is a shareholder in such S corporation, shall be treated as having a permanent establishment in the United States for purposes of such treaty.''

SEC. 3114. ELECTING SMALL BUSINESS TRUSTS.

(a) GENERAL RULE.—Subparagraph (A) of section 1361(c)(2) (relating to certain trusts permitted as shareholders) is amended by inserting after clause (iv) the following new clause:

''(v) An electing small business trust.''

(b) CURRENT BENEFICIARIES TREATED AS SHAREHOLDERS.—Subparagraph (B) of section 1361(c)(2) is amended by adding at the end the following new clause:

''(v) In the case of a trust described in clause (v) of subparagraph (A), each potential current beneficiary of such trust shall be treated as a shareholder; except that, if for any period there is no potential current beneficiary of such trust, such trust shall be treated as the shareholder during such period.''

(c) ELECTING SMALL BUSINESS TRUST DEFINED.—Section 1361 (defining S corporation) is amended by adding at the end the following new subsection:

''(e) ELECTING SMALL BUSINESS TRUST DEFINED.—

''(1) ELECTING SMALL BUSINESS TRUST.—For purposes of this section—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'electing small business trust' means any trust if—

''(i) such trust does not have as a beneficiary any person other than an individual, an estate, or an organization described in section 401(a) or 501(c)(3),

''(ii) no interest in such trust was acquired by purchase, and

''(iii) an election under this subsection applies to such trust.

''(B) CERTAIN TRUSTS NOT ELIGIBLE.—The term 'electing small business trust' shall not include—

''(i) any qualified subchapter S trust (as defined in subsection (d)(3)) if an election under subsection (d)(2) applies to any corporation the stock of which is held by such trust, and

''(ii) any trust exempt from tax under this subtitle.

''(C) PURCHASE.—For purposes of subparagraph (A), the term 'purchase' means any acquisition if the basis of the property acquired is determined under section 1012.

''(2) POTENTIAL CURRENT BENEFICIARY.—For purposes of this section, the term 'potential current beneficiary' means, with respect to any period, any person who at any time during such period is entitled to, or at the discretion of any person may receive, a distribution from the principal or income of the trust. If a trust disposes of all of the stock which it holds in an S corporation, then, with respect to such corporation, the term 'potential current beneficiary' does not include any person who first met the requirements of the preceding sentence during the 60-day period ending on the date of such disposition.

''(3) ELECTION.—An election under this subsection shall be made by the trustee in such manner and form, and at such time, as the Secretary may prescribe. Any such election shall apply to the taxable year of the trust for which made and all subsequent taxable years of such trust unless revoked with the consent of the Secretary.

''(4) CROSS REFERENCE.—

''For special treatment of electing small business trusts, see section 641(d).''

(d) TAXATION OF ELECTING SMALL BUSINESS TRUSTS.—Section 641 (relating to imposition of tax on trusts) is amended by adding at the end the following new subsection:

''(d) SPECIAL RULES FOR TAXATION OF ELECTING SMALL BUSINESS TRUSTS.—

''(1) IN GENERAL.—For purposes of this chapter—

''(A) the portion of any electing small business trust which consists of stock in 1 or more S corporations shall be treated as a separate trust, and

''(B) the amount of the tax imposed by this chapter on such separate trust shall be determined with the modifications of paragraph (2).

''(2) MODIFICATIONS.—For purposes of paragraph (1), the modifications of this paragraph are the following:

''(A) Except as provided in section 1(h), the amount of the tax imposed by section 1(e) shall be determined by using the highest rate of tax set forth in section 1(e).

''(B) The exemption amount under section 55(d) shall be zero.

''(C) The only items of income, loss, deduction, or credit to be taken into account are the following:

''(i) The items required to be taken into account under section 1366.

''(ii) Any gain or loss from the disposition of stock in an S corporation.

''(iii) To the extent provided in regulations, State or local income taxes or administrative expenses to the extent allocable to items described in clauses (i) and (ii).

No deduction or credit shall be allowed for any amount not described in this paragraph, and no item described in this paragraph shall be apportioned to any beneficiary.

''(D) No amount shall be allowed under paragraph (1) or (2) of section 1211(b).

''(3) TREATMENT OF REMAINDER OF TRUST AND DISTRIBUTIONS.—For purposes of determining—

''(A) the amount of the tax imposed by this chapter on the portion of any electing small business trust not treated as a separate trust under paragraph (1), and

''(B) the distributable net income of the entire trust,

the items referred to in paragraph (2)(C) shall be excluded. Except as provided in the preceding sentence, this subsection shall not affect the taxation of any distribution from the trust.

''(4) TREATMENT OF UNUSED DEDUCTIONS WHERE TERMINATION OF SEPARATE TRUST.—If a portion of an electing small business trust ceases to be treated as a separate trust under paragraph (1), any carryover or excess deduction of the separate trust which is referred to in section 642(h) shall be taken into account by the entire trust.

''(5) ELECTING SMALL BUSINESS TRUST.—For purposes of this subsection, the term 'electing small business trust' has the meaning given such term by section 1361(e)(1).''

CHAPTER 3—OTHER PROVISIONS

SEC. 3121. EXPANSION OF POST-DEATH QUALIFICATION FOR CERTAIN TRUSTS.

Subparagraph (A) of section 1361(c)(2) (relating to certain trusts permitted as shareholders) is amended—

(1) by striking ''60-day period'' each place it appears in clauses (ii) and (iii) and inserting ''2-year period'', and

(2) by striking the last sentence in clause (ii).

Subtitle B—Qualification and Eligibility Requirements for S Corporations

CHAPTER 1—ONE CLASS OF STOCK

SEC. 3201. ISSUANCE OF PREFERRED STOCK PERMITTED.

(a) IN GENERAL.—Section 1361(c), as amended by section 3111(a)(2), is amended by adding at the end the following new paragraph:

''(8) TREATMENT OF QUALIFIED PREFERRED STOCK.—

''(A) IN GENERAL.—Notwithstanding subsection (b)(1)(D), an S corporation may issue qualified preferred stock.

''(B) QUALIFIED PREFERRED STOCK DEFINED.—For purposes of this paragraph, the term 'qualified preferred stock' means stock described in section 1504(a)(4) which is issued to a person eligible to hold common stock of an S corporation.

''(C) DISTRIBUTIONS.—A distribution (not in part or full payment in exchange for stock) made by the corporation with respect to qualified preferred stock shall be includible as interest income of the holder and deductible to the corporation as interest expense in computing taxable income under section 1363(b) in the year such distribution is received.''

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (C) of section 1361(b)(1), as redesignated by section 3113(a)(1)(C), is amended by inserting ''except as provided in paragraph (8),'' before ''have''.

(2) Subsection (a) of section 1366 is amended by adding at the end the following new paragraph:

''(3) ALLOCATION WITH RESPECT TO QUALIFIED PREFERRED STOCK.—The holders of qualified preferred stock shall not, with respect to such stock, be allocated any of the items described in paragraph (1).''

SEC. 3202. FINANCIAL INSTITUTIONS PERMITTED TO HOLD SAFE HARBOR DEBT.

Subparagraph (B) of section 1361(c)(5) (defining straight debt) is amended by adding ''and'' at the end of clause (i) and by striking clauses (ii) and (iii) and inserting the following:

''(ii) in any case in which the terms of such promise include a provision under which the obligation to pay may be converted (directly or indirectly) into stock of the corporation, such terms, taken as a whole, are substantially the same as the terms which could have been obtained on the effective date of the promise from a person which is not a related person (within the meaning of section 465(b)(3)(C)) to the S corporation or its shareholders, and

''(iii) the creditor is—

''(I) an individual,

''(II) an estate,

''(III) a trust described in paragraph (2), or

''(IV) a person which is actively and regularly engaged in the business of lending money.''

CHAPTER 2—ELECTIONS AND TERMINATIONS

SEC. 3211. RULES RELATING TO INADVERTENT TERMINATIONS AND INVALID ELECTIONS.

(a) GENERAL RULE.—Subsection (f) of section 1362 (relating to inadvertent terminations) is amended to read as follows:

''(f) INADVERTENT INVALID ELECTIONS OR TERMINATIONS.—If—

''(1) an election under subsection (a) by any corporation—

''(A) was not effective for the taxable year for which made (determined without regard to subsection (b)(2)) by reason of a failure to meet the requirements of section 1361(b) or to obtain shareholder consents, or

''(B) was terminated under paragraph (2) of subsection (d),

''(2) the Secretary determines that the circumstances resulting in such ineffectiveness or termination were inadvertent,

''(3) no later than a reasonable period of time after discovery of the circumstances resulting in such ineffectiveness or termination, steps were taken—

''(A) so that the corporation is a small business corporation, or

''(B) to acquire the required shareholder consents, and

''(4) the corporation, and each person who was a shareholder in the corporation at any time during the period specified pursuant to this subsection, agrees to make such adjustments (consistent with the treatment of the corporation as an S corporation) as may be required by the Secretary with respect to such period,

then, notwithstanding the circumstances resulting in such ineffectiveness or termination, such corporation shall be treated as an S corporation during the period specified by the Secretary.''

(b) LATE ELECTIONS.—Subsection (b) of section 1362 is amended by adding at the end the following new paragraph:

''(5) AUTHORITY TO TREAT LATE ELECTIONS AS TIMELY.—If—

''(A) an election under subsection (a) is made for any taxable year (determined without regard to paragraph (3)) after the date prescribed by this subsection for making such election for such taxable year, and

''(B) the Secretary determines that there was reasonable cause for the failure to timely make such election,

the Secretary may treat such election as timely made for such taxable year (and paragraph (3) shall not apply).''

(c) AUTOMATIC WAIVERS.—The Secretary of the Treasury shall provide for an automatic waiver procedure under section 1362(f) of the Internal Revenue Code of 1986 in cases in which the Secretary determines appropriate.

(d) EFFECTIVE DATE.—The amendments made by subsection (a) and (b) shall apply with respect to elections for taxable years beginning after December 31, 1982.

SEC. 3212. AGREEMENT TO TERMINATE YEAR.

Paragraph (2) of section 1377(a) (relating to pro rata share) is amended to read as follows:

''(2) ELECTION TO TERMINATE YEAR.—

''(A) IN GENERAL.—Under regulations prescribed by the Secretary, if any shareholder terminates the shareholder's interest in the corporation during the taxable year and all affected shareholders agree to the application of this paragraph, paragraph (1) shall be applied to the affected shareholders as if the taxable year consisted of 2 taxable years the first of which ends on the date of the termination.

''(B) AFFECTED SHAREHOLDERS.—For purposes of subparagraph (A), the term 'affected shareholders' means the shareholder whose interest is terminated and all shareholders to whom such shareholder has transferred shares during the taxable year. If such shareholder has transferred shares to the corporation, the term 'affected shareholders' shall include all persons who are shareholders during the taxable year.''

SEC. 3213. EXPANSION OF POST-TERMINATION TRANSITION PERIOD.

(a) IN GENERAL.—Paragraph (1) of section 1377(b) (relating to post-termination transition period) is amended by striking ''and'' at the end of subparagraph (A), by redesignating subparagraph (B) as subparagraph (C), and by inserting after subparagraph (A) the following new subparagraph:

''(B) the 120-day period beginning on the date of any determination pursuant to an audit of the taxpayer which follows the termination of the corporation's election and which adjusts a subchapter S item of income, loss, or deduction of the corporation arising during the S period (as defined in section 1368(e)(2)), and''.

(b) DETERMINATION DEFINED.—Paragraph (2) of section 1377(b) is amended by striking subparagraphs (A) and (B), by redesignating subparagraph (C) as subparagraph (B), and by inserting before subparagraph (B) (as so redesignated) the following new subparagraph:

''(A) a determination as defined in section 1313(a), or''.

(c) REPEAL OF SPECIAL AUDIT PROVISIONS FOR SUBCHAPTER S ITEMS.—

(1) GENERAL RULE.—Subchapter D of chapter 63 (relating to tax treatment of subchapter S items) is hereby repealed.

(2) CONSISTENT TREATMENT REQUIRED.—Section 6037 (relating to return of S corporation), as amended by section 3111(c)(2), is amended by adding at the end the following new subsection:

''(d) SHAREHOLDER'S RETURN MUST BE CONSISTENT WITH CORPORATE RETURN OR SECRETARY NOTIFIED OF INCONSISTENCY.—

''(1) IN GENERAL.—A shareholder of an S corporation shall, on such shareholder's return, treat a subchapter S item in a manner which is consistent with the treatment of such item on the corporate return.

''(2) NOTIFICATION OF INCONSISTENT TREATMENT.—

''(A) IN GENERAL.—In the case of any subchapter S item, if—

''(i)(I) the corporation has filed a return but the shareholder's treatment on his return is (or may be) inconsistent with the treatment of the item on the corporate return, or

''(II) the corporation has not filed a return, and

''(ii) the shareholder files with the Secretary a statement identifying the inconsistency,

paragraph (1) shall not apply to such item.

''(B) SHAREHOLDER RECEIVING INCORRECT INFORMATION.—A shareholder shall be treated as having complied with clause (ii) of subparagraph (A) with respect to a subchapter S item if the shareholder—

''(i) demonstrates to the satisfaction of the Secretary that the treatment of the subchapter S item on the shareholder's return is consistent with the treatment of the item on the schedule furnished to the shareholder by the corporation, and

''(ii) elects to have this paragraph apply with respect to that item.

''(3) EFFECT OF FAILURE TO NOTIFY.—In any case—

''(A) described in subparagraph (A)(i)(I) of paragraph (2), and

''(B) in which the shareholder does not comply with subparagraph (A)(ii) of paragraph (2),

any adjustment required to make the treatment of the items by such shareholder consistent with the treatment of the items on the corporate return shall be treated as arising out of mathematical or clerical errors and assessed according to section 6213(b)(1). Paragraph (2) of section 6213(b) shall not apply to any assessment referred to in the preceding sentence.

''(4) SUBCHAPTER S ITEM.—For purposes of this subsection, the term 'subchapter S item' means any item of an S corporation to the extent that regulations prescribed by the Secretary provide that, for purposes of this subtitle, such item is more appropriately determined at the corporation level than at the shareholder level.

''(5) ADDITION TO TAX FOR FAILURE TO COMPLY WITH SECTION.—

''For addition to tax in the case of a shareholder's negligence in connection with, or disregard of, the requirements of this section, see part II of subchapter A of chapter 68.''

(3) CONFORMING AMENDMENTS.—

(A) Section 1366 is amended by striking subsection (g).

(B) Subsection (b) of section 6233 is amended to read as follows:

''(b) SIMILAR RULES IN CERTAIN CASES.—If a partnership return is filed for any taxable year but it is determined that there is no entity for such taxable year, to the extent provided in regulations, rules similar to the rules of subsection (a) shall apply.''

(C) The table of subchapters for chapter 63 is amended by striking the item relating to subchapter D.

SEC. 3214. REPEAL OF EXCESSIVE PASSIVE INVESTMENT INCOME AS A TERMINATION EVENT.

(a) IN GENERAL.—Section 1362(d) (relating to termination) is amended by striking paragraph (3).

(b) MODIFICATION OF TAX IMPOSED ON EXCESSIVE PASSIVE INVESTMENT INCOME.—

(1) INCREASE IN THRESHOLD.—Subsections (a)(2) and (b)(1)(A)(i) of section 1375 (relating to tax imposed when passive investment income of a corporation having subchapter C earnings and profits exceeds 25 percent of gross receipts) are each amended by striking ''25 percent'' and inserting ''50 percent''.

(2) TAX RATE INCREASE AFTER THIRD CONSECUTIVE YEAR.—Section 1375 is amended by redesignating subsections (c) and (d) as subsections (d) and (e), respectively, and by inserting after subsection (b) the following new subsection:

''(c) TAX RATE INCREASE AFTER THIRD CONSECUTIVE YEAR.—

''(1) IN GENERAL.—If an S corporation is described in subsection (a) for more than 3 consecutive taxable years, then the rate of tax imposed under subsection (a) with respect to each succeeding consecutive taxable year (if any) shall be determined under the following table:

''In the case of the—	The rate of tax imposed under subsection (a) shall be equal to such rate of tax for the 3rd taxable year, plus the following percentage points:
4th taxable year	10
5th taxable year	20
6th taxable year	30
7th taxable year	40
8th taxable year and thereafter	50.

''(2) YEARS TAKEN INTO ACCOUNT.—No tax shall be increased under paragraph (1) for any taxable year beginning before January 1, 1996.''

(c) CONFORMING AMENDMENTS.—

(1) Section 1362(f)(1) is amended by striking ''or (3)''.

(2) Subsection (b) of section 1375 is amended by striking paragraphs (3) and (4) and inserting the following new paragraphs:

''(3) SUBCHAPTER C EARNINGS AND PROFITS.—The term 'subchapter C earnings and profits' means earnings and profits of any corporation for any taxable year with respect to which an election under section 1362(a) (or under section 1372 of prior law) was not in effect.

''(4) GROSS RECEIPTS FROM SALES OF CAPITAL ASSETS (OTHER THAN STOCK AND SECURITIES).—In the case of dispositions of capital assets (other than stock and securities), gross receipts from such dispositions shall be taken into account only to the extent of the capital gain net income therefrom.

''(5) PASSIVE INVESTMENT INCOME DEFINED.—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, the term 'passive investment income' means gross receipts derived from royalties, rents, dividends, interest, and annuities.

''(B) EXCEPTION FOR INTEREST ON NOTES FROM SALES OF INVENTORY.—The term 'passive investment income' shall not include interest on any obligation acquired in the ordinary course of the corporation's trade or business from its sale of property described in section 1221(1).

''(C) TREATMENT OF CERTAIN LENDING OR FINANCE COMPANIES.—If the S corporation meets the requirements of section 542(c)(6) for the taxable year, the term 'passive investment income' shall not include gross receipts for the taxable year which are derived directly from the active and regular conduct of a lending or finance business (as defined in section 542(d)(1)).

''(D) SPECIAL RULE FOR OPTIONS AND COMMODITY DEALINGS.—

''(i) IN GENERAL.—In the case of any options dealer or commodities dealer, passive investment income shall be determined by not taking into account any gain or loss (in the normal course of the taxpayer's activity of dealing in or trading section 1256 contracts) from any section 1256 contract or property related to such a contract.

''(ii) DEFINITIONS.—For purposes of this subparagraph—

''(I) OPTIONS DEALER.—The term 'options dealer' has the meaning given such term by section 1256(g)(8).

''(II) COMMODITIES DEALER.—The term 'commodities dealer' means a person who is actively engaged in trading section 1256 contracts and is registered with a domestic board of trade which is designated as a contract market by the Commodities Futures Trading Commission.

''(III) SECTION 1256 CONTRACT.—The term 'section 1256 contract' has the meaning given to such term by section 1256(b).

''(E) COORDINATION WITH SECTION 1374.—The amount of passive investment income shall be determined by not taking into account any recognized built-in gain or loss of the S corporation for any taxable year in the recognition period. Terms used in the preceding sentence shall have the same respective meaning as when used in section 1374.''

(3) The heading for section 1375 is amended by striking ''**25**'' and inserting ''**50**''.

(4) The table of sections for part III of subchapter S of chapter 1 is amended by striking ''25'' in the item relating to section 1375 and inserting ''50''.

(5) Clause (i) of section 1042(c)(4)(A) is amended by striking ''section 1362(d)(3)(D)'' and inserting ''section 1375(b)(5)''.

CHAPTER 3—OTHER PROVISIONS

SEC. 3221. S CORPORATIONS PERMITTED TO HOLD SUBSIDIARIES.

(a) IN GENERAL.—Paragraph (2) of section 1361(b) (defining ineligible corporation), as amended by section 3112, is amended by striking subparagraph (A) and by redesignating subparagraphs (B), (C), (D), and (E) as subparagraphs (A), (B), (C), and (D), respectively.

(b) TREATMENT OF CERTAIN WHOLLY OWNED S CORPORATION SUBSIDIARIES.—Section 1361(b) (defining small business corporation) is amended by adding at the end the following new subsection:

''(3) TREATMENT OF CERTAIN WHOLLY OWNED SUBSIDIARIES.—

''(A) IN GENERAL.—For purposes of this title—

''(i) a corporation which is a qualified subchapter S subsidiary shall not be treated as a separate corporation, and

''(ii) all assets, liabilities, and items of income, deduction, and credit of a qualified subchapter S subsidiary shall be treated as assets, liabilities, and such items (as the case may be) of the S corporation.

''(B) QUALIFIED SUBCHAPTER S SUBSIDIARY.—For purposes of this subsection, the term 'qualified subchapter S subsidiary' means any corporation 100 percent of the stock of which is held by an S corporation as of the later of the effective date of the S election of the S corporation or the acquisition of the subsidiary, and at all times thereafter.

''(C) TREATMENT OF TERMINATIONS OF QUALIFIED SUBCHAPTER S SUBSIDIARY STATUS.—For purposes of this subtitle, if any corporation which was a qualified subchapter S subsidiary ceases to meet the requirements of subparagraph (B), such corporation shall be treated as a new corporation acquiring all of its assets (and assuming all of its liabilities) immediately before such cessation from the S corporation in exchange for its stock.''.

(c) CERTAIN DIVIDENDS NOT TREATED AS PASSIVE INVESTMENT INCOME.—Section 1375(b)(5) (defining passive investment income), as added by section 3214(c)(2), is amended by adding at the end the following new subparagraph:

''(F) TREATMENT OF CERTAIN DIVIDENDS.—If an S corporation holds stock in a C corporation meeting the requirements of section 1504(a)(2), the term 'passive investment income' shall not include dividends from such C corporation to the extent such dividends are attributable to the earnings and profits of such C corporation derived from the active conduct of a trade or business.''

(d) CONFORMING AMENDMENTS.—

(1) Subsection (c) of section 1361, as amended by sections 3111(a)(2) and 3201(a), is amended by striking paragraph (6) and redesignating paragraphs (7) and (8) as paragraphs (6) and (7), respectively.

(2) Subsection (b) of section 1504 (defining includible corporation) is amended by adding at the end the following new paragraph:

''(8) An S corporation.''

SEC. 3222. TREATMENT OF DISTRIBUTIONS DURING LOSS YEARS.

(a) ADJUSTMENTS FOR DISTRIBUTIONS TAKEN INTO ACCOUNT BEFORE LOSSES.—

(1) Subparagraph (A) of section 1366(d)(1) (relating to losses and deductions cannot exceed shareholder's basis in stock and debt) is amended by striking ''paragraph (1)'' and inserting ''paragraphs (1) and (2)(A)''.

(2) Subsection (d) of section 1368 (relating to certain adjustments taken into account) is amended by adding at the end the following new sentence:

''In the case of any distribution made during any taxable year, the adjusted basis of the stock shall be determined with regard to the adjustments provided in paragraph (1) of section 1367(a) for the taxable year.''

(b) ACCUMULATED ADJUSTMENTS ACCOUNT.—Paragraph (1) of section 1368(e) (relating to accumulated adjustments account) is amended by adding at the end the following new subparagraph:

''(C) NET LOSS FOR YEAR DISREGARDED.—

''(i) IN GENERAL.—In applying this section to distributions made during any taxable year, the amount in the accumulated adjustments account as of the close of such taxable year shall be determined without regard to any net negative adjustment for such taxable year.

''(ii) NET NEGATIVE ADJUSTMENT.—For purposes of clause (i), the term 'net negative adjustment' means, with respect to any taxable year, the excess (if any) of—

''(I) the reductions in the account for the taxable year (other than for distributions), over

''(II) the increases in such account for such taxable year.''

(c) CONFORMING AMENDMENTS.—Subparagraph (A) of section 1368(e)(1) is amended—

(1) by striking ''as provided in subparagraph (B)'' and inserting ''as otherwise provided in this paragraph'', and

(2) by striking ''section 1367(b)(2)(A)'' and inserting ''section 1367(a)(2)''.

SEC. 3223. CONSENT DIVIDEND FOR AAA BYPASS ELECTION.

Section 1368(e)(3) (relating to election to distribute earnings first) is amended by adding at the end the following new subparagraph:

''(C) CONSENT DIVIDEND.—Under regulations prescribed by the Secretary, an S corporation may, subject to the election under this paragraph, consent to treat as a distribution the amount specified in such consent, to the extent such amount does not exceed the accumulated earnings and profits of such corporation. The amount so specified shall be considered—

''(i) as distributed in money by the corporation to its shareholders on the last day of the taxable year of the corporation and as contributed to the capital of the corporation by the shareholders on such day, and

''(ii) if any such shareholder is an organization described in section 511(a)(2), as unrelated business taxable income (as defined in section 512) to such shareholder.''

SEC. 3224. TREATMENT OF S CORPORATIONS UNDER SUBCHAPTER C.

Subsection (a) of section 1371 (relating to application of subchapter C rules) is amended to read as follows:

''(a) APPLICATION OF SUBCHAPTER C RULES.—Except as otherwise provided in this title, and except to the extent inconsistent with this subchapter, subchapter C shall apply to an S corporation and its shareholders.''

SEC. 3225. ELIMINATION OF PRE-1983 EARNINGS AND PROFITS.

(a) IN GENERAL.—If—

(1) a corporation was an electing small business corporation under subchapter S of chapter 1 of the Internal Revenue Code of 1986 for any taxable year beginning before January 1, 1983, and

(2) such corporation is an S corporation under subchapter S of chapter 1 of such Code for its first taxable year beginning after December 31, 1995,

the amount of such corporation's accumulated earnings and profits (as of the beginning of such first taxable year) shall be reduced by an amount equal to the portion (if any) of such accumulated earnings and profits which were accumulated in any taxable year beginning before January 1, 1983, for which such corporation was an electing small business corporation under such subchapter S.

(b) CONFORMING AMENDMENTS.—

(1)(A) Subsection (a) of section 1375 is amended by striking ''subchapter C'' in paragraph (1) and inserting ''accumulated''.

(B) Subsection (b) of section 1375, as amended by section 3214(c)(2), is amended by striking paragraph (3) and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(C) The section heading for section 1375 is amended by striking ''**subchapter c**'' and inserting ''**accumulated**''.

(D) The table of sections for part III of subchapter S of chapter 1 is amended by striking ''subchapter C'' in the item relating to section 1375 and inserting ''accumulated''.

(2) Clause (i) of section 1042(c)(4)(A), as amended by section 3214(c)(5), is amended by striking ''section 1375(b)(5)'' and inserting ''section 1375(b)(4)''.

SEC. 3226. ALLOWANCE OF CHARITABLE CONTRIBUTIONS OF INVENTORY AND SCIENTIFIC PROPERTY.

(a) IN GENERAL.—Section 170(e) (relating to certain contributions of ordinary income and capital gain property) is amended—

(1) by striking ''(other than a corporation which is an S corporation)'' in paragraph (3)(A), and

(2) by striking clause (i) of paragraph (4)(D) and by redesignating clauses (ii) and (iii) of such paragraph as clauses (i) and (ii), respectively.

(b) STOCK BASIS ADJUSTMENT.—Paragraph (1) of section 1367(a) (relating to adjustments to basis of stock of shareholders, etc.) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting '', and'', and by adding at the end the following new subparagraph:

''(D) the excess of the deductions for charitable contributions over the basis of the property contributed.''

SEC. 3227. C CORPORATION RULES TO APPLY FOR FRINGE BENEFIT PURPOSES.

(a) IN GENERAL.—Section 1372 (relating to partnership rules to apply for fringe benefit purposes) is repealed.

(b) PARTNERSHIP RULES TO APPLY FOR HEALTH INSURANCE COSTS OF CERTAIN S CORPORATION SHAREHOLDERS.—Paragraph (5) of section 162(*l*) is amended to read as follows:

''(5) TREATMENT OF CERTAIN S CORPORATION SHAREHOLDERS.—

''(A) IN GENERAL.—This subsection shall apply in the case of any 2-percent shareholder of an S corporation, except that—

''(i) for purposes of this subsection, such shareholder's wages (as defined in section 3121) from the S corporation shall be treated as such shareholder's earned income (within the meaning of section 401(c)(1)), and

''(ii) there shall be such adjustments in the application of this subsection as the Secretary may by regulations prescribe.

''(B) 2-PERCENT SHAREHOLDER DEFINED.—For purposes of this paragraph, the term '2-percent shareholder' means any person who owns (or is considered as owning within the meaning of section 318) on any day during the taxable year of the S corporation more than 2 percent of the outstanding stock of such corporation or stock possessing more than 2 percent of the total combined voting power of all stock of such corporation.''

(b) CONFORMING AMENDMENT.—The table of sections for part III of subchapter S of chapter 1 is amended by striking the item relating to section 1372.

Subtitle C—Taxation of S Corporation Shareholders

SEC. 3301. UNIFORM TREATMENT OF OWNER-EMPLOYEES UNDER PROHIBITED TRANSACTION RULES.

The last sentence of section 4975(d) (relating to exemptions from prohibited transactions) is amended by striking ''a shareholder-employee (as defined in section 1379, as in effect on the day before the date of the enactment of the Subchapter S Revision Act of 1982),''.

SEC. 3302. TREATMENT OF LOSSES TO SHAREHOLDERS.

(a) TREATMENT OF LOSSES IN LIQUIDATIONS.—Section 331 (relating to gain or loss to shareholders in corporate liquidations) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) LOSSES ON LIQUIDATIONS OF S CORPORATION.—

''(1) IN GENERAL.—The portion of any loss recognized by a shareholder of an S corporation (as defined in section 1361(a)(1)) on amounts received by such shareholder in a distribution in complete liquidation of such S corporation which does not exceed the ordinary income basis of stock of such S corporation in the hands of such shareholder shall not be treated as a loss from the sale or exchange of a capital asset but shall be treated as an ordinary loss.

''(2) ORDINARY INCOME BASIS.—For purposes of this subsection, the ordinary income basis of stock of an S corporation in the hands of a shareholder of such S corporation shall be an amount equal to the portion of such shareholder's basis in such stock which is equal to the aggregate increases in such basis under section 1367(a)(1) resulting from such shareholder's pro rata share of ordinary income of such S corporation attributable to the complete liquidation.''

(b) CARRYOVER OF DISALLOWED LOSSES AND DEDUCTIONS UNDER AT-RISK RULES ALLOWED.—Paragraph (3) of section 1366(d) (relating to carryover of disallowed losses and deductions to post-termination transition period) is amended by adding at the end the following new subparagraph:

''(D) AT-RISK LIMITATIONS.—To the extent that any increase in adjusted basis described in subparagraph (B) would have increased the shareholder's amount at risk under section 465 if such increase had occurred on the day preceding the commencement of the post-termination transition period, rules similar to the rules described in subparagraphs (A) through (C) shall apply to any losses disallowed by reason of section 465(a).''

Subtitle D—Effective Date

SEC. 3401. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this title, the amendments made by this title shall apply to taxable years beginning after December 31, 1995.

(b) TREATMENT OF CERTAIN ELECTIONS UNDER PRIOR LAW.—For purposes of section 1362(g) of the Internal Revenue Code of 1986 (relating to election after termination), any termination under section 1362(d) of such Code (as in effect on the day before the date of the enactment of this Act) shall not be taken into account.

TITLE IV—PENSION SIMPLIFICATION

Subtitle A—Simplification of Nondiscrimination Provisions

SEC. 4000. SHORT TITLE.

This title may be cited as the ''Pension Simplification Act of 1995''.

SEC. 4001. DEFINITION OF HIGHLY COMPENSATED EMPLOYEES; REPEAL OF FAMILY AGGREGATION.

(a) IN GENERAL.—Paragraph (1) of section 414(q) (defining highly compensated employee) is amended to read as follows:

''(1) IN GENERAL.—The term 'highly compensated employee' means any employee who—

''(A) was a 5-percent owner at any time during the year or the preceding year,

''(B) had compensation for the preceding year from the employer in excess of $80,000, or

''(C) was the most highly compensated officer of the employer for the preceding year.

The Secretary shall adjust the $80,000 amount under subparagraph (B) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter beginning October 1, 1995.''

(b) SPECIAL RULE WHERE NO EMPLOYEE HAS COMPENSATION OVER SPECIFIED AMOUNT.—Paragraph (2) of section 414(q) is amended to read as follows:

''(2) SPECIAL RULE IF NO EMPLOYEE HAS COMPENSATION OVER SPECIFIED AMOUNT.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), if a defined benefit plan or a defined contribution plan meets the requirements of sections 401(a)(4) and 410(b) with respect to the availability of contributions, benefits, and other plan features, then for all other purposes, subparagraphs (A) and (C) of paragraph (1) shall not apply to such plan.

''(B) EXCEPTION.—Subparagraph (A) shall not apply to a plan to the extent provided in regulations that are prescribed by the Secretary to prevent the evasion of the purposes of this paragraph.''

(c) REPEAL OF FAMILY AGGREGATION RULES.—

(1) IN GENERAL.—Paragraph (6) of section 414(q) is hereby repealed.

(2) COMPENSATION LIMIT.—Paragraph (17)(A) of section 401(a) is amended by striking the last sentence.

(3) DEDUCTION.—Subsection (l) of section 404 is amended by striking the last sentence.

(d) CONFORMING AMENDMENTS.—

(1) Paragraphs (4), (5), (8), and (12) of section 414(q) are hereby repealed.

(2)(A) Section 414(r) is amended by adding at the end the following new paragraph:

''(9) EXCLUDED EMPLOYEES.—For purposes of this subsection, the following employees shall be excluded:

''(A) Employees who have not completed 6 months of service.

''(B) Employees who normally work less than 17½ hours per week.

''(C) Employees who normally work not more than 6 months during any year.

''(D) Employees who have not attained the age of 21.

''(E) Except to the extent provided in regulations, employees who are included in a unit of employees covered by an agreement which the Secretary of Labor finds to be a collective bargaining agreement between employee representatives and the employer.

Except as provided by the Secretary, the employer may elect to apply subparagraph (A), (B), (C), or (D) by substituting a shorter period of service, smaller number of hours or months, or lower age for the period of service, number of hours or months, or age (as the case may be) specified in such subparagraph.''

(B) Subparagraph (A) of section 414(r)(2) is amended by striking ''subsection (q)(8)'' and inserting ''paragraph (9)''.

(3) Section 1114(c)(4) of the Tax Reform Act of 1986 is amended by adding at the end the following new sentence: ''Any reference in this paragraph to section 414(q) shall be treated as a reference to such section as in effect before the Pension Simplification Act of 1995.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1995, except that in determining whether an employee is a highly compensated employee for years beginning in 1996, such amendments shall be treated as having been in effect for years beginning in 1995.

Subtitle B—Targeted Access to Pension Plans for Small Employers

SEC. 4011. CREDIT FOR PENSION PLAN START-UP COSTS OF SMALL EMPLOYERS.

(a) ALLOWANCE OF CREDIT.—Section 38(b) (defining current year business credit) is amended by striking ''plus'' at the end of paragraph (10), by striking the period at the end of paragraph (11) and inserting '', plus'', and by adding at the end the following new paragraph:

''(12) the small employer pension plan start-up cost credit.''

(b) SMALL EMPLOYER PENSION PLAN START-UP COST CREDIT.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by adding at the end the following new section:

''SEC. 45C. SMALL EMPLOYER PENSION PLAN START-UP COST CREDIT.

''(a) AMOUNT OF CREDIT.—For purposes of section 38—

''(1) IN GENERAL.—The small employer pension plan start-up cost credit for any taxable year is an amount equal to the qualified start-up costs of an eligible employer in establishing a qualified pension plan.

''(2) AGGREGATE LIMITATION.—The amount of the credit under paragraph (1) for any taxable year shall not exceed $1,000, reduced by the aggregate amount determined under this section for all preceding taxable years of the taxpayer.

''(b) QUALIFIED START-UP COSTS; QUALIFIED PENSION PLAN.—For purposes of this section—

''(1) QUALIFIED START-UP COSTS.—The term 'qualified start-up costs' means any ordinary and necessary expenses of an eligible employer which—

''(A) are paid or incurred in connection with the establishment of a qualified pension plan, and

''(B) are of a nonrecurring nature.

''(2) QUALIFIED PENSION PLAN.—The term 'qualified pension plan' means—

''(A) a plan described in section 401(a) which includes a trust exempt from tax under section 501(a), or

''(B) a simplified employee pension (as defined in section 408(k)).

''(c) ELIGIBLE EMPLOYER.—For purposes of this section—

''(1) IN GENERAL.—The term 'eligible employer' means an employer which—

''(A) had an average daily number of employees during the preceding taxable year not in excess of 50, and

''(B) did not make any contributions on behalf of any employee to a qualified pension plan during the 2 taxable years immediately preceding the taxable year.

''(2) PROFESSIONAL SERVICE EMPLOYERS EXCLUDED.—Such term shall not include an employer substantially all of the activities of which involve the performance of services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting.

''(d) SPECIAL RULES.—For purposes of this section—

''(1) AGGREGATION RULES.—All persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (n) or (o) of section 414 shall be treated as one person.

''(2) DISALLOWANCE OF DEDUCTION.—No deduction shall be allowable under this chapter for any qualified start-up costs for which a credit is allowable under subsection (a).''

(c) CONFORMING AMENDMENTS.—

(1) Section 39(d) is amended by adding at the end the following new paragraph:

''(7) NO CARRYBACK OF PENSION CREDIT.—No portion of the unused business credit for any taxable year which is attributable to the small employer pension plan start-up cost credit determined under section 45C may be carried back to a taxable year ending before the date of the enactment of section 45C.''

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 45C. Small employer pension plan start-up cost credit.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to costs incurred after the date of the enactment of this Act in taxable years ending after such date.

SEC. 4012. MODIFICATIONS OF SIMPLIFIED EMPLOYEE PENSIONS.

(a) INCREASE IN NUMBER OF ALLOWABLE PARTICIPANTS FOR SALARY REDUCTION ARRANGEMENTS.—Section 408(k)(6)(B) is amended by striking ''25'' each place it appears in the text and heading thereof and inserting ''100''.

(b) REPEAL OF PARTICIPATION REQUIREMENT.—

(1) IN GENERAL.—Section 408(k)(6)(A) is amended by striking clause (ii) and by redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively.

(2) CONFORMING AMENDMENTS.—Clause (ii) of section 408(k)(6)(C) and clause (ii) of section 408(k)(6)(F) are each amended by striking ''subparagraph (A)(iii)'' and inserting ''subparagraph (A)(ii)''.

(c) ALTERNATIVE TEST.—Clause (ii) of section 408(k)(6)(A), as redesignated by subsection (b)(1), is amended by adding at the end the following new flush sentence:

''The requirements of the preceding sentence are met if the employer makes contributions to the simplified employee pension meeting the requirements of sections 401(k)(11) (B) or (C), 401(k)(11)(D), and 401(m)(10)(B).''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1995.

SEC. 4013. EXEMPTION FROM TOP-HEAVY PLAN REQUIREMENTS.

(a) EXEMPTION FROM TOP-HEAVY PLAN REQUIREMENTS.—Section 416(g) (defining top-heavy plans) is amended by adding at the end the following new paragraph:

''(3) EXEMPTION FOR CERTAIN PLANS.—A plan shall not be treated as a top-heavy plan if, for such plan year, the employer has no highly compensated employees (as defined in section 414(q)) by reason of section 414(q)(2).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 1995.

SEC. 4014. REGULATORY TREATMENT OF SMALL EMPLOYERS.

(a) IN GENERAL.—Section 7805(f) (relating to review of impact of regulations on small business) is amended by adding at the end the following new subparagraph:

''(4) SPECIAL RULE FOR PENSION REGULATIONS.—

''(A) IN GENERAL.—Any regulation proposed to be issued by the Secretary which relates to qualified pension plans shall not take effect unless the Secretary includes provisions to address any special needs of the small employers.

''(B) QUALIFIED PENSION PLAN.—For purposes of this paragraph, the term 'qualified pension plan' means—

''(i) any plan which includes a trust described in section 401(a) which is exempt from tax under section 501(a), or

''(ii) any simplified employee pension (as defined in section 408(k)).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to regulations issued after the date of the enactment of this Act.

TITLE V—ESTATE TAX EXCLUSION FOR FAMILY-OWNED BUSINESS

SEC. 5001. SHORT TITLE.

This title may be cited as the ''American Family-Owned Business Act''.

SEC. 5002. FAMILY-OWNED BUSINESS EXCLUSION.

(a) IN GENERAL.—Part III of subchapter A of chapter 11 (relating to gross estate) is amended by inserting after section 2033 the following new section:

''SEC. 2033A. FAMILY-OWNED BUSINESS EXCLUSION.

''(a) IN GENERAL.—In the case of an estate of a decedent to which this section applies, the value of the gross estate shall not include the lesser of—

''(1) the adjusted value of the qualified family-owned business interests of the decedent otherwise includible in the estate, or

''(2) the sum of—

''(A) $1,500,000, plus

''(B) 50 percent of the excess (if any) of the adjusted value of such interests over $1,500,000.

''(b) ESTATES TO WHICH SECTION APPLIES.—This section shall apply to an estate if—

''(1) the decedent was (at the date of the decedent's death) a citizen or resident of the United States,

''(2) the excess of—

''(A) the sum of—

''(i) the adjusted value of the qualified family-owned business interests which—

''(I) are included in determining the value of the gross estate (without regard to this section), and

''(II) are acquired by a qualified heir from, or passed to a qualified heir from, the decedent (within the meaning of section 2032A(e)(9)), plus

''(ii) the amount of the adjusted taxable gifts of such interests from the decedent to members of the decedent's family taken into account under subsection 2001(b)(1)(B), to the extent such interests are continuously held by such members between the date of the gift and the date of the decedent's death, over

''(B) the amount included in the gross estate under section 2035,

exceeds 50 percent of the adjusted gross estate, and

''(3) during the 8-year period ending on the date of the decedent's death there have been periods aggregating 5 years or more during which—

''(A) such interests were owned by the decedent or a member of the decedent's family, and

''(B) there was material participation (within the meaning of section 2032A(e)(6)) by the decedent or a member of the decedent's family in the operation of the business to which such interests relate.

''(c) ADJUSTED GROSS ESTATE.—For purposes of this section, the term 'adjusted gross estate' means the value of the gross estate (determined without regard to this section)—

''(1) reduced by any amount deductible under section 2053(a)(4), and

''(2) increased by the excess of—

''(A) the sum of—

''(i) the amount taken into account under subsection (b)(2)(B)), plus

''(ii) the amount of other gifts from the decedent to the decedent's spouse (at the time of the gift) within 10 years of the date of the decedent's death, plus

''(iii) the amount of other gifts (not included under clause (i) or (ii)) from the decedent within 3 years of such date, over

''(B) the amount included in the gross estate under section 2035.

''(d) ADJUSTED VALUE OF THE QUALIFIED FAMILY-OWNED BUSINESS INTERESTS.—For purposes of this section, the adjusted value of any qualified family-owned business interest is the value of such interest for purposes of this chapter (determined without regard to this section), reduced by the excess of—

''(1) any amount deductible under section 2053(a)(4), over

''(2) the sum of—

''(A) any indebtedness on any qualified residence of the decedent the interest on which is deductible under section 163(h)(3), plus

''(B) any indebtedness to the extent the taxpayer establishes that the proceeds of such indebtedness were used for the payment of educational and medical expenses of the decedent, the decedent's spouse, or the decedent's dependents (within the meaning of section 152), plus

''(C) any indebtedness not described in subparagraph (A) or (B), to the extent such indebtedness does not exceed $10,000.

''(e) QUALIFIED FAMILY-OWNED BUSINESS INTEREST.—

''(1) IN GENERAL.—For purposes of this section, the term 'qualified family-owned business interest' means—

''(A) an interest as a proprietor in a trade or business carried on as a proprietorship, or

''(B) an interest as a partner in a partnership, or stock in a corporation, carrying on a trade or business, if—

''(i) at least—

''(I) 50 percent of such partnership or corporation is owned (directly or indirectly) by the decedent or members of the decedent's family,

''(II) 70 percent of such partnership or corporation is so owned by 2 families (including the decedent's family), or

''(III) 90 percent of such partnership or corporation is so owned by 3 families (including the decedent's family), and

''(ii) at least 30 percent of such partnership or corporation is so owned by each family described in subclause (II) or (III) of clause (i).

''(2) LIMITATION.—Such term shall not include—

''(A) any interest in a trade or business the principal place of business of which is not located in the United States,

''(B) any interest in—

''(i) an entity which had, or

''(ii) an entity which is a member of a controlled group (as defined in section 267(f)(1)) which had,

readily tradable stock or debt on an established securities market or secondary market (as defined by the Secretary) within 3 years of the date of the decedent's death,

''(C) any interest in a trade or business not described in section 542(c)(2), if more than 35 percent of the adjusted ordinary gross income of such trade or business for the taxable year which includes the date of the decedent's death would qualify as personal holding company income (as defined in section 543(a)), and

''(D) that portion of an interest in a trade or business that is attributable to cash or marketable securities, or both, in excess of the reasonably expected day-to-day working capital needs of such trade or business.

''(3) OWNERSHIP RULES.—

''(A) INDIRECT OWNERSHIP.—For purposes of determining indirect ownership under paragraph (1), rules similar to the rules of paragraphs (2) and (3) of section 447(e) shall apply.

''(B) TIERED ENTITIES.—For purposes of this section, if—

''(i) a qualified family-owned business holds an interest in another trade or business, and

''(ii) such interest would be a qualified family-owned business interest if held directly by the family (or families) holding interests in the qualified family-owned business meeting the requirements of paragraph (1)(B),

then the value of the qualified family-owned business shall include the portion attributable to the interest in the other trade or business.

''(f) TAX TREATMENT OF FAILURE TO MATERIALLY PARTICIPATE IN BUSINESS OR DISPOSITIONS OF INTERESTS.—

''(1) IN GENERAL.—There is imposed an additional estate tax if, within 10 years after the date of the decedent's death and before the date of the qualified heir's death—

''(A) the qualified heir ceases to use for the qualified use (within the meaning of section 2032A(c)(6)(B)) the qualified family-owned business interest which was acquired (or passed) from the decedent, or

''(B) the qualified heir disposes of any portion of a qualified family-owned business interest (other than by a disposition to a member of the qualified heir's family or through a qualified conservation contribution under section 170(h)).

''(2) ADDITIONAL ESTATE TAX.—The amount of the additional estate tax imposed by paragraph (1) shall be equal to—

''(A) the adjusted tax difference attributable to the qualified family-owned business interest (as determined under rules similar to the rules of section 2032A(c)(2)(B)), plus

''(B) interest on the amount determined under subparagraph (A) at the annual rate of 4 percent for the period beginning on the date the estate tax liability was due under this chapter and ending on the date such additional estate tax is due.

''(g) OTHER DEFINITIONS AND APPLICABLE RULES.—For purposes of this section—

''(1) QUALIFIED HEIR.—The term 'qualified heir'—

''(A) has the meaning given to such term by section 2032A(e)(1), and

''(B) includes any active employee of the trade or business to which the qualified family-owned business interest relates if such employee has been employed by such trade or business for a period of at least 10 years before the date of the decedent's death.

''(2) MEMBER OF THE FAMILY.—The term 'member of the family' has the meaning given to such term by section 2032A(e)(2).

''(3) APPLICABLE RULES.—Rules similar to the following rules shall apply:

''(A) Section 2032A(b)(4) (relating to decedents who are retired or disabled).

''(B) Section 2032A(b)(5) (relating to special rules for surviving spouses).

''(C) Section 2032A(c)(2)(D) (relating to partial dispositions).

''(D) Section 2032A(c)(3) (relating to only 1 additional tax imposed with respect to any 1 portion).

''(E) Section 2032A(c)(4) (relating to due date).

''(F) Section 2032A(c)(5) (relating to liability for tax; furnishing of bond).

''(G) Section 2032A(c)(7) (relating to no tax if use begins within 2 years; active management by eligible qualified heir treatment as material participation).

''(H) Section 2032A(e)(10) (relating to community property).

''(I) Section 2032A(e)(14) (relating to treatment of replacement property acquired in section 1031 or 1033 transactions).

''(J) Section 2032A(f) (relating to statute of limitations).

''(K) Section 6166(b)(3) (relating to farmhouses and certain other structures taken into account).

''(L) Subparagraphs (B), (C), and (D) of section 6166(g)(1) (relating to acceleration of payment).''

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter A of chapter 11 is amended by inserting after the item relating to section 2033 the following new item:

''Sec. 2033A. Family-owned business exclusion.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 1995.

TITLE VI—SPENDING REDUCTIONS

SEC. 6001. SHORT TITLE.

This title may be cited as the ''Spending Reductions Act of 1995''.

SEC. 6002. SERVICE CONTRACTS.

Notwithstanding any other provision of law, of the funds available for fiscal year 1996, the total amount available for service contracts shall not exceed $105,000,000,000.

SEC. 6003. FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTERS.

Notwithstanding any other provision of law, of the funds available for the Department of Defense for fiscal year 1996, the total amount available for procurement of work from federally funded research and development centers shall not exceed $1,000,000,000.

SEC. 6004. FOREIGN MILITARY FINANCING.

Notwithstanding any other provision of law, of the funds available for fiscal year 1996, the total amount available for the Foreign Military Financing Program under section 23 of the Arms Export Control Act shall not exceed $3,500,000,000.

BOOST—FIVE-POINT PLAN

1. Taxpayer Bill of Rights 2 (T2). Laws ensuring the IRS treats taxpayers with respect are the key to making our tax system work. The original Taxpayer Bill of Rights, enacted in 1988, took the first step in the battle to achieve this goal. T2 is the next natural step toward requiring the IRS to meet new standards of timeliness, accuracy, and accountability.

2. 100% Health Care Deduction for Self-Employed. Today, large corporations may deduct 100% of the cost of their employees' health care premiums while the self-employed may deduct only 30% of their health insurance costs. There is no reason for treating self-employed workers differently than large corporations. BOOST provides a 75% deduction in 1996 and a permanent 100% deduction for 1997 and thereafter for the self-employed.

3. S Corporation Reform Act. In 1958, S Corporations were first created in the tax law to help small U.S. companies. The S corp rules have been extremely helpful to small businesses. Today, close to $2 million U.S. companies are S Corps. However, as written in 1958, S corps are very limited and operating as an S corp contains many pitfalls. The S Corporation Reform Act overhauls these outdated rules so small business can better compete in today's financial environment.

4. Small Businesses Pensions. In businesses with less than 25 employees, only 19.6% of the employees have any employer provided pension available, and only 15% of these employees participated in the plan. A major contributing factor to this dismal statistic is the sky-high cost of establishing and maintaining a pension plan for a small business. BOOST provides a maximum $1000 tax credit for the start-up costs of providing a new plan for employers with 50 or fewer employees, and it slashes annual nondiscrimination testing requirements for firms where no employee is highly compensated. Thus, BOOST alleviates high cost barriers for small businesses wishing to provide employees a pension.

5. American Family-Owned Business Act. The impact of the estate tax on a family-owned business is devastating because of one simple fact—the rates are too high. On top of this, the tax bill oftentimes comes due abruptly and at a time when the business has lost one of its key assets. The tremendous financial strain causes many family-owned businesses to close. The effect is that jobs are lost, and the community loses the goods and/or services provided by the business. The American Family-Owned Business Act carefully targets estate tax relief to estates whose major asset is its business and whose family members will materially participate in the business in the coming years.

By Mr. BREAUX:

S. 1300. A bill to amend the Internal Revenue Code of 1986 to simplify the method of payment of taxes on distilled spirits; to the Committee on Finance.

THE DISTILLED SPIRITS TAX PAYMENT SIMPLIFICATION ACT OF 1995

● Mr. BREAUX. Mr. President, I introduce the Distilled Spirits Tax Payment Simplification Act of 1995, a bill more readily known as all-in-bond. The bill would streamline the way in which the Government collects the Federal excise tax on distilled spirits by extending the current system of collection now applicable only to imported products to domestic products as well.

Today wholesalers purchase foreign bottled distilled spirits in bond—tax-free—paying the Federal excise tax directly after sale to a retailer. In contrast, when the wholesaler buys domestically bottled spirits—nearly 86 percent of total inventory—the price includes the Federal excise tax, prepaid by the distiller. This means that hundreds of U.S. family owned wholesale businesses increase their inventory carrying costs by 40 percent when buying U.S. products, which must be financed through borrowing.

Under my bill, wholesalers would be allowed to purchase domestically bottled distilled spirits in-bond from distillers just as they are now permitted to purchase foreign produced spirits. Products would become subject to tax on removal from the wholesale premises. Additionally, the Federal tax collection process would be simplified by providing that only one Federal agency collect the tax.

All-in-bond is an equitable and sound way in which to remove the burden of prepayment of the Federal excise tax on domestically bottled spirits while streamlining our tax collection system. I hope my colleagues will join me in cosponsoring this important legislation.●

By Mr. SPECTER:

S. 1301. A bill to amend the Goals 2000: Educate America Act to eliminate the National Education Standards and Improvement Council and requirements concerning opportunity-to-learn standards, to limit the authority of the Secretary of Education to review and approve State plans, to permit certain local educational agencies to receive funding directly from the Secretary of Education, and for other purposes; to the Committee on Labor and Human Resources.

GOALS 2000 LEGISLATION

Mr. SPECTER. Mr. President, back in 1983, when President Reagan's Education Secretary, Terrell Bell, issued that now-famous report on the problems of education in this country he called that report ''A Nation at Risk.'' Not a school district at risk. Not a State at risk. But a nation at risk.

Recognizing the need to improve educational achievement of this Nation's children, Governors of both parties launched a program to raise the achievement standards in American schools and a national education goals effort was embraced at the 1989 education summit in Charlottesville.

That effort culminated early last year, when a bipartisan majority in Congress voted to approve Goals 2000 legislation. That legislation supports development of model national academic standards in 13 subjects, standards that any school district may use as guides.

The Goals 2000 legislation also authorizes grants to States to help reform their schools so they can achieve their education goals. Participating States must develop challenging State content and performance standards and assessments aligned with those standards.

Since the passage of Goals 2000, 48 States have applied for and received funding. Two States, Virginia and New Hampshire, have refused the funds and have taken issue with the intent of Goals 2000, citing fears of Federal intrusion. A third State, Montana, has declined to receive 2d year funding; and a fourth State, Alabama, announced last week that it was ending its participation. In addition, a number of organizations have leveled a wide assortment of charges against Goals 2000.

Some say the legislation usurps State and local control over education. Others say it does no such thing and represents unprecedented flexibility in Federal legislation.

All of the concerns expressed, however, ultimately focus on what is the most appropriate and effective Federal role in elementary and secondary education.

By way of background and to help put this in context, let me review a few facts.

States now contribute about 36 percent of the cost of running our schools; local agencies contribute 26 percent, and private institutions account for 30 percent. The Federal Government's financial stake amounts to less than 10 percent.

If one agrees with the old adage that money is power, then it appears that the principal responsibility for running our schools continues to rest with the States and with local communities.

Where the Federal Government has traditionally played an important role is in helping to build partnerships among States, communities, and private institutions; and in helping to disseminate information on what works in one part of the country to others which may be struggling with the same problem. In that regard, I have always believed that the Federal Government can play an important part in helping to ensure a degree of fairness and equity for all our children.

The Labor, Health, and Human Services and Education Subcommittee which I chair recently held a hearing on the Goals 2000 issue. To help us better understand the controversy surrounding goals, the subcommittee heard from two witnesses.

Our first witness was Education Secretary Richard Riley, who testified in support of the Goals 2000 legislation and the administration's request of $750 million for fiscal year 1996.

Our second witness was Mr. Ovide Lamontagne, who chairs the New Hampshire State Board of Education. Specifically, Mr. Lamontagne raised concerns about the Secretary of Education's ability to review and approve a State's plan for its entire educational system, which he considered unprecedented. After much discussion with Mr. Lamontagne and Secretary Riley, the Secretary seemed to think he could live without that provision. Mr. Lamontagne also stated that eliminating secretarial review and approval would go a long way toward improving the legislation.

We also addressed the issue of school districts receiving funds directly from the Secretary, if their States chose not to participate in Goals 2000. In addition, discussions were held concerning the National Education Standards and Improvement Council [NESIC] and both the Secretary and Mr. Lamontagne agreed that eliminating the Council would be desirable.

The legislation which I am introducing today addresses the concerns of States that have chosen not to participate in Goals 2000. Specifically, the legislation:

Permits school districts, in States that elect not to participate in the Goals 2000 Program, to apply directly to the Secretary of Education for Goals 2000 funding.

Eliminates the requirement that States submit their plans to the Secretary of Education.

Removes the authority of the Secretary of Education to review and approve State plans.

Deletes the requirements for the composition of State and local panels that develop State and local improvement plans.

Eliminates the National Education Standards and Improvement Council [NESIC], which was to certify national and State standards, and which some viewed as a national school board.

Removes the requirement for States to develop opportunity-to-learn standards. These standards would specify the educational resources—such as funding, facilities, and materials—deemed necessary for local schools to achieve State or national content and performance standards.

It is my hope that this legislation will improve Goals 2000 so that all States will feel they are able to participate in this important program because it strikes the proper balance between State and local responsibility for education and Federal leadership.

By Ms. MIKULSKI:

S. 1302. A bill to restore competitiveness to the sugar industry by reforming the Federal Sugar Program and thereby ensuring that consumers have an uninterrupted supply of sugar at reasonable prices, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

THE SUGAR COMPETITIVENESS ACT OF 1995

● Ms. MIKULSKI. Mr. President, today I may introducing legislation to dramatically reform the sugar program run by the Department of Agriculture. My bill, the Sugar Competitiveness Act, is designed to restore competitiveness to the sugar industry by reducing Government intervention in the marketplace.

Since the present sugar policy was enacted in 1981 we have seen 10 of the sugar refining industry's 22 refineries close. Another refinery is scheduled to close permanently in the near future. The industry has lost over 40 percent of its capacity, not to mention the thousands of blue-collar jobs that go with it.

My own hometown of Baltimore is home to a sugar refining plant. Generations of workers have walked through the gates of Domino sugar every morning to give an honest day's work for an honest day's pay. My bill is designed to save those jobs and preserve the future of the sugar refining industry.

Today, refiners are being forced to operate under an absurd situation in which the Department of Agriculture is forcing up the price of their raw material—raw cane sugar—to a level higher than the price of refined beet sugar. The USDA creates this artificial shortage by tightly restricting imports.

As a result of this Government-inflicted shortage of raw sugar, it has become impossible for refiners to compete. All refiners have been losing money for months.

Recently, refiners have been forced to pay 24 to 25 cents per pound for raw sugar, while their competitors, the beet sugar processors, have been selling refined sugar at those levels. It is impossible for refiners to cover these increased raw sugar costs in the refined sugar market.

But, there is more at stake here than the survival of the refining industry and its labor. Refiners provide over 50 percent of the sugar marketed in the United States. They play an important and unique role in ensuring that food processors and consumers have an uninterrupted supply of sugar under all circumstances.

When there is a domestic crop shortage, caused by a freeze or drought, as there often is, food processors depend upon the refiners to fill the void by importing more sugar. Any further loss of refining capacity will seriously endanger the Nation's sugar supply, to the detriment of consumers and food processors throughout the country.

The first thing my bill would do is eliminate USDA marketing allotments. These allotments limit the amount of sugar that domestic surgarcane and sugar beet processors can sell.

The second thing the bill does is to reduce the raw sugar cane loan rate from 18 cents to 12 cents per pound in stages, 2 cents per year for 3 years. Currently the USDA offers loans at a floor of 18 cents per pound for raw cane sugar, which is nearly double the world price of sugar. These loans set minimum prices that sugar processors must pay to producers, which drive up the cost of sugar for consumers.

Third, my bill regulates sugar imports to ensure that the market for raw cane sugar does not exceed the loan rate or the world market price, whichever is higher. Because the sugar program is designed as a no-net-cost subsidy, and the loans are non-recourse, the USDA keeps the market price for sugar processors much higher than necessary.

