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House of Representatives

The House was not in session today. Its next meeting will be held on Tuesday, July 14, 1998, at 12:30 p.m.

Senate

FRIDAY, JULY 10, 1998

The Senate met at 9:28 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:

Almighty God, we claim Your promise, ''I will not forget You. See, I have inscribed You on the palms of my hands.''—Isaiah 49:16. So with confidence we pray the ancient Hebrew childhood prayer, ''Father, into Your hand I commit my spirit.''—Psalm 31:5. As we pray that prayer we get ourselves off our own hands and into Your strong and competent hands. We take each of the fears in our jumbled mass of worries and concerns and surrender them to You. You have promised to keep us in perfect peace if we allow You to keep our minds stayed on You. Interrupt us when we get too busy and remind us that we are here to serve You. When we forget You, remind us that You never forget or forsake us. May that awesome assurance steady our course and fill our sails with the wind of Your power. Through our Lord and Savior. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader is now recognized.

Mr. LOTT. Thank you, Mr. President.

SCHEDULE

Mr. LOTT. Mr. President, pursuant to the consent agreement reached last night, the Senate will now proceed to the consideration of S. Con. Res. 107 regarding Taiwan, with a rollcall vote occurring immediately after I give a brief statement on the resolution.

Following that vote, the Senate will be asked to turn to any other Legislative or Executive Calendar items that have been cleared for action. However, no further rollcall votes will occur during Friday's session of the Senate.

As a reminder to all Senators, a cloture motion was filed on the motion to proceed to the private property rights legislation. That cloture vote will occur on Monday, July 13, at 5:45 p.m.

As a final announcement, there will also be a joint meeting of Congress on Wednesday, July 15, at 10 a.m. to receive an address by the President of Romania.

I thank my colleagues for their cooperation on the schedule, including getting the higher education bill passed last night.

AFFIRMING THE UNITED STATES COMMITMENTS TO TAIWAN

The PRESIDING OFFICER (Mr. ALLARD). Under the previous order, the Foreign Relations Committee is discharged from Senate Concurrent Resolution 107, and the Senate will now proceed to its consideration, which the clerk will report.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 107) affirming the United States commitments to Taiwan.

The Senate proceeded to consider the resolution.

Mr. LOTT. Mr. President, I am pleased the Senate is about to vote on S. Con. Res. 107, introduced by Senator TORRICELLI, myself and many others earlier this week. This resolution was necessary to address the uncertainty created by President Clinton's remarks in Shanghai on his recent trip to China.

Our resolution reaffirms our commitments to Taiwan as spelled out in the 1979 Taiwan Relations Act. That act is the law of the land. Successive Presidents have reached bilateral agreements with the People's Republic of China, but they have never been submitted to the Senate for ratification. They are not binding on the United States. The Taiwan Relations Act is.

It is unfortunate the President chose to lay out a new course on Taiwan—unfortunately it was done in Shanghai, unfortunately it was done without any consultation with Congress, and unfortunately it was done without consultation with the democratic government of Taiwan.

It is also unfortunate the President did not apparently even seek to get China's leaders to renounce the use of force against Taiwan. Instead, he said exactly what Beijing wanted to hear.

One likely effect of the President's statements is to strengthen the voices in Taiwan seeking full independence. While seeking to please Beijing, he has strengthened those in Taiwan who argue the United States cannot be trusted as an ally.

President Clinton's statements have emboldened Beijing in its efforts to intimidate Taiwan. A Chinese official told Taiwan to ''face reality.'' The

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

Washington Post reports today the Beijing plans ''to use the remarks as a lever to force Taiwan into political talks on reunification.''

The article also reports that the remarks ''underscore the important role the United States has played in forcing Taiwan to the bargaining table.''

Chinese officials understand what Clinton officials deny: The President's remarks were a major victory for Beijing and major blow to democratic Taiwan.

Passage of this resolution sends a powerful signal that the Senate is not accepting President Clinton's new policy. It is a strong statement coming so soon after his return to the United States.

But passage of this resolution will not be the end of our efforts to try to understand the administration's new policy on Taiwan. Administration spokesmen have said they have not changed policy, when the opposite is obvious.

We will explore whether the administration stands by its 1994 Taiwan Policy Review. That review pledged to upgrade relations with Taiwan. That review pledged to support Taiwan's participation in certain international organizations. Is this still administration policy?

We also will try to determine whether the administration still adheres to the ''Six Assurances'' made to the Senate in 1982: No date for ending arms sales to Taiwan; no prior consultations with Beijing on arms sales to Taiwan; no U.S. mediation role between Taipei and Beijing; no agreement to alter the Taiwan Relations Act; no change in the United States position regarding Taiwan's sovereignty; and no pressure on Taiwan to enter into negotiations with Beijing.

We will ask the administration if they still adhere to these assurances given to the Senate after the Third Communique was reached in 1982.

This resolution is an important step and a timely step. But it is not the end of repairing the damage from the President's statements in China.

Mr. President, I yield the floor.

Mr. THOMAS. Mr. President, as the chairman of the Subcommittee on East Asian and Pacific Affairs, I rise this morning in support of the resolution on Taiwan.

My expectations for the recent summit meeting in the PRC were, frankly, not high. Summit meetings such as the one in Beijing rarely provide the atmosphere for momentous policy breakthroughs. Rather, they are an important opportunity for leaders to exchange views and to discuss further avenues of bilateral cooperation. This summit then, viewed from that standpoint, met expectations.

And I must say, that I was encouraged by the willingness of the PRC to broadcast both the Clinton-Jiang press conference and the President's speech from Beijing Daxue in Beijing. Clearly, that decision was an important step in the PRC's continuing—albeit slow—progress toward further openness.

But Mr. President, I was disturbed by the President's pronouncements on Taiwan and the ''three noes.'' The PRC-Taiwan-US relationship is a very complex one. While it certainly can be argued that the President's statement was simply a restatement of actual U.S. policy on Taiwan, in a culture, on both sides of the Taiwan Straits, where nuances are everything, I believe that the statement sent the worst possible signals to both sides.

First, the statement was the first time that a President of the United States has publicly adopted the PRC policy of the ''three noes.'' While—as the President's national security adviser pointed out to me in a meeting yesterday—it is true that both he and Secretary Albright have made similar statements in the past, and it is true that in many ways the statement was simply a restatement of implicit U.S. policies, the fact that the pronouncement came directly from the President gives it a special gravity in Chinese eyes.

Second, it occurred while the President was still in the PRC, during the first visit of an American President since 1989, and more ominously for the Taiwanese, in Shanghai, the site of what they regard as the infamous Shanghai Communiqué.

Third, to me the statement bore all the markings of a quid pro quo. Any outside observer looking at the give-and-take of the summit would see that the PRC gave the U.S. four unprecedented opportunities for the President to make live statements on Chinese TV and radio. What did the PRC get in return in what for both sides is always supposed to be a zero-sum game, they might ask? Well, aside from the reception in Tiananmen Square, the only other concession to the PRC I can find is the Taiwan statement.

And let there be no doubt, Mr. President, the statement was a useful concession to the PRC. Beijing officials have stated that they intend to use the President's remarks as a lever to force Taiwan into political talks on reunification. The Foreign Ministry stated yesterday that Clinton's statement has ''positive implications for the resolution of the Taiwan question.'' Tang Shubei, the Vice President of the PRC's Association for Relations Across the Taiwan Straits (ARATS) with whom I have discussed the Taiwan issue on several occasions, has said that the remarks helped the PRC: ''This has provided favorable conditions for the development of cross-strait relations.''

It seems to me that the President could have simply said, when asked, ''There has been no change in the policy of the United States on the Taiwan question'' or ''The United States' position on the Taiwan question remains the same'' or words to that effect. Instead, he made a conscious decision to explicitly adopt the PRC's ''three noes'' policy. Such a decision was hardly accidental, and so I must ask why that decision was made. And in the total absence of any other rational explanation from the White House, I and others can only conclude that the statement was some sort of quid pro quo.

Fourth, and most disturbing to me, the President explicitly stated that the United States will not under any circumstances support the independence of Taiwan. While it could be said that this policy is implicit in the fact that the United States supports the ''one China'' policy and does not support ''two Chinas'' or ''one China one Taiwan,'' it is the first time in my knowledge that it has been publicly enunciated in this manner. In addition, it seems to me to completely rule out a bid for independence even if the PRC uses force to reunify with Taiwan—a course of action it has pointedly refused to rule out.

So Mr. President, I think it only proper under these unfortunate circumstances that the Congress make clear its position on the status of Taiwan. For that reason, I support the resolution and urge my colleagues to do the same.

Mr. MURKOWSKI. Mr. President, I am pleased that the Senate is acting with swift resolve in passing this important resolution reaffirming our commitments and support to the people and government of Taiwan. This is an important statement, which I hope gives some sense of reassurance to our friends in Taiwan that the United States will not turn its back on the right of any people to choose the path of democracy and freedom. And that we will not waiver in our support simply for political expediency.

Yesterday before the Senate Finance Committee, I asked our Secretary of State Madeleine Albright about the President's statements in China. Well, to no real surprise, the Secretary had to pretend that there has been no policy change on Taiwan since official relations were terminated with Taiwan in 1979. Mr. President, this is an indefensible line; the Administration clearly agreed to China's position on the Three No's''; possibly as early as when when President Jiang was here in Washington, D.C. last October, but most certainly reiterated by President Clinton himself while in China last month. Make no mistake about it, this is a policy change—and a dangerous one at that.

The Washington Post this morning has reported that the People's Republic of China is already using President Clinton's statements for leverage to bring Taiwan to the bargaining table. While this Administration claims it would never force Taiwan to negotiate with Beijing, it has done so by slowly taking away all its negotiating cards in the middle of the night and without consultation. I ask unanimous consent that this article appear in the RECORD at the conclusion of my remarks.

Mr. President, the United States is the greatest example for what democracy can accomplish; we are the greatest advocate for democracy and freedom in the history of mankind. But for some strange reason, the President of the United States chose to publicly handcuff the ability of the 21 million people in Taiwan to pursue the right of democracy. Will this deter others from summoning the courage to pursue the path of freedom? I hope not, but if the example is there that the United States will not support the quest; than I think it is remains more than a possibility.

Indeed, this a dark day for democracy and freedom. While I am pleased that the Senate is making this important statement, I fear that the damage has been done.

Mr. President, I yield the floor.

[From the Washington Post, July 10, 1998]

CHINA TELLS TAIWAN TO ''FACE REALITY'' REUNIFICATION TALKS URGED

(By John Pomfret)

BEIJING, July 9—China urged Taiwan today to ''face reality'' and agree to talks on eventual reunification with China following comments by President Clinton that the United States will not support an independent Taiwan.

Taiwan, meanwhile, announced it had agreed to a visit by a senior Beijing negotiator to prepare for resumption of high-level dialogue between the two rivals, separated by the 100-mile-wide Taiwan Strait.

The developments indicate that after a three-year freeze, talks could begin as early as this fall between the two sides. They also underscore the important role the United States has played in forcing Taiwan to the bargaining table. Clinton's statement, during his recent nine-day trip to China, was taken as a significant defeat in Taiwan even though U.S. officials contended it was simply a reiteration of U.S. policy.

Clinton's June 30 remarks in Shanghai made clear the United States would not support any formal independence bid by the island of 21 million people, or a policy backing ''one China, one Taiwan,'' or ''two Chinas.'' Clinton also said the United States will oppose any Taiwanese bid to join international bodies that accept only sovereign states as members.

Although the policy was first enunciated in October, Clinton himself had never said it publicly before. Thus, it was taken as a major defeat in Taiwan, which relies on the United States for most of its political support and weapons. In Washington, Clinton's statement has drawn some criticism. On Tuesday, Senate Majority Leader TRENT LOTT (R-Miss.) called Clinton's remarks counterproductive, and he threatened unspecified congressional action.

The Beijing government, which views Taiwan as a renegade Chinese province, has said it is satisfied with Clinton's remarks, even though it had tried to have Clinton commit them to writing. Chinese officials have said they plan to use the remarks as a lever to force Taiwan into political talks on reunification. Taiwanese officials say they want to limit any new talks to specific issues, such as immigration, cross-border crime, fishing rights and protection of investments. China rejects this limited approach and insists a broader discussion of reunification is necessary for improved ties.

Taiwan and China ostensibly have been separated since 1895, when Japan occupied the island following its victory over Imperial China in the Sino-Japanese War. In 1949, Nationalist Chinese leader Chiang Kai-shek fled to Taiwan from the mainland after his forces lost a civil war to Chinese Communist forces led by Mao Zedong. Since then, the two sides have moved further away from each other—in both economic and political development.

In Beijing, Foreign Ministry spokesman Tang Guoqiang said Clinton's statement has ''positive implications for the resolution of the Taiwan question,'' and he added: ''We hope that Taiwan authorities will get a clear understanding of the situation, face reality and place importance on the national interest.

''Similarly, the official China Daily quoted one of Beijing's top negotiators with Taiwan as saying that Clinton's remarks had helped China. ''This has provided favorable conditions for the development of cross-strait relations,'' said Tang Shubei, vice president of the Association for Relations Across the Taiwan Strait. ''But cross-strait issues will ultimately be solved by the Chinese people.''Meanwhile, that group's Taiwanese counterpart, the semi-official Straits Exchange Foundation, informed the Chinese association that its deputy secretary general, Li Yafei, could visit Taiwan July 24–31. Li's visit is to be followed by a reciprocal trip to China by the leader of the Taiwan foundation, Koo Chen-fu. In June, Beijing invited Koo to visit China sometime in September or October, and Koo said later he plans to go in mid-September.

In 1993, Koo and Chinese association leader Wang Daohan met in Singapore in a landmark gathering that signaled warming ties between the old rivals. But after two years of improving relations, the ties collapsed in 1995 when Taiwanese President Lee Teng-hui obtained a visa to visit the United States for the 25th reunion of his Cornell University class.

China launched a series of military exercises off the Taiwanese coast in 1995 and 1996, lobbing cruise missiles into the area. In 1996, the United States dispatched two aircraft carrier battle groups to the region as a warning to China not to contemplate a military solution.

Mr. ABRAHAM. Mr. President, I rise to express my strong support for the Majority Leader's resolution on Taiwan. This resolution will reassure the people of Taiwan that the United States will stand by its pledges, particularly those included in the Taiwan Relations Act of 1979.

It is unfortunate to say the least, Mr. President, that it has become necessary to pass this resolution. But President Clinton's statements while in the People's Republic of China make it imperative that we reiterate and reaffirm our commitment to Taiwan's democratic principles, to its right to maintain a viable, sufficient self-defense capability, and to a future for Taiwan that is determined by peaceful, democratic means.

President Clinton's unwise and damaging statements during his visit to communist China have thrown in doubt our commitment to Taiwan. The President's three noes''—no independence for Taiwan, no recognition for a separate Taiwanese government, and no support for Taiwan's membership in international organizations—cast doubt on America's willingness to stand by its commitments and raise the prospect of future conflict in South Asia.

Were the President's statements allowed to stand, they would constitute an abandonment of Taiwan to its fate at the hands of a communist regime that has shown itself willing to slaughter its own people and resort to force and intimidation whenever useful.

This is unacceptable, Mr. President, and we must not let it stand. As the world's first free nation, and as the leader of the free world, we have a responsibility to stand up for nations like Taiwan which have moved toward democracy and free markets. We owe it to the people of Taiwan to renew our commitment to their democratic institutions and to their right to determine their own future on a democratic basis.

It also is important to note, Mr. President, that the People's Republic of China has engaged in shows of force and attempted military intimidation toward Taiwan over the course of several decades. Only two years ago, in 1996, the United States found it necessary to send aircraft carriers to the area to let the Chinese communist government know that we would respond should they take military action against Taiwan.

By explicitly stating that the United States would not support the Taiwanese people's right to determine their own future in a democratic manner, President Clinton sent a strong signal to the communist government in Beijing that we might stand idly by while it took control of Taiwan by force.

Mr. President, it was precisely this kind of miscalculation that precipitated the war in Korea, a war in which American troops ended up facing the Chinese army and in which thousands of brave American soldiers lost their lives. It is imperative, in my view, that Congress act swiftly and surely to see to it that history does not repeat itself.

The United States stands by the people of Taiwan in their determination to protect themselves and their democratic principles from any forceful reintegration into China. We must make our stance clear for the people of Taiwan, for the cause of freedom, and for the cause of peace.

I yield the floor.

Mr. CRAIG. Mr. President, I rise to speak in strong support of Senate Concurrent Resolution 107, a resolution affirming the United States' continued commitment to Taiwan.

During his recent visit to China, the President undermined long-standing U.S. policy regarding Taiwan. President Clinton said,

> I had a chance to reiterate our Taiwan policy, which is that we don't support independent for Taiwan, or two Chinas, or one Taiwan-one China. And we don't believe that Taiwan should be a member of any organization for which statehood is a requirement.

The President's statement, in fact, represents a long standing departure from U.S. policy. This statement represents an abandonment of a balanced policy that has allowed the United States to conduct important relations with both sides of the Taiwan Strait.

The United States has not taken, and should not take, a policy position on the outcome of the dispute between China and Taiwan. Neither should we endorse or oppose Taiwan's independence or reunification. However, we must continue to insist that any eventual resolution of this dispute must come through peaceful means and with the approval of the people of Taiwan. The President's remarks are not consistent with that goal.

Let us not forget that May 1998 marked the second anniversary of the first fully democratic Presidential election in the 5,000-year history of the Chinese people. That election occurred on the island of Taiwan. Taiwan has evolved into a modern, democratic society, a major economic power, and an active partner in world affairs. Taiwan's continued achievement should deepen the longstanding friendship between our two democracies. Should the President disregard that responsibility, the Congress must fill that void.

Mr. ASHCROFT. Mr. President, I rise today in strong support of S. Con. Res. 107. This resolution is intended to repair the damage done by President Clinton's ill-considered comments on Taiwan during the recent U.S.-China summit. The Senate needs to make a clear statement in support of Taiwan. A failure to do so would be a greater disservice to the people of Taiwan and the credibility of the United States in East Asia.

Mr. President, let us be clear, the President's statements undercut Taiwan in a way that past U.S. policy explicitly avoided. The Administration has tried to portray the President's regurgitation of Beijing's ''three noes'' as merely a restatement of U.S. policy. If this was merely a restatement of U.S. policy, however, why did the President have to make the comments at all?

Far from being a restatement of U.S. policy, Bill Clinton's remarks were the first by a U.S. president formally opposing Taiwanese independence. In addition, the President's stated opposition to Taiwan's membership in international organizations directly undercuts Taiwan's efforts to share abroad its vision for a democratic, unified China. It is Taiwan's vision of China's future—a future of democratic pluralism and civil liberty—that the Administration should be supporting, not legitimizing the Chinese Communist Party with CNN summitry.

As hard as the Administration might try to sanitize the President's comments, his statements already are being used by Beijing to pressure Taiwan on reunification. This morning's Washington Post reports that Beijing is telling Taiwan to ''face reality'' after the President's statement and agree to talks on reunification. One of Beijing's top negotiators with Taiwan said that the President's remarks strengthened China's hand and ''* * * provided favorable conditions for the development of cross-strait relations.''

This Administration seems to have forgotten that China has conducted missile exercises off of Taiwan's major ports in two of the last four years. ''Favorable conditions'' for China mean one thing: more latitude from the United States to intimidate Taiwan. The Chinese military continues to acquire weapons systems to facilitate an invasion of the island, yet the Administration tries to distance itself from American obligations in the Taiwan Relations Act to help Taiwan ''maintain a sufficient self-defense capability.'' Incredibly, the Administration parroted the ''three noes'' policy for Beijing without even obtaining assurances from China that it will not use force to reunify with Taiwan.