The fourth effect this legislation would have is to provide for 3-month CCC loans, and convert those loans from a non-recourse to a recourse basis. Under the current loan structure, sugar processors must put up sugar as collateral for loans. At the end of the present 9-month loan, the processor must decide to do one of two things, pay back the loan with interest or forfeit the sugar they put up as collateral. Processors can choose to simply hold on to the Government's money and forfeit the sugar collateral if it is more profitable.

If the processor forfeits, the disposition of the collateral sugar would fall to USDA. In order to avoid that possibility USDA maintains the market price much higher than the loan rate. Why should the taxpayer subsidize nonrecourse loans to corporations? My bill would correct the situation to the benefit of consumers by changing the loan structure to a recourse loan, which requires that processors repay the loan instead of simply forfeiting the sugar to USDA.

Finally, the proposed legislation increases the sugar marketing assessment, and extends it to imported sugar. The sugar marketing assessment is a fee paid by domestic processors to the CCC. Currently foreign processors who are allowed to sell limited amounts of sugar in the United States do not have to pay this. This bill levels the playing field between foreign and domestic processors.

Mr. President, America is at the crossroads. Over the past decade we

have seen manufacturing jobs disappear in city after city. We have seen good paying jobs move out of our urban areas if not out of the country. Cities are being decimated by the flight of the middle class. Plants are closing and the jobs that honest, hard-working Americans rely on to feed their kids and put food on the table are disappearing.

I've decided that I'm not just going to stand by and watch. This Congress owes it to working men and women to do all we can to preserve those jobs, to level the playing field and to allow those that have made America a world economic leader to continue that job. When we talk about the current sugar program we're talking about a bad Federal policy that tears at the backbone of American manufacturing.

I think this bill moves the sugar program toward a more competitive base and will have dramatic impacts on lowering the price of sugar to consumers by letting market conditions dictate sugar prices instead of the U.S. Government.●

By Mr. MCCAIN (for himself, Mr. BAUCUS, Mr. BINGAMAN, Mr. CAMPBELL, Mr. INOUYE, Mr. KYL, Mr. STEVENS, and Mr. THOMAS):

S. 1303. A bill to amend the Internal Revenue Code of 1986 to provide tax credits for Indian investment and employment, and for other purposes; to the Committee on Finance.

By Mr. MCCAIN (for himself, Mr. BAUCUS, Mr. BINGAMAN, Mr. DOMENICI, Mr. FEINGOLD, Mr. INOUYE, Mr. KOHL, Mr. KYL, Mr. STEVENS, and Mr. THOMAS):

S. 1304. A bill to provide for the treatment of Indian tribal governments under section 403(b) of the Internal Revenue Code of 1986; to the Committee on Finance.

By Mr. MCCAIN (for himself, Mr. BAUCUS, Mr. CAMPBELL, Mr. DOMENICI, Mr. INOUYE, Mr. KYL, Mr. STEVENS, and Mr. THOMAS):

S. 1305. A bill to amend the Internal Revenue Code of 1986 to treat for unemployment compensation purposes Indian tribal governments the same as State or local units of government or nonprofit organizations; to the Committee on Finance.

By Mr. MCCAIN (for himself, Mr. BAUCUS, Mr. CAMPBELL, Mr. DOMENICI, Mr. INOUYE, and Mr. KYL):

S. 1306. A bill to amend the Internal Revenue Code of 1986 to provide for the issuance of tax-exempt bonds by Indian tribal governments, and for other purposes; to the Committee on Finance.

By Mr. MCCAIN (for himself, Mr. BAUCUS, Mr. DOMENICI, and Mr. INOUYE):

S. 1307. A bill to amend the Internal Revenue Code of 1986 to exempt from income taxation income derived by a member of an Indian tribe directly or through a qualified Indian entity derived from natural resource activities; to the Committee on Finance.

INDIAN TRIBAL RESERVATION TAX RELIEF LEGISLATION

● Mr. MCCAIN. Mr. President, I introduce a series of tax relief bills designed to encourage investment and economic development and growth on Indian Reservations and other native American communities throughout the United States.

Let me put it in plain and simple terms, native Americans as a group have experienced a grinding poverty of epidemic proportions since the days when they were first uprooted from their homelands or overrun by settlers. The treaties that the United States made with tribes in exchange for their land and peace have been honored, for most part, only in the breach.

The economic conditions on Indian reservations have not been improved by the occasional periods of economic growth that have swept much of the rest of our Nation. Instead, Indians have long suffered the indignity of promises broken, treaties discarded, and a hopelessness that reaches tragic, personal dimensions. Many Indian reservations are, relatively speaking, islands of poverty in the ocean of wealth that is the rest of America.

On repeated occasions in the last several sessions of the Congress, I have offered amendments to the Federal Tax Code that would create incentives for private sector investment on Indian reservations and that would remove inequities in the Federal Tax Code so that tribal governments can enjoy the same tax benefits accorded other nontaxable government entities. I have offered these provisions, not to authorize any particular advantage to Indians, but merely to give them the same kind of tax incentives and benefits the Congress has given other economically depressed areas and other units of government. Given the extremely underdeveloped nature of the economies in native American communities, I believe the tax relief we have promised the American people must include reasonable measures to stimulate economic growth and productivity for Indians.

Today I am introducing a series of measures that are designed to amend the Tax Code to give Indian tribes some tools with which to join with the private sector in improving their economies.

RESERVATION INVESTMENT TAX CREDIT

I rise today on behalf of myself, Senator BAUCUS, Senator BINGAMAN, Senator CAMPBELL, Senator INOUYE, Senator KYL, Senator STEVENS, and Senator THOMAS, to introduce the Indian Reservation Jobs and Investment Act of 1995. This bill is identical to provisions that passed the Congress in 1992 and were sent to the White House where they were vetoed because they were part of a larger bill containing other provisions opposed by the Bush administration. The measure I am reintroducing today would provide tax credits to otherwise taxable business enterprises if they locate certain kinds of income-producing property on Indian reservations. Credits would be extended to businesses placing new personal property, new construction property, and infrastructure investment property on Indian reservations.

The bill does not provide any tax credit for reservation property used in connection with gaming activities. The credits are available for expenditures related to personal property used in a business or trade on an Indian reservation, related to new construction of property to be used in a business or trade on an Indian reservation, or related to investment in reservation infrastructure that is available for use by the general public and is placed in serve in connection with a reservation business or trade.

The bill limits these credits to those reservations where there is economic need. The full credit is available to those reservations whose Indian unemployment rate exceeds the Nation's average unemployment by 300 percent. One-half of the credit is available on reservations where the unemployment rate is 150 to 300 percent of the national average. No investment tax credit is provided taxpayers on reservations where the Indian unemployment rate is less than 150 percent of the national average.

Mr. President, I am very concerned by how little private enterprise is present on Indian reservations. Typically the only economic activity is the generated by Federal or tribal government employment. I understand why this is the case, but I don't like the fact that it is the main way jobs and wealth are created in Indian country. By their very nature, governments, including tribal governments, simply are not good at running businesses. I know this is acknowledged by many tribes, who, consistent with their cultural traditions, have created tribal corporations or cooperative ventures that mix private sector business with tribal principles. But we must begin to see private investment being attracted to Indian reservations if we are to see any significant improvement in the economies of Indian tribes. The reservation tax credit provisions I am introducing today are designed to act as an incentive to encourage the private business sector to plow through many of the known obstacles to reservation economic development.

SECTION 403(b) PENSION RELIEF

On a second measure, I rise today on behalf of myself, Senator BAUCUS, Senator BINGAMAN, Senator DOMENICI, Senator FEINGOLD, Senator INOUYE, Senator KOHL, Senator KYL, Senator STEVENS, and Senator THOMAS, to introduce the Indian Tribal Government Pension Tax Relief Amendments of 1995. This bill would help address some very serious ambiguities currently found in the Tax Code relating to the

availability of pension plans for Indian tribal governments and their employees. Under current law, there are no salary deferred pension plans expressly made available to Indian tribal governments and their employees.

Employees of Indian tribal governments are perhaps the only group of workers in America for whom current Federal tax law does not provide express authority for a tax-deferred pension plan. Commercial for-profit corporations and partnerships can offer section 401(k) retirement benefits to their employees. Public school systems and tax-exempt charitable and educational organizations can offer section 403(b) pension plans to their employees. State government employees have access to similar pension benefits under section 457. But people who work for tribal governments are not expressly authorized to have favorable Federal income tax treatment on their pension plans.

The bill also addresses an additional problem that has arisen from the fact that several tribes have participated in plans provided for under Section 403(b) of the Code and promoted by insurance underwriters, only later to find that such plans were not expressly intended for their use as governmental employees involved in activities other than education. Those retirement funds, affecting several tribes and the retirement savings of thousands of tribal employees, are now in jeopardy.

The pension relief measure I am introducing would enable tribal governments to compete, on the same terms, with other private and public sectors employers in attracting qualified employees. Let me be clear—this measure would give tribal workers no more tax relief than is already offered every other group of workers in our country. Mr. President, as we all know, many individuals choose who they will work for based on what employment benefits are offered, including retirement and pension plans. Many tribes have been trying to raise their salary and health benefits to competitive levels. But the Federal Tax Code has been increasingly interpreted by the Internal Revenue Service to prohibit tribes from offering their employees any form of the typical salary reduction pension plans, one of the most sought after benefits offered to prospective employees. Other units of government and tax exempt organizations are permitted to offer such plans. The fact that tribal governments are precluded from doing so is simply unfair. This injustice would be corrected by enactment of the Indian Tribal Government Pension Tax Relief Amendments of 1995.

The bill would expressly qualify, as tax-sheltered annuities under section 403(b) of the Internal Revenue Code, those annuity contracts purchased by employees of tribal governments. The Joint Committee on Tax has estimated that proposals largely identical to this one would have a negligible revenue effect on Federal fiscal year budget receipts. I am pleased to introduce this measure and urge my colleagues to support it and include it in the pending tax relief legislation under consideration.

TRIBAL UNEMPLOYMENT TAX EQUITY AND RELIEF

Mr. President, on a third measure, I rise today on behalf of myself, Senator BAUCUS, Senator CAMPBELL, Senator DOMENICI, Senator INOUYE, Senator KYL, Senator STEVENS, and Senator THOMAS, to introduce the Indian Tribal Government Unemployment Compensation Act Tax Relief Amendments of 1995. This bill would correct a serious oversight in the way the Internal Revenue Code treats Indian tribal governments for unemployment tax purposes under the unique, State-Federal unemployment program authorized by the Federal Unemployment Tax Act [FUTA]. It would clarify existing tax statutes so that tribal governments are treated just as State and local units of governments are treated for unemployment tax purposes.

It is well-settled that tribal governments are not taxable entities under the Federal Tax Code because of their governmental status. But in recent years, the Internal Revenue Service has begun to advance an interpretation of FUTA that is particularly burdensome to Indian tribal governments. While FUTA expressly exempts all tax-exempt charitable organizations and all State and local units of government from paying the Federal portion of the FUTA tax, it does not expressly mention tribal governments.

FUTA involves a joint Federal-State taxation system that levies two taxes on most employers: An 0.8 percent unemployment tax and a State unemployment tax ranging up to more than 9 percent of a portion of an employer's payroll. Since its enactment in the 1930s, FUTA has treated foreign, Federal, State, and local government employers differently from private commercial business employers. It exempts all foreign, Federal, State, and local government employers from the 0.8 percent Federal FUTA tax. It exempts foreign and Federal Government employers from State unemployment programs and allows State and local government employers to pay lower State unemployment taxes. FUTA also treats income tax-exempt charitable organizations the same as State and local governments. All other private sector employers pay both the Federal and State FUTA tax rates. The FUTA statute does not expressly include tribal government employers within the definition of government employers.

The IRS has chosen in recent years to pursue some tribal governments for unpaid FUTA taxes who has proceeded on the good faith assumption that they, as units of government, were immune from the Federal portion of the tax. Some tribal governments also chose not to participate in the State unemployment programs. In such cases, former employees of the tribal governments, who were otherwise eligible for unemployment benefits, were denied benefits by many State unemployment programs because they had worked for what the States deemed an exempt employer—a tribal government. While this caused hardship on the former employees of tribal governments, it meant that the State unemployment funds were held harmless.

The IRS interpretation has caused another problem in recent years, as tribal governments have been subject to differing interpretations over whether and how they are covered under FUTA. The interpretations of FUTA made by State governments, the U.S. Internal Revenue Service, and the U.S. Department of Labor have varied from region to region and State to State, resulting in differing treatment of Indian tribal governments in different periods of time. This has led to considerable confusion among tribal governments about the amount they are supposed to pay. Some tribes have paid the Federal FUTA tax and then successfully obtained tax refunds because they were deemed exempt. Some tribes have not paid, assuming they were exempt, and then have been investigated by the IRS for nonpayment of hundreds of thousands of dollars in unemployment taxes, plus penalties and interest. Some tribes have paid taxes; other tribes have not had to pay. In each case, the tribes are identically situated but are treated differently simply because they are located within differing IRS regions or have been scrutinized by different IRS agents. This inconsistency of interpretation has also resulted in many former tribal government employees being denied eligibility to receive unemployment benefits.

Now the IRS has begun to pursue these tribes to collect unpaid assessments in the form of a penal tax under FUTA's unique enforcement mechanisms. Under FUTA, none of the funds assessed and collected would be paid as unemployment benefits to former employees of a tribal government that had not participated under FUTA. Nor would these dollars return to the State funds in which the tribes did not participate. Instead, the Federal IRS would collect the highest possible State and Federal unemployment taxes and place all of these funds directly into the U.S. Treasury without credit or benefit to any workers, Indian or otherwise. No one can reasonably argue that it is fair to impose this kind of taxation without benefit on the meager funds of an Indian tribal government simply because it has followed an interpretation of FUTA that some regional offices of the IRS and the States previously followed but now have abandoned.

The bill would also expressly authorize tribal governments, like State and local units of government, and like charitable organizations, to contribute to a State fund on a reimbursable basis for unemployment benefits actually paid out. Private sector employers

typically must pay an unemployment tax in advance. The rationale for reimburser status is that governmental employers, like tribes and States, have a far more stable employment environment than that of the private sector, and that governmental revenue should not be committed to such purposes in advance of when the obligation to pay arises. Let me be clear, this bill would ensure that tribes participate in the unemployment compensation system. Many now do not do so. Their participation would be on the same terms that other governments participate.

The bill I am introducing today would permanently resolve this matter across the Nation for every Indian tribal government. For unemployment tax purposes, it would require that federally recognized Indian tribal government employers be treated the same way Federal, State, local government, and other tax-exempt organizations are treated. It would also remove an unemployment tax liability of tribal governments who did not pay unemployment compensation taxes in the past in the belief that they were exempt, provided that no benefits were paid to their former employer. I have requested a revenue estimate from the Joint Committee on Taxation. I believe, however, that the bill would have only a negligible effect on revenues.

Unless this problem is resolved, many former tribal government employees will continue to be denied benefits by State unemployment funds. I believe Indian and non-Indian workers who are separated from tribal governmental employment should be included within our Nation's comprehensive unemployment benefit system, and this bill will go a long way toward ensuring mandatory participation by tribal governments on a fair and equitable basis in the Federal-State unemployment fund system. I can think of nothing more fair than the approach clarified in this bill. I urge my colleagues to support it and include it in the pending tax relief legislation under consideration.

TRIBAL TAX-EXEMPT BOND AUTHORITY

Mr. President, on a fourth measure, I rise today on behalf of myself, Senator BAUCUS, Senator CAMPBELL, Senator DOMENICI, Senator INOUYE, and Senator KYL, to introduce the Tribal Government Tax-Exempt Bond Authority Amendments Act of 1995. This bill would bring new investment dollars to Indian reservations where capital formation is so desperately needed. The bill would replace the current restrictions on the issuance of tax-exempt bonds by tribes and tribal subdivisions with a provision that such bonds are to be issued under slightly more restrictive conditions than those that now apply to States and their political subdivisions. In 1982, the Congress adopted the Indian Tribal Governmental Tax Status Act of 1982—Public Law 97–473—which, among other things, authorized tribes and tribal subdivisions to issue tax-exempt bonds for certain purposes. In 1987, the Congress amended that act in Public Law 100–203, limiting the purposes for which tribes and tribal subdivisions could issue tax-exempt bonds to two: First, essential governmental functions, defined as functions customarily performed by State and local governments with general taxing powers, and second, certain tribally owned manufacturing facilities. The 1987 amendments were adopted to address perceived abuses in the issuance of tax-exempt bonds by tribes for purposes not related to their reservations and for the earning of arbitrage by issuing tax-exempt bonds at low rates for the purpose of investing the proceeds in higher-yielding, taxable obligations. The fact of the matter is that these abuses were effectively curtailed by the amendment to section 103 of the Internal Revenue Code enacted in 1986 and subsequently implemented and enforced. Tribes have informed the Committee on Indian Affairs that the 1987 restrictions on tribal government bonds are unfairly restrictive, in that the interpretation of what is an ''essential governmental function'' has been unduly limiting, given the type of activities that are customarily carried out by tribal governments for the benefit of their members and their reservations. Mr. President, there are serious deficiencies in the basic infrastructure on Indian reservations, primarily because increasingly tight fiscal restraints have limited the ability of the United States, through direct annual appropriations, to fund construction and other activities. Reservations lag far behind the rest of the United States in terms of sanitation, housing, roads, basic utilities, and public service facilities necessary to support a civilized society and a competitive economy. I believe that providing additional tax-exempt bond authority to tribal governments will go a long way toward attracting new sources of capital to Indian reservations. I urge my colleagues to support this bill and to include it in the pending tax relief legislation under consideration.

TRIBAL NATURAL RESOURCE TAX RELIEF

Mr. President, on a fifth measure, I rise today on behalf of myself, Senator BAUCUS, Senator DOMENICI, and Senator INOUYE to introduce the Treatment of Indian Tribal Natural Resource Income Act of 1995. This bill would extend an exemption to income derived by individual Indians from the harvest of natural resources from tribal trust land that is now extended to income derived by individual Indians from treaty-protected Indian fishing activity. In 1988 Congress amended the Internal Revenue Code to provide the treaty fishing exemption under section 7873, which serves as a model for this bill.

With most Indian reservations, tribes signing treaties with the United States assumed that the natural resources of the reservation, including timber and minerals, would be available for the use of the tribe and its members without taxation or other burden imposed by the United States. Accordingly, due to their status as nontaxable sovereign nations, tribal governments are not subject to Federal income tax under current law and practice on revenues generated when the tribal government carries out natural resource activities on the tribal trust land. However, in those cases where a tribe issues a subsistence permit or license to individual tribal members to harvest or process natural resources held in trust for the tribe by the United States, the Internal Revenue Service has been imposing a tax on that individual Indian's income. Such a tax is unfair and arbitrary, since in a 1956 case, Squire versus Capoeman, the U.S. Supreme Court ruled that natural resource income earned by individual Indians from their own individual allotments held in trust for them by the United States is exempt. That case did not deal with individual income derived from lands held in trust for an entire tribe. Recently the IRS has begun to take enforcement action to collect income taxes from Indian individuals harvesting the fruits of tribal trust lands. The effect of this IRS interpretation has been to impose a tax on income from Indian tribal trust lands which were never broken up and allotted, but not from allotted trust lands held for an individual Indian.

The bill I am introducing today would apply only to tribal members and only with regard to natural resources, underlying title to which is owned by the United States in trust for a tribe. It would remove the existing anomaly which allows a tribe as a whole to harvest or process such resources free of tax, but imposes an income tax on an individual tribal member of that tribe carrying out activity permitted by the tribe. I urge my colleagues to support this bill and to include it in the pending tax relief legislation under consideration.

Mr. President, I ask unanimous consent that a copy of each of the five bills I am introducing today, as well as a section-by-section description of each bill's provisions, be inserted in the RECORD.

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

S. 1303

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 ''Indian Reservation Jobs and Investment Act of 1995''.

SEC. 2. INVESTMENT TAX CREDIT FOR PROPERTY ON INDIAN RESERVATIONS.

(a) ALLOWANCE OF INDIAN RESERVATION CREDIT.—Section 46 of the Internal Revenue Code of 1986 (relating to investment credits) is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding after paragraph (3) the following new paragraph:

''(4) the Indian reservation credit.''.

(b) AMOUNT OF INDIAN RESERVATION CREDIT.—

(1) IN GENERAL.—Section 48 of such Code (relating to the energy credit and the reforestation credit) is amended by adding after subsection (b) the following new subsection:

''(c) INDIAN RESERVATION CREDIT.—

''(1) IN GENERAL.—For purposes of section 46, the Indian reservation credit for any taxable year is the Indian reservation percentage of the qualified investment in qualified Indian reservation property placed in service during such taxable year, determined in accordance with the following table:

''In the case of qualified Indian reservation property which is—	The Indian reservation percentage is—
Reservation personal property	10
New reservation construction property.	15
Reservation infrastructure investment.	15

''(2) QUALIFIED INVESTMENT IN QUALIFIED INDIAN RESERVATION PROPERTY DEFINED.—For purposes of this subpart—

''(A) IN GENERAL.—The term 'qualified Indian reservation property' means property—

''(i) which is—

''(I) reservation personal property;

''(II) new reservation construction property; or

''(III) reservation infrastructure investment; and

''(ii) not acquired (directly or indirectly) by the taxpayer from a person who is related to the taxpayer (within the meaning of section 465(b)(3)(C)).

The term 'qualified Indian reservation property' does not include any property (or any portion thereof) placed in service for purposes of conducting or housing class I, II, or III gaming (as defined in section 4 of the Indian Gaming Regulatory Act (25 U.S.C. 2703)).

''(B) QUALIFIED INVESTMENT.—The term 'qualified investment' means—

''(i) in the case of reservation infrastructure investment, the amount expended by the taxpayer for the acquisition or construction of the reservation infrastructure investment; and

''(ii) in the case of all other qualified Indian reservation property, the taxpayer's basis for such property.

''(C) RESERVATION PERSONAL PROPERTY.—The term 'reservation personal property' means qualified personal property which is used by the taxpayer predominantly in the active conduct of a trade or business within an Indian reservation.

Property shall not be treated as 'reservation personal property' if it is used or located outside the Indian reservation on a regular basis.

''(D) QUALIFIED PERSONAL PROPERTY.—The term 'qualified personal property' means property—

''(i) for which depreciation is allowable under section 168;

''(ii) which is not—

''(I) nonresidential real property;

''(II) residential rental property; or

''(III) real property which is not described in (I) or (II) and which has a class life of more than 12.5 years.

For purposes of this subparagraph, the terms 'nonresidential real property', 'residential rental property', and 'class life' have the respective meanings given such terms by section 168.

''(E) NEW RESERVATION CONSTRUCTION PROPERTY.—The term 'new reservation construction property' means qualified real property—

''(i) which is located in an Indian reservation;

''(ii) which is used by the taxpayer predominantly in the active conduct of a trade or business within an Indian reservation; and

''(iii) which is originally placed in service by the taxpayer.

''(F) QUALIFIED REAL PROPERTY.—The term 'qualified real property' means property for which depreciation is allowable under section 168 and which is described in clause (I), (II), or (III) of subparagraph (D)(ii).

''(G) RESERVATION INFRASTRUCTURE INVESTMENT.—

''(i) IN GENERAL.—The term 'reservation infrastructure investment' means qualified personal property or qualified real property which—

''(I) benefits the tribal infrastructure;

''(II) is available to the general public; and

''(III) is placed in service in connection with the taxpayer's active conduct of a trade or business within an Indian reservation.

''(ii) PROPERTY MAY BE LOCATED OUTSIDE THE RESERVATION.—Qualified personal property and qualified real property used or located outside an Indian reservation shall be reservation infrastructure investment only if its purpose is to connect to existing tribal infrastructure in the reservation, and shall include, but not be limited to, roads, power lines, water systems, railroad spurs, and communications facilities.

''(H) COORDINATION WITH OTHER CREDITS.—The term 'qualified Indian reservation property' shall not include any property with respect to which the energy credit or the rehabilitation credit is allowed.

''(3) REAL ESTATE RENTALS.—For purposes of this section, the rental to others of real property located within an Indian reservation shall be treated as the active conduct of a trade or business in an Indian reservation.

''(4) INDIAN RESERVATION DEFINED.—For purposes of this subpart, the term 'Indian reservation' means a reservation, as defined in—

''(A) section 3(d) of the Indian Financing Act of 1974 (25 U.S.C. 1452(d)); or

''(B) section 4(10) of the Indian Child Welfare Act of 1978 (25 U.S.C. 1903(10)).

''(5) LIMITATION BASED ON UNEMPLOYMENT.—

''(A) GENERAL RULE.—The Indian reservation credit allowed under section 46 for any taxable year shall equal—

''(i) if the Indian unemployment rate on the applicable Indian reservation for which the credit is sought exceeds 300 percent of the national average unemployment rate at any time during the calendar year in which the property is placed in service or during the immediately preceding 2 calendar years, 100 percent of such credit;

''(ii) if such Indian unemployment rate exceeds 150 percent but not 300 percent, 50 percent of such credit; and

''(iii) if such Indian unemployment rate does not exceed 150 percent, 0 percent of such credit.

''(B) SPECIAL RULE FOR LARGE PROJECTS.—In the case of a qualified Indian reservation property which has (or is a component of a project which has) a projected construction period of more than 2 years or a cost of more than $1,000,000, subparagraph (A) shall be applied by substituting 'during the earlier of the calendar year in which the taxpayer enters into a binding agreement to make a qualified investment or the first calendar year in which the taxpayer has expended at least 10 percent of the taxpayer's qualified investment, or the preceding calendar year' for 'during the calendar year in which the property is placed in service or during the immediately preceding 2 calendar years'.

''(C) DETERMINATION OF INDIAN UNEMPLOYMENT.—For purposes of this paragraph, with respect to any Indian reservation, the Indian unemployment rate shall be based upon Indians unemployed and able to work, and shall be certified by the Secretary of the Interior.

''(6) COORDINATION WITH NONREVENUE LAWS.—Any reference in this subsection to a provision not contained in this title shall be treated for purposes of this subsection as a reference to such provision as in effect on the date of the enactment of this paragraph.''.

(2) LODGING TO QUALIFY.—Paragraph (2) of section 50(b) of such Code (relating to property used for lodging) is amended—

(A) by striking 'and' at the end of subparagraph (C);

(B) by striking the period at the end of subparagraph (D) and inserting ''; and'' and

(C) by adding at the end the following subparagraph:

''(E) new reservation construction property.''.

(c) RECAPTURE.—Subsection (a) of section 50 of such Code (relating to recapture in case of dispositions, etc.), is amended by adding at the end the following new paragraph:

''(6) SPECIAL RULES FOR INDIAN RESERVATION PROPERTY.—

''(A) IN GENERAL.—If, during any taxable year, property with respect to which the taxpayer claimed an Indian reservation credit—

''(i) is disposed of; or

''(ii) in the case of reservation personal property—

''(I) otherwise ceases to be investment credit property with respect to the taxpayer; or

''(II) is removed from the Indian reservation, converted, or otherwise ceases to be Indian reservation property, the tax under this chapter for such taxable year shall be increased by the amount described in subparagraph (B).

''(B) AMOUNT OF INCREASE.—The increase in tax under subparagraph (A) shall equal the aggregate decrease in the credits allowed under section 38 by reason of section 48(c) for all prior taxable years which would have resulted had the qualified investment taken into account with respect to the property been limited to an amount which bears the same ratio to the qualified investment with respect to such property as the period such property was held by the taxpayer bears to the applicable recovery period under section 168(g).

''(C) COORDINATION WITH OTHER RECAPTURE PROVISIONS.—In the case of property to which this paragraph applies, paragraph (1) shall not apply and the rules of paragraphs (3), (4), and (5) shall apply.''.

(d) BASIS ADJUSTMENT TO REFLECT INVESTMENT CREDIT.—Paragraph (3) of section 50(c) of such Code (relating to basis adjustment to investment credit property) is amended by striking 'energy credit or reforestation credit' and inserting 'energy credit, reforestation credit, or Indian reservation credit other than with respect to any expenditure for new reservation construction property''.

(e) CERTAIN GOVERNMENTAL USE PROPERTY TO QUALIFY.—Paragraph (4) of section 50(b) of such Code (relating to property used by governmental units or foreign persons or entities) is amended by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively, and inserting after subparagraph (C) the following new subparagraph:

''(D) EXCEPTION FOR RESERVATION INFRASTRUCTURE INVESTMENT.—This paragraph shall not apply for purposes of determining the Indian reservation credit with respect to reservation infrastructure investment.''.

(f) APPLICATION OF AT-RISK RULES.—Subparagraph (C) of section 49(a)(1) of such Code is amended by striking 'and' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) the qualified investment in qualified Indian reservation property.''.

(g) CLERICAL AMENDMENTS.—

(1) Section 48 of such Code is amended by striking the heading and inserting the following:

"SEC. 48. ENERGY CREDIT; REFORESTATION CREDIT; INDIAN RESERVATION CREDIT.".

(2) The table of sections for subpart E of part IV of subchapter A of chapter 1 is amended by striking the item relating to section 48 and inserting the following:

"Sec. 48. Energy credit; reforestation credit; Indian reservation credit.".

(h) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 1995.

SECTION-BY-SECTION ANALYSIS—INDIAN RESERVATION JOBS AND INVESTMENT ACT OF 1995

Section 1 sets forth the short title of the Act.

Section 2(a) amends Section 46 of the Internal Revenue Code of 1986 (relating to investment credits) by adding new authority for an Indian reservation tax credit. This tax credit is designed to attract private industry and capital, expand existing industry, and make the private sector a permanent source of economic development on Indian reservations.

Section 2(b) establishes a 10% tax credit for personal property on reservations, and a 15% credit is provided for new construction property and infrastructure investment on reservations. The tax credit is not available for property acquired by the taxpayer from a person who is related to the taxpayer, nor for the development or operation of tribal gaming establishments authorized under the Indian Gaming Regulatory Act of 1988. The tax credit is allowed for investments used to acquire or construct reservation infrastructure, and for expenditures on personal property and new construction real property used predominately in the active conduct of a trade or business within an Indian reservation. The credits would extend to all 32 States in which the 555 federally-recognized tribes are located, using the definition of Indian reservation codified in section 3 (d) of the Indian Financing Act of 1974 (25 U.S.C. 1452(d)) and section 4 (10) of the Indian Child Welfare Act of 1978 (25 U.S.C. 1903 (10)). The full tax credit is available only on an Indian reservation in which the Indian unemployment rate exceeds 300 percent of the national average unemployment rate at any time during the year in which the property is placed in service or during the immediately preceding two calendar years. A one-half tax credit (50%) is available to those reservations where the Indian unemployment rate exceeds 150 percent but not 300 percent of the national rate during the same period. No tax credit is extended under the bill to any property on reservations where the Indian unemployment rate does not exceed 150 percent of the national rate during that period. The subsection provides a special timing rule for large construction projects. All Indian unemployment rates must be certified by the Secretary of the Interior.

Section 2(c) amends section 50 of the Internal Revenue Code (relating to recapture in case of dispositions) by providing authority for the recapture of tax credits through increased taxes if the property is disposed of, ceases to be investment credit property of the taxpayer, or is removed from the Indian reservation, converted, or otherwise ceases to be Indian reservation property.

Section 2(d) amends Section 50(c) of the Internal Revenue Code (relating to basis adjustment to investment credit property) to add Indian reservation credits to the types of property subject to basis adjustment.

Section 2(e) amends Section 50(b) of the Internal Revenue Code (relating to property used by governmental units or foreign persons or entities) to add a conforming exception for Indian reservation infrastructure investment.

Section 2(f) amends Section 49(a) (1) of the Internal Revenue Code of the Internal Revenue Code (relating to the application of at-risk rules) to make a conforming addition for qualified investment in qualified Indian reservation property.

Section 2(g) amends Section 48 of the Internal Revenue Code to make several conforming clerical changes.

Section 2(h) provides an effective date of this measure, so that it applies only to property placed in service after December 31, 1995.

S. 1304

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 "Indian Tribal Government Pension Tax Relief Amendments of 1995".

SEC. 2. TREATMENT OF INDIAN TRIBAL GOVERNMENTS UNDER SECTION 403(b).

In the case of any contract purchased in a plan year beginning before January 1, 1996, section 403(b) of the Internal Revenue Code of 1986 shall be applied as if any reference to an employer described in section 501(c)(3) of the Internal Revenue Code of 1986 which is exempt from tax under section 501 of such Code included a reference to an employer which is an Indian tribal government (as defined by section 7701(a)(40) of such Code), a subdivision of an Indian tribal government (determined in accordance with section 7871(d) of such Code), an agency or instrumentality of an Indian tribal government or subdivision thereof, or a corporation chartered under Federal, State, or tribal law which is owned in whole or in part by any of the foregoing.

SECTION-BY-SECTION ANALYSIS—INDIAN TRIBAL GOVERNMENT PENSION TAX RELIEF AMENDMENTS OF 1995

Section 1 sets forth the short title of the Act.

Section 2 would expressly qualify, as tax-sheltered annuities under section 403(b) of the Internal Revenue Code, those annuity contracts purchased by employees of a federally-recognized Indian tribal government (as defined by section 7701(a)(4) of such Code), a subdivision of such tribal government (as defined by section 7871(d) of such Code), an agency or instrumentality of such tribal government or subdivision, or a corporation chartered under Federal, State, or tribal law which is owned in whole or in part by such tribal government or subdivision.

S. 1305

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 "Indian Tribal Government Unemployment Compensation Act Tax Relief Amendments of 1995".

SEC. 2. TREATMENT OF INDIAN TRIBAL GOVERNMENTS UNDER FEDERAL UNEMPLOYMENT TAX ACT.

(a) IN GENERAL.—Section 3306(c)(7) of the Internal Revenue Code of 1986 (defining employment) is amended—

(1) by inserting "or in the employ of an Indian tribe," after "service performed in the employ of a State, or any political subdivision thereof,"; and

(2) by inserting "or Indian tribes" after "wholly owned by one or more States or political subdivisions".

(b) PAYMENTS IN LIEU OF CONTRIBUTIONS.—Section 3309 of the Internal Revenue Code of 1986 (relating to State law coverage of services performed for nonprofit organizations or governmental entities) is amended—

(1) in subsection (a)(2) by inserting ", including an Indian tribe," after 'the State law shall provide that a governmental entity';

(2) in subsection (b)(3)(B) by inserting ", or of an Indian tribe' after "of a State or political subdivision thereof";

(3) in subsection (b)(3)(E) by inserting "or the tribe's" after "the State"; and

(4) in subsection (b)(5) by inserting "or of an Indian tribe" after "an agency of a State or political subdivision thereof".

(c) STATE LAW COVERAGE.—Section 3309 of the Internal Revenue Code of 1986 (relating to State law coverage of services performed for nonprofit organizations or governmental entities) is amended by adding at the end the following new subsection:

"(d) ELECTION BY INDIAN TRIBE.—The State law shall provide that an Indian tribe may elect to make contributions for employment as if the employment is within the meaning of section 3306 of the Internal Revenue Code of 1986 or to make payments in lieu of contributions under this section, and shall provide that an Indian tribe may make separate elections for itself and each subdivision, subsidiary, or business enterprise chartered and wholly owned by such Indian tribe. State law may require an electing tribe to post a payment bond or take other reasonable measures to assure the making of payments in lieu of contributions under this section.".

(d) DEFINITIONS.—Section 3306 of the Internal Revenue Code of 1986 (relating to definitions) is amended by adding at the end the following new subsection:

"(t) INDIAN TRIBE.—For purposes of this chapter, the term "Indian tribe" has the meaning given to such term by section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e)), and includes any subdivision, subsidiary, or business enterprise chartered and wholly owned by such an Indian tribe."

(e) TRANSITION RULE.—For purposes of the Federal Unemployment Tax Act, service performed in the employ of an Indian tribe (as defined in section 3306(t) of the Internal Revenue Code of 1986 (as added by this Act)) shall not be treated as employment (within the meaning of section 3306 of such Code) if—

(1) it is service which is performed before the date of enactment of this Act and with respect to which the tax imposed under the Federal Unemployment Tax Act has not been paid; and

(2) such Indian tribe reimburses a State unemployment fund for unemployment benefits paid for service attributable to such tribe for such period.

SECTION-BY-SECTION ANALYSIS—INDIAN TRIBAL GOVERNMENT UNEMPLOYMENT COMPENSATION ACT TAX RELIEF AMENDMENTS OF 1995

Section 1 sets forth the short title of the Act.

Section 2. Treatment of Indian Tribal Governments Under Federal Unemployment Tax Act.

Subsection 2(a) In General.—This subsection (a) amends section 3306(c)(7) of the Internal Revenue Code. Section 3306(c)(7) provides an exemption from the 0.8% federal unemployment tax for employment for a state, any of its political subdivisions, or any of its wholly-owned instrumentalities. This subsection of the bill would make employment for a tribal government or any political subdivision or wholly tribally owned subsidiary thereof likewise exempt from the 0.8% federal unemployment tax.

Subsection 2(b). Payments in Lieu of Contributions.—This subsection amends several

provisions of section 3309 of the Internal Revenue Code. Section 3309(a)(2) of the Internal Revenue Code now requires a state unemployment fund to offer coverage and benefits to employees of a state government, its political subdivisions and wholly-owned instrumentalities, and to employees of a religious, charitable, educational or other income tax exempt organization described in Section 501(c)(3) of the Internal Revenue Code. These employers may then elect to either pay a flat tax rate as do private, for-profit commercial businesses, or to make contributions, on a reimbursable basis, for all benefits paid out to their former employees.

Subsection 2(b)(1) of the bill would provide the same options to a tribal government or any political subdivision or wholly tribally owned subsidiary thereof. Section 3309(b)(3)(B) of the Internal Revenue Code now exempts from all unemployment taxes service performed by members of a State or political subdivision legislative body or judiciary.

Subsection 2(b)(2) of the bill would provide the same exemption to a tribal government's legislative body or judiciary. Section 3309(b)(3)(E) of the Internal Revenue Code now exempts from all unemployment taxes service designated by State law to be a major nontenured policymaking or advisory position or a policymaking or advisory position that ordinarily does not require more than 8 hours per week.

Subsection 2(b)(3) of the bill would provide the same exemption to the same service so designated by tribal law. Section 3309(b)(5) of the Internal Revenue Code now exempts from all unemployment taxes service that is part of an unemployment work-relief or work-training program assisted or financed in whole or in part by any Federal or state agency.

Subsection 2(b)(4) of the bill would provide the same exemption to the same service assisted or financed in whole or in part by a tribal government.

Subsection 2(c). State Law Coverage.—This subsection adds a new subsection to section 3309 of the Internal Revenue Code. Section 3309 contains provisions relating to State law coverage of services performed for nonprofit organizations or governmental entities. Subsection (e) of the bill extends to tribal governments and their subsidiaries certain flexibilities now extended to other governments and to charitable organizations. The new subsection provides that a state must permit a tribe to choose to pay the comparable tax rate paid by commercial businesses under the Act, or to choose to reimburse, like other governments and charitable organizations, the State fund in lieu of such contributions with amounts equal to the compensation attributable under State law to such service. The new subsection also provides that a tribe may make separate elections for itself and one or more of its enterprises, subsidiaries, or subdivisions.

Subsection 2(d). Definitions.—This subsection amends section 3306 of the Internal Revenue Code. Section 3306 contains definitions relating to the Federal Unemployment Tax Act provisions. Subsection (c) of the bill would add a definition of an ''Indian tribe'' to mean for these purposes a federally recognized Indian tribal government, adopting the same definition of a tribe as that used in 25 U.S.C. 450b(e), the Indian Self-Determination Act. The bill clarifies that, just as the subdivisions of a state government are included within the definition of a state, and consistent with federal Indian law provisions recognizing the unique nature of tribal government, included within the bill's definition of a tribe are its subdivisions, subsidiaries and enterprises wholly owned by the tribal government.

SUBSECTION 2(e). TRANSITION RULE.—This subsection of the bill provides tax relief to those tribal governments who in good faith did not pay federal or state unemployment taxes deemed due by the U.S. Internal Revenue Service under the Federal Unemployment Tax Act. It ceases all federal assessment and collection actions aimed at extracting non-federal funds from tribal governments who have not paid unemployment taxes provided they reimburse a state fund for all benefits paid to otherwise eligible former tribal employees during this period of non-payment. This relief is available only for periods prior to the date of enactment of this bill. The bill does not authorize refund actions for taxes already paid nor relief from a tribe's obligation to reimburse a state unemployment fund for benefits paid to former tribal employees.

S. 1306

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 ''Tribal Government Tax-Exempt Bond Authority Amendments Act of 1995''.

SEC. 2. MODIFICATIONS OF AUTHORITY OF INDIAN TRIBAL GOVERNMENTS TO ISSUE TAX-EXEMPT BONDS.

(a) GENERAL PROVISION.—Subsection (c) of section 7871 of the Internal Revenue Code of 1986 (relating to Indian tribal governments treated as States for certain purposes) is amended to read as follows:

''(c) ADDITIONAL REQUIREMENTS FOR TAX-EXEMPT BONDS.—

''(1) IN GENERAL.—Subsection (a) of section 103 shall apply to any obligation issued by an Indian tribal government (or subdivision thereof) only if such obligation is part of an issue 95 percent or more of the net proceeds of which are to be used to finance facilities located on land within or in close proximity to the exterior boundaries of an Indian reservation.

''(2) PRIVATE ACTIVITY BONDS.—Any private activity bond (as defined in section 141(a)) issued by an Indian tribal government (or subdivision thereof) shall be treated as a qualified bond for purposes of section 103(b)(1) to which section 146 does not apply if—

''(A) GENERAL RESTRICTIONS.—The requirements of section 144(a)(8)(B) and section 147 are met with respect to the issue.

''(B) SPECIFIC RESTRICTIONS.—

''(i) OWNERSHIP.—In the case of an issue the net proceeds of which exceed $500,000, 50 percent or more of the profits or capital interests in the facilities to be financed thereby (or in the entity owning the facilities) are owned either by an Indian tribe, a subdivision thereof, a corporation chartered under section 17 of the Indian Reorganization Act of 1934 (25 U.S.C. 477) or section 3 of the Oklahoma Welfare Act (25 U.S.C. 503), individual enrolled members of an Indian tribe, an entity wholly-owned by any of the foregoing, or any combination thereof.

''(ii) EMPLOYMENT TEST.—It is reasonably expected (at the time of issuance of the obligations) that for each $100,000 of net proceeds of the issue at least 1 employee rendering services at the financed facilities is an enrolled member of an Indian tribe or the spouse of an enrolled member of an Indian tribe.

''(3) DEFINITIONS.—For purposes of this subsection—

''(A) INDIAN TRIBE.—The term 'Indian tribe' means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native village, or regional or village corporation, as defined in, or established pursuant to, the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.) which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

''(B) INDIAN RESERVATION.—The term 'Indian reservation' means a reservation, as defined in—

''(i) section 3(d) of the Indian Financing Act of 1974 (25 U.S.C. 1452(d)); or

''(ii) section 4(10) of the Indian Child Welfare Act of 1978 (25 U.S.C. 1903(10)).

''(C) IN CLOSE PROXIMITY TO.—The term 'in close proximity to' means—

''(i) in the case of an Indian reservation, or portion thereof, located within a metropolitan statistical area (within the meaning of section 143(k)(2)(B)), within 1 mile of the boundaries of such reservation, or portion thereof; and

''(ii) in the case of an Indian reservation, or portion thereof, located within a nonmetropolitan area (as defined in section 42(d)(5)(C)(iv)(IV)), within 15 miles of the boundaries of such reservation, or portion thereof.

''(D) NET PROCEEDS.—The term 'net proceeds' has the meaning given such term by section 150(a)(3).''.

(b) CONFORMING AMENDMENT.—Paragraph (3) of section 149(b) of the Internal Revenue Code of 1986 (relating to federally guaranteed bond is not exempt) is amended by redesignating subparagraph (D) as subparagraph (E) and by inserting after subparagraph (C) the following new subparagraph:

''(D) EXCEPTION FOR BONDS ISSUED BY INDIAN TRIBAL GOVERNMENTS.—Paragraph (1) shall not apply to any bond issued by an Indian tribal government (or subdivision thereof) unless it is federally guaranteed within the meaning of paragraph (2)(B)(ii).''.

SEC. 3. EXEMPTION FROM REGISTRATION REQUIREMENTS.

The first sentence of section 3(a)(2) of the Securities Act of 1933 (15 U.S.C. 77c(a)(2)) is amended by inserting ''or by any Indian tribal government or subdivision thereof (within the meaning of section 7871 of the Internal Revenue Code of 1986),'' after ''or territories,''.

SEC. 4. EFFECTIVE DATE.

The amendments made by this Act shall apply to obligations issued after the date of the enactment of this Act.

SECTION-BY-SECTION ANALYSIS—TRIBAL GOVERNMENT TAX-EXEMPT BOND AUTHORITY AMENDMENTS ACT OF 1995

Section 1 sets forth the short title of the Act.

Section 2 amends Section 7871 of the Internal Revenue Code (relating to Indian tribal governments treated as States for certain purposes) by applying existing tax-exempt bond authority in Section 103(a) to those obligations issued by an Indian tribal government, or its subdivision, that are part of an issue 95 percent or more of the net proceeds of which are to be used to finance facilities located on land within or in close proximity to an Indian reservation. It would replace the current restrictions on the issuance of tax-exempt bonds by tribes and tribal subdivisions with a provision that such bonds are to be issued under slightly more restrictive conditions than those that now apply to States and their political subdivisions.

Section 3 amends section 3(a)(2) of the Securities Act of 1993 to exempt from the general registration requirements, as are other governmental bonds, those bonds issued under authority of these amendments.

Section 4 provides that these amendments shall apply to obligations issued after the date of enactment of this bill.

S. 1307

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 ''Treatment of Indian Tribal Natural Resource Income Act of 1995''.

SEC. 2. FEDERAL TAX TREATMENT OF INCOME DERIVED BY INDIANS FROM NATURAL RESOURCES ACTIVITIES.

(a) IN GENERAL.—Subchapter C of chapter 80 of the Internal Revenue Code of 1986 (relating to provisions affecting more than one subtitle) is amended by adding at the end the following new section:

''SEC. 7874. FEDERAL TAX TREATMENT OF INCOME DERIVED BY INDIANS FROM THE HARVEST OF TRIBALLY OWNED NATURAL RESOURCES.

''(a) IN GENERAL.—

''(1) INCOME AND SELF-EMPLOYMENT TAXES.—No tax shall be imposed by subtitle A on income derived from a natural resources-related activity conducted—

''(A) by a member of an Indian tribe directly or through a qualified Indian entity; or

''(B) by a qualified Indian entity.

''(2) EMPLOYMENT TAXES.—No tax shall be imposed by subtitle C on remuneration paid for services performed in natural resources-related activity by one member of a tribe for another member of such tribe or for a qualified Indian entity.

''(b) DEFINITIONS.—For purpose of this section.

''(1) NATURAL RESOURCES-RELATED ACTIVITY.—The term 'natural resources-related activity' means, with respect to an Indian tribe, any activity directly related to cultivating, harvesting, processing, extracting, or transporting natural resources held in trust by the United States for the benefit of such tribe or directly related to selling such natural resources but only if substantially all of the selling activity is performed by members of such tribe.

''(2) QUALIFIED INDIAN ENTITY.—

''(A) IN GENERAL.—The term 'qualified Indian entity' means an entity—

''(i) engaged in a natural resources-related activity of one or more Indian tribes;

''(ii) all of whose equity interests are owned by such tribes or members of such tribes; and

''(iii) substantially all of the management functions of the entity are performed by members of such tribes.

''(B) ENTITIES ENGAGED IN PROCESSING OR TRANSPORTATION.—Except as provided in regulations similar to regulations in effect under section 7873(b)(3)(A)(iii) on the date of the enactment of this section, if an entity is engaged to any extent in any processing or transporting of natural resources, the term 'qualified Indian entity' shall also include an entity whose annual gross receipts are 90 percent or more derived from natural resources-related activities of one or more Indian tribes each of which owns at least 10 percent of the equity interests in the entity. For purposes of this subparagraph, equity interests owned by a member of such a tribe shall be treated as owned by the tribe.

''(c) SPECIAL RULES.—

''(1) DISTRIBUTIONS FROM QUALIFIED INDIAN ENTITY.—For purposes of this section, any distribution with respect to an equity interest in a qualified Indian entity of one or more Indian tribes to a member of one of such tribes shall be treated as derived by such member from a natural resources-related activity to the extent such distribution is attributable to income derived by such entity from a natural resources-related activity.

''(2) DE MINIMIS UNRELATED AMOUNTS MAY BE EXCLUDED.—If, but for this paragraph, all but a de minimis amount derived by a qualified Indian tribal entity or by a tribal member through such entity, or paid to an individual for services, would be entitled to the benefits of subsection (a), then the entire amount shall be so entitled.

''(d) NO INFERENCE CREATED.—Nothing in this title shall create any inference as to the existence or non-existence or scope of any exemption from tax for income derived from tribal rights secured as of January 1, 1995, by any treaty, law, or Executive Order.''.

(b) CONFORMING AMENDMENT.—The table of sections for subchapter C of chapter 80 of such Code is amended by adding at the end the following new item:

''Sec. 7874. Federal tax treatment of income derived by Indians from the harvest of tribally owned natural resources.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to periods before, on, or after the date of the enactment of this Act.

SECTION-BY-SECTION ANALYSIS—TREATMENT OF INDIAN TRIBAL NATURAL RESOURCE INCOME ACT OF 1995

Section 1 sets forth the short title of the Act.

Section 2 amends subchapter C of chapter 80 of the Internal Revenue Code to add a new section 7874 which would provide individual members of Federally-recognized tribal governments with an exemption from Federal income and employments taxes on income derived from certain economic activities related to natural resources held in trust for a tribe by the United States. These activities include those directly related to cultivating, harvesting, processing, extracting, or transporting such trust resources, and the selling of such resources if substantially all of the selling activity is performed by tribal members. The exemption covers both self-employment income and income paid to an individual by a qualified Indian entity, which by definition is limited to an entity engaged in such activity that is owned and controlled by a tribe or members of a tribe. Unless regulations in effect upon the date of enactment provide otherwise, income from entities engaged in processing or transportation is also exempt if the entity's gross receipts are 90 percent or more derived from the trust resources of one or more tribes each of which owns at least 10 percent of the equity interests in the entity. To the extent that it is derived from such a natural resources activity, individual income from a distribution made by a tribe to its members from an equity interest in a qualified Indian entity is treated as exempt.

Section 2(b) sets forth a conforming amendment to the table of sections in the Internal Revenue Code.

Section 2(c) provides that these amendments shall apply to periods before, on, or after the date of enactment of the Act.●

ADDITIONAL COSPONSORS

S. 327

At the request of Mr. HATCH, the name of the Senator from Louisiana [Mr. BREAUX] was added as a cosponsor of S. 327, a bill to amend the Internal Revenue Code of 1986 to provide clarification for the deductibility of expenses incurred by a taxpayer in connection with the business use of the home.

S. 434

At the request of Mr. KOHL, the name of the Senator from Michigan [Mr. LEVIN] was added as a cosponsor of S. 434, a bill to amend the Internal Revenue Code of 1986 to increase the deductibility of business meal expenses for individuals who are subject to Federal limitations on hours of service.

S. 483

At the request of Mr. HATCH, the name of the Senator from Alabama [Mr. HEFLIN] was added as a cosponsor of S. 483, a bill to amend the provisions of title 17, United States Code, with respect to the duration of copyright, and for the other purposes.

S. 551

At the request of Mr. CRAIG, the name of the Senator from Idaho [Mr. KEMPTHORNE] was added as a cosponsor of S. 551, a bill to revise the boundaries of the Hagerman Fossil Beds National Monument and the Craters of the Moon National Monument, and for other purposes.

S. 678

At the request of Mr. AKAKA, the name of the Senator from Missouri [Mr. BOND] was added as a cosponsor of S. 678, a bill to provide for the coordination and implementation of a national aquaculture policy for the private sector by the Secretary of Agriculture, to establish an aquaculture development and research program, and for other purposes.

S. 690

At the request of Mr. AKAKA, the name of the Senator from Missouri [Mr. BOND] was added as a cosponsor of S. 690, a bill to amend the Federal Noxious Weed Act of 1974 and the Terminal Inspection Act to improve the exclusion, eradication, and control of noxious weeds and plants, plant products, plant pests, animals, and other organisms within and into the United States, and for other purposes.

S. 881

At the request of Mr. PRYOR, the names of the Senator from Kentucky [Mr. FORD], the Senator from Alabama [Mr. HEFLIN), the Senator from Connecticut [Mr. DODD], the Senator from Oregon [Mr. HATFIELD], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Louisiana [Mr. BREAUX], the Senator from Kansas [Mr. DOLE], the Senator from Montana [Mr. BAUCUS], the Senator from Louisiana [Mr. JOHNSTON], and the Senator from Connecticut [Mr. LIEBERMAN] were added as cosponsors of S. 881, a bill to amend the Internal Revenue Code of 1986 to clarify provisions relating to church pension benefit plans, to modify certain provisions relating to participants in such plans, to reduce the complexity of and to bring workable consistency to the applicable rules, to promote retirement savings and benefits, and for other purposes.

S. 968

At the request of Mr. MCCONNELL, the names of the Senator from Oklahoma [Mr. INHOFE], and the Senator

from Virginia [Mr. WARNER] were added as cosponsors of S. 968, a bill to require the Secretary of the Interior to prohibit the import, export, sale, purchase, and possession of bear viscera or products that contain or claim to contain bear viscera, and for other purposes.

S. 1072

At the request of Mr. THURMOND, the name of the Senator from Wyoming [Mr. SIMPSON] was added as a cosponsor of S. 1072, a bill to redefine ''extortion'' for purposes of the Hobbs Act.

S. 1170

At the request of Mr. PRESSLER, the names of the Senator from Iowa [Mr. GRASSLEY], and the Senator from New York [Mr. D'AMATO] were added as cosponsors of S. 1170, a bill to limit the applicability of the generation-skipping transfer tax.

S. 1219

At the request of Mr. MCCAIN, the name of the Senator from Georgia [Mr. NUNN] was added as a cosponsor of S. 1219, a bill to reform the financing of Federal elections, and for other purposes.

S. 1247

At the request of Mr. GRASSLEY, the name of the Senator from North Carolina [Mr. HELMS] was added as a cosponsor of S. 1247, A bill to amend the Internal Revenue Code of 1986 to allow a deduction for contributions to a medical savings account by any individual who is covered under a catastrophic coverage health plan.

S. 1266

At the request of Mr. MACK, the names of the Senator from Michigan [Mr. ABRAHAM], and the Senator from North Carolina [Mr. HELMS] were added as cosponsors of S. 1266, a bill to require the Board of Governors of the Federal Reserve System to focus on price stability in establishing monetary policy to ensure the stable, long-term purchasing power of the currency, to repeal the Full Employment and Balanced Growth Act of 1978, and for other purposes.

S. 1280

At the request of Mr. MACK, the name of the Senator from Mississippi [Mr. LOTT] was added as a cosponsor of S. 1280, a bill to amend the Internal Revenue Code of 1986 to provide all taxpayers with a 50-percent deduction for capital gains, to index the basis of certain assets, and to allow the capital loss deduction for losses on the sale or exchange of an individual's principal residence.

S. 1297

At the request of Mr. HATCH, the names of the Senator from Oklahoma [Mr. NICKLES], and the Senator from Montana [Mr. BAUCUS] were added as cosponsors of S. 1297, a bill to amend the Internal Revenue Code of 1986 to simplify certain provisions applicable to real estate investment trusts.

SENATE JOINT RESOLUTION 6

At the request of Mr. THURMOND, the name of the Senator from Virginia [Mr. WARNER] was added as a cosponsor of Senate Joint Resolution 6, A joint resolution proposing an amendment to the Constitution of the United States relating to voluntary school prayer.

SENATE RESOLUTION 146

At the request of Mr. JOHNSTON, the names of the Senator from Ohio [Mr. DEWINE], the Senator from Illinois [Mr. SIMON], and the Senator from Tennessee [Mr. FRIST] were added as cosponsors of Senate Resolution 146, A resolution designating the week beginning November 19, 1995, and the week beginning on November 24, 1996, as ''National Family Week,'' and for other purposes.

AMENDMENTS SUBMITTED

THE WORKFORCE DEVELOPMENT ACT OF 1995

KASSEBAUM AMENDMENT NO. 2885

Mrs. KASSEBAUM proposed an amendment to the bill (S. 143) to consolidate Federal employment training programs and create a new process and structure for funding the programs, and for other purposes; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Workforce Development Act of 1995''.

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

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) increasing international competition, technological advances, and structural changes in the United States economy present new challenges to private businesses and public policymakers in creating a skilled workforce with the ability to adapt to change and technological progress;

(2) despite more than 60 years of federally funded employment training programs, the Federal Government has no single, coherent policy guiding employment training efforts;

(3) according to the General Accounting Office, there are over 100 federally funded employment training programs, which are administered by 15 different Federal agencies and cost more than $20,000,000,000 annually;

(4) many of the programs fail to collect enough performance data to determine the relative effectiveness of each of the programs or the effectiveness of the programs as a whole;

(5) because of the fragmentation, duplication, and lack of accountability that currently exist within and among Federal employment training programs it is often difficult for workers, jobseekers, and businesses to easily access the services they need;

(6) high quality, innovative vocational education programs provide youth with skills and knowledge on which to build successful careers and, in providing the skills and knowledge, vocational education serves as the foundation of a successful workforce development system;

(7) in recent years, several States and communities have begun to develop promising new initiatives such as—

(A) school-to-work programs to better integrate youth employment and education programs; and

(B) one-stop systems to make workforce development activities more accessible to workers, jobseekers, and businesses; and

(8) Federal, State, and local governments have failed to adequately allow for private sector leadership in designing workforce development activities that are responsive to local labor market needs.

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

(1) to make the United States more competitive in the world economy by eliminating the fragmentation in Federal employment training efforts and creating coherent, integrated statewide workforce development systems designed to develop more fully the academic, occupational, and literacy skills of all segments of the workforce;

(2) to ensure that all segments of the workforce will obtain the skills necessary to earn wages sufficient to maintain the highest quality of living in the world; and

(3) to promote the economic development of each State by developing a skilled workforce that is responsive to the labor market needs of the businesses of each State.

SEC. 3. DEFINITIONS.

As used in this Act:

(1) ADULT EDUCATION.—

(A) IN GENERAL.—The term ''adult education'' means services or instruction below the college level for adults who—

(i) lack sufficient education or literacy skills to enable the adults to function effectively in society; or

(ii) do not have a certificate of graduation from a school providing secondary education (as determined under State law) and who have not achieved an equivalent level of education.

(B) ADULT.—As used in subparagraph (A), the term ''adult'' means an individual who is age 16 or older, or beyond the age of compulsory school attendance under State law, and who is not enrolled in secondary school.

(2) APPROPRIATE SECRETARY.—The term ''appropriate Secretary'' means, as determined under section 186(c)—

(A) the Secretary of Labor;

(B) the Secretary of Education; or

(C) the Secretary of Labor and the Secretary of Education, acting jointly.

(3) AREA VOCATIONAL EDUCATION SCHOOL.—The term ''area vocational education school'' means—

(A) a specialized secondary school used exclusively or principally for the provision of vocational education to individuals who are available for study in preparation for entering the labor market;

(B) the department of a secondary school exclusively or principally used for providing vocational education in not fewer than 5 different occupational fields to individuals who are available for study in preparation for entering the labor market;

(C) a technical institute or vocational school used exclusively or principally for the provision of vocational education to individuals who have completed or left secondary school and who are available for study in preparation for entering the labor market, if the institute or school admits as regular students both individuals who have completed secondary school and individuals who have left secondary school; or

(D) the department or division of a junior college, community college, or university that provides vocational education in not fewer than 5 different occupational fields leading to immediate employment but not necessarily leading to a baccalaureate degree, if the department or division admits as regular students both individuals who have completed secondary school and individuals who have left secondary school.

(4) AT-RISK YOUTH.—The term ''at-risk youth'' means an individual who—

(A) is not less than age 15 and not more than age 24; and

(B)(i) is determined under guidelines developed by the Federal Partnership to be low-income, using the most recent available data provided by the Bureau of the Census, prior to the determination; or

(ii) is a dependent of a family that is determined under guidelines developed by the Federal Partnership to be low-income, using such data.

(5) CHIEF ELECTED OFFICIAL.—The term ''chief elected official'' means the chief elected officer of a unit of general local government in a substate area.

(6) COMMUNITY-BASED ORGANIZATION.—The term ''community-based organization'' means a private nonprofit organization of demonstrated effectiveness that is representative of a community or a significant segment of a community and that provides workforce development activities.

(7) COVERED ACTIVITY.—The term ''covered activity'' means an activity authorized to be carried out under a provision described in section 191(b) (as such provision was in effect on the day before the date of enactment of this Act).

(8) DISLOCATED WORKER.—The term ''dislocated worker'' means an individual who—

(A) has been terminated from employment and is eligible for unemployment compensation;

(B) has received a notice of termination of employment as a result of any permanent closure, or any layoff of 50 or more people, at a plant, facility, or enterprise, or as a result of a closure or realignment of a military installation;

(C) is long-term unemployed;

(D) was self-employed (including a farmer and a rancher) but is unemployed due to local economic conditions;

(E) is a displaced homemaker; or

(F) has become unemployed as a result of a Federal action that limits the use of, or restricts access to, a marine natural resource.

(9) DISPLACED HOMEMAKER.—The term ''displaced homemaker'' means an individual who was a full-time homemaker for a substantial number of years, as determined under guidelines developed by the Federal Partnership, and who no longer receives financial support previously provided by a spouse or by public assistance.

(10) ECONOMIC DEVELOPMENT ACTIVITIES.—The term ''economic development activities'' means the activities described in section 106(e).

(11) EDUCATIONAL SERVICE AGENCY.—The term ''educational service agency'' means a regional public multiservice agency authorized by State statute to develop and manage a service or program, and provide the service or program to a local educational agency.

(12) ELEMENTARY SCHOOL; LOCAL EDUCATIONAL AGENCY; SECONDARY SCHOOL.—The terms ''elementary school'', ''local educational agency'' and ''secondary school'' have the meanings given the terms in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(13) FEDERAL PARTNERSHIP.—The term ''Federal Partnership'' means the Workforce Development Partnership established in section 181, acting under the direction of the National Board.

(14) FLEXIBLE WORKFORCE ACTIVITIES.—The term ''flexible workforce activities'' means the activities described in section 106(d).

(15) INDIVIDUAL WITH A DISABILITY.—

(A) IN GENERAL.—The term ''individual with a disability'' means an individual with any disability (as defined in section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102)).

(B) INDIVIDUALS WITH DISABILITIES.—The term ''individuals with disabilities'' means more than 1 individual with a disability.

(16) LOCAL ENTITY.—The term ''local entity'' means a public or private entity responsible for local workforce development activities or workforce preparation activities for at-risk youth.

(17) LOCAL PARTNERSHIP.—The term ''local partnership'' means a partnership referred to in section 118(a).

(18) NATIONAL BOARD.—The term ''National Board'' means the National Board of the Federal Partnership.

(19) OUTLYING AREA.—The term ''outlying area'' means the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

(20) PARTICIPANT.—The term ''participant'' means an individual participating in workforce development activities or workforce preparation activities for at-risk youth, provided through a statewide system.

(21) POSTSECONDARY EDUCATIONAL INSTITUTION.—The term ''postsecondary educational institution'' means an institution of higher education, as defined in section 481(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)), that offers—

(A) a 2-year program of instruction leading to an associate's degree or a certificate of mastery; or

(B) a 4-year program of instruction leading to a bachelor's degree.

(22) RAPID RESPONSE ASSISTANCE.—The term ''rapid response assistance'' means workforce employment assistance provided in the case of a permanent closure, or layoff of 50 or more people, at a plant, facility, or enterprise, including the establishment of on-site contact with employers and employee representatives immediately after the State is notified of a current or projected permanent closure, or layoff of 50 or more people.

(23) SCHOOL-TO-WORK ACTIVITIES.—The term ''school-to-work activities'' means activities for youth that—

(A) integrate school-based learning and work-based learning;

(B) integrate academic and occupational learning;

(C) establish effective linkages between secondary education and postsecondary education;

(D) provide each youth participant with the opportunity to complete a career major;

(E) provide assistance in the form of connecting activities that link each youth participant with an employer in an industry or occupation relating to the career major of the youth participant; and

(F) are designed and carried out by local partnerships that include representatives of business and industry, education providers, and the community in which the activities are carried out.

(24) STATE.—The term ''State'' means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

(25) STATE BENCHMARKS.—The term ''State benchmarks'', used with respect to a State, means—

(A) the quantifiable indicators established under section 121(c) and identified in the report submitted under section 121(a); and

(B) such other quantifiable indicators of the statewide progress of the State toward meeting the State goals as the State may identify in the report submitted under section 121(a).

(26) STATE EDUCATIONAL AGENCY.—The term ''State educational agency'' means the State board of education or other agency or officer primarily responsible for the State supervision of public elementary or secondary schools, or, if there is no such officer or agency, an officer or agency designated by the Governor or by State law.

(27) STATE GOALS.—The term ''State goals'', used with respect to a State, means—

(A) the goals specified in section 121(b); and

(B) such other major goals of the statewide system of the State as the State may identify in the report submitted under section 121(a).

(28) STATEWIDE SYSTEM.—The term ''statewide system'' means a statewide workforce development system, referred to in section 101, that is designed to integrate workforce employment activities, workforce education activities, flexible workforce activities, economic development activities (in a State that is eligible to carry out such activities), vocational rehabilitation program activities, and workforce preparation activities for at-risk youth in the State in order to enhance and develop more fully the academic, occupational, and literacy skills of all segments of the population of the State and assist participants in obtaining meaningful unsubsidized employment.

(29) SUBSTATE AREA.—The term ''substate area'' means a geographic area designated by a Governor that reflects, to the extent feasible, a local labor market in a State.

(30) TECH-PREP PROGRAM.—The term ''tech-prep program'' means a program of study that—

(A) combines at least 2 years of secondary education (as determined under State law) and 2 years of postsecondary education in a nonduplicative sequence;

(B) integrates academic and vocational instruction and utilizes worksite learning where appropriate;

(C) provides technical preparation in an area such as engineering technology, applied science, a mechanical, industrial, or practical art or trade, agriculture, a health occupation, business, or applied economics;

(D) builds student competence in mathematics, science, communications, economics, and workplace skills, through applied academics and integrated instruction in a coherent sequence of courses;

(E) leads to an associate degree or a certificate in a specific career field; and

(F) leads to placement in appropriate employment or further education.

(31) VETERAN.—The term ''veteran'' has the meaning given the term in section 101(2) of title 38, United States Code.

(32) VOCATIONAL EDUCATION.—The term ''vocational education'' means organized educational programs that—

(A) offer a sequence of courses that provide individuals with the academic knowledge and skills the individuals need to prepare for further education and careers in current or emerging employment sectors; and

(B) include competency-based applied learning that contributes to the academic knowledge, higher-order reasoning and problem-solving skills, work attitudes, general employability skills, and occupation-specific skills, of an individual.

(33) VOCATIONAL REHABILITATION PROGRAM.—The term ''vocational rehabilitation program'' means a program assisted under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.).

(34) WELFARE ASSISTANCE.—The term ''welfare assistance'' means—

(A) assistance provided under part A of title IV of the Social Security Act; and

(B) assistance provided under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

(35) WELFARE RECIPIENT.—The term ''welfare recipient'' means—

(A) an individual who receives assistance under part A of title IV of the Social Security Act; and

(B) an individual who—

(i) is not an individual described in subparagraph (A); and

(ii) receives assistance under the Food Stamp Act of 1977.

(36) WORKFORCE DEVELOPMENT ACTIVITIES.—The term ''workforce development activities'' means workforce education activities, workforce employment activities, school-to-work activities, and economic development activities (within a State that is eligible to carry out such activities).

(37) WORKFORCE EDUCATION ACTIVITIES.—The term ''workforce education activities'' means the activities described in section 106(b).

(38) WORKFORCE EMPLOYMENT ACTIVITIES.—The term ''workforce employment activities'' means the activities described in paragraphs (2) through (8) of section 106(a), including activities described in section 106(a)(6) provided through a voucher described in section 106(a)(9).

(39) WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH.—The term ''workforce preparation activities for at-risk youth'' means the activities described in section 161(b), carried out for at-risk youth.

TITLE I—WORKFORCE DEVELOPMENT AND WORKFORCE PREPARATION ACTIVITIES

Subtitle A—Statewide Workforce Development Systems

CHAPTER 1—PROVISIONS FOR STATES AND OTHER ENTITIES

SEC. 101. STATEWIDE WORKFORCE DEVELOPMENT SYSTEMS ESTABLISHED.

For program year 1998 and each subsequent program year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make allotments under section 102 to States to assist the States in paying for the cost of establishing and carrying out activities through statewide workforce development systems, in accordance with this subtitle.

SEC. 102. STATE ALLOTMENTS.

(a) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State with a State plan approved under section 104 an amount equal to the total of the amounts made available under subparagraphs (A), (B), (C), and (D) of subsection (b)(2), adjusted in accordance with subsections (c) and (d).

(b) ALLOTMENTS BASED ON POPULATIONS.—

(1) DEFINITIONS.—As used in this subsection:

(A) ADULT RECIPIENT OF ASSISTANCE.—The term ''adult recipient of assistance'' means a recipient of assistance under a State program funded under part A of title IV of the Social Security Act who is not a minor child (as defined in section 402(c)(1) of such Act).

(B) INDIVIDUAL IN POVERTY.—The term ''individual in poverty'' means an individual who—

(i) is not less than age 18;

(ii) is not more than age 64; and

(iii) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(C) POVERTY LINE.—The term ''poverty line'' means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(2) CALCULATION.—Except as provided in subsections (c) and (d), from the amount reserved under section 124(b)(1), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership—

(A) using funds equal to 60 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals who are not less than age 15 and not more than age 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in the State bears to the total number of such individuals in all States;

(B) using funds equal to 20 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in all States;

(C) using funds equal to 10 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in all States; and

(D) using funds equal to 10 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the average monthly number of adult recipients of assistance (as determined by the Secretary of Health and Human Services for the most recent 12-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average monthly number of adult recipients of assistance (as so determined) in all States.

(c) MINIMUM STATE ALLOTMENT.—

(1) DEFINITION.—As used in this subsection, the term ''national average per capita payment'', used with respect to a program year, means the amount obtained by dividing—

(A) the amount reserved under section 124(b)(1) for the program year; by

(B) the total number of individuals who are not less than age 15 and not more than age 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in all States.

(2) MINIMUM ALLOTMENT.—Except as provided in paragraph (3) and subsection (d), no State shall receive an allotment under this section for a program year in an amount that is less than 0.5 percent of the amount reserved under section 124(b)(1) for the program year.

(3) LIMITATION.—No State that receives an increase in an allotment under this section for a program year as a result of the application of paragraph (2) shall receive an allotment under this section for the program year in an amount that is more than the product obtained by multiplying—

(A) the total number of individuals who are not less than age 15 and not more than age 65 (as determined by the Federal Partnership using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in the State; and

(B) the product obtained by multiplying—

(i) 1.5; and

(ii) the national average per capita payment for the program year.

(4) ADJUSTMENTS.—In order to increase the allotments of States as a result of the application of paragraph (2), the Secretary of Labor and the Secretary of Education, acting jointly, shall reduce, on a pro rata basis, the allotments of the other States (except as provided in subsection (d)).

(d) OVERALL LIMITATIONS.—

(1) DEFINITION.—As used in this subsection, the term ''State percentage'' means—

(A) with respect to the program year preceding program year 1998, the percentage that a State receives of the financial assistance made available to States to carry out covered activities for the year ending on June 30, 1998; and

(B) with respect to program year 1998 and each subsequent program year, the percentage that a State receives of the amount reserved under section 124(b)(1) for the program year.

(2) LIMITATIONS.—No State shall receive an allotment under this section for a program year in an amount that would make the State percentage for the program year—

(A) less than the product obtained by multiplying—

(i) 0.95; and

(ii) the State percentage of the State for the preceding program year; or

(B) greater than the product obtained by multiplying—

(i) 1.05; and

(ii) the State percentage of the State for the preceding program year.

SEC. 103. STATE APPORTIONMENT BY ACTIVITY.

(a) ACTIVITIES.—From the sum of the funds made available to a State through an allotment received under section 102 and through funds received under section 6 of the Wagner-Peyser Act (29 U.S.C. 49e) to carry out this subtitle for a program year—

(1) a portion equal to 25 percent of such sum (which portion shall include the funds received by the State under section 6 of the Wagner-Peyser Act) shall be made available for workforce employment activities or activities carried out under the Wagner-Peyser Act (29 U.S.C. 49 et seq.);

(2) a portion equal to 25 percent of such sum shall be made available for workforce education activities; and

(3) a portion (referred to in this title as the ''flex account'') equal to 50 percent of such sum shall be made available for flexible workforce activities.

(b) RECIPIENTS.—In making an allotment under section 102 to a State, the Secretary of Labor and the Secretary of Education, acting jointly, shall make a payment—

(1) to the Governor of the State for the portion described in subsection (a)(1), and such part of the flex account as the Governor may be eligible to receive, as determined under the State plan of the State submitted under section 104; and

(2) to the State educational agency of the State for the portion described in subsection (a)(2), and such part of the flex account as the State educational agency may be eligible to receive, as determined under the State plan of the State submitted under section 104.

SEC. 104. STATE PLANS.

(a) IN GENERAL.—For a State to be eligible to receive an allotment under section 102, the Governor of the State shall submit to the Federal Partnership, and obtain approval of, a single comprehensive State workforce development plan (referred to in this section as a ''State plan''), outlining a 3-year strategy for the statewide system of the State.

(b) PARTS.—

(1) IN GENERAL.—The State plan shall contain 3 parts.

(2) STRATEGIC PLAN AND FLEXIBLE WORKFORCE ACTIVITIES.—The first part of the State plan shall describe a strategic plan for the statewide system, including the flexible workforce activities, and, if appropriate, economic development activities, that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the first part of the State plan, using procedures that are consistent with the procedures described in subsection (d).

(3) WORKFORCE EMPLOYMENT ACTIVITIES.—The second part of the State plan shall describe the workforce employment activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The Governor shall develop the second part of the State plan.

(4) WORKFORCE EDUCATION ACTIVITIES.—The third part of the State plan shall describe the workforce education activities that are designed to meet the State goals and reach the State benchmarks and are to be carried out with the allotment. The State educational agency of the State shall develop the third part of the State plan in collaboration with the State postsecondary education agency and with representatives of vocational education and community colleges.

(c) CONTENTS OF THE PLAN.—The State plan shall include—

(1) with respect to the strategic plan for the statewide system—

(A) information describing how the State will identify the current and future workforce development needs of the industry sectors most important to the economic competitiveness of the State;

(B) information describing how the State will identify the current and future workforce development needs of all segments of the population of the State;

(C) information identifying the State goals and State benchmarks and how the goals and benchmarks will make the statewide system relevant and responsive to labor market and education needs at the local level;

(D) information describing how the State will coordinate workforce development activities to meet the State goals and reach the State benchmarks;

(E) information describing the allocation within the State of the funds made available through the flex account for the State, and how the flexible workforce activities, including school-to-work activities, to be carried out with such funds will be carried out to meet the State goals and reach the State benchmarks;

(F) information identifying how the State will obtain the active and continuous participation of business, industry, and labor in the development and continuous improvement of the statewide system;

(G) information identifying how the State will obtain the active and continuous participation of local partnerships (or, where established, local workforce development boards described in section 118(b)) in the development and continuous improvement of the statewide system;

(H) information identifying how any funds that a State receives under this subtitle will be leveraged with other public and private resources to maximize the effectiveness of such resources for all workforce development activities, and expand the participation of business, industry, labor, and individuals in the statewide system;

(I) information identifying how the workforce development activities to be carried out with funds received through the allotment will be coordinated with programs carried out by the Veterans' Employment and Training Service with funds received under title 38, United States Code, in order to meet the State goals and reach the State benchmarks related to veterans;

(J) information describing how the State will eliminate duplication in the administration and delivery of services under this subtitle;

(K) information describing the process the State will use to independently evaluate and continuously improve the performance of the statewide system, on a yearly basis, including the development of specific performance indicators to measure progress toward meeting the State goals;

(L) an assurance that the funds made available under this subtitle will supplement and not supplant other public funds expended to provide workforce development activities;

(M) information identifying the steps that the State will take over the 3 years covered by the plan to establish common data collection and reporting requirements for workforce development activities and vocational rehabilitation program activities;

(N) with respect to economic development activities, information—

(i) describing the activities to be carried out with the funds made available under this subtitle;

(ii) describing how the activities will lead directly to increased earnings of nonmanagerial employees in the State; and

(iii) describing whether the labor organization, if any, representing the nonmanagerial employees supports the activities;

(O) the description referred to in subsection (d)(1); and

(P)(i) information demonstrating the support of individuals and entities described in subsection (d)(1) for the plan; or

(ii) in a case in which the Governor is unable to obtain the support of such individuals and entities as provided in subsection (d)(2), the comments referred to in subsection (d)(2)(B);

(2) with respect to workforce employment activities, information—

(A)(i) identifying and designating substate areas, including urban and rural areas, to which funds received through the allotment will be distributed, which areas shall, to the extent feasible, reflect local labor market areas; or

(ii) stating that the State will be treated as a substate area for purposes of the application of this subtitle, if the State receives an increase in an allotment under section 102 for a program year as a result of the application of section 102(c)(2);

(B) describing the basic features of one-stop delivery of core services described in section 106(a)(2) in the State, including information regarding—

(i) the strategy of the State for developing fully operational one-stop delivery of core services described in section 106(a)(2);

(ii) the time frame for achieving the strategy;

(iii) the estimated cost of achieving the strategy;

(iv) the steps that the State will take over the 3 years covered by the plan to provide individuals with access to one-stop delivery of core services described in section 106(a)(2);

(v) the steps that the State will take over the 3 years covered by the plan to ensure that all publicly funded labor exchange services described in section 106(a)(2)(B), and all such services described in the Wagner-Peyser Act (29 U.S.C. 49 et seq.), are provided through the one-stop career center system of the State;

(vi) the steps that the State will take over the 3 years covered by the plan to provide information through the one-stop delivery to individuals on the quality of workforce employment activities, workforce education activities, and vocational rehabilitation program activities, provided through the statewide system;

(vii) the steps that the State will take over the 3 years covered by the plan to link services provided through the one-stop delivery with services provided through State welfare agencies; and

(viii) in a case in which the State chooses to use vouchers to deliver workforce employment activities, the steps that the State will take over the 3 years covered by the plan to comply with the requirements in section 106(a)(9) and the information required in such section;

(C) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce employment activities;

(D) describing the workforce employment activities to be carried out with funds received through the allotment;

(E) describing the steps that the State will take over the 3 years covered by the plan to establish a statewide comprehensive labor market and occupational information system described in section 183(c) that will be utilized by all the providers of one-stop delivery of core services described in section 106(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State;

(F) describing the steps that the State will take over the 3 years covered by the plan to establish a job placement accountability system described in section 121(d); and

(G) describing the process the State will use to approve all providers of workforce employment activities through the statewide system; and

(3) with respect to workforce education activities, information—

(A) describing how funds received through the allotment will be allocated among—

(i) secondary school vocational education, or postsecondary and adult vocational education, or both; and

(ii) adult education;

(B) identifying performance indicators that relate to the State goals, and to the State benchmarks, concerning workforce education activities;

(C) describing the workforce education activities that will be carried out with funds received through the allotment;

(D) describing how the State will address the adult education needs of the State;

(E) describing how the State will disaggregate data relating to at-risk youth in order to adequately measure the progress of at-risk youth toward accomplishing the results measured by the State goals and the State benchmarks;

(F) describing how the State will adequately address the needs of both at-risk youth who are in school, and out-of-school youth, in alternative education programs that teach to the same challenging academic, occupational, and skill proficiencies as are provided for in-school youth;

(G) describing how the workforce education activities described in the State plan and the State allocation of funds received through the allotment for such activities are an integral part of comprehensive efforts of the State to improve education for all students and adults;

(H) describing how the State will annually evaluate the effectiveness of the State plan with respect to workforce education activities;

(I) describing how the State will address the professional development needs of the State with respect to workforce education activities;

(J) describing how the State will provide local educational agencies in the State with technical assistance;

(K) describing how the State will assess the progress of the State in implementing student performance measures; and

(L) describing how the State will encourage the participation of parents of secondary school students involved in workforce education activities carried out under this subtitle in State and local decisions regarding workforce education activities carried out under this subtitle.

(d) PROCEDURE FOR DEVELOPMENT OF PART OF PLAN RELATING TO STRATEGIC PLAN.—

(1) DESCRIPTION OF DEVELOPMENT.—The part of the State plan relating to the strategic plan shall include a description of the manner in which—

(A) the Governor;

(B) the State educational agency;

(C) representatives of business and industry, including representatives of key industry sectors, and of small, medium-size, and large employers, in the State;

(D) representatives of labor and workers;

(E) local elected officials from throughout the State;

(F) the State agency officials responsible for vocational education;

(G) the State agency officials responsible for postsecondary education and community colleges;

(H) the State agency officials responsible for adult education;

(I) the State agency officials responsible for vocational rehabilitation;

(J) such other State agency officials, including officials responsible for economic development and employment, as the Governor may designate;

(K) the representative of the Veterans' Employment and Training Service assigned to the State under section 4103 of title 38, United States Code; and

(L) other appropriate officials, including members of the State workforce development board described in section 105, if the State has established such a board;

collaborated in the development of such part of the plan.

(2) FAILURE TO OBTAIN SUPPORT.—If, after a reasonable effort, the Governor is unable to obtain the support of the individuals and entities described in paragraph (1) for the strategic plan the Governor shall—

(A) provide such individuals and entities with copies of the strategic plan;

(B) allow such individuals and entities to submit to the Governor, not later than the end of the 30-day period beginning on the date on which the Governor provides such individuals and entities with copies of such plan under subparagraph (A), comments on such plan; and

(C) include any such comments in such plan.

(e) APPROVAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall approve a State plan if—

(1) the Federal Partnership determines that the plan contains the information described in subsection (c);

(2) the Federal Partnership determines that the State has prepared the plan in accordance with the requirements of this section, including the requirements relating to development of any part of the plan; and

(3) the State benchmarks for the State have been negotiated and approved in accordance with section 121(c).

(f) NO ENTITLEMENT TO A SERVICE.—Nothing in this Act shall be construed to provide any individual with an entitlement to a service provided under this Act.

SEC. 105. STATE WORKFORCE DEVELOPMENT BOARDS.

(a) ESTABLISHMENT.—A Governor of a State that receives an allotment under section 102 may establish a State workforce development board—

(1) on which a majority of the members are representatives of business and industry;

(2) on which not less than 25 percent of the members shall be representatives of labor, workers, and community-based organizations;

(3) that shall include representatives of veterans;

(4) that shall include a representative of the State educational agency and a representative from the State agency responsible for vocational rehabilitation;

(5) that may include any other individual or entity that participates in the collaboration described in section 104(d)(1); and

(6) that may include any other individual or entity the Governor may designate.

(b) CHAIRPERSON.—The State workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(c) FUNCTIONS.—The functions of the State workforce development board shall include—

(1) advising the Governor on the development of the statewide system, the State plan

described in section 104, and the State goals and State benchmarks;

(2) assisting in the development of specific performance indicators to measure progress toward meeting the State goals and reaching the State benchmarks and providing guidance on how such progress may be improved;

(3) serving as a link between business, industry, labor, and the statewide system;

(4) assisting the Governor in preparing the annual report to the Federal Partnership regarding progress in reaching the State benchmarks, as described in section 121(a);

(5) receiving and commenting on the State plan developed under section 101 of the Rehabilitation Act of 1973 (29 U.S.C. 721);

(6) assisting the Governor in developing the statewide comprehensive labor market and occupational information system described in section 183(c) to provide information that will be utilized by jobseekers, employers, providers of one-stop delivery of core services described in section 106(a)(2), providers of other workforce employment activities, and providers of workforce education activities, in the State; and

(7) assisting in the monitoring and continuous improvement of the performance of the statewide system, including evaluation of the effectiveness of workforce development activities funded under this subtitle.

SEC. 106. USE OF FUNDS.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—Funds made available to a State under this subtitle to carry out workforce employment activities through a statewide system—

(A) shall be used to carry out the activities described in paragraphs (2), (3), and (4); and

(B) may be used to carry out the activities described in paragraphs (5), (6), (7), and (8), including providing activities described in paragraph (6) through vouchers described in paragraph (9).

(2) ONE-STOP DELIVERY OF CORE SERVICES.—

(A) ACCESS.—The State shall use a portion of the funds described in paragraph (1) to establish a means of providing access to the statewide system through core services described in subparagraph (B) available—

(i) through multiple, connected access points, linked electronically or otherwise;

(ii) through a network that assures participants that such core services will be available regardless of where the participants initially enter the statewide system;

(iii) at not less than 1 physical location in each substate area of the State; or

(iv) through some combination of the options described in clauses (i), (ii), and (iii).

(B) CORE SERVICES.—The core services referred to in subparagraph (A) shall, at a minimum, include—

(i) outreach, intake, and orientation to the information and other services available through one-stop delivery of core services described in this subparagraph;

(ii) initial assessment of skill levels, aptitudes, abilities, and supportive service needs;

(iii) job search and placement assistance and, where appropriate, career counseling;

(iv) customized screening and referral of qualified applicants to employment;

(v) provision of accurate information relating to local labor market conditions, including employment profiles of growth industries and occupations within a substate area, the educational and skills requirements of jobs in the industries and occupations, and the earnings potential of the jobs;

(vi) provision of accurate information relating to the quality and availability of other workforce employment activities, workforce education activities, and vocational rehabilitation program activities;

(vii) provision of information regarding how the substate area is performing on the State benchmarks;

(viii) provision of initial eligibility information on forms of public financial assistance that may be available in order to enable persons to participate in workforce employment activities, workforce education activities, or vocational rehabilitation program activities; and

(ix) referral to other appropriate workforce employment activities, workforce education activities, and vocational rehabilitation employment activities.

(3) LABOR MARKET AND OCCUPATIONAL INFORMATION SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a statewide comprehensive labor market and occupational information system described in section 183(c).

(4) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—The State shall use a portion of the funds described in paragraph (1) to establish a job placement accountability system described in section 121(d).

(5) PERMISSIBLE ONE-STOP DELIVERY ACTIVITIES.—The State may provide, through one-stop delivery—

(A) co-location of services related to workforce development activities, such as unemployment insurance, vocational rehabilitation program activities, welfare assistance, veterans' employment services, or other public assistance;

(B) intensive services for participants who are unable to obtain employment through the core services described in paragraph (2)(B), as determined by the State; and

(C) dissemination to employers of information on activities carried out through the statewide system.

(6) OTHER PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to provide services through the statewide system that may include—

(A) on-the-job training;

(B) occupational skills training;

(C) entrepreneurial training;

(D) training to develop work habits to help individuals obtain and retain employment;

(E) customized training conducted with a commitment by an employer or group of employers to employ an individual after successful completion of the training;

(F) rapid response assistance for dislocated workers;

(G) skill upgrading and retraining for persons not in the workforce;

(H) preemployment and work maturity skills training for youth;

(I) connecting activities that organize consortia of small- and medium-size businesses to provide work-based learning opportunities for youth participants in school-to-work programs;

(J) programs for adults that combine workplace training with related instruction;

(K) services to assist individuals in attaining certificates of mastery with respect to industry-based skill standards;

(L) case management services;

(M) supportive services, such as transportation and financial assistance, that enable individuals to participate in the statewide system;

(N) followup services for participants who are placed in unsubsidized employment; and

(O) an employment and training program described in section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)).

(7) STAFF DEVELOPMENT AND TRAINING.—The State may use a portion of the funds described in paragraph (1) for the development and training of staff of providers of one-stop delivery of core services described in paragraph (2), including development and training relating to principles of quality management.

(8) INCENTIVE GRANT AWARDS.—The State may use a portion of the funds described in paragraph (1) to award incentive grants to substate areas that reach or exceed the State benchmarks established under section 121(c), with an emphasis on benchmarks established under section 121(c)(3). A substate area that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this subtitle.

(9) VOUCHERS.—

(A) IN GENERAL.—A State may deliver some or all of the workforce employment activities described in paragraph (6) that are provided under this subtitle through a system of vouchers administered through the one-stop delivery of core services described in paragraph (2) in the State.

(B) ELIGIBILITY REQUIREMENTS.—

(i) IN GENERAL.—A State that chooses to deliver the activities described in subparagraph (A) through vouchers shall indicate in the State plan described in section 104 the criteria that will be used to determine—

(I) which workforce employment activities described in paragraph (6) will be delivered through the voucher system;

(II) eligibility requirements for participants to receive the vouchers and the amount of funds that participants will be able to access through the voucher system; and

(III) which employment, training, and education providers are eligible to receive payment through the vouchers.

(ii) CONSIDERATIONS.—In establishing State criteria for service providers eligible to receive payment through the vouchers under clause (i)(III), the State shall take into account industry-recognized skills standards promoted by the National Skills Standards Board.

(C) ACCOUNTABILITY REQUIREMENTS.—A State that chooses to deliver the activities described in paragraph (6) through vouchers shall indicate in the State plan—

(i) information concerning how the State will utilize the statewide comprehensive labor market and occupational information system described in section 183(c) and the job placement accountability system established under section 121(d) to provide timely and accurate information to participants about the performance of eligible employment, training, and education providers;

(ii) other information about the performance of eligible providers of services that the State believes is necessary for participants receiving the vouchers to make informed career choices; and

(iii) the timeframe in which the information developed under clauses (i) and (ii) will be widely available through the one-stop delivery of core services described in paragraph (2) in the State.

(b) WORKFORCE EDUCATION ACTIVITIES.—The State educational agency shall use the funds made available to the State educational agency under this subtitle for workforce education activities to carry out, through the statewide system, activities that include—

(1) integrating academic and vocational education;

(2) linking secondary education (as determined under State law) and postsecondary education, including implementing tech-prep programs;

(3) providing career guidance and counseling for students at the earliest possible age, including the provision of career awareness, exploration, planning, and guidance information to students and their parents that is, to the extent possible, in a language and form that the students and their parents understand;

(4) providing literacy and basic education services for adults and out-of-school youth,

including adults and out-of-school youth in correctional institutions;

(5) providing programs for adults and out-of-school youth to complete their secondary education;

(6) expanding, improving, and modernizing quality vocational education programs; and

(7) improving access to quality vocational education programs for at-risk youth.

(c) FISCAL REQUIREMENTS FOR WORKFORCE EDUCATION ACTIVITIES.—

(1) SUPPLEMENT NOT SUPPLANT.—Funds made available under this subtitle for workforce education activities shall supplement, and may not supplant, other public funds expended to carry out workforce education activities.

(2) MAINTENANCE OF EFFORT.—

(A) DETERMINATION.—No payments shall be made under this subtitle for any program year to a State for workforce education activities unless the Federal Partnership determines that the fiscal effort per student or the aggregate expenditures of such State for workforce education for the program year preceding the program year for which the determination is made, equaled or exceeded such effort or expenditures for workforce education for the second program year preceding the fiscal year for which the determination is made.

(B) WAIVER.—The Federal Partnership may waive the requirements of this section (with respect to not more than 5 percent of expenditures by any State educational agency) for 1 program year only, on making a determination that such waiver would be equitable due to exceptional or uncontrollable circumstances affecting the ability of the applicant to meet such requirements, such as a natural disaster or an unforeseen and precipitous decline in financial resources. No level of funding permitted under such a waiver may be used as the basis for computing the fiscal effort or aggregate expenditures required under this section for years subsequent to the year covered by such waiver. The fiscal effort or aggregate expenditures for the subsequent years shall be computed on the basis of the level of funding that would, but for such waiver, have been required.

(d) FLEXIBLE WORKFORCE ACTIVITIES.—

(1) CORE FLEXIBLE WORKFORCE ACTIVITIES.—The State shall use a portion of the funds made available to the State under this subtitle through the flex account to carry out school-to-work activities through the statewide system, except that any State that received a grant under subtitle B of title II of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6141 et seq.) shall use such portion to support the continued development of the statewide School-to-Work Opportunities system of the State through the continuation of activities that are carried out in accordance with the terms of such grant.

(2) PERMISSIBLE FLEXIBLE WORKFORCE ACTIVITIES.—The State may use a portion of the funds made available to the State under this subtitle through the flex account—

(A) to carry out workforce employment activities through the statewide system; and

(B) to carry out workforce education activities through the statewide system.

(e) ECONOMIC DEVELOPMENT ACTIVITIES.—In the case of a State that meets the requirements of section 118(c), the State may use not more than 50 percent of the funds made available to the State under this subtitle through the flex account to supplement other funds provided by the State or private sector—

(1) to provide services to upgrade the skills of employed workers who are at risk of being permanently laid off;

(2) to retrain employed workers in new technologies and work processes that will facilitate the conversion and restructuring of businesses to assist in the avoidance of closures, or layoffs of 50 or more people, at a plant, facility, or enterprise;

(3) to provide customized assessments of the skills of workers and an analysis of the skill needs of employers;

(4) to assist consortia of small- and medium-size employers in upgrading the skills of their workforces;

(5) to provide productivity and quality improvement training programs for the workforces of small- and medium-size employers;

(6) to provide recognition and use of voluntary industry-developed skills standards by employers, schools, and training institutions;

(7) to carry out training activities in companies that are developing modernization plans in conjunction with State industrial extension service offices; and

(8) to provide on-site, industry-specific training programs supportive of industrial and economic development;

through the statewide system.

(f) LIMITATIONS.—

(1) WAGES.—No funds provided under this subtitle shall be used to pay the wages of incumbent workers during their participation in economic development activities provided through the statewide system.

(2) RELOCATION.—No funds provided under this subtitle shall be used or proposed for use to encourage or induce the relocation, of a business or part of a business, that results in a loss of employment for any employee of such business at the original location.

(3) TRAINING AND ASSESSMENTS FOLLOWING RELOCATION.—No funds provided under this subtitle shall be used for customized or skill training, on-the-job training, or company-specific assessments of job applicants or workers, for any business or part of a business, that has relocated, until 120 days after the date on which such business commences operations at the new location, if the relocation of such business or part of a business, results in a loss of employment for any worker of such business at the original location.

(4) DISPLACEMENT.—

(A) IN GENERAL.—No currently employed worker shall be displaced (including partial displacement such as a reduction in hours of nonovertime work, wages, or employment benefits) by any participant in an activity carried out under this subtitle.

(B) EXISTING CONTRACT FOR SERVICES OR COLLECTIVE BARGAINING AGREEMENT.—No activity carried out under this subtitle shall impair an existing contract for services or a collective bargaining agreement.

(C) LAYOFF OR TERMINATION.—No participant shall be employed or job opening filled for an activity carried out under this subtitle—

(i) when any other individual is on layoff from the same or a substantially equivalent job; or

(ii) when the employer has terminated the employment of any regular employee or otherwise reduced the workforce of the employer with the intention of filling the vacancy so created by hiring a participant whose wages are subsidized under this subtitle.

(5) HEALTH AND SAFETY.—Health and safety standards established under Federal and State law otherwise applicable to working conditions of employees shall be equally applicable to working conditions of participants engaged in work-related activities pursuant to this subtitle. Appropriate workers' compensation shall be provided to the participants on the same basis as the compensation is provided to other individuals in the State in similar employment (as determined under regulations issued by the Secretary of Labor).

(6) EMPLOYMENT CONDITIONS.—Participants employed or assigned to work in positions subsidized under this subtitle shall be provided benefits and working conditions at the same level and to the same extent as other employees working a similar length of time and doing the same type of work.

(7) NONDISCRIMINATION.—Except as otherwise permitted in law, no individual may be excluded from participation in workforce development activities carried out under this subtitle because of race, color, religion, sex, national origin, disability, or age.

(8) GRIEVANCE PROCEDURE.—The State shall establish and maintain (pursuant to regulations issued by the Secretary of Labor) a grievance procedure for resolving complaints alleging violations of any of the prohibitions or requirements described in this subsection. Such procedure shall include an opportunity for a hearing and shall be completed not later than the 90th day after the date of the submission of a complaint, by which day the complainant shall be provided a written decision by the State. A decision of the State under such procedure, or a failure of the State to issue a decision within the 90-day period, may be appealed to the Secretary of Labor, who shall investigate the allegations contained in the complaint and make a determination not later than 60 days after the date of the appeal as to whether a violation of a prohibition or requirement of this subsection has occurred.

(9) REMEDIES.—

(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), remedies that may be imposed under this paragraph for violations of the prohibitions and requirements described in this subsection shall be limited to—

(i) suspension or termination of payments under this subtitle;

(ii) prohibition of placement of any participant, for an appropriate period of time, with an employer that has violated this subsection; and

(iii) appropriate equitable relief (other than backpay).

(B) EXCEPTIONS.—

(i) REPAYMENT.—If the Secretary of Labor determines that a violation of paragraph (2) or (3) has occurred, the Secretary of Labor shall require the State or substate recipient of funds that has violated paragraph (2) or (3), respectively, to repay to the United States an amount equal to the amount expended in violation of paragraph (2) or (3), respectively.

(ii) ADDITIONAL REMEDIES.—In addition to the remedies available under subparagraph (A), remedies available under this paragraph for violations of paragraph (4) may include—

(I) reinstatement of the displaced employee to the position held by such employee prior to displacement;

(II) payment of lost wages and benefits of the employee; and

(III) reestablishment of other relevant terms, conditions, and privileges of employment of the employee.

(C) OTHER LAWS OR CONTRACTS.—Nothing in this paragraph shall be construed to prohibit a complainant from pursuing a remedy authorized under another Federal, State, or local law or a contract or collective bargaining agreement for a violation of the prohibitions or requirements described in this subsection.

(g) LIMITATIONS ON PARTICIPANTS.—

(1) DIPLOMA OR EQUIVALENT.—

(A) IN GENERAL.—No individual may participate in workforce employment activities described in subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) until the individual has obtained a secondary school

diploma or its recognized equivalent, or is enrolled in a program or course of study to obtain a secondary school diploma or its recognized equivalent.

(B) EXCEPTION.—Nothing in subparagraph (A) shall prevent participation in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6) by individuals who, after testing and in the judgment of medical, psychiatric, academic, or other appropriate professionals, lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

(2) SERVICES.—

(A) REFERRAL.—If an individual who has not obtained a secondary school diploma or its recognized equivalent applies to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6), such individual shall be referred to State approved adult education services that provide instruction designed to help such individual obtain a secondary school diploma or its recognized equivalent.

(B) STATE PROVISION OF SERVICES.—Notwithstanding any other provision of this title, a State may use funds made available under section 103(a)(1) to provide State approved adult education services that provide instruction designed to help individuals obtain a secondary school diploma or its recognized equivalent, to individuals who—

(i) are seeking to participate in workforce employment activities described under subparagraph (A), (B), (C), (E), (G), (J), or (K) of subsection (a)(6); and

(ii) are otherwise unable to obtain such services.

(h) LAWS AND PROCEDURES APPLICABLE TO EXPENDITURE OF STATE FUNDS.—Any funds received by a State under this subtitle shall be expended only in accordance with the laws and procedures applicable to expenditures of the State's own revenues, subject to the terms and conditions required under this subtitle, particularly section 104, section 105, and chapter 2.

SEC. 107. INDIAN WORKFORCE DEVELOPMENT ACTIVITIES.

(a) PURPOSE.—

(1) IN GENERAL.—The purpose of this section is to support workforce development activities for Indian and Native Hawaiian individuals in order—

(A) to develop more fully the academic, occupational, and literacy skills of such individuals;

(B) to make such individuals more competitive in the workforce; and

(C) to promote the economic and social development of Indian and Native Hawaiian communities in accordance with the goals and values of such communities.

(2) INDIAN POLICY.—All programs assisted under this section shall be administered in a manner consistent with the principles of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) and the government-to-government relationship between the Federal Government and Indian tribal governments.

(b) DEFINITIONS.—As used in this section:

(1) ALASKA NATIVE.—The term ''Alaska Native'' means a Native as such term is defined in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b)).

(2) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—The terms ''Indian'', ''Indian tribe'', and ''tribal organization'' have the same meanings given such terms in subsections (d), (e), and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(3) INSTITUTION OF HIGHER EDUCATION.—The term ''institution of higher education'' has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(4) NATIVE HAWAIIAN AND NATIVE HAWAIIAN ORGANIZATION.—The terms ''Native Hawaiian'' and ''Native Hawaiian organization'' have the same meanings given such terms in paragraphs (1) and (3), respectively, of section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912).

(5) TRIBALLY CONTROLLED COMMUNITY COLLEGE.—The term ''tribally controlled community college'' has the same meaning given such term in section 2(a)(4) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(4)).

(6) TRIBALLY CONTROLLED POSTSECONDARY VOCATIONAL INSTITUTION.—The term ''tribally controlled postsecondary vocational institution'' means an institution of higher education that—

(A) is formally controlled, or has been formally sanctioned or chartered, by the governing body of an Indian tribe or Indian tribes;

(B) offers a technical degree or certificate granting program;

(C) is governed by a board of directors or trustees, a majority of whom are Indians;

(D) demonstrates adherence to stated goals, a philosophy, or a plan of operation, that fosters individual Indian economic and self-sufficiency opportunity, including programs that are appropriate to stated tribal goals of developing individual entrepreneurships and self-sustaining economic infrastructures on reservations;

(E) has been in operation for at least 3 years;

(F) holds accreditation with or is a candidate for accreditation by a nationally recognized accrediting authority for postsecondary vocational education; and

(G) enrolls the full-time equivalent of not fewer than 100 students, of whom a majority are Indians.

(c) PROGRAM AUTHORIZED.—

(1) ASSISTANCE AUTHORIZED.—From amounts made available under section 124(b)(2), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts or cooperative agreements with, Indian tribes and tribal organizations, Alaska Native entities, tribally controlled community colleges, tribally controlled postsecondary vocational institutions, Indian-controlled organizations serving Indians, and Native Hawaiian organizations to carry out the authorized activities described in subsection (d).

(2) FORMULA.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts and cooperative agreements with, entities as described in paragraph (1) to carry out the activities described in paragraphs (2) and (3) of subsection (d) on the basis of a formula developed by the Federal Partnership in consultation with entities described in paragraph (1).

(d) AUTHORIZED ACTIVITIES.—

(1) IN GENERAL.—Funds made available under this section shall be used to carry out the activities described in paragraphs (2) and (3) that—

(A) are consistent with this section; and

(B) are necessary to meet the needs of Indians and Native Hawaiians preparing to enter, reenter, or retain unsubsidized employment.

(2) WORKFORCE DEVELOPMENT ACTIVITIES AND SUPPLEMENTAL SERVICES.—

(A) IN GENERAL.—Funds made available under this section shall be used for—

(i) comprehensive workforce development activities for Indians and Native Hawaiians;

(ii) supplemental services for Indian or Native Hawaiian youth on or near Indian reservations in Oklahoma, Alaska, or Hawaii; and

(iii) supplemental services to recipients of public assistance on or near Indian reservations or former reservation areas in Oklahoma or in Alaska.

(B) SPECIAL RULE.—Notwithstanding any other provision of this section, individuals who were eligible to participate in programs under section 401 of the Job Training Partnership Act (29 U.S.C. 1671) (as such section was in effect on the day before the date of enactment of this Act) shall be eligible to participate in an activity assisted under subparagraph (A)(i).

(3) VOCATIONAL EDUCATION, ADULT EDUCATION, AND LITERACY SERVICES.—Funds made available under this section shall be used for—

(A) workforce education activities conducted by entities described in subsection (c)(1); and

(B) the support of tribally controlled postsecondary vocational institutions in order to ensure continuing and expanded educational opportunities for Indian students.

(e) PROGRAM PLAN.—In order to receive a grant or enter into a contract or cooperative agreement under this section an entity described in subsection (c)(1) shall submit to the Federal Partnership a plan that describes a 3-year strategy for meeting the needs of Indian and Native Hawaiian individuals, as appropriate, in the area served by such entity. Such plan shall—

(1) be consistent with the purposes of this section;

(2) identify the population to be served;

(3) identify the education and employment needs of the population to be served and the manner in which the services to be provided will strengthen the ability of the individuals served to obtain or retain unsubsidized employment;

(4) describe the services to be provided and the manner in which such services are to be integrated with other appropriate services; and

(5) describe the goals and benchmarks to be used to assess the performance of entities in carrying out the activities assisted under this section.

(f) FURTHER CONSOLIDATION OF FUNDS.—Each entity receiving assistance under this section may consolidate such assistance with assistance received from related programs in accordance with the provisions of the Indian Employment, Training and Related Services Demonstration Act of 1992 (25 U.S.C. 3401 et seq.).

(g) NONDUPLICATIVE AND NONEXCLUSIVE SERVICES.—Nothing in this section shall be construed—

(1) to limit the eligibility of any entity described in subsection (c)(1) to participate in any program offered by a State or local entity under this title; or

(2) to preclude or discourage any agreement, between any entity described in subsection (c)(1) and any State or local entity, to facilitate the provision of services by such entity or to the population served by such entity.

(h) PARTNERSHIP PROVISIONS.—

(1) OFFICE ESTABLISHED.—There shall be established within the Federal Partnership an office to administer the activities assisted under this section.

(2) CONSULTATION REQUIRED.—

(A) IN GENERAL.—The Federal Partnership, through the office established under paragraph (1), shall develop regulations and policies for activities assisted under this section in consultation with tribal organizations and Native Hawaiian organizations. Such regulations and policies shall take into account the

special circumstances under which such activities operate.

(B) ADMINISTRATIVE SUPPORT.—The Federal Partnership shall provide such administrative support to the office established under paragraph (1) as the Federal Partnership determines to be necessary to carry out the consultation required by subparagraph (A).

(3) TECHNICAL ASSISTANCE.—The Federal Partnership, through the office established under paragraph (1), is authorized to provide technical assistance to entities described in subsection (c)(1) that receive assistance under this section to enable such entities to improve the workforce development activities provided by such entities.

SEC. 108. GRANTS TO OUTLYING AREAS.

(a) GENERAL AUTHORITY.—Using funds made available under section 124(b)(3), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to outlying areas to carry out workforce development activities.

(b) APPLICATION.—The Federal Partnership shall issue regulations specifying the provisions of this subtitle that shall apply to outlying areas that receive funds under this subtitle.

CHAPTER 2—LOCAL PROVISIONS

SEC. 111. LOCAL APPORTIONMENT BY ACTIVITY.

(a) WORKFORCE EMPLOYMENT ACTIVITIES.—

(1) IN GENERAL.—The sum of—

(A) the funds made available to a State for any fiscal year under section 103(a)(1), less any portion of such funds made available under section 6 of the Wagner-Peyser Act (29 U.S.C. 49e); and

(B) the funds made available to a State for any fiscal year under section 103(a)(3) for workforce employment activities;

shall be made available to the Governor of such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 25 percent shall be reserved by the Governor to carry out workforce employment activities through the statewide system, of which not more than 20 percent of such 25 percent may be used for administrative expenses; and

(B) 75 percent shall be distributed by the Governor to local entities to carry out workforce employment activities through the statewide system, based on—

(i) such factors as the relative distribution among substate areas of individuals who are not less than 15 and not more than 65, individuals in poverty, unemployed individuals, and adult recipients of assistance, as determined using the definitions specified and the determinations described in section 102(b); and

(ii) such additional factors as the Governor (in consultation with local partnerships or, where established, local workforce development boards described in section 118(b)), determines to be necessary.

(b) WORKFORCE EDUCATION ACTIVITIES.—

(1) IN GENERAL.—The sum of the funds made available to a State for any program year under paragraphs (2) and (3) of section 103(a) for workforce education activities shall be made available to the State educational agency serving such State for use in accordance with paragraph (2).

(2) DISTRIBUTION.—Of the sum described in paragraph (1), for a program year—

(A) 20 percent shall be reserved by the State educational agency to carry out statewide workforce education activities through the statewide system, of which not more than 5 percent of such 20 percent may be used for administrative expenses; and

(B) 80 percent shall be distributed by the State educational agency to entities eligible for financial assistance under section 112, 113, or 114, to carry out workforce education activities through the statewide system.

(3) STATE ACTIVITIES.—Activities to be carried out under paragraph (2)(A) may include professional development, technical assistance, and program assessment activities.

(4) STATE DETERMINATIONS.—From the amount available to a State educational agency under paragraph (2)(B) for a program year, such agency shall determine the percentage of such amount that will be distributed in accordance with sections 112, 113, and 114 for such year for workforce education activities in such State in each of the following areas:

(A) Secondary school vocational education, or postsecondary and adult vocational education, or both; and

(B) Adult education.

(c) SPECIAL RULE.—Nothing in this subtitle shall be construed to prohibit any individual, entity, or agency in a State (other than the State educational agency) that is administering workforce education activities or setting education policies consistent with authority under State law for workforce education activities, on the day preceding the date of enactment of this Act from continuing to administer or set education policies consistent with authority under State law for such activities under this subtitle.

SEC. 112. DISTRIBUTION FOR SECONDARY SCHOOL VOCATIONAL EDUCATION.

(a) ALLOCATION.—Except as otherwise provided in this section and section 115, each State educational agency shall distribute the portion of the funds made available for any program year (from funds made available for the corresponding fiscal year, as determined under section 124(c)) by such agency for secondary school vocational education under section 111(b)(4)(A) to local educational agencies within the State as follows:

(1) SEVENTY PERCENT.—From 70 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 70 percent as the amount such local educational agency was allocated under section 1124 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6333) for the preceding fiscal year bears to the total amount received under such section by all local educational agencies in the State for such year.

(2) TWENTY PERCENT.—From 20 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 20 percent as the number of students with disabilities who have individualized education programs under section 614(a)(5) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(a)(5)) served by such local educational agency for the preceding fiscal year bears to the total number of such students served by all local educational agencies in the State for such year.

(3) TEN PERCENT.—From 10 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 10 percent as the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of such local educational agency for the preceding fiscal year bears to the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of all local educational agencies in the State for such year.

(b) MINIMUM ALLOCATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), no local educational agency shall receive an allocation under subsection (a) unless the amount allocated to such agency under subsection (a) is not less than $15,000. A local educational agency may enter into a consortium with other local educational agencies for purposes of meeting the minimum allocation requirement of this paragraph.

(2) WAIVER.—The State educational agency may waive the application of paragraph (1) in any case in which the local educational agency—

(A) is located in a rural, sparsely populated area; and

(B) demonstrates that such agency is unable to enter into a consortium for purposes of providing services under this section.

(3) REDISTRIBUTION.—Any amounts that are not allocated by reason of paragraph (1) or (2) shall be redistributed to local educational agencies that meet the requirements of paragraph (1) or (2) in accordance with the provisions of this section.

(c) LIMITED JURISDICTION AGENCIES.—

(1) IN GENERAL.—In applying the provisions of subsection (a), no State educational agency receiving assistance under this subtitle shall allocate funds to a local educational agency that serves only elementary schools, but shall distribute such funds to the local educational agency or regional educational agency that provides secondary school services to secondary school students in the same attendance area.

(2) SPECIAL RULE.—The amount to be allocated under paragraph (1) to a local educational agency that has jurisdiction only over secondary schools shall be determined based on the number of students that entered such secondary schools in the previous year from the elementary schools involved.

(d) ALLOCATIONS TO AREA VOCATIONAL EDUCATION SCHOOLS AND EDUCATIONAL SERVICE AGENCIES.—

(1) IN GENERAL.—Each State educational agency shall distribute the portion of funds made available for any program year by such agency for secondary school vocational education under section 111(b)(4)(A) to the appropriate area vocational education school or educational service agency in any case in which—

(A) the area vocational education school or educational service agency, and the local educational agency concerned—

(i) have formed or will form a consortium for the purpose of receiving funds under this section; or

(ii) have entered into or will enter into a cooperative arrangement for such purpose; and

(B)(i) the area vocational education school or educational service agency serves an approximately equal or greater proportion of students who are individuals with disabilities or are low-income than the proportion of such students attending the secondary schools under the jurisdiction of all of the local educational agencies sending students to the area vocational education school or the educational service agency; or

(ii) the area vocational education school, educational service agency, or local educational agency demonstrates that the vocational education school or educational service agency is unable to meet the criterion described in clause (i) due to the lack of interest by students described in clause (i) in attending vocational education programs in that area vocational education school or educational service agency.

(2) ALLOCATION BASIS.—If an area vocational education school or educational service agency meets the requirements of paragraph (1), then—

(A) the amount that will otherwise be distributed to the local educational agency under this section shall be allocated to the area vocational education school, the educational service agency, and the local educational agency, based on each school's or agency's relative share of students described

in paragraph (1)(B)(i) who are attending vocational education programs (based, if practicable, on the average enrollment for the prior 3 years); or

(B) such amount may be allocated on the basis of an agreement between the local educational agency and the area vocational education school or educational service agency.

(3) STATE DETERMINATION.—

(A) IN GENERAL.—For the purposes of this subsection, the State educational agency may determine the number of students who are low-income on the basis of—

(i) eligibility for—

(I) free or reduced-price meals under the National School Lunch Act (7 U.S.C. 1751 et seq.);

(II) assistance under a State program funded under part A of title IV of the Social Security Act;

(III) benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or

(IV) services under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.); and

(ii) another index of economic status, including an estimate of such index, if the State educational agency demonstrates to the satisfaction of the Federal Partnership that such index is a more representative means of determining such number.

(B) DATA.—If a State educational agency elects to use more than 1 factor described in subparagraph (A) for purposes of making the determination described in such subparagraph, the State educational agency shall ensure that the data used is not duplicative.

(4) APPEALS PROCEDURE.—The State educational agency shall establish an appeals procedure for resolution of any dispute arising between a local educational agency and an area vocational education school or an educational service agency with respect to the allocation procedures described in this section, including the decision of a local educational agency to leave a consortium.

(5) SPECIAL RULE.—Notwithstanding the provisions of paragraphs (1), (2), (3), and (4), any local educational agency receiving an allocation that is not sufficient to conduct a secondary school vocational education program of sufficient size, scope, and quality to be effective may—

(A) form a consortium or enter into a cooperative agreement with an area vocational education school or educational service agency offering secondary school vocational education programs of sufficient size, scope, and quality to be effective and that are accessible to students who are individuals with disabilities or are low-income, and are served by such local educational agency; and

(B) transfer such allocation to the area vocational education school or educational service agency.

(e) SPECIAL RULE.—Each State educational agency distributing funds under this section shall treat a secondary school funded by the Bureau of Indian Affairs within the State as if such school were a local educational agency within the State for the purpose of receiving a distribution under this section.

SEC. 113. DISTRIBUTION FOR POSTSECONDARY AND ADULT VOCATIONAL EDUCATION.

(a) ALLOCATION.—

(1) IN GENERAL.—Except as provided in subsection (b) and section 115, each State educational agency, using the portion of the funds made available for any program year by such agency for postsecondary and adult vocational education under section 111(b)(4)(A)—

(A) shall reserve funds to carry out subsection (d); and

(B) shall distribute the remainder to eligible institutions or consortia of the institutions within the State.

(2) FORMULA.—Each such eligible institution or consortium shall receive an amount for the program year (from funds made available for the corresponding fiscal year, as determined under section 124(c)) from such remainder that bears the same relationship to such remainder as the number of individuals who are Pell Grant recipients or recipients of assistance from the Bureau of Indian Affairs and are enrolled in programs offered by such institution or consortium for the preceding fiscal year bears to the number of all such individuals who are enrolled in any such program within the State for such preceding year.

(3) CONSORTIUM REQUIREMENTS.—In order for a consortium of eligible institutions described in paragraph (1) to receive assistance pursuant to such paragraph such consortium shall operate joint projects that—

(A) provide services to all postsecondary institutions participating in the consortium; and

(B) are of sufficient size, scope, and quality to be effective.

(b) WAIVER FOR MORE EQUITABLE DISTRIBUTION.—The Federal Partnership may waive the application of subsection (a) in the case of any State educational agency that submits to the Federal Partnership an application for such a waiver that—

(1) demonstrates that the formula described in subsection (a) does not result in a distribution of funds to the institutions or consortia within the State that have the highest numbers of low-income individuals and that an alternative formula will result in such a distribution; and

(2) includes a proposal for an alternative formula that may include criteria relating to the number of individuals attending the institutions or consortia within the State who—

(A) receive need-based postsecondary financial aid provided from public funds;

(B) are members of families receiving assistance under a State program funded under part A of title IV of the Social Security Act;

(C) are enrolled in postsecondary educational institutions that—

(i) are funded by the State;

(ii) do not charge tuition; and

(iii) serve only low-income students;

(D) are enrolled in programs serving low-income adults; or

(E) are Pell Grant recipients.

(c) MINIMUM AMOUNT.—

(1) IN GENERAL.—No distribution of funds provided to any institution or consortium for a program year under this section shall be for an amount that is less than $50,000.

(2) REDISTRIBUTION.—Any amounts that are not distributed by reason of paragraph (1) shall be redistributed to eligible institutions or consortia in accordance with the provisions of this section.

(d) SPECIAL RULE FOR CRIMINAL OFFENDERS.—Each State educational agency shall distribute the funds reserved under subsection (a)(1)(A) to 1 or more State corrections agencies to enable the State corrections agencies to administer vocational education programs for juvenile and adult criminal offenders in correctional institutions in the State, including correctional institutions operated by local authorities.

(e) DEFINITIONS.—For the purposes of this section—

(1) the term ''eligible institution'' means a postsecondary educational institution, a local educational agency serving adults, or an area vocational education school serving adults that offers or will offer a program that seeks to receive financial assistance under this section;

(2) the term ''low-income'', used with respect to a person, means a person who is determined under guidelines developed by the Federal Partnership to be low-income, using the most recent available data provided by the Bureau of the Census, prior to the determination; and

(3) the term ''Pell Grant recipient'' means a recipient of financial aid under subpart 1 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a et seq.).

SEC. 114. DISTRIBUTION FOR ADULT EDUCATION.

(a) IN GENERAL.—Except as provided in subsection (b)(3), from the amount made available by a State educational agency for adult education under section 111(b)(4)(B) for a program year, such agency shall award grants, on a competitive basis, to local educational agencies, correctional education agencies, community-based organizations of demonstrated effectiveness, volunteer literacy organizations, libraries, public or private nonprofit agencies, postsecondary educational institutions, public housing authorities, and other nonprofit institutions that have the ability to provide literacy services to adults and families, or consortia of agencies, organizations, or institutions described in this subsection, to enable such agencies, organizations, institutions, and consortia to establish or expand adult education programs.

(b) GRANT REQUIREMENTS.—

(1) ACCESS.—Each State educational agency making funds available for any program year for adult education under section 111(b)(4)(B) shall ensure that the entities described in subsection (a) will be provided direct and equitable access to all Federal funds provided under this section.

(2) CONSIDERATIONS.—In awarding grants under this section, the State educational agency shall consider—

(A) the past effectiveness of applicants in providing services (especially with respect to recruitment and retention of educationally disadvantaged adults and the learning gains demonstrated by such adults);

(B) the degree to which an applicant will coordinate and utilize other literacy and social services available in the community; and

(C) the commitment of the applicant to serve individuals in the community who are most in need of literacy services.