Adopting Beijing's formulation on Taiwan was an ill-advised move by the President that has the potential of doing great harm to the 21 million Taiwanese who have built a vibrant democracy and free market. The Administration's position on Taiwan is not reassuring our democratic allies in East Asia.

It is time for this Administration to choose which side it will support in the continuing struggle for civil liberty and democratic reform in East Asia. Blind engagement with Beijing's oppressive regime is not the way to ensure that democracy is preserved on Taiwan or advanced in China. It is time for the United States to stand again for freedom in East Asia and around the world.

Mr. LOTT. 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.

AMENDMENT NO. 3121

The PRESIDING OFFICER. Under the previous order, the clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Mississippi [Mr. LOTT] proposes an amendment numbered 3121.

On page 2, line 8, strike ''with the consent of the people of Taiwan,''.

The PRESIDING OFFICER. Under the previous order, the amendment is agreed to.

The Amendment (No. 3121) was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the Senate Concurrent Resolution 107, as amended. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRAIG. I announce that the Senator from Missouri (Mr. ASHCROFT), the Senator from New Mexico (Mr. DOMENICI), the Senator from Texas (Mrs. HUTCHISON), the Senator from Arizona (Mr. KYL), the Senator from Arizona (Mr. MCCAIN), the Senator from Oklahoma (Mr. NICKLES), and the Senator from Oregon (Mr. SMITH) are necessarily absent.

I further announce that, if present and voting, the Senator from Arizona (Mr. KYL) and the Senator from Texas (Mrs. HUTCHISON) would each vote ''yes.''

Mr. FORD. I announce that the Senator from New Mexico (Mr. BINGAMAN) is necessarily absent.

The result was announced—yeas 92, nays 0, as follows:

[Rollcall Vote No. 196 Leg.]

YEAS—92

Abraham	Feingold	Lott
Akaka	Feinstein	Lugar
Allard	Ford	Mack
Baucus	Frist	McConnell
Bennett	Glenn	Mikulski
Biden	Gorton	Moseley-Braun
Bond	Graham	Moynihan
Boxer	Gramm	Murkowski
Breaux	Grams	Murray
Brownback	Grassley	Reed
Bryan	Gregg	Reid
Bumpers	Hagel	Robb
Burns	Harkin	Roberts
Byrd	Hatch	Rockefeller
Campbell	Helms	Roth
Chafee	Hollings	Santorum
Cleland	Hutchinson	Sarbanes
Coats	Inhofe	Sessions
Cochran	Inouye	Shelby
Collins	Jeffords	Smith (NH)
Conrad	Johnson	Snowe
Coverdell	Kempthorne	Specter
Craig	Kennedy	Stevens
D'Amato	Kerrey	Thomas
Daschle	Kerry	Thompson
DeWine	Kohl	Thurmond
Dodd	Landrieu	Torricelli
Dorgan	Lautenberg	Warner
Durbin	Leahy	Wellstone
Enzi	Levin	Wyden
Faircloth	Lieberman	

NOT VOTING—8

Ashcroft	Hutchison	Nickles
Bingaman	Kyl	Smith (OR)
Domenici	McCain	

The concurrent resolution (S. Con. Res. 107), as amended, was agreed to.

The PRESIDING OFFICER (Mr. SESSIONS). Under the previous order, the preamble to the resolution is agreed to and an amendment to the title is agreed to.

The preamble was agreed to.

The resolution, as amended, with its preamble, is as follows:

S. CON. RES. 107

Whereas at no time since the establishment of the People's Republic of China on October 1, 1949, has Taiwan been under the control of the People's Republic of China;

Whereas the United States began its long, peaceful, friendly relationship with Taiwan in 1949;

Whereas since the enactment of the Taiwan Relations Act in 1979, the policy of the United States has been based on the expectation that the future relationship between the People's Republic of China and Taiwan would be determined by peaceful means;

Whereas in March 1996, the People's Republic of China held provocative military maneuvers, including missile launch exercises in the Taiwan Strait, in an attempt to intimidate the people of Taiwan during their historic, free and democratic presidential election;

Whereas officials of the People's Republic of China refuse to renounce the use of force against democratic Taiwan;

Whereas Taiwan has achieved significant political and economic strength as one of the world's premier democracies and as the nineteenth largest economy in the world;

Whereas Taiwan is the seventh largest trading partner of the United States and imports more than twice as much annually from the United States as does the People's Republic of China; and

Whereas no treaties exist between the People's Republic of China and Taiwan that determine the future status of Taiwan: Now therefore, be it

Resolved by the Senate (the House of Representatives concurring), That Congress—

(1) affirms its longstanding commitment to Taiwan and the people of Taiwan in accordance with the Taiwan Relations Act (Public Law 96–8);

(2) affirms its expectation, consistent with the Taiwan Relations Act, that the future of Taiwan will be determined by peaceful means, and considers any effort to determine the future of Taiwan by other than peaceful means a threat to the peace and security of the Western Pacific and of grave concern to the United States;

(3) affirms its commitment, consistent with the Taiwan Relations Act, to make available to Taiwan such defense articles and defense services in such quantities as may be necessary to enable Taiwan to maintain a sufficient self-defense capability;

(4) affirms its commitment, consistent with the Taiwan Relations Act, that only the President and Congress shall determine the nature and quantity of defense articles and services for Taiwan based solely upon their judgment of the needs of Taiwan; and

(5) urges the President of the United States to seek a public renunciation by the People's Republic of China of any use of force, or threat to use force, against democratic Taiwan.

The title was amended so as to read: ''Affirming U.S. Commitments Under the Taiwan Relations Act''.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, what is the business before the Senate?

The PRESIDING OFFICER. The Senate has no order at this time.

Mr. HATCH. Will the Senator yield so I can put us in morning business?

Mr. DODD. I will be happy to.

MORNING BUSINESS

Mr. HATCH. Mr. President, 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 10 minutes each.

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

Mr. HATCH. I thank my colleague.

Mr. DODD. Mr. President, I ask unanimous consent to proceed in morning business.

The PRESIDING OFFICER. That is the present order. The Senator has 10 minutes to speak.

(The remarks of Mr. DODD and Mr. MOYNIHAN pertaining to the introduction of S. 2285 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

The PRESIDING OFFICER. The Senator from Colorado is recognized for up to 10 minutes.

CAPITAL GAINS

Mr. ALLARD. Mr. President, I wish to speak about capital gains and the way that we look at the estimates that come from a reduction in taxes such as capital gains.

Earlier this year, I introduced legislation to reduce the capital gains tax to 14 percent and to provide indexing of the capital gains tax from that point out. This legislation builds on last year's tax bill which moved the capital gains rate down from 28 percent to 20 percent.

I rise today to commend both the Senate majority leader and the Speaker of the House for their recent calls for a reduction in the top capital gains rate to 15 percent. Both of our leaders have indicated they are introducing legislation to cut the rate. This could be accomplished as early as this year. Again, I commend them for their leadership.

I also wish to express my support for a provision in the IRS reform bill that returns the holding period for long-term capital gains treatment to 12 months. Last year, the administration unwisely insisted on extending this out to 18 months. This added complexity to the code and represented another attempt by Government to micromanage investment decisions.

There is a great deal of interest in the tax treatment of capital gains due to mounting evidence that capital gains tax rate reductions not only benefit taxpayers and the economy but also increase revenues.

Last month, the Joint Tax Committee released new estimates of the revenue resulting in the 1997 reduction of the top capital gains rate from 28 percent to 20 percent. The Joint Tax Committee apparently underestimated the revenue gain in 1998 by $13 billion and in 1999 by $12 billion. In fact, the latest estimates are that over the first 5 years revenue could be as much as $58 billion greater than previously forecast.

Now, this does not surprise me. In fact, there are a number of us in Congress who have been making this very point for years. The capital gains tax rate cut will increase revenue, not reduce it. There are two principal reasons for this increase in revenue. First, there is the short-term incentive to sell more capital assets; second is the long-term progrowth benefit from a capital-friendly tax policy.

The capital gains tax is largely a voluntary tax. The tax is only paid if the investor chooses to sell the asset.

If taxes are high, an investor can hold on to the asset for years. But when taxes are low, investors will often decide to sell the assets and ''realize'' the capital gain.

History confirms this pattern. In 1978, when the capital gains tax rate was reduced from 40 percent to 28 percent, capital realizations increased by 50 percent, and tax receipts increased.

In 1981, Congress and President Reagan further reduced the capital gains tax rate to 20 percent. Once again, capital gain realizations increased dramatically and by 1983 were again up by 50 percent.

By contrast, tax revenues actually dropped for a number of years following the capital gains tax rate hike in 1986.

Mr. President, last year, when Congress proposed to cut the capital gains tax rate from 28 percent to 20 percent, the Joint Tax Committee submitted its revenue estimate.

The Joint Tax Committee forecast a 10-year revenue loss from the rate cut of $21 billion.

Mr. President, it is clear that the Joint Tax Committee and Congressional Budget Office estimates dramatically underestimated both the strength of the economy and the positive response to the tax rate cut.

The Joint Tax Committee now concedes that there will be a significant revenue gain from capital gains realizations.

In my view, a review of the last twenty years of capital gains tax rates and the associated revenues suggests that the model used by the Joint Tax Committee and the Congressional Budget Office to estimate capital gains revenues is flawed.

The Congressional Budget Office argues that government revenue estimates adequately account for behavioral changes that occur as a result of tax changes.

Despite this claim, it would appear that when tax rates are lowered the revenue estimating model significantly exaggerates the revenue losses.

In fact, in no single year after a rate cut has there ever been a loss of revenue.

Conversely, when tax rates are increased, the model significantly exaggerates the level of revenue gains.

Not only do the Congressional models fail to accurately measure the response of taxpayers to changes in tax rates, they exclude an estimate of the impact of tax changes on economic performance.

Congress is largely in the dark when it comes to any estimates of the economic benefit of tax rate reductions.

It is logical to assume that a lower tax rate on capital lowers the cost of capital. This clearly benefits the economy. As a consequence the Federal Government will realize greater income, payroll, and excise taxes. In addition, State and local tax revenues will also rise.

Admittedly, all of this is difficult to measure. However, I would like to see some attempt made to include these factors in revenue models.

At a minimum they should always be appended to the official revenue estimates. This would give Congress a more complete picture of the impact of tax changes on revenues.

Mr. President, I will note that a recent addition to the rules of the House permits the Joint Committee on Taxation to append dynamic estimates to tax legislation when requested to do so by the Chairman of the Ways and Means Committee.

This dynamic estimate is to reflect the anticipated macroeconomic effects

of tax legislation, and is to be used solely for informational purposes.

It is time for Congress to build on this process. Dynamic estimates should be routinely requested in both the House and Senate.

Congress should also make greater use of the work of a multitude of economists. I would note for example that in 1997 the Joint Economic Committee published a study by two Florida State University economics professors; James Gwartney and Randall Holcombe that argued that the optimal capital gains rate is 15 percent or less.

These economists predicted accurately prior to last year's rate cut that a reduction in the rate would increase revenues.

While improvements in the revenue estimating process are certainly desirable, the fact remains that estimates are just ''estimates'', and Congress should recognize that those estimates will often turn out to be way off the mark.

That is why Congress should place greater emphasis on the impact that changes in the taxation will have on the private economy, and less emphasis on projections of government revenue.

Economic growth, job creation, and international competitiveness should be our focus.

Mr. President, when it comes to capital gains taxes I suggest that Congress spend less time gazing into the crystal ball of revenue forecasting, and more time focusing on the real world impact of taxes on capital formation, job creation, and economic growth.

I think it will then be abundantly clear that we should continue to reduce the tax on capital to 14 percent. This will continue the good work that we began last year.

Mr. President, the U.S. level of tax on capital has been among the highest in the world, I am dedicated to seeing that it becomes one of the lowest in the world.

A low rate of tax will encourage capital investment, economic growth and job creation.

This is no time for the United States to sit on its lead; we must continue to ensure that America is the premier location in the world to do business.

A low capital gains tax will help our economy, but it will also help America's families by reducing their tax burden.

I look forward to working with Majority Leader LOTT and with Speaker GINGRICH as we continue to cut the rate of taxation on capital gains.

I yield the balance of my time.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, I ask that I be granted 10 minutes to speak in morning business.

The PRESIDING OFFICER. The Senator has 10 minutes under the previous order.

NOMINATION OF SONIA SOTOMAYOR TO BE A JUDGE ON THE SECOND CIRCUIT COURT OF APPEALS

Mr. MOYNIHAN. Mr. President, there has been some discussion in the press of late concerning a ruling in Federal District Court of the Southern District of New York involving a business coalition in Manhattan called the Grand Central Partnership. In this case, *Archie* v. *Grand Central Partnership, Inc.* (1998 WL 122589, 1998 U.S. Dist. Lexis 3599, S.D.N.Y. 1998), the judge agreed with the plaintiffs who had brought suit against the partnership demanding to be paid at minimum wage rates pursuant to the provisions of the Fair Labor Standards Act and the New York State Minimum Wage Act. The language of the decision reads as follows:

> Despite the attractive nature of the defendants' program in serving the needs of the homeless, the question of whether such a program should be exempted from the minimum wage laws is a policy decision either Congress or the Executive Branch should make. . . . The Court, however, cannot grant an exemption where one does not exist in law.

Setting aside any personal bias, the judge ruled solely on the basis of law.

In *Bartlett* v. *New York State Board of Law Examiners* (970 F. Supp. 1094, S.D.N.Y. 1997), this same judge ruled in favor of one Marilyn Bartlett, an applicant with a learning disability similar to dyslexia, who sought admission to the State bar. The Board of Law Examiners had denied Bartlett's special accommodation—in this case, an extension of time limitations in which to take the bar examination. The judge found that the Americans With Disabilities Act clearly required the board to provide the accommodation. Again, this decision was made—as it ought to have been made—on the basis of law. Nothing more.

The district court judge in both of these matters was the Honorable Sonia Sotomayor of the Southern District of New York, who now seeks confirmation from this body for appointment to the Second Circuit of the United States Court of Appeals.

May I take just a moment to thank the distinguished chairman, Senator HATCH, and ranking member, Senator LEAHY, and the members of the Committee on the Judiciary.

With confirmation earlier this year of Robert Sack, Chester Straub, and Rosemary Pooler, the judicial emergency in the Second Circuit declared by Chief Judge Ralph K. Winter on March 23 will soon be over.

It will be over, Mr. President, when Judge Sotomayor is confirmed by the Senate. She has been reported by the Judiciary Committee.

A little over one year ago, President Clinton nominated Judge Sotomayor to fill a vacancy on the Second Circuit Court of Appeals. The Committee on the Judiciary held a hearing on September 30, 1997 and she was reported out by a vote of 16 to 2 on March 5 of this year.

Seven years ago, in March 1991, it was my honor to recommend Sonia Sotomayor to serve on the Southern District Court of New York. President Bush placed her name in nomination shortly thereafter and she was sworn in on October 2, 1992.

The distinguished members of the Committee on the Judiciary were surely impressed with the background and accomplishments of this extraordinary woman. Sonia Sotomayor was raised in the projects of the South Bronx. Her father, Juan Luis, worked in a tool and die factory while her mother, Celina, worked as a nurse. Through discipline and hard work she was graduated summa cum laude from Princeton University in 1976, receiving the university's highest distinction, the M. Taylor Pyne Honor Prize. She went on to graduate from Yale Law School in 1979 where she served as editor of the Yale Law Journal.

After law school, Ms. Sotomayor joined the New York County District Attorney's office. After more than five years there she moved to the firm of Pavia & Harcourt, attaining the position of partner. She is a former member of the New York City Campaign Finance Board and the New York State Mortgage Agency. All of these achievements are detailed in Ms. Sotomayor's résumé which I ask, without objection, be incorporated into my remarks.

Her service on the Southern District Court has been exemplary. In 5½ years, having presided over 500 cases, she has been overturned only six times. Her decisions are scholarly, well-researched, and well-reasoned. She has presided over cases of enormous complexity with skill and confidence.

My colleagues will likely recall that it was Judge Sotomayor who put an end to the baseball strike in 1995. Her ruling in *Silverman* v. *Major League Baseball Player Relations Committee, Inc.*, 880 F. Supp. 246 (S.D.N.Y. 1995) was upheld by the very court she now seeks to join.

During the course of her confirmation hearing before the Judiciary Committee, some questions were introduced regarding Judge Sotomayor's position on mandatory sentencing and Federal sentencing guidelines. As of October 1997, in the 217 criminal cases over which she presided, she departed downward a total of 58 times. Forty-four of those departures were at the Government's specific request, because of the defendant's substantial assistance. Excluding such departures, the Judge has departed downward in only 6.5 percent of her criminal cases. The judge has upwardly departed in 6 of her 217 criminal cases, an average of 2.7 percent.

A recent New York Law Journal article reports on the 1996 sentencing practices of Federal district judges. Comparing Judge Sotomayor's sentencing record to these statistics, it is apparent that Judge Sotomayor is more conservative in sentencing than many of her colleagues on the Federal bench.

Her 6.5 percent downward departure rate is below the national average of 10.3 percent, and well below the Second Circuit average of 15.2 percent. Her upward departure rate of 2.7 percent is three times the national average of 0.9 percent.

Mr. President, we have before us a candidate who embodies all of the finest qualities we could possibly ask for in a Federal judge. She is brilliant, principled and thoughtful. I can see no reason to prolong the process that will lead to her confirmation any further. Surely the time has come for us to act.

Thank you, Mr. President.

I yield the floor.

Mr. BREAUX addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

MEDICARE COMMISSION FIELD HEARINGS

Mr. BREAUX. Mr. President, I take this time on the floor to inform my colleagues, and others who may have an interest in the fact, that the Medicare Commission will be having a field hearing on Monday coming outside of Washington in Minneapolis, MN.

As always, it is the intention of myself as chairman of the Medicare Commission, along with my colleague from the House, BILL THOMAS, and all of the commission members, that we need to get as much information from outside of Washington about the Medicare problem as we possibly can.

This effort in bringing the commission to the city of Minneapolis, MN, on Monday for a rather very, very full agenda of activities in Minneapolis relating to Medicare is to give all of us an opportunity to gather information, which will be extremely important in helping us make the very difficult but extremely important recommendations that we are required by Congress to make to the President, and also to the Congress by March 1st of this coming year.

Our hearing will consist of a site visit in the morning where commissioners will choose from one of four sites, three of which will have the direct interaction with Medicare beneficiaries. I would like to cover some of the sites that we will be visiting so people will know exactly what this commission is going to be doing.

We will have a chance to visit the Wilder Senior Services Clinic, which is a Minnesota Senior Health Options Clinic, which is really a demonstration program now being run by the Minnesota Department of Human Services. It serves seniors who find themselves in the unique position of being eligible for Medicare, and also being eligible for Medicaid at the same time. These people are so-called dual beneficiaries who can get their health coverage from two separate programs. And how this particular operation is handling it is something that I think we can benefit from seeing.

The second site visit that we are going to take the commission to is a Fairview University Medicare Center, the Mayo Clinic, the world famous medical institution in Minneapolis, where our commissioners will have the opportunity to really tour an integrated care clinical site and observe telemedicine demonstrations with the Mayo Clinic in a rural facility outside of the city, and also a visit with providers and beneficiaries and also administrators.