(3) CONSORTIA.—A State educational agency may award a grant under subsection (a) to a consortium that includes an entity described in subsection (a) and a for-profit agency, organization, or institution, if such agency, organization, or institution—

(A) can make a significant contribution to carrying out the objectives of this subtitle; and

(B) enters into a contract with the entity described in subsection (a) for the purpose of establishing or expanding adult education programs.

(c) LOCAL ADMINISTRATIVE COST LIMITS.—

(1) IN GENERAL.—Except as provided in paragraph (2), of the funds provided under this section by a State educational agency to an agency, organization, institution, or consortium described in subsection (a), at least 95 percent shall be expended for provision of adult education instructional activities. The remainder shall be used for planning, administration, personnel development, and interagency coordination.

(2) SPECIAL RULE.—In cases where the cost limits described in paragraph (1) will be too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination supported under this section, the State educational agency shall negotiate with the agency, organization, institution, or consortium described in subsection (a) in order to determine an adequate level of funds to be used for noninstructional purposes.

SEC. 115. SPECIAL RULE FOR MINIMAL ALLOCATION.

(a) GENERAL AUTHORITY.—For any program year for which a minimal amount is made available by a State educational agency for distribution under section 112 or 113 such agency may, notwithstanding the provisions of section 112 or 113, respectively, in order to make a more equitable distribution of funds for programs serving the highest numbers of low-income individuals (as defined in section 113(e)), distribute such minimal amount—

(1) on a competitive basis; or

(2) through any alternative method determined by the State educational agency.

(b) MINIMAL AMOUNT.—For purposes of this section, the term ''minimal amount'' means not more than 15 percent of the total amount made available by the State educational agency under section 111(b)(4)(A) for section 112 or 113, respectively, for such program year.

SEC. 116. REDISTRIBUTION.

(a) IN GENERAL.—In any program year that an entity receiving financial assistance under section 112 or 113 does not expend all of the amounts distributed to such entity for such year under section 112 or 113, respectively, such entity shall return any unexpended amounts to the State educational agency for distribution under section 112 or 113, respectively. The State educational agency may waive the requirements of the preceding sentence, on a case-by-case basis, for good cause as determined by such agency.

(b) REDISTRIBUTION OF AMOUNTS RETURNED LATE IN A PROGRAM YEAR.—In any program year in which amounts are returned to the State educational agency under subsection (a) for programs described in section 112 or 113 and the State educational agency is unable to redistribute such amounts according to section 112 or 113, respectively, in time for such amounts to be expended in such program year, the State educational agency shall retain such amounts for distribution in combination with amounts provided under such section for the following program year.

SEC. 117. LOCAL APPLICATION FOR WORKFORCE EDUCATION ACTIVITIES.

(a) IN GENERAL.—

(1) IN GENERAL.—Each eligible entity desiring financial assistance under this subtitle for workforce education activities shall submit an application to the State educational agency at such time, in such manner and accompanied by such information as such agency (in consultation with such other educational entities as the State educational agency determines to be appropriate) may require. Such application shall cover the same period of time as the period of time applicable to the State workforce development plan.

(2) DEFINITION.—For the purpose of this section the term ''eligible entity'' means an entity eligible for financial assistance under section 112, 113, or 114 from a State educational agency.

(b) CONTENTS.—Each application described in subsection (a) shall, at a minimum—

(1) describe how the workforce education activities required under section 106(b), and other workforce education activities, will be carried out with funds received under this subtitle;

(2) describe how the activities to be carried out relate to meeting the State goals, and reaching the State benchmarks, concerning workforce education activities;

(3) describe how the activities to be carried out are an integral part of the comprehensive efforts of the eligible entity to improve education for all students and adults;

(4) describe the process that will be used to independently evaluate and continuously improve the performance of the eligible entity; and

(5) describe how the eligible entity will coordinate the activities of the entity with the activities of the local workforce development board, if any, in the substate area.

SEC. 118. LOCAL PARTNERSHIPS, AGREEMENTS, AND WORKFORCE DEVELOPMENT BOARDS.

(a) LOCAL AGREEMENTS.—

(1) IN GENERAL.—After a Governor submits the State plan described in section 104 to the Federal Partnership, the Governor shall negotiate and enter into a local agreement regarding the workforce development activities to be carried out in each substate area in the State with local partnerships (or, where established, local workforce development boards described in subsection (b)).

(2) LOCAL PARTNERSHIPS.—

(A) IN GENERAL.—A local partnership referred to in paragraph (1) shall be established by the local chief elected official, in accordance with subparagraphs (B) and (C), and shall consist of individuals representing business, industry, and labor, local secondary schools, local postsecondary education institutions, local adult education providers, local elected officials, rehabilitation agencies and organizations, community-based organizations, and veterans, within the appropriate substate area.

(B) MULTIPLE JURISDICTIONS.—In any case in which there are 2 or more units of general local government in the substate area involved, the chief elected official of each such unit shall appoint members of the local partnership in accordance with an agreement entered into by such chief elected officials. In the absence of such an agreement, such appointments shall be made by the Governor of the State involved from the individuals nominated or recommended by the chief elected officials.

(C) SELECTION OF BUSINESS AND INDUSTRY REPRESENTATIVES.—Individuals representing business and industry in the local partnership shall be appointed by the chief elected official from nominations submitted by business organizations in the substate area involved. Such individuals shall reasonably represent the industrial and demographic composition of the business community. Where possible, at least 50 percent of such business and industry representatives shall be representatives of small business.

(3) BUSINESS AND INDUSTRY INVOLVEMENT.—The business and industry representatives shall have a lead role in the design, management, and evaluation of the activities to be carried out in the substate area under the local agreement.

(4) CONTENTS.—

(A) STATE GOALS AND STATE BENCHMARKS.—Such an agreement shall include a description of the manner in which funds allocated to a substate area in accordance with section 111(a) or in accordance with sections 111(b), 112, 113, and 114 will be spent to meet the State goals and reach the State benchmarks in a manner that reflects local labor market conditions.

(B) LOCAL RESPONSIBILITIES.—The agreement shall also include a description of the responsibilities of the local partnership (or, where established, local workforce development board described in subsection (b)) for carrying out workforce development activities under this subtitle.

(C) COLLABORATION.—The agreement shall also include information that demonstrates the manner in which—

(i) the Governor; and

(ii) the local partnership (or, where established, the local workforce development board);

collaborated in reaching the agreement.

(5) FAILURE TO REACH AGREEMENT.—If, after a reasonable effort, the Governor is unable to enter into an agreement with the local partnership (or, where established, the local workforce development board), the Governor shall notify the partnership or board, as appropriate, and provide the partnership or board, as appropriate, with the opportunity to comment, not later than 30 days after the date of the notification, on the manner in which funds allocated to such substate area will be spent to meet the State goals and reach the State benchmarks.

(6) EXCEPTION.—A State that indicates in the State plan described in section 104 that the State will be treated as a substate area for purposes of the application of this subtitle shall not be subject to this subsection.

(b) LOCAL WORKFORCE DEVELOPMENT BOARDS.—

(1) IN GENERAL.—Each State may facilitate the establishment of local workforce development boards in each substate area to set policy and provide oversight over the workforce development activities in the substate area.

(2) MEMBERSHIP.—

(A) STATE CRITERIA.—The Governor shall establish criteria for use by local chief elected officials in each substate area in the selection of members of the local workforce development boards, in accordance with the requirements of subparagraph (B).

(B) REPRESENTATION REQUIREMENT.—Such criteria shall require, at a minimum, that a local workforce development board consist of—

(i) representatives of business and industry in the substate area, who shall constitute a majority of the board;

(ii) representatives of labor, workers, and community-based organizations, who shall constitute not less than 25 percent of the members of the board;

(iii) representatives of local secondary schools, postsecondary education institutions, and adult education providers;

(iv) representatives of veterans; and

(v) 1 or more individuals with disabilities, or their representatives.

(C) CHAIR.—Each local workforce development board shall select a chairperson from among the members of the board who are representatives of business and industry.

(3) CONFLICT OF INTEREST.—No member of a local workforce development board shall vote on a matter relating to the provision of services by the member (or any organization that the member directly represents) or vote on a matter that would provide direct financial benefit to such member or the immediate family of such member or engage in any other activity determined by the Governor to constitute a conflict of interest.

(4) FUNCTIONS.—The functions of the local workforce development board shall include—

(A) submitting to the Governor a single comprehensive 3-year strategic plan for workforce development activities in the substate area that includes information—

(i) identifying the workforce development needs of local industries, students, jobseekers, and workers;

(ii) identifying the workforce development activities to be carried out in the substate area with funds received through the allotment made to the State under section 102, to meet the State goals and reach the State benchmarks;

(iii) identifying how the local workforce development board will obtain the active and continuous participation of business, industry, and labor in the development and continuous improvement of the workforce development activities carried out in the substate area; and

(iv) identifying how the local workforce development board will obtain the active and continuous participation of secondary school teachers, secondary school students involved

in workforce education activities carried out under this subtitle, and parents of such students, in the development and continuous improvement of the workforce education activities carried out in the substate area;

(B) entering into local agreements with the Governor as described in subsection (a);

(C) overseeing the operations of the one-stop delivery of core services described in section 106(a)(2) in the substate area, including the responsibility to—

(i) designate local entities to operate the one-stop delivery in the substate area, consistent with the criteria referred to in section 106(a)(2); and

(ii) develop and approve the budgets and annual operating plans of the providers of the one-stop delivery; and

(D) submitting annual reports to the Governor on the progress being made in the substate area toward meeting the State goals and reaching the State benchmarks.

(5) CONSULTATION.—A local workforce development board that serves a substate area shall conduct the functions described in paragraph (4) in consultation with the chief elected officials in the substate area.

(c) ECONOMIC DEVELOPMENT ACTIVITIES.—A State shall be eligible to use not more than 50 percent of the funds made available to the State through the flex account for flexible workforce activities to carry out economic development activities if—

(1) the boards described in section 105 and subsection (b) are established in the State; or

(2) in the case of a State that indicates in the State plan described in section 104 that the State will be treated as a substate area for purposes of the application of this subtitle, the board described in section 105 is established in the State.

SEC. 119. CONSTRUCTION.

Nothing in this title shall be construed—

(1) to prohibit a local educational agency (or a consortium thereof) that receives assistance under section 112, from working with an eligible entity (or consortium thereof) that receives assistance under section 113, to carry out secondary school vocational education activities in accordance with this subtitle; or

(2) to prohibit an eligible entity (or consortium thereof) that receives assistance under section 113, from working with a local educational agency (or consortium thereof) that receives assistance under section 112, to carry out postsecondary and adult vocational education activities in accordance with this subtitle.

CHAPTER 3—ADMINISTRATION

SEC. 121. ACCOUNTABILITY.

(a) REPORT.—

(1) IN GENERAL.—Each State that receives an allotment under section 102 shall annually prepare and submit to the Federal Partnership, a report that states how the State is performing on State benchmarks specified in this section, which relate to workforce development activities (and workforce preparation activities for at-risk youth) carried out through the statewide system of the State. In preparing the report, the State may include information on such additional benchmarks as the State may establish to meet the State goals.

(2) CONSOLIDATED REPORT.—In lieu of submitting separate reports under paragraph (1) and section 409(a) of the Social Security Act, the State may prepare a consolidated report. Any consolidated report prepared under this paragraph shall contain the information described in paragraph (1) and subsections (a) through (h) of section 409 of the Social Security Act. The State shall submit any consolidated report prepared under this paragraph to the Federal Partnership, the Secretary of Agriculture, and the Secretary of Health and Human Services, on the dates specified in section 409(a) of the Social Security Act.

(b) GOALS.—

(1) MEANINGFUL EMPLOYMENT.—Each statewide system supported by an allotment under section 102 shall be designed to meet the goal of assisting participants in obtaining meaningful unsubsidized employment opportunities in the State.

(2) EDUCATION.—Each statewide system supported by an allotment under section 102 shall be designed to meet the goal of enhancing and developing more fully the academic, occupational, and literacy skills of all segments of the population of the State.

(c) BENCHMARKS.—

(1) MEANINGFUL EMPLOYMENT.—To be eligible to receive an allotment under section 102, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State toward meeting the goal described in subsection (b)(1), which shall include, at a minimum, measures of—

(A) placement in unsubsidized employment of participants;

(B) retention of the participants in such employment (12 months after completion of the participation); and

(C) increased earnings for the participants.

(2) EDUCATION.—To be eligible to receive an allotment under section 102, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure the statewide progress of the State toward meeting the goal described in subsection (b)(2), which shall include, at a minimum, measures of—

(A) student mastery of academic knowledge and work readiness skills;

(B) student mastery of occupational and industry-recognized skills according to skill proficiencies for students in career preparation programs;

(C) placement in, retention in, and completion of secondary education (as determined under State law) and postsecondary education, and placement and retention in employment and in military service; and

(D) mastery of the literacy, knowledge, and skills adults need to be productive and responsible citizens and to become more actively involved in the education of their children.

(3) POPULATIONS.—To be eligible to receive an allotment under section 102, a State shall develop, in accordance with paragraph (5), and identify in the State plan of the State, proposed quantifiable benchmarks to measure progress toward meeting the goals described in subsection (b) for populations including, at a minimum—

(A) welfare recipients (including a benchmark for welfare recipients described in section 3(36)(B));

(B) individuals with disabilities;

(C) at-risk youth;

(D) dislocated workers; and

(E) veterans.

(4) SPECIAL RULE.—If a State has developed for all students in the State performance indicators, attainment levels, or assessments for skills according to challenging academic, occupational, or industry-recognized skill proficiencies, the State shall use such performance indicators, attainment levels, or assessments in measuring the progress of all students served under this title in attaining the skills.

(5) NEGOTIATIONS.—

(A) INITIAL DETERMINATION.—On receipt of a State plan submitted under section 104, the Federal Partnership shall, not later than 30 days after the date of the receipt, determine—

(i) how the proposed State benchmarks identified by the State in the State plan compare to the model benchmarks established by the Federal Partnership under section 182(b)(2);

(ii) how the proposed State benchmarks compare with State benchmarks proposed by other States in their State plans; and

(iii) whether the proposed State benchmarks, taken as a whole, are sufficient—

(I) to enable the State to meet the State goals; and

(II) to make the State eligible for an incentive grant under section 122(a).

(B) NOTIFICATION.—The Federal Partnership shall immediately notify the State of the determinations referred to in subparagraph (A). If the Federal Partnership determines that the proposed State benchmarks are not sufficient to make the State eligible for an incentive grant under section 122(a), the Federal Partnership shall provide the State with guidance on the steps the State may take to allow the State to become eligible for the grant.

(C) REVISION.—Not later than 30 days after the date of receipt of the notification referred to in subparagraph (B), the State may revise some or all of the State benchmarks identified in the State plan in order to become eligible for the incentive grant or provide reasons why the State benchmarks should be sufficient to make the State eligible for the incentive grant.

(D) DETERMINATION.—After reviewing any revised State benchmarks or information submitted by the State in accordance with subparagraph (C), the Federal Partnership shall make a determination on the eligibility of the State for the incentive grant, as described in paragraph (6), and provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may award a grant to the State under section 122(a).

(6) INCENTIVE GRANTS.—Each State that sets high benchmarks under paragraph (1), (2), or (3) and reaches or exceeds the benchmarks, as determined by the Federal Partnership, shall be eligible to receive an incentive grant under section 122(a).

(7) SANCTIONS.—A State that has failed to demonstrate sufficient progress toward reaching the State benchmarks established under this subsection for the 3 years covered by a State plan described in section 104, as determined by the Federal Partnership, may be subject to sanctions under section 122(b).

(d) JOB PLACEMENT ACCOUNTABILITY SYSTEM.—

(1) IN GENERAL.—Each State that receives an allotment under section 102 shall establish a job placement accountability system, which will provide a uniform set of data to track the progress of the State toward reaching the State benchmarks.

(2) DATA.—

(A) IN GENERAL.—In order to maintain data relating to the measures described in subsection (c)(1), each such State shall establish a job placement accountability system using quarterly wage records available through the unemployment insurance system. The State agency or entity within the State responsible for labor market and occupational information, as designated in section 183(c)(1)(B), in conjunction with the Commissioner of Labor Statistics, shall maintain the job placement accountability system and match information on participants served by the statewide systems of the State and other States with quarterly employment and earnings records.

(B) REIMBURSEMENT.—Each local entity that carries out workforce employment activities or workforce education activities

and that receives funds under this title shall provide information regarding the social security numbers of the participants served by the entity and such other information as the State may require to the State agency or entity within the State responsible for labor market and occupational information, as designated in section 183(c)(1)(B).

(C) CONFIDENTIALITY.—The State agency or entity within the State responsible for labor market and occupational information, as designated in section 183(c)(1)(B), shall protect the confidentiality of information obtained through the job placement accountability system through the use of recognized security procedures.

(e) INDIVIDUAL ACCOUNTABILITY.—Each State that receives an allotment under section 102 shall devise and implement procedures to provide, in a timely manner, information on participants in activities carried out through the statewide system who are participating as a condition of receiving welfare assistance. The procedures shall require that the State provide the information to the State and local agencies carrying out the programs through which the welfare assistance is provided, in a manner that ensures that the agencies can monitor compliance with the conditions regarding the receipt of the welfare assistance.

SEC. 122. INCENTIVES AND SANCTIONS.

(a) INCENTIVES.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may award incentive grants of not more than $15,000,000 per program year to a State that—

(A) reaches or exceeds State benchmarks established under section 121(c), with an emphasis on the benchmarks established under section 121(c)(3), in accordance with section 121(c)(6); or

(B) demonstrates to the Federal Partnership that the State has made substantial reductions in the number of adult recipients of assistance, as defined in section 102(b)(1)(A), resulting from increased placement of such adult recipients in unsubsidized employment.

(2) USE OF FUNDS.—A State that receives such a grant may use the funds made available through the grant to carry out any workforce development activities authorized under this title.

(b) SANCTIONS.—

(1) FAILURE TO DEMONSTRATE SUFFICIENT PROGRESS.—If the Federal Partnership determines, after notice and an opportunity for a hearing, that a State has failed to demonstrate sufficient progress toward reaching the State benchmarks established under section 121(c) for the 3 years covered by a State plan described in section 104, the Federal Partnership shall provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may reduce the allotment of the State under section 102 by not more than 10 percent per program year for not more than 3 years. The Federal Partnership may determine that the failure of the State to demonstrate such progress is attributable to the workforce employment activities, workforce education activities, or flexible workforce activities, of the State and provide advice to the Secretary of Labor and the Secretary of Education. The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may decide to reduce only the portion of the allotment for such activities.

(2) EXPENDITURE CONTRARY TO TITLE.—If the Governor of a State determines that a local entity that carries out workforce employment activities in a substate area of the State has expended funds made available under this title in a manner contrary to the objectives of this title, and such expenditures do not constitute fraudulent activity, the Governor may deduct an amount equal to the funds from a subsequent program year allocation to the substate area.

(c) FUNDS RESULTING FROM REDUCED ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may use an amount retained as a result of a reduction in an allotment made under subsection (b)(1) to award an incentive grant under subsection (a).

SEC. 123. UNEMPLOYMENT TRUST FUND.

(a) IN GENERAL.—Section 901(c) of the Social Security Act (42 U.S.C. 1101(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)(iii), by striking ''carrying into effect section 4103'' and inserting ''carrying out the activities described in sections 4103, 4103A, 4104, and 4104A''; and

(B) in subparagraph (B), in the matter preceding clause (i), by striking ''Department of Labor'' and inserting ''Department of Labor or the Workforce Development Partnership, as appropriate,''; and

(2) in the first sentence of paragraph (4), by striking ''the Department of Labor'' and inserting ''the Workforce Development Partnership''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect July 1, 1998.

SEC. 124. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated to carry out this title (other than subtitle B) $5,884,000,000 (which amount shall include the Federal funds made available to carry out the Wagner-Peyser Act (29 U.S.C. 49 et seq.)) for each of fiscal years 1998 through 2001.

(b) RESERVATIONS.—Of the amount appropriated under subsection (a)—

(1) 92.7 percent shall be reserved for making allotments under section 102;

(2) 1.25 percent shall be reserved for carrying out section 107;

(3) 0.2 percent shall be reserved for carrying out section 108;

(4) 4.3 percent shall be reserved for making incentive grants under section 122(a) and for the administration of this title;

(5) 1.4 percent shall be reserved for carrying out section 183; and

(6) 0.15 percent shall be reserved for carrying out sections 184 and 185 and the National Literacy Act of 1991 (20 U.S.C. 1201 note).

(c) PROGRAM YEAR.—

(1) IN GENERAL.—Appropriations for any fiscal year for programs and activities under this title shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.

(2) ADMINISTRATION.—Funds obligated for any program year may be expended by each recipient during the program year and the 2 succeeding program years and no amount shall be deobligated on account of a rate of expenditure that is consistent with the provisions of the State plan specified in section 104 that relate to workforce employment activities.

SEC. 125. EFFECTIVE DATE.

This subtitle shall take effect July 1, 1998.

Subtitle B—Job Corps and Other Workforce Preparation Activities for At-Risk Youth

CHAPTER 1—GENERAL PROVISIONS

SEC. 131. PURPOSES.

The purposes of this subtitle are—

(1) to maintain a Job Corps for at-risk youth as part of statewide systems;

(2) to set forth standards and procedures for selecting individuals as enrollees in the Job Corps;

(3) to authorize the establishment of residential and nonresidential Job Corps centers in which enrollees will participate in intensive programs of workforce development activities;

(4) to prescribe various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps; and

(5) to assist at-risk youth who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens.

SEC. 132. DEFINITIONS.

As used in this subtitle:

(1) AT-RISK YOUTH.—The term ''at-risk youth'' means an individual who—

(A) is not less than age 15 and not more than age 24;

(B) is low-income (as defined in section 113(e)); and

(C) is 1 or more of the following:

(i) Basic skills deficient.

(ii) A school dropout.

(iii) Homeless or a runaway.

(iv) Pregnant or parenting.

(v) Involved in the juvenile justice system.

(vi) An individual who requires additional education, training, or intensive counseling and related assistance, in order to secure and hold employment or participate successfully in regular schoolwork.

(2) ENROLLEE.—The term ''enrollee'' means an individual enrolled in the Job Corps.

(3) GOVERNOR.—The term ''Governor'' means the chief executive officer of a State.

(4) JOB CORPS.—The term ''Job Corps'' means the corps described in section 141.

(5) JOB CORPS CENTER.—The term ''Job Corps center'' means a center described in section 141.

SEC. 133. AUTHORITY OF GOVERNOR.

The duties and powers granted to a State by this subtitle shall be considered to be granted to the Governor of the State.

CHAPTER 2—JOB CORPS

SEC. 141. GENERAL AUTHORITY.

If a State receives an allotment under section 161, and a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 152, the State shall use a portion of the funds made available through the allotment to maintain the center, and carry out activities described in this subtitle for individuals enrolled in a Job Corps and assigned to the center.

SEC. 142. SCREENING AND SELECTION OF APPLICANTS.

(a) STANDARDS AND PROCEDURES.—

(1) IN GENERAL.—The State shall prescribe specific standards and procedures for the screening and selection of applicants for the Job Corps.

(2) IMPLEMENTATION.—To the extent practicable, the standards and procedures shall be implemented through arrangements with—

(A) one-stop career centers;

(B) agencies and organizations such as community action agencies, professional groups, and labor organizations; and

(C) agencies and individuals that have contact with youth over substantial periods of time and are able to offer reliable information about the needs and problems of the youth.

(3) CONSULTATION.—The standards and procedures shall provide for necessary consultation with individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers.

(b) SPECIAL LIMITATIONS.—No individual shall be selected as an enrollee unless the individual or organization implementing the standards and procedures determines that—

(1) there is a reasonable expectation that the individual can participate successfully in group situations and activities, is not likely to engage in behavior that would prevent other enrollees from receiving the benefit of the program or be incompatible with the maintenance of sound discipline and satisfactory relationships between the Job Corps center to which the individual might be assigned and surrounding communities; and

(2) the individual manifests a basic understanding of both the rules to which the individual will be subject and of the consequences of failure to observe the rules.

(c) INDIVIDUALS ELIGIBLE.—To be eligible to become an enrollee, an individual shall be an at-risk youth.

SEC. 143. ENROLLMENT AND ASSIGNMENT.

(a) RELATIONSHIP BETWEEN ENROLLMENT AND MILITARY OBLIGATIONS.—Enrollment in the Job Corps shall not relieve any individual of obligations under the Military Selective Service Act (50 U.S.C. App. 451 et seq.).

(b) ASSIGNMENT.—

(1) IN GENERAL.—Except as provided in paragraph (2), the State shall assign an enrollee to the Job Corps center within the State that is closest to the residence of the enrollee.

(2) AGREEMENTS WITH OTHER STATES.—The State may enter into agreements with 1 or more States to enroll individuals from the States in the Job Corps and assign the enrollees to Job Corps centers in the State.

SEC. 144. JOB CORPS CENTERS.

(a) DEVELOPMENT.—The State shall enter into an agreement with a Federal, State, or local agency, which may be a State board or agency that operates or wishes to develop an area vocational education school facility or residential vocational school, or with a private organization, for the establishment and operation of a Job Corps center.

(b) CHARACTER AND ACTIVITIES.—Job Corps centers may be residential or nonresidential in character, and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with access to activities described in section 145.

(c) CIVILIAN CONSERVATION CENTERS.—The Job Corps centers may include Civilian Conservation Centers, located primarily in rural areas, which shall provide, in addition to other training and assistance, programs of work experience to conserve, develop, or manage public natural resources or public recreational areas or to develop community projects in the public interest.

(d) JOB CORPS OPERATORS.—To be eligible to receive funds under this chapter, an entity that entered into a contract with the Secretary of Labor that is in effect on the effective date of this section to carry out activities through a center under part B of title IV of the Job Training Partnership Act (as in effect on the day before the effective date of this section), shall enter into a contract with the State in which the center is located that contains provisions substantially similar to the provisions of the contract with the Secretary of Labor, as determined by the State.

SEC. 145. PROGRAM ACTIVITIES.

(a) ACTIVITIES PROVIDED THROUGH JOB CORPS CENTERS.—Each Job Corps center shall provide enrollees assigned to the center with access to activities described in section 106(a)(2)(B), and such other workforce development activities as may be appropriate to meet the needs of the enrollees, including providing work-based learning throughout the enrollment of the enrollees and assisting the enrollees in obtaining meaningful unsubsidized employment on completion of their enrollment.

(b) ARRANGEMENTS.—The State shall arrange for enrollees assigned to Job Corps centers in the State to receive workforce development activities through the statewide system, including workforce development activities provided through local public or private educational agencies, vocational educational institutions, or technical institutes.

(c) JOB PLACEMENT ACCOUNTABILITY.—Each Job Corps center located in a State shall be connected to the job placement accountability system of the State described in section 121(d).

SEC. 146. SUPPORT.

The State shall provide enrollees assigned to Job Corps centers in the State with such personal allowances as the State may determine to be necessary or appropriate to meet the needs of the enrollees.

SEC. 147. OPERATING PLAN.

To be eligible to operate a Job Corps center and receive assistance under section 161 for program year 1998 or any subsequent program year, an entity shall prepare and submit, to the Governor of the State in which the center is located, and obtain the approval of the Governor for, an operating plan that shall include, at a minimum, information indicating—

(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the State plan for the State submitted under section 104;

(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the industry sectors most important to the economic competitiveness of the State; and

(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 106(a)(2) by the State.

SEC. 148. STANDARDS OF CONDUCT.

(a) PROVISION AND ENFORCEMENT.—The State shall provide, and directors of Job Corps center shall stringently enforce, standards of conduct within the centers. Such standards of conduct shall include provisions forbidding violence, drug abuse, and other criminal activity.

(b) DISCIPLINARY MEASURES.—To promote the proper moral and disciplinary conditions in the Job Corps, the directors of Job Corps centers shall take appropriate disciplinary measures against enrollees. If such a director determines that an enrollee has committed a violation of the standards of conduct, the director shall dismiss the enrollee from the Corps if the director determines that the retention of the enrollee in the Corps will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees. If the director determines that an enrollee has engaged in an incident involving violence, drug abuse, or other criminal activity, the director shall immediately dismiss the enrollee from the Corps.

(c) APPEAL.—A disciplinary measure taken by a director under this section shall be subject to expeditious appeal in accordance with procedures established by the State.

SEC. 149. COMMUNITY PARTICIPATION.

The State shall encourage and cooperate in activities to establish a mutually beneficial relationship between Job Corps centers in the State and nearby communities. The activities may include the use of any local workforce development boards established in the State under section 118(b) to provide a mechanism for joint discussion of common problems and for planning programs of mutual interest.

SEC. 150. COUNSELING AND PLACEMENT.

The State shall ensure that enrollees assigned to Job Corps centers in the State receive counseling and job placement services, which shall be provided, to the maximum extent practicable, through the delivery of core services described in section 106(a)(2).

SEC. 151. LEASES AND SALES OF CENTERS.

(a) LEASES.—

(1) IN GENERAL.—The Secretary of Labor shall offer to enter into a lease with each State that has an approved State plan submitted under section 104 and in which 1 or more Job Corps centers are located.

(2) NOMINAL CONSIDERATION.—Under the terms of the lease, the Secretary of Labor shall lease the Job Corps centers in the State to the State in return for nominal consideration.

(3) INDEMNITY AGREEMENT.—To be eligible to lease such a center, a State shall enter into an agreement to hold harmless and indemnify the United States from any liability or claim for damages or injury to any person or property arising out of the lease.

(b) SALES.—Notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), the Secretary of Labor shall offer each State described in subsection (a)(1) the opportunity to purchase the Job Corps centers in the State in return for nominal consideration.

SEC. 152. CLOSURE OF JOB CORPS CENTERS.

(a) NATIONAL JOB CORPS AUDIT.—Not later than March 31, 1997, the Federal Partnership shall conduct an audit of the activities carried out under part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.), and submit to the appropriate committees of Congress a report containing the results of the audit, including information indicating—

(1) the amount of funds expended for fiscal year 1996 to carry out activities under such part, for each State and for the United States;

(2) for each Job Corps center funded under such part, the amount of funds expended for fiscal year 1996 under such part to carry out activities related to the direct operation of the center, including funds expended for student training, outreach or intake activities, meals and lodging, student allowances, medical care, placement or settlement activities, and administration;

(3) for each Job Corps center, the amount of funds expended for fiscal year 1996 under such part through contracts to carry out activities not related to the direct operation of the center, including funds expended for student travel, national outreach, screening, and placement services, national vocational training, and national and regional administrative costs;

(4) for each Job Corps center, the amount of funds expended for fiscal year 1996 under such part for facility construction, rehabilitation, and acquisition expenses; and

(5) the amount of funds required to be expended under such part to complete each new or proposed Job Corps center, and to rehabilitate and repair each existing Job Corps center, as of the date of the submission of the report.

(b) RECOMMENDATIONS OF NATIONAL BOARD.—

(1) RECOMMENDATIONS.—The National Board shall, based on the results of the audit

described in subsection (a), make recommendations to the Secretary of Labor, including identifying 25 Job Corps centers to be closed by September 30, 1997.

(2) CONSIDERATIONS.—

(A) IN GENERAL.—In determining whether to recommend that the Secretary of Labor close a Job Corps center, the National Board shall consider whether the center—

(i) has consistently received low performance measurement ratings under the Department of Labor or the Office of Inspector General Job Corps rating system;

(ii) is among the centers that have experienced the highest number of serious incidents of violence or criminal activity in the past 5 years;

(iii) is among the centers that require the largest funding for renovation or repair, as specified in the Department of Labor Job Corps Construction/Rehabilitation Funding Needs Survey, or for rehabilitation or repair, as reflected in the portion of the audit described in subsection (a)(5);

(iv) is among the centers for which the highest relative or absolute fiscal year 1996 expenditures were made, for any of the categories of expenditures described in paragraph (2), (3), or (4) of subsection (a), as reflected in the audit described in subsection (a);

(v) is among the centers with the least State and local support; or

(vi) is among the centers with the lowest rating on such additional criteria as the National Board may determine to be appropriate.

(B) COVERAGE OF STATES AND REGIONS.—Notwithstanding subparagraph (A), the National Board shall not recommend that the Secretary of Labor close the only Job Corps center in a State or a region of the United States.

(C) ALLOWANCE FOR NEW JOB CORPS CENTERS.—Notwithstanding any other provision of this section, if the planning or construction of a Job Corps center that received Federal funding for fiscal year 1994 or 1995 has not been completed by the date of enactment of this Act—

(i) the appropriate entity may complete the planning or construction and begin operation of the center; and

(ii) the National Board shall not evaluate the center under this title sooner than 3 years after the first date of operation of the center.

(3) REPORT.—Not later than June 30, 1997, the National Board shall submit a report to the Secretary of Labor, which shall contain a detailed statement of the findings and conclusions of the National Board resulting from the audit described in subsection (a) together with the recommendations described in paragraph (1).

(c) CLOSURE.—The Secretary of Labor shall, after reviewing the report submitted under subsection (b)(3), close 25 Job Corps centers by September 30, 1997.

SEC. 153. INTERIM OPERATING PLANS FOR JOB CORPS CENTERS.

Part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.) is amended by inserting after section 439 the following section:

"SEC. 439A. OPERATING PLAN.

''(a) SUBMISSION OF PLAN.—To be eligible to operate a Job Corps center and receive assistance under this part for fiscal year 1997, an entity shall prepare and submit to the Secretary and the Governor of the State in which the center is located, and obtain the approval of the Secretary for, an operating plan that shall include, at a minimum, information indicating—

''(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the interim plan for the State submitted under section 173 of the Workforce Development Act of 1995;

''(2) the extent to which workforce employment activities and workforce education activities delivered through the Job Corps center are directly linked to the workforce development needs of the industry sectors most important to the economic competitiveness of the State; and

''(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 106(a)(2) of the Workforce Development Act of 1995 by the State as identified in the interim plan.

''(b) SUBMISSION OF COMMENTS.—Not later than 30 days after receiving an operating plan described in subsection (a), the Governor of the State in which the center is located may submit comments on the plan to the Secretary.

''(c) APPROVAL.—The Secretary shall not approve an operating plan described in subsection (a) for a center if the Secretary determines that the activities proposed to be carried out through the center are not sufficiently integrated with the activities to be carried out through the statewide system of the State in which the center is located.''.

SEC. 154. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this chapter shall take effect on July 1, 1998.

(b) INTERIM PROVISIONS.—Sections 151 and 152, and the amendment made by section 153, shall take effect on the date of enactment of this Act.

CHAPTER 3—OTHER WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH

SEC. 161. WORKFORCE PREPARATION ACTIVITIES FOR AT-RISK YOUTH.

(a) IN GENERAL.—For program year 1998 and each subsequent program year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make allotments under subsection (c) to States to assist the States in paying for the cost of carrying out workforce preparation activities for at-risk youth, as described in this section.

(b) STATE USE OF FUNDS.—

(1) CORE JOB CORPS ACTIVITIES.—The State shall use a portion of the funds made available to the State through an allotment received under subsection (c) to establish and operate Job Corps centers as described in chapter 2, if a center located in the State received assistance under part B of title IV of the Job Training Partnership Act for fiscal year 1996 and was not closed in accordance with section 152.

(2) CORE WORK-BASED LEARNING OPPORTUNITIES.—

(A) IN GENERAL.—The State shall use a portion of the funds made available to the State through an allotment received under subsection (c) to make grants to eligible entities in substate areas, in accordance with the procedures described in subsection (e), to assist the substate areas in organizing summer jobs programs that provide work-based learning opportunities in the private and public sectors that are directly linked to year-round school-to-work activities in the substate areas.

(B) LIMITATION.—No funds provided under this subtitle shall be used to displace employed workers.

(3) PERMISSIBLE ACTIVITIES.—The State may use a portion of the funds described in paragraph (1) to—

(A) make grants to eligible entities in substate areas, in accordance with the procedures described in subsection (e), to assist each such entity in carrying out alternative programs to assist out-of-school at-risk youth in participating in school-to-work activities in the substate area; and

(B) carry out other workforce development activities specifically for at-risk youth.

(4) LAWS AND PROCEDURES APPLICABLE TO EXPENDITURE OF STATE FUNDS.—Any funds received by a State under this subtitle shall be expended only in accordance with the laws and procedures applicable to expenditures of the State's own revenues, subject to the terms and conditions required under this subtitle, particularly this section.

(c) ALLOTMENTS AND RESERVATION.—

(1) IN GENERAL.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State an amount equal to the total of—

(A) the amount made available to the State under paragraph (2); and

(B) the amounts made available to the State under subparagraphs (C), (D), and (E) of paragraph (4).

(2) ALLOTMENTS BASED ON FISCAL YEAR 1996 APPROPRIATIONS.—Using a portion of the funds appropriated under subsection (h) for a fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State the amount that Job Corps centers in the State expended for fiscal year 1996 under part B of title IV of the Job Training Partnership Act to carry out activities related to the direct operation of the centers, as determined under section 152(a)(2).

(3) RESERVATION OF FUNDS FOR INDIANS AND NATIVE HAWAIIANS.—The Secretary of Labor and the Secretary of Education, acting jointly, may reserve a portion of the funds that are appropriated under subsection (h) for a fiscal year, and that are not made available under paragraph (2), to carry out subsection (g).

(4) ALLOTMENTS BASED ON POPULATIONS.—

(A) DEFINITIONS.—As used in this paragraph:

(i) INDIVIDUAL IN POVERTY.—The term ''individual in poverty'' means an individual who—

(I) is not less than age 18;

(II) is not more than age 64; and

(III) is a member of a family (of 1 or more members) with an income at or below the poverty line.

(ii) POVERTY LINE.—The term ''poverty line'' means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(B) TOTAL ALLOTMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall use the remainder of the funds that are appropriated under subsection (h) for a fiscal year, and that are not made available under paragraph (2) or (3), to make amounts available under this paragraph.

(C) UNEMPLOYED INDIVIDUALS.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the

most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in the United States.

(D) INDIVIDUALS IN POVERTY.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in the United States.

(E) AT-RISK YOUTH.—From funds equal to 33⅓ percent of such remainder, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make available to each State an amount that bears the same relationship to such funds as the total number of at-risk youth in the State bears to the total number of at-risk youth in the United States.

(d) STATE PLAN.—

(1) INFORMATION.—To be eligible to receive an allotment under subsection (c), a State shall include, in the State plan to be submitted under section 104, information describing the allocation within the State of the funds made available through the allotment, and how the programs and activities described in subsection (b) will be carried out to meet the State goals and reach the State benchmarks.

(2) LIMITATION.—A State may not be required to include the information described in paragraph (1) in the State plan to be submitted under section 104 to be eligible to receive an allotment under section 102.

(e) APPLICATION.—To be eligible to receive a grant under paragraph (2) or (3)(A) of subsection (b) from a State to carry out programs in a substate area, an entity shall prepare and submit an application to the Governor of the State at such time, in such manner, and containing such information as the Governor may require. The Governor may establish criteria for reviewing such applications. Any such criteria shall, at a minimum, include the extent to which the local partnership (or, where established, the local workforce development board described in section 118(b)) for the substate area approves of such application.

(f) WITHIN STATE DISTRIBUTION.—Of the funds allotted to a State under subsection (c)(4) for workforce preparation activities for at-risk youth for a program year—

(1) 15 percent shall be reserved by the Governor to carry out such activities through the statewide system; and

(2) 85 percent shall be distributed to local entities to carry out such activities through the statewide system.

(g) FINANCIAL ASSISTANCE FOR INDIANS AND NATIVE HAWAIIANS.—The Secretary of Labor and the Secretary of Education, acting jointly, may use the funds reserved under subsection (c)(3), if any, to make grants to, or enter into contracts or cooperative agreements with, the entities described in section 107(c)(1) to carry out workforce preparation activities for at-risk youth who are Indians (as defined in section 107(b)(2)) or Native Hawaiians (as defined in section 107(b)(4)). To be eligible to receive such a grant, or enter into such a contract or cooperative agreement, such an entity shall submit to the Federal Partnership an application at such time, in such manner, and containing such information as the Federal Partnership may require.

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subtitle, $2,100,000,000 for each of fiscal years 1998 through 2001.

(i) EFFECTIVE DATE.—This chapter shall take effect on July 1, 1998.

Subtitle C—Transition Provisions

SEC. 171. WAIVERS.

(a) WAIVER AUTHORITY.—

(1) IN GENERAL.—Notwithstanding any other provision of Federal law, and except as provided in subsection (d), the Secretary may waive any requirement under any provision of law relating to a covered activity, or of any regulation issued under such a provision, for—

(A) a State that requests such a waiver and submits an application as described in subsection (b); or

(B) a local entity that requests such a waiver and complies with the requirements of subsection (c);

in order to assist the State or local entity in planning or developing a statewide system or workforce development activities, or workforce preparation activities for at-risk youth, to be carried out through the statewide system.

(2) TERM.—

(A) IN GENERAL.—Except as provided in subparagraph (B), each waiver approved pursuant to this section shall be for a period beginning on the date of the approval and ending on June 30, 1998.

(B) FAILURE TO SUBMIT INTERIM PLAN.—If a State receives a waiver under this section and fails to submit an interim plan under section 173 by June 30, 1997, the waiver shall be deemed to terminate on September 30, 1997. If a local entity receives a waiver under this section, and the State in which the local entity is located fails to submit an interim plan under section 173 by June 30, 1997, the waiver shall be deemed to terminate on September 30, 1997.

(b) STATE REQUEST FOR WAIVER.—

(1) IN GENERAL.—A State may submit to the Secretary a request for a waiver of 1 or more requirements referred to in subsection (a). The request may include a request for different waivers with respect to different areas within the State.

(2) APPLICATION.—To be eligible to receive a waiver described in subsection (a), a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including information—

(A) identifying the requirement to be waived and the goal that the State (or the local agency applying to the State under subsection (c)) intends to achieve through the waiver;

(B) identifying, and describing the actions that the State will take to remove, similar State requirements;

(C) describing the activities to which the waiver will apply, including information on how the activities may be continued, or related to activities carried out, under the statewide system of the State;

(D) describing the number and type of persons to be affected by such waiver; and

(E) providing evidence of support for the waiver request by the State agencies or officials with jurisdiction over the requirement to be waived.

(c) LOCAL ENTITY REQUEST FOR WAIVER.—

(1) IN GENERAL.—A local entity that seeks a waiver of such a requirement shall submit to the State a request for the waiver and an application containing sufficient information to enable the State to comply with the requirements of subsection (b)(2). The State shall determine whether to submit a request and an application for a waiver to the Secretary, as provided in subsection (b).

(2) TIME LIMIT.—

(A) IN GENERAL.—The State shall make a determination concerning whether to submit the request and application for a waiver as described in paragraph (1) not later than 30 days after the date on which the State receives the application from the local entity.

(B) DIRECT SUBMISSION.—

(i) IN GENERAL.—If the State does not make a determination to submit or does not submit the request and application within the 30-day time period specified in subparagraph (A), the local entity may submit the request and application to the Secretary.

(ii) REQUIREMENTS.—In submitting such a request, the local entity shall obtain the agreement of the State involved to comply with the requirements of this section that would otherwise apply to a State submitting a request for a waiver. In reviewing an application submitted by a local entity, the Secretary shall comply with the requirements of this section that would otherwise apply to the Secretary with respect to review of such an application submitted by a State.

(d) WAIVERS NOT AUTHORIZED.—The Secretary may not waive any requirement of any provision referred to in subsection (a), or of any regulation issued under such provision, relating to—

(1) the allocation of funds to States, local entities, or individuals;

(2) public health or safety, civil rights, occupational safety and health, environmental protection, displacement of employees, or fraud and abuse;

(3) the eligibility of an individual for participation in a covered activity, except in a case in which the State or local entity can demonstrate that the individuals who would have been eligible to participate in such activity without the waiver will participate in a similar covered activity; or

(4) a required supplementation of funds by the State or a prohibition against the State supplanting such funds.

(e) ACTIVITIES.—Subject to subsection (d), the Secretary may approve a request for a waiver described in subsection (a) that would enable a State or local entity to—

(1) use the assistance that would otherwise have been used to carry out 2 or more covered activities (if the State or local entity were not using the assistance as described in this section)—

(A) to address the high priority needs of unemployed persons and at-risk youth in the appropriate State or community for workforce employment activities or workforce education activities;

(B) to improve efficiencies in the delivery of the covered activities; or

(C) in the case of overlapping or duplicative activities—

(i) by combining the covered activities and funding the combined activities; or

(ii) by eliminating 1 of the covered activities and increasing the funding to the remaining covered activity; and

(2) use the assistance that would otherwise have been used for administrative expenses relating to a covered activity (if the State or local entity were not using the assistance as described in this section) to pay for the cost of developing an interim State plan described in section 173 or a State plan described in section 104.

(f) APPROVAL OR DISAPPROVAL.—The Secretary shall approve or disapprove any request submitted pursuant to subsection (b) or (c), not later than 45 days after the date of the submission, and shall issue a decision that shall include the reasons for approving or disapproving the request.

(g) FAILURE TO ACT.—If the Secretary fails to approve or disapprove the request within the 45-day period described in subsection (f), the request shall be deemed to be approved on the day after such period ends. If the Secretary subsequently determines that the

waiver relates to a matter described in subsection (d) and issues a decision that includes the reasons for the determination, the waiver shall be deemed to terminate on the date of issuance of the decision.

(h) DEFINITION.—As used in this section:

(1) LOCAL ENTITY.—The term ''local entity'' means—

(A) a local educational agency, with respect to any act by a local agency or organization relating to a covered activity that is a workforce education activity; and

(B) the local public or private agency or organization responsible for carrying out the covered activity at issue, with respect to any act by a local agency or organization relating to any other covered activity.

(2) SECRETARY.—The term ''Secretary'' means—

(A) the Secretary of Labor, with respect to any act relating to a covered activity carried out by the Secretary of Labor; and

(B) the Secretary of Education, with respect to any act relating to a covered activity carried out by the Secretary of Education.

(3) STATE.—The term ''State'' means—

(A) a State educational agency, with respect to any act by a State entity relating to a covered activity that is a workforce education activity; and

(B) the Governor, with respect to any act by a State entity relating to any other covered activity.

(i) CONFORMING AMENDMENTS.—

(1) Section 501 of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6211) is amended—

(A) in subsection (a), by striking ''sections 502 and 503'' and inserting ''section 502'';

(B) in subsection (b)(2)(B)(ii)—

(i) by striking ''section 502(a)(1)(C) or 503(a)(1)(C), as appropriate,'' and inserting ''section 502(a)(1)(C)''; and

(ii) by striking ''section 502 or 503, as appropriate,'' and inserting ''section 502'';

(C) in subsection (c), by striking ''section 502 or 503'' and inserting ''section 502''; and

(D) by striking ''Secretaries'' each place the term appears and inserting ''Secretary of Education''.

(2) Section 502(b) of such Act (20 U.S.C. 6212(b)) is amended—

(A) in paragraph (4), by striking the semicolon and inserting ''; and'';

(B) in paragraph (5), by striking ''; and'' and inserting a period; and

(C) by striking paragraph (6).

(3) Section 503 of such Act (20 U.S.C. 6213) is repealed.

(4) Section 504 of such Act (20 U.S.C. 6214) is amended—

(A) in subsection (a)(2)(B), by striking clauses (i) and (ii) and inserting the following clauses:

''(i) the provisions of law listed in paragraphs (2) through (5) of section 502(b);

''(ii) the Job Training Partnership Act (29 U.S.C. 1501 et seq.); and

''(iii) the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).''; and

(B) in subsection (b), by striking ''paragraphs (1) through (3), and paragraphs (5) and (6), of section 503(b)'' and inserting ''paragraphs (2) through (4) and paragraphs (6) and (7) of section 505(b)''.

(5) Section 505(b) of such Act (20 U.S.C. 6215(b)) is amended to read as follows:

''(b) USE OF FUNDS.—A State may use, under the requirements of this Act, Federal funds that are made available to the State and combined under subsection (a) to carry out school-to-work activities, except that the provisions relating to—

''(1) the matters specified in section 502(c);

''(2) basic purposes or goals;

''(3) maintenance of effort;

''(4) distribution of funds;

''(5) eligibility of an individual for participation;

''(6) public health or safety, labor standards, civil rights, occupational safety and health, or environmental protection; or

''(7) prohibitions or restrictions relating to the construction of buildings or facilities;

that relate to the program through which the funds described in subsection (a)(2)(B) were made available, shall remain in effect with respect to the use of such funds.''.

SEC. 172. FLEXIBILITY DEMONSTRATION PROGRAM.

(a) DEFINITION.—As used in this section:

(1) ELIGIBLE STATE.—The term ''eligible State'' means a State that—

(A)(i) has submitted an interim State plan under section 173;

(ii) has an executed memorandum of understanding with the Federal Government; or

(iii) is a designated ''Ed-Flex Partnership State'' under section 311(e) of the Goals 2000: Educate America Act (20 U.S.C. 5891(e)); and

(B) waives State statutory or regulatory requirements relating to workforce development activities while holding local entities within the State that are effected by such waivers accountable for the performance of the participants who are affected by such waivers.

(2) LOCAL ENTITY; SECRETARY; STATE.—The terms ''local entity'', ''Secretary'', and ''State'' have the meanings given the terms in section 171(h).

(b) DEMONSTRATION PROGRAM.—

(1) ESTABLISHMENT.—In addition to providing for the waivers described in section 171(a), the Secretary shall establish a workforce flexibility demonstration program under which the Secretary shall permit not more than 6 eligible States (or local entities within such States) to waive any statutory or regulatory requirement applicable to any covered activity described in section 171(a), other than the requirements described in section 171(d).

(2) SELECTION OF PARTICIPANT STATES.—In carrying out the program under paragraph (1), the Secretary shall select for participation in the program 3 eligible States that each have a population of not less than 3,500,000 individuals and 3 eligible States that each have a population of not more than 3,500,000 individuals, as determined in accordance with the most recent decennial census of the population as provided by the Bureau of the Census.

(3) APPLICATION.—

(A) SUBMISSION.—To be eligible to participate in the program established under paragraph (1), a State shall prepare and submit an application, in accordance with section 171(b)(2), that includes—

(i) a description of the process the eligible State will use to evaluate applications from local entities requesting waivers of—

(I) Federal statutory or regulatory requirements described in section 171(a); and

(II) State statutory or regulatory requirements relating to workforce development activities; and

(ii) a detailed description of the State statutory or regulatory requirements relating to workforce development activities that the State will waive.

(B) APPROVAL.—The Secretary may approve an application submitted under subparagraph (A) if the Secretary determines that such application demonstrates substantial promise of assisting the State and local entities within such State in carrying out comprehensive reform of workforce development activities and in otherwise meeting the purposes of this Act.

(C) LOCAL ENTITY APPLICATIONS.—A State participating in the program established under paragraph (1) shall not approve an application by a local entity for a waiver under this subsection unless the State determines that such waiver will assist the local entity in reaching the goals of the local entity.

(4) MONITORING.—A State participating in the program established under paragraph (1) shall annually monitor the activities of local entities receiving waivers under this subsection and shall submit an annual report regarding such monitoring to the Secretary. The Secretary shall periodically review the performance of such States and shall terminate the waiver of a State under this subsection if the Secretary determines, after notice and opportunity for a hearing, that the performance of such State has been inadequate to a level that justifies discontinuation of such authority.

(5) REFERENCE.—Each eligible State participating in the program established under paragraph (1) shall be referred to as a ''Work-Flex Partnership State''.

SEC. 173. INTERIM STATE PLANS.

(a) IN GENERAL.—For a State or local entity in a State to use a waiver received under section 171 or 172 through June 30, 1998, and for a State to be eligible to submit a State plan described in section 104 for program year 1998, the Governor of the State shall submit an interim State plan to the Federal Partnership. The Governor shall submit the plan not later than June 30, 1997.

(b) REQUIREMENTS.—The interim State plan shall comply with the requirements applicable to State plans described in section 104.

(c) PROGRAM YEAR.—In submitting the interim State plan, the Governor shall indicate whether the plan is submitted—

(1) for review and approval for program year 1997; or

(2) solely for review.

(d) REVIEW.—In reviewing an interim State plan, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may—

(1) in the case of a plan submitted for review and approval for program year 1997—

(A) approve the plan and permit the State to use a waiver as described in section 171 or 172 to carry out the plan; or

(B)(i) disapprove the plan and provide to the State reasons for the disapproval; and

(ii) direct the Federal Partnership to provide technical assistance to the State for developing an approvable plan to be submitted under section 104 for program year 1998; and

(2) in the case of a plan submitted solely for review, review the plan and provide to the State technical assistance for developing an approvable plan to be submitted under section 104 for program year 1998.

(e) EFFECT OF DISAPPROVAL.—Disapproval of an interim plan shall not affect the ability of a State to use a waiver as described in section 171 or 172 through June 30, 1998.

SEC. 174. APPLICATIONS AND PLANS UNDER COVERED ACTS.

Notwithstanding any other provision of law, no State or local entity shall be required to comply with any provision of a covered Act that would otherwise require the entity to submit an application or a plan to a Federal agency during fiscal year 1996 or 1997 for funding of a covered activity. In determining whether to provide funding to the State or local entity for the covered activity, the Secretary of Labor or the Secretary of Education, as appropriate, shall consider the last application or plan, as appropriate, submitted by the entity for funding of the covered activity.

SEC. 175. INTERIM ADMINISTRATION OF SCHOOL-TO-WORK PROGRAMS.

(a) IN GENERAL.—Any provision of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.) that grants authority to

the Secretary of Labor or the Secretary of Education shall be considered to grant the authority to the Federal Partnership.

(b) EFFECTIVE DATE.—Subsection (a) shall take effect on October 1, 1996.

SEC. 176. INTERIM AUTHORIZATIONS OF APPROPRIATIONS.

(a) CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.—

(1) IN GENERAL.—Section 3(a) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2302(a)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1995'' and inserting ''for each of fiscal years 1992 through 1998''.

(2) RESEARCH.—Section 404(d) of such Act (20 U.S.C. 2404(d)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1995'' and inserting ''for each of fiscal years 1992 through 1998''.

(b) ADULT EDUCATION ACT.—

(1) IN GENERAL.—Section 313(a) of the Adult Education Act (20 U.S.C. 1201b(a)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1995'' and inserting ''for each of fiscal years 1993 through 1998''.

(2) STATE LITERACY RESOURCE CENTERS.—Section 356(k) of such Act (20 U.S.C. 1208aa(k)) is amended by striking ''for each of the fiscal years 1994 and 1995'' and inserting ''for each of fiscal years 1994 and 1995''.

(3) BUSINESS, INDUSTRY, LABOR, AND EDUCATION PARTNERSHIPS FOR WORKPLACE LITERACY.—Section 371(e)(1) of such Act (20 U.S.C. 1211(e)(1)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1995'' and inserting ''for each of fiscal years 1993 through 1998''.

(4) NATIONAL INSTITUTE FOR LITERACY.—Section 384(n)(1) of such Act (20 U.S.C. 1213c(n)(1)) is amended by striking ''for each of the fiscal years'' and all that follows through ''1996'' and inserting ''for each of fiscal years 1992 through 1995''.

Subtitle D—National Activities

SEC. 181. FEDERAL PARTNERSHIP.

(a) ESTABLISHMENT.—There is established in the Department of Labor and the Department of Education a Workforce Development Partnership, under the joint control of the Secretary of Labor and the Secretary of Education.

(b) ADMINISTRATION.—Notwithstanding the Department of Education Organization Act (20 U.S.C. 3401 et seq.), the General Education Provisions Act (20 U.S.C. 1221 et seq.), the Act entitled ''An Act To Create a Department of Labor'', approved March 4, 1913 (29 U.S.C. 551 et seq.), and section 169 of the Job Training Partnership Act (29 U.S.C. 1579), the Secretary of Labor and the Secretary of Education, acting jointly, in accordance with the plan approved or determinations made by the President under section 186(c), shall provide for, and exercise final authority over, the effective and efficient administration of this title, the Act amended by subtitle B of title II, the provisions amended by sections 241 and 242, and the officers and employees of the Federal Partnership.

(c) RESPONSIBILITIES OF SECRETARY OF LABOR AND SECRETARY OF EDUCATION.—The Secretary of Labor and the Secretary of Education, working jointly through the Federal Partnership, shall—

(1) approve applications and plans under sections 104, 107, 108, and 173;

(2) award financial assistance under sections 102, 107, 108, 122(a), 161, and 184;

(3) approve State benchmarks in accordance with section 121(c); and

(4) apply sanctions described in section 122(b).

(d) WORKPLANS.—The Secretary of Labor and the Secretary of Education, acting jointly, shall prepare and submit the workplans described in sections 186(c) and 187(b).

(e) INFORMATION AND TECHNICAL ASSISTANCE RESPONSIBILITIES.—The Secretary of Labor and the Secretary of Education, acting jointly, shall, in appropriate cases, disseminate information and provide technical assistance to States on the best practices for establishing and carrying out activities through statewide systems, including model programs to provide structured work and learning experiences for welfare recipients.

SEC. 182. NATIONAL WORKFORCE DEVELOPMENT BOARD AND PERSONNEL.

(a) NATIONAL BOARD.—

(1) COMPOSITION.—The Federal Partnership shall be directed by a National Board that shall be composed of 13 individuals, including—

(A) 7 individuals who are representative of business and industry in the United States, appointed by the President by and with the advice and consent of the Senate;

(B) 2 individuals who are representative of labor and workers in the United States, appointed by the President by and with the advice and consent of the Senate;

(C) 2 individuals who are representative of education providers, 1 of whom is a State or local adult education provider and 1 of whom is a State or local vocational education provider, appointed by the President by and with the advice and consent of the Senate; and

(D) 2 Governors, representing different political parties, appointed by the President by and with the advice and consent of the Senate.

(2) TERMS.—Each member of the National Board shall serve for a term of 3 years, except that, as designated by the President—

(A) 5 of the members first appointed to the National Board shall serve for a term of 2 years;

(B) 4 of the members first appointed to the National Board shall serve for a term of 3 years; and

(C) 4 of the members first appointed to the National Board shall serve for a term of 4 years.

(3) VACANCIES.—Any vacancy in the National Board shall not affect the powers of the National Board, but shall be filled in the same manner as the original appointment. Any member appointed to fill such a vacancy shall serve for the remainder of the term for which the predecessor of such member was appointed.

(4) DUTIES AND POWERS OF THE NATIONAL BOARD.—

(A) OVERSIGHT.—Subject to section 181(b), the National Board shall oversee all activities of the Federal Partnership.

(B) RECOMMENDATIONS ABOUT IMPLEMENTATION.—If the Secretary of Labor and the Secretary of Education fail to reach agreement with respect to the implementation of their duties and responsibilities under this Act and the amendments made by this Act, the National Board shall review the issues about which disagreement exists and make a recommendation to the President regarding a solution to the disagreement.

(5) CHAIRPERSON.—The position of Chairperson of the National Board shall rotate annually among the appointed members described in paragraph (1)(A).

(6) MEETINGS.—The National Board shall meet at the call of the Chairperson but not less often than 4 times during each calendar year. Seven members of the National Board shall constitute a quorum. All decisions of the National Board with respect to the exercise of the duties and powers of the National Board shall be made by a majority vote of the members of the National Board.

(7) COMPENSATION AND TRAVEL EXPENSES.—

(A) COMPENSATION.—In accordance with the plan approved or the determinations made by the President under section 186(c), each member of the National Board shall be compensated at a rate to be fixed by the President but not to exceed the daily equivalent of the maximum rate authorized for a position above GS–15 of the General Schedule under section 5108 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the National Board.

(B) EXPENSES.—While away from their homes or regular places of business on the business of the National Board, members of such National Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, for persons employed intermittently in the Government service.

(8) DATE OF APPOINTMENT.—The National Board shall be appointed not later than 120 days after the date of enactment of this Act.

(b) DUTIES AND POWERS OF THE FEDERAL PARTNERSHIP.—The Federal Partnership shall—

(1) oversee the development, maintenance, and continuous improvement of the nationwide integrated labor market and occupational information system described in section 183, and the relationship between such system and the job placement accountability system described in section 121(d);

(2) establish model benchmarks for each of the benchmarks referred to in paragraph (1), (2), or (3) of section 121(c), at achievable levels based on existing (as of the date of the establishment of the benchmarks) workforce development efforts in the States;

(3) negotiate State benchmarks with States in accordance with section 121(c);

(4) provide advice to the Secretary of Labor and the Secretary of Education regarding the review and approval of applications and plans described in section 181(c)(1) and the approval of financial assistance described in section 181(c)(2);

(5) receive and review reports described in section 121(a);

(6) prepare and submit to the appropriate committees of Congress an annual report on the absolute and relative performance of States toward reaching the State benchmarks;

(7) provide advice to the Secretary of Labor and the Secretary of Education regarding applying sanctions described in section 122(b);

(8) review all federally funded programs providing workforce development activities or workforce preparation activities for at-risk youth, other than programs carried out under this title, and submit recommendations to Congress on how the federally funded programs could be integrated into the statewide systems of the States, including recommendations on the development of common terminology for activities and services provided through the programs;

(9) prepare an annual plan for the nationwide integrated labor market and occupational information system, as described in section 183(b)(2); and

(10) perform the duties specified for the Federal Partnership in this Act and the amendments made by this Act.

(c) DIRECTOR.—

(1) IN GENERAL.—There shall be in the Federal Partnership a Director, who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) COMPENSATION.—The Director shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(3) DUTIES.—The Director shall make recommendations to the National Board regarding the activities described in subsection (b).

(4) DATE OF APPOINTMENT.—The Director shall be appointed not later than 120 days after the date of enactment of this Act.

(d) PERSONNEL.—

(1) APPOINTMENTS.—The Director may appoint and fix the compensation of such officers and employees as may be necessary to carry out the functions of the Federal Partnership. Except as otherwise provided by law, such officers and employees shall be appointed in accordance with the civil service laws and their compensation fixed in accordance with title 5, United States Code.

(2) EXPERTS AND CONSULTANTS.—The Director may obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code, and compensate such experts and consultants for each day (including travel time) at rates not in excess of the rate of pay for level IV of the Executive Schedule under section 5315 of such title. The Director may pay experts and consultants who are serving away from their homes or regular places of business travel expenses and per diem in lieu of subsistence at rates authorized by sections 5702 and 5703 of such title for persons in Government service employed intermittently.

(3) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Federal Partnership without reimbursement, and such detail shall be without interruption or loss of civil service or privilege. The Secretary of Education and the Secretary of Labor shall detail a sufficient number of employees to the Federal Partnership for the period beginning October 1, 1996 and ending June 30, 1998 to carry out the functions of the Federal Partnership during such period.

(4) USE OF VOLUNTARY AND UNCOMPENSATED SERVICES.—Notwithstanding section 1342 of title 31, United States Code, the Secretary of Labor and the Secretary of Education are authorized to accept voluntary and uncompensated services in furtherance of the purposes of this Act.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for fiscal years 1996 and 1997 $500,000 to the National Board for the administration of the duties and responsibilities of the Federal Partnership under this title.

SEC. 183. LABOR MARKET AND OCCUPATIONAL INFORMATION.

(a) FEDERAL RESPONSIBILITIES.—The Federal Partnership, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a nationwide integrated labor market and occupational information system that shall include—

(1) statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems, that, taken together, shall enumerate, estimate, and project the supply and demand for labor at the substate, State, and national levels in a timely manner, including data on—

(A) the demographics, socioeconomic characteristics, and current employment status of the substate, State, and national populations (as of the date of the collection of the data), including self-employed, part-time, and seasonal workers;

(B) job vacancies, education and training requirements, skills, wages, benefits, working conditions, and industrial distribution, of occupations, as well as current and projected employment opportunities and trends by industry and occupation;

(C) the educational attainment, training, skills, skill levels, and occupations of the populations;

(D) information maintained in a longitudinal manner on the quarterly earnings, establishment and industry affiliation, and geographic location of employment for all individuals for whom the information is collected by the States; and

(E) the incidence, industrial and geographical location, and number of workers displaced by permanent layoffs and plant closings;

(2) State and substate area employment and consumer information (which shall be current, comprehensive, automated, accessible, easy to understand, and in a form useful for facilitating immediate employment, entry into education and training programs, and career exploration) on—

(A) job openings, locations, hiring requirements, and application procedures, including profiles of industries in the local labor market that describe the nature of work performed, employment requirements, and patterns in wages and benefits;

(B) jobseekers, including the education, training, and employment experience of the jobseekers; and

(C) the cost and effectiveness of providers of workforce employment activities, workforce education activities, and flexible workforce activities, including the percentage of program completion, acquisition of skills to meet industry-recognized skill standards, continued education, job placement, and earnings, by participants, and other information that may be useful in facilitating informed choices among providers by participants;

(3) technical standards for labor market and occupational information that will—

(A) ensure compatibility of the information and the ability to aggregate the information from substate areas to State and national levels;

(B) support standardization and aggregation of the data from administrative reporting systems;

(C) include—

(i) classification and coding systems for industries, occupations, skills, programs, and courses;

(ii) nationally standardized definitions of labor market terms, including terms related to State benchmarks established pursuant to section 121(c);

(iii) quality control mechanisms for the collection and analysis of labor market and occupational information; and

(iv) common schedules for collection and dissemination of labor market and occupational information; and

(D) eliminate gaps and duplication in statistical undertakings, with a high priority given to the systemization of wage surveys;

(4) an analysis of data and information described in paragraphs (1) and (2) for uses such as—

(A) national, State, and substate area economic policymaking;

(B) planning and evaluation of workforce development activities;

(C) the implementation of Federal policies, including the allocation of Federal funds to States and substate areas; and

(D) research on labor market and occupational dynamics;

(5) dissemination mechanisms for data and analysis, including mechanisms that may be standardized among the States; and

(6) programs of technical assistance for States and substate areas in the development, maintenance, utilization, and continuous improvement of the data, information, standards, analysis, and dissemination mechanisms, described in paragraphs (1) through (5).

(b) JOINT FEDERAL-STATE RESPONSIBILITIES.—

(1) IN GENERAL.—The nationwide integrated labor market and occupational information system shall be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Federal Government and the States receiving financial assistance under this title.

(2) ANNUAL PLAN.—The Federal Partnership shall, with the assistance of the Bureau of Labor Statistics and other Federal agencies, where appropriate, prepare an annual plan that shall be the mechanism for achieving the cooperative Federal-State governance structure for the nationwide integrated labor market and occupational information system. The plan shall—

(A) establish goals for the development and improvement of a nationwide integrated labor market and occupational information system based on information needs for achieving economic growth and productivity, accountability, fund allocation equity, and an understanding of labor market characteristics and dynamics;

(B) describe the elements of the system, including—

(i) standards, definitions, formats, collection methodologies, and other necessary system elements, for use in collecting the data and information described in paragraphs (1) and (2) of subsection (a); and

(ii) assurances that—

(I) data will be sufficiently timely and detailed for uses including the uses described in subsection (a)(4);

(II) administrative records will be standardized to facilitate the aggregation of data from substate areas to State and national levels and to support the creation of new statistical series from program records; and

(III) paperwork and reporting requirements on employers and individuals will be reduced;

(C) recommend needed improvements in administrative reporting systems to be used for the nationwide integrated labor market and occupational information system;

(D) describe the current spending on integrated labor market and occupational information activities from all sources, assess the adequacy of the funds spent, and identify the specific budget needs of the Federal Government and States with respect to implementing and improving the nationwide integrated labor market and occupational information system;

(E) develop a budget for the nationwide integrated labor market and occupational information system that—

(i) accounts for all funds described in subparagraph (D) and any new funds made available pursuant to this title; and

(ii) describes the relative allotments to be made for—

(I) operating the cooperative statistical programs pursuant to subsection (a)(1);

(II) developing and providing employment and consumer information pursuant to subsection (a)(2);

(III) ensuring that technical standards are met pursuant to subsection (a)(3); and

(IV) providing the analysis, dissemination mechanisms, and technical assistance under paragraphs (4), (5), and (6) of subsection (a), and matching data;

(F) describe the involvement of States in developing the plan by holding formal consultations conducted in cooperation with representatives of the Governors of each State or the State workforce development board described in section 105, where appropriate, pursuant to a process established by the Federal Partnership; and

(G) provide for technical assistance to the States for the development of statewide comprehensive labor market and occupational information systems described in subsection (c), including assistance with the development of easy-to-use software and hardware, or uniform information displays.

For purposes of applying Office of Management and Budget Circular A–11 to determine

persons eligible to participate in deliberations relating to budget issues for the development of the plan, the representatives of the Governors of each State and the State workforce development board described in subparagraph (F) shall be considered to be employees of the Department of Labor.

(c) STATE RESPONSIBILITIES.—

(1) DESIGNATION OF STATE AGENCY.—In order to receive Federal financial assistance under this title, the Governor of a State shall—

(A) establish an interagency process for the oversight of a statewide comprehensive labor market and occupational information system and for the participation of the State in the cooperative Federal-State governance structure for the nationwide integrated labor market and occupational information system; and

(B) designate a single State agency or entity within the State to be responsible for the management of the statewide comprehensive labor market and occupational information system.

(2) DUTIES.—In order to receive Federal financial assistance under this title, the State agency or entity within the State designated under paragraph (1)(B) shall—

(A) consult with employers and local workforce development boards described in section 118(b), where appropriate, about the labor market relevance of the data to be collected and displayed through the statewide comprehensive labor market and occupational information system;

(B) develop, maintain, and continuously improve the statewide comprehensive labor market and occupational information system, which shall—

(i) include all of the elements described in paragraphs (1), (2), (3), (4), (5), and (6) of subsection (a); and

(ii) provide the consumer information described in clauses (v) and (vi) of section 106(a)(2)(B) in a manner that shall be responsive to the needs of business, industry, workers, and jobseekers;

(C) ensure the performance of contract and grant responsibilities for data collection, analysis, and dissemination, through the statewide comprehensive labor market and occupational information system;

(D) conduct such other data collection, analysis, and dissemination activities to ensure that State and substate area labor market and occupational information is comprehensive;

(E) actively seek the participation of other State and local agencies, with particular attention to State education, economic development, human services, and welfare agencies, in data collection, analysis, and dissemination activities in order to ensure complementarity and compatibility among data;

(F) participate in the development of the national annual plan described in subsection (b)(2); and

(G) ensure that the matches required for the job placement accountability system by section 121(d)(2)(A) are made for the State and for other States.

(3) RULE OF CONSTRUCTION.—Nothing in this title shall be construed as limiting the ability of a State agency to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this title.

(d) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

SEC. 184. NATIONAL CENTER FOR RESEARCH IN EDUCATION AND WORKFORCE DEVELOPMENT.

(a) GRANTS AUTHORIZED.—From amounts made available under section 124(b)(6), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, are authorized to award a grant, on a competitive basis, to an institution of higher education, public or private nonprofit organization or agency, or a consortium of such institutions, organizations, or agencies, to enable such institution, organization, agency, or consortium to establish a national center to carry out the activities described in subsection (b).

(b) AUTHORIZED ACTIVITIES.—Grant funds made available under this section shall be used by the national center assisted under subsection (a)—

(1) to increase the effectiveness and improve the implementation of workforce development programs, including conducting research and development and providing technical assistance with respect to—

(A) combining academic and vocational education;

(B) connecting classroom instruction with work-based learning;

(C) creating a continuum of educational programs that provide multiple exit points for employment, which may include changes or development of instructional materials or curriculum;

(D) establishing high quality support services for all students to ensure access to workforce development programs, educational success, and job placement assistance;

(E) developing new models for remediation of basic academic skills, which models shall incorporate appropriate instructional methods, rather than using rote and didactic methods;

(F) identifying ways to establish links among educational and job training programs at the State and local levels;

(G) developing new models for career guidance, career information, and counseling services;

(H) identifying economic and labor market changes that will affect workforce needs;

(I) developing model programs for the transition of members of the Armed Forces from military service to civilian employment;

(J) conducting preparation of teachers, counselors, administrators, other professionals, and volunteers, who work with programs funded under this title; and

(K) obtaining information on practices in other countries that may be adapted for use in the United States;

(2) to provide assistance to States and local recipients of assistance under this title in developing and using systems of performance measures and standards for improvement of programs and services; and

(3) to maintain a clearinghouse that will provide data and information to Federal, State, and local organizations and agencies about the condition of statewide systems and programs funded under this title, which data and information shall be disseminated in a form that is useful to practitioners and policymakers.

(c) OTHER ACTIVITIES.—The Federal Partnership may request that the national center assisted under subsection (a) conduct activities not described in subsection (b), or study topics not described in subsection (b), as the Federal Partnership determines to be necessary to carry out this title.

(d) IDENTIFICATION OF CURRENT NEEDS.—The national center assisted under subsection (a) shall identify current needs (as of the date of the identification) for research and technical assistance through a variety of sources including a panel of Federal, State, and local level practitioners.

(e) SUMMARY REPORT.—The national center assisted under subsection (a) shall annually prepare and submit to the Federal Partnership and the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report summarizing the research findings obtained, and the results of development and technical assistance activities carried out, under this section.

(f) TRANSITION PERIOD.—Notwithstanding any other provision of law, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may use funds made available under section 404 of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2404) to prepare, during the period beginning on January 1, 1998, and ending June 30, 1998, to award a grant under subsection (a) on July 1, 1998.

(g) DEFINITION.—As used in this section, the term ''institution of higher education'' has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(h) CONFORMING AMENDMENTS.—Section 404(a)(2) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2404(a)(2)) is amended—

(1) in subparagraph (A), by striking ''for a period of 5 years'' and inserting ''until June 30, 1998''; and

(2) in the first sentence of subparagraph (B), by striking ''5''.

(i) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), this section shall take effect on July 1, 1998.

(2) TRANSITION PROVISIONS.—Subsection (f) shall take effect on January 1, 1998.

(3) AMENDMENTS.—The amendments made by subsection (h) shall take effect on the date of enactment of this Act.

SEC. 185. NATIONAL ASSESSMENT OF VOCATIONAL EDUCATION PROGRAMS.

(a) IN GENERAL.—The Secretary of Education (referred to in this section as the ''Secretary'') shall conduct a national assessment of vocational education programs assisted under this title, through studies and analyses conducted independently through competitive awards.

(b) INDEPENDENT ADVISORY PANEL.—The Secretary shall appoint an independent advisory panel, consisting of vocational education administrators, educators, researchers, and representatives of business, industry, labor, career guidance and counseling professionals, and other relevant groups, to advise the Secretary on the implementation of such assessment, including the issues to be addressed and the methodology of the studies involved, and the findings and recommendations resulting from the assessment. The panel, in the discretion of the panel, may submit to the Committee on Economic and Educational Opportunities of the House of Representatives, the Committee on Labor and Human Resources of the Senate, and the Federal Partnership an independent analysis of the findings and recommendations resulting from the assessment. The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the panel established under this subsection.

(c) CONTENTS.—The assessment required under subsection (a) shall include descriptions and evaluations of—

(1) the effect of this title on State and tribal administration of vocational education programs and on local vocational education practices, including the capacity of State, tribal, and local vocational education systems to address the purposes of this title;

(2) expenditures at the Federal, State, tribal, and local levels to address program improvement in vocational education, including the impact of Federal allocation requirements (such as within-State distribution formulas) on the delivery of services;

(3) preparation and qualifications of teachers of vocational and academic curricula in

vocational education programs, as well as shortages of such teachers;

(4) participation in vocational education programs;

(5) academic and employment outcomes of vocational education, including analyses of—

(A) the effect of educational reform on vocational education;

(B) the extent and success of integration of academic and vocational curricula;

(C) the success of the school-to-work transition; and

(D) the degree to which vocational training is relevant to subsequent employment;

(6) employer involvement in, and satisfaction with, vocational education programs;

(7) the effect of benchmarks, performance measures, and other measures of accountability on the delivery of vocational education services; and

(8) the degree to which minority students are involved in vocational student organizations.

(d) CONSULTATION.—

(1) IN GENERAL.—The Secretary shall consult with the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate in the design and implementation of the assessment required under subsection (a).

(2) REPORTS.—The Secretary shall submit to the Committee on Economic and Educational Opportunities of the House of Representatives, the Committee on Labor and Human Resources of the Senate, and the Federal Partnership—

(A) an interim report regarding the assessment on or before January 1, 2000; and

(B) a final report, summarizing all studies and analyses that relate to the assessment and that are completed after the assessment, on or before July 1, 2000.

(3) PROHIBITION.—Notwithstanding any other provision of law or regulation, the reports required by this subsection shall not be subject to any review outside of the Department of Education before their transmittal to the Committee on Economic and Educational Opportunities of the House of Representatives, the Committee on Labor and Human Resources of the Senate, and the Federal Partnership, but the President, the Secretary, the Federal Partnership, and the independent advisory panel established under subsection (b) may make such additional recommendations to Congress with respect to the assessment as the President, the Secretary, the Federal Partnership, or the panel determine to be appropriate.

(e) EFFECTIVE DATE.—This section shall take effect on July 1, 1998.

SEC. 186. TRANSFERS TO FEDERAL PARTNERSHIP.

(a) DEFINITIONS.—For purposes of this section, unless otherwise provided or indicated by the context—

(1) the term ''Federal agency'' has the meaning given to the term ''agency'' by section 551(1) of title 5, United States Code;

(2) the term ''function'' means any duty, obligation, power, authority, responsibility, right, privilege, activity, or program; and

(3) the term ''office'' includes any office, administration, agency, institute, unit, organizational entity, or component thereof.

(b) TRANSFER OF FUNCTIONS.—There are transferred to the appropriate Secretary in the Federal Partnership, in accordance with subsection (c), all functions that the Secretary of Labor or the Secretary of Education exercised before the effective date of this section (including all related functions of any officer or employee of the Department of Labor or the Department of Education) that relate to a covered activity and that are minimally necessary to carry out the functions of the Federal Partnership. The authority of a transferred employee to carry out a function that relates to a covered activity shall terminate on July 1, 1998.

(c) TRANSITION WORKPLAN.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary of Labor and the Secretary of Education shall prepare and submit to the National Board a proposed workplan as described in paragraph (2). The Secretary of Labor and the Secretary of Education shall also submit the plan to the President, the Committee on Economic and Educational Opportunities of the House of Representatives, and the Committee on Labor and Human Resources of the Senate for review and comment.

(2) CONTENTS.—The proposed workplan shall include, at a minimum—

(A) an analysis of the functions that officers and employees of the Department of Labor and the Department of Education carry out (as of the date of the submission of the workplan) that relate to a covered activity;

(B) information on the levels of personnel and funding used to carry out the functions (as of such date);

(C) a determination of the functions described in subparagraph (A) that are minimally necessary to carry out the functions of the Federal Partnership;

(D) information on the levels of personnel and other resources that are minimally necessary to carry out the functions of the Federal Partnership;

(E) a determination of the manner in which the Secretary of Labor and the Secretary of Education will provide personnel and other resources of the Department of Labor and the Department of Education for the Federal Partnership;

(F) a determination of the appropriate Secretary to receive the personnel, resources, and related items to be transferred under this section, based on factors including increased efficiency and elimination of duplication of functions;

(G) a determination of the proposed organizational structure for the Federal Partnership; and

(H) a determination of the manner in which the Secretary of Labor and the Secretary of Education, acting jointly through the Federal Partnership, will carry out their duties and responsibilities under this Act and the amendments made by this Act.

(3) REVIEW BY NATIONAL BOARD.—

(A) IN GENERAL.—Not later than 45 days after the date of submission of the proposed workplan under paragraph (1), the National Board shall—

(i) review and concur with the workplan; or

(ii) reject the workplan and prepare and submit to the President a revised workplan that contains the analysis, information, and determinations described in paragraph (2).

(B) FUNCTIONS TRANSFERRED.—If the National Board concurs with the proposed workplan, the functions described in paragraph (2)(C), as determined in the workplan, shall be transferred under subsection (b).

(4) REVIEW BY THE PRESIDENT.—

(A) IN GENERAL.—Not later than 30 days after the date of submission of a revised workplan under paragraph (3)(A)(ii), the President shall—

(i) review and approve the workplan; or

(ii) reject the workplan and prepare an alternative workplan that contains the analysis, information, and determinations described in paragraph (2).

(B) FUNCTIONS TRANSFERRED.—If the President approves the revised workplan, or prepares the alternative workplan, the functions described in paragraph (2)(C), as determined in such revised or alternative workplan, shall be transferred under subsection (b).

(C) SPECIAL RULE.—If the President takes no action on the revised workplan submitted under paragraph (3)(A)(ii) within the 30-day period described in subparagraph (A), the Secretary of Labor, the Secretary of Education, and the National Board may attempt to reach agreement on a compromise workplan. If the Secretary of Labor, the Secretary of Education, and the National Board reach such agreement, the functions described in paragraph (2)(C), as determined in such compromise workplan, shall be transferred under subsection (b). If, after an additional 15-day period, the Secretary of Labor, the Secretary of Education and the National Board are unable to reach such agreement, the revised workplan shall be deemed to be approved and shall take effect on the day after the end of such period. The functions described in paragraph (2)(C), as determined in the revised workplan, shall be transferred under subsection (b).

(5) DETERMINATION BY PRESIDENT.—

(A) IN GENERAL.—In the event that the Secretary of Labor and the Secretary of Education fail to reach agreement regarding, and submit, a proposed workplan described in paragraph (2), the President shall make the determinations described in paragraph (2)(C). The President shall delegate full responsibility for administration described in section 181(b) to 1 of the 2 Secretaries. Such Secretary shall be considered to be the appropriate Secretary for purposes of such administration and shall have authority to carry out any function that the Secretaries would otherwise be authorized to carry out jointly.

(B) TRANSFERS.—The functions described in paragraph (2)(C), as determined by the President under subparagraph (A), shall be transferred under subsection (b). All positions of personnel that relate to a covered activity and that, prior to the transfer, were within the department headed by the other of the 2 Secretaries shall be separated from service as provided in subsection (i)(2)(A).

(d) DELEGATION AND ASSIGNMENT.—Except where otherwise expressly prohibited by law or otherwise provided by this section, the National Board may delegate any function transferred or granted to the Federal Partnership after the effective date of this section to such officers and employees of the Federal Partnership as the National Board may designate, and may authorize successive redelegations of such functions as may be necessary or appropriate. No delegation of functions by the National Board under this subsection or under any other provision of this section shall relieve such National Board of responsibility for the administration of such functions.

(e) REORGANIZATION.—The National Board may allocate or reallocate any function transferred or granted to the Federal Partnership after the effective date of this section among the officers of the Federal Partnership, and establish, consolidate, alter, or discontinue such organizational entities in the Federal Partnership as may be necessary or appropriate.

(f) RULES.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may prescribe, in accordance with the provisions of chapters 5 and 6 of title 5, United States Code, such rules and regulations as the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, determine to be necessary or appropriate to administer and manage the functions of the Federal Partnership.

(g) TRANSFER AND ALLOCATIONS OF APPROPRIATIONS AND PERSONNEL.—

(1) IN GENERAL.—Except as otherwise provided in this section, the personnel employed in connection with, and the assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, used, held, arising from, available to, or to be made available in connection with the functions transferred by this section, subject to section 1531 of title 31, United States Code, shall be transferred to the appropriate Secretary in the Federal Partnership. Unexpended funds transferred pursuant to this subsection shall be used only to carry out the functions of the Federal Partnership.

(2) EXISTING FACILITIES AND OTHER FEDERAL RESOURCES.—Pursuant to paragraph (1), the Secretary of Labor and the Secretary of Education shall supply such office facilities, office supplies, support services, and related expenses as may be minimally necessary to carry out the functions of the Federal Partnership. None of the funds made available under this title may be used for the construction of office facilities for the Federal Partnership.

(h) INCIDENTAL TRANSFERS.—The Director of the Office of Management and Budget, at such time or times as the Director shall provide, may make such determinations as may be necessary with regard to the functions transferred by this section, and to make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out the provisions of this section. The Director of the Office of Management and Budget shall provide for the termination of the affairs of all entities terminated by this section and for such further measures and dispositions as may be necessary to effectuate the objectives of this section.

(i) EFFECT ON PERSONNEL.—

(1) TERMINATION OF CERTAIN POSITIONS.—Positions whose incumbents are appointed by the President, by and with the advice and consent of the Senate, the functions of which are transferred by this section, shall terminate on the effective date of this section.

(2) ACTIONS.—

(A) IN GENERAL.—The Secretary of Labor and the Secretary of Education shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to ensure that the positions of personnel that relate to a covered activity and are not transferred under subsection (b) are separated from service.

(B) SCOPE.—The Secretary of Labor and the Secretary of Education shall take the actions described in subparagraph (A) with respect to not less than ⅓ of the positions of personnel that relate to a covered activity.

(j) SAVINGS PROVISIONS.—

(1) SUITS NOT AFFECTED.—The provisions of this section shall not affect suits commenced before the effective date of this section, and in all such suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this section had not been enacted.

(2) NONABATEMENT OF ACTIONS.—No suit, action, or other proceeding commenced by or against the Department of Labor or the Department of Education, or by or against any individual in the official capacity of such individual as an officer of the Department of Labor or the Department of Education, shall abate by reason of the enactment of this section.

(k) TRANSITION.—The National Board may utilize—

(1) the services of officers, employees, and other personnel of the Department of Labor or the Department of Education, other than personnel of the Federal Partnership, with respect to functions transferred to the Federal Partnership by this section; and

(2) funds appropriated to such functions;

for such period of time as may reasonably be needed to facilitate the orderly implementation of this section.

(l) REFERENCES.—A reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or relating to—

(1) the Secretary of Labor or the Secretary of Education with regard to functions transferred under subsection (b), shall be deemed to refer to the Federal Partnership; and

(2) the Department of Labor or the Department of Education with regard to functions transferred under subsection (b), shall be deemed to refer to the Federal Partnership.

(m) ADDITIONAL CONFORMING AMENDMENTS.—

(1) RECOMMENDED LEGISLATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Federal Partnership shall prepare and submit to Congress recommended legislation containing technical and conforming amendments to reflect the changes made by this section.

(2) SUBMISSION TO CONGRESS.—Not later than March 31, 1997, the Federal Partnership shall submit the recommended legislation referred to in paragraph (1).

(n) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), this section shall take effect on June 30, 1998.

(2) REGULATIONS AND CONFORMING AMENDMENTS.—Subsections (f) and (m) shall take effect on September 30, 1996.

(3) WORKPLAN.—Subsection (c) shall take effect on the date of enactment of this Act.

SEC. 187. TRANSFERS TO OTHER FEDERAL AGENCIES AND OFFICES.

(a) TRANSFER.—There are transferred to the appropriate receiving agency, in accordance with subsection (b), all functions that the Secretary of Labor, acting through the Employment and Training Administration, or the Secretary of Education, acting through the Office of Vocational and Adult Education, exercised before the effective date of this section (including all related functions of any officer or employee of the Employment and Training Administration or the Office of Vocational and Adult Education) that do not relate to a covered activity.

(b) DETERMINATIONS OF FUNCTIONS AND APPROPRIATE RECEIVING AGENCIES.—

(1) TRANSITION WORKPLAN.—Not later than 180 days after the date of enactment of this Act, the Secretary of Labor and the Secretary of Education shall prepare and submit to the President a proposed workplan that specifies the steps that the Secretaries will take, during the period ending on July 1, 1998, to carry out the transfer described in subsection (a).

(2) CONTENTS.—The proposed workplan shall include, at a minimum—

(A) a determination of the functions that officers and employees of the Employment and Training Administration and the Office of Vocational and Adult Education carry out (as of the date of the submission of the workplan) that do not relate to a covered activity; and

(B) a determination of the appropriate receiving agencies for the functions, based on factors including increased efficiency and elimination of duplication of functions.

(3) REVIEW.—

(A) IN GENERAL.—Not later than 45 days after the date of submission of the proposed workplan under paragraph (1), the President shall—

(i) review and approve the workplan and submit the workplan to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate; or

(ii) reject the workplan, prepare an alternative workplan that contains the determinations described in paragraph (2), and submit the alternative workplan to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(B) FUNCTIONS TRANSFERRED.—If the President approves the proposed workplan, or prepares the alternative workplan, the functions described in paragraph (2)(A), as determined in such proposed or alternative workplan, shall be transferred under subsection (a) to the appropriate receiving agencies described in paragraph (2)(B), as determined in such proposed or alternative workplan.

(C) SPECIAL RULE.—If the President takes no action on the proposed workplan submitted under paragraph (1) within the 45-day period described in subparagraph (A), such workplan shall be deemed to be approved and shall take effect on the day after the end of such period. The functions described in paragraph (2)(A), as determined in the proposed workplan, shall be transferred under subsection (a) to the appropriate receiving agencies described in paragraph (2)(B), as determined in the proposed workplan.

(4) REPORT.—Not later than July 1, 1998, the Secretary of Labor and the Secretary of Education shall submit to the appropriate committees of Congress information on the transfers required by this section.

(c) APPLICATION OF AUTHORITIES.—

(1) IN GENERAL.—

(A) APPLICATION.—Subsection (a), and subsections (d) through (m), of section 186 (other than subsections (f), (g)(2), (i)(2), and (m)) shall apply to transfers under this section, in the same manner and to the same extent as the subsections apply to transfers under section 186.

(B) REGULATIONS AND CONFORMING AMENDMENTS.—Subsections (f) and (m) of section 186 shall apply to transfers under this section, in the same manner and to the same extent as the subsections apply to transfers under section 186.

(2) REFERENCES.—For purposes of the application of the subsections described in paragraph (1) (other than subsections (g)(2) and (i)(2) of section 186) to transfers under this section—

(A) references to the Federal Partnership shall be deemed to be references to the appropriate receiving agency, as determined in the approved or alternative workplan referred to in subsection (b)(3);

(B) references to the Secretary of Labor and the Secretary of Education, the Director, or the National Board shall be deemed to be references to the head of the appropriate receiving agency; and

(C) references to transfers in section 186 shall be deemed to include transfers under this section.

(3) ADMINISTRATION.—Unexpended funds transferred pursuant to this section shall be used only for the purposes for which the funds were originally authorized and appropriated.

(4) CONTINUING EFFECT OF LEGAL DOCUMENTS.—All orders, determinations, rules, regulations, permits, agreements, grants, contracts, certificates, licenses, registrations, privileges, and other administrative actions—

(A) that have been issued, made, granted, or allowed to become effective by the President, any Federal agency or official of a Federal agency, or by a court of competent jurisdiction, in the performance of functions that are transferred under this section; and

(B) that are in effect on the effective date of this section or were final before the effective date of this section and are to become effective on or after the effective date of this section;

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the President, the appropriate receiving agency or other authorized official, a court of competent jurisdiction, or by operation of law.

(5) PROCEEDINGS NOT AFFECTED.—

(A) IN GENERAL.—The provisions of this section shall not affect any proceedings, including notices of proposed rulemaking, or any application for any license, permit, certificate, or financial assistance pending before the Department of Labor or the Department of Education on the date this section takes effect, with respect to functions transferred by this section.

(B) CONTINUATION.—Such proceedings and applications shall be continued. Orders shall be issued in such proceedings, appeals shall be taken from the orders, and payments shall be made pursuant to such orders, as if this section had not been enacted, and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law.

(C) CONSTRUCTION.—Nothing in this paragraph shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this section had not been enacted.

(6) ADMINISTRATIVE ACTIONS RELATING TO PROMULGATION OF REGULATIONS.—Any administrative action relating to the preparation or promulgation of a regulation by the Department of Labor or the Department of Education relating to a function transferred under this section may be continued by the appropriate receiving agency with the same effect as if this section had not been enacted.

(d) CONSTRUCTION.—Nothing in this section shall be construed to require the transfer of any function described in subsection (b)(2)(A) to the Federal Partnership.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), this section shall take effect on June 30, 1998.

(2) REGULATIONS AND CONFORMING AMENDMENTS.—Subsection (c)(1)(B) shall take effect on September 30, 1996.

(3) WORKPLAN.—Subsection (b) shall take effect on the date of enactment of this Act.

SEC. 188. ELIMINATION OF CERTAIN OFFICES.

(a) TERMINATION.—The Office of Vocational and Adult Education and the Employment and Training Administration shall terminate on July 1, 1998.

(b) OFFICE OF VOCATIONAL AND ADULT EDUCATION.—

(1) TITLE 5, UNITED STATES CODE.—Section 5315 of title 5, United States Code, is amended by striking ''Assistant Secretaries of Education (10)'' and inserting ''Assistant Secretaries of Education (9)''.

(2) DEPARTMENT OF EDUCATION ORGANIZATION ACT.—

(A) Section 202 of the Department of Education Organization Act (20 U.S.C. 3412) is amended—

(i) in subsection (b)(1)—

(I) by striking subparagraph (C); and

(II) by redesignating subparagraphs (D) through (F) as subparagraphs (C) through (E), respectively;

(ii) by striking subsection (h); and

(iii) by redesignating subsection (i) as subsection (h).

(B) Section 206 of such Act (20 U.S.C. 3416) is repealed.

(C) Section 402(c)(1) of the Improving America's Schools Act of 1994 (20 U.S.C. 9001(c)(1)) is amended by striking ''established under'' and all that follows and inserting a semicolon.

(3) GOALS 2000: EDUCATE AMERICA ACT.—Section 931(h)(3)(A) of the Goals 2000: Educate America Act (20 U.S.C. 6031(h)(3)(A)) is amended—

(A) by striking clause (iii); and

(B) by redesignating clauses (iv) and (v) as clauses (iii) and (iv), respectively.

(c) EMPLOYMENT AND TRAINING ADMINISTRATION.—

(1) TITLE 5, UNITED STATES CODE.—Section 5315 of title 5, United States Code, is amended by striking ''Assistant Secretaries of Labor (10)'' and inserting ''Assistant Secretaries of Labor (9)''.

(2) VETERANS' BENEFITS AND PROGRAMS IMPROVEMENT ACT OF 1988.—Section 402(d)(3) of the Veterans' Benefits and Programs Improvement Act of 1988 (29 U.S.C. 1721 note) is amended by striking ''and under any other program administered by the Employment and Training Administration of the Department of Labor''.

(3) TITLE 38, UNITED STATES CODE.—Section 4110(d) of title 38, United States Code, is amended—

(A) by striking paragraph (7); and

(B) by redesignating paragraphs (8) through (12) as paragraphs (7) through (11), respectively.

(4) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—The last sentence of section 162(b) of the National and Community Service Act of 1990 (42 U.S.C. 12622(b)) is amended by striking ''or the Office of Job Training''.

(d) UNITED STATES EMPLOYMENT SERVICE.—

(1) TITLE 5, UNITED STATES CODE.—Section 3327 of title 5, United States Code, is amended—

(A) in subsection (a), by striking ''the employment offices of the United States Employment Service'' and inserting ''Governors''; and

(B) in subsection (b), by striking ''of the United States Employment Service''.

(2) TITLE 10, UNITED STATES CODE.—

(A) Section 1143a(d) of title 10, United States Code, is amended by striking paragraph (3).

(B) Section 2410k(b) of title 10, United States Code, is amended by striking '', and where appropriate the Interstate Job Bank (established by the United States Employment Service),''.

(3) INTERNAL REVENUE CODE OF 1986.—Section 51 of the Internal Revenue Code of 1986 is amended by striking subsection (g).

(4) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1993.—Section 4468 of the National Defense Authorization Act for Fiscal Year 1993 (29 U.S.C. 1662d–1 note) is repealed.

(5) TITLE 38, UNITED STATES CODE.—Section 4110(d) of title 38, United States Code (as amended by subsection (c)(3)), is further amended—

(A) by striking paragraph (10); and

(B) by redesignating paragraph (11) as paragraph (10).

(6) TITLE 39, UNITED STATES CODE.—

(A) Section 3202(a)(1) of title 39, United States Code is amended—

(i) in subparagraph (D), by striking the semicolon and inserting ''; and'';

(ii) by striking subparagraph (E); and

(iii) by redesignating subparagraph (F) as subparagraph (E).

(B) Section 3203(b) of title 39, United States Code, is amended by striking ''(1)(E), (2), and (3)'' and inserting ''(2) and (3)''.

(C) Section 3206(b) of title 39, United States Code, is amended by striking ''(1)(F)'' and inserting ''(1)(E)''.

(7) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—Section 162(b) of the National and Community Service Act of 1990 (42 U.S.C. 12622(b)) (as amended by subsection (c)(4)) is further amended by striking the last sentence.

(e) REORGANIZATION PLANS.—Except with respect to functions transferred under section 187, the authority granted to the Employment and Training Administration, the Office of Vocational and Adult Education, or any unit of the Employment and Training Administration or the Office of Vocational and Adult Education by any reorganization plan shall terminate on July 1, 1998.

Subtitle E—Repeals of Employment and Training and Vocational and Adult Education Programs

SEC. 191. REPEALS.

(a) IMMEDIATE REPEALS.—The following provisions are repealed:

(1) Section 204 of the Immigration Reform and Control Act of 1986 (8 U.S.C. 1255a note).

(2) Title II of Public Law 95–250 (92 Stat. 172).

(3) The Displaced Homemakers Self-Sufficiency Assistance Act (29 U.S.C. 2301 et seq.).

(4) Section 211 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 211).

(5) Subtitle C of title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11441 et seq.).

(6) Section 5322 of title 49, United States Code.

(7) Subchapter I of chapter 421 of title 49, United States Code.

(b) SUBSEQUENT REPEALS.—The following provisions are repealed:

(1) Sections 235 and 236 of the Trade Act of 1974 (19 U.S.C. 2295 and 2296), and paragraphs (1) and (2) of section 250(d) of such Act (19 U.S.C. 2331(d)).

(2) The Adult Education Act (20 U.S.C. 1201 et seq.).

(3) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

(4) The School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.).

(5) The Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(6) Title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421 et seq.), other than subtitle C of such title.

(c) EFFECTIVE DATES.—

(1) IMMEDIATE REPEALS.—The repeals made by subsection (a) shall take effect on the date of enactment of this Act.

(2) SUBSEQUENT REPEALS.—The repeals made by subsection (b) shall take effect on July 1, 1998.

SEC. 192. CONFORMING AMENDMENTS.

(a) IMMEDIATE REPEALS.—

(1) REFERENCES TO SECTION 204 OF THE IMMIGRATION REFORM AND CONTROL ACT OF 1986.—The table of contents for the Immigration Reform and Control Act of 1986 is amended by striking the item relating to section 204 of such Act.

(2) REFERENCES TO TITLE II OF PUBLIC LAW 95–250.—Section 103 of Public Law 95–250 (16 U.S.C. 791) is amended—

(A) by striking the second sentence of subsection (a); and

(B) by striking the second sentence of subsection (b).

(3) REFERENCES TO SUBTITLE C OF TITLE VII OF THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.—

(A) Section 762(a) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11472(a)) is amended—

(i) by striking ''each of the following programs'' and inserting ''the emergency community services homeless grant program established in section 751''; and

(ii) by striking ''tribes:'' and all that follows and inserting ''tribes.''.

(B) The table of contents of such Act is amended by striking the items relating to subtitle C of title VII of such Act.

(4) REFERENCES TO TITLE 49, UNITED STATES CODE.—

(A) Sections 5313(b)(1) and 5314(a)(1) of title 49, United States Code, are amended by striking ''5317, and 5322'' and inserting ''and 5317''.

(B) The table of contents for chapter 53 of title 49, United States Code, is amended by striking the item relating to section 5322.

(b) SUBSEQUENT REPEALS.—

(1) TRADE ACT OF 1974.—

(A) Section 6(e)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2015(e)(3)) is amended—

(i) in subparagraph (B), by striking the semicolon and inserting ''; or'';

(ii) by striking subparagraph (C); and

(iii) by redesignating subparagraph (D) as subparagraph (C).

(B) Section 225(a) of the Trade Act of 1974 (19 U.S.C. 2275(a)) is amended by striking ''section 236'' and inserting ''the Workforce Development Act of 1995''.

(C) Section 231 of such Act (19 U.S.C. 2291) is amended—

(i) in subparagraphs (A) and (B) of subsection (a)(5), by striking ''a training program approved by the Secretary under section 236(a)'' and inserting ''a training program carried out under the Workforce Development Act of 1995'';

(ii) in subsection (b)(1), in the matter following subparagraph (B), by striking ''a training program approved under section 236(a)'' and inserting ''a training program carried out under the Workforce Development Act of 1995''; and

(iii) in subsection (c)—

(I) by striking paragraph (1) and inserting the following:

''(1) If a State or State agency has an agreement with the Secretary under section 239 and the State or State agency finds that it is not feasible or appropriate to enroll a worker in a training program under the Workforce Development Act of 1995, the State or State agency shall—

''(A) submit to such worker a written statement certifying such finding, and

''(B) submit to the Secretary a written statement certifying such finding and the reasons for such finding.''; and

(II) in paragraph (2)—

(aa) by striking ''(2)'' and all that follows through ''(B) If'' and inserting ''(2) If'';

(bb) by striking ''(1)(B)'' each place it appears and inserting ''(1)''; and

(cc) by striking ''to approve a training program for such worker pursuant to the requirements of section 236(a)'' and inserting ''to enroll the worker in a training program carried out under the Workforce Development Act of 1995''.

(D) Section 233 of such Act (19 U.S.C. 2293) is amended—

(i) in subsection (a)(3), by striking ''training approved from him under section 236'' and inserting ''training carried out under the Workforce Development Act of 1995'';

(ii) in subsection (b), by striking ''a training program approved by the Secretary under section 236'' and inserting ''a training program carried out under the Workforce Development Act of 1995''; and

(iii) in subsection (f)(1), by striking ''a training program approved under section 236(a)'' and inserting ''a training program carried out under the Workforce Development Act of 1995''.

(E) Section 237(a) of such Act (19 U.S.C. 2297(a)) is amended by striking ''; except that'' and all that follows and inserting '', except that such reimbursement may not exceed $800 for any worker.''.

(F) Section 238(d)(1) of such Act (19 U.S.C. 2298(d)(1)) is amended by striking ''(including, but not limited to, subsistence and transportation expenses at levels not exceeding those allowable under section 236(b) (1) and (2))''.

(G) Section 239 of such Act (19 U.S.C. 2311) is amended—

(i) in subsection (e)—

(I) in the first sentence, by striking ''under sections 235 and 236 of this Act and''; and

(II) in the second sentence, by striking ''Any agency'' and all that follows through ''agreement'' and inserting ''Any State agency carrying out workforce employment activities under the Workforce Development Act of 1995''; and

(ii) in subsection (f)—

(I) in paragraph (3), by striking ''section 236(a)'' and inserting ''the Workforce Development Act of 1995''; and

(II) in paragraph (4), by striking ''section 236'' and inserting ''the Workforce Development Act of 1995''.

(H) Section 250(d) of such Act (19 U.S.C. 2331(d)) is amended—

(i) in paragraph (3)(B), by striking ''a training program approved by the Secretary under section 236(a)'' and inserting ''a training program carried out under the Workforce Development Act of 1995''; and

(ii) by redesignating paragraphs (3), (4), and (5) as paragraphs (1), (2), and (3), respectively.

(I) Section 1425(b)(2) of the Omnibus Trade and Competitiveness Act of 1988 (19 U.S.C. 2293 note) is amended—

(i) in subparagraph (A)(i), by striking ''a training program approved by the Secretary under section 236(a) of such Act'' and inserting ''a training program carried out under the Workforce Development Act of 1995''; and

(ii) in subparagraph (B), in the matter following clause (ii), by striking ''a training program approved under section 236(a) of such Act'' and inserting ''a training program carried out under the Workforce Development Act of 1995.''.

(2) REFERENCES TO THE ADULT EDUCATION ACT.—

(A) Subsection (b) of section 402 of the Refugee Education Assistance Act (8 U.S.C. 1522 note) is repealed.

(B) Paragraph (20) of section 3 of the Library Services and Construction Act (20 U.S.C. 351a(20)) is amended to read as follows:

''(20) The term 'educationally disadvantaged adult' means an individual who—

''(A) is age 16 or older, or beyond the age of compulsory school attendance under State law;

''(B) is not enrolled in secondary school;

''(C) demonstrates basic skills equivalent to or below that of students at the fifth grade level; or

''(D) has been placed in the lowest or beginning level of an adult education program when that program does not use grade level equivalencies as a measure of students' basic skills.''.

(C)(i) Section 1202(c)(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6362(c)(1)) is amended by striking ''Adult Education Act'' and inserting ''Workforce Development Act of 1995''.

(ii) Section 1205(8)(B) of such Act (20 U.S.C. 6365(8)(B)) is amended by striking ''Adult Education Act'' and inserting ''Workforce Development Act of 1995''.

(iii) Section 1206(a)(1)(A) of such Act (20 U.S.C. 6366(a)(1)(A)) is amended by striking ''an adult basic education program under the Adult Education Act'' and inserting ''adult education activities under the Workforce Development Act of 1995''.

(iv) Section 3113(1) of such Act (20 U.S.C. 6813(1)) is amended by striking ''section 312 of the Adult Education Act'' and inserting ''section 3 of the Workforce Development Act of 1995''.

(v) Section 9161(2) of such Act (20 U.S.C. 7881(2)) is amended by striking ''section 312(2) of the Adult Education Act'' and inserting ''section 3 of the Workforce Development Act of 1995''.

(D) Section 203(b)(8) of the Older Americans Act (42 U.S.C. 3013(b)(8)) is amended by striking ''Adult Education Act'' and inserting ''Workforce Development Act of 1995''.

(3) REFERENCES TO THE CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.—

(A) Section 245A(h)(4)(C) of the Immigration and Nationality Act (8 U.S.C. 1255a(h)(4)(C)) is amended by striking ''Vocational Education Act of 1963'' and inserting ''Workforce Development Act of 1995''.

(B) Section 4461 of the National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 1143 note) is amended—

(i) by striking paragraph (4); and

(ii) by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(C) Section 626(g) of the Individuals with Disabilities Education Act (20 U.S.C. 1425(g)) is amended—

(i) by striking ''1973,'' and inserting ''1973 and''; and

(ii) by striking '', and the Carl D. Perkins Vocational and Applied Technology Education Act''.

(D) The Goals 2000: Educate America Act (20 U.S.C. 5801 et seq.) is amended—

(i) in section 306 (20 U.S.C. 5886)—

(I) in subsection (c)(1)(A), by striking all beginning with ''which process'' through ''Act'' and inserting ''which process shall include coordination with the benchmarks described in section 121(c)(2) of the Workforce Development Act of 1995''; and

(II) in subsection (l), by striking ''Carl D. Perkins Vocational and Applied Technology Education Act'' and inserting ''Workforce Development Act of 1995''; and

(ii) in section 311(b) (20 U.S.C. 5891(b)), by striking paragraph (6).

(E) The Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) is amended—

(i) in section 1114(b)(2)(C)(v) (20 U.S.C. 6314(b)(2)(C)(v)), by striking ''Carl D. Perkins Vocational and Applied Technology Education Act,'' and inserting ''Workforce Development Act of 1995'';

(ii) in section 9115(b)(5) (20 U.S.C. 7815(b)(5)), by striking ''Carl D. Perkins Vocational and Applied Technology Education Act'' and inserting ''Workforce Development Act of 1995'';

(iii) in section 14302(a)(2) (20 U.S.C. 8852(a)(2))—

(I) by striking subparagraph (C); and

(II) by redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E), respectively; and

(iv) in the matter preceding subparagraph (A) of section 14307(a)(1) (20 U.S.C. 8857(a)(1)), by striking ''Carl D. Perkins Vocational and Applied Technology Education Act'' and inserting ''Workforce Development Act of 1995''.

(F) Section 533(c)(4)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking ''(20 U.S.C. 2397h(3)'' and inserting '', as such section was in effect on the day preceding the date of enactment of the Workforce Development Act of 1995''.

(G) Section 563 of the Improving America's Schools Act of 1994 (20 U.S.C. 6301 note) is

amended by striking ''the date of enactment of an Act reauthorizing the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)'' and inserting ''July 1, 1998''.

(H) Section 135(c)(3)(B) of the Internal Revenue Code of 1986 (26 U.S.C. 135(c)(3)(B)) is amended—

(i) by striking ''subparagraph (C) or (D) of section 521(3) of the Carl D. Perkins Vocational Education Act'' and inserting ''subparagraph (C) or (D) of section 3(3) of the Workforce Development Act of 1995''; and

(ii) by striking ''any State (as defined in section 521(27) of such Act)'' and inserting ''any State or outlying area (as the terms 'State' and 'outlying area' are defined in section 3 of such Act)''.

(I) Section 214(c) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 214(c)) is amended by striking ''Carl D. Perkins Vocational Education Act'' and inserting ''Workforce Development Act of 1995''.

(J) Section 104 of the Vocational Education Amendments of 1968 (82 Stat. 1091) is amended by striking ''section 3 of the Carl D. Perkins Vocational Education Act'' and inserting ''the Workforce Development Act of 1995''.

(K) The Older Americans Act of 1965 (42 U.S.C. 3001 et seq.) is amended—

(i) in section 502(b)(1)(N)(i) (42 U.S.C. 3056(b)(1)(N)(i)), by striking ''or the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)''; and

(ii) in section 505(d)(2) (42 U.S.C. 3056c(d)(2))—

(I) by striking ''the Secretary of Education'' and inserting ''the Workforce Development Partnership'';

(II) by striking ''employment and training programs'' and inserting ''workforce development activities''; and

(III) by striking ''the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)'' and inserting ''the Workforce Development Act of 1995''.

(4) SCHOOL-TO-WORK OPPORTUNITIES ACT OF 1994.—

(A) Section 1114(b)(2)(C)(v) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6314(b)(2)(C)(v)) (as amended in paragraph (3)(E)(i)) is further amended by striking ''the School-to-Work Opportunities Act of 1994,''.

(B) Section 5204 of such Act (20 U.S.C. 7234) is amended—

(i) by striking paragraph (4); and

(ii) by redesignating paragraphs (5) through (7) as paragraphs (4) through (6), respectively.

(C) Section 9115(b)(5) of such Act (20 U.S.C. 7815(b)(5)) (as amended in paragraph (3)(E)(ii)) is further amended by striking ''the School-to-Work Opportunities Act of 1994 and''.

(D) Section 14302(a)(2) of such Act (20 U.S.C. 8852(a)(2)) (as amended in paragraph (3)(E)(iii)) is further amended—

(i) in subparagraph (C) (as redesignated in such paragraph), by striking the semicolon and inserting ''; and'';

(ii) by striking subparagraph (D) (as redesignated in such paragraph); and

(iii) by redesignating subparagraph (E) (as redesignated in such paragraph) as subparagraph (D).

(E) Section 14307(a)(1) of such Act (20 U.S.C. 8857(a)(1)) (as amended in paragraph (3)(E)(iv)) is further amended by striking '', the School-to-Work Opportunities Act of 1994,''.

(F) Section 14701(b)(1) of such Act (20 U.S.C. 8941(b)(1)) is amended—

(i) in subparagraph (B)(ii), by striking '', and the School-to-Work Opportunities Act of 1994, and be coordinated with evaluations of such Acts'' and inserting ''and be coordinated with evaluations of such Act''; and

(ii) in subparagraph (C)(ii), by striking '', the School-to-Work Opportunities Act of 1994,''.

(5) JOB TRAINING PARTNERSHIP ACT.—

(A) Section 3502(d) of title 5, United States Code, is amended—

(i) in paragraph (3)—

(I) in subparagraph (A), by striking clause (i) and inserting the following:

''(i) the Governor of the appropriate State; and''; and

(II) in subparagraph (B)(iii), by striking ''other services under the Job Training Partnership Act'' and inserting ''other workforce development activities under the Workforce Development Act of 1995''; and

(ii) in paragraph (4), in the second sentence, by striking ''Secretary of Labor on matters relating to the Job Training Partnership Act'' and inserting ''Workforce Development Partnership on matters relating to the Workforce Development Act of 1995''.

(B) Section 5(l) of the Food Stamp Act of 1977 (7 U.S.C. 2014(l)) is amended by striking ''Notwithstanding section 142(b) of the Job Training Partnership Act (29 U.S.C. 1552(b)), earnings to individuals participating in on-the-job training programs under section 204(b)(1)(C) or section 264(c)(1)(A) of the Job Training Partnership Act'' and inserting ''Earnings to individuals participating in on-the-job training under the Workforce Development Act of 1995''.

(C) Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended—

(i) in subsection (d)(4)(N), by striking ''the State public employment offices and agencies operating programs under the Job Training Partnership Act'' and inserting ''the State employment service offices and other State agencies and entities providing workforce employment activities under the Workforce Development Act of 1995''; and

(ii) in subsection (e)(3), by striking subparagraph (A) and inserting the following:

''(A) a program relating to workforce employment activities carried out under the Workforce Development Act of 1995;''.

(D) The second sentence of section 17(b)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(2)) is amended—

(i) by striking ''to accept an offer of employment from a political subdivision or a prime sponsor pursuant to the Comprehensive Employment and Training Act of 1973, as amended (29 U.S.C. 812),'' and inserting ''to accept an offer of employment from a service provider carrying out workforce employment activities through a program carried out under the Workforce Development Act of 1995,''; and

(ii) by striking '': *Provided*, That all of the political subdivision's'' and all that follows and inserting '', if all of the jobs supported under the program have been made available to participants in the program before the service provider providing the jobs extends an offer of employment under this paragraph, and if the service provider, in employing the person, complies with the requirements of Federal law that relate to the program.''.

(E) Section 245A(h)(4)(F) of the Immigration and Nationality Act (8 U.S.C. 1255a(h)(4)(F)) is amended by striking ''The Job Training Partnership Act.'' and inserting ''The Workforce Development Act of 1995.''.

(F) Section 402(a)(4) of the Refugee Education Assistance Act of 1980 (8 U.S.C. 1522 note) is amended by striking ''the Comprehensive Employment and Training Act of 1973'' and inserting ''the Workforce Development Act of 1995''.

(G) Section 4461(1) of the National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 1143 note) is amended by striking ''The Job Training Partnership Act (29 U.S.C. 1501 et seq.).'' and inserting ''The Workforce Development Act of 1995.''.

(H) Section 4471 of the National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 2501 note) is amended—

(i) in subsection (d)(2), by striking ''the State dislocated'' and all that follows through ''and the chief'' and inserting ''the Governor of the appropriate State and the chief'';

(ii) in subsection (e)—

(I) in the first sentence, by striking ''for training, adjustment assistance, and employment services'' and all that follows through ''except where'' and inserting ''to participate in workforce employment activities carried out under the Workforce Development Act of 1995, except in a case in which''; and

(II) by striking the second sentence; and

(iii) in subsection (f)—

(I) in paragraph (3)—

(aa) in subparagraph (B), by striking ''the State dislocated'' and all that follows through ''and the chief'' and inserting ''the Governor of the appropriate State and the chief''; and

(bb) in subparagraph (C), by striking ''grantee under section 325(a) or 325A(a)'' and all that follows through ''employment services'' and inserting ''recipient of assistance under the Workforce Development Act of 1995 providing workforce employment activities''; and

(II) in paragraph (4), by striking ''for training,'' and all that follows through ''beginning'' and inserting ''to participate in workforce employment activities under the Workforce Development Act of 1995 beginning''.

(I) Section 4492(b) of National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 1143 note) is amended by striking ''the Job Training Partnership Act'' and inserting ''the Workforce Development Act of 1995''.

(J) Section 4003(5)(C) of the National Defense Authorization Act for Fiscal Year 1991 (10 U.S.C. 2391 note) is amended by inserting before the period the following: '', as in effect on the day before the date of enactment of the Workforce Development Act of 1995''.

(K) Section 1333(c)(2)(B) of the National Defense Authorization Act for Fiscal Year 1994 (10 U.S.C. 2701 note) is amended by striking ''Private industry councils (as described in section 102 of the Job Training Partnership Act (29 U.S.C. 1512)).'' and inserting ''Local partnerships or local workforce development boards, as appropriate, established under section 118 of the Workforce Development Act of 1995.''.

(L) The fourth sentence of section 7(j)(13)(E) of the Small Business Act (15 U.S.C. 636(j)(13)(E)) is amended by striking ''the Job Training Partnership Act (29 U.S.C. 1501 et seq.)'' and inserting ''the Workforce Development Act of 1995''.

(M) Section 4(f)(2)(B) of the Employment Act of 1946 (15 U.S.C. 1022a(f)(2)(B)) is amended by striking ''and include these in the annual Employment and Training Report of the President required under section 705(a) of the Comprehensive Employment and Training Act of 1973 (hereinafter in this Act referred to as 'CETA')'' and inserting ''and prepare and submit to the President an annual report containing the recommendations''.

(N) Section 206 of the Full Employment and Balanced Growth Act of 1978 (15 U.S.C. 3116) is amended—

(i) in subsection (b)—

(I) in the matter preceding paragraph (1), by striking ''CETA'' and inserting ''the Workforce Development Act of 1995''; and

(II) in paragraph (1), by striking ''(including use of section 110 of CETA when necessary)''; and

(ii) in subsection (c)(1), by striking ''CETA'' and inserting ''activities carried out under the Workforce Development Act of 1995''.

(O) Section 401(d) of the Full Employment and Balanced Growth Act of 1978 (15 U.S.C. 3151(d)) is amended by striking ''include, in the annual Employment and Training Report of the President provided under section 705(a) of CETA,'' and inserting ''include, in the annual report referred to in section 4(f)(2)(B) of the Employment Act of 1946 (15 U.S.C. 1022a(f)(2)(B)),''.

(P) Subsections (a), (b), and (c) of section 665 of title 18, United States Code are amended by striking ''the Comprehensive Employment and Training Act or the Job Training Partnership Act'' and inserting ''the Workforce Development Act of 1995''.

(Q) Section 239(e) of the Trade Act of 1974 (19 U.S.C. 2311(e)) (as amended in paragraph (1)(G)(i)) is further amended by striking ''under title III of the Job Training Partnership Act'' and inserting ''made available under the Workforce Development Act of 1995''.

(R) Section 480(b)(14) of the Higher Education Act of 1965 (20 U.S.C. 1087vv(b)(14)) is amended by striking ''Job Training Partnership Act noneducational benefits'' and inserting ''benefits received through participation in workforce employment activities under the Workforce Development Act of 1995''.

(S) Section 626 of the Individuals with Disabilities Education Act (20 U.S.C. 1425) is amended—

(i) in the first sentence of subsection (a), by striking ''(including the State job training coordinating councils and service delivery area administrative entities established under the Job Training Partnership Act)'' and inserting ''(including any statewide workforce development boards established under section 105 of the Workforce Development Act of 1995 and local entities, as defined in section 3 of the Workforce Development Act of 1995)'';

(ii) in subsection (e)—

(I) in paragraphs (3)(C) and (4)(A)(iii), by striking ''local Private Industry Councils (PICS) authorized by the Job Training Partnership Act (JTPA),'' and inserting ''local partnerships or local workforce development boards, as appropriate, established under section 118 of the Workforce Development Act of 1995,''; and

(II) in clauses (iii), (iv), (v), and (vii) of paragraph (4)(B), by striking ''PICS authorized by the JTPA'' and inserting ''local partnerships or local workforce development boards, as appropriate, established under section 118 of the Workforce Development Act of 1995''; and

(iii) in subsection (g), by striking ''the Job Training Partnership Act (JTPA),'' and inserting ''the Workforce Development Act of 1995,''.