Third, the commissioners will be able to also visit Medtronic, which develops and manufacturers medical devices to treat cardiovascular and neurological disorders.

The idea is to tour these facilities to look at the impact that new technology, of which the United States is a world leader in producing, has on the future of Medicare.

Clearly, as we are able to produce more sophisticated equipment facilities to treat health care beneficiaries in this country, it is going to have a direct effect on the Medicare Program, and hopefully for the better.

The final site visit opportunity we will be taking is the United Health Care Research Center, an Institute for Health Care Quality, where we will tour their facilities and learn about how United Health Care gathers and analyzes patient data to evaluate medical outcomes and cost-effectiveness as a treatment.

It is very important that we study how various forms of health care affect outcomes, both from a health standpoint, as well as from a cost standpoint.

Then, beginning at noon at the Minneapolis Convention Center, our commissioners will then hear from people who will make presentations to our committee in the form of three panels.

The first panel we will hear from is the Buyers Health Care Action Group, which is interestingly a coalition of 27 large, Twin-Cities-based self-insured employers—companies like 3M, General Mills, and Honeywell.

This panel hopefully will give the commission an opportunity to hear from private companies regarding how they purchase health care for their employees and what the result has been for their employees, as well as what the results have been for their companies.

The second panel will be a panel of managed care plans to talk about their experience in the managed care market in Minneapolis, which has had managed care around longer than most places in the country.

With the debate on Medicare both in the Congress and in the public in general I think it is important that we look at some of them and try to understand better how they are working in providing quality health care and reduced costs for Medicare beneficiaries.

The third and last panel we will hear from is current and future beneficiaries on information that they need and use in making health care decisions. It is really important with the new proposal coming out of the Health Care Financing Authority, HCFA, coming October 1st. Medicare is not going to be like it used to be. People who are Medicare beneficiaries are going to get some choice options. They are going to have different decisions to make about whether they want to go into managed care.

It is very important for seniors and their families to understand that grandma, grandpa, mom, dad, and others are going to have to make some different decisions about their health care. While this can be a little bit frightening, I think we should look upon it as a real opportunity to give them more choice and ultimately better services than they currently get under Medicare.

We can be very proud of what Medicare has done. Medicare is not that great a plan in the 1990s. It doesn't provide eyeglass coverage; it doesn't provide prescription drugs; it doesn't provide long-term health care. Most beneficiaries think it is a wonderful program, and, indeed, it is. But it is not nearly as good as most health plans in the country today that are private plans which provide generally a lot more benefits to the beneficiaries than Medicare does.

So we are going to be looking at how people get their information and what information they need in order to make these choices.

The rest of the afternoon is going to be devoted to public interest, to really have the commission sit and listen to Mr. and Mrs. America and tell us what they would like to see in Medicare for the future.

We have 2 hours set aside for audience participation. We call this session a ''Call for Solutions'' where we have invited ordinary citizens from the Minnesota region and area to submit their ideas and recommendations for improving Medicare.

In addition to the field hearing that we will be having in Minneapolis, we will also be continuing to explore other ways to get input from the public. We don't have to visit every city and every State and every county in America to hear from America. In this century, as we move to the 21st century, we are going to be making use of teleconferencing, video conferencing. Commission meetings that we have had so far have been covered in full by C–SPAN. We have a national web site. We have had 13 commission and task force meetings since March 6th, all of which have been open to the public for their information.

I think we have a very ambitious schedule, as I have just outlined, for the Monday field hearings in Minneapolis.

I urge my colleagues to continue to be mindful of what we are attempting to do. If they have suggestions, we are open to receiving those suggestions. Hopefully, we will have their participation as we draft recommendations for the full Congress and for the President,

so we can make the reforms necessary to preserve, protect, and even, indeed, improve Medicare for future generations.

With that, Mr. President, I yield the floor and make a point of order a quorum is not present.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

VERBAL LITTER

Mr. BYRD. Mr. President, much has been said about the so-called ''lost art'' of writing. The ubiquity of telephones and, more recently, electronic mail, or ''cyber-chat,'' as well as the acceptability of alternative presentations in lieu of written essays in schools, can all be cited as contributors to the growing inability of many people to compose and edit well-organized and effective written documents. E-mail, which is daily becoming more and more common, a common method for communicating, is an easy, instant way to get a message out, but the very quickness of the transmit inhibits the kind of thoughtful consideration of the message and care in editing that are the hallmarks of good letters and great literature.

Someone has said that letters are our personal ambassadors. We politicians need to be very much aware of that. Letters are our personal ambassadors. And the trend toward relying more and more exclusively on e-mail means that the future's historical archives will become littered with broken sentence fragments, incomplete thoughts, and embarrassingly ignorant spelling. Think about it. Mr. President, can you imagine the Federalist essays by Jay, Madison, and Hamilton—can you imagine those Federalist essays, had they been typed in such a stream-of-consciousness manner and then spewed across the fiber optic web the way some messages are nowadays?

I am sure that Hamilton, Madison, and Jay, the authors of the Federalist Papers, did not speak as cogently and fluidly as they wrote. Perhaps nobody does, or very few persons do. But they were no slouches at the speaker's rostrum. I doubt that they would have been very good on television. I have thought about that a good many times, and wondered how Daniel Webster or Henry Clay or John C. Calhoun would have come across on television. How would they do on 20-second sound bites? They would do as poorly as ROBERT C. BYRD, I would anticipate.

As Francis Bacon observed, ''Reading maketh a full man; conference a ready man; and writing an exact man.'' Think about that also. That is very true. ''Reading maketh a full man; conference a ready man; and writing an exact man.'' And so we write more exactly than we speak.

These Founding Fathers were certainly well read and they were good writers and, therefore, very knowledgeable and exact, precise, weighing every word.

When we speak of infrastructure, such as reservoirs and dams, we talk about the Army engineers. When we seek their recommendations about a particular dam or reservoir, they will give us advice, and it will reflect the B–C ratio, the benefit-cost ratio. Anything that is recommended by the Army engineers would have to have at least $1 in benefits for every $1 in costs. That is the benefit-cost ratio.

Therefore, in speaking of the Founding Fathers, which is a term that needs to be examined—''Founding Fathers''—and especially those who wrote the Federalist essays, I think in terms of the benefit-cost ratio. They made every word count. Every word carried its full weight. It had a proper place in the construction of the essay. It wasn't used lightly. It was used thoughtfully. So there was the B–C ratio.

Well, that is just a little idea of mine. But these men were knowledgeable, they were exact, and their writing was enhanced by their thoughtfulness, and, in turn, their speaking ability was enhanced by their writing, especially in the case of Daniel Webster.

When Webster made a speech, when he spoke on January 26 and January 27, 1830, in his debate with Hayne—schoolboys all across the Nation, it used to be, were required to memorize some of Webster's speeches. I don't guess they are required to memorize those speeches anymore. As a matter of fact, memorization is not looked upon as being very beneficial or helpful in some schools, I suppose. Times have changed.

But Webster was a good writer, and he memorized the speeches, many of them. Then he took them home, took them to his boarding house near the Capitol Building, and kept them for a few days, edited them, changed them, for the purposes of publication. Therefore, they were not exactly the speeches that we schoolboys memorized, they were not the exact speeches that Webster gave before the Senate. They were improved upon, just as we edit our own speeches. But we don't take them home. We don't take them to our boarding houses and keep them out several days. We edit them the same day. Many Senators probably have their staffs edit their remarks. But Webster, in doing so, had in mind exactly what Bacon referred to: ''Writing maketh an exact man.''

I said that the term ''Founding Fathers'' needed a little examination. Who were the Founding Fathers? Were they the signers of the Declaration of Independence? Were they the Framers of the Constitution? Were they the Framers of the first American Constitution, the Constitution under the Articles of Confederation? Were they the signers of the second Constitution, the Constitution of 1787?

In those days, women did not participate in the conventions—but would the Founding Fathers also not include those individuals who met in the various State conventions to ratify the Constitution? Would they not include the writers of the Declaration of Independence? Would they not include the Members of the Congress under the Articles of Confederation? They surely debated much that went into the second Constitution. Would they not include the legislatures of the States that then existed?

So when we talk about the Founding Fathers, many people associate that term only with the framers of the second American Constitution. And certainly the framers were Founding Fathers, but not all the Founding Fathers, I am saying, not all the Founding Fathers were framers of the Constitution. So there is a little difference. It isn't a serious matter by any means, and I am not taking issue with anyone, but I have thought about that term.

It is hard to imagine that their spoken words could possibly be undercut by any of the all too common fillers that plague common conversation today, those ''ums'' and ''uhs'' and ''likes,'' and especially that inanity of inanities, ''you know.'' That is the most useless phrase. That is pure deadwood. It doesn't carry its weight in a speech, ''you know.''

Any time one turns on a television—which I don't do very often; perhaps that is why I have a lot of old ideas—he will hear a string of ''you knows'' from the anchormen and women, ''you know.''

What does it mean, ''you know''? What do I know? You know? That is taking advantage of the other person when you say, ''You know.'' ''You know.'' How silly, how useless a phrase. That certainly would not carry its weight under the B–C ratio—the benefit-cost ratio—that inanity of inanities; that inanity of inanities, ''you know.''

Oh, how I hate that pernicious phrase, ''you know.'' This is simply a filler. The tongue is operating in overdrive and the brain is somewhat behind the tongue, ''you know.''

We are told by Plutarch that—well, I am providing a rather good example of what Plutarch was saying. He said that Alcibiades was the greatest orator of his time.

Plutarch wrote that Demosthenes said that Alcibiades was the greatest speaker of his time and that when he came to a place in his oration and was having difficulty remembering the exact word, he paused—he paused—he simply paused until the right word came. He did not fill the gap with ''you knows'' or ''ahs,'' ''uhs,'' or ''ums,'' and so on. He simply waited until the right word came.

Try it sometime. Record your own remarks. See if you are using that

phrase. Our remarks are awash in ''you knows.'' And they are uttered all around us by people who are unaware of how they are filling the time between words when the mind is still struggling to complete the thought. They are filling the time with that inanity of inanities—''you know.''

Speaking now as a listener, I contend there is almost nothing more irritating and distracting than suffering through countless ''you knows'' while trying desperately to discern what message the speaker is attempting—vainly—to convey.

If I were teaching a class, that would be one of the things I would come down very hard on. I know that most people have no idea that their speech is packed chock-full of ''you knows,'' and it just becomes a habit. And if one listens to it very much, he will fall victim to the same bad habit. For the first thing he knows, he will find that his remarks are being filled with ''you knows.'' And these are sometimes strung together in staccato multiples: ''you know, you know, you know?'' It is simply filler—meaningless—sound to fill dead air while the speaker's unprepared brain hunts down the sentence's conclusion.

Perhaps it is because Americans are such creatures of the television age, used to actors, or those who think they are actors, news broadcasters, even politicians, reading seamlessly from scripts, cue cards, and teleprompters. We are not used to hearing pauses of any length so we unconsciously try not to allow even a few seconds of quietude to fill the air.

We have become unused to true public speaking and debate in which informed individuals prepared their minds with facts and arguments, listened to each other, and retorted and rebutted extemporaneously. Such debate demands close attention and even, shockingly, moments of silent, deliberate thought while a rejoinder is mentally composed.

I never hear the senior Senator from New York, Mr. MOYNIHAN, using that phrase. I have noticed that he pauses from time to time, but he does not use the phrase ''you know.'' I think of him as a fine example of a teacher at whose feet I would be honored to sit.

These small pauses, like the quick closing and opening of the stage curtains between acts, allow the speaker to savor the argument he has laid out, while his opponent prepares a clever and pointed rebuttal. Few can do that anymore, even those so-called professional debaters—the talking heads of media and politicians. If the response is quick, it is quite likely to be a prepared, canned, one-liner sound bite which sells the sender's message regardless of whether or not it is completely pertinent.

It is possible to expunge ''you knows'' from public discourse. I have seen it done by conscientious individuals, as I indicated a little earlier, but it is no easy task. Like poison ivy, ''you knows'' are pernicious and persistent. It takes strong medicine to kill back that lush growth, and diligent weeding to keep opportunistic tendrils from creeping back into common use. To rid one's speech of ''you know,'' one must first learn to listen to himself or to herself. One must learn to train himself to recognize that he uses ''you know'' or other distracting filler words. As a test, ask someone to tape you or to count the ''you knows.''

Various members of my staff, as and when and if they hear another staff person saying ''you know,'' they point their finger immediately at that person. And in that way they help to break the habit. I think many people will be unpleasantly surprised at the results of such a test. Then enlist these same friends to alert you when an unconscious ''you know'' pops out. They will enjoy that part of the task. And then work at it, work at it, work at it. The more you do, the more you will notice just how often you use such needless and asinine fill-ins. Weed them out of your speech, and you will increase your reputation as a good speaker and a thoughtful person. There is a common saying to the effect that ''I would rather be silent and be thought a fool, than to open my mouth and prove it.'' Speech peppered with ''you knows'' has much the same effect.

As I have observed already, Alcybides was noted for his practice of simply pausing silently when the chosen word momentarily escaped his mind's ability to marshal and bring it safely to his lips. Then, when he could continue, he simply resumed speaking. And he was the finest orator of his time. Clearly, a moment of silence is preferable to ''you know.'' Think of it: ''Four score and, like, seven years ago, you know, our Forefathers, uh, brought forth, you know, upon this continent, you know, a new nation, you know, conceived in, uh, liberty, and, you know, you know, dedicated to the proposition that, uh, uh, like, all men are created, like, equal.'' With that kind of delivery, President ABRAHAM Lincoln could not have stoked the nation's determination to see the Civil War through to its conclusion. Or let's imagine Martin Luther King: ''I, uh, have a dream, you know.'' Not a very stirring message when it is lost in the verbal litter.

Ridding your speech of such verbal trash may not make an individual a leader of nations or of men—that requires great thoughts as well as a clear and stirring delivery—but leaving them in can surely blight the path to greatness, you know.

Mr. President, I have some remarks on another matter, but I see the distinguished senior Senator from Massachusetts, my friend, my true friend, Senator KENNEDY is on the floor. I am going to ask if he wishes to speak at this time?

Mr. KENNEDY. I thank the Senator for his typical kindness. I would be glad to make my remarks after my good friend from West Virginia. It is always a pleasure to listen to him at any time, but particularly on a Friday when I can give full attention to his eloquence.

Mr. BYRD. Mr. President, I thank Senator KENNEDY. As I have remarked before, and I shall say again, he is one who would have appropriately graced a seat at the Constitutional Convention in 1787. I can see him working in that audience on the floor and off the floor, arguing forcefully and passionately, and advocating his position on a matter and doing it well.

So I will proceed. I will try to be brief, more so this time than other occasions.

BRIGHT SPOTS BRING HOPE TO EDUCATION

Mr. BYRD. Mr. President, I have recently drawn much attention to the results of the Third International Mathematics and Science Study, released in February of this year. My visceral, my visceral reaction to the poor scores of high school seniors on the mathematics and science portions of this exam was one of great dismay and disbelief. How could United States students be performing so poorly given the massive amounts of money invested each year in our nation's education system?

My spirits have since been lifted in the past month when hearing about the progress that my own home state of West Virginia is making on the education front. In my years as a United States Senator, my state has been scoffed at more times than I can remember, or want to remember. Well, today, I come to the floor to boast a little bit about what we are accomplishing back in the mountains and foothills of West Virginia.

For the second time in a row, West Virginia has posted the highest education marks of any state in the ''Quality Counts'' report released annually by Education Week magazine. West Virginia has tied only with Connecticut for top honors in the study, which grades states on standards and assessments, quality of teaching, school climate, and adequacy, equity, and allocation of resources. In achievement, no grades were granted but states were ranked by the percentage of students who scored at or above the proficient level in mathematics and science on the 1996 National Assessment of Educational Progress (NAEP). Seven states, including West Virginia, made significant gains in the percentage of fourth graders who scored at the proficient level or above on the 1996 mathematics test. What is even more striking about these scores is the fact that West Virginia ranks forty-ninth in per capita income and family income, an economic statistic which is often correlated with lower student achievement.

Earlier this year, West Virginia was recognized as a national model in geography education by the National Geographic Society. National Geographic

Chairman Gilbert Grosvenor commended the state as ''one of the best examples in the country of putting essential geography into a statewide system.'' The Fordham Foundation, a private organization committed to quality-based reform of elementary and secondary education, conducted a recent study evaluating different geography standards used by states in setting their academic curricula. West Virginia was one of only six states that received honor grades for adopting excellent standards for geography that are clear, specific, comprehensive, and rigorous.

Good students and teachers are an integral component of getting ahead in education.

West Virginia could not have made the progress in education that it has made in the past few years without solid homes, ambitious students, and good teachers. The whole process depends, in great measure, on quality teachers, since even the most driven and ambitious students can falter at the hands of an unqualified, incompetent teacher. Just recently, Susan Lee Barrett of Nicholas County, WV, was named as the West Virginia Teacher of the Year. Ms. Barrett is a teacher at the Cherry River Elementary School. She was selected based on her leadership in education reform. I hope that many other teachers in West Virginia and around the Nation will emulate the ambition and dedication to her chosen field that Ms. Barrett has so evidently displayed.

I also take great pleasure in learning of the headway West Virginia is making as a leader in education. Over the past few months, my office has been inundated with positive news about many West Virginia schools and students. These bright spots deserve recognition for their efforts and innovation. As Plato wrote in his day, ''Excellent things are rare.'' How true that is. Excellence is something that we all can recognize—the Nobel Prize or a play by Shakespeare or Aeschylus or Euripides or Sophocles; however, it is not something that most of us see or experience on an everyday basis. For that reason, excellence should be acknowledged and it ought to be rewarded.

The Department of Education recently announced the selection of the 1998 national blue ribbon schools, which are recognized for strong leadership, high-quality teaching, up-to-date curriculum, policies, and practices. In West Virginia, Weir High School, which is in the northern panhandle of West Virginia, and Weir Middle School, both of Weirton, WV, were named for this award. Weir High School is unique for its active role in preparing students to meet the demands of today's high-tech society. With increased global competition and industry downsizing, Weir High School provides its students with many important resources, including a computerized library resource directory, Internet accessibility, satellite television access, computer-assisted drafting, laser disc technology, and electronic research. Weir High School students are making great strides as a result of such unprecedented use of technology, and I commend the school and its able faculty for its leadership in that area. When I went to school, we never heard of such things. We not only didn't have access to it, we never even heard of it.

In addition to an educational technology focus, Weir High School should be extremely proud of its veteran teaching staff—a staff that demonstrates an unparalleled level of commitment and dedication. That is what it requires: dedication and commitment. Among its faculty members, the school boasts of a Tandy finalist, Ashland Teacher of the Year, West Virginia Math Teacher of the Year, West Virginia Biology Teacher of the Year—think of that—several Hancock County Teachers of the Year, Who's Who Among American High School Teachers, and West Virginia Governor's Honor Academy Favorite Educators.

Following in the footsteps of its neighboring high school, Weir Middle School has made great progress in technology, curriculum, National and State test scores, community involvement, student environment, and meeting State and National education goals for all students. The school motto, ''An Open Door to New Beginnings,'' is observed and followed daily. Accordingly, Weir Middle School recently introduced a new program, WEIR, We Encourage Individual Responsibility, to encompass total staff and student involvement in promoting learning and the teaching of standards.

West Virginia, with stars shining across its educational firmament, is home to many other schools producing excellent students. To name a few, Kiley Anne Berry, a sophomore at East Fairmont State College, in the northern portion of the State, is 1 of 20 distinguished students selected from across the Nation—not just across West Virginia, but across the Nation—to participate in an international Youth Science Festival in Seoul, Korea. Heather Wilson, an eight-year-old from Jefferson County, in West Virginia's eastern panhandle, was selected earlier this year as a National Runner-Up in the Reading is Fundamental 1998 National Reading Celebration, an annual reading program challenging students to meet or exceed an age-based reading goal. Several students at Clay County High School of Clay, WV, were distinguished in the ''We the People . . . the Citizen and the Constitution'' national finals. More than 250 other West Virginia students in grades five through eight were honored for their exceptional academic talents as part of the Johns Hopkins University Talent Search. And the list goes on.

I could spend several more minutes, or even hours, talking about distinguished West Virginia students and West Virginia schools, and education in general. I will, however, conclude now. But I urge all schools, teachers, and students, nationwide and in my State of West Virginia, to follow these pacesetters—pacesetters. Our education system in the United States is ailing and we need to get back on track. These schools and students that I have talked about today are succeeding, and I encourage others to keep pace and emulate this progress.

Mr. President, I yield the floor.

Mr. ENZI addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

HEALTH CARE QUALITY LEGISLATION

Mr. ENZI. Mr. President, I rise today to speak about the popular issue of health care quality. You can't mention health care without pulling on everyone's heartstrings. While several of the measures in both the House and the Senate have been pitched as being essential to enhancing the quality of care Americans receive, I hope that my colleagues will carefully evaluate the impact that any Federal one-size-fits-all mandate would have on our Nation's health care system.

Health care is as personal as it gets. More importantly, though, our decisions must not be tainted by simple anecdotes. This is not a one-line sound bite issue. Like any Member of this body, I believe that America's health care providers are the best in the world, and I believe that our health care system is the most technologically advanced in the world—the most technologically advanced in the world. Perhaps we don't hear that enough. The reason for that could be that this issue is being used by some folks as a political ad campaign, dwelling entirely on the negatives and failing to illustrate any positives. That is not rational, that is not fair. People are prone to believe something if they hear it enough, even if it isn't true. Repetition doesn't right a wrong, although repetition may lead a person to think a wrong is right.

While watching this debate unfold, I have seen people wield surveys and polls around this body like they were weapons of mass destruction. It stands to reason that if you want to make a bill popular, back it up with a survey or a poll. Why? Because you can always get the answer you want by the way you word the questions.

Legislating our Nation's health care system in such a fashion is like trying to cross a chasm in two jumps. It is detrimental to everyone's health.

I will, however, illustrate how unreliable survey and poll results have been in relation to various health care quality provisions. For instance, in May, a Democratic polling firm showed that 86 percent of those questioned supported the Patient Access to Responsible Care Act or PARCA bill. In the same month, a Republican poll found that more than 90 percent of those questioned favored

federal legislation to guarantee protections such as full information about their conditions and treatment options, a list of benefits and costs, as well as access to specialists.

But when folks were asked how they feel about their own health plan, an April survey by the Employee Benefit Research Institute showed that 53 percent of respondents were extremely or very satisfied with their health plan. And in a November 1997 Kaiser/Harvard survey, 66 percent of Americans in managed care plans said they would give their own health plan a grade of A or B. Such mixed results are more reason to approach any debate of federal mandates with the greatest degree of caution.

What would the polls show if people were asked about additional costs? What would the polls show if changes could eliminate being able to see a doctor at all?

I will talk in a minute about the frontier, the rural, aspects of that.

Yes, another factor that has produced mixed results is the cost of each of these bills. I've seen estimates for a number of pending bills that could raise the price of premiums by at least 2.7 percent all the way up to 23 percent. Why aren't the people being polled about that? I don't believe that you can get quality out of any bill that forces people not to purchase insurance. We'd essentially be driving people away from coverage, not toward coverage. This is why cost estimates for the different proposals are vital. But with mixed results like this, I'm not about to assume that my constituents—who budget their incomes on a day to day basis—will swallow any additional price increases that federal mandates could create.

We are always asked that we not judge a book by its cover. Well, don't judge a bill by its title. The devil is in the details. Or, as we accountants like to say, the numbers should make us nervous, or the numbers should show the nightmare.

Aside from the morass of misleading information pertaining to this issue, I also have serious reservations about any legislation that would dismantle traditional state regulation of the health insurance industry. While serving in the Wyoming State Legislature for 10 years, I gained tremendous respect for our state insurance commissioner's ability to administer quality guidelines that cater to the unique type of care found in Wyoming. That is critical. I firmly believe that decisions which impact my constituent's health insurance should continue to be made in Cheyenne—not Washington.

I cannot emphasize how important it is to consider demographics when debating health care. Wyoming has 465,000 residents living within 97,000 square miles. That is living in a State that is 500 miles on a border. We are one of those square States that couldn't exist if somebody hadn't invented the square. There are 99,000 square miles with only 465,000 residents. The State has an average elevation exceeding 4,000 feet. We have high altitude and low multitude.

Most communities have a higher altitude than population. In fact, if you look at one of the Wyoming roadmaps, you will find a list of about 150 cities. We call them cities out there. If you look at the population following the name of the city, you will see that half of them have no population at all. They are a place where the ranchers come to pick up their mail. Even the Postmaster doesn't live in the town where the Post Office is. It is a long way between towns. I live in the sixth largest town in the State. It is 135 miles to the next biggest town—135 miles. The town I am from has 22,000 people. The biggest city in Wyoming is 50,006. We don't have that much population. We have a lot of miles. It is tough to get to doctors.

It's in those conditions that my constituents have to drive up to 125 miles one-way just to receive basic care. Moreover, we have a tough enough time enticing doctors to come to Wyoming, let alone keep them there once their residency is finished. Even more troubling is the limited number of facilities for those doctors to practice medicine in Wyoming. Let me just say that if you don't have doctors, or facilities for them to practice in, you sure don't have quality health care.

We have even talked here about an overabundance of doctors in parts of the country. In Wyoming, we wish for that affliction.

The majority of bills now pending consideration in the House and Senate are primarily geared to overhauling managed health care plans. In a rural, under-served state like Wyoming, managed care plans account for a very small percentage of state-wide health plans and services currently available. This is partly due to the state's small population. Managed care plans generally profit from high enrollment, and as a result, the majority of plans in Wyoming still remain fee-for-service. In terms of legislation, however, this doesn't make a bit of difference. Many fee-for-service insurers in my state also offer managed care plans elsewhere. Those costs could be distributed across the board. Is it fair for the federal government to force my constituents to pay for a premium hike that's caused by federal mandates on managed care? The availability and cost of care for 465,000 rural frontier residents may not mean much to some folks, but it sure means a great deal to me.

Is this a problem that can be fixed from Washington? I certainly don't believe so. People from Wyoming understand that life in our state is much different than in California or New York. A one-size-fits-all policy doesn't help states like Wyoming, it only excludes them further from obtaining the type of care they deserve. I encourage my colleagues to look at the fine print when considering legislation in the coming days. You just might agree that getting quality out some of these bills is like trying to squeeze blood out of a turnip. And we'll want to spend some time talking about whose blood!

Thank you, Mr. President.

I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

AZORES EARTHQUAKE

Mr. KENNEDY. Mr. President, I want to bring to the attention of the Senate a rather tragic set of circumstances that has taken place in the Azores in the last several hours.

Some 1,500 minor aftershocks hit the Azores last night after a strong earthquake struck the islands, killing 10 people, with very severe damages to the island of Faial in the Portuguese mid-Atlantic archipelago. There are many individuals sleeping out in the open, in the parks, and in their cars, to avoid the risk of being caught inside of a building if another quake should strike.

The impact of that was 5.8 on the Richter scale, which is a very, very sizable earthquake.

As I mentioned, there have been some 1,500 aftershocks. And the terror and loss that has struck the people in that island and in that archipelago is a great human tragedy. Obviously, the people of the United States want to reach out to all of those islanders and all of the people and families who have lost loved ones and those who are suffering injury.

I know that the United States will do what it can in terms of help and assistance to the people and to the Portuguese Government, particularly people on those islands, and we will want to give whatever humanitarian help and assistance that we can.

This happened a number of years ago. Some 40 years ago I can remember those circumstances, and I think many of us in Massachusetts who are fortunate to have families and friends who have families in the Azores and from the island of Faial, know that they are suffering greatly today, and it is appropriate that we take whatever steps, as a country, to help and assist them. In the meantime, our thoughts and prayers are with all the people of the Azores.

THE PATIENTS' BILL OF RIGHTS

Mr. KENNEDY. Mr. President, on another item, I want to just take a few moments to bring the Senate and those who are watching up to date about where we are on our battle for debate and discussion on the issue of the Patients' Bill of Rights.

As we have pointed out, that issue, which is of fundamental importance to the American people, is a rather basic and fundamental issue. It comes down to this very simple concept—that medical decisions ought to be made by doctors and patients and not by insurance

agents, and that too often in America today managed care means mismanaged care. We have a responsibility to address the abuses that are taking place in our health care system.

That is what this whole discussion is really all about. Those of us who believe these issues are important have been denied the opportunity to address them. Some of us have introduced and supported legislation to address these abuses more than 1½ years ago, and, more recently, we have done so with the excellent bill that our leader has provided, Senator DASCHLE. We are in strong support of it. We have been trying to get time to debate that issue here on the floor of the U.S. Senate. We were blocked out of consideration in our committees. We were blocked out of consideration of even getting legislation on the calendar. We have been blocked out of consideration here on the floor of the U.S. Senate, and we have been resolute in our determination that this issue would be debated and discussed and acted on in this session.

We have seen, I think, as of yesterday, a list of so-called principles from our Republican leadership on their version of a Patients' Bill of Rights. I will just take a moment or two to reflect on their particular principles, and the hollowness of their commitment to meaningful rights will be clear.

I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks their complete document, the Republican Health Care Principles.

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

(See Exhibit 1.)

Mr. KENNEDY. Let me just go through them very quickly. This is on page 1.

Republicans believe all consumers have the right to: Receive accurate, easy-to-understand information about what their health plans provide, including information about out-of-pocket expenses and information about health care providers.

Then, if you read through the pages of their document and go to the last page, it talks about the information that will not be provided; that is, it lists, for example, that insurance plans will not have to provide information on treatment outcomes. They will not have to provide information on patient satisfaction. They will not need to report on the quality of the care they deliver. It seems to me that consumers ought to understand the satisfaction level of patients in a particular HMO. It seems to me that we should also have an opportunity to know the outcomes of various treatments in various insurance plans.

So, on the one hand, you see on page 1 various information is going to be made available. Then you turn around on page 3 and it lists all the things they are not going to provide, including many of the essential elements that every consumer group and every patient group and every employer understands are essential if patients and consumers are going to be able to make informed judgments on their health care.

Now, returning to the Republican leadership's list, it goes on to say that consumers should be able to ''hold their health plans accountable through a fair and expeditious appeals process.'' That sounds good. But, the word that should have been in there is ''independent.'' Patients need an independent appeal process. What does ''a fair and expeditious appeals process'' mean? If they had said it will be ''independent,'' or to an ''external body review for fair and expeditious appeals''—then we would be on our way toward agreement on something. But, oh, no, this again refuses to be specific or even indicative that patients will have fair-minded, independent, outside external review and accountability.

Furthermore, the so-called principles say consumers will be permitted to ''communicate openly with their doctors about their treatment options.'' That sounds like we are lifting the gag rules, like this list might include lifting the gag rules that still exist in some HMOs. But, the fact is that most HMOs and insurance plans have the ability to fire doctors without cause. And they also have the ability to make financial arrangements with doctors, and those financial arrangements can be adjusted and changed by the HMO, to discourage provision of necessary medical care. So, while it sounds good to say you are promoting open communication, unless you are also going to guarantee that doctors can practice medicine unfettered by the insurance companies' accountants, you are really not doing very much. It might sound good, but in fact it is not doing very much. This is really a very, very weak commitment.

Then their list goes on. The consumer should:

> Know that their medical care is based on the best scientific information available, not on political considerations.

Patients need and deserve the best health care treatment. They are not worried about the political considerations. They are worried about the financial considerations—profit considerations of insurance companies—that drive medical decisions. Do we understand this? Our Republican colleagues do not even commit in their statement that they are going to have the decisions involving health care being made by the doctors on the basis of health considerations. All they say is they will have it ''not on political considerations.'' They don't eliminate the clear, fundamental problem driving this debate, which is that health treatments are being based on the financial considerations of the insurance companies.

The Republican leadership's list continues. Consumers should have:

> Access to their medical records and the right to know that their medical information will be used only to provide better health care.

This would suggest privacy protections. This is very interesting. Senator LEAHY, our colleague from Vermont, has been a leader in this whole area. He introduced a bill more than a year ago, which I have cosponsored, and we can't get the majority to report out a bill in our committees, either in the Judiciary or in our Labor and Human Resources Committee, or get the Republican leadership to be willing to schedule it on the floor. Here they are, talking about all the kinds of guarantees in terms of privacy, but they have historically been unwilling to address it in a meaningful way.

Mr. President, just before the Fourth of July recess Speaker GINGRICH issued his principles. The Gingrich plan fails in three very important areas. First, it refuses to commit the Republican leadership to HMO reform that says that medical decisions will be made on the basis of medical concerns rather than insurance company concerns. Second, it does not guarantee access to specialists. What person in this Chamber would want to have either his wife or child who had been stricken by cancer be denied immediate access to an appropriately qualified oncologist or pediatric surgeon who can provide the best in terms of treatment? The Gingrich proposal simply does not provide the kind of guarantee of specialist access which is critically important for protecting consumers.

Third, it does not provide the ultimate protection of accountability. This will be an issue we will debate here. I cannot wait to find out how the Senate is going to vote on the issue of accountability. Just last month, the Senate voted by two-thirds that we were going to still hold the tobacco industries accountable for their actions. Are we going to reverse that with regards to the insurance companies on health care? Why can't our Republican leadership say, at least on that issue, given where the Senate has voted on tobacco, that we believe that the insurance industries that are dealing with health care also should not be free from liability? Why? Because the Republican leadership is in the pockets of the special interest groups who fear being held accountable for their actions. I would like someone to explain the inconsistency of this position, given the recent vote on immunity for tobacco companies. How can they oppose holding accountable those whose abusive actions can result in immediate injury or death? Who is going to look out after that? Mr. President, we want to make sure we are going to have accountability and that it is going to be an essential issue we are going to debate.

I call this Senate Republican proposal ''Gingrich Lite.'' Gingrich Lite. They don't even go as far in the Senate as they went in the House of Representatives, which was lacking.

Finally, the Republican leadership's principles fail to meet the following

very basic considerations and protections. I am waiting for Republicans to describe why they are opposed to any of these protections. I will just mention them again very quickly.

Patient information—it is interesting, as we list all of these protections in this particular chart, to note where we got these recommendations from.

In each and every case of protections that are guaranteed in the Patients' Bill of Rights, they have also been recommended either by the President's recent quality commission, which was a blue-ribbon non-partisan group of experts, or they have been in effect for a number of years under Medicare, or they have been recommended by the States' insurance commissioners, which is a bipartisan group, or it has been recommended by the American Association of Health Plans, which is the HMO trade association.

If you look down at guarantees that are included in our Patients' Bill of Rights, you will see that they have been recommended or been in effect for a number of years. This is a commonsense—commonsense—proposal based upon thoughtful consideration of the types of rights that are currently being guaranteed to many, but not all, Americans.

Mr. President, we welcomed the opportunity this week to have the measure before the Senate. It was there very, very briefly, but quickly taken away by the Republican leadership. No debate. No discussion.

This issue is a priority for the American people, and, even though we have only 44 days left in this Congress, we are going to be resolute and committed to bringing this issue up so that we in this body are going to be able to debate these matters on the floor of the U.S. Senate and vote to provide patients across the country with meaningful protections.

There are 44 days left, Mr. President, in order for us to take action—44 days left. Today is July 10. There are 44 days left to debate this issue and to take action, and the American people deserve action, and they will receive it, because we are strongly committed to it. I yield the floor.

EXHIBIT 1

REPUBLICAN HEALTH CARE PRINCIPLES

Republicans will demand that HMOs play by the rules and provide access to patient-centered care. Many consumers fear that their health care plans will not give them access to care when they need it most, that they will be denied the benefits they've paid for and been promised, and that their health plans care more about cost than they do about quality. These are real fears of unacceptable conditions and HMOs must do better.

Republicans believe that all consumers have the right to:

Receive accurate, east-to-understand information about what their health plans provide, including information about out-of-pocket expenses and information about health care providers;

Receive the benefits they have paid for and been promised;

Hold their health plans accountable through a fair and expeditious appeals process;

Communicate openly with their doctors about their treatment options;

Know that their medical care is based on the best scientific information available, not on political considerations; and

Access to their medical records and the right to know that their medical information will be used only to provide better health care.

Republicans support expanding health care coverage to more Americans by enhancing its affordability. We will not adopt legislation that will make health insurance more costly or drive businesses—especially small businesses—to drop coverage of their employees. While CBO has not completed its analysis of PARCA or the ''Patients Bill of Rights,'' a 1997 Milliman and Roberts study of PARCA found that the legislation would increase health care premiums by an average of 23 percent. To the average family, that's an annual premium hike of $1,220, or more than $100 per month. That study, significantly, did not take into account the additional costs that would be imposed by the liability provisions.

Higher health care costs mean more uninsured people. According to a 1997 study by Lewin, for every 1 percent increase in premiums, 400,000 people lose their health insurance coverage. Congress should not pass legislation that would cause hundreds of thousands and perhaps millions of people to become uninsured.

Republicans believe in expanding choice. We will not force every American into an HMO. Extensive new federal requirements included in the so-called Patients Bill of Rights will force all health plans to resemble HMOs. Ironically, many of the bills which claim to expand choice actually would limit choice. Rather than expanding regulation and forcing a ''one-size-fits-all'' approach to health care, Congress should focus efforts on reforming the tax rules which limit and in some cases prohibit consumer's choices.

Republicans believe that health resources should be used for patient care, not to pay trial lawyers. Medical malpractice laws have led doctors to practice defensive medicine, making health care more costly without improving patient outcomes. Expanding malpractice liability will exacerbate these problems. Moreover, health plans are likely to micromanage clinical decisions in order to protect themselves against costly lawsuits. Congress should not pass legislation on the assumption that people can sue their way to health care quality.

Republicans believe the private sector is more capable of keeping pace with the rapid changes of health care. The government is not the best caretaker of health care quality. Republicans agree with leading physicians such as Dr. Bob Waller of the Mayo Clinic, who warned that increased federal regulation of health care quality, by freezing in place standards that will quickly become obsolete, will actually diminish the quality of care that patients receive. Who also agree with the approach taken by the President's own hand-picked Commission on Quality which did not recommend legislation or regulation. Instead, the President's Commission—which he has conveniently disavowed—recommended voluntary implementation of consumer protections.

Republicans believe consumers have the right to a health system driven by the best scientific evidence available—not one hamstrung by political considerations. Congress should not practice medicine. Over the past several years, Congress has imposed a number of ''body part'' mandates on health insurance plans. These mandates, though well-intentioned, are often misguided. For example, the Journal of the American Medical Association last year published a study which concluded that maternity length-of-stay requirements do not improve health outcomes for mothers or their babies and may do more harm than good. Congress should not magnify and repeat past errors by imposing new body part mandates on health plans.