(T) Subsection (a) of section 302 of the Department of Education Organization Act (20 U.S.C. 3443(a)) (as redesignated in section 271(a)(2) of the Improving America's Schools Act of 1994) is amended by striking ''under section 303(c)(2) of the Comprehensive Employment and Training Act'' and inserting ''relating to such education''.

(U) Section 504(c)(3) of the National Skill Standards Act of 1994 (20 U.S.C. 5934(c)(3)) is amended by striking ''the Capacity Building and Information and Dissemination Network established under section 453(b) of the Job Training Partnership Act (29 U.S.C. 1733(b)) and''.

(V) Section 508(1) of the National Skill Standards Act of 1994 (20 U.S.C. 5938(1)) is amended to read as follows:

''(1) COMMUNITY-BASED ORGANIZATION.—The term 'community-based organization' means a private nonprofit organization of demonstrated effectiveness that is representative of a community or a significant segment of a community and that provides workforce development activities, as defined in section 3 of the Workforce Development Act of 1995.''.

(W) Section 1205(8)(B) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6365(8)(B)) (as amended in paragraph (2)(C)(ii)) is further amended by striking '', the Individuals with Disabilities Education Act, and the Job Training Partnership Act'' and inserting ''and the Individuals with Disabilities Education Act''.

(X) Section 1414(c)(8) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6434(c)(8)) is amended by striking ''programs under the Job Training Partnership Act,'' and inserting ''programs under the Workforce Development Act of 1995,''.

(Y) Section 1423(9) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6453(9)) is amended by striking ''programs under the Job Training and Partnership Act'' and inserting ''programs under the Workforce Development Act of 1995''.

(Z) Section 1425(9) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6455(9)) is amended by striking '', such as funds under the Job Training Partnership Act,'' and inserting '', such as funds made available under the Workforce Development Act of 1995,''.

(AA) Section 5303(b)(2)(B) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7263(b)(2)(B)) is amended by striking ''private industry council (established under the Job Training Partnership Act),'' and inserting ''local partnership or local workforce development board, as appropriate, established under section 118 of the Workforce Development Act of 1995,''.

(BB) The last sentence of section 505 of the FREEDOM Support Act (22 U.S.C. 5855) is amended by striking '', through the Defense Conversion'' and all that follows through ''or through'' and inserting ''or through''.

(CC) Section 42(i)(3)(D)(i)(II) of the Internal Revenue Code of 1986 is amended by striking ''assistance under'' and all that follows through ''or under'' and inserting ''assistance under the Workforce Development Act of 1995 or under''.

(DD) Section 51(d) of the Internal Revenue Code of 1986 is amended by striking paragraph (10).

(EE) Section 6334(d)(12) of the Internal Revenue Code of 1986 is amended to read as follows:

''(12) ASSISTANCE UNDER THE WORKFORCE DEVELOPMENT ACT OF 1995.—Any amount payable to a participant in workforce development activities carried out under the Workforce Development Act of 1995 from funds appropriated under such Act.''.

(FF) Section 204(b) of the Emergency Jobs and Unemployment Assistance Act of 1974 (26 U.S.C. 3304 note) is amended by striking ''designate as an area'' and all that follows and inserting ''designate as an area under this section an area that is a substate area under the Workforce Development Act of 1995.''.

(GG) Section 223 of the Emergency Jobs and Unemployment Assistance Act of 1974 (26 U.S.C. 3304 note) is amended—

(i) in paragraph (3), by striking ''assistance provided'' and all that follows and inserting ''assistance provided under the Workforce Development Act of 1995;''; and

(ii) in paragraph (4), by striking ''funds provided'' and all that follows and inserting ''funds provided under the Workforce Development Act of 1995;''.

(HH) Section 612(b) of the Rehabilitation Act of 1973 (29 U.S.C. 795a(b)) is amended by striking ''the Job Training Partnership Act'' and inserting ''the Workforce Development Act of 1995''.

(II) Section 701 of the Job Training Reform Amendments of 1992 (29 U.S.C. 1501 note) is repealed.

(JJ) Section 7 of Public Law 98-524 (29 U.S.C. 1551 note) is repealed.

(KK) Section 402 of the Veterans' Benefits and Programs Improvement Act of 1988 (29 U.S.C. 1721 note) is amended—

(i) in subsection (a), by striking ''title III of the Job Training Partnership Act (29 U.S.C. 1651 et seq.)'' and inserting ''the Workforce Development Act of 1995'';

(ii) in subsection (c), by striking ''the office designated or created under section 322(b) of the Job Training Partnership Act'' and inserting ''the Workforce Development Partnership''; and

(iii) in subsection (d)—

(I) in paragraph (1), by striking ''under—'' and all that follows through ''the Veterans'' '' and inserting ''under the Veterans' ''; and

(II) in paragraph (2), by striking ''Employment and training'' and all that follows and inserting ''Workforce employment activities under the Workforce Development Act of 1995.''.

(LL) Section 13(b) of the Veterans' Job Training Act (29 U.S.C. 1721 note) is amended by striking ''assistance under the Job Training Partnership Act (29 U.S.C. 1501 et seq.)'' and inserting ''assistance under the Workforce Development Act of 1995''.

(MM) Section 14(b)(3)(B)(i)(II) of the Veterans' Job Training Act (29 U.S.C. 1721 note) is amended by striking ''under part C of title IV of the Job Training Partnership Act (29 U.S.C. 1501 et seq.)'' and ''under the Workforce Development Act of 1995''.

(NN) Section 15(c)(2) of the Veterans' Job Training Act (29 U.S.C. 1721 note) is amended—

(i) in the second sentence, by striking ''part C of title IV of the Job Training Partnership Act (29 U.S.C. 1501 et seq.)'' and inserting ''the Workforce Development Act of 1995''; and

(ii) in the third sentence, by striking ''title III of''.

(OO) Section 3(a)(2) of the Worker Adjustment and Retraining Notification Act (29 U.S.C. 2102(a)(2)) is amended by striking ''to the State'' and all that follows through ''and the chief'' and inserting ''to the Governor of the appropriate State and the chief''.

(PP) Section 6703(a) of title 31, United States Code, is amended by striking paragraph (4) and inserting the following:

''(4) Programs under the Workforce Development Act of 1995.''.

(QQ) Section 512 of the Veterans' Rehabilitation and Education Amendments of 1980 (38 U.S.C. 4101 note) is amended by striking ''the Comprehensive Employment and Training Act (29 U.S.C. et seq.),'' and inserting ''the Workforce Development Act of 1995,''.

(RR) Section 4102A(d) of title 38, United States Code, is amended by striking ''the Job Training Partnership Act'' and inserting ''the Workforce Development Act of 1995''.

(SS) Section 4103A(c)(4) of title 38, United States Code, is amended by striking ''(including part C of title IV of the Job Training Partnership Act (29 U.S.C. 1501 et seq.))''.

(TT) Section 4213 of title 38, United States Code, is amended by striking ''any employment or training program assisted under the Job Training Partnership Act (29 U.S.C. 1501 et seq.),'' and inserting ''any workforce employment activity carried out under the Workforce Development Act of 1995,''.

(UU) Section 23 of the United States Housing Act of 1937 (42 U.S.C. 1437u) is amended—

(i) in subsection (b)(2)(A), by striking ''the Job Training'' and all that follows through ''or the'' and inserting ''the Workforce Development Act of 1995 or the'';

(ii) in the first sentence of subsection (f)(2), by striking ''programs under the'' and all that follows through ''and the'' and inserting ''programs under the Workforce Development Act of 1995 and the''; and

(iii) in subsection (g)—

(I) in paragraph (2), by striking ''programs under the'' and all that follows through ''and the'' and inserting ''programs under the Workforce Development Act of 1995 and the''; and

(II) in paragraph (3)(H), by striking ''program under'' and all that follows through ''and any other'' and inserting ''program under the Workforce Development Act of 1995 and any other''.

(VV) Section 504(c)(3) of the Housing Act of 1949 (42 U.S.C. 1474(c)(3)) is amended by striking ''pursuant to'' and all that follows through ''or the'' and inserting ''pursuant to the Workforce Development Act of 1995 or the''.

(WW) Section 203 of the Older Americans Act of 1965 (42 U.S.C. 3013) is amended—

(i) in subsection (a)(2), by striking the last sentence and inserting the following: ''In particular, the Secretary of Labor and the Secretary of Education shall consult and cooperate with the Assistant Secretary in carrying out the Workforce Development Act of 1995.''; and

(ii) in subsection (b), by striking paragraph (1) and inserting the following:

''(1) the Workforce Development Act of 1995,''.

(XX) Section 502 of the Older Americans Act of 1965 (42 U.S.C. 3056) is amended—

(i) in subsection (b)(1)(N)(i), by striking ''the Job Training Partnership Act (29 U.S.C. 1501 et seq.)'' and inserting ''the Workforce Development Act of 1995''; and

(ii) in subsection (e)(2)(C), by striking ''programs carried out under section 124 of the Job Training Partnership Act (29 U.S.C. 1534)'' and inserting ''workforce employment activities carried out under the Workforce Development Act of 1995''.

(YY) Section 503(b)(1) of the Older Americans Act of 1995 (42 U.S.C. 3056a(b)(1)) is amended by striking ''the Job Training Partnership Act,'' each place it appears and inserting ''the Workforce Development Act of 1995,''.

(ZZ) Section 510 of the Older Americans Act of 1995 (42 U.S.C. 3056h) is amended by striking ''the Job Training Partnership Act, eligible individuals shall be deemed to satisfy the requirements of sections 203 and 204(d)(5)(A) of such Act (29 U.S.C. 1603, 1604(d)(5)(A))'' and inserting ''the Workforce Development Act of 1995, eligible individuals shall be deemed to satisfy the requirements of such Act''.

(AAA) Section 1801(b)(3) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796ee(b)(3)) is amended by striking ''activities carried out under part B of title IV of the Job Training Partnership Act (relating to Job Corps) (29 U.S.C. 1691 et seq.)'' and inserting ''activities carried out under chapter 2 of subtitle B of the Workforce Development Act of 1995''.

(BBB) The second sentence of section 2(a) of the Environmental Programs Assistance Act of 1984 (42 U.S.C. 4368a(a)) is amended by striking ''and title IV of the Job Training Partnership Act'' and inserting ''and the Workforce Development Act of 1995''.

(CCC) The second sentence of section 103(d) of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4953(d)) is amended to read as follows: ''Whenever feasible, such efforts shall be coordinated with a local partnership or local workforce development board, as appropriate, established under section 118 of the Workforce Development Act of 1995.''

(DDD) Subsections (c)(2) and (d)(2) of section 109 of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4959) is amended by striking ''administrative entities designated to administer job training plans under the Job Training Partnership Act'' and inserting ''local entities, as defined in section 3 of the Workforce Development Act of 1995''.

(EEE) Section 304(c)(1) of the Age Discrimination Act of 1975 (42 U.S.C. 6103(c)(1)) is amended by striking ''the Comprehensive Employment and Training Act of 1974 (29 U.S.C. 801, et seq.), as amended,'' and inserting ''the Workforce Development Act of 1995''.

(FFF) Section 414(b)(3) of the Energy Conservation and Production Act (42 U.S.C. 6864(b)(3)) is amended by striking ''the Comprehensive Employment and Training Act of 1973'' and inserting ''the Workforce Development Act of 1995''.

(GGG) Section 233 of the National Energy Conservation Policy Act (42 U.S.C. 6873) is amended, in the matter preceding paragraph (1), by striking ''the Comprehensive Employment and Training Act of 1973'' and inserting ''the Workforce Development Act of 1995''.

(HHH) Section 3161(c)(6) of the National Defense Authorization Act for Fiscal Year 1993 (42 U.S.C. 7274h(c)(6)) is amended by striking subparagraph (A) and inserting the following:

''(A) programs carried out jointly by the Secretary of Labor and the Secretary of Education under the Workforce Development Act of 1995;''.

(III) Section 617(a)(3) of the Community Economic Development Act of 1981 (42 U.S.C. 9806(a)(3)) is amended by striking ''activities such as those described in the Comprehensive Employment and Training Act'' and inserting ''workforce employment activities described in the Workforce Development Act of 1995''.

(JJJ) Section 103(b)(2) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11302(b)(2)) is amended by striking ''the Job Training Partnership Act'' and inserting ''the Workforce Development Act of 1995''.

(KKK) Section 177(d) of the National and Community Service Act of 1990 (42 U.S.C. 12637(d)) is amended to read as follows:

''(d) TREATMENT OF BENEFITS.—Allowances, earnings, and payments to individuals participating in programs that receive assistance under this title shall not be considered to be income for the purposes of determining eligibility for and the amount of income transfer and in-kind aid furnished under any Federal or federally assisted program based on need, other than as provided under the Social Security Act (42 U.S.C. 301 et seq.).''.

(LLL) Section 198C of the National and Community Service Act of 1990 (42 U.S.C. 12653c) is amended—

(i) in subsection (b)(1), by striking ''a military installation described in section 325(e)(1) of the Job Training Partnership Act (29 U.S.C. 1662d(e)(1)).'' and inserting ''a military installation being closed or realigned under—

''(A) the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note); and

''(B) title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100–526; 10 U.S.C. 2687 note).''; and

(ii) in subsection (e)(1)(B), by striking clause (iii) and inserting the following:

''(iii) an at-risk youth (as defined in section 132 of the Workforce Development Act of 1995).''.

(MMM) Section 199L(a) of the National and Community Service Act of 1990 (42 U.S.C. 12655m(a)) is amended by striking ''the Job Training Partnership Act (29 U.S.C. 1501 et seq.)'' and inserting ''the Workforce Development Act of 1995''.

(NNN) Subparagraphs (H) and (M) of subsection (c)(2), and subsection (d)(7), of section 454 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899c) are amended by striking ''the Job Training Partnership Act'' and inserting ''the Workforce Development Act of 1995''.

(OOO) The first sentence of section 456(e) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899e(e)) is amended by inserting ''(as in effect on the day before the date of enactment of the Workforce Development Act of 1995)'' after ''the Job Training Partnership Act'' each place it appears.

(PPP) Section 31113(a)(4)(C) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 13823(a)(4)(C)) is amended by striking ''authorized under the Job Training Partnership Act (29 U.S.C. 1501 et seq.)'' and inserting ''or workforce employment activities authorized under the Workforce Development Act of 1995''.

(6) STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.—

(A) Section 6703(a) of title 31, United States Code, is amended—

(i) by striking paragraph (15); and

(ii) by redesignating paragraphs (16) through (19) as paragraphs (15) through (18), respectively.

(B) Section 14205(a)(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8825(a)(1)) is amended by striking ''the Indian education programs under part A of title IX of this Act, and the education for homeless children and youth program under subtitle B of title VII of the Stewart B. McKinney Homeless Assistance Act,'' and inserting ''and the Indian education programs under part A of title IX,''.

(c) RECOMMENDED LEGISLATION.—

(1) PREPARATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Federal Partnership shall prepare and submit to Congress recommended legislation containing technical and conforming amendments to reflect the changes made by section 191(b).

(2) SUBMISSION TO CONGRESS.—Not later than March 31, 1997, the Federal Partnership shall submit the recommended legislation referred to under paragraph (1).

(d) EFFECTIVE DATES.—

(1) IMMEDIATE REPEALS.—The amendments made by subsection (a) shall take effect on the date of enactment of this Act.

(2) SUBSEQUENT REPEALS.—The amendments made by subsection (b) shall take effect on July 1, 1998.

TITLE II—WORKFORCE DEVELOPMENT-RELATED ACTIVITIES

Subtitle A—Amendments to the Rehabilitation Act of 1973

SEC. 201. REFERENCES.

Except as otherwise expressly provided in this subtitle, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.).

SEC. 202. FINDINGS AND PURPOSES.

Section 2 (29 U.S.C. 701) is amended—

(1) in subsection (a)(4), by striking ''the provision of individualized training, independent living services, educational and support services,'' and inserting ''implementation of a statewide workforce development system that provides meaningful and effective participation for individuals with disabilities in workforce development activities and activities carried out through the vocational rehabilitation program established under title I, and through the provision of

independent living services, support services,''; and

(2) in subsection (b)(1)(A), by inserting ''statewide workforce development systems that include, as integral components,'' after ''(A)''.

SEC. 203. CONSOLIDATED REHABILITATION PLAN.

(a) IN GENERAL.—Section 6 (29 U.S.C. 705) is repealed.

(b) CONFORMING AMENDMENT.—The table of contents for the Act is amended by striking the item relating to section 6.

SEC. 204. DEFINITIONS.

Section 7 (29 U.S.C. 706) is amended by adding at the end the following new paragraphs:

''(36) The term 'statewide workforce development system' means a statewide system, as defined in section 3 of the Workforce Development Act of 1995.

''(37) The term 'workforce development activities' has the meaning given the term in section 3 of the Workforce Development Act of 1995.

''(38) The term 'workforce employment activities' means the activities described in paragraphs (2) through (8) of section 106(a) of the Workforce Development Act of 1995, including activities described in section 106(a)(6) of such Act provided through a voucher described in section 106(a)(9) of such Act.''.

SEC. 205. ADMINISTRATION.

Section 12(a)(1) (29 U.S.C. 711(a)(1)) is amended by inserting '', including providing assistance to achieve the meaningful and effective participation by individuals with disabilities in the activities carried out through a statewide workforce development system'' before the semicolon.

SEC. 206. REPORTS.

Section 13 (29 U.S.C. 712) is amended in the fourth sentence by striking ''The data elements'' and all that follows through ''age,'' and inserting the following: ''The information shall include all information that is required to be submitted in the report described in section 121(a) of the Workforce Development Act of 1995 and that pertains to the employment of individuals with disabilities, including information on age,''.

SEC. 207. EVALUATION.

Section 14(a) (29 U.S.C. 713(a)) is amended in the third sentence by striking ''to the extent feasible,'' and all that follows through the end of the sentence and inserting the following: ''to the maximum extent appropriate, be consistent with the State benchmarks established under paragraphs (1) and (2) of section 121(c) of the Workforce Development Act of 1995. For purposes of this section, the Secretary may modify or supplement such benchmarks after consultation with the National Board established under section 182 of the Workforce Development Act of 1995, to the extent necessary to address unique considerations applicable to the participation of individuals with disabilities in the vocational rehabilitation program established under title I and activities carried out under other provisions of this Act.''.

SEC. 208. DECLARATION OF POLICY.

Section 100(a) (29 U.S.C. 720(a)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (E), by striking ''; and'' and inserting a semicolon;

(B) in subparagraph (F)—

(i) by inserting ''workforce development activities and'' before ''vocational rehabilitation services''; and

(ii) by striking the period and inserting ''; and''; and

(C) by adding at the end the following subparagraph:

''(G) linkages between the vocational rehabilitation program established under this title and other components of the statewide workforce development system are critical to ensure effective and meaningful participation by individuals with disabilities in workforce development activities.''; and

(2) in paragraph (2)—

(A) by striking ''a comprehensive'' and inserting ''statewide comprehensive''; and

(B) by striking ''program of vocational rehabilitation that is designed'' and inserting ''programs of vocational rehabilitation, each of which is—

''(A) an integral component of a statewide workforce development system; and

''(B) designed''.

SEC. 209. STATE PLANS.

(a) IN GENERAL.—Section 101(a) (29 U.S.C. 721(a)) is amended—

(1) in the first sentence, by striking '', or shall submit'' and all that follows through ''et seq.)'' and inserting '', and shall submit the State plan on the same dates as the State submits the State plan described in section 104 of the Workforce Development Act of 1995 to the Federal Partnership established under section 181 of such Act'';

(2) by inserting after the first sentence the following: ''The State shall also submit the State plan for vocational rehabilitation services for review and comment to any State workforce development board established for the State under section 105 of the Workforce Development Act of 1995, which shall submit the comments on the State plan to the designated State unit.'';

(3) by striking paragraphs (10), (12), (13), (15), (17), (19), (23), (27), (28), (30), (34), and (35);

(4) in paragraph (20), by striking ''(20)'' and inserting ''(B)'';

(5) by redesignating paragraphs (3), (4), (5), (6), (7), (8), (9), (14), (16), (18), (21), (22), (24), (25), (26), (29), (31), (32), (33), and (36) as paragraphs (4), (5), (6), (7), (8), (9), (10), (12), (13), (14), (15), (16), (17), (18), (19), (20), (21), (22), (23), and (24), respectively;

(6) in paragraph (1)(B)—

(A) by redesignating clauses (i), (ii), and (iii) as clauses (ii), (iii), and (iv), respectively; and

(B) by inserting before clause (ii) (as redesignated in subparagraph (A)) the following: ''(i) a State entity primarily responsible for implementing workforce employment activities through the statewide workforce development system of the State,'';

(7) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking ''(1)(B)(i)'' and inserting ''(1)(B)(ii)''; and

(B) in subparagraph (B)(ii), by striking ''(1)(B)(ii)'' and inserting ''(1)(B)(iii)'';

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

''(3) provide a plan for expanding and improving vocational rehabilitation services for individuals with disabilities on a statewide basis, including—

''(A) a statement of values and goals;

''(B) evidence of ongoing efforts to use outcome measures to make decisions about the effectiveness and future direction of the vocational rehabilitation program established under this title in the State; and

''(C) information on specific strategies for strengthening the program as an integral component of the statewide workforce development system established in the State, including specific innovative, state-of-the-art approaches for achieving sustained success in improving and expanding vocational rehabilitation services provided through the program, for all individuals with disabilities who seek employment, through plans, policies, and procedures that link the program with other components of the system, including plans, policies, and procedures relating to—

''(i) entering into cooperative agreements, between the designated State unit and appropriate entities responsible for carrying out the other components of the statewide workforce development system, which agreements may provide for—

''(I) provision of intercomponent staff training and technical assistance regarding the availability and benefits of, and eligibility standards for, vocational rehabilitation services, and regarding the provision of equal, effective, and meaningful participation by individuals with disabilities in workforce employment activities in the State through program accessibility, use of nondiscriminatory policies and procedures, and provision of reasonable accommodations, auxiliary aids and services, and rehabilitation technology, for individuals with disabilities;

''(II) use of information and financial management systems that link all components of the statewide workforce development system, that link the components to other electronic networks, and that relate to such subjects as labor market and occupational information, and information on job vacancies, skill qualifications, career planning, and workforce development activities;

''(III) use of customer service features such as common intake and referral procedures, customer data bases, resource information, and human service hotlines;

''(IV) establishment of cooperative efforts with employers to facilitate job placement and to develop and sustain working relationships with employers, trade associations, and labor organizations;

''(V) identification of staff roles and responsibilities and available resources for each entity that carries out a component of the statewide workforce development system with regard to paying for necessary services (consistent with State law); and

''(VI) specification of procedures for resolving disputes among such entities; and

''(ii) providing for the replication of such cooperative agreements at the local level between individual offices of the designated State unit and local entities carrying out activities through the statewide workforce development system;'';

(9) in paragraph (6) (as redesignated in paragraph (5))—

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

''(A) contain the plans, policies, and methods to be followed in carrying out the State plan and in the administration and supervision of the plan, including—

''(i)(I) the results of a comprehensive, statewide assessment of the rehabilitation needs of individuals with disabilities (including individuals with severe disabilities, individuals with disabilities who are minorities, and individuals with disabilities who have been unserved, or underserved, by the vocational rehabilitation system) who are residing within the State; and

''(II) the response of the State to the assessment;

''(ii) a description of the method to be used to expand and improve services to individuals with the most severe disabilities, including individuals served under part C of title VI;

''(iii) with regard to community rehabilitation programs—

''(I) a description of the method to be used (such as a cooperative agreement) to utilize the programs to the maximum extent feasible; and

''(II) a description of the needs of the programs, including the community rehabilitation programs funded under the Act entitled ''An Act to Create a Committee on Purchases of Blind-made Products, and for other purposes'', approved June 25, 1938 (commonly

known as the Wagner-O'Day Act; 41 U.S.C. 46 et seq.) and such programs funded by State use contracting programs; and

''(iv) an explanation of the methods by which the State will provide vocational rehabilitation services to all individuals with disabilities within the State who are eligible for such services, and, in the event that vocational rehabilitation services cannot be provided to all such eligible individuals with disabilities who apply for such services, information—

''(I) showing and providing the justification for the order to be followed in selecting individuals to whom vocational rehabilitation services will be provided (which order of selection for the provision of vocational rehabilitation services shall be determined on the basis of serving first the individuals with the most severe disabilities in accordance with criteria established by the State, and shall be consistent with priorities in such order of selection so determined, and outcome and service goals for serving individuals with disabilities, established in regulations prescribed by the Commissioner);

''(II) showing the outcomes and service goals, and the time within which the outcomes and service goals may be achieved, for the rehabilitation of individuals receiving such services; and

''(III) describing how individuals with disabilities who will not receive such services if such order is in effect will be referred to other components of the statewide workforce development system for access to services offered by the components;''; and

(B) by striking subparagraph (C) and inserting the following subparagraphs:

''(C) with regard to the statewide assessment of rehabilitation needs described in subparagraph (A)(i)—

''(i) provide that the State agency will make reports at such time, in such manner, and containing such information, as the Commissioner may require to carry out the functions of the Commissioner under this title, and comply with such provisions as are necessary to assure the correctness and verification of such reports; and

''(ii) provide that reports made under clause (i) will include information regarding individuals with disabilities and, if an order of selection described in subparagraph (A)(iv)(I) is in effect in the State, will separately include information regarding individuals with the most severe disabilities, on—

''(I) the number of such individuals who are evaluated and the number rehabilitated;

''(II) the costs of administration, counseling, provision of direct services, development of community rehabilitation programs, and other functions carried out under this Act; and

''(III) the utilization by such individuals of other programs pursuant to paragraph (11); and

''(D) describe—

''(i) how a broad range of rehabilitation technology services will be provided at each stage of the rehabilitation process;

''(ii) how a broad range of such rehabilitation technology services will be provided on a statewide basis; and

''(iii) the training that will be provided to vocational rehabilitation counselors, client assistance personnel, personnel of the providers of one-stop delivery of core services described in section 106(a)(2) of the Workforce Development Act of 1995, and other related services personnel;'';

(10) in subparagraph (A) of paragraph (8) (as redesignated in paragraph (5))—

(A) in clause (i)(II), by striking '', based on projections'' and all that follows through ''relevant factors''; and

(B) by striking clauses (iii) and (iv) and inserting the following clauses:

''(iii) a description of the ways in which the system for evaluating the performance of rehabilitation counselors, coordinators, and other personnel used in the State facilitates the accomplishment of the purpose and policy of this title, including the policy of serving, among others, individuals with the most severe disabilities;

''(iv) provide satisfactory assurances that the system described in clause (iii) in no way impedes such accomplishment; and'';

(11) in paragraph (9) (as redesignated in paragraph (5)) by striking ''required—'' and all that follows through ''(B) prior'' and inserting ''required prior'';

(12) in paragraph (10) (as redesignated in paragraph (5))—

(A) in subparagraph (B), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(B) in subparagraph (C), by striking ''plan in accordance with such program'' and inserting ''State plan in accordance with the employment plan'';

(13) in paragraph (11)—

(A) in subparagraph (A), by striking ''State's public'' and all that follows and inserting ''State programs that are not part of the statewide workforce development system of the State;''; and

(B) in subparagraph (C)—

(i) by striking ''if appropriate—'' and all that follows through ''entering into'' and inserting ''if appropriate, entering into'';

(ii) by redesignating subclauses (I), (II), and (III) as clauses (i), (ii), and (iii), respectively; and

(iii) by indenting the clauses and aligning the margins of the clauses with the margins of clause (ii) of subparagraph (A) of paragraph (8) (as redesignated in paragraph (5));

(14) in paragraph (14) (as redesignated in paragraph (5))—

(A) by striking ''(14)'' and inserting ''(14)(A)''; and

(B) by inserting before the semicolon the following '', and, in the case of the designated State unit, will take actions to take such views into account that include providing timely notice, holding public hearings, preparing a summary of hearing comments, and documenting and disseminating information relating to the manner in which the comments will affect services; and'';

(15) in paragraph (16) (as redesignated in paragraph (5)), by striking ''referrals to other Federal and State programs'' and inserting ''referrals within the statewide workforce development system of the State to programs''; and

(16) in paragraph (17) (as redesignated in paragraph (5))—

(A) in subparagraph (B), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(B) in subparagraph (C)—

(i) in clause (ii), by striking ''; and'' and inserting a semicolon;

(ii) in clause (iii), by striking the semicolon and inserting ''; and''; and

(iii) by adding at the end the following clause:

''(iv) the manner in which students who are individuals with disabilities and who are not in special education programs can access and receive vocational rehabilitation services, where appropriate;''.

(b) CONFORMING AMENDMENTS.—

(1) Section 7 (29 U.S.C. 706) is amended—

(A) in paragraph (3)(B)(ii), by striking ''101(a)(1)(B)(i)'' and inserting ''101(a)(1)(B)(ii)''; and

(B) in paragraph (22)(A)(i)(II), by striking ''101(a)(5)(A)'' each place it appears and inserting ''101(a)(6)(A)(iv)''.

(2) Section 12(d) (29 U.S.C. 711(d)) is amended by striking ''101(a)(5)(A)'' and inserting ''101(a)(6)(A)(iv)''.

(3) Section 101(a) (29 U.S.C. 721(a)) is amended—

(A) in paragraph (1)(A), by striking ''paragraph (4) of this subsection'' and inserting ''paragraph (5)'';

(B) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking ''paragraph (1)(B)(i)'' and inserting ''paragraph (1)(B)(ii)''; and

(ii) in subparagraph (B)(i), by striking ''paragraph (1)(B)(ii)'' and inserting ''paragraph (1)(B)(iii)'';

(C) in paragraph (17) (as redesignated in subsection (a)(5)), by striking ''paragraph (11)(C)(ii)'' and inserting ''paragraph (11)(C)'';

(D) in paragraph (22) (as redesignated in subsection (a)(5)), by striking ''paragraph (36)'' and inserting ''paragraph (24)''; and

(E) in subparagraph (C) of paragraph (24) (as redesignated in subsection (a)(5)), by striking ''101(a)(1)(A)(i)'' and inserting ''paragraph (1)(A)(i)''.

(4) Section 102 (29 U.S.C. 722) is amended—

(A) in subsection (a)(3), by striking ''101(a)(24)'' and inserting ''101(a)(17)''; and

(B) in subsection (d)(2)(C)(ii)—

(i) in subclause (II), by striking ''101(a)(36)'' and inserting ''101(a)(24)''; and

(ii) in subclause (III), by striking ''101(a)(36)(C)(ii)'' and inserting ''101(a)(24)(C)(ii)''.

(5) Section 105(a)(1) (29 U.S.C. 725(a)(1)) is amended by striking ''101(a)(36)'' and inserting ''101(a)(24)''.

(6) Section 107(a) (29 U.S.C. 727(a)) is amended—

(A) in paragraph (2)(F), by striking ''101(a)(32)'' and inserting ''101(a)(22)'';

(B) in paragraph (3)(A), by striking ''101(a)(5)(A)'' and inserting ''101(a)(6)(A)(iv)''; and

(C) in paragraph (4), by striking ''101(a)(35)'' and inserting ''101(a)(8)(A)(iii)''.

(7) Section 111(a) (29 U.S.C. 731(a)) is amended—

(A) in paragraph (1), by striking ''and development and implementation'' and all that follows through ''referred to in section 101(a)(34)(B)''; and

(B) in paragraph (2)(A), by striking ''and such payments shall not be made in an amount which would result in a violation of the provisions of the State plan required by section 101(a)(17)''.

(8) Section 124(a)(1)(A) (29 U.S.C. 744(a)(1)(A)) is amended by striking ''(not including sums used in accordance with section 101(a)(34)(B))''.

(9) Section 315(b)(2) (29 U.S.C. 777e(b)(2)) is amended by striking ''101(a)(22)'' and inserting ''101(a)(16)''.

(10) Section 635(b)(2) (29 U.S.C. 795n(b)(2)) is amended by striking ''101(a)(5)'' and inserting ''101(a)(6)(A)(i)(I)''.

(11) Section 802(h)(2)(B)(ii) (29 U.S.C. 797a(h)(2)(B)(ii)) is amended by striking ''101(a)(5)(A)'' and inserting ''101(a)(6)(A)(iv)''.

(12) Section 102(e)(23)(A) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2212(e)(23)(A)) is amended by striking ''section 101(a)(36) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(36))'' and inserting ''section 101(a)(24) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(24))''.

SEC. 210. INDIVIDUALIZED EMPLOYMENT PLANS.

(a) IN GENERAL.—Section 102 (29 U.S.C. 722) is amended—

(1) by striking the section heading and inserting the following:

''SEC. 102. INDIVIDUALIZED EMPLOYMENT PLANS.'';

(2) in subsection (a)(6), by striking ''written rehabilitation program'' and inserting ''employment plan'';

(3) in subsection (b)—

(A) in paragraph (1)(A)—

(i) in clause (i), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(ii) in clause (ii), by striking ''program'' and inserting ''plan'';

(B) in paragraph (1)(B)—

(i) in the matter preceding clause (i), by striking ''written rehabilitation program'' and inserting ''employment plan'';

(ii) in clause (iv)—

(I) by striking subclause (I) and inserting the following:

''(I) include a statement of the specific vocational rehabilitation services to be provided (including, if appropriate, rehabilitation technology services and training in how to use such services) that includes specification of the public or private entity that will provide each such vocational rehabilitation service and the projected dates for the initiation and the anticipated duration of each such service; and'';

(II) by striking subclause (II); and

(III) by redesignating subclause (III) as subclause (II); and

(iii) in clause (xi)(I), by striking ''program'' and inserting ''plan'';

(C) in paragraph (1)(C), by striking ''written rehabilitation program and amendments to the program'' and inserting ''employment plan and amendments to the plan''; and

(D) in paragraph (2)—

(i) by striking ''program'' each place the term appears and inserting ''plan''; and

(ii) by striking ''written rehabilitation'' each place the term appears and inserting ''employment'';

(4) in subsection (c)—

(A) in paragraph (1), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(B) by striking ''written program'' each place the term appears and inserting ''plan''; and

(5) in subsection (d)—

(A) in paragraph (5), by striking ''written rehabilitation program'' and inserting ''employment plan''; and

(B) in paragraph (6)(A), by striking the second sentence.

(b) CONFORMING AMENDMENTS.—

(1) The table of contents for the Act is amended by striking the item relating to section 102 and inserting the following:

''Sec. 102. Individualized employment plans.''.

(2) Paragraphs (22)(B) and (27)(B), and subparagraphs (B) and (C) of paragraph (34) of section 7 (29 U.S.C. 706), section 12(e)(1) (29 U.S.C. 711(e)(1)), section 501(e) (29 U.S.C. 791(e)), subparagraphs (C), (D), and (E) of section 635(b)(6) (29 U.S.C. 795n(b)(6) (C), (D), and (E)), section 802(g)(8)(B) (29 U.S.C. 797a(g)(8)(B)), and section 803(c)(2)(D) (29 U.S.C. 797b(c)(2)(D)) are amended by striking ''written rehabilitation program'' each place the term appears and inserting ''employment plan''.

(3) Section 7(22)(B)(i) (29 U.S.C. 706(22)(B)(i)) is amended by striking ''rehabilitation program'' and inserting ''employment plan''.

(4) Section 107(a)(3)(D) (29 U.S.C. 727(a)(3)(D)) is amended by striking ''written rehabilitation programs'' and inserting ''employment plans''.

(5) Section 101(b)(7)(A)(ii)(II) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2211(b)(7)(A)(ii)(II)) is amended by striking ''written rehabilitation program'' and inserting ''employment plan''.

SEC. 211. SCOPE OF VOCATIONAL REHABILITATION SERVICES.

Section 103 (29 U.S.C. 723) is amended—

(1) in subsection (a)(4)—

(A) in subparagraph (B), by striking ''surgery or'';

(B) in subparagraph (D), by striking the comma at the end and inserting '', and'';

(C) by striking subparagraph (E); and

(D) by redesignating subparagraph (F) as subparagraph (E); and

(2) in subsection (b)(1), by striking ''the most severe''.

SEC. 212. STATE REHABILITATION ADVISORY COUNCIL.

(a) IN GENERAL.—Section 105 (29 U.S.C. 725) is amended—

(1) in subsection (b)(1)(A)(vi), by inserting before the semicolon the following: ''who, to the extent feasible, are members of any State workforce development board established for the State under section 105 of the Workforce Development Act of 1995''; and

(2) in subsection (c)—

(A) by redesignating paragraphs (3) through (7) as paragraphs (4) through (8), respectively;

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

''(3) advise the designated State agency and the designated State unit regarding strategies for ensuring that the vocational rehabilitation program established under this title becomes an integral part of the statewide workforce development system of the State;''; and

(C) in paragraph (6) (as redesignated in subparagraph (A))—

(i) by striking ''6024), and'' and inserting ''6024),''; and

(ii) by striking the semicolon at the end and inserting the following: '', and any State workforce development board established for the State under section 105 of the Workforce Development Act of 1995;''.

(b) CONFORMING AMENDMENT.—Subparagraph (B)(iv), and clauses (ii)(I) and (iii)(I) of subparagraph (C), of paragraph (24) (as redesignated in section 209(a)(5)) of section 101(a) (29 U.S.C. 721(a)) are amended by striking ''105(c)(3)'' and inserting ''105(c)(4)''.

SEC. 213. EVALUATION STANDARDS AND PERFORMANCE INDICATORS.

Section 106(a)(1) (29 U.S.C. 726(a)(1)) is amended—

(1) by striking ''1994'' and inserting ''1996''; and

(2) by striking the period and inserting the following: ''that shall, to the maximum extent appropriate, be consistent with the State benchmarks established under paragraphs (1) and (2) of section 121(c) of the Workforce Development Act of 1995. For purposes of this section, the Commissioner may modify or supplement such benchmarks, after consultation with the National Board established under section 182 of the Workforce Development Act of 1995, to the extent necessary to address unique considerations applicable to the participation of individuals with disabilities in the vocational rehabilitation program.''.

SEC. 214. REPEALS.

(a) IN GENERAL.—Title I (29 U.S.C. 720 et seq.) is amended—

(1) by repealing part C; and

(2) by redesignating parts D and E as parts C and D, respectively.

(b) CONFORMING AMENDMENTS.—The table of contents for the Act is amended—

(1) by striking the items relating to part C of title I; and

(2) by striking the items relating to parts D and E of title I and inserting the following:

''PART C—AMERICAN INDIAN VOCATIONAL REHABILITATION SERVICES

''Sec. 130. Vocational rehabilitation services grants.

''PART D—VOCATIONAL REHABILITATION SERVICES CLIENT INFORMATION

''Sec. 140. Review of data collection and reporting system.

''Sec. 141. Exchange of data.''.

SEC. 215. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this subtitle shall take effect on the date of enactment of this Act.

(b) STATEWIDE SYSTEM REQUIREMENTS.—The changes made in the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) by the amendments made by this subtitle that relate to State benchmarks, or other components of a statewide system, shall take effect—

(1) in a State that submits and obtains approval of an interim plan under section 173 for program year 1997, on July 1, 1997; and

(2) in any other State, on July 1, 1998.

Subtitle B—Amendments to Wagner-Peyser Act

SEC. 221. GENERAL PROGRAM REQUIREMENTS.

(a) IN GENERAL.—Section 1 of the Wagner-Peyser Act (29 U.S.C. 49) is amended by striking ''national system'' and all that follows and inserting ''national system of employment service offices open to the public, there shall be in the Federal Partnership a United States Employment Service.''.

(b) CONFORMING AMENDMENTS.—Paragraphs (1) and (4)(B) of section 3304(a), and section 3306(f)(2), of the Internal Revenue Code of 1986, and paragraphs (2) and (5) of section 303(a), paragraphs (1)(A)(ii) and (4) of section 901(c), and section 903(c)(2) of the Social Security Act (42 U.S.C. 503(a) (2) and (5), 1101(c)(1)(A)(ii) and (4), and 1103(c)(2)) are amended by striking ''public employment offices'' and inserting ''employment service offices''.

SEC. 222. DEFINITIONS.

(a) IN GENERAL.—Section 2 of the Wagner-Peyser Act (29 U.S.C. 49a) is amended—

(1) by striking paragraphs (1), (2), (3), and (4);

(2) by inserting before paragraph (5) the following paragraphs:

''(1) the term 'Federal Partnership' has the meaning given the term in section 3 of the Workforce Development Act of 1995;

''(2) the term 'one-stop career center system' means a means of providing one-stop delivery of core services described in section 106(a)(2)(B) of the Workforce Development Act of 1995;

''(3) the term 'Secretary', used without further modification, means the Secretary of Labor and the Secretary of Education, acting jointly; and''; and

(3) by redesignating paragraph (5) as paragraph (4).

(b) CONFORMING AMENDMENTS.—

(1) SECRETARY.—Section 7(d) of the Wagner-Peyser Act (29 U.S.C. 49f(d)) is amended by striking ''Secretary of Labor'' and inserting ''Secretary''.

(2) DIRECTOR.—Section 12 of the Wagner-Peyser Act (29 U.S.C. 49k) is amended by striking ''The Director, with the approval of the Secretary of Labor,'' and inserting ''The Secretary''.

SEC. 223. FUNCTIONS.

(a) IN GENERAL.—Section 3 of the Wagner-Peyser Act (29 U.S.C. 49b) is amended—

(1) by striking subsection (a) and inserting the following subsection:

''(a) The Federal Partnership shall—

''(1) assist in the coordination and development of a nationwide system of labor exchange services for the general public, provided through the one-stop career center systems of the States;

''(2) assist in the development of continuous improvement models for such nationwide system that ensure private sector satisfaction with the system and meet the demands of jobseekers relating to the system; and

''(3) ensure, for individuals otherwise eligible to receive unemployment compensation, the continuation of any activities in which the individuals are required to participate to receive the compensation.''; and

(2) by adding at the end the following new subsection:

''(c) Notwithstanding any Act referred to in section 181(b) of the Workforce Development Act of 1995, the Secretary of Labor and the Secretary of Education, acting jointly, in accordance with the plan approved or determinations made by the President under section 186(c) of such Act, shall provide for, and exercise final authority over, the effective and efficient administration of this Act and the officers and employees of the United States Employment Service.''.

(b) CONFORMING AMENDMENTS.—Section 508(b) of the Unemployment Compensation Amendments of 1976 (42 U.S.C. 603a(b)) is amended—

(1) by striking ''the third sentence of section 3(a)'' and inserting ''section 3(b)''; and

(2) by striking ''49b(a)'' and inserting ''49b(b))''.

SEC. 224. DESIGNATION OF STATE AGENCIES.

Section 4 of the Wagner-Peyser Act (29 U.S.C. 49c) is amended—

(1) by striking ''a State shall, through its legislature,'' and inserting ''a Governor shall''; and

(2) by striking ''the United States Employment Service'' and inserting ''the Federal Partnership''.

SEC. 225. APPROPRIATIONS.

Section 5(c) of the Wagner-Peyser Act (29 U.S.C. 49d(c)) is amended by striking paragraph (3).

SEC. 226. DISPOSITION OF ALLOTTED FUNDS.

Section 7 of the Wagner-Peyser Act (29 U.S.C. 49f) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking ''public employment service offices and programs'' and inserting ''employment service offices and employment service programs''; and

(B) in paragraph (2), by striking ''and the appropriate private industry council and chief elected official or officials'' and inserting '', and the appropriate local partnership established under section 118(a) of the Workforce Development Act of 1995 (or, where established, the appropriate local workforce development board described in section 118(b) of such Act)'';

(2) in subsection (c)(2), by striking ''any program under'' and all that follows and inserting ''any activity carried out under the Workforce Development Act of 1995.'';

(3) in subsection (d)—

(A) by striking ''United States Employment Service'' and inserting ''Federal Partnership''; and

(B) by striking ''administrative entity under the Job Training Partnership Act'' and inserting ''local entity under the Workforce Development Act of 1995''; and

(4) by adding at the end the following subsection:

''(e) All job search, placement, recruitment, labor market information, and other labor exchange services authorized under subsection (a) shall be provided through the one-stop career center system established by the State.''.

SEC. 227. STATE PLANS.

Section 8 of the Wagner-Peyser Act (29 U.S.C. 49g) is amended—

(1) by striking subsection (a) and inserting the following new subsection:

''(a) Any State desiring to receive assistance under this Act shall include in the portion of the State workforce development plan described in section 104 of the Workforce Development Act of 1995 relating to workforce employment activities, detailed plans for carrying out this Act in such State.'';

(2) by striking subsections (b), (c), and (e);

(3) in subsection (d), by striking ''United States Employment Service'' and inserting ''Federal Partnership''; and

(4) by redesignating subsection (d) as subsection (b).

SEC. 228. FEDERAL ADVISORY COUNCIL.

Section 11 of the Wagner-Peyser Act (29 U.S.C. 49j) is repealed.

Subtitle C—Amendments to Immigration and Nationality Act

SEC. 231. PROHIBITION ON USE OF FUNDS FOR CERTAIN EMPLOYMENT ACTIVITIES.

Section 412(c)(1) of the Immigration and Nationality Act is amended by adding at the end the following new subparagraph:

''(D) Funds available under this paragraph may not be provided to States for workforce employment activities authorized and funded under the Workforce Development Act of 1995.''.

Subtitle D—Amendments to the National Literacy Act of 1991

SEC. 241. NATIONAL INSTITUTE FOR LITERACY.

Section 102 of the National Literacy Act of 1991 (20 U.S.C. 1213c note) is amended to read as follows:

''SEC. 102. NATIONAL INSTITUTE FOR LITERACY.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—There is established the National Institute for Literacy (referred to in this section as the 'Institute'). The Institute shall be administered by the Federal Partnership established under section 181 of the Workforce Development Act of 1995 (referred to in this Act as the 'Federal Partnership'). The Federal Partnership may include in the Institute any research and development center, institute, or clearinghouse that the Federal Partnership determines is appropriately included in the Institute.

''(2) OFFICES.—The Institute shall have offices separate from the offices of the Department of Education or the Department of Labor.

''(3) RECOMMENDATIONS.—The Federal Partnership shall consider the recommendations of the National Institute Council established under subsection (d) in planning the goals of the Institute and in the implementation of any programs to achieve such goals. The daily operations of the Institute shall be carried out by the Director of the Institute appointed under subsection (g). If such Council's recommendations are not followed, the Federal Partnership shall provide a written explanation to such Council concerning actions the Federal Partnership has taken that includes the Federal Partnership's reasons for not following such Council's recommendations with respect to such actions. Such Council may also request a meeting with the Federal Partnership to discuss such Council's recommendations.

''(b) DUTIES.—

''(1) IN GENERAL.—The Institute is authorized, in order to improve the quality and accountability of the adult basic skills and literacy delivery system, to—

''(A) coordinate the support of research and development on literacy and basic skills education across Federal agencies and carry out basic and applied research and development on topics such as—

''(i) identifying effective models of basic skills and literacy education for adults and families that are essential to success in job training, work, the family, and the community;

''(ii) carrying out evaluations of the effectiveness of literacy and adult education programs and services, including those supported by this Act; and

''(iii) supporting the development of models at the State and local level of accountability systems that consist of goals, performance measures, benchmarks, and assessments that can be used to improve the quality of literacy and adult education services;

''(B) provide technical assistance, information, and other program improvement activities to national, State, and local organizations, such as—

''(i) providing information and training to State and local workforce development boards and one-stop centers concerning how literacy and basic skills services can be incorporated in a coordinated workforce development model;

''(ii) improving the capacity of national, State, and local public and private literacy and basic skills professional development and technical assistance organizations, such as the State Literacy Resource Centers established under section 103; and

''(iii) providing information on-line and in print to all literacy and basic skills programs about best practices, models of collaboration for effective workforce, family, English as a Second Language, and other literacy programs, and other informational and communication needs; and

''(C) work with the Federal Partnership, the Departments of Education, Labor, and Health and Human Services, and the Congress to ensure that they have the best information available on literacy and basic skills programs in formulating Federal policy around the issues of literacy, basic skills, and workforce development.

''(2) CONTRACTS, COOPERATIVE AGREEMENTS, AND GRANTS.—The Institute may enter into contracts or cooperative agreements with, or make grants to, individuals, public or private nonprofit institutions, agencies, organizations, or consortia of such institutions, agencies, or organizations to carry out the activities of the Institute. Such grants, contracts, or agreements shall be subject to the laws and regulations that generally apply to grants, contracts, or agreements entered into by Federal agencies.

''(c) LITERACY LEADERSHIP.—

''(1) FELLOWSHIPS.—The Institute is, in consultation with the Council, authorized to award fellowships, with such stipends and allowances that the Director considers necessary, to outstanding individuals pursuing careers in adult education or literacy in the areas of instruction, management, research, or innovation.

''(2) USE OF FELLOWSHIPS.—Fellowships awarded under this subsection shall be used, under the auspices of the Institute, to engage in research, education, training, technical assistance, or other activities to advance the field of adult education or literacy, including the training of volunteer literacy providers at the national, State, or local level.

''(3) DESIGNATION.—Individuals receiving fellowships pursuant to this subsection shall be known as 'Literacy Leader Fellows'.

''(d) NATIONAL INSTITUTE COUNCIL.—

''(1) IN GENERAL.—

''(A) ESTABLISHMENT.—There is established the National Institute Council (in this section referred to as the ''Council''). The Council shall consist of 10 individuals appointed by the President with the advice and consent of the Senate from individuals who—

''(i) are not otherwise officers or employees of the Federal Government;

''(ii) are representative of entities or groups described in subparagraph (B); and

''(iii) are chosen from recommendations made to the President by individuals who represent such entities or groups.

''(B) ENTITIES OR GROUPS.—Entities or groups described in this subparagraph are—

''(i) literacy organizations and providers of literacy services, including—

''(I) providers of literacy services receiving assistance under this Act; and

''(II) nonprofit providers of literacy services;

''(ii) businesses that have demonstrated interest in literacy programs;

''(iii) literacy students;

''(iv) experts in the area of literacy research;

''(v) State and local governments; and

''(vi) organized labor.

''(2) DUTIES.—The Council shall—

''(A) make recommendations concerning the appointment of the Director and staff of the Institute;

''(B) provide independent advice on the operation of the Institute; and

''(C) receive reports from the Federal Partnership and the Director.

''(3) FEDERAL ADVISORY COMMITTEE ACT.—Except as otherwise provided, the Council established by this subsection shall be subject to the provisions of the Federal Advisory Committee Act.

''(4) APPOINTMENT.—

''(A) DURATION.—Each member of the Council shall be appointed for a term of 3 years. Any such member may be appointed for not more than 2 consecutive terms.

''(B) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that members' term until a successor has taken office. A vacancy in the Council shall be filled in the manner in which the original appointment was made. A vacancy in the Council shall not affect the powers of the Council.

''(5) QUORUM.—A majority of the members of the Council shall constitute a quorum but a lesser number may hold hearings. Any recommendation may be passed only by a majority of its members present.

''(6) ELECTION OF OFFICERS.—The Chairperson and Vice Chairperson of the Council shall be elected by the members. The term of office of the Chairperson and Vice Chairperson shall be 2 years.

''(7) MEETINGS.—The Council shall meet at the call of the Chairperson or a majority of its members.

''(e) GIFTS, BEQUESTS, AND DEVISES.—The Institute and the Council may accept (but not solicit), use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Institute or the Council, respectively. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in the Treasury and shall be available for disbursement upon order of the Institute or the Council, respectively.

''(f) MAILS.—The Council and the Institute may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

''(g) STAFF.—The Director of the Federal Partnership, after considering recommendations made by the Council, shall appoint and fix the pay of a Director of the Institute and staff of the Institute.

''(h) APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—The Director of the Institute and staff of the Institute may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the annual rate of basic pay payable for GS–15 of the General Schedule.

''(i) EXPERTS AND CONSULTANTS.—The Council and the Institute may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

''(j) REPORT.—The Institute shall submit a report biennially to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate. Each report submitted under this subsection shall include—

''(1) a comprehensive and detailed description of the Institute's operations, activities, financial condition, and accomplishments in the field of literacy for such fiscal year;

''(2) a description of how plans for the operation of the Institute for the succeeding fiscal year will facilitate achievement of the goals of the Institute and the goals of the literacy programs within the Federal Partnership, the Department of Education, the Department of Labor, and the Department of Health and Human Services; and

''(3) any additional minority, or dissenting views submitted by members of the Council.

''(k) FUNDING.—Any amounts appropriated to the Federal Partnership, the Secretary of Education, the Secretary of Labor, or the Secretary of Health and Human Services for purposes that the Institute is authorized to perform under this section may be provided to the Institute for such purposes.''.

SEC. 242. STATE LITERACY RESOURCE CENTERS.

Section 103 of the National Literacy Act of 1991 is amended to read as follows:

''SEC. 103. STATE LITERACY RESOURCE CENTERS.

''(a) PURPOSE.—The purpose of this section is to establish a network of State or regional adult literacy resource centers to assist State and local public and private nonprofit efforts to eliminate illiteracy by—

''(1) stimulating the coordination of literacy services;

''(2) enhancing the capacity of State and local organizations to provide literacy services; and

''(3) serving as a reciprocal link between the National Institute for Literacy established under section 102 and service providers for the purpose of sharing information, data, research, and expertise and literacy resources.

''(b) ESTABLISHMENT.—From amounts appropriated pursuant to section 124(b)(6) of the Workforce Development Act of 1995, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, are authorized to make grants for purposes of establishing a network of State or regional adult literacy resource centers.

''(c) ALLOTMENT.—

''(1) IN GENERAL.—From sums available for purposes of making grants under this section for any fiscal year, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall allot to each State having an application approved under subsection (f) an amount that bears the same ratio to such sums as the amount allotted to such State—

''(A) in the case of fiscal years 1996, 1997, and 1998 under section 313(b) of the Adult Education Act (20 U.S.C. 1201(b)) for fiscal year 1995 for the purpose of making grants under section 321 of such Act (20 U.S.C. 1203), bears to the aggregate amount allotted to all States under such section for fiscal year 1995 for such purpose; and

''(B) in the case of fiscal years 1999, 2000, and 2001, under section 102 of the Workforce Development Act of 1995 for the fiscal year preceding the fiscal year for which the determination is made, bears to the aggregate amount allotted to all States under such section for such preceding fiscal year.

''(2) CONTRACTS.—The chief executive officer of each State that receives its allotment under this section shall contract on a competitive basis with the State educational agency, 1 or more local educational agencies, a State office on literacy, a volunteer organization, a community-based organization, an institution of higher education, or another nonprofit entity to operate a State or regional literacy resource center. No applicant participating in a competition pursuant to the preceding sentence shall participate in the review of its own application.

''(d) USE OF FUNDS.—Funds provided to each State under subsection (c)(1) to carry out this section shall be used to conduct activities to—

''(1) improve and promote the diffusion and adoption of state-of-the-art teaching methods, technologies and program evaluations;

''(2) develop innovative approaches to the coordination of literacy services within and among States and with the Federal Government;

''(3) assist public and private agencies in coordinating the delivery of literacy services;

''(4) encourage government and industry partnerships, including partnerships with small businesses, private nonprofit organizations, and community-based organizations;

''(5) encourage innovation and experimentation in literacy activities that will enhance the delivery of literacy services and address emerging problems;

''(6) provide technical and policy assistance to State and local governments and service providers to improve literacy policy and programs and access to such programs;

''(7) provide training and technical assistance to literacy instructors in reading instruction and in—

''(A) selecting and making the most effective use of state-of-the-art methodologies, instructional materials, and technologies such as—

''(i) computer assisted instruction;

''(ii) video tapes;

''(iii) interactive systems; and

''(iv) data link systems; or

''(B) assessing learning style, screening for learning disabilities, and providing individualized remedial reading instruction; or

''(8) encourage and facilitate the training of full-time professional adult educators.

''(e) ALTERNATIVE USES OF EQUIPMENT.—Equipment purchases pursuant to this section, when not being used to carry out the provisions of this section, may be used for other instructional purposes if—

''(1) the acquisition of the equipment was reasonable and necessary for the purpose of conducting a properly designed project or activity under this section;

''(2) the equipment is used after regular program hours or on weekends; and

''(3) such other use is—

''(A) incidental to the use of the equipment under this section;

''(B) does not interfere with the use of the equipment under this section; and

''(C) does not add to the cost of using the equipment under this section.

''(f) APPLICATIONS.—Each State or group of States, as appropriate, that desires to receive a grant under this section for a regional adult literacy resource center, a State adult literacy resource center, or both, shall submit to the Federal Partnership an application that describes how the State or group of States will—

''(1) develop a literacy resource center or expand an existing literacy resource center;

''(2) provide services and activities with the assistance provided under this section;

''(3) assure access to services of the center for the maximum participation of all public

and private programs and organizations providing or seeking to provide basic skills instruction, including local educational agencies, agencies responsible for corrections education, welfare agencies, labor organizations, businesses, volunteer groups, and community-based organizations;

''(4) address the measurable goals for improving literacy levels as set forth in the plan submitted pursuant to section 104 of the Workforce Development Act of 1995; and

''(5) develop procedures for the coordination of literacy activities for statewide and local literacy efforts conducted by public and private organizations, and for enhancing the systems of service delivery.

''(g) PAYMENTS; FEDERAL SHARE.—

''(1) PAYMENTS.—The Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall pay to each State having an application approved pursuant to subsection (f) the Federal share of the cost of the activities described in the application.

''(2) FEDERAL SHARE.—The Federal share—

''(A) for each of the first 2 fiscal years in which the State receives funds under this section shall not exceed 80 percent;

''(B) for each of the third and fourth fiscal years in which the State receives funds under this section shall not exceed 70 percent; and

''(C) for the fifth and each succeeding fiscal year in which the State receives funds under this section shall not exceed 60 percent.

''(3) NON-FEDERAL SHARE.—The non-Federal share of payments under this section may be in cash or in kind, fairly evaluated, including plant, equipment, or services.

''(h) REGIONAL CENTERS.—

''(1) IN GENERAL.—A group of States may enter into an interstate agreement to develop and operate a regional adult literacy resource center for purposes of receiving assistance under this section if the States determine that a regional approach is more appropriate for their situation.

''(2) REQUIREMENTS.—Any State that receives assistance under this section as part of a regional center shall only be required to provide under subsection (g) 50 percent of the funds such State would otherwise be required to provide under such subsection.

''(3) MINIMUM.—In any fiscal year in which the amount a State will receive under this section is less than $100,000, the Federal Partnership may designate the State to receive assistance under this section only as part of a regional center.

''(4) INAPPLICABILITY.—The provisions of paragraph (3) shall not apply to any State that can demonstrate to the Federal Partnership that the total amount of Federal, State, local and private funds expended to carry out the purposes of this section would equal or exceed $100,000.

''(5) SPECIAL RULE.—In any fiscal year in which paragraph (2) applies, the Federal Partnership may allow certain States that receive assistance as part of a regional center to reserve a portion of such assistance for a State adult literacy resource center pursuant to this section.''.

SEC. 243. NATIONAL WORKFORCE LITERACY ASSISTANCE COLLABORATIVE.

Subsection (c) of section 201 of the National Literacy Act of 1991 (20 U.S.C. 1211–1) is repealed.

SEC. 244. FAMILY LITERACY PUBLIC BROADCASTING PROGRAM.

Section 304 of the National Literacy Act of 1991 (20 U.S.C. 1213c note) is repealed.

SEC. 245. MANDATORY LITERACY PROGRAM.

Paragraph (3) of section 601(i) of the National Literacy Act of 1991 (20 U.S.C. 1211–2(i) is amended—

(1) by striking ''1994, and'' and inserting ''1994,''; and

(2) by inserting '', and such sums as may be necessary for each of the fiscal years 1996, 1997, 1998, 1999, 2000, and 2001'' before the period.

Amend the title so as to read: ''A bill to consolidate Federal employment training, vocational education, and adult education programs and create integrated statewide workforce development systems, and for other purposes.''.

JEFFORDS (AND OTHERS) AMENDMENT NO. 2886

Mr. PELL (for Mr. JEFFORDS, for himself, Mr. PELL, and Mr. LEAHY) proposed an amendment to amendment No. 2885 proposed by Mrs. KASSEBAUM to the bill S. 143, supra, as follows:

On page 77, strike lines 7 through 18, and insert the following:

(4) STATE DETERMINATIONS.—From the amount available to a State educational agency under paragraph (2)(B) for a program year, such agency shall distribute such funds for workforce education activities in such State as follows:

(A) 75 percent of such amount shall be distributed for secondary school vocational education in accordance with section 112, or for postsecondary and adult vocational education in accordance with section 113, or for both; and

(B) 25 percent of such amount shall be distributed for adult education in accordance with section 114.

MOYNIHAN (AND OTHERS) AMENDMENT NO. 2887

Mr. MOYNIHAN (for himself, Mr. WELLSTONE, Mr. KENNEDY, and Mr. ROCKEFELLER) proposed an amendment to amendment No. 2885 proposed by Mrs. KASSEBAUM to the bill S. 143, supra, as follows:

On page 217, beginning on line 14, strike all through line 17.

On page 217, line 18, strike ''(2)'' and insert ''(1)''.

On page 217, line 20, strike ''(3)'' and insert ''(2)''.

On page 217, line 22, strike ''(4)'' and insert ''(3)''.

On page 217, line 24, strike ''(5)'' and insert ''(4)''.

On page 218, line 1, strike ''(6)'' and insert ''(5)''.

On page 220, beginning on line 1, strike all through page 225, line 6.

On page 225, line 7, strike ''(2)'' and insert ''(1)''.

On page 227, line 8, strike ''(3)'' and insert ''(2)''.

On page 232, line 10, strike ''(4)'' and insert ''(3)''.

On page 232, line 15, strike ''(3)'' and insert ''(2)''.

On page 233, line 1, strike ''(3)'' and insert ''(2)''.

On page 233, line 6, strike ''(3)'' and insert ''(2)''.

On page 233, line 17, strike ''(3)'' and insert ''(2)''.

On page 234, line 6, strike ''(5)'' and insert ''(4)''.

On page 242, lines 11 and 12, strike ''(as amended in paragraph (1)(G)(i) is further amended'' and insert ''is amended''.

On page 245, line 15, strike ''(2)'' and insert ''(1)''.

On page 260, line 9, strike ''(6)'' and insert ''(5)''.

GRAMS AMENDMENT NO. 2888

Mr. GRAMS proposed an amendment to amendment No. 2885 proposed by Mrs. KASSEBAUM to the bill S. 143, supra, as follows:

On page 30, between lines 6 and 7, insert the following:

(5) STATE OPTION FOR INTEGRATED PLAN.—Notwithstanding any other provision of this subsection, with the express written agreement of the Governor, the State educational agency, the State postsecondary education agency, and representatives of vocational education and community colleges, of a State, the Governor may develop all parts of the State plan, using procedures that are consistent with the procedures described in subsection (d). Nothing in this section shall be construed to require a Governor who develops an integrated State plan under this paragraph to duplicate any information contained in 1 part of the plan in another part of the plan.

Beginning on page 114, strike line 15 and all that follows through page 115, line 13, and insert the following:

(1) FAILURE TO DEMONSTRATE SUFFICIENT PROGRESS.—

(A) FINDING.—If the Federal Partnership determines, after notice and an opportunity for a hearing, that a State has failed to demonstrate sufficient progress toward reaching the State benchmarks established under section 121(c) for the 3 years covered by a State plan described in section 104, the Federal Partnership shall—

(i) make a finding regarding whether the failure is attributable to the workforce employment activities, or workforce education activities, of the State; and

(ii) provide advice to the Secretary of Labor and the Secretary of Education.

(B) REDUCTIONS.—

(i) FAILURE ATTRIBUTABLE TO BOTH CATEGORIES.—Except as provided in subparagraph (C), if the Federal Partnership finds that the failure referred to in subparagraph (A) is attributable to both categories referred to in subparagraph (A)(i), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may reduce the allotment of the State under section 102 by not more than 10 percent per program year for not more than 3 years.

(ii) FAILURE ATTRIBUTABLE TO ONE CATEGORY.—Unless the Governor of the State has developed an integrated State plan under section 104(b)(5), if the Federal Partnership finds that the failure referred to in subparagraph (A) is attributable to 1 category of activities referred to in subparagraph (A)(i) but not to the remaining category, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may decide to reduce only the portion of the allotment for the category of activities to which the failure is attributable.

(C) COMBINATION AND REDUCTION.—Notwithstanding sections 103 and 111, if the Federal Partnership finds that the Governor of the State has developed an integrated State plan under section 104(b)(5), and the failure referred to in subparagraph (A) is attributable to 1 category of activities referred to in subparagraph (A)(i) but not to the remaining category, the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, in lieu of making a reduction under subparagraph (B), shall—

(i) reduce the portion of the allotment for the category of activities to which the failure is attributable by a percentage determined by the Secretaries, but not to exceed 5 percent of such portion, for a period determined by the Secretaries;

(ii) require the State to combine, for such period—

(I) an additional percentage, equal to the percentage determined under clause (i), of the funds made available through such portion; and

(II) the funds made available to the State under this subtitle for the remaining category; and

(iii) require the State to expend the combined funds in accordance with the strategic plan of the State referred to in section 104(b)(2) to carry out the remaining category of activities.

(D) CONSTRUCTION.—Notwithstanding any other provision of this title, funds referred to in subparagraph (C)(ii)(I) that are combined under subparagraph (C) shall be considered—

(i) to be made available under section 103(a)(1) if the combined funds are required to be expended for workforce employment activities; and

(ii) to be made available under section 103(a)(2) if the combined funds are required to be expended for workforce education activities.

GLENN AMENDMENT NO. 2889

Mr. GLENN proposed an amendment to the amendment No. 2885 proposed by Mrs. KASSEBAUM to the bill S. 143, supra as follows:

On page 11, strike lines 4 through 10 and insert the following:

(9) DISPLACED HOMEMAKER.—The term ''displaced homemaker'' means an individual who—

(A) has been dependent—

(i) on assistance under part A of title IV of the Social Security Act and whose youngest child is not younger than 16; or

(ii) on the income of another family member, but is no longer supported by such income; and

(B) is unemployed or underemployed, and is experiencing difficulty in obtaining or upgrading employment.

On page 50, line 9, strike ''and''.

On page 50, line 12, strike the period and insert ''; and''.

On page 50, between lines 12 and 13, insert the following:

(P) preemployment training for displaced homemakers.

On page 54, between lines 10 and 11, insert the following:

(6) providing programs for single parents, displaced homemakers, and single pregnant women;

On page 54, line 11, strike ''(6)'' and insert ''(7)''.

On page 54, line 13, strike ''(7)'' and insert ''(8)''.

On page 108, line 15, strike ''and''.

On page 108, line 16, strike the period and insert ''; and''.

On page 108, between lines 16 and 17, insert the following:

(F) displaced homemakers.

BREAUX (AND OTHERS) AMENDMENT NO. 2890

Mr. BREAUX (for himself, Mr. DASCHLE, Mr. KENNEDY, and Mr. PELL) proposed an amendment to the amendment No. 2885 proposed by Mrs. KASSEBAUM to the bill S. 143, supra, as follows:

On page 51, line 6, strike ''deliver'' and insert ''deliver, to persons age 18 or older who are unable to obtain Pell Grants under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.),''.

On page 53, between lines 12 and 13, insert the following:

(D) INFORMATION.—A State that determines that a need exists to train persons age 18 or older through activities authorized under paragraph (6) shall indicate in the State plan described in section 104 for the State, or the annual report described in section 121(a) for the State, the extent, if any, to which the State will use the authority of this paragraph to deliver some or all of such activities through a system of vouchers, including indicating the information and timeframes required under subparagraph (C).

On page 104, line 2, strike ''or''.

On page 104, line 7, strike the period and insert: ''; or''.

On page 104, between lines 7 and 8, insert the following:

(3) beginning with program year 2000, in the case of a State that elects to offer activities for persons age 18 or older under section 106(a)(6), the State uses the authority of section 106(a)(9) to deliver some or all of such activities through a system of vouchers.

On page 114, line 3, strike ''or''.

On page 114, line 9, strike the period and insert ''; or''.

On page 114, between lines 9 and 10, insert the following:

(C) in the case of a State that elects to offer activities for persons age 18 or older under section 106(a)(6), uses the authority of section 106(a)(9) to deliver some or all of such activities through a system of vouchers.

DODD (AND PELL) AMENDMENT NO. 2891

Mr. DODD (for himself and Mr. PELL) proposed an amendment to amendment No. 2885 proposed by Mrs. KASSEBAUM to the bill S. 143, supra, as follows:

On page 7, line 19, strike ''186(c)'' and insert ''187(c)''.

On page 74, between lines 7 and 8, insert the following:

SEC. 108. MIGRANT OR SEASONAL FARMWORKER PROGRAM.

(a) GENERAL AUTHORITY.—Using funds made available under section 124(b)(3), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, shall make grants to, or enter into contracts with, entities to carry out the activities described in subsection (d).

(b) ELIGIBLE ENTITIES.—To be eligible to receive a grant or enter into a contract under this section, an entity shall have an understanding of the problems of migrant or seasonal farmworkers, a familiarity with the area to be served, and a previously demonstrated capacity to administer effectively a diversified program of workforce development activities for migrant or seasonal farmworkers.

(c) PROGRAM PLAN.—

(1) IN GENERAL.—To be eligible to receive a grant or enter into a contract under this section, an entity described in subsection (b) shall submit to the Federal Partnership a plan that describes a 3-year strategy for meeting the needs of migrant or seasonal farmworkers in the area to be served by such entity.

(2) CONTENTS.—Such plan shall—

(A) identify the education and employment needs of the population to be served and the manner in which the services to be provided will strengthen the ability of the individuals served to obtain or be retained in unsubsidized employment;

(B) describe the services to be provided and the manner in which such services are to be integrated with other appropriate services; and

(C) describe the goals and benchmarks to be used to assess the performance of such entity in carrying out the activities assisted under this section.

(d) AUTHORIZED ACTIVITIES.—Funds made available under this section shall be used to carry out comprehensive workforce development activities, and related services, for migrant or seasonal farmworkers.

(e) CONSULTATION WITH STATE AND LOCAL PARTNERSHIPS AND BOARDS.—In making grants and entering into contracts under this section, the Federal Partnership shall consult with the Governors (or, where established, the State workforce development boards described in section 105) and with local partnerships (or, where established, the local workforce development boards described in section 118(b)).

On page 74, line 8, strike ''**108.**'' and insert ''**109.**''.

On page 74, line 10, strike ''124(b)(3)'' and insert ''124(b)(4)''.

On page 117, line 7, strike ''92.7'' and insert ''90.75''.

On page 117, strike lines 11 through 15 and insert the following:

(3) 1.25 percent shall be reserved for carrying out section 108;

(4) 0.2 percent shall be reserved for carrying out section 109;

(5) 5.0 percent shall be reserved for making incentive grants under section 122(a), for making national discretionary grants under section 184, and for the administration of this title;

On page 117, line 16, strike ''(5)'' and insert ''(6)''.

On page 117, line 18, strike ''(6)'' and insert ''(7)''.

On page 117, line 19, strike ''184 and 185'' and insert ''185 and 186''.

On page 162, line 17, strike ''186(c)'' and insert ''187(c)''.

On page 163, line 4, strike ''108, and 173'' and insert ''108, 109, 173, and 184''.

On page 163, line 6, strike ''108, 122(a), 161, and 184'' and insert ''108, 109, 122(a), 161, 184, and 185''.

On page 163, lines 12 and 13, strike ''186(c) and 187(b)'' and insert ''187(c) and 188(b)''.

On page 166, line 22, strike ''186(c)'' and insert ''187(c)''.

On page 183, between lines 8 and 9, insert the following:

SEC. 184. NATIONAL DISCRETIONARY GRANTS.

(a) NATIONAL GRANTS.—Using funds made available under section 124(b)(5), the Secretary of Labor and the Secretary of Education, acting jointly on the advice of the Federal Partnership, may in a timely manner award a national grant—

(1) to an eligible entity described in subsection (b) to carry out the activities described in such subsection; and

(2) at the request of an officer described in subsection (c), to such an officer to carry out the activities described in such subsection.

(b) RAPID RESPONSE GRANTS.—

(1) IN GENERAL.—

(A) MAJOR ECONOMIC DISLOCATION.—Funds made available under this section to an eligible entity described in this subsection may be used to provide adjustment assistance to workers affected by a major economic dislocation that results from a closure, layoff, or realignment described in section 3(8)(B).

(B) EMERGENCY DETERMINATION.—Such funds may also be used to provide adjustment assistance to dislocated workers whenever the Federal Partnership (with the agreement of the Governor involved) determines that an emergency exists with respect to any particular distressed industry or any particularly distressed area. The Federal Partnership may make arrangements for the immediate provision of such emergency financial assistance for the purposes of this subsection with any necessary supportive documentation to be submitted on a date agreed to by the Governor and the Federal Partnership.

(2) ELIGIBLE ENTITIES.—To be eligible to receive a grant under this section for activities described in this subsection, an eligible entity shall be a State or local entity.

(3) APPLICATION.—To be eligible to receive a grant under this section for activities described in this subsection, an eligible entity shall submit an application to the Federal Partnership at such time, in such manner, and containing such information as the Federal Partnership determines to be appropriate.

(c) DISASTER RELIEF EMPLOYMENT ASSISTANCE.—

(1) IN GENERAL.—Funds made available under this section to officers described in this subsection shall be used solely to provide individuals in a disaster area with employment in projects to provide clothing, shelter, and other humanitarian assistance for disaster victims and in projects regarding the demolition, cleanup, repair, renovation, and reconstruction of damaged and destroyed structures, facilities, and lands located within the disaster area.

(2) OFFICERS.—To be eligible to receive a grant under this section for activities described in this subsection, an officer shall be a chief executive officer of a State within which is located an area that has suffered an emergency or a major disaster as defined in paragraph (1) or (2), respectively, of section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122(1) and (2)) (referred to in this section as a ''disaster area'').

On page 183, line 9, strike ''**184.**'' and insert ''**185.**''.

On page 183, line 12, strike ''124(b)(6)'' and insert ''124(b)(7)''.

On page 188, line 4, strike ''**185.**'' and insert ''**186.**''

On page 192, line 1, strike ''**186.**'' and insert ''**187.**''.

On page 204, line 9, strike ''**187.**'' and insert ''**188.**''

On page 207, line 16, strike ''186'' and insert ''187''.

On page 207, line 21, strike ''186'' and insert ''187''.

On page 207, line 24, strike ''186'' and insert ''187''.

On page 208, line 2, strike ''186'' and insert ''187''.

On page 208, line 6, strike ''186'' and insert ''187''.

On page 208, line 17, strike ''186'' and insert ''187''.

On page 211, line 17, strike ''**188.**'' and insert ''**189.**''.

On page 216, line 10, strike ''187'' and insert ''188''.

On page 293, line 9, strike ''186(c)'' and insert ''187(c)''.

On page 307, line 25, strike ''124(b)(6)'' and insert ''124(b)(7)''.

CRAIG AMENDMENT NO. 2892

Mr. CRAIG proposed an amendment to amendment No. 2885 proposed by Mrs. KASSEBAUM to the bill S. 143, supra; as follows:

On page 105, strike lines 4 through 14 and insert the following:

(1) IN GENERAL.—Each State that receives an allotment under section 102 shall annually prepare and submit to the Federal Partnership, a report that states how the State is performing on State benchmarks, and the status and results of any State evaluations specified in subsection (f), that relate to workforce development activities (and workforce preparation activities for at-risk youth) carried out through the statewide system of the State. In preparing the report, the State may include information on such additional benchmarks as the State may establish to meet the State goals.

On page 113, between line 15 and 16, insert the following:

(f) EVALUATION OF STATE PROGRAMS.—

(1) IN GENERAL.—Each State that receives an allotment under section 102 shall conduct ongoing evaluations of workforce employment activities, flexible workforce activities, and activities provided through Job Corps centers, carried out in the State under this title.

(2) METHODS.—The State shall—

(A) conduct such evaluations through controlled experiments using experimental and control groups chosen by random assignment;

(B) in conducting the evaluations, determine, at a minimum, whether job training and job placement services provided through the activities described in paragraph (1) effectively raise the hourly wage rates of individuals receiving the services through such activities; and

(C) conduct at least 1 such evaluation at any given time during any period in which the State is receiving funding under this title for such activities.

ASHCROFT AMENDMENT NO. 2893

Mr. ASHCROFT proposed an amendment to amendment No. 2885 proposed by Mrs. KASSEBAUM to the bill S. 143, supra; as follows:

On page 65, between lines 23 and 24, add the following subsection:

(i) LIMITATIONS ON PARTICIPANTS.—

(1) FINDING.—Congress finds that—

(A) the possession, distribution, and use of drugs by participants in workforce employment activities should not be tolerated, and that such use prevents participants from making full use of the benefits extended through such activities at the expense of taxpayers; and

(B) applicants and participants should be tested for illegal drug use, in order to maximize the training and assistance provided under this Act.

(2) DRUG TESTS.—Each local entity carrying out workforce employment activities described in subparagraph (A), (B), (C), (D), (E), (G), (H), (J), or (K) of subsection (a)(6) shall administer a drug test—

(A) on a random basis, to individuals who apply to participate in such activities; and

(B) to a participant in such activities, on reasonable suspicion of drug use by the participant.

(3) ELIGIBILITY OF APPLICANTS.—In order for such an applicant to be eligible to participate in workforce employment activities, the applicant shall agree to submit to a drug test administered as described in paragraph (2) and, if the test is administered to the applicant, shall pass the test.

(4) ELIGIBILITY OF PARTICIPANTS.—In order for such a participant to be eligible to participate in workforce employment activities described in subparagraph (A), (B), (C), (D), (E), (G), (H), (J), or (K) of subsection (a)(6), the individual shall agree to submit to a drug test administered as described in paragraph (2) and, if the test is administered to the participant, shall pass the test. If a participant refuses to submit to the drug test, or fails the drug test, the local entity shall dismiss the participant from participation in the activities.

(5) REAPPLICATION.—

(A) IN GENERAL.—Except as provided in subparagraph (B), an individual who is an applicant and is disqualified from eligibility under paragraph (3), or who is a participant and is dismissed under paragraph (4), may reapply, not earlier than 6 months after the date of the disqualification or dismissal, to participate in the workforce employment activities described in subparagraph (A), (B), (C), (D), (E), (G), (H), (J), or (K) of subsection (a)(6). If the individual demonstrates that the individual has completed a drug treatment program and passed a drug test within the past 30 days, the individual may participate in such activities, under the same terms and conditions as apply to other applicants and participants, including submission to drug tests administered as described in paragraph (2).

(B) SECOND DISQUALIFICATION OR DISMISSAL.—If the individual reapplies to participate in the activities and fails a drug test administered under paragraph (2) by the local entity, while the individual is an applicant or a participant, the local entity shall disqualify the individual from eligibility for, or dismiss the individual from participation in, the workforce employment activities. The individual shall not be eligible to reapply for participation in the activities for 2 years after such disqualification or dismissal.

(6) APPEAL.—A decision by a local entity to disqualify an individual from eligibility for participation in workforce employment activities under paragraph (3) or (5), or to dismiss a participant as described in paragraph (4) or (5), shall be subject to expeditious appeal in accordance with procedures established by the State in which the local entity is located.

(7) DEFINITIONS.—As used in this section:

(A) DRUG.—The term ''drug'' means a controlled substance, as defined in section 102(6) of the Controlled Substance Act (21 U.S.C. 802(6)).

(B) DRUG TEST.—The term ''drug test'' means a biochemical drug test carried out by a facility that is approved by the local entity administering the test.

NOTICES OF HEARINGS

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

Mr. THOMAS. Mr. President, I would like to announce for the information of the Senate and the public that an oversight hearing has been scheduled before the Subcommittee on Oversight and Investigations, Energy and Natural Resources Committee, to examine the role of the Council on Environmental Quality in the decisionmaking and management processes of agencies under the committee's jurisdiction—Department of the Interior, Department of Energy, and the U.S. Forest Service.

The hearing will take place Friday, October 13, 1995, at 10 a.m., in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

Those wishing to testify or who wish to submit written statements should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510. For further information, please call Kelly Johnson or Jo Meuse at (202) 224–6730.

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

SUBCOMMITTEE ON PARKS, HISTORIC PRESERVATION, AND RECREATION

Mr. CAMPBELL. Mr. President, I would like to announce an addition to the hearing scheduled before the Subcommittee on Parks, Historic Preservation, and Recreation of the Committee on Energy and Natural Resources

on Thursday, October 26, 1995, at 2 p.m., in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

In addition to the other measures noted in the original hearing notice on September 29, 1995, the Subcommittee on Parks, Historic Preservation, and Recreation of the Committee on Energy and Natural Resources will also receive testimony on H.R. 562, a bill to modify the boundaries of Walnut Canyon National Monument in the State of Arizona.

For further information, please contact Jim O'Toole of the committee staff at (202) 224–5161.

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

ADDITIONAL STATEMENTS

1995 ELLIS ISLAND MEDALS OF HONOR RECIPIENTS

● Mr. PRESSLER. Mr. President, as the former honorary chairman of Ethnic American Day, I have the distinct privilege of entering into the RECORD the names of the individuals who have been awarded the National Ethnic Coalition of Organizations [NECO] 1995 Ellis Island Medal of Honor.

NECO's distinguished board chairman is Mr. William Denis Fugazy. NECO, founded in 1984, is the only organization in the United States of America that celebrates the ethnic diversity of the American population. NECO also serves as a watchdog for ethnic, racial, and religious injustice, and has been a constant voice and vigorous advocate for ethnic unity and pride in America. One of its programs is the Ellis Island Medals of Honor.

Each year since 1986, NECO has recognized America's ethnic diversity by honoring the achievements and contributions of ethnic Americans in all professions, including government, entertainment, business and industry, sports, health care, and communications. NECO's Ellis Island Medals of Honor embody the true spirit of what makes the United States unique among the world's nations.

Many of our country's ethnic groups have no direct connection to Ellis Island. However, NECO rightly views Ellis Island as a landmark and symbol of the shared experiences of all immigrant groups that have landed on our soil. Most have come to our shores because they were the targets of ethnic, racial, and religious hatred, discrimination, stereotyping, and prejudice. Many continued to experience this intolerance in America itself.

NECO strives to eliminate this hatred. Through the Ellis Island Medals of Honor, NECO celebrates ethnic diversity and the great contributions of immigrants to the American experience. Whether they have entered past Lady Liberty in New York Harbor, John F. Kennedy International Airport, or through San Francisco Bay; whether they are Native Americans, African-Americans, Asian-Americans, or others who have not entered this country through Ellis Island; NECO's Ellis Island Medals of Honor embrace all ethnic Americans who call this great country home.

Mr. President, I am pleased to ask to have printed in the RECORD the National Ethnic Coalition of Organizations 1995 Ellis Island Medals of Honor recipients. I extend my congratulations to this very distinguished group of Americans.

The list follows:

1995 ELLIS ISLAND MEDALS OF HONOR RECIPIENTS

Dr. Mihran S. Agbabian; Mr. Raul Alarcon, Jr.; Hon. Madeleine Korbel Albright; Mr. George E. Altomare; Mr. Richard T. Anderson; Mr. Marion H. Antonini; Mr. Carlos J. Arboleya; Mr. Robert T. Aspromonte; Mr. Ronald G. Assaf; Mr. Frank Assumma; Mr. William L. Ayers, Jr.; Mr. Alan L. Bain; Dr. Gwendolyn Calvert Baker; Mr. Stephen Bartolin, Jr.; Ms. Barbara W. Bell; and Mr. Geza T. Bodnar.

Ms. Helen F. Boehm; Mr. Edgar Bronfman, Jr.; Hon. Joseph L. Bruno; Ms. Donna Grucci Butler; Stanley Q. Casey; Hon. Bernadette Castro; Mr. Leon H. Charney; Mr. Muzaffar A. Chishti; Mr. Philip Christopher; Mr. Richard J. Ciecka; Mr. Anthony J. Colavita, Esq.; Hon. Clay Constantinou; Rev. John J. Cremins, Ph.D.; Sr. Camille D'Arienzo; Mr. Vic Damone; Ms. Donna de Varona; Mr. Papken S. Der Torossian; and Brig. Gen. Robert C.G. Disney.

Ms. Kathleen A. Donovan; Mr. Robert B. Engel; Dr. Anthony S. Fauci, MD; Mr. Arthur V. Ferrara; Dr. George S. Ferzli, M.D., F.A.C.S.; Mr. Arnold L. Fisher; Mr. George P. Gabriel; Hon. Charles A. Gargano; Mr. Arie Genger; Ms. Kathie Lee Gifford; Mr. David Giladi; Ms. Bozenna Urbanowicz Gilbride; Mr. James F. Gill; Mr. Sandy Ginsberg; and Mr. Michael Goodwin.

Mr. Per Hellman; Hon. Alan G. Hevesi; Mr. Lou Holtz; Mr. Charles Hughes; Mr. Eric A. Hultgren; Ms. Carol Iovanna; Ms. Ann Iverson; Ms. Anne Jackson; Mr. Nasser J. Kazeminy; Mr. Denis P. Kelleher; Rev. Nam Soo Kim; Dr. Sang Jin Kim, Ph.D.; Dr. George J. Korkos, M.D.; Mr. Tommy Lasorda; Hon. Patrick J. Leahy; Mr. Moon Sung Lee; Mr. Antoine Lutfy; Mr. Edward J. Malloy; Chief Wilma Mankiller; and Hon. John M. Manos.

Ms. Annie B. Martin; Mr. Peter Max; Mr. Armando Mei; Mr. Joseph J. Melone; Mr. Sreedhar Menon; Hon. John L. Mica; Mr. Roderick B. Mitchell; Hon. Susan Molinari; Mr. Robert E. Mulcahy, III; Mr. Edward R. Muller; Rev. Msgr. James J. Murray; Mr. Nazar L. Nazarian; Mr. Wayne K. Nelson; Mr. John J. O'Connor; Mr. Charles J. Ogletree, Jr.; Mr. Andrew Ho-Taik Ohm; Ms. Athena Georgakakos Onorato; Hon. Leon E. Panetta; and Mr. Charles D. Peebler, Jr.

Mr. Harry Mark Petrakis; Ms. Carroll Petrie; Hon. Nicholas H. Politan; Mr. Oscar M. Porcelli; Ms. Sally Jessy Raphael; Dr. Antanas Razma; Hon. Ann Richards; Mr. Peter Evans Ricker; Mr. Leonard Riggio; Lady Blanka A. Rosenstiel; Mr. Wilbur L. Ross, Jr.; Mr. Arthur F. Ryan; Hon. Paul S. Sarbanes; Mr. Albert Shanker; and Ms. Louise Manoogian Simon.

Mr. Martin Singerman; Mr. Robert H. Siskin; Dr. David B. Skinner, M.D.; Mr. Michael P. Smith; Mr. Frank D. Stella; Mr. Sigmund Strochlitz; Mr. John J. Sweeney; Mr. John W. Teets; Sr. M. Martina Tybor, SS.C.M.; Mr. Bobby Vinton; Mr. Richard A. Voell; Mr. Emil Wagner; Mr. Eli Wallach; Mr. Dan K. Wassong; Mr. Gerald L. Wen; Ms. Mary Alice Williams; Mr. James Witham; Mr. Woodrow W. Woody; Hon. C.W. Bill Young.●

TRIBUTE TO LIZ McLAUGHLIN

● Mrs. MURRAY. Mr. President, I would like to pay tribute to a politician whose record refutes every negative interpretation of that word and whose life personifies the true meaning of the words ''public service.'' In Everett, WA, Liz McLaughlin—affectionately known as Ms. Liz—has announced she will retire this year after nearly a decade on the Snohomish County Council and a lifetime of citizen activism—although the latter will no doubt continue.

Liz was appointed to the Snohomish County Council in 1986, and it is no surprise that in her first special election and two subsequent reelections to this office, she never had a challenger. She was unbeatable because citizens knew and trusted her.

Liz started to meet community needs many years ago by working in the Family Life Program at Everett Community College, showing early promise of her future accomplishments and leadership in children's and family issues. In 1979 she went to work for Congressman Al Swift where, as the full-time representative of the Congressman, she worked closely with people and federal agencies, as well as local and government projects which affected the whole community. And the people who met Liz throughout those years attest to the fact that beyond her official and professional duties there was always the warm, personal, and caring quality that made her a true public servant.

After election to the county council, Liz focused on legislation which would affect families' and children's lives. She is proudest of her work in human services and was instrumental in establishing innovative programs like Dispute Resolution Centers; Family Support Centers; the Public Housing Trust Fund, which sets aside city and county funds for low-income seniors and people with special needs; and the North Sound Regional Support Network, a five-county association bringing mental health dollars to the local community to keep consumers close to their families. Legislation she authored was passed state-wide to provide a permanent funding source for family and dispute resolution centers.

As might be expected, she chairs the county council's health and human services committee, and also serves on the public works utilities committee. She is vice president of the Washington State Association of Counties Western Region, serves on the WSAC legislative steering committee, the Snohomish County Housing Trust Fund Advisory Board, the Board of Health, and the National Association of Counties Education and Labor Committee.

In addition to her council boards, she has served as board president for Everett Community College Foundation. Board member for Providence General Medical Center, and co-chair of the Human Services Council Partnership Forum. She has served as a director or

member of numerous social service organizations and committees.

The daughter of Swedish immigrants, Liz was born and raised in Monroe, WA, and has lived in Everett for 45 years. Liz and her husband, Don, who is retired from Weyerhauser, have two grown sons and two grandchildren. Liz's announcement of retirement was met with expressions of regret and loss from her colleagues and constituents, but they understand that she deserves more private time with her own family and, I am sure, some new challenges.

I believe Liz chose politics as a way to accomplish community good on a larger scale than was possible as a lone caring individual. A strong believer in the two party system, she has long been active in her own Democratic Party, but always respected and was respected by her friends in the Republican Party. She did not lose her civility nor her sensitivity to other points of view. And she never forgot her personal responsibility to her constituents. A fellow councilwoman, Karen Miller, says: ''She always looked at how what we did would affect people in their day-to-day living.''

Ms. Liz, I salute you. In these days of intense cynicism about politics and politicians, your career stands out as a shining example of what a politician can accomplish and can be. You provide a model, in your motivation and in your performance, for all who seek to be entrusted with the public trust.●

ZEBRA MUSSELS AND SEA LAMPREY

● Mr. ABRAHAM, Mr. President, I would like to take this time to express my appreciation to the managers of the Commerce, Justice, State appropriations bill for their support and acceptance of an amendment which would provide funding for research on nonindigenous species in the Great Lakes—zebra mussels and sea lamprey.

While zebra mussels may sound harmless, they have caused health hazards as well as economic and environmental devastation in the Great Lakes region. For example, zebra mussels are largely responsible for increasing the bacteria levels on beaches surrounding Lake St. Clair. Because the zebra mussels consume particles in the lakes, sunlight is able to shine through the clear water. This increased sunlight reaches the aquatic plants on the lake floor causing them to grow more rapidly and prolifically than they would without the aid of zebra mussels. While this may not sound problematic, these plants then trap bacteria which cause health hazards to swimmers. The Lake St. Clair beaches have been forced to close due to the unhealthy levels of e-coli bacteria in the water.

In addition, while each zebra mussel is not much larger than a fingernail, they can cause multimillion-dollar problems to energy systems in the Great Lakes. These tiny animals attach to water intake valves needed to generate power for our communities. They attach to each other and create a reef-like barrier in these important intake valves. Clearing the zebra mussels out of these valves is a multimillion-dollar task.

I comment the Great Lakes Environmental Research Lab for their work on eradicating the zebra mussel population and again I thank the managers for their support of GLERL's work.

I also appreciate the managers' support for additional funding for the Great Lakes Fishery Commission. This commission is the only organization conducting research on reducing the sea lamprey population in the Great Lakes. The commercial fishery in the Great Lakes was all but eliminated in the early 1950's largely due to the impact of the invading sea lamprey. The Great Lakes Fishery Commission's work so far has helped the fishery rebound to a current economic value in excess of $4 million annually.

Because of the explosion in the sea lamprey population, Canada intends to increase their contribution to the Great Lakes Fisheries Commission. By treaty, however, the United States must provide 69 percent of the funding for the Great Lakes Fisheries Commission. Therefore, we must increase our contribution in order to leverage additional Canadian funding. I am pleased that the Canadians are working with us on this problem and am confident that the funds spent on sea lamprey research will be beneficial on a national as well as an international level.●

WE MUST SAVE MEDICARE—BUT WE MUST DO IT RESPONSIBLY

● Mr. DORGAN. Mr. President, if there is one thing that everyone seems to agree on in the debate over Medicare, it is that the future of the program must be guaranteed. Thanks to Medicare, 99 percent of older Americans now have health care coverage. It would be a tragedy for this program to become insolvent, and I am prepared to vote for the changes necessary to preserve it, just as I have done in the past.

Where I differ with some congressional leaders, however, is over how much projected Medicare spending must be cut in order to save the program. The 7-year budget plan, which passed the Congress in June over my objections, cuts projected Medicare spending by a whopping $270 billion. This same budget plan also cuts projected Medicaid spending by $182 billion while providing $245 billion in new tax breaks.

I believe it is wrong to be making an unprecedented level of cuts to Medicare, Medicaid, and education while granting tax relief largely to taxpayers making over $100,000 per year and to large corporations that take advantage of tax loopholes.

MEDICARE SOLVENCY

And according to Medicare experts, the amount needed to save the Trust Fund is $89 billion, not the $270 billion the budget would cut. Clearly, the vast majority of the Medicare cuts—$181 billion—have nothing to do with keeping Medicare solvent. The reason this budget cuts Medicare three times more than is necessary to save the Trust Fund is to pay for the one big cost item in the budget: new tax breaks.

THE PLAN PROPOSED BY SENATE REPUBLICAN LEADERS

Under the plan passed by the Senate Finance Committee, premiums for Medicare part B, which pays for physician services, would double and could exceed $100 per month in the year 2002. This premium would be deducted monthly from seniors' Social Security checks. On top of that, the part B deductible would also increase from $100 to $220.

Beneficiaries would also be given three options for receiving care: First, seniors could choose to remain in the traditional, fee-for-service plan; second, beneficiaries could choose to move into private managed care plans, like health maintenance organizations [HMO's]; or third, seniors could set up medical savings accounts [MSA's] to pay for their health care expenses. I believe Medicare should be expanded to give seniors more choices for coverage, but the same basic level and quality of care now available to beneficiaries must be assured. I would also oppose a proposal that would force seniors into health plans which restrict their choice of doctor.

The wealthiest seniors—individuals with incomes over $75,000 and couples making more than $150,000—would be asked to pay more for their Medicare by reducing the part B premium subsidy they receive. I support this proposal as a part of an overall effort to control the rate of growth of Medicare spending.

The Senate proposal would also increase the eligibility age for Medicare from 65 to 67 between the years 2003 and 2027. This would mean that people born since 1938 would have to wait longer for Medicare.

Finally, the majority of savings would come through reducing payments to hospitals, physicians, and other health care professionals who provide Medicare services.

IMPACT ON SENIORS

So what will these cuts mean to Medicare beneficiaries? I think the impact could be quite serious. Medicare premiums and deductibles will increase for North Dakota's 103,000 senior citizens, and quality and availability of care for all North Dakotans will be threatened.

I am concerned that the premium and deductible increases could make Medicare coverage unaffordable for some seniors. Most older Americans have very modest incomes; 75 percent of seniors on Medicare live on less than $25,000 a year. And in North Dakota, older Americans get by on even less: 70 percent of our State's seniors have incomes of under $15,000.

Already seniors spend 21 percent of their income on health care costs. In 1994, the average older American spent $2,500 for health care costs not covered by Medicare. Those over 75 pay even more, and these numbers don't even include the cost of long-term nursing home care, which averages nearly $40,000 per year.

The portion of the cuts which do not fall on beneficiaries directly will be borne by the doctors, hospitals, and other health care providers who deliver Medicare services. Because of this, I am concerned that the proposed level of cuts could create a quality gap between Medicare and the rest of the health system.

In effect, these cuts could create a second class health care system for the elderly on Medicare. Even now, Medicare reimburses health care providers at only 68 percent of the amount health providers get from private payors.

Another serious consequence of this budget plan on seniors is the substantial, $182 billion cut in projected spending on Medicaid. On top of new Medicare costs, Medicaid cuts could force hundreds of thousands of middle class seniors and their families to assume the burden of nursing home costs as well.

IMPACT ON HEALTH CARE SYSTEM

Cuts of this magnitude could have devastating consequences for our health care system, particularly in rural areas.

These cuts would take $537 million out of North Dakota over the next 7 years. That's $5,213 per Medicare beneficiary in North Dakota.

According to the North Dakota Hospital Association, as many as 12 to 20 rural hospitals in North Dakota are in danger of being shut down by these cuts. Rural hospitals rely heavily on Medicare patients, and many are already in very precarious financial condition. Other rural health care providers are similarly dependent on Medicare patients for their livelihood. These cuts will make access to health care even more of a problem for all North Dakotans living in those areas.

Teaching hospitals are also in jeopardy. We need teaching hospitals to educate our health care professionals and to conduct invaluable medical research which saves lives.

Another concern I have is that cuts of this magnitude cannot be absorbed within the Medicare system alone and that health care providers will have no choice but to shift their uncompensated costs onto their other patients in the form of higher fees. This means higher medical bills and higher health insurance costs for the rest of the population.

MEDICARE COST GROWTH

Are Medicare costs growing too fast? Do Medicare costs need to be brought under control? Yes, absolutely.

Medicare Program costs are growing at a little over 10 percent per year. But roughly one-half of this growth is caused by the increasing number of seniors in our country who become eligible for Medicare each month and the increased utilization of health care services that results from people living longer.

This year, 37 million Americans are covered by the Medicare Program. Every month over 200,000 older Americans enroll in Medicare for the first time. Just within the time frame of this budget, Medicare will cover 3.7 million more people than it does today.

A better measure of Medicare cost growth is to look at per person costs. Currently the cost of health care per person is increasing in Medicare at about the same rate it is increasing in the private sector—roughly 7.6 percent per year. The budget cuts would limit per person Medicare growth to 4.9 percent, while the private sector health care would stay at 7.6 percent.

WHAT SHOULD BE DONE

I believe it is possible to balance the budget and protect Medicare at the same time. But it will take the new leadership in Congress compromising on their tax cuts and being straight about the Medicare Trust Fund. It will also mean that Democrats must acknowledge that the current growth in Medicare spending is not sustainable and must be slowed.

We know that the amount needed to save the trust fund is $89 billion, not the $270 billion cut in the budget plan. This level of savings is achievable without any new increases in costs for beneficiaries and without hurting our world class health care system.

The first thing we must do is crack down on the waste, fraud, and abuse in the Medicare system. The General Accounting Office has found that as much as 10 cents of every dollar spent by Medicare goes to fraud and abuse. I regularly get letters from my constituents in North Dakota describing the wasteful duplication of services and paperwork that occur under Medicare. I have cosponsored legislation to address this problem once and for all.

We must also modernize Medicare so that it has the same management tools as the private sector to control costs. Case management services, for example, can improve the coordination and quality of care for beneficiaries and save money for Medicare at the same time. New computer technology can help prevent Medicare from making duplicative or improper payments. Adopting a single claims form for providers can cut down on paperwork.

I believe Medicare must also place greater emphasis on preventive care. Only a fraction of beneficiaries take advantage of the mammogram and flu shots covered by Medicare. We should improve these benefits and take steps to promote their use.

Removing barriers to practice for qualified non-physician providers will help Medicare save money and also help bring needed caregivers into more of rural North Dakota.

Finally, modest reductions in the rate of growth of Medicare spending—only what's needed to reach $89 billion—will ensure that Medicare remains solvent while protecting benefits so that Medicare remains a program worth saving.

With a little good faith all around, I am hopeful Congress can pass this kind of a plan later this year. It may take a Presidential veto before we get there, but I believe we can provide the fiscal discipline the American people want from the Federal Government without sacrificing the health security that they deserve.●

SECOND MUNICIPAL LEADERS' SUMMIT ON CLIMATE CHANGE

● Mr. GRAHAM. Mr. President, I would like to take this opportunity to congratulate the municipal leaders' communique which was produced at the Second Municipal Leaders Summit on Climate Change. It is important for our Nation to be made aware of the problems and progress in the climate research and air quality fields. I ask that this communique be printed in today's RECORD.

The communique follows:

ARTICLE 1—Local Authorities' Commitments to Climate Protection

1.1 We, the participants at the Second Municipal Leaders' Summit on Climate Change, urge local authorities, especially those in industrialized nations, who have not yet undertaken climate protection activities to:

(a) endeavor to reduce CO_2 emissions by at least 20% from 1990 levels by 2005;

(b) develop a local action plan to reduce urban level emissions of greenhouse gases and protect carbon sinks, which could include protecting and establishing municipal forests, managing urban growth, establishing sustainable transportation modes, reducing the procurement of tropical wood, etc.;

(c) set a target for emissions reduction appropriate to local municipal capacity and circumstances;

(d) undertake to reduce energy use and greenhouse gas emissions in the municipality's own operations, including building, facilities, vehicle fleets, and employee travel;

(e) undertake initiatives to change public attitudes and behavior to reduce energy consumption energy use;

(f) promote the advancement of renewable energy sources: hydro-energy, solar energy, wind energy, geothermal energy, biogas, biomass, as the only sustainable alternative forms of energy, noting that existing nuclear technology is not an appropriate alternative to fossil fuels.

Specific target dates for the above activities will be established by ICLEI's Cities for Climate Protection Campaign.

1.2 We urge local authorities in non-industrialised countries and countries in transition to strive to break the link between economic growth and energy consumption and, instead of imitating the path taken by industrialised nations, to take the wiser course and actively promote and give priority to renewable energy sources such as solar power and to newly emerging energy-efficient technologies. Energy efficiency will also enable the freeing up of financial resources for the economic and social development of these communities in a more sustainable manner.

ARTICLE II—COMMUNICATION TO NATIONAL GOVERNMENTS

2.1 We urge national governments and their utilities to accord local authorities

greater powers, responsibilities and resources to enhance their capacity to reduce local energy use and thus reduce net greenhouse gas emissions.

2.2 We urge national governments to include local participation in the formulation of their national climate action plans and to enable local authorities by providing adequate training and financial resources, for example, by creating a dedicated fund to finance national and municipal climate protection efforts.

2.3 We urge national governments to give priority in their public infrastructure investments to local projects that reduce energy use, save money, improve air quality, create jobs, mitigate poverty, stimulate the local economy, and make communities more liveable.

2.4 We urge national governments to be innovative in their application of regulatory, tax, and other economic instruments to help adjust public and private sector behaviour in order to reduce fossil fuel consumption, protect and restore forests, and encourage the use of renewable energy sources.

ARTICLE III—COMMUNICATION TO THE CONFERENCE OF PARTIES

(A) RECOGNITION OF LOCAL AUTHORITIES AS A DISTINCT SECTOR

3.1 For the critical purposes of implementing the Framework Convention on Climate Change, we urge the Conference of the Parties (COP) to recognise that local authorities around the world are strategic partners with national governments in climate protection by recognising that the municipal sector is distinct from other sectors.

(B) LOCAL AUTHORITY'S INPUT INTO THE SUBSIDIARY BODIES

3.2 We urge the COP to establish consultative processes within the Subsidiary Bodies, pursuant to Articles 9 and 10 of the Framework Convention, which permit and encourage local authorities as a sector to advise the Subsidiary Bodies with respect to scientific and technical matters, as well as to implementation of the Convention.

3.3 We urge the COP to endorse the establishment of a Local Authority Climate Assembly to facilitate municipal advice to the COP on scientific, technical, and implementation matters subject to Articles 9 and 10.

3.4 We urge the COP to include local authority representation on all general advisory committees established to advise the Subsidiary Bodies.

(C) GREENHOUSE GAS REDUCTIONS IN ANNEX 1 PARTIES

3.5 We urge the COP to endorse and implement the ''Draft Protocol to the United Nations Framework Convention on Climate Change on Greenhouse Gas Emission Reduction,'' proposed by Trinidad and Tobago on behalf of the Alliance of Small Island States (AOSIS). Key provisions of the draft protocol propose that Annex 1 Parties shall:

(a) Reduce their 1990 level of anthropogenic emissions of carbon dioxide by at least 20% by the year 2005.

(b) Adopt specific targets and timetables to limit or reduce other greenhouse gases not controlled by the Montreal Protocol, including targets and timetables for methane, nitrous oxides and fluorocarbons.

(c) Stimulate the use of green, renewable sources of energy.

3.6 We urge the COP to give due recognition to local authorities that undertake to reduce their emissions by 20% or more, by endorsing the goals of the Cities for Climate Protection Campaign, which is urging cities to adopt a 20% reduction target as a minimum, and by facilitating appropriate UN-sponsored recognition events and activities.

(D) GREENHOUSE GAS REDUCTIONS IN NON-ANNEX 1 PARTIES

3.7 We urge the COP and other UN agencies to recognise the important role that local authorities in both Annex 1[1] and non-Annex Parties can play in contributing to greenhouse-gas reduction through municipal policy exchanges, technology transfer, and promotion of new technologies.

3.8 We urge the COP and other UN agencies to facilitate this crucial partnership and help build local capacity for reducing greenhouse-gas emissions by ensuring that local authorities in developing countries and countries in transition have access to scientific findings, technology, programs and funding that will be available for the implementation of the goals set out in the Framework Convention on Climate Change—through their respective national governments where appropriate—with the aim of building local capacity in the area of methodologies and policies to reduce greenhouse gas emissions.

Second Municipal Leaders' Summit on Climate Change, Berlin, Germany, 29 March 1995.●

J.P. McCARTHY

● Mr. ABRAHAM. Mr. President, on August 16, Michigan, and America, lost a friend and companion from their airwaves. J.P. McCarthy, whose gentle questions and quiet concerns made the radio sparkle for millions of listeners in Detroit and surrounding communities, passed away from pneumonia brought on by a rare blood disease.

J.P. McCarthy interviewed Governors, legislators, businessmen, and even cardinals over the years, and became friends with almost all of them. He asked probing questions with a sincerity and a keen sense of civility that produced straight answers and more than a little enlightenment. He made our lives richer through his work.

And his work was not done merely on the radio. J.P. generously gave of his time and effort for numerous charities in and around his hometown. Many was the time when he would stay up late at a fundraiser, knowing full well that he would have to get up before 5 a.m. the next morning so that he could be on the air.

But, full as has schedule was, J.P. never neglected his family. After work he would return home for lunch with his wife, Judy, even when he could have been hob-knobbing with the rich and famous. That was the kind of man he was: devoted to family and friends, always certain of where his priorities should lay.

Cardinal Adam Maida, the archbishop of Detroit, told those of us at J.P.'s funeral that perhaps the strongest influence on his friend's life was his faith. After his last meeting with J.P., Cardinal Maida in his own words ''knew he was a man who was at peace with God.''

May all who knew and loved J.P. McCarthy be consoled by the knowledge that he is at peace with God, and may we remember the warmth and enlightenment this kind and giving man provided us all.●

THIS IS V–J DAY

● Mr. INOUYE. Mr. President, over the last 4 years, much has already been said and done to pay tribute to our Nation's veterans of World War II. However, because this tribute is so special, I come forward today to bring to the attention of this body the late Judge Maurice Sapienza's poem, ''This is V–J Day.''

The late Judge Sapienza was born on October 10, 1915, and died on April 6, 1991. A graduate of Harvard College and Harvard Law School, Judge Sapienza was not only a distinguished legal scholar, but a noted poet who edited several anthologies of verse. Judge Sapienza composed ''This is V–J Day'' in 1945, and dedicated it to the memory of President Franklin D. Roosevelt. It was read over the radio on September 2, 1945, and subsequently published.

As we come to the end of the period of commemorating the 50th anniversary of World War II, I think it is very appropriate for this body to contemplate Judge Sapienza's moving words. Therefore, I ask that Judge Sapienza's poem be printed in the RECORD.

The poem follows:

THIS IS V–J DAY

(By Maurice Sapienza)

LISTEN:
This is the voice of your country:
I am the United States of America.
From my infancy up to this great, victorious day,
I have been proud of my officers and men.
They have trained my strength,
They have guided my way to Victory again
And forced the Rising Sun to set.
Now never again shall I forced to rout
This treacherous enemy.

Look, do you see my ships?
Listen, do you hear my guns?
Let the world see and hear me.
I have a story to tell.

Do you remember December, 1941?
Do you remember Pearl Harbor?
Let us go back to December 6, 1941.
Almost all my ships were there
In Pearl Harbor.
They were snugly anchored
Beam to beam, stern to bow,
Proud, strong, and safe.

Safe? Yes, the Pacific was a safe sea.
There was no threat to meet.
That afternoon, my chiefs
Were somewhere. Someone said
One was playing golf.
I am not sure.
Someone said one was given a note
To alert me from attack.
But he must have known
There was no danger
For he let me slumber in my anchorage.

My men had confidence in me.
They went to parties that night.
They had a good time.
Many hosts

[1] Australia, Austria, Belarus, Belgium, Bulgaria, Canada, Czech Republic, Denmark, European Community, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Russian Federation, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom, United States of America.

Were entertaining them.
Their bars flowed freely with the best.
I had no cause to worry.

That night, a strange message went out.
A call to Tokyo was made.
Our monitors were alert.
They saw nothing to arouse them.
In the message:
''The hibiscus is in bloom''
It was true. The hibiscus blooms all year.
It is the flower of Hawaii.
It is a beautiful flower
And colors this peaceful paradise.

The next day came early.
It was Sunday, December 7, 1941.
Do you remember that morning?
Come back there with me.
Look, the sun was rising;
It cast its slanting light
Above the ragged mountain rims,
Until its light-columns settled on the surfaces
And slowly started on their daily
March across the earth.

Down the green slopes they came,
Across the valleys studded with pineapples—
Across the fields of sugar cane,
Over Schofield Barracks and Waianae,
Where Marines and Army men slumbered,
To Wheeler Fields, drying the dew
On planes and landing strips.
They slowly advanced
Toward low-lying Pearl Harbor,
Where my ships, in domino-rows,
Snuggled close to each other.

It was a peaceful scene
That the rays of the sun disclosed.
I watched the island birds
Open their eyes, stretch and shake their wings,
Before starting their forage for food.
I saw a few of them
Wing skyward slowly.

As I looked about
I saw that dawn
Had stirred the wing-men
At Hickam Field.
Mechanics were towing their planes
Into the landing strips,
Spinning slow propellers,
Pouring gasoline into the empty tanks,
And warming motors for the take-offs.
Men were moving listlessly
Inside my ships
And in the B.O.Q.s beside them.

Somewhere near,
An Army Private
Turned the bowl-shaped antennas
Of the Radar he loved.
Radio pulses were beaming out
As he watched the oscilloscope screen
Register the homing-pigeon pulses,
Splash fluorescent wakes of tiny lights
On the mirror screen
He saw the unseen terrain
Flash in view;
The coastline, the harbor,
My ships, and the mountains.

Some of the pulses beat sky-ward.
Squadrons of planes scurried them back
With tell-tale report.
It was a moment of indecision then—
A moment that rises in the history of man
With a message of significance to the alert;
A moment that heralds the tides of fate
And challenges the wisdom of man.
In such a moment, he made his report:
''Unidentified planes approaching''
It was a terse report.
It met a terse reply:
''Friendly planes expected.''

The hum of his radar transmitter
Drowned in the drone
Of approaching planes.
The rays of the sun
Moved on unconcerned.
The quietness of the day of rest
Neglected the crescendo tones.

SUDDENLY
Bombs burst on earth.
I looked over the Harbor:
Planes were everywhere,
Zooming and screaming,
Unloosening tiny specks
That grew larger and larger
Until they burst in fire and thunder.
Wheeler Field, Hickam Field,
Both were writhing in flames.
Then hell broke loose.
The savage fury of violent death
Shook my ships
And tore gaping, mangled holes within my decks.
I had no steam to run.
I could only shudder and groan,
As bombs struck home.

There were some ships
That stung away some planes.
My men were all confused.
Death snatched them by the handful.
Some fired back.
Many never had the chance to move.
One by one my ships began to sink.
My men were perishing in flame and smoke.
One of my ships made the sea
And zig-zagged away from falling bombs.
One ship shuddered
When a fast torpedo
Bit into her side
And tore her flesh wide open;
But her 50-caliber guns
Gallantly blazed at once,
And her heavier guns
Swung up and fired away.
No plane got through
The wall of steel she blazed upright.

It was not long before the flames and smoke
Had blotted out the sun
And cast a pall of grimness on Pearl Harbor.
And the petals of ''hibiscus''
That was in ''full bloom''
Lay shattered and still
At the bottom of the sea.
How much more do you want to see?
Do you think that I will ever forget
My wounds, my deaths?
Oh, but I do not grieve my loss of ships:
They were salvaged soon
And put to sea
With the steam of anger at full speed.
It is the pain and death my men have suffered
That hurts me most.

There, above the Harbor,
Stands a hill.
It is a hill full of red earth
That some volcano upheaved
In its gasping throes.
That red earth is red dirt, red dust.
But in it lies a richer dust,
A dust that gashed vermillion
When the reaper plowed
His sudden harvest.
I see that hill there now.
It is a hallowed hill
That stares up to the sky
And bares a chest of crosses—
They are the white medals of men
Who died with and around me—
And I grieve because
They cannot be raised and salvaged
To stand upon my decks again.
They were gallant and brave.
And wherever I go,
They shall be my gods.

Can you hear me,
You who are there beneath that earth,
You who went down in my ships,
You who went skyward in planes
And plummeted to your graves in flames,
You who fired your guns until the last—
LISTEN
I am your Country.
And I have welded the Army, Navy, and Air Force to a oneness,
Into the most powerful weapon
This world has ever seen.

Listen to me just this once:
I will never forget you.
I have tried to avenge you.
Remember the Coral Sea,
And remember what I did at Midway:
My T.B.F.s
Covered torpedoes with their fusilage
And made the Japs
Think they were just ordinary fighters.
Did you see them hold their fire
Until torpedoes flashed to them
And bit with savage reprisal
Into their steel bellies?

O, you who died,
Listen
I put my fighting marines
Ashore on Guadalcanal
With an umbrella of steel.
I took death by the hair
And flung him
Across the Solomons,
Attu, Kiska,
Lae, Wake Island,
Tarawa, Makin,
Across the Central Pacific,
To Kwajalein, Eniwetok,
Across Tokyo in B–29s,
Then to Saipan, Tinian,
Guam, Peleliu,
The Philippines, Leyte, Luzon,
Iwo Jima—there on Mt. Suribachi
We planted my Stars and Stripes Forever—
Okinawa, the Jap Coast.
I did not forget you,
Nor did I forget those living now,
For we dropped two atomic bombs
And brought Russia into the fight
That we, and our Allies, were waging.

Listen,
Those dwarfs of the north
No longer gloat
Quick-filled with conquest;
They cowered in terror
As steel and death
Struck simultaneously
Into their thin veneer of civilization.
They believe in Shinto,
And combined
A spiritual and temporal power
And altered it upon a man
Who was saved from the shadows of the Shoguns
By their warrior caste.
They died by the thousands
To glorify their emperor-god.
They preferred death to surrender.
And we flung death
At them as fast as we could
Until we took the secret of the Universe
And threatened,
In the splitting of the infinite,
To crush them with blast of kingdom-come.

Can you still hear me?
Listen,
Today the Japs have formally surrendered.
It is V–J Day!
We have won.
The war is over.
The world is at peace.
And we have vowed
To lift the living world
To new horizons,
Where Peace stands up against the sky,
And the sword
Lies brittle-broken at its feet.

And you who fought and live,
LISTEN:
Time will never choke with dust
This voice that breaks the skies asunder
And challenges God
To blot out of the living mind

The writhing bodies on fire,
The relentless pain of dying,
The screaming agonies,
The sudden death,
Or to mild the bitter hatred
That burns within the hearts of those
Who lost their friends and relatives.
Let God judge the dead—
We shall judge the living enemy
So that never again
Shall barbarism rise,
And never again
Shall living hearts
Bear such griefs.

And you who did not fight but live,
LISTEN:
Those of you
Who profited from this war:
These words and the dead
Shall seek you out,
And lay their ghostly hands
Upon your hearts
And hold them fiercely,
Cursing the thing you were and are;
For on your hands
Is a stain
No conscience
Will forget.

And you,
O Statesmen,
LISTEN:
Let us not forget the price we paid:
The blood soaked land and sea, the unmarked grave,
The splintered death of treacherous air-raid,
The prayers of those who trusted in God to save.
And let us not forget the crimes of those
Who talked of peace, then turned to treacherous ways.
Judge hard, and send them to a damned repose,
With crosses down to warn all future days.
We are the living counterpart of the dead
Who raise their Cross in silent silhouette
Against the sky for all the world to see.
Let us resolve to resurrect these dead
That they may judge the crimes through us. And let
Them write, O Statesmen, Their Peace, Their Victory!●

OPPOSING CUTS IN INTERNATIONAL BROADCASTING

● Mr. BIDEN. Mr. President, on September 29, I was unable to voice my opposition to the amendment proposed by Senator INOUYE that reduced funding for international broadcasting. There are many programs and institutions worthy of support, but I believe it was self-defeating to augment one at the expense of another, which is one of the most valuable instruments of American foreign policy—Radio Free Europe/Radio Liberty.

I come to this issue with a good deal of experience as to the importance of Radio Free Europe/Radio Liberty. The Radios, as they are commonly called, have set standards for objective journalism and analysis that are emulated and respected by news organizations and media across central Europe and the former Soviet Union.

Many of the millions worldwide that listen to our U.S.-supported broadcasters live in countries where information and news continue to be controlled by the government. In these parts of the world, government information bureaus, government wire agencies, government radios and television channels continue to constrict the free passage of ideas.

In an attempt to find offsetting funds in the bill, the sponsors of this amendment—naively and recklessly, in my opinion—would hobble an important instrument for promoting U.S. interests abroad. Last year, the Foreign Relations Committee, which authorizes funds for the Radios, debated and eventually agreed on a sensible plan to restructure and streamline the broadcasting programs.

As we speak, Mr. President, U.S.-supported international broadcasting is becoming a more efficient and effective operation. The drastic cuts in this amendment, if left as is, will undermine the reform effort and will almost certainly force the elimination of important radio services around the world.

Let's go over the International Broadcasting Act that this Congress enacted last year with bipartisan support as part of the State Department authorization bill. First, the act consolidated all the U.S. international broadcasting services and created a new broadcasting Board of Governors, which is now in place.

Second, the plan called for reductions in Voice of America and Radio Free Europe/Radio Liberty broadcasts to Eastern Europe and the former Soviet Union by one-third. In the last year, over 1,250 jobs in programming, news gathering, broadcasting, and support services have been eliminated.

Moving the headquarters of Radio Free Europe from Munich to Prague this fall, when completed, will reduce personnel costs by one-third. President Havel of the Czech Republic generously offered the Radios the use of the former Czechoslovak Parliament building at a symbolic fee of $12 per year.

Overall, the plan will save well over $400 million by 1997.

Moreover, Congress has directed that the funding of Radio Free Europe/Radio Liberty be assumed by the private sector by the end of the century. The radios are taking this seriously; indeed, the move to prague is a step on the path to privatization. The research arm of Radio Free Europe/Radio Liberty has already been privatized.