The federal government should focus on a system which will give providers and physicians more time with patients and less time on paperwork. Bills that impose extensive information disclosure requirements on health plans will force those plans to impose extensive paperwork requirements on providers. Instead of simply filing claims information with insurers—as providers in fee-for-service and PPOs do—doctors will have to supply insurance companies with information about their patients, the care their patients receive, treatment outcomes, and patient satisfaction, among other things. This will require doctors to spend more time filling out forms and less time treating their patients.

Republicans will not politicize or simplify an issue as important as health care quality. Many on the other side are willing to jeopardize insurance coverage for millions of Americans for a political ''slam dunk.'' Republicans will not exploit the fears of Americans in order to enjoy a political victory. The issues surrounding the quality of our nation's health care deserve to be debated responsibly and cautiously. We will not pass legislation which increases the number of uninsured, makes health care unaffordable, and diminishes rather than enhance health care quality.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER (Mr. ROBERTS). The Senator from Arkansas.

Mr. BUMPERS. Mr. President, rather than ask later, let me ask now. I ask unanimous consent that I be able to proceed for up to 15 minutes.

Mr. WARNER. Mr. President, reserving the right to object, can I ask what the standing order is.

The PRESIDING OFFICER. The standing order is 10 minutes.

Mr. WARNER. I certainly want to accommodate the Senator, but there are others of us who are waiting. If that is what the Senator desires, then I withdraw the objection. But knowing my dear friend—15 minutes, fine. I thank the Chair.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Arkansas is recognized.

Mr. BUMPERS. I thank the Chair.

(The remarks of Mr. BUMPERS and Mr. WARNER pertaining to the introduction of S. 2289 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

(The remarks of Mr. WARNER and Mr. FORD pertaining to the introduction of S. 2288 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

The PRESIDING OFFICER. The distinguished Senator from North Dakota is recognized for up to 10 minutes.

SUDAN'S FAMINE

Mr. DORGAN. Mr. President, in the Washington Post this week there was an article entitled ''Sudan's Famine Overwhelms Aid Effort.'' I want to read a couple of sentences from this article, because I was struck by the concurrence of what I read about what is happening in Sudan and what I know is

happening in North Dakota and in much of the farm belt.

As the gate is about to close for the night on the feeding center here, near-lifeless bodies start turning up everywhere. Three have collapsed just outside the reed walls of the compound, human skeletons so thin they look two-dimensional against the ground.

Three, then four, then five, then, somehow, eight others have been carried inside and laid among the swarm of gaunt people still strong enough to beckon medical workers who have spent the day ministering to the hundreds gathered outside this place that has food.

The workers move from body to body, feeling for a pulse, crumbling high-calorie biscuits into palms, pouring sugar water from gourd to mouth. The impossibly sunken cheeks of a man too weak to hold his head up by himself fall deeper into his face as he slurps. . . .

Four months after aid agencies issued warnings of impending famine in southern Sudan—and two months after they marshaled public opinion in the name of heading it off—starvation has arrived regardless. Across a vast region unsettled by civil war and erratic weather, the United Nations now says, 1.2 million people are at risk of death from hunger.

They are living on the leaves of trees. I heard a fellow who visited Sudan describe old women climbing trees to forage leaves to eat. When I think that halfway around the world people are dying of starvation, and people are climbing trees to eat leaves on trees, I can t help but think that on the other side of the world that our family farmers who produce food in the most abundant quantity anywhere on the Earth are being told that their production has no merit, and no value.

The price of farm commodities collapses, and family farmers are told, ''Well, that's the breaks. That is the way things are. You produce it, and it should be worth $4.50 or $5 to cover the cost of production, and then you go put it on a truck and drive it to an elevator, and it is worth $3. Somehow the market doesn't value it. Your crop doesn't have worth, and doesn't have merit.''

I think to myself that there is something kind of Byzantine about a world in which that happens. Just detach yourself from the globe for a moment and look at a globe sitting out here with people on this side starving and people on this side who are operating family farms going broke because they are told their food doesn't have value. Gosh.

This is not true with military equipment. Military equipment always has value. They ship it all around the world every day in every way, and there is plenty of money to finance it. The poorest countries in the world can buy military equipment. The poorest countries in the world can afford apparently the best jet planes, tanks, guns, and shells. But when it comes to food, the people who need it are starving, and the people who produce it—our family farmers—are told it doesn't have worth and they can go broke.

Let me describe what is happening in our part of the world. I might say that I served for almost 10 years on the Hunger Committee in the U.S. House of Representatives. I am well familiar with the famine that occurred in Ethiopia. I am well familiar with past famines in Sudan and other parts of the world where millions have died of starvation. This is happening on a planet where, in some parts of the earth we produce food in great abundant quantity and those who produce it are told it has too little value.

We have family farmers today who have invested everything, their lives, 10, 20, 30 years into running a family farm far out in the country, with the yard light on at night, raising their family, sending their kids to school, getting up early to do the chores, working all day, doing chores at night, and discover when they check their books and records that they are losing money and losing their farms.

Here is what happened to the price of wheat in the last couple of years. Wheat prices have fallen 53 percent since the current farm law was passed. Prices have collapsed like a down escalator, and yet some people say, ''Gee, everything is working just fine.'' In fact, I heard some people say the farm program is working just fine. It is not working just fine.

The price of wheat is collapsing. On top of this, in our State we have the worst crop disease in a century. This is a crop disease that is pervasive. It is called fusarium head blight, commonly called scab. Farmers are hit by collapsed prices and crop diseases that are devastating. So we have, it seems to me, a twin failure here on this globe of ours. We have people who don't have anything to eat and are starving and dying in the streets in Sudan. Then we have families who are failing in the Farm Belt who have risked everything they have to run a family farm and are told, when they truck that wheat and barley that makes the foodstuffs that can be life-saving to others, that somehow this has no value. At least, they are told its value is so diminished that you can't make a decent living growing this grain.

Let me show you what has happened to these family farmers in my State. In 1 year, there has been a 98-percent reduction in net income for family farmers. That's right, 98 percent. Go to any neighborhood, any street, anyplace in this country and ask anybody how will you handle it, how will you fare, what will your life be like, if somebody takes away 98 percent of your income? This describes a serious economic emergency.

In my State, these red counties which make up a third of our counties, have been declared disaster counties every single year for 5 years—every year. Not just occasionally, every year. Incidentally, North Dakota is 10 times the size of Massachusetts in land mass. Those family farmers are trying to run a farm out here and trying to raise a crop they can plant and harvest. They have discovered that you cannot do it when you have these excessive wet cycles and pervasive crop disease so they don't get much of a crop. Then if they do get a crop, they send it to the market and it is underpriced because the price has collapsed.

The reason I make this point is we have family farmers in North Dakota—and in other parts of the Farm Belt, but especially in North Dakota—who are suffering terribly. We need to do something about that.

Do we need to respond to the Sudan with respect to food aid, substantially increased quantities of Food for Peace, title II and title III and others? Yes, we do. It is this country's obligation to do that. We ought to do it. Doing so, however, also obligates us, it seems to me, to do something to help those family farmers in our Farm Belt who are losing their hopes and their dreams.

''This is the worst plant disease epidemic that the United States has faced with any major crop in this country.'' Brian Steffenson of North Dakota State University said that last week. That is just one part of the price collapse and crop disease that has put us in a devastating situation.

Steffenson also said, ''North Dakota's barley industry is hanging on by a thread, even though it is typically the leader in feed and malting barley production in the nation.''

Farmers not only face disease and low prices, but also have a problem of selling into highly concentrated markets. Family farmers are trying to figure out how they market their commodity effectively. If they are raising beef, four packers control 87 percent. If they raise pork, its four packers that control 60 percent. Four firms control 55 percent of broilers. If they have sheep, four packers control 73 percent of sheep slaughter.

Grain facilities at our ports are controlled by four firms which have 59 percent. In flour milling, four firms control 62 percent. In wet corn milling, four firms control 74 percent. You get the picture. One farmer out there against that kind of market power that puts downward pressure on all these prices.

My point is this: We have a responsibility in this Congress to care about economic injury to important industries in this country, and none is more important, in my judgment, than family farming. Family farming is, and always has been, since Thomas Jefferson so described it as the most important enterprise in this country. Family farming is still important in this country, and we must make a commitment to deal with the economic injury to people who are out there, threatened with the loss of their livelihoods and the loss of their homes and dreams on their family farms.

In the coming week we intend to meet with the President. In the coming weeks we intend to come to the Congress and ask Republicans and Democrats, conservatives and liberals, all of them, to join us to say: We are not only profamily, we are profamily farming, and during times of emergencies we want to reach out and help. A country

that can provide foreign aid can also provide some farm aid in times of trouble, and we have not had a time of trouble anywhere close to this for many, many decades.

Just this morning one of the industry leaders in North Dakota indicated that he thinks we are headed towards a period that is about as bad as the 1930s on the family farm. We have an obligation to respond. I will ask the cooperation of the majority leader, the minority leader, and all people of good will here in this Congress who care, as I do, about the enterprise of family farming and the fortunes of those families in rural America. I hope we can pass a piece of legislation in the next several weeks to respond to this emergency.

I thank the Senator from Mississippi for his indulgence.

The PRESIDING OFFICER. The distinguished majority leader is recognized.

PRIVATE PROPERTY RIGHTS

Mr. LOTT. Mr. President, I have in my hand a copy of that wonderful document, the Constitution of the United States of America. It begins, ''We, the people of the United States * * *'' Like Senator BYRD, who refers to it quite often and carries a copy of it in his pocket, I find that when I go back and read it and reread it I always see something different, something special, something very treasured. I refer, today, to the last phrase of Article 5, which is very clear and unambiguous. It says:

* * * nor shall private property be taken for public use without just compensation.

The Constitution is very clear. And yet all across this country, privately owned property, including a lot of farmers' private property, and the private property of businessmen and individuals, is being taken pursuant to government action without just compensation. In many instances for so-called ''good and valid reasons—for example, to preserve wetlands or to protect endangered species. Such takings may, upon examination, be legitimate, but not if private property is taken from the property owner in an inappropriate way and without just compensation.

This is one of the rights I think we as Americans hold most dear, and is so deserving of protection that it is spelled out in our Constitution—the right to privately own property and to not have it taken away by government action without just compensation being paid.

When I visit with people from all over the world, particularly those who have lived behind the Iron Curtain and in Eastern European countries, one of the things they want, one of the things they feel so strongly about in America, is the ability to own private property, own your own little piece of the world, and to own your own home. Yet, in America—in America—we are in danger of losing that right even though it is guaranteed in the Constitution.

So I filed for cloture last night on S. 2271, and I intend to strike and substitute the content of H.R. 1534, which passed the House by an overwhelming vote—I think the margin was well over 100—and which has been amended and passed by the Senate Judiciary Committee.

I commend the Judiciary Committee for the work they have done in this area under the chairmanship of Senator HATCH and with a lot of other Senators being involved, including Senator DEWINE from Ohio and I think Senator SESSIONS from Alabama. They produced this very important legislation, which is intended to protect an individual Constitutional right, the right to own and keep private property, by guaranteeing timely access to the Federal courts.

A primary function of the Congress, I think, is to safeguard rights guaranteed by our Constitution. When the Fifth Amendment to the Constitution was ratified, our Founding Fathers were confident that the right of an individual to own and use private property without unreasonable restrictions of that right would be guaranteed. However, the framers of the Constitution and the Bill of Rights could not have reasonably foreseen the tremendous changes in our Government structure that have resulted, I believe, in the real impairment of these property rights guarantees.

The encroachment of Federal Government agencies into matters of private land management is an issue of escalating cost to taxpayers, businesses, and private property owners. Such encroachments often result in decreased property values, reduced or terminated business activities, and lost jobs.

What value does a piece of property have in Kansas or in Connecticut or in Mississippi if you have been told, ''Oh, yes, it is your land. We won't take it. But, by the way, you can't use it in the way you intended, for the purpose perhaps that you had bought it; or you can't do something on your land that you have inherited from your forefathers?'' You might as well just take it off the face of the globe. What value does it have if you can't use it?

The extreme interpretations, in my opinion, of the Endangered Species Act and the Clean Water Act by Federal regulatory agencies are resulting in a policy of national land use control. Further, the rights of individual property owners are imperiled when faced with oppressive Government regulation without the ability to even fight for those rights on equal footing. This must not be allowed to continue unchecked.

I believe a legislative remedy is now needed to reinstate what should otherwise be inalienable. At a minimum, an individual property owner should be confident in the knowledge that the Federal court system is available to resolve a dispute over the taking of an individual's property without just compensation in a fair and timely manner.

That timely access to the courts will be assured by the passage of this legislation before the Senate Monday, and the vote will be at 5:45 p.m. on Monday to allow us even to proceed to consider this bill which will guarantee private property owners access and the opportunity to go to the Federal courts.

This legislation affects only Federal property rights claims brought before a Federal court. Despite the contentions of opponents to this legislation, State and local prerogatives and State and local claims—those based on State and local law—are not affected. The mere fact that a property rights constitutional claim may arise from some action taken by a State or local government does not make that claim per se a State law claim rather than a Federal claim.

The Judiciary Committee has endeavored to strike the proper balance when weighing any impact on State and local governments caused by this legislation. This legislation will certainly empower property owners—that is what it is intended to do—but I believe it will merely place them in the position they should have been in all along and will place them in a position that balances the need of the governmental entity with the rights of the private property owner.

Finally, it should be clear to all that the U.S. district courts in particular (and the Federal court system in general) are the proper venue for the adjudication of Federal constitutional issues such as this Federal right stemming from the Fifth Amendment to the Constitution. This legislation does no harm to our well-established principles of federalism. The Federal courts reviewing these claims will have no power to write permits or to make zoning decisions as do local governments. The courts do, however, have the responsibility to ensure that such decisions are constitutional and do not improperly infringe upon the property rights established by the Fifth Amendment.

I am confident that this legislation will accomplish its desired effect, no more and no less. That effect is to ensure that a private property owner has his day in Federal court and a fair and timely hearing of his cause. This is a bedrock right, and it must be preserved.

This is not the same private property rights bill that had been considered earlier by the Congress. It is much narrower. It is targeted, but it gives access to the Federal court system. By taking this step, Congress will make great strides to ensure the preservation of this important Constitutional right.

I would like to hear any Member of the Senate go to his or her constituents in their respective States and say, ''Private property owner, we think your property should be taken for whatever good and just cause that might be involved without just compensation, and, oh, by the way, you don't even have the right to go to the

Federal courts and have a determination made if it is constitutional or not.'' Try to defend that.

We are going to have a vote. We will see who really believes in private property rights in America.

I yield the floor, Mr. President.

Mr. LIEBERMAN addressed the Chair.

The PRESIDING OFFICER (Mr. ENZI). The distinguished Senator from Connecticut is recognized.

Mr. LIEBERMAN. I thank the distinguished occupant of the Chair. Mr. President, I ask unanimous consent that I be allowed to speak without time limit as in morning business.

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

Mr. LIEBERMAN. I thank the Chair.

BEYOND THE CULTURE WARS: HOW WE CAN REDISCOVER COMMON MORAL GROUND

Mr. LIEBERMAN. Mr. President, the distinguished leader's reference to the Constitution provides a transition for me today, and I appreciate it.

Mr. President, 222 years and 6 days ago, our Founding Fathers issued what we today regard as America's birth certificate: the Declaration of Independence. We know well the significance of this date which we celebrated, once again, last weekend all across the land and the subsequent events that comprise the remarkable and unique story of our freedom. But sometimes, it seems to me, we have lost sight of the substance of the document itself, and its continued relevance to our polity. So today I would like to revisit this great statement of our American ideals to see what guidance it gives us about our current condition.

Reread Jefferson's master work and you will see that it was not just the declaration of our independence, but also a declaration of our interdependence, a defining statement of the common conditions and values, the shared principles and purposes that would unite a diverse population of English and European pilgrims into a nation.

The original Americans did not all come from the same land, but they all did agree that there are fundamental truths that are self-evident.

They did not all hold the same religious tenets, but they did all hold an unerring faith that those inalienable rights that Jefferson enumerated in the declaration were endowed not by some benign king nor by the grace of a new government, but by their Creator.

I was moved to reflect, Mr. President, upon the declaration's meaning as our latest national birth date passed last Saturday by the recent comments of two prominent contemporary political activists about the state of our values in America in 1998, comments which, when taken together, I fear show how we have lost some of the unity of our founders' national vision.

The first came from Dr. James Dobson, the head of Focus on the Family, who for sometime now has been ringing a national alarm bell about the Nation's declining morality. It was just a few weeks ago that Dr. Dobson caused a stir by proclaiming to the national press that we are in the midst of a civil war over America's future, pitting the moral haves against the moral havenots.

Not long after, Jane Fonda gave a speech on teen pregnancy that actually echoed Dr. Dobson's martial proclamation, but from a very different perspective. Ms. Fonda attacked the views espoused by Dr. Dobson and others on abortion and sex education, accusing them of ignoring children that ''are not white, middle-class Christians'' and warned her audience that our society is in the throes of a ''holy war,'' pitting the forces of tolerance against the forces of intolerance.

It would be easy to dismiss this apocalyptic talk, this talk that seems, in some words, certainly to be intemperate, as just another bout of the hyperbole that dominates so much of our political discourse these days if it were not for the accumulation of evidence suggesting that Dr. Dobson and Ms Fonda are each in their own ways on to something. Maybe, as the stark contrast and conflict of their views and the way in which they express them suggest, the values that have long held us together are coming unglued. Maybe we are on the verge of abandoning the declaration's premise of interdependence and sliding toward either individual isolation or open conflict.

There is certainly a slew of public opinion polls showing that most Americans are gravely concerned about the condition of our values. There was a Gallup-USA Today survey released in March found that 49 percent of Americans believe that we are in the midst of a moral crisis. And another 41 percent said they believe we have major moral problems. What is driving these numbers, the polls suggest, is a swelling sense that our moral safety net, the interlaced norms of behavior we depend on to maintain a civil society, has become badly frayed, and that this fraying has contributed to some of our most pressing social ills, from the recent outbreak of children slaughtering children, to the ongoing epidemic of children giving birth to children, to the general coarsening of conversation, communication in our shared public places.

Mr. President, then consider, if you will, the vociferous complaints of millions of American parents—I certainly hear them in Connecticut—who feel as if they are locked in a competition with the immensely powerful, popular culture to raise their own children, a culture which more and more rejects, rather than reflects, the fundamental values we Americans have abided by for generations that have served us so well, a culture that glorifies murder, mayhem and drug abuse, promotes promiscuity and the latest perversion of the moment, denigrates authority with a numbing regularity, and wallowing in titillation and sensationalism and, it seems so often, all things scandalous.

Or closer to home, here in Congress, consider what our investigation of the 1996 campaign finance scandal revealed. We live in a political system where the clear intention of laws governing campaigns are regularly violated, where we have defined political deviancy down so far that it seems the only relevant standard left is what is technically legal—which is another way of saying, ''What can we get away with in order to raise vast sums of money to run more television ads, to win more elections?''—and where hustlers cynically compare gaining access to the White House to dropping tokens into a subway turnstile.

Or consider the hostile tone of the debates we often hear in this Congress about visceral, values-based issues, particularly such as abortion or homosexuality or school prayer. The rancor of these discussions, which is eagerly amplified by the news media, only reinforces the impression that values are something that divides us as Americans today rather than defining us.

So there is ample evidence, I think, to suggest that something is deeply wrong with America's moral health today. Nor is it a stretch to conclude that Dr. Dobson and Ms. Fonda, together with the legions of other culture warriors who have seconded their respective convictions, raised some legitimate and consequential questions about what it is that ails us in our capacity to remedy it.

Among them are, What has happened to the founding principles that undergirded the Declaration and, for that matter, the Constitution and have sustained us for generations? Have we, in some sense, taken tolerance too far? Is our commitment to a common moral code on a set of fixed points of right and wrong self-evident truths that we declared in the Declaration disintegrating? And if it is, can a house so divided against its own values stand strong for long?

Mr. President, in my remarks today I will try to offer some answers that may add to our understanding of the controversial and complicated values debate, with the hope I may help to, in some small way, move it beyond the warped groove we seem to be stuck in these days. I do so convinced that America's moral Cassandras are on to something, that our Nation is in the grip of a crisis of values, that there really is a conflict at our core, and that the recent spate of school shootings and murders are a warning sign of even greater trouble ahead.

But I also do so convinced that we are misdiagnosing this conflict by framing it as a civil war, and that those who do, in fact, make it harder to overcome the very divisions that they bemoan and we, as a people, must repair if we are to fix what is, indeed, broken in our society.

Let me first try to say a bit more about what I mean by common values, because I know from experience that these words carry heavy baggage with them today and, as such, are often interpreted differently by different people which is, in itself, a symptom of the larger problem we face.

The best reference point I can think of is the Declaration of Independence, the Constitution, and the Bill of Rights, which are the great founding expressions of American values.

What are those core principles? Equal opportunity, freedom of religion and expression, particularly individual autonomy, self-rule, personal and civic responsibility, tolerance, and a respect for the basic dignity and underlying pervasive respect for the basic dignity of human life. All of these are derived, I believe, and can be seen from the documents—the Declaration particularly—all of these are derived from our faith in God, in our belief in the existence of moral truth and a higher law, and all of which, I suggest, are essential to living and sustaining a free and democratic society.

These Founding Fathers, we know, had their roots in the Judeo-Christian ethic, the Declaration's drafters, but the values are not exclusive to any one religion. In fact, over the years, they evolved into an American civic religion—principled, purposeful, moral, public, and not least of all inclusive—an American civics religion that cemented our common bonds as Americans for generations and made real the ideal of e pluribus unum—''one out of many.''

But there is a profound tension that I think we have to acknowledge in these founding values between rights and freedoms, which we, as individuals, have been endowed, as the document says, by our Creator on the one hand, and in the mutual responsibilities and common obligations we must accept to form a government capable of securing those freedoms on the other hand—in other words, the coinciding claims of independence and interdependence that Jefferson articulated so brilliantly in the Declaration.

And it is in these tensions, I think, that we find the antecedents of the conflict that today engages Dr. Dobson, Ms. Fonda and so many others. It is, at its heart, not a conflict, I think, between warring camps of American citizens so much as a clash of competing fundamental American values—independence versus interdependence, the belief in moral truth versus the value of communal tolerance. It seems to me that we are not experiencing a wholesale repudiation of the basic common values I have described, but rather a shift in our national moral equilibrium in which tolerance has emerged as the more popular principle of the day.

A great challenge we face in our time, given this shift, is how to sustain tolerance without inviting immorality and how to uphold moral truth without becoming intolerant. This tension is illuminated by the research that Boston University sociologist Alan Wolfe did for his recent book ''One Nation After All,'' which was based on interviews with 200 middle-class Americans from eight different communities across the country.

Wolfe set out to test the conventional wisdom reflected, particularly in Dr. Dobson's comments that ''a deep divide existed between upholders of traditional cultural and moral values and those attracted to more modern themes of personal or group identity,'' end of quote from Alan Wolfe. What he found, to the surprise of many, is a high degree of agreement across ideological, theological, racial and ethnic lines on a core set of common values, on the basic questions of right and wrong that still bridge our many differences as Americans.

But Wolfe also found a correspondingly high degree of reluctance to translate those privately held values into public expressions that hold others accountable to those shared standards.

The common refrain Wolfe heard was that people did not want to appear intolerant and did not feel comfortable imposing their morality on their neighbors.

Of course, in some ways this rise in tolerance has made us a much better country, much truer to our founding ideals of equality and opportunity. We have opened a world of new, more equal opportunities for women; for instance, working to eradicate many confining and misguided biases. We have made great progress over the last generation in fighting bigotry and discrimination against African-Americans, making more real for them after a terrible national history of inequality and persecution, the equality of opportunity the Declaration and Constitution proposed for all Americans.

The same is happening with regard to our fellow Americans who are of Hispanic and Asian descent, or today who follow the faith of Islam, a group that is growing in number in our country. And we have begun to stamp out the prejudice long harbored against homosexuals and accept them as fellow citizens deserving of the same basic rights and respect as all other Americans.

But the triumph of tolerance in our values in recent decades has also had a less constructive effect. The pendulum has swung so far and has become so wary of the label ''intolerant'' that I think we are increasingly unwilling, and in some cases incapable, of making moral judgments. This is evident in the evolution of public attitudes about the family, where we have gone from earlier times stigmatizing adultery, divorce, and particularly out-of-wedlock childbirth, to normalizing these behaviors, with little apparent consideration given to the damage these choices can do, particularly to children individually or to our society collectively.

It is also evident in too many of our schools, where teachers and curricula avoid mentioning the word ''values'' or won't dare to instruct children in the meaning of right and wrong for fear that is too controversial or may offend some.

It is particularly evident, I fear, in the influential entertainment media, where executives at multibillion-dollar conglomerates too often refuse to draw any lines that they will not cross to raise their ratings and revenues. These men and women produce a market to our children—records that find fun in cop killing, gang rape; even at the extreme, pedophilia; video games that reward young players for mowing down innocent people with weapons; homicidal hotrods and television talk shows that degrade the human spirit and delight in the exploitation of human misery and perversity.

If criticized, the people who run the entertainment business often wave the first amendment around as if it were a constitutional hall pass that excuses their conduct, loathe to admit that the pollution they are dumping into the public square has much less to do with free speech than it has to do with higher profits.

The media moguls are surely not the only business leaders who have suspended judgment and let the values of the market, or the inherent lack thereof, rule practically unfettered. Much as Alan Wolfe's research suggests, more and more business leaders seem to be checking their privately held values, which are strong and deep, at the office door and, by extension, at least when they are functioning in their businesses, their sense of social responsibility. As a result, it too often seems as if the bottom line is the only line and that raising consumption is a far more important priority than raising healthy children.

The purest distillation of this ethos, I think, can be found in the new world of the Internet. Our shared enthusiasm for this exciting and immensely valuable new medium has, unfortunately, been tempered by the almost complete absence of boundaries or rules to guide online conduct. This is not just true of the criminals and the miscreants, the pornographers, pedophiles, and scam artists who, sadly, are taking advantage of the net's anonymity to do wrong, but also a distressing number of businesses that should know better. A recent report by the Federal Trade Commission on cyberspace privacy showed that many nationally recognized companies are using exploitive and manipulative marketing practices online to target web-surfing grade schoolers as potential customers. Specifically, an FTC survey of 212 sites aimed at kids found that 89 percent collect personally identifiable information and fewer than 10 percent provide any form of parental control over what information can be solicited.

Now, one could argue that it is not fair to judge these companies by their conduct in cyberspace since it is such a new medium. But one could also argue,

as I would, that the best way to gauge someone's ethics is to judge their conduct when no one is looking. Well, is anyone looking today in America? The founders of our country, the people who drafted the Declaration of Independence and signed it, believed that God was always looking—which is why they showed such deference to what they described as the Supreme Judge of the world in the Declaration of Independence and why they made religious freedom the first freedom. They knew that in this Republic that they were creating, where the power of the state was to be limited, where the state would not be all powerful, that faith in God, in a higher law, would be a necessary and powerfully constructive source of good behavior among the citizenry.

Surveys done today consistently show that more than 90 percent of the American people say they believe in God. I can't think of another question we could ask on a poll in this country that would get that high a response. We exhibit levels of religiosity that are far greater than any country in the world. Yet over the last generation or two we have grown increasingly reluctant to allow that faith to be expressed in public, so much so that it seems at times we have banished religious values and religious institutions from our public policy deliberations and construct a discomfort zone for even discussing our faith in public settings, ironically making religion one of the few remaining socially acceptable targets of intolerance.

If you look at the talk shows on television and see subjects that are being discussed there which go way over the line, think of how little we see similar discussions of matters of faith. In driving religion from the public square, we manage to slowly and significantly, I fear, dislodge our morality from its religious foundations and thereby have lost what I described a few moments ago as our unifying national civic religion.

In some ways, the Ten Commandments became just another ''do and don't'' list that people feel free to argue with, negotiate, or ignore outright. Without the connection to a higher law, we have made it more and more difficult for people to answer the question of why it is wrong to steal, cheat, or lie, or settle conflicts with violence, or be unfaithful to one's spouse, or to be exploitive with children. We have often deprived our public life of what I believe is the best source of better behavior that the human race has, which is faith in God and a sense of personal accountability and responsibility that should go with it.

The net result of the intertwined trends that I have just described—the triumph of tolerance, the lionization of the market, the breakdown in authority, and the loss of public accountability that comes from faith—is that we have succeeded in creating a values vacuum in American life today. In this vacuum, where moral certainty fears to tread, there are fewer and fewer bright lines and more and more blurs of gray. The difficult balance of truth and tolerance, which for most of our country has sustained us, has been lost. And we are increasingly inclined to ask, ''whose values?'' when a question of morality is raised.

How much does this really matter? Well, according to Harvard's Michael Sandel, the dissolution of our public morality, coupled with the lost sense of common purposes, has effectively crippled our Government's ability to resolve our most complicated issues in formulating public policy. Without a common vocabulary of values and basic moral assumptions that should form our policies and our laws, Sandel suggests that our most important public debates are doomed from the start because we lack even a shared framework for reaching agreement.

Professor Sandel goes further, arguing in his recent book ''Democracy's Discontent'' that the breakdown in our common moral code has put the entire American experiment in self-government in jeopardy. Sandel says that in moving toward a value-neutral polity, we have abandoned what our colleague, PAT MOYNIHAN, has so aptly called the ''central task'' of any society—to inculcate values and develop virtue in its citizens, its children. By turning our backs on this mission, we have depleted the public capital necessary for a democratic government to function effectively. The consequences? A public philosophy that Professor Sandel says, ''cannot secure the liberty it promises because it cannot sustain the kind of political community and civic engagement that liberty requires.''

This cause for concern was reaffirmed by an important new report released last month by the National Commission on Civic Renewal, chaired by our former colleague, Sam Nunn, and by former Education Secretary Bill Bennett, which found that we are increasingly becoming ''a Nation of spectators,'' passively disengaged from the duties and work of self-government. The commission examined 22 different trend lines, such as voter turnout, newspaper readership, and survey measurements of public trust, and determined that our civic condition has declined precipitously over the last generation.

Now, these indices of our current moral and civic decline become even more rattling when we consider what is filling the values vacuum today and what that means for our future. As our traditional values transmitters have shrunk from the task, the omnipresent, powerful popular culture has stepped in to assume that vitally important role. That means that the people setting the norms of behavior in this country and the standards of right and wrong more and more are the television producers and syndicators, the movie moguls, the fashion advertisers, the record manufacturers, the software designers, and a host of other players within the electronic media-cultural complex that collectively exert a powerful hold on our consciousness.

The work these people and many others are doing too often sends the worst kinds of messages. They teach our kids that the proper way to resolve a disagreement is with a fist to the face or a bullet to the brain, that sex is a form of recreational activity without consequences, and that parents exist either to be mocked or ignored. These messages are breeding more of the same values vacuum that created them in the first place, communicating to our children that standards are fungible and matters of right and wrong are negotiable at best, irrelevant at worst.

Most entertainment industry leaders deny that they exert this kind of influence, but the evidence to the contrary is accumulating in such abundance that the media conglomerates, I think, are on the verge—dangerous verge—of becoming the moral equals of the tobacco industry. Indeed, much like the link between cancer and cigarettes, the decidedly negative effects of prolonged exposure to violence on television has been proven conclusively by an overwhelming body of social science research, a conclusion embraced by the American people, yet continually disputed in public by producers of violent programming.

There is also a recent, growing body of research to show a correlation between heavy viewing of sexual content and kids initiating sexual activity before they otherwise would have. A survey done by Time magazine last month showed that 29 percent of teenagers said they learned about sex mainly from television, second only to their friends as a source of knowledge, indicating that the small screen has become a big sex educator. Also, many child development experts have voiced concerns that the omnipresence of graphic sexual displays throughout the media and in advertising is helping to sexualize our children at an unhealthily early age. It was because of these reports that I sponsored legislation in the fiscal 1998 Labor-HHS appropriations bill directing the National Institute of Child Health and Human Development to initiate a broad-based research initiative on the media's influence on children's sexual behavior. That is now underway. Hopefully, it will provide us a clearer understanding of the relationship.

What the experts tell us has recently been corroborated by an abundance of real-life experiences. Earlier this year, in Norfolk, VA, for instance, educators within the local public schools observed that a disturbing number of children who watched Jerry Springer's fight-filled talk show were often choosing to settle their disputes, as they explained, ''like they do it on the Springer Show,'' with punches and kicks. One principal in Norfolk was so concerned that she sent home a letter with each

student pleading with parents not to let them watch Springer anymore.

What can we make of the horrific bullets that children are firing with frightening frequency these days in the cafeterias, hallways, classrooms, and courtyards of America's schools? I am certainly not here to claim that the media is solely to blame for this spate of student gunfire. To do so would be unfair and would ignore the factual complexity of each case. Yet, it would be a far greater folly, I think, to ignore the pattern emerging that indicates that there is a connection between these violent acts and the culture of violence enveloping our children.

According to a recent report in the New York Times, which reviewed the most well-publicized cases of student violence over the last 9 months, as well as a few earlier incidents, we can conclude that each of the attackers ''seemed to be obsessed with the violent pop culture.'' We know from various press reports that the boys in Springfield, OR; Pearl, MS, and Edinboro, PA, listened regularly to the nihilistic, hateful lyrics of shock-rocker Marilyn Manson. We know from the testimony of a teacher from Westside Middle School in Jonesboro, AR, that the older of the two shooters there was a devotee of vicious gangsta rap music, and that a favorite song of his by the group Bone-Thugs-n-Harmony plays out an open-field massacre of revenge quite similar to the plan the 13-year-old and the 11-year-old accomplice executed in March. And we know in some detail of the fascination a 14-year-old in Moses Lake, WA, who mowed down three students in his algebra class 2 years ago, had with Oliver Stone's ghoulish movie, ''Natural Born Killers,'' because two friends of his told authorities that the boy had confided to them that it would be ''pretty cool'' and ''fun'' to go on a killing spree like the movie's lead characters.

To truly understand this connection, though, we need to know more. I am the first to say that, though I am critical of the entertainment media. Senator BROWNBACK and I took one step in that direction earlier this week when we convened a discussion forum on Tuesday with several leading experts, including writers, social scientists, a district attorney, and a clergyman to explore in greater detail the roots of this deeply disturbing trend of student violence. The discussion we had produced a remarkably strong consensus that, in fact, the culture is a major contributing factor, and the dissolution of the family is clearly another factor. But culture, everyone tells us, is a contributing factor. That is why I am considering legislation that would ask the Justice Department to conduct a far-reaching study to examine the relationship between media violence and juvenile crime. It is an issue that has already been deeply politicized and, in some respects, oversimplified, and before it gets any more so, we need to see what the science can objectively tell us.

But at the same time, I don't think we have to wait to conclude that something is deeply wrong in our society when our children are slaughtering each other, and that the enormously attractive and stimulating images of murder and mayhem so rampant throughout the electronic media are playing some role in this American nightmare.

We can and also should talk about easy access to guns too many kids enjoy, which is evidenced by a recent study showing that nearly one million kids brought a firearm to school at least once this past school year, and nearly half of them did so at least six times. And we can and should talk about the need for greater parental involvement and faster intervention by counselors and other school personnel when kids show signs they are homicidal or suicidal.

But I think we have to also talk honestly about the reality that boys in many parts of the country for a long time have had easy access to guns, that some have always been spurned by girls, and some have always had emotional problems, some have had reason to be angry with teachers or fellow students. Yet, to my knowledge, we have never before in our history seen a similar series of cases where some of these young men—boys really—work out their problems by grabbing guns and massacring their teachers and classmates. So I think we have to ask, Where do they get such an idea? Maybe it is from the contemporary culture.

Before this lunacy goes any further, we must ask the entertainment industry, which, notwithstanding my criticisms, really has done so much good by enlightening our minds and touching our hearts, but also confront the harm it can do, the effect the entertainment industry can have of pushing some troubled children, particularly, over the edge, that they hear our pleas to stop raining down so much death and messages of death on our children.

Thankfully, we are beginning to hear cause for hope from the corridors of American cultural power, as more and more media executives have been willing to break the silence associated with the values vacuum. Both ABC President Bob Iger and former NBC Chairman Grant Tinker have given speeches at major television conventions this year decrying the Springerization of the airwaves as ''an embarrassment to our business,'' in Iger's words, and challenged broadcasters to ''stand for something,'' in Tinker's words.

And Disney Chairman Michael Eisner made a forceful statement to the American Society of Newspaper Editors this spring in which he candidly criticized those in the industry who ''hide behind the skirts of the Constitution'' to justify marketing of ''vile programs'' like Springer. These are permissible under the First Amendment,'' he said, ''but they are not desirable if we aspire to call ourselves civilized.'' He then called on his peers to make the kind of moral judgments that they and too many of us have been reluctant to consider. ''Edit we must,'' he said, ''not to stife conflict or conviction, but to eliminate debasement.''

Also encouraging is what is happening outside the cultural epicenters of New York and Hollywood. In recent months, a political consensus has begun to take shape about the dire state of our moral and civic condition, bringing together disparate voices on the left and the right to cry out for renewing fundamental values in our public life.

This consensus is expressed eloquently in an important new report, ''A Call to Civil Society: Why Democracy Needs Moral Truth,'' which was issued by a diverse collection of leading academics, theologians, social activists, civic leaders and politicians, from Harvard's Cornel West to UCLA's James Q. Wilson. This report, which Senator COATS and I were privileged to play a role in shaping, is particularly significant because it reassets the central premises of the Declaration's claim of interdependence, that there are moral truths that we as a people must uphold for our experiment in self-rule to work.

This emerging consensus was also evident at the National Fatherhood Summit that was held here in Washington last month. This convocation was called to highlight the crisis of father absence we are experiencing in this country, in which the number of children living without a father of any kind that has quadrupled over the last two generations, and to mobilize a response. The day-long affair was thoroughly bipartisan, with the leaders of both houses of Congress serving as honorary co-hosts and Vice President GORE delivering the key-note address, and it produced unanimity about the critical importance of fathers in the raising of children and the need to strengthen the two-parent family.

For the left and the right to reach agreement on this front represents remarkable prograss. A few years ago it was not just politically incorrect but politically dangerous to talk about the primacy of the two-parent family, as Dan Quayle learned, and to emphasize the critical role fathers play in the lives of their children. To do so was considered a knock against single mothers and perhaps all women. But the Fatherhood Summit and the Call to Civil Society suggest that we have turned an important corner in the politics of the family, and reflect a common understanding that to iterate the value of involved fathers is not to denigrate the value of single mothers who are often some of the greatest heroes in our society today.

Perhaps the most telling indicator of how far we have come is the recent statement that Murphy Brown herself made about the subject. Candice Bergen, the actress who played the sharp-tongued television character, recently declared that Dan Quayle ''was right''

to talk about the troubling marginalization of fathers in his infamous speech in 1992—although she still holds firm that the former Vice President was wrong in his specific criticism of Murphy Brown's choice to have a child on her own. ''It was a completely logical speech,'' Bergen said in a newspaper interview. ''Fathers are not indispensible. They are vital to a family.''