Mr. President, the president's fiscal 1996 request for international broadcasting is 20 percent lower than the 1994 level. The committee appropriation of $355 million is $40 million less than the President's request and $30 million less than the amount authorized by the Senate Foreign Relations Committee. In other words, international broadcasting is already facing severe reductions that will force the elimination of language services and hours of broadcasting.

This further cut to Radio Free Europe/Radio Liberty could irreplaceably damage our ability to broadcast to areas of the world where the United States has important national security interests. It is my firm belief that in the post-cold war world the United States must retain diversity and choice in the means by which it conducts its foreign policy. Gutting the radios—on top of the drastic cuts to State Department operations in the bill—would severely limit U.S. flexibility in promoting our goals overseas.

Once again, Mr. President, allow me to explain to my colleagues why the freedom radios are still as important today as they were during the last 40 years. Leaders such as Vaclav Havel, Lech Walesa, and Boris Yeltsin have all testified to the valuable contribution of Radio Free Europe/Radio Liberty in the demise of communism in Eastern Europe and the former Soviet Union.

Democratic government and market economies have not yet fully taken root in these parts of the world. The radios now offer a dual role: to provide a model of how an independent media should function, and to keep honest those who might seek to reestablish repression of the press. A survey of leaders of the former Soviet empire by the open media research institute found that nearly three-quarters of the respondents felt strongly that Western radio broadcasts were still needed.

Some 25 million listeners still tune in to Radio Free Europe/Radio Liberty. The radios provide critical information to the people of the former Soviet Union and Eastern Europe about the events in Chechnya and the former Yugoslavia. As you know, controlling the media and spreading disinformation are key strategies of the Bosnian Serb leaders, and in several new democracies there is only partial news freedom.

While Voice of America tells America's story, the radios act as surrogate media in the absence of free and independent media in the former Soviet empire, in Cuba, and now in Communist Asia. They fill the information gap—in the local languages—where governments deny citizens the fundamental right spelled out in article 19 of the Universal Declaration of Human Rights: ''To seek, receive, and impart information and ideas through any media and regardless of frontiers.''

Mr. President, Congress has already authorized a plan to restructure and economize the radios. The Appropriations Committee has subjected the programs to further spending reductions. I believe that additional cuts for U.S.-sponsored international broadcasting would be contrary to American interests abroad, and I urge that the amendment be dropped in conference.●

VISIT OF POPE JOHN PAUL II

● Mr. LIEBERMAN. Mr. President, I rise today to pay tribute to the visit of His Holiness, Pope John Paul II, to the United States over the past several days. In the space of just 5 days, the Pope left a lasting impression in the lives of millions of his faithful followers, including many people from the State of Connecticut, thousands of

whom journeyed to New York to see the Pope in person.

As the Rev. Aldo J. Tos, pastor of St. Joseph's Church in Greenwich Village said, ''Let us say the stone has been dropped into the pools of humanity. We await the ripples.'' In the hope of stirring the pools and encouraging the ripples, I ask that the text of the Pope's homily at the Mass at Camden Yards in Baltimore on Sunday, as compiled by the Associated Press, be printed in the RECORD following my remarks. In that homily, the Pope speaks of timeless virtues with a timely message, asking us, '' 'How ought we to live together?' In seeking an answer to this question, can society exclude moral truth and moral reasoning? Can the Biblical wisdom which played such a formative part in the very founding of your country be excluded from that debate?''

Mr. President, we are at a moment in our history when society is engaged in serious debate over the place of moral truth in public policy, especially as we grapple with the deteriorating condition of aspects of our culture. The debate is alive in this Chamber, affecting our views and our votes on a wide range of government laws and programs that have an impact on the behavior and destiny of the people of this and other nations. As we participate in that debate, we would do well to keep these words of Pope John Paul in mind: ''It would indeed be sad if the United States were to turn away from that enterprising spirit which has always sought the most practical and responsible ways of continuing to share with others the blessings God has richly bestowed here.''

The spirit of America (the ''extraordinary human epic,'' as the Pope proclaimed) has been lifted up by the visit of this wise and holy man, and I hope his words will echo in millions of hearts and inspire many to do great things. As Pope John Paul II said, ''Every generation of Americans needs to know that freedom consists not in doing what we like, but in having the right to do what we ought.''

The text follows:

TRANSCRIPT OF POPE JOHN PAUL II'S HOMILY AT CAMDEN YARDS, BALTIMORE, OCTOBER 9, 1995

Dear Brothers and Sisters in Christ, each day, the church begins the Liturgy of the Hours with the pslam which we have just prayed together: ''Come, let us sing joyfully to the Lord.'' In that call, ringing down the centuries and echoing across the face of the globe, the psalmist summons the people of God to sing the praises of the Lord and to bear great witness to the marvelous things God has done for us.

The psalmist's call to hear the Lord's voice has particular significance for us as we celebrate this Mass in Baltimore. Maryland was the birthplace of the church in colonial America. More than 360 years ago, a small band of Catholics came to the New World to build a home where they could ''singe joyfully to the Lord'' in freedom. They established a colony whose hallmark was religious tolerance, which would later become one of the cultural cornerstones of American democracy. Baltimore is the senior metropolitan See in the United States. Its first bishop, John Carroll, stands out as a model who can still inspire the church in America today. Here we held the great provincial and plenary councils which guided the church's expansion as waves of immigrants came to these shores in search of a better life.

Here in Baltimore, in 1884, the bishops of the United States authorized the ''Baltimore Catechism,'' which formed the faith of tens of millions of Catholics for decades. In Baltimore, the country's Catholic school system began under the leadership of Saint Elizabeth Ann Seton. The first seminary in the United States was established here, under the protection of the virgin mother of God, as was America's first Catholic college for women. Since those heroic beginnings, men and women of every race and social class have built the Catholic community we see in America today, a great spiritual movement of witness, of apostolate, of good works, of Catholic institutions and organizations.

With warm affection, therefore, I greet your archbishop, Cardinal Keeler, and thank him for his sensitive leadership in this local church and his work on behalf of the bishops' conference. With esteem I greet the other cardinals and bishops present here in great numbers, the priests, deacons and seminarians, the women and men religious, and all God's people, the ''living stones'' whom the spirit uses to build up the body of Christ. I gladly greet the members of the various Christian churches and ecclesial communities. I assure them of the Catholic church's ardent desire to celebrate the jubilee of the year 2000 as a great occasion to move closer to overcoming the divisions of the second millennium. I thank the civil authorities who have wished to share this sacred moment with us.

(Remarks in Castilian, followed by this English translation) . . . I greet the Spanish-speaking faithful present here and all those following this Mass on radio or television. The church is your spiritual home. Your parishes, associations, schools and religious education programs need your cooperation and the enthusiasm of your faith. With special affection, I encourage you to transmit your Catholic traditions to the younger generations.

Our celebration today speaks to us, speaks to us not only of the past. The eucharist always makes present anew the saving mystery of Christ's death and resurrection, and points to the future definitive fulfillment of God's plan of salvation. Two years ago, at Denver, I was deeply impressed by the vitality of America's young people as they bore enthusiastic witness to their love of Christ, and showed that they were not afraid of the demands of the Gospel. Today, I offer this Mass for a strengthening of that vitality and Christian courage at every level of the church in the United States: among the laity, among the priests and religious, among my brother bishops. The whole church is preparing for the third Christian millennium. The challenge of the great jubilee of the year 2000 is the new evangelization: a deepening of faith and a vigorous response to the Christian vocation to holiness and service. This is what the successor of Peter has come to Baltimore to urge upon each one of you: the courage to bear witness to the gospel of our redemption.

In today's Gospel reading, the apostles ask Jesus: ''Increase our faith.'' This must be our constant prayer. Faith is always demanding, because faith leads us beyond ourselves. It leads us directly to God. Faith also imparts a vision of life's purpose and stimulates us to action. The Gospel of Jesus Christ is not a private opinion, a remote spiritual ideal, or a mere program for personal growth. The Gospel is the power which can transform the world! The Gospel is no abstraction: it is the living person of Jesus Christ, the word of God, the reflection of the Father's glory, the Incarnate Son who reveals the deepest meaning of our humanity and the noble destiny to which the whole human family is called. Christ has commanded us to let the light of the Gospel shine forth in our service to society. How can we profess faith in God's word, and then refuse to let it inspire and direct our thinking, our activity, our decisions, and our responsibilities towards one another?

In America, Christian faith has found expression in an impressive array of witnesses and achievements. We must recall with gratitude the inspiring work of education carried out in countless families, schools and universities, and all the healing and consolation imparted in hospitals and hospices and shelters. We must give thanks for the practical living out of God's call in devoted service to others, in commitment to social justice, in responsible involvement in political life, in a wide variety of charitable and social organizations, and in the growth of ecumenical and interreligious understanding and cooperation.

In a more global context, we should thank God for the great generosity of American Catholics whose support of the foreign missions has greatly contributed to the spiritual and material well-being of their brothers and sisters in other lands. The Church in the United States has sent brave missionary men and women out to the nations, and not a few of them have borne the ultimate witness to the ancient truth that the blood of martyrs is the seed of Christianity. In my visits to Catholic communities around the world I often meet American missionaries, lay, religious and priests. I wish to make an appeal to young Catholics to consider the missionary vocation. I know that the ''spirit of Denver'' is alive in many young hearts.

Today, though, some Catholics are tempted to discouragement or disillusionment, like the prophet Habakkuk in the first reading. They are tempted to cry out to the Lord in a different way: why does God not intervene when violence threatens his people; why does God let us see ruin and misery; why does God permit evil? Like the prophet Habakkuk, and like the thirsty Israelites in the desert at Meribah and Massah, our trust can falter; we can lose patience with God. In the drama of history, we can find our dependence upon God burdensome rather than liberating. We too can ''harden our hearts.'' And yet the prophet gives us an answer to our impatience: ''If God delays, wait for him; he will surely come, he will not be late.'' A Polish proverb expresses the same conviction in another way: ''God takes his time, but he is just.'' . . . (Remarks in another language, then English translation): Our waiting for God is never in vain.

Every moment is our opportunity to model ourselves on Jesus Christ—to allow the power of the Gospel to transform our personal lives and our service to others, according to the spirit of the Beatitudes. ''Bear your share of the hardship which the gospel entails,'' writes Paul to Timothy in today's second reading. This is no idle exhortation to endurance. No, it is an invitation to enter more deeply into the Christian vocation which belongs to us all by Baptism. There is no evil to be faced that Christ does not face with us. There is no enemy that Christ has not already conquered. There is no cross to bear that Christ has not already borne for us, and does not now bear with us. And on the far side of every cross we find the newness of life in the Holy Spirit, that new life which will reach its fulfillment in the resurrection. This is our faith. This is our witness before the world.

Dear Brothers and Sisters in Christ: ''The spirit God has given us is no cowardly spirit. . . . Therefore, never be ashamed of your testimony to our Lord.''

Thus wrote St. Paul to Timothy, almost 2,000 years ago; thus speaks the church to American Catholics today. Christian witness takes different forms at different moments in the life of a nation. Sometimes, witnessing to Christ will mean drawing out of a culture the full meaning of its noblest intentions, a fullness that is revealed in Christ. At other times, witnessing to Christ means challenging that culture, especially when the truth about the human person is under assault. America has always wanted to be a land of the free. Today, the challenge facing America is to find freedom's fulfillment in the truth: the truth that is intrinsic to human life created in God's image and likeness, the truth that is written on the human heart, the truth that can be known by reason and can therefore form the basis of a profound and universal dialogue among people about the direction they must give to their lives and their activities.

One hundred thirty years ago, President Abraham Lincoln asked whether a nation ''conceived in liberty and dedicated to the proposition that all men are created equal'' could ''long endure.'' President Lincoln's question is no less a question for the present generation of Americans. Democracy cannot be sustained without a shared commitment to certain moral truths about the human person and human community. The basic question before a democratic society is: ''How ought we live together?'' In seeking an answer to this question, can society exclude moral truth and moral reasoning? Can the Biblical wisdom which played such a formative part in the very founding of your country be excluded from that debate?

Would not doing so means that tens of millions of Americans could no longer offer the contributions of their deepest convictions to the formation of public policy? Surely it is important for America that the moral truths which make freedom possible should be passed on to each new generation. Every generation of Americans needs to know that freedom consists not in doing what we like, but in having the right to do what we ought.

How appropriate is St. Paul's charge to Timothy! ''Guard the rich deposit of faith with the help of the Holy Spirit who dwells within us.'' That charge speaks to parents and teachers; it speaks in a special and urgent way to you, my brother bishops, successors of the apostles. Christ asks us to guard the truth because, as he promised us: ''You will know the truth and the truth will make you free.'' Depositum custodi! We must guard the truth that is the condition of authentic freedom, the truth that allows freedom to be fulfilled in goodness. We must guard the deposit of divine truth handed down to us in the church, especially in view of the challenges posed by a materialistic culture and by a permissive mentality that reduces freedom to license. But we bishops must do more than guard this truth. We must proclaim it, in season and out of season; we must celebrate it with God's people, in the sacraments; we must live it in charity and service; we must bear public witness to the truth that is Jesus Christ.

Dear brothers and sisters: Catholics of America! Always be guided by the truth—by the truth about God who created and redeemed us, and by the truth about the human person, made in the image and likeness of God and destined for a glorious fulfillment in the Kingdom to come. Always be convincing witnesses to the truth. ''Stir into a flame the gift of God'' that has been bestowed upon you in baptism. Light your nation—light the world—with the power of that flame! Amen.●

TRIBUTE TO BOBBY RAY MEMORIAL ELEMENTARY SCHOOL

● Mr. FRIST. Mr. President, tomorrow afternoon, several of my fellow Tennesseans will dedicate a new elementary school that honors a very special war hero from McMinnville. I will not be able to join them in this celebration but would like to take a moment to recognize the valor and determination of David Robert Ray and wish the students and faculty at Bobby Ray Memorial Elementary the very best in their new school.

A hospital corpsman second class [HC2c] in the U.S. Navy, Bobby Ray served in South Vietnam as a Marine medic. When this country called, he left his home in McMinnville to help his fellow countrymen who were fighting a foreign people on foreign soil. His life was dedicated to saving others, and he always did it with commitment and courage even as gunshots and mortar shells blasted around him.

On March 19, 1969, at the age of 24, Bobby Ray went above and beyond the call of duty. As enemy troops began a heavy assault on the Marines' Battery D. Ray began working on the serious and heavy casualties that fell from rocket and mortar blasts. As he treated a fallen marine, Ray himself became seriously wounded. Refusing medical help, he continued to provide emergency medical treatment to the other casualties. As the enemy drew closer, Ray was forced to battle oncoming soldiers while he administered medical aid. He did this until he ran out of ammunition and was fatally wounded. But before he died, Bobby Ray performed one more lifesaving act. He threw himself on the last patient he ever treated and saved him from an enemy grenade.

Hospital Corpsman Second Class David Robert Ray gave his own life to save the lives of many others. He became an inspiration to the soldiers in Battery D, who went on to defeat the enemy. For this ultimate sacrifice, the United States awarded Ray the Medal of Honor posthumously.

Tomorrow, Bobby Ray's family and hometown friends will gather in his honor to dedicate the Bobby Ray Memorial Elementary School. The students who attend this school will never know David Robert Ray—they are too young. But they will know of his dedication to serving his country and to saving the lives of others. Without ever meeting him, these children will know who Bobby Ray was, and hopefully, will learn from his incredible act of selflessness.

So, today, Mr. President, I would like to pay tribute to Bobby Ray, the man, the medic, the soldier, and the hero. And today, I wish to thank him and every American who has given the ultimate sacrifice to serve their country and their countrymen.●

LOU PANOS

● Mr. SARBANES. Mr. President, I am pleased to call to the attention of my colleagues the establishment of a scholarship at Towson State University's School of Communications in honor of my good friend Lou Panos, dean of Maryland's journalistic community. The scholarship marks this distinguished Marylander's 70th birthday and I can think of not more fitting way for him to be honored.

Anyone who has had the good fortune to have worked with Lou in his many public capacities would immediately describe him as a solid professional and an unusually civil practitioner of his craft. He has combined with these sterling personal qualities his thoughtfulness and a sense of fairness which has consistently singled him out among his contemporaries. Lou Panos' long and distinguished career reflects his longtime commitment to public service. He has been involved in a wide range of public service: as a sergeant at arms in the U.S. Army, 1944–46, as a journalist, as press secretary to Gov. Harry Hughes, and as the director of public affairs for the Maryland Shock Trauma Center and the Maryland Institute for Emergency Medical Services Systems.

In view of Lou Panos' commitment to high personal and professional standards, this scholarship represents his dedication to opportunity and education. It is my hope that this scholarship will provide the chance for deserving young people to follow in his path.

I want to take this opportunity to congratulate all those who were involved in instituting this scholarship, Pautuxent Papers and Towson State University's School of Communications, and the friends and colleagues of this most amiable Marylander. I know that all of those involved in this tribute share in my deep appreciation for Lou's outstanding leadership over the years. On this important occasion, I am pleased to join in saluting Lou Panos for his renowned service and in wishing him the very best in the years ahead. ●

EDUCATION CUTS JUST AREN'T SMART

SLASHING EDUCATION HURTS PRODUCTIVITY, CAUSES LONG-TERM ECONOMIC PAIN

● Mr. DORGAN. Mr. President, we are confronting a crucial point in the history of our Nation. The next few decades could determine whether America has what it takes to adjust to a more competitive world with global markets. And quality education will be the key.

This Nation has enjoyed the greatest education system in the world. We cannot let up now, as the nature of our workforce changes. Global competition is putting greater and greater pressure on our workers, making it more important than ever that Americans have the educational tools they need to stay competitive and become even more productive.

That is why I am astounded that the Senate Appropriations Committee has approved an education funding bill that slashes our investment in education by $2.2 billion—a 7.7 percent reduction below the 1995 amount.

Yet, this Congress passed a Defense appropriations bill that provides $6.7 billion more in spending for defense programs than the Pentagon wanted or believes we need. It makes no sense to take $2 to $3 billion from education while questionable military projects like star wars receive increased funding. In fact, eliminating funding for two amphibious ships, which were added to the defense bill by the Republican Congress, could restore education spending to the 1995 level.

I find it unconscionable to deny more than 55,000 low-income children the opportunity to enroll in Head Start or to deny 6.5 million disadvantaged kids the help they need to improve their math and reading skills in order to pay for unneeded military hardware. We are saying to local school districts that we cannot afford to help them implement the reform plans they have developed—but we can afford an enormous increase in our defense spending that the military experts say we do not need.

I hear from parents and students in North Dakota and across the country every week about the difficult time they are having paying for a college education. And yet the majority party in Congress has responded by cutting Federal financial aid by 11.4 percent and higher education by 7.5 percent.

If these programs are not an investment in our Nation's defense, then I do not know what is. I think these education cuts will prove to be devastating for the future of our country. Education ought to rank at the top of the national agenda, and if funding is not restored to reasonable levels, I will find it impossible to support this appropriations bill.●

THE MEXICAN BAILOUT AND PROPOSED BAILOUT FUND

Mr. D'AMATO. Mr. President, I rise this evening because the annual meeting of the International Monetary Fund, IMF, and the World Bank are being held in Washington this week; as a matter of fact, this very evening. As financial leaders gather from all over the world, I think it is incumbent that we review recent developments concerning the IMF, the Mexican bailout and the IMF's proposed international bailout fund.

The IMF recently released its annual survey of global capital markets, which includes an analysis of the Mexican peso crisis. This IMF report confirms many of the concerns that I have expressed since the beginning of the year. The IMF report also raises many troubling questions.

First, did the Mexican Government persuade the U.S. officials to approve a loan package by exaggerating this crisis after denying there was a problem for over a year? And by overstating the crisis, did the Mexican Government increase its own problems and further destabilize the peso?

Second, was the bailout, as structured, really necessary? The Mexican Government and the Clinton administration claimed that without the bailout, conditions in Mexico would have been far worse. But the situation in Mexico is a disaster. Just ask the Mexican people.

Third, was the crisis in Mexico certain to spread to other emerging markets? That is the rumor that was spread. That is what Congress was told. According to the IMF report, the answer is no. The IMF report states that:

once the panic trading subsided, markets discriminated, albeit imperfectly, among countries according to the quality of their economic fundamentals.

Fourth, should the administration have sent American taxpayers' dollars to pay off rich tesobono holders? The administration pushed this bailout plan without a single vote of Congress. The American people should not have been forced to bear the financial risk of the Mexican Government and foreign investors. The administration should not have soothed the pains of speculative investors at the expense of the American taxpayers and the Mexican people.

Mr. President, we now know that the U.S. tax dollars were sent to Mexico to bail out speculators. In fact, the IMF report indicates that the peso's devaluation was precipitated and made far worse by the massive withdrawal of money by Mexican and foreign investors. We now know that Mexican investors who had a firsthand view of Mexico's rapidly deteriorating political and economic situation in 1994 were the first to cash in their holdings and take their money out of the country.

Mr. President, the IMF report underscores the initial question that the American taxpayers have asked over and over: Why were billions of American taxpayers' dollars sent to a foreign country that was first abandoned by its own wealthy citizens, citizens who, Mr. President, had inside information and bailed out?

At a minimum, the Mexican Government should have looked to its own rich countrymen for help before turning to U.S. taxpayers to bail them out. At a minimum, our Treasury Department should have insisted upon that.

The IMF report confirms that the Mexican Government withheld important financial data and provided inaccurate and overly optimistic economic forecasts. If a country does not provide complete and accurate disclosure of key economic figures, we should punish this deception, not reward it.

Mr. President, I am also troubled by the IMF's role in the Mexican peso crisis. I am deeply concerned by the recent Whittome report, an internal study which focuses on the IMF's review of economic conditions in Mexico. Unfortunately, the U.S. Department of Treasury has classified this report. But according to news articles in the international press service, the Whittome report concluded that the IMF distorted its own reporting on Mexico in response to political pressure from the Mexican Government.

Why is this report being withheld from the American public and the Congress? We have a right to know what happened in this Mexican bailout. Unfortunately, this administration has made a habit of concealment. The Treasury Department has classified the Whittome report so the American people cannot read it and make their own judgment about how this crisis was handled. Mr. President, that is wrong. People have a right to know.

The Mexican Government has been less than candid with the American people and the world financial markets. The administration should not be aiding them in their disingenuous behavior. We should not reward bad economic policies or deception. That report should be made public.

The IMF and the World Bank and the Clinton administration have proposed the creation of a $50 billion bailout fund to handle future Mexico-style crises. I am opposed to using U.S. taxpayers' dollars to support this bailout fund.

The American taxpayers have already been forced to contribute more than their fair share. The Mexican bailout was billed to the Congress and the American people as an international effort, but American taxpayers were left holding the bag.

The American people are sick and tired of picking up the check. We still have not been paid back for the first bailout, and despite last week's propaganda, I doubt we ever will be. The Mexican Government and the U.S. Treasury have proudly proclaimed that the prepayment of $700 million of a $12.5 billion debt shows the bailout was a success.

What they have not told us is that this so-called ''prepayment'' of $700 million is only a fraction of the $2 billion that is due in a few weeks. What about the remaining $1.3 billion that is due at that time? It is no accident that this publicity coincides with Mexican President Zedillo's visit to Washington and the IMF's annual meeting.

I do not see how we can have a serious discussion about increasing the amount of money the IMF makes available to bail out other countries if we cannot trust the IMF's own reports, if we do not even get to the see the IMF's report, if the Treasury Department classifies it.

The IMF's future role in the world economy must be reexamined, especially in the light of the disturbing reports that the fund has become too easily swayed and manipulated by political pressures. We must demand candor, honesty, and good business judgment from our own officials and from anyone else asking for U.S. taxpayers' dollars. The American people deserve accountability. As the World Bank and the

IMF consider international bailout funds and other mechanics that deal with global economic problems, the Congress must not be idle.

Mr. President, the Congress must remain vigilant in its efforts to protect taxpayers' dollars. We will be watching for the full payment from the Mexican Government at the end of this month, and we will be closely reviewing any proposed international bailout fund. If the administration is ready to declare the Mexican bailout a success, then we should have immediate repayment of the entire $12.5 billion of taxpayers' money.

Mr. President, I yield the floor.

PRAISING SOUTH DAKOTA YOUNG PEOPLE

Mr. PRESSLER. Mr. President, I rise today to praise Paul Glader, a young man from my home State of South Dakota. Although only 17, Paul has accomplished much. At his young age, he already is an experienced, successful journalist, having published several articles in local and regional newspapers. Paul is, indeed, a talented, articulate person.

I always am pleased and impressed with the accomplishments of young South Dakotans. Paul and other talented, young South Dakotans represent the future of my State. I am proud of their successes. I encourage and support their efforts.

Mr. President, Paul recently sent me three articles he published while working as a news editorial intern at the Indianapolis News. The articles demonstrate that Paul Glader has a promising, exciting future. I look forward to seeing more of Paul's work as he pursues his career. I am pleased to ask unanimous consent that three of his columns be printed in the RECORD at the end of my remarks. Again, my congratulations to Paul Glader. I wish him continued success.

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

[From the Indianapolis News, July 6, 1995]

CHANGING PRISONERS' PATHS

(By Paul Glader)

An innovative prison industry program in Florida is proof that prisons sometimes can develop good citizens rather than hardened criminals.

At a prison in Dade County, 85 inmates manufacture modular homes for Prison Rehabilitative Industries & Diversified Enterprises Inc., better known as PRIDE. While they work, they learn marketable skills in carpentry, electrical installation, plumbing and air conditioning.

During fiscal 1993–94, more than 5,200 Florida inmates worked for PRIDE. Today, some of the men grow crops and livestock, while others learn upholstery, printing, dentistry, optical work, tire retreading, computers, merchandise or architecture.

Since PRIDE was chartered by the Florida Legislature in 1981, the corporation has operated 57 industries at 22 state correctional institutions across Florida.

By now, you are wondering how much it costs Florida taxpayers to pay PRIDE.

Nothing.

By non-profit, public/private corporation finished in the black this year with gross sales of $78 million and net earnings of $4 million. Out of that $4 million, it paid nearly $1.2 million to the Department of Correction for inmate incarceration, $635,000 for inmate services and $261,000 for victim restitution, retaining a $1.9 million surplus.

Obviously, the program works well economically. But that is not the only benefit and certainly not the most important.

Through teaching skills, PRIDE reduces prison idleness, provides incentive for good behavior and reduces the cost to state government.

PRIDE also is placing prisoners in jobs after they leave prison. Many are becoming productive rather then destructive citizens because of newfound skills and character.

David Jackson, a former inmate and PRIDE worker, now works at Premdor Inc. of Tampa and makes wood doors, Premdor General Manager Frank Moore said that David started as a laborer and worked his way up to lead man of the paint department, supervising three other workers.

Jackson recently was named employee of the month at Premdor, ''I love my job,'' he said. Jackson also said he learned a work ethic at PRIDE of staying with a project until it was finished and doing the best possible quality of work.

A tracking study of 3,876 PRIDE graduates from 1991 through 1994 showed 873 of them had jobs upon release from prison. Of those 873, only 11 percent returned to prison. That is significant compared to the national recidivism rate of 70 percent.

PRIDE officials said that they help prisoners with housing, transportation, clothing and support when they are released so they can land on their feet and start working right away.

Sometimes PRIDE employees have an extra motivation for hard work. Female inmates in PRIDE's textile industry sew their own garments. Briefs they sew are purchased by all female correctional institutions in Florida. They may end up wearing what they made.

PRIDE workers also have made silk screen decals for St. Petersburg police cars. These inmates, who may have ridden in the cars as detainees before sprucing them up, impressed Officer Pete Venero. ''They do fantastic work for real competitive prices,'' he said.

From a public policy standpoint, PRIDE is like a glass of ice water to a parched throat.

Both political parties sing the woeful ballads of prison overcrowding, repeat offenders and prisons' cost to taxpayers. Here is a remedy that works.

There is a lesson here for Indiana, Mayor Stephen Goldsmith has brought the idea of privatization and competition to city government. The race for governor in 1996 ought to include some PRIDE-like proposals for expanding Indiana's prison industries.

[From the Indianapolis News, May 24, 1995]

SAYING BYE TO BACKYARD NUKES

(By Paul Glader)

I lived with the Cold War in may backyard.

Ranchers around my area in remote South Dakota sold 1.5-acre sections of their land to serve as nuclear missile launch pads for the U.S. Air Force nearly 30 years ago. More than 13,500 acres in South Dakota were used for this purpose.

The government purposefully put the missiles in states such as South Dakota, North Dakota and Wyoming because of their low populations.

Razor wire surrounded the spots, and missile silos tunneled 60 feet below the surface. A Minuteman II missile rested inside each silo. Small bases were built to house the soldiers who monitored the groups of missile sites.

Occasionally, the soldiers would allow schoolchildren to tour the bases, where they would explain how the missiles program worked. In general, however, people in the area understood little about the international significance of the projectiles in their pastures.

To think that this prairie—their homes and cattle industry—could be in the sights of the Soviet Union's military was a sick contrast to the quiet, peaceful ranch country.

Cows grazed around the sites. The high-tech mesh of metal and wires contrasted with the dry rolling plains.

My sister and I would use the missile stations as checkpoints when we rode our bikes up the long gravel roads.

Armored vehicles periodically zoomed up and down the roads to check on disturbances at the missile sites. Often, the culprits were only birds flying past the radar.

Nearly two years ago, the Air Force vehicles stopped zooming past.

Camouflaged personnel disappeared.

Monstrous Air Force semi-trucks came and hauled away the unearthed missiles.

For a time, the silos lay empty.

Then the government contracted with blasting firms to come and implode the silos with dynamite. This measure was required under the START I treaty.

While home this winter, I covered the blast project for several newspapers in my area. The Air Force officials let the rancher push the button to detonate the implosion on his land. Rather than watching catastrophic destruction, I witnessed a small BOOM and a mushroom puff of dirt.

It is the end of an era for the U.S. military.

The Cold War seemed like a gigantic game of chicken that never developed. We can be thankful, however, that the weapon-holders didn't act prematurely.

Sometimes when you hear about highly complex international disarmament pacts such as the Nuclear Non-Proliferation Treaty and START I and II treaties, it is easy to be confused. It is easy to wonder, ''Are they actually disarming?''

But you can be assured by South Dakota's common people that START treaties are followed on this side of the ocean.

The missile wing in ranch country brought down utility bills, and the Air Force paid for maintenance of the gravel roads. On one hand, many of us were disappointed to see the money leave our vast, poor land.

On the other hand, people there may find joy in the fact that we finally may be off the Russian surveillance system.

But in the perspective of most, the missiles and personnel just came and went.

Life hasn't changed too much for us. We still have to fight our own Cold War every winter when we put on our coveralls and go feed the cows.

[From the Indianapolis News, July 20, 1995]

LEAVING THE FRONTIER LAND

(By Paul Glader)

Leaving a place called Opal to move to the other side of South Dakota with my family last month was the most difficult departure I've ever made.

Actually, Opal is not a town; it is a ranching community. It has a post office (run by a ranchwife in her basement); a K–8 school (two rooms located seven miles east of the post office); a fire department (a rancher's garage storing two watertanks on gooseneck trailers ready to hitch to a pickup); and a small community church.

During the first week after our family moved to the small, double-wide trailer-

house at Opal, we found out some of the fringe benefits of my father's position as country preacher to this ranching community: Mail comes three times a week; everybody burns his own trash; you don't have to respect the 55 mph signs that dot the vast system of gravel roads; and rattlesnakes will keep you company when you are lonely.

Some visitors to Opal likened the place to a desert with its dry, yellow grasslands. But those who live around Opal feel it's a haven, partly because some of them own 10,000 or more acres of ranchland there. Their ranches are their castles and their sources of income.

My family did not own cattle or land. We were outsiders coming in. We adapted to the area and loved the people but still felt separate. You have to be born into a ranch family to be a cowboy. I knew I would never become one.

But now that we have moved from Opal, I see the profound impact Opal and its people had on my life, even though I remained a city-slicker while I was there.

A natural development for young boys was to seek work as a junior ranch hand. I worked for many ranchers, mostly hoeing tree patches, cleaning sheep barns, occasionally driving tractors and helping with sheep shearings.

One rancher, Clair Weiss, often had me hoe his eight-row tree patch. (Each row, by the way, was about 200 yards long.) I remember baking in the sun while chopping the 3-foot high weeds down from around the small cedar trees.

Some boys who grow up on the plains love the adventuresome, back-breaking cowboy life and grow up to own ranches. As I hoed my way past long rows of trees, I knew I couldn't spend my life in this place. But I realized that somehow, this exhausting labor in the hot sun would be to my benefit in the long run.

I knew I had to finish the job, and do it well, or Weiss wouldn't be pleased with me. Today, I cherish that early lesson complete with blisters and sunburn because the work ethic has stayed with me in jobs since them.

When I was 14, I met a hermit. He lived three miles from me as a crow flies. Through the years, he has become one of my best friends. He left art, academia and business to find truth and serenity away from the fast-paced world. He only gets to town about twice a year for supplies.

This modern-day hermit counseled me to continue learning rather than spend my time on pleasure, as did many of my peers.

He always told me of his new experiments with animals, such as training his dog, geese, turkeys and pheasants to get along. He also trained his geese to fly alongside his pickup truck.

He started teaching me photography, and took my senior pictures for no charge. He had dinner with my family and made dinner for our family many times.

We talked on the phone at least three times a week. Our conversations ranged from the adverse effects of Keynesian economics to gardening techniques.

He understood my desires for culture, knowledge and success because he once had them.

He calls me his grandson. I call him ''grampaw.'' Now that I am gone, our relationship will have to be maintained through phone calls and letters instead of regular get-togethers.

I miss my ascetic grampaw. I miss the boots, wranglers, belt buckles and cowboy hats.

Sometimes we don't realize the good things until we have left them. Now that I have moved, I see there is no place on earth like Opal.

TRIBUTE TO NORMAN SANDAGER

Mr. PRESSLER. Mr. President, today I rise to pay special tribute to Norman Sandager, a South Dakotan and a veteran of the Korean war. Norman represents the very best our Nation sent to Korea when on June 25, 1950, the North Korean People's Army swept over the 38th parallel in an effort to extinguish the light of freedom for the people of South Korea. As a U.S. marine, and commander of a machine gun squadron, Norman Sandager helped thrust back an invading tide of communist aggression in South Korea. In fact, Norman successfully led his machine gun squadron of 13 men through 200 days of combat without losing a single soldier or taking any wounded in his group. Norman's achievement speaks highly of his courage and commitment.

Mr. President, the Korean war is sometimes referred to as the ''forgotten war,'' possibly because it so closely followed the Second World War and was in many ways overshadowed by the divisive Vietnam war. Nevertheless, Norman's service and sacrifice are not forgotten. Norman put his life in harm's way by crossing the 38th parallel five times on behalf of a people he did not know except for the shared bond of liberty and freedom. In doing so he has enobled himself and our Nation. It is for his service and the service of thousands of brave, patriotic Americans that we recently dedicated the Korean War Memorial—a moving tribute to those who served. As a Vietnam veteran myself, having served in the United States Army, I extend my sincere appreciation for his answering the call to duty more than 40 years ago.

REMOVAL OF INJUNCTION OF SECRECY—EXTRADITION TREATY WITH BOLIVIA, TREATY DOCUMENT NO. 104–22

Mrs. KASSEBAUM. Mr. President, as in executive session, I ask unanimous consent that the injunction of secrecy be removed from the Extradition Treaty with Bolivia, Treaty Document No. 104–22, transmitted to the Senate by the President on October 10, 1995; that the treaty be considered as having been read for the first time; referred, with accompanying papers, to the Committee on Foreign Relations and ordered to be printed; and ordered that the President's message be printed in the RECORD.

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

The message of the President is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Extradition Treaty Between the Government of the United States of America and the Government of the Republic of Bolivia, signed at La Paz on June 27, 1995.

I transmit also, for the information of the Senate, the report of the Department of State with respect to the Treaty, and copies of diplomatic notes dated June 27, 1995, which were exchanged at the time of signing of the Treaty. Those notes set forth the expectations of the two Governments regarding the types of assistance each Government would provide to the other in extradition proceedings, pursuant to Article XVI of the Treaty.

The Treaty establishes the conditions and procedures for extradition between the United States and Bolivia. It also provides a legal basis for temporarily surrendering prisoners to stand trial for crimes against the laws of the Requesting State.

The Treaty represents an important step in combatting narcotics trafficking and terrorism, by providing for the mandatory extradition of nationals of the Requested State in a broad range of serious criminal offenses.

The provisions in this Treaty are substantively similar to those of other extradition treaties recently concluded by the United States.

This Treaty will make a significant contribution to international cooperation in law enforcement. I recommend that the Senate give early and favorable consideration to the Treaty and give its advice and consent to ratification.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *October 10, 1995.*

ORDERS FOR WEDNESDAY, OCTOBER 11, 1995

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 10:15 a.m., on Wednesday, October 11, 1995; that following the prayer, the Journal of proceedings be deemed approved to date, the time for the two leaders be reserved for their use later in the day; and that there then be a period for morning business until the hour of 11:30 a.m., with Senators permitted to speak for up to 5 minutes each with the exception of the following: Senator WARNER 20 minutes, Senator GRAMS 10 minutes, Senator DASCHLE 30 minutes.

I further ask unanimous consent that at 11:30 a.m., the Senate resume consideration of S. 143, the Workforce Development Act.

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

PROGRAM

Mrs. KASSEBAUM. Mr. President, for the information of all Senators the Senate will resume the Workforce Development Act tomorrow at 11:30 a.m. Rollcall votes can be expected on or in relation to any remaining amendments to that bill. And it is the majority leader's hope that the Senate will complete action on S. 143 at an early hour on Wednesday.

Following the completion of that bill, the Senate may begin consideration of the State Department reorganization bill, if available.

Senators are also reminded that there will be a joint meeting tomorrow morning at 9 a.m., commemorating the anniversary of the ending of World War II. Senators should gather in the Senate Chamber at 8:45 a.m., to proceed to the Hall of the House of Representatives 8:50 a.m., for the ceremony.

Mr. President, I would like to clarify that morning business tomorrow morning extends to 11:30 a.m.

RECESS UNTIL 10:15 A.M. TOMORROW

Mrs. KASSEBAUM. Mr. President, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in recess under the previous order.

There being no objection, the Senate, at 8:03 p.m., recessed until Wednesday, October 11, 1995, at 10:15 a.m.

NOMINATIONS

Executive nominations received by the Senate October 10, 1995:

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

C.E. ABRAMSON, OF MONTANA, TO BE A MEMBER OF THE NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE FOR A TERM EXPIRING JULY 19, 2000, VICE BARBARA J. H. TAYLOR, TERM EXPIRED.

WALTER ANDERSON, OF NEW YORK, TO BE A MEMBER OF THE NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE FOR A TERM EXPIRING JULY 19, 2000,

LEGAL SERVICES CORPORATION

LAVEEDA MORGAN BATTLE, OF ALABAMA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE LEGAL SERVICES CORPORATION FOR A TERM EXPIRING JULY 18, 1998. (REAPPOINTMENT)

JOHN N. ERLENBORN, OF ILLINOIS, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE LEGAL SERVICES CORPORATION FOR A TERM EXPIRING JULY 13, 1998, VICE JOHN G. BROOKS, TERM EXPIRED.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

DAVID FINN, OF NEW YORK, TO BE A MEMBER OF THE NATIONAL COUNCIL ON THE HUMANITIES FOR A TERM EXPIRING JANUARY 26, 2000, VICE BILLIE DAVIS GAINES, TERM EXPIRED.

THE JUDICIARY

JOSEPH H. GALE, OF VIRGINIA, TO BE A JUDGE OF THE UNITED STATES TAX COURT FOR A TERM EXPIRING 15 YEARS AFTER HE TAKES OFFICE, VICE EDNA GAYNELL PARKER, RESIGNED.

AFRICAN DEVELOPMENT FOUNDATION

ERNEST G. GREEN, OF THE DISTRICT OF COLUMBIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE AFRICAN DEVELOPMENT FOUNDATION FOR A TERM EXPIRING SEPTEMBER 22, 2001. (REAPPOINTMENT)

IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

MAJ. GEN. NICHOLAS B. KEHOE III, 000–00–0000, U.S. AIR FORCE.

THE FOLLOWING AIR NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR PROMOTION IN THE RESERVE OF THE AIR FORCE UNDER THE PROVISIONS OF SECTIONS 12203 AND 8379, TITLE 10 OF THE UNITED STATES CODE. PROMOTIONS MADE UNDER SECTION 8379 AND CONFIRMED BY THE SENATE UNDER SECTION 12203 SHALL BEAR AN EFFECTIVE DATE ESTABLISHED IN ACCORDANCE WITH SECTION 8374, TITLE 10 OF THE UNITED STATES CODE:

LINE

To be lieutenant colonel

JULIAN ANDREWS, 000–00–0000
LARITA A. ARAGON, 000–00–0000
WESLEY A. BEAM, JR., 000–00–0000
STEVEN P. BECK, 000–00–0000
JACK M. FEARNEYHOUGH, 000–00–0000
CURTIS T. HARRIS, 000–00–0000
JOHN R. HASLETT III, 000–00–0000
DONALD A. HAUGHT, 000–00–0000
BARTON J. HIBBARD, 000–00–0000
FRED R. JOHNSON, 000–00–0000
ROBIN W. LANGENHAHN, 000–00–0000
BRUCE R. MACOMBER, 000–00–0000
STANLEY J. OSSERMAN, 000–00–0000
JAMES A. PATTERSON, 000–00–0000
SCOTT D. ROBINSON, 000–00–0000
ROBERT C. RYAN, 000–00–0000
MONTY J. VALENTINE, 000–00–0000
DARRYLL D.M. WONG, 000–00–0000

MEDICAL CORPS

To be lieutenant colonel

THOMAS C. ROTKIS, 000–00–0000

NURSE CORPS

To be lieutenant colonel

JANICE L. ANDERSON, 000–00–0000

IN THE ARMY

THE FOLLOWING-NAMED OFFICER, ON THE ACTIVE DUTY LIST, FOR PROMOTION TO THE GRADE INDICATED IN THE UNITED STATES ARMY IN ACCORDANCE WITH SECTIONS 618, 624 AND 628, TITLE 10, UNITED STATES CODE:

MEDICAL CORPS

To be major

AMY M. AUTRY, 000–00–0000

THE FOLLOWING-NAMED OFFICERS, ON THE ACTIVE DUTY LIST, FOR PROMOTION TO THE GRADES INDICATED IN THE UNITED STATES ARMY IN ACCORDANCE WITH SECTIONS 618, 624 AND 628, TITLE 10, UNITED STATES CODE:

JUDGE ADVOCATE GENERAL

To be colonel

MICHAEL B. NEVEU, 000–00–0000

CHAPLAIN CORPS

To be lieutenant colonel

ROBERT A. DIGGS, 000–00–0000

THE FOLLOWING-NAMED OFFICER, ON THE ACTIVE DUTY LIST, FOR PROMOTION TO THE GRADE INDICATED IN THE UNITED STATES ARMY IN ACCORDANCE WITH SECTIONS 618, 624 AND 628, TITLE 10, UNITED STATES CODE:

VETERINARY CORPS

To be major

DUANE A. BELOTE, 000–00–0000

IN THE MARINE CORPS

THE FOLLOWING-NAMED OFFICERS OF THE REGULAR MARINE CORPS FOR PERMANENT APPOINTMENT AS LIMITED DUTY OFFICERS TO THE GRADE OF CAPTAIN UNDER PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 531:

THURMOND BELL, 000–00–0000
MICHAEL O. BIDDLE, 000–00–0000
MITCHELL D. BLACK, 000–00–0000
TIMOTHY J. BOOTH, 000–00–0000
DOUGLAS D. BOWEN, 000–00–0000
TONY W. BRILL, 000–00–0000
MICHAEL E. BROWN, 000–00–0000
WILLIAM J. BUDDS, 000–00–0000
LEO E. CAMPBELL, 000–00–0000
ROBERT L. CAMPBELL, 000–00–0000
RICHARD A. CLARK, 000–00–0000
BOBBY G. CLEMENT, JR., 000–00–0000
RONALD W. COCHRAN, 000–00–0000
DONALD E. DAVIS, 000–00–0000
JOSEPH B. DAVIS, JR., 000–00–0000
TIMOTHY C. DIETZ, 000–00–0000
JAMES J. DIXON, 000–00–0000
DONALD A. DYKSTRA, 000–00–0000
DAVE C. ENGLERT, 000–00–0000
DONALD E. EVANS, JR., 000–00–0000
JAY E. FERRISS, 000–00–0000
JAMES A. GAVITT, 000–00–0000
JAMES E. GLICK, 000–00–0000
GARY P. GONTHIER, 000–00–0000
CYNTHIA A. GREENLEE, 000–00–0000
GERALD J. GRIFFIN, 000–00–0000
ROBERT W. GROSS, 000–00–0000
SCOTT T. HANSEN, 000–00–0000
NICKEY R. HARRELL, 000–00–0000
WILLIAM E. HIDLE, 000–00–0000
MELVIN N. HILDERBRAND, 000–00–0000
FRANK L. HOLOBINKO, 000–00–0000
DANNY A. HURD, 000–00–0000
JOHN F. IRVING, 000–00–0000
LARRY D. JOHNSON, 000–00–0000
MICHAEL J. KOEHLER, 000–00–0000
TERRY D. LAUGHLIN, 000–00–0000
LYLE G. LAYHER, 000–00–0000
DAVID L. LINK, 000–00–0000
JOHN M. LITTLE, 000–00–0000
MILLIE E. MC COY, 000–00–0000
DAN M. MIELKE, 000–00–0000
JOEL G. MILLER, 000–00–0000
MARK A. OUELLETTE, 000–00–0000
DARRYL S. PHILLIPS, 000–00–0000
JOHN A. PIROLI, 000–00–0000
WALTON S. PITCHFORD, 000–00–0000
RONALD K. POSEY, 000–00–0000
CHRISTOPHER A. PROSSER, 000–00–0000
JAIME QUINONESGONZALES, 000–00–0000
EDWARD R. RANES, 000–00–0000
CHRISTOPHER C. REVELL, 000–00–0000
BRENDA L. ROBERTS, 000–00–0000
CHARLES A. ROTONDA, 000–00–0000
JOHN J. SCHWARZEL, 000–00–0000
SHAWN R. SHIVES, 000–00–0000
SONNY H. SIDHU, JR., 000–00–0000
MICHAEL P. SMITH, 000–00–0000
KENNETH O. SPITTLER, 000–00–0000
DONALD L. STPIERRE, 000–00–0000
RONALD H. TALLMADGE, 000–00–0000
ROBERT L. TURPIN, 000–00–0000
MICHAEL A. VALADEZ, 000–00–0000
KATHY L. VELEZ, 000–00–0000
PHILLIP R. WAHLE, 000–00–0000
ERNEST R. WALLS, 000–00–0000

IN THE AIR FORCE

THE FOLLOWING OFFICERS FOR PROMOTION AS RESERVE OF THE AIR FORCE, UNDER THE PROVISIONS OF SECTIONS 12203, 8366, AND 8372, OF TITLE 10, UNITED STATES CODE. PROMOTIONS MADE UNDER SECTION 8372 AND CONFIRMED BY THE SENATE UNDER SECTION 12203 SHALL BEAR AN EFFECTIVE DATE OF 16 JUNE 1995 AND PROMOTIONS MADE UNDER SECTION 8366 SHALL BE EFFECTIVE UPON COMPLETION OF SEVEN YEARS OF PROMOTION SERVICE AND TWENTY-ONE YEARS OF TOTAL SERVICE, UNLESS A LATER PROMOTION EFFECTIVE DATE IS REQUIRED BY SECTION 8372(C), OR THE PROMOTION EFFECTIVE DATE IS DELAYED IN ACCORDANCE WITH SECTION 8380(B) OF TITLE 10.

LINE OF THE AIR FORCE RESERVE

To be lieutenant colonel

LARAINE L. ACOSTA, 000–00–0000
BRUCE M. ALLEN, 000–00–0000
ELLIOTT W. ALLEN, JR., 000–00–0000
HERBERT R. ALLEN, 000–00–0000
JOHN M. ALLEN, 000–00–0000
MARK G. ALLEN, 000–00–0000
SCOTT G. ALLEN, 000–00–0000
DARRELL E. ANDERSON, 000–00–0000
LARRY D. ANDERSON, 000–00–0000
PETER T. ANDRES, 000–00–0000
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DALE M. LAWHORNE, 000–00–0000
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GEORGE W. LITTLEFIELD, 000–00–0000
JEFFERY R. LOREN, 000–00–0000
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RAY B. LYNN, 000–00–0000
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NONA I. MAPES, 000–00–0000
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BILLY J. MAXWELL, 000–00–0000
BLAINE E. MC CANTS, 000–00–0000
MIKE H. MC CLENDON, 000–00–0000
JAMES M. MC CORMACK, 000–00–0000
RENEE A. W. MC CULLOUGH, 000–00–0000
STEPHEN T. MC CUTCHEON, 000–00–0000
LEE A. MC DONALD, 000–00–0000
JAMES L. MC GINLEY, 000–00–0000
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MARGARET A. MC GREGOR, 000–00–0000
EDGAR E. MC LAIN, 000–00–0000
DENNIS E. MELLEN IV, 000–00–0000
PHILIP C. METEER, 000–00–0000
JAMES I. MEYER, 000–00–0000
JEROME P. MEYER, 000–00–0000
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BRENT S. MURRAY, 000–00–0000
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ERIC STRONG, 000–00–0000
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MICHAEL R. WITHERSPOON, 000–00–0000
KEVIN M. WOLFE, 000–00–0000
DANIEL T. WOOLLEY, 000–00–0000
CARL J. WOUDEN, 000–00–0000
C. FAYLENE WRIGHT, 000–00–0000
COISETTA E. WRIGHT, 000–00–0000
PAUL A. WRIGHT, 000–00–0000
GERALD L. YEARSLEY, 000–00–0000
JAMES R. YOUNG, 000–00–0000
MELVIN S. ZAHN, JR., 000–00–0000
WALTER H. ZIMMER, 000–00–0000
WESLEY G. ZIMMERMAN, 000–00–0000

DENTAL CORPS

KENNETH S. BARRACK, 000–00–0000
RANDALL C. BRETZING, 000–00–0000
GORDON M. CALLISON, 000–00–0000
DAN D. COBER, 000–00–0000
VANCE S. COX, 000–00–0000
DENNIS J. FASBINDER, 000–00–0000
JON G. FULLER, JR., 000–00–0000
ALBERT J. GERATHY, JR., 000–00–0000
WAYNE H. GORDNER, 000–00–0000
ROBERT J. GRACE, 000–00–0000
PAUL W. HAAG, 000–00–0000
MARLIESE C. HAEMMERLE, 000–00–0000
RICHARD A. HUOT, 000–00–0000
NORVAL O. JACKSON, 000–00–0000
DAVID L. JOLKOVSKY, 000–00–0000
JAMES F. MARSICO, 000–00–0000
DANIEL G. MAZZA, 000–00–0000
ENRIQUE R. ROVIRA, 000–00–0000
STEPHEN B. SALBEGO, 000–00–0000
DENNIS K. SAVAGE, 000–00–0000
ERVIN SIMMONS IV, 000–00–0000
RONALD T. SMITH, 000–00–0000
SYDNEY B. SOWELL, 000–00–0000
JAMES R. SPALDING, JR., 000–00–0000
GREGORY M. VILLA, 000–00–0000

MEDICAL CORPS

FRANK AIELLO III, 000–00–0000
JAMES P. AMERENA, 000–00–0000
GNANAMANI ARUL, 000–00–0000
N. BENJAMIN BARNEA, 000–00–0000
VICTOR L. BARTON, 000–00–0000
JOHN K. BLUM, 000–00–0000
MICHAEL W. BRADEN, 000–00–0000
WILLIAM R. BURKS, 000–00–0000
ARTEMIO L. CAJIGAL, 000–00–0000
WALTER A. CARPENTER, 000–00–0000
GUILHERME R. CARVALHO, 000–00–0000
WILLIAM J. CURRY, 000–00–0000
PAUL S. DOCKTOR, 000–00–0000
MATTHEW T. DODDS, 000–00–0000
RICHARD P. DONCER, 000–00–0000
BERNADETTE B. DSOUZA, 000–00–0000
OMAR ETON, 000–00–0000
RODNEY L. FARMER, 000–00–0000
BRIAN L. FINKEL, 000–00–0000
MICHAEL V. FINOCCHIARO, 000–00–0000
JAMES L. FISHBACK, 000–00–0000
HETZAL HARTLEY, 000–00–0000
ALBERT D. JOHNSON, 000–00–0000
JAY A. KAVET, 000–00–0000
ERIK P. KOHLER, 000–00–0000
MARSHALL R. LAPLATA, 000–00–0000
JOHN P. LUTZ, 000–00–0000
STUART H. MANNING, 000–00–0000
EDWARD J. MARKUSHEWSKI, 000–00–0000
CAROL S. MARSHALL, 000–00–0000
TIMOTHY W. MARTIN, 000–00–0000
JAMES C. MASON, 000–00–0000
JOHN B. MC CLELLAN, 000–00–0000
THOMAS G. MOODY, 000–00–0000
GALEN V. POOLE, 000–00–0000
ROMEO S. PUZON, 000–00–0000
JOSE I. RUSSE, 000–00–0000
BENJAMIN R. SANIDAD, JR., 000–00–0000
ROBERT C. SINGLER, 000–00–0000
COVIA L. STANLEY, 000–00–0000
MAUREEN E. THOMPSON, 000–00–0000
LESLIE E. TINGLE, 000–00–0000
ROBERT C. VANDERGRAAF, 000–00–0000
RUBEN J. VELIZ, 000–00–0000
WILLIAM L. WORDEN, 000–00–0000
ROGER A. WUJEK, 000–00–0000

NURSE CORPS

JOANNE A. ANDREASSON, 000–00–0000
LOU ALLEN A. ASTON, 000–00–0000
MARGARET H. BAIR, 000–00–0000
JAY J. BEAM, 000–00–0000
JOYCE D. BENNETT, 000–00–0000
SANDRA K. BENNETT, 000–00–0000
CYNTHIA L. BOTTOMLEY, 000–00–0000
MICHAEL J. BRASKO, 000–00–0000
LORRAINE J. BUTLER, 000–00–0000
WILLIAM E. CADWELL, 000–00–0000
JANICE B. CLARK, 000–00–0000
BECKY I. CLIFTONMOORE, 000–00–0000
HEIDI R. CLOSE, 000–00–0000
JENNIFER L. COLES, 000–00–0000
JOANNE M. CONAWAY, 000–00–0000
PAULA M. CROASDALE, 000–00–0000
JANENE B. DAWSON, 000–00–0000
NANCY L. DESCHAINE, 000–00–0000
BERNARDINE DONATO, 000–00–0000
VONDA G. DOWDY, 000–00–0000
PAULA A. H. DUNAWAY, 000–00–0000
MICHELLE K. FREY, 000–00–0000
CHARLES L. GATTO, 000–00–0000
MARY B. GIBBONS, 000–00–0000
ELIZABETH M. GOODFELLOW, 000–00–0000
KATIE M. GREENE, 000–00–0000
THEODORE E. HAHN, 000–00–0000
LINDA D. HANF, 000–00–0000
ENRICA J. HERRMAN, 000–00–0000
JILL W. HOLWERDA, 000–00–0000
CARRIE M. ISHISAKA, 000–00–0000
JEAN M. KELLY, 000–00–0000
DIANA L. LUNDY, 000–00–0000
LORNA F. LYDEN, 000–00–0000
JOAN KELLY MADERA, 000–00–0000
SHIRLEY M. MANNING, 000–00–0000
EDYTHE A. MC GOFF, 000–00–0000
SHIRLEY D. MC GRAW, 000–00–0000
MARY J. MIHALEK, 000–00–0000
LINDA A. MILLER, 000–00–0000
SHARON L. MILNER, 000–00–0000
SUSAN L. MILOVICH, 000–00–0000
REBECCA L. MOORE, 000–00–0000
LINDA G. MOULTRIE, 000–00–0000
BARBARA E. MUNSON, 000–00–0000
DAVID P. NEAL, 000–00–0000
WAYNE J. O'BRIEN, 000–00–0891
JOSEPH W. O'ROURKE, 000–00–9585
DENISE R. PARKSSASINE, 000–00–0000
GAYLYN L. PFAHLES, 000–00–0000
PATRICIA E. PICKARSKI, 000–00–0000
DIANNE C. PRICE, 000–00–0000
CHERYL M. PRITCHETT, 000–00–0000
THOMAS R. RATIGAN, 000–00–0000
KAREN A. READ, 000–00–0000
JOHN P. REGAN, JR., 000–00–0000
MARILYN K. RHODES, 000–00–0000
JANIS D. ROBINSON, 000–00–0000
ELIZABETH A. RYAN, 000–00–0000
JANE L. SBARDELLA, 000–00–0000
DONNA L. SCHMIDT, 000–00–0000
NELLIE N. SCOTT, 000–00–0000
JOYCE M. SHANNON, 000–00–0000
PAMELA R. SHARAFINSKI, 000–00–0000
DEBRA A. SHAWVER, 000–00–0000
DENNIS A. SIMONSON, 000–00–0000
ELIZABETH M. SMITH, 000–00–0000
ROBERT S. SOTH, 000–00–0000
JANE B. TAYLOR, 000–00–0000
CAROL A. THORSENHOOD, 000–00–0000
JANICE L. TULAK, 000–00–0000
DONNA M. UNDERWOOD, 000–00–0000
CHRISTINE E. VEALE, 000–00–0000
NAHID VEIT, 000–00–0000
NANCY M. WAGNER, 000–00–0000
KENNETH R. WHEELER, JR., 000–00–0000

MEDICAL SERVICE CORPS

RAYMOND M. BUTLER, 000–00–0000
JOHN R. CARAWAY, 000–00–0000
GREGORY A. DEAL, 000–00–0000
KARL V. DICK, JR., 000–00–0000
BARRY J. FLYNN, 000–00–0000
DENNIS J. MANNING, 000–00–0000
ROBERT D. MASTERS, 000–00–0000
TERESA F. MC MAHON, 000–00–0000
NANCY A. MONROE, 000–00–0000
CANDICE M. MONTGOMERY, 000–00–0000

BIOMEDICAL SERVICE CORPS

DOUGLAS W. ANDERSON, 000–00–0000
ROBIN K. BAILEY, 000–00–0000
WAYNE A. BEAVER, 000–00–0000
DANIEL D. BERLINRUT, 000–00–0000
KARLA S. BROCKMAN, 000–00–0000
DANIEL E. CALLAHAN, 000–00–0000
ALAN S. COHN, 000–00–0000
JAMES G. CURREY III, 000–00–0000
ELIZABETH V. DUNNE, 000–00–0000
DAN T. ELLIS, 000–00–0000
BARRY K. EMRICK, 000–00–0000
KAREN L. FUSTO, 000–00–0000
HEIDI A. HOLDSAMBECK, 000–00–0000
PATRICK J. HUSTON, 000–00–0000
BENNY W. LAM, 000–00–0000
HOWARD G. MALIN, 000–00–0000
VALERIE A. MC CANN, 000–00–0000
ROBERT K. MC DONALD, 000–00–0000
NANCY E. MISEL, 000–00–0000
KAREN D. ORourke, 000–00–0000
RONALD J. PALMER, 000–00–0000
JOHN W. SPAKES, JR., 000–00–0000
JAMES D. STAUBER, 000–00–0000
THOMAS I. WASHINGTON, 000–00–0000
TERRY D. WEAVER, 000–00–0000
DANIEL C. WEBER, 000–00–0000
RONALD L. WEED, 000–00–0000
GAYLE C. WIGGINS, 000–00–0000
JOAN C. WINTERS, 000–00–0000