Which raises an obvious question: If Dan Quayle and Murphy Brown can find common moral ground now, why then do we continue to hear the steady beat of the culture war drums echoing throughout the political arena?

No one can deny here, nor do I think there is any question that these differences do reflect the broader philosophical schism dividing parts of our society, a moral fault line that generally separates—and here is how I would describe that fault line—it generally separates the champions of tolerance like Jane Fonda from the defenders of traditional values like James Dobson.

But I suspect the values vacuum that overrides all has been represented to both exaggerate and exacerbate these divisions, making the extent of our moral disagreements appear far greater than Professor Alan Wolfe's research, and several other supporting polls, actually show them to be. It seems that the less we express our morality publicly, the more trouble we have finding a common vocabulary of values, which makes it even more difficult for us to discuss civilly and constructively those issues that divide us, or to identify those principles that unite us. This communications breakdown deepens the contempt and suspicion that each side already feels for the other.

The news media, I am afraid to say, which itself has been infected by that anything-goes mentality—not always, but often infected by the anything-goes mentality pervading the entertainment culture—seems too often to fan the flames of controversy. The result is not so much an honest, engaged debate about values, but a culture war echo chamber that only heightens the average citizen's distorted sense that the country is locked in a mortal moral struggle.

The conflict over homosexuality's place, the place of homosexuals in our society, I think, offers a contemporary example of this tension that is very real in our lives and in our discussions and debates. Let's start with the reality that many Americans continue to believe that homosexuality is immoral and not just because the Bible tells them so. In fact, Professor Wolfe's research showed that this is one of the few areas where Americans of all religious inclinations feel so strongly that they are willing to risk the tag of intolerance to express or hold to their points of view, although most of the people he interviewed tempered their disapproval by making clear that they did not support discrimination against gay men and lesbians. It is unfair, when you think about Professor Wolfe's research, then, for anyone to automatically conclude that people who express moral reservations or even disdain about homosexuality are bigots, or to publicly attack them as hateful. These are sincerely held morally based views.

Yet the suspicions and concerns of the gay community are understandable when one considers the Senate's treatment of James Hormel's nomination as Ambassador to Luxembourg, which is now being blocked by multiple holds by Members of this Chamber. If we truly believe in the claim of equality and the universal principle of fairness of the Declaration of Independence, and if we want to talk more broadly about values with true credibility in this Chamber, I think we owe Mr. Hormel a chance to be evaluated by the same standards we have applied to other nominees. We owe him a chance to be judged by his career and competence, not by his sexual orientation. We owe him a vote on this floor.

If we truly hope to repair the moral breach that separates us and prevents us from confronting what most Americans agree is a crisis of values, I think we have to start by recognizing that the tone of the debate matters as much as the substance. We need to declare a cease-fire in the culture wars, to lay down our rhetorical arms, step back and look at the person across the PTA meeting room or the abortion clinic or the affirmative action rally not as the enemy, but as a fellow American, deserving of the same respect and courtesy we all expect for ourselves, who happens to have a different, deeply held point of view. We need to build on the common moral ground staked out by the call to civil society and begin to reassert in public life those fundamental values that, despite the collateral damage of the culture warring, continue to connect our incredibly diverse populace.

I think the largest responsibility, the first responsibility, falls on those of us who are concerned about the weakening of our common values and the ramifications for our society. We have to acknowledge that many of our fellow citizens not only feel uncomfortable talking publicly about matters of morality, they are also skeptical of those who do. Indeed, one of the great ironies of our time is that many Americans have come to regard morality as a code word for intolerance. So our challenge today is to persuade the skeptics that it is crucial for the future of our country to rediscover those common core principles that made our democracy possible in the first place—those common core principles that were described, declared in the Declaration of Independence—and to renew their strength. We in Congress have the opportunity and the responsibility to support the search for common moral ground.

From those of us who have been privileged and honored to be elected to lead this country, the American people have a right to know that we hear their anxieties about the Nation's moral future, that we are striving to reflect their core values in our work and in our lives. But more than that, we have to recognize that so much of what we aspire to in this body, by passing legislation to serve the public interest and make this a better country, will ultimately be for naught if we do not fill the values vacuum in American life and rediscover, reclaim the high ground, the common moral ground.

For those reasons, I hope, in the months ahead, to return to the Senate floor, this historic Chamber that truly serves as the American people's forum, to speak with my colleagues from across this great country about different aspects of the values crisis that I have discussed today and to try to offer some specific ideas about how, together, we can better secure, ''the Safety and Happiness'' that our Declaration of Independence promises us all.

I thank the Chair and my colleagues for their patience. I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Minnesota.

Mr. GRAMS. Mr. President, I ask unanimous consent to be allowed to speak for up to 10 minutes.

The PRESIDING OFFICER. The Senator has that right.

Mr. GRAMS. I thank the Chair.

(The remarks of Mr. GRAMS pertaining to the introduction of S. 2291 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. GRAMS. Mr. President, I yield the floor, and 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.

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

The PRESIDING OFFICER (Mr. HAGEL). Without objection, it is so ordered.

OMNIBUS PATENT REFORM ACT OF 1997

Mr. LEAHY. Mr. President, I hope that the Senate will celebrate America's independence by focusing its energy on issues that create American jobs, protect American ingenuity, and improve the lives of the American people.

One such issue that I would like to talk about today is as American as fireworks on the 4th of July. This is our nation's patent system. Patents are the life's blood of America's industry and economic strength.

America's patent system was established in the Constitution itself. It is no coincidence that some of those who framed our government were inventors. Both Benjamin Franklin and Thomas Jefferson were avid inventors. Indeed,

Jefferson invented a cryptographic system that was used by the United States during World War II.

The Founders included in our enduring Constitution as an enumerated power of the Congress, the power ''To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.'' (United States Constitution, Article I, Section 8.) This Constitutional provision was carefully drafted to reflect a recognition by the Founders that our patent system would have to evolve in order to serve its intended purposes.

Congress, from its early days, implemented this constitutional prerogative. The First Congress, in its second session, passed an ''Act to Promote the Progress of Useful Arts.'' President Washington signed that law on April 10, 1790, and the United States Patent Office was thereby created.

Since that time, Congress has updated the patent laws of this country to make sure that the fuel of American genius was well stoked. Indeed, on an Independence Day more than 150 years ago, on July 4, 1836, Congress reorganized the patent system, created the office of ''Commissioner of Patents'' and reinstated the requirement that patent applications be examined. The Act provided that if the Commissioner deemed an invention ''to be sufficiently useful and important, it shall be his duty to issue a patent therefor.''

Abraham Lincoln, the only President to be issued a patent, declared that ''patents add the fuel of interest to the fire of genius.'' The patent system has continued to evolve over the last century and one-half as we have adapted to changing times and advances in technology. All the while American innovators have remained at the forefront of useful invention.

I, for one, would like to keep American innovators in the lead. Our jobs and our economic security depend on it. As we enter a new millennium, however, fewer and fewer of America's innovators feel confident that our patent system is keeping pace.

According to the Commissioner of the Patent and Trademark Office (PTO), in the last fiscal year, the PTO received 237,045 patent applications—a 14.9 percent increase over the previous year. Inventors are rightly demanding that the PTO conduct quicker and more careful searches. After all, in today's digital world, an innovator cannot afford to wait two years for his or her patent application to be processed. And once that application has been processed, an applicant wants to know that the patent will hold up and that the patent holder will not be caught up in litigation for years attempting to defend it.

It is for this reason that American inventors of all shapes and sizes, large and small, independent inventors and large corporations, have been pleading with Congress to improve our current patent system. They are asking us to help cut the red tape at the PTO, provide our inventors with stronger patent applications, reduce the cost of resolving patent disputes, and put an end to rules that favor foreign applicants over American applicants. What they have been asking us to do is to pass the Omnibus Patent Reform Act of 1997, S. 507.

Who wants this bill? American innovators and businesses large and small.

The White House Conference on Small Business Technology Chairs wrote to me on May 7, 1998 urging passage of S. 507 because, and I am quoting from their letter:

> We believe that S. 507, as amended, will lower the litigation costs for small businesses, make it easier to know what areas of technology are open for innovation, and will go a long way towards giving us a more level playing field vis-a-vis our foreign competitors. We wholeheartedly support passage of the bill and appreciate the attention and support you have given to small business.

The Chief Executives of 48 of America's largest companies wrote the Senate Majority Leader, asking him to schedule a vote on the bill before the Senate adjourns in the fall because ''S. 507 makes several major improvements in U.S. patent law that will greatly benefit American companies and inventors.''

So what has been stopping this bill? Well, one of the most outspoken opponents of the bill has been the Eagle Forum. The Senate Republican leadership should not clip the wings of technology for the benefit of the Eagle Forum. That would be no way to honor America's independence and no way to honor America's proud tradition of innovation.

Instead, let us celebrate America's independence by helping out the millions of Americans who owe their jobs and prosperity to industries created by America's innovators and creators. The Senate should take up and pass S.507.

I inserted into the CONGRESSIONAL RECORD on June 23, letters of support from the White House Conference on Small Businesses, the National Association of Women Business Owners, the Small Business Technology Coalition, National Small Business United, the National Venture Capital Association, and the 21 Century Patent Coalition.

I ask that additional letters of support for S. 507 be included in the RECORD following the conclusion of my statement. These letters are from The Chamber of Commerce of the United States of America; the Pharmaceutical Research and Manufacturers of America, PhRMA; the American Automobile Manufacturers Association; the Software Publishers Association; the Semiconductor Industry Association; the Business Software Alliance; the American Electronics Association; and the Institute of Electrical and Electronics Engineers, Inc. and Industry Corporation.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA,
Washington, DC, October 24, 1997.

Hon. TRENT LOTT,
Majority Leader, U.S. Senate,
Washington, DC.

DEAR TRENT: As you know, this time of year brings a flurry of bills to the fore, each with its own strengths and argument why it deserves floor time prior to adjournment. One bill that clearly merits your consideration for debate is S. 507, the Omnibus Patent Act of 1997.

In the chamber's view, the Hatch/Leahy bill has successfully bridged the debate between proponents of modernizing the patent system (the Chamber has long supported this) and a relatively small group of independent inventors who feared their patent rights might be abridged. The resulting compromise will help strengthen our competitiveness and create jobs while encouraging the inventiveness that always has been an American hallmark. We urge your support for this important legislation.

The House has already passed their corresponding bill. S. 507 was reported from the Judiciary Committee earlier this year by a bipartisan vote of 17 to 1. We believe the time is right now to move these needed reforms, adding another solid accomplishment to this session.

Thank you again for your support.

Sincerely,

R. BRUCE JOSTEN.

PHARMACEUTICAL RESEARCH AND MANUFACTURERS OF AMERICA,
Washington, DC, June 2, 1998.

Hon. TRENT LOTT,
Majority Leader, U.S. Senate,
U.S. Capitol, Washington, DC.

DEAR SENATOR LOTT: On behalf of the research-based pharmaceutical industry, we urge you to schedule a vote on S. 507, *The Omnibus Patent Act of 1997*. This bill, which passed out of the Senate Judiciary Committee on May 22, 1997 by voice-vote, will strengthen U.S. patent law, advance innovation, and increase our global competitiveness.

We appreciate your interest in moving legislation that will not result in undue delay in the Senate. We question, however, whether opposition can ultimately be sustained on the Senate floor against S. 507 given its importance to American industry and innovation. Of particular interest to the pharmaceutical industry are provisions that would: Strengthen the Patent and Trademark Office (PTO) by making it a government corporation ''with resulting operational and fiscal flexibility;'' restore patent life lost as a result of unusual administrative delays at PTO; and provide for publication of patent applications 18 months after their filing to allow U.S. companies to have access to applications filed in the U.S. by foreign applicants.

Our industry, which in 1998 will spend over $20 billion in research and development, depends on strong patent protection to ensure that pharmaceutical companies are able to maximize their efforts to discover new medicines that prevent, cure, and treat disease. S. 507 will foster that and deserves floor consideration soon.

Thank you for you attention to this important legislation.

Sincerely,

Raymond Gilmartin, Chairman President and CEO, Merck & Co., Inc., PhRMA Chairman; David R. Ebsworth, Ph.D., Executive Vice President and President, Pharmaceutical Division, Bayer Corp.; Robert A. Ingram, Chairman, CEO and President, Glaxo Wellcome Inc.; Arthur D. Levinson, Ph.D., President and CEO, Genentech, Inc.; William

C. Steere, Jr., Chairman and CEO, Pfizer Inc.; Wayne P. Yetter, President and CEO, Novartis Pharmaceuticals; Gordon M. Binder, Chairman and CEO, Amgen; Charles A. Heimbold, Jr., Chairman and CEO, Bristol Myers Squibb Co.; Jan Leschly, Chief Executive, SmithKline Beecham; Richard J. Markham, CEO, Hoechst Marion Roussel Inc.; Sidney Taurel, President and CEO, Eli Lilly and Co.

AMERICAN AUTOMOBILE MANUFACTURERS ASSOCIATION,
November 7, 1997.

Hon. PATRICK J. LEAHY,
U.S. Senate,
Washington, DC.

DEAR SENATOR LEAHY: The American Automobile Manufacturers Association and its members, Chrysler Corporation, Ford Motor Company and General Motors Corporation, urge you to support S. 507, the ''Omnibus Patent Act of 1997,'' co-sponsored by Senators Hatch and Leahy. The House passed patent reform earlier this year, and the Senate Judiciary Committee favorably reported S. 507 by a vote of 17 to 1. The bill has been modified in numerous ways to accommodate the concerns of small inventors, universities, and other interested groups.

We believe S. 507 is a fair and balanced bill that will significantly improve the U.S. patent system. Modernization of the Patent and Trademark Office will permit it to offer improved services to patent applicants and owners. The publication provisions will help avoid duplicative research efforts and will accelerate the development of technology by speeding the dissemination of research advances. Those who file only in the U.S. can avoid early publication if they desire, and new provisional royalty rights will ensure that no inventor is deprived of the economic value of his or her invention between the date of publication and patent approval. The bill also provides a safe harbor for domestic users of new manufacturing processes through the provision of prior user-rights. And, an improve patent reexamination process will provide a low-cost, speedy alternative to expensive litigation for determining the validity of any challenged patent.

The provisions of S. 507 will substantially improve our nation's patent system. This will serve the interests of inventors and technology users alike. More importantly, it will benefit the entire American public by further encouraging technological advances and the products such advances bring. We urge you to vote for S. 507.

Sincerely,

ANDREW H. CARD, Jr.,
President and CEO.

SOFTWARE PUBLISHERS ASSOCIATION,
Washington, DC, June 11, 1998.

Hon. PATRICK LEAHY,
U.S. Senate, Russell Senate Office Building, Washington, DC.

DEAR SENATOR LEAHY: On behalf of the Software Publishers Association (SPA), I am writing to ask you to urge Senate Majority Leader Trent Lott to schedule a floor vote on S. 507, the Omnibus Patent Act, early this summer, and call on you to vote to enact its important patent reforms into law.

SPA has more than 1,200 member companies, ranging from large well-known companies to hundreds of smaller companies and Internet start-ups, that develop and market software for business, education, entertainment and the Internet. Patents represent an increasingly important means for these companies to protect the intellectual property in their software-related inventions. In fact, a 1997 survey of over 800 software companies found that over 20 percent either owned or had applied for a patent.

As the collective voice of one of the fastest growing, most competitive industries in the world, SPA supports S. 507 because it would enact patent reforms that would encourage investment and innovation in the software industry and other industries that will create more high-paying jobs in America. This legislation would make significant improvements in U.S. patent law, including early publication of pending patents, expanded reexamination, and a provisional right to a reasonable royalty.

Leading members of SPA long ago came out in favor of S. 507, and Eric Ruff, CEO of Utah-based PowerQuest Corp., testified in support of the bill before the Senate Judiciary Committee (his statement is enclosed). In May 1997, the Judiciary Committee favorably reported S. 507 by a vote of 17 to one. S. 507 continues to enjoy strong bipartisan support.

In closing, I urge you to support S. 507 without amendments that would undermine its objective—a patent system that produces high quality, carefully and examined patents. The House has already passed a similar bill, but time is running out for the Senate to ensure that these important patent reforms become law this year.

Sincerely yours,

KEN WASCH,
President.

SEMICONDUCTOR INDUSTRY ASSOCIATION,
San Jose, CA, July 24, 1997.

Hon. DIANNE FEINSTEIN,
U.S. Senate,
Hart Senate Office Building,
Washington, DC.

Re Omnibus Patent Act of 1997.

DEAR SENATOR: The Semiconductor Industry Association urges you to support S. 507, the ''Omnibus Patent Act of 1997'', by Senators ORRIN HATCH, and PATRICK LEAHY.

The U.S. semiconductor industry employs over 235,000 Americans, including in California. Semiconductors are the enabling technology for the nearly $400 billion U.S. electronics industry, an industry that provides jobs for 2.5 million Americans.

The U.S. semiconductor industry invests over 11% of sales on R&D, $7 billion in 1996 and leads the world in microchip technology. A strong and efficient U.S. patent system is essential for the U.S. to maintain this technology leadership. S. 507 will create a Patent and Trademark Office that is more efficient and responsive to the needs of U.S. investors, mandate the speedy issuance for patents, and reduce lawsuits and legal bills paid by American inventors and companies. American companies will become more competitive by speeding up research and development and brining new products to market faster.

S. 507 is a carefully crafted measure that will encourage new inventions and protect American innovators and corporations while at the same time addressing the special concerns of small inventors, small business and universities. S. 507 cleared the Senate Judiciary Committee in May and a similar measure, H.R. 400, already passed the House.

Please vote for S 507 when it comes to the Senate floor. If you or your staff would like to discuss this legislation and its importance to the semiconductor industry, please do not hesitate to call.

Sincerely,

GEORGE SCALISE,
President.

BUSINESS SOFTWARE ALLIANCE,
Washington, DC, June 29, 1998.

Hon. PATRICK LEAHY,
U.S. Senate, Russell Senate Office Building, Washington, DC.

DEAR SENATOR LEAHY: On behalf of the members of the Business Software Alliance (''BSA''), I want to thank you for your leadership on the Omnibus Patent Act of 1997, S. 507. This legislation will make many significant improvements to the U.S. patent system that will greatly benefit the U.S. software industry and other users of the U.S. Patent Office.

We appreciate your efforts on this important issue and look forward to working with you to seek its enactment before the end of the session. Again, thank you for your hard work on behalf of our nation's high technology industries.

Sincerely,

ROBERT W. HOLLEYMAN, II,
President & CEO.

AMERICAN ELECTRONICS ASSOCIATION,
Santa Clara, CA, June 1, 1998.

DEAR SENATOR: I am writing on behalf of the more than 3,000 member companies of the American Electronics Association (AEA) to urge you to support S. 507, the ''Omnibus Patent Act,'' and respectfully request that you contact the Senate Leadership and urge them to schedule debate and a floor vote on S. 507 in the near future.

The AEA's member companies span the spectrum of electronics and information technology companies, from semiconductors and software to mainframe computers and communications systems. For over 50 years, AEA has helped its members compete successfully in the global marketplace and has been the accepted voice of the American electronics and information technology industry.

According to AEA's Cyberstates Update report, the high-tech industry added some 200,000 new jobs in the U.S. between 1996 and 1997, for a total of nearly 4.5 million U.S. high-tech workers earning salaries 73 percent higher than the average private sector wage. AEA believes that modernizing the U.S. patent system is critical to sustain the innovation that has resulted in this tremendous job growth and the global competitiveness of U.S. high technology companies.

S. 507, which was introduced by Senators ORRIN HATCH (R–UT) and PATRICK LEAHY (D–VT), contains critical reforms that will protect the interests of American inventors and innovators while preparing the U.S. Patent and Trademark Office (PTO) to meet the needs of our nation's high technology firms as we enter the 21st Century. The reforms contained in S. 507 will increase the value of patents to inventors and companies, slash red tape in the PTO, and make it easier for U.S. inventors and companies to research, develop, and commercialize inventions.

AEA urges you to support this critical legislation to further advance American technology and strengthen our nation's global competitiveness. If you or your staff have any questions regarding S. 507 or patent reform, please contact Stephanie Stitzer of AEA at (202) 682–4431.

Sincerely,

WILLIAM T. ARCHEY,
President and CEO.

INSTITUTE OF ELECTRICAL AND ELECTRONICS ENGINEERS,
October 9, 1997.

Hon. TRENT LOTT,
Senate Majority Leader, Russell Senate Office Building, Washington, DC.

DEAR SENATOR LOTT: On behalf of the Institute of Electrical and Electronics Engineers United States Activities Board (IEEE–USA) and its 220,000 electrical, electronics and computer engineers who are U.S. members of IEEE, we urge you to place the Omnibus Patent Act of 1997 (S. 507) on the legislative calendar during this session of Congress.

The Omnibus Patent Act and its various provisions have already had extensive analysis, numerous public hearings and full consideration of a wide range of perspectives. We believe that it is now time to call for a vote on this important legislation before the end of the first session of this Congress.

IEEE–USA supports the Omnibus Patent Act of 1997 (S. 507) and its publication provisions. Many important compromises have been made and we are now confident that the bill will strengthen the U.S. patent system. S. 507 takes into account many of our members' concerns regarding the disclosure of their technology prior to receiving patent protection. The Omnibus Patent Act provides inventors with the option of delaying the publication of their application until the patent is awarded—as long as they choose to file solely in the United States.

The bill provides our 220,000 U.S. members with a strengthened patent system and arrives as a reasonable balance between inventor protection and public disclosure of technology. We believe that his balance will assist in promoting U.S. innovation and competitiveness,

If you or your staff would like to discuss this with us further please contact Scott Grayson in our Washington, D.C. office at (202) 785–0017.

Sincerely,

DANIEL FISHER,
Chair, IEEE–USA
Intellectual Property Committee.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Thursday, July 9, 1998, the federal debt stood at $5,526,093,018,467.09 (Five trillion, five hundred twenty-six billion, ninety-three million, eighteen thousand, four hundred sixty-seven dollars and nine cents).

One year ago, July 9, 1997, the federal debt stood at $5,359,038,000,000 (Five trillion, three hundred fifty-nine billion, thirty-eight million).

Five years ago, July 9, 1993, the federal debt stood at $4,336,575,000,000 (Four trillion, three hundred thirty-six billion, five hundred seventy-five million).

Twenty-five years ago, July 9, 1973, the federal debt stood at $454,517,000,000 (Four hundred fifty-four billion, five hundred seventeen million) which reflects a debt increase of more than $5 trillion—$5,071,576,018,467.09 (Five trillion, seventy-one billion, five hundred seventy-six million, eighteen thousand, four hundred sixty-seven dollars and nine cents) during the past 25 years.

HIGHER EDUCATION ACT AMENDMENTS OF 1998

(In the RECORD of July 9, 1998, on page S7873, a portion of the text of Mr. DODD'S remarks was inadvertently omitted. The permanent RECORD will be corrected to reflect the following:)

Mr. DODD. Mr. President, very briefly, I see my colleague from Ohio here, I want to add my voice to those who have spoken in praise of Senator JEFFORDS, the chairman of the committee, his staff, and the wonderful job they did in leading this piece of legislation and working with Senator KENNEDY as the leading Democrat on our side.

What we witnessed today is a wonderful example of how the legislative process ought to work. It is hard to imagine taking on a piece of legislation that has a 5-year lifespan to it, a higher education bill that affects so many millions of Americans. We did this in one day in large measure because the committee worked very closely together, Mr. President. A lot of work went into trying to resolve issues as a committee. There were a couple we couldn't, so we left those to our colleagues, which is the way it should be here when you can't come to a final resolution.

That shows remarkable leadership on the part of the chairman and the ranking Democrat, that they can take a bill as complicated and as comprehensive as this, one as long in duration as this and bring it to the floor and, in the space of virtually 12 hours, provide the kind of unanimous—it may have been unanimous, I don't know what the vote was here—almost unanimous vote in support of the Higher Education Act for our Nation.

I want others to know that this is a good example of how we ought to work here. I hope others will heed this example.

For DAN COATS, who is not on the floor this evening, our colleague from Indiana, this will be the last higher education bill he will be involved in, as he made the decision to leave the U.S. Senate at the end of his term. Certainly, there will be other bills between now and when the session ends. I am certain Senator COATS feels a sense of pride, as he should, having played a major role in the last higher education bill he will be involved in in the U.S. Senate. I commend him for his efforts.

Let me join in commending staff: Mark Powden for his fine work, Susan Hattan, Scott Giles, Jenny Smulson, Corey Heyman.

Senator KENNEDY's staff: Marianna Pierce did a wonderful job on the Democratic side working on this and keeping us well informed and trying to work out amendments during the committee process and on the floor.

Jennifer Kron and Jane Oates did a wonderful job, as did Townsend Lange from Senator COATS' staff. And you will all understand why I pay a special tribute to Suzanne Day of my office who does a fabulous job on these issues, and has for many, many years. She was joined this year by a new member of our staff who did a terrific job, Megan Murray, who is here with us on the floor this evening. I want to thank her, as well, for the tremendous effort she put into making this a successful bill.

So, Mr. President, I commend our colleagues, and staff particularly, for really doing a very, very fine job. And in these days of acrimony and partisanship and invective behavior, it is wonderful to know there are examples of where this institution shines and shows its best. It did so under the leadership of the distinguished Senator from Vermont and the Senator from Massachusetts.

Mr. President, I yield the floor.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, 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 one withdrawal and sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

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–5934. A communication from the Assistant Secretary for Legislative Affairs, Department of State, transmitting, pursuant to law, the report of a payment to Rewards Program Participant 96–22 under the State Department Basic Authorities Act; to the Committee on Foreign Relations.

EC–5935. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule regarding airworthiness directives on certain Rolls-Royce Limited turbojet engines (Docket 98–ANE–15–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5936. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Airbus Model A300, A300–600, and A310 Series Airplanes'' (Docket 97–NM–257–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5937. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Fokker Model F.28 Mark 0100 Series Airplanes'' (Docket 97–NM–329–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5938. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Saab Model SAAB 2000 Series Airplanes'' (Docket 97–NM–145–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5939. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; McDonnell Douglas Model DC–9 and DC–9–80 Series Airplanes, Model MD–88 Airplanes, and C–9 (Military) Series Airplanes'' (Docket 96–NM–203–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5940. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Saab Model SAAB SF340A, SAAB 340B,

and SAAB 2000 Series Airplanes'' (Docket 96–NM–212–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5941. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; British Aerospace (Jetstream) Model 4101 Airplanes'' (Docket 98–NM–115–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5942. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Eurocopter France Model SA 330F, G, and J Helicopters'' (Docket 97–SW–06–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5943. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Eurocopter France Model AS332C, L, and L1 Model SA330F, G, and J Helicopters'' (Docket 98–SW–11–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5944. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Eurocopter France Model AS332C, L, and L1 Helicopters'' (Docket 97–SW–39–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5945. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Eurocopter Deutschland GmbH Model EC 135 Helicopters'' (Docket 98–SW–18–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5946. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Agusta S.p.A. Model A109C and A109K2 Helicopters'' (Docket 97–SW–65–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5947. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Amendment of Class E Airspace; Roxboro, NC'' (Docket 98–ASO–5) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5948. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Modification of Class E Airspace; Fort Atkinson, WI'' (Docket 98–AGL–23) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5949. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Modification of Class E Airspace; Griffith, IN'' (Docket 98–AGL–22) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5950. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Modification of Class E Airspace; Youngstown Elser Metro Airport, OH'' (Docket 98–AGL–24) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5951. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Airbus Model A300 and A300–600 Series Airplanes'' (Docket 98–NM–81–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5952. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Airbus Model A320 Series Airplanes'' (Docket 98–NM–250–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5953. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; AERMACCHI S.p.A. Models F.260, F.260B, F.260C, and F.260D Airplanes'' (Docket 97–CE–143–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5954. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Empresa Brasileira de Aeronautica, S.A. (EMBRAER) Model EMB–145 Series Airplanes'' (Docket 98–NM–65–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5955. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Fokker Model F27 Mark 100, 200, 300, 400, 500, 600, and 700 Series Airplanes'' (Docket 98–NM–102–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5956. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Airbus Model A319 and A321–100 Series Airplanes'' (Docket 98–NM–75–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5957. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Raytheon Aircraft Company Model 1900D Airplanes'' (Docket 97–CE–86–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5958. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Rolls-Royce Limited, Aero Division-Bristol, S.N.E.C.M.A., Olympus 593 Series Turbojet Engines'' (Docket 98–ANE–12–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5959. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Fokker Model F.28 Mark 1000, 2000, 3000, and 4000 Series Airplanes'' (Docket 98–NM–16–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5960. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; British Aerospace Model BAC 1–11 200 and 400 Series Airplanes'' (Docket 98–NM–51–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5961. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Dornier Model 328–100 Series Airplanes'' (Docket 98–NM–89–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5962. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Bombardier Model CL–600–2B19 (Regional Jet Series 100) Airplanes'' (Docket 97–NM–83–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5963. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Airbus Model A300–600 Series Airplanes'' (Docket 95–NM–78–AD) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5964. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Technical Amendment to Passenger Train Emergency Preparedness Docket; Safety Glazing Standards; Correction'' (Docket PTEP–1) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5965. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Final Theft Data; Motor Vehicle Theft Prevention Standard'' (Docket 97–3125) received on July 8, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5966. A communication from the Administrator of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, a report on the impacts of children flying aircraft; to the Committee on Commerce, Science, and Transportation.

EC–5967. A communication from the Chief of Staff of the Office of the Commissioner of Social Security, transmitting, pursuant to law, the report of a rule entitled ''Electronic Freedom of Information Amendments of 1996'' (RIN0960–AE68) received on July 8, 1998; to the Committee on Finance.

EC–5968. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule regarding a grower diversion program under the tart cherry marketing order for the 1998–1999 and following crop years (Docket FV97–930–2 FR) received on July 8, 1998; to the Committee on Agriculture, Nutrition, and Forestry.

EC–5969. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''Removal of U.S. Grade Standards and Other Selected Regulations'' (Docket FV–95–303) received on July 8, 1998; to the Committee on Agriculture, Nutrition, and Forestry.

EC–5970. A communication from the Assistant Secretary for Occupational Safety and Health, Department of Labor, transmitting, pursuant to law, the report of a rule entitled ''Occupational Exposures to Asbestos'' (RIN1218–AB25) received on July 8, 1998; to the Committee on Labor and Human Resources.

EC–5971. A communication from the Acting Director of the Executive Office of the President, Office of Management and Budget, transmitting, pursuant to law, the report entitled ''Federal Financial Management Status Report and Five Year Plan''; to the Committee on Governmental Affairs.

EC–5972. A communication from the Director of the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the

report of two rules regarding the Ohio Maintenance Plan and Recycled Used Oil Management Standards (FRL6123–1, FRL6123–3) received on July 8, 1998; to the Committee on Environment and Public Works.

EC–5973. A communication from the Deputy Director of the Regulations Policy and Management Staff, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Medical Devices; Retention of Three Preamendment Class III Devices in Class III'' (Docket 94N–0418) received on July 8, 1998; to the Committee on Labor and Human Resources.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–501. A resolution adopted by the City Council of Hialeah, Florida relative to the renaming of the Everglades National Park; to the Committee on Energy and Natural Resources.

POM–502. A resolution adopted by the Village Council of Miami Shores Village, Florida relative to the renaming of the Everglades National Park; to the Committee on Energy and Natural Resources.

POM–503. A resolution adopted by the Village Council of the Village of Virginia Gardens, Florida relative to the renaming of the Everglades National Park; to the Committee on Energy and Natural Resources.

POM–504. A resolution adopted by the Senate of the Legislature of the State of New Hampshire relative to trade with Japan; to the Committee on Foreign Relations.

POM–505. A resolution adopted by the Legislature of the State of Michigan; to the Committee on Environment and Public Works.

SENATE CONCURRENT RESOLUTION NO. 72

Whereas, The Food Quality Protection Act of 1996 (FQPA) as passed by Congress and was signed into law on August 3, 1996, by President Clinton; and

Whereas, Among the purposes of the FQPA is to assure that pesticide tolerance decisions and policies are based upon sound science and reliable data; and

Whereas, Another purpose of the FQPA is to assure tolerance decisions and policies are formulated in an open and transparent manner; and

Whereas, The EPA is required by the FQPA to have reviewed approximately 3,000 of the approximately 9,700 existing tolerances by August 1999 to determine whether these tolerances meet the safety standards established by the FQPA; and

Whereas, The implementation of the FQPA could have a profound negative impact on domestic agricultural production and on consumer food prices and availability. With Michigan's diverse agriculture, this impact could be especially severe on our numerous specialty crops; now, therefore be it

Resolved by the Senate (the House of Representatives concurring), That we memorialize the Congress of the United States to take the following actions:

1. Direct the EPA to initiate immediately appropriate administrative rulemaking to ensure that the policies and standards the agency intends to apply in evaluating pesticide tolerances are subject to thorough public notice and comment prior to final tolerance determinations being made by the agency.

2. Direct the EPA to use its authority under the FQPA to provide interested persons the opportunity to produce data needed to evaluate a pesticide tolerance so that the agency can avoid the use of unrealistic default assumptions in making pesticide tolerance decisions.

3. Direct the EPA to implement the FQPA in a manner that will not disrupt agricultural production nor have a negative impact on the availability, diversity, and affordability of food.

4. Conduct oversight hearings immediately to ensure that actions taken by the EPA are consistent with the FQPA provisions and congressional intent. If the intent of the legislation is not carried out, then Congress should postpone the August 1999 deadline. Following oversight hearings, Congress should, if necessary, take appropriate actions or amend the FQPA to correct problem areas.

5. Encourage the Secretary of Agriculture and the United States Department of Agriculture to increase its commitment of manpower and budgetary resources to work with the EPA to gather scientific data. Furthermore, Congress should encourage the United States Department of Agriculture to conduct an economic impact statement on the implementation of the FQPA.

6. Clarify the role of Section 18 of the Federal Insecticide, Fungicide, and Rodenticide Act as its provisions relate to the reestablishment of tolerances under the FQPA.; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, the members of the Michigan congressional delegation, and the United States Environmental Protection Agency.

Adopted by the Senate, March 26, 1998.

Adopted by the House of Representatives, June 11, 1998.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. LUGAR, from the Committee on Agriculture, Nutrition, and Forestry, without amendment:

S. 2286. An original bill to amend the National School Lunch Act and the Child Nutrition Act of 1966 to provide children with increased access to food and nutrition assistance, to simplify program operations and improve program management, to extend certain authorities contained in those Acts through fiscal year 2003, and for other purposes (Rept. No. 105–243).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute and an amendment to the title:

S. 1695. A bill to establish the Sand Creek Massacre National Historic Site in the State of Colorado (Rept. No. 105–244).

By Mr. D'AMATO, from the Committee on Banking, Housing, and Urban Affairs, with an amendment:

S. 1283. A bill to award Congressional gold medals to Jean Brown Trickey, Carlotta Walls LaNier, Melba Patillo Beals, Terrence Roberts, Gloria Ray Karlmark, Thelma Mothershed Wair, Ernest Green, Elizabeth Eckford, and Jefferson Thomas, commonly referred collectively as the ''Little Rock Nine'' on the occasion of the 40th anniversary of the integration of the Central High School in Little Rock, Arkansas (Rept. No. 105–245).

By Mr. MCCAIN, from the Committee on Commerce, Science, and Transportation, with amendments:

S. 1259. A bill to authorize appropriations for fiscal years 1998 and 1999 for the United States Coast Guard, and for other purposes (Rept. No. 105–246).

By Mr. ROTH, from the Committee on Finance, unfavorably without amendment:

S.J. Res. 47. A joint resolution disapproving the extension of the waiver authority contained in section 402(c) of the Trade Act of 1974 with respect to Vietnam.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. ROTH, from the Committee on Finance:

Raymond W. Kelly, of New York, to be Commissioner of Customs.

James E. Johnson, of New Jersey, to be Under Secretary of the Treasury for Enforcement.

Elizabeth Bresee, of New York, to be an Assistant Secretary of the Treasury.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

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. DODD (for himself, Mr. STEVENS, Mr. KENNEDY, Mr. MOYNIHAN, Mr. D'AMATO, Mr. TORRICELLI, Mr. LIEBERMAN, Mr. DASCHLE, Ms. COLLINS, Ms. LANDRIEU, Mr. REID, Mr. DEWINE, Ms. MOSELEY-BRAUN, Ms. MIKULSKI, Mrs. BOXER, Ms. SNOWE, Mrs. MURRAY, Mrs. FEINSTEIN, and Mr. LAUTENBERG):

S. 2285. A bill to establish a commission, in honor of the 150th Anniversary of the Seneca Falls Convention, to further protect sites of importance in the historic efforts to secure equal rights for women; to the Committee on Energy and Natural Resources.

By Mr. LUGAR:

S. 2286. An original bill to amend the National School Lunch Act and the Child Nutrition Act of 1966 to provide children with increased access to food and nutrition assistance, to simplify program operations and improve program management, to extend certain authorities contained in those Acts through fiscal year 2003, and for other purposes; from the Committee on Agriculture, Nutrition, and Forestry; placed on the calendar.

By Mr. MURKOWSKI (for himself and Mr. BUMPERS) (by request):

S. 2287. A bill to provide for a more competitive electric power industry, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. WARNER:

S. 2288. A bill to provide for the reform and continuing legislative oversight of the production, procurement, dissemination, and permanent public access of the Government's publications, and for other purposes; to the Committee on Rules and Administration.

By Mr. BUMPERS:

S. 2289. A bill to amend the Federal Rules of Criminal Procedure, relating to grand jury proceedings, and for other purposes; to the Committee on the Judiciary.

By Mr. BREAUX:

S. 2290. A bill to promote the construction and operation of cruise ships in the United

States; to the Committee on Commerce, Science, and Transportation.

By Mr. GRAMS:

S. 2291. A bill to amend title 17, United States Code, to prevent the misappropriation of collections of information; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DODD (for himself, Mr. STEVENS, Mr. KENNEDY, Mr. MOYNIHAN, Mr. D'AMATO, Mr. TORRICELLI, Mr. LIEBERMAN, Mr. DASCHLE, Ms. COLLINS, Ms. LANDRIEU, Mr. REID, Mr. DEWINE, Ms. MOSELEY-BRAUN, Ms. MIKULSKI, Mrs. BOXER, Ms. SNOWE, Mrs. MURRAY, Mrs. FEINSTEIN, and Mr. LAUTENBERG):

S. 2285. A bill to establish a commission, in honor of the 150th Anniversary of the Seneca Falls Convention, to further protect sites of importance in the historic efforts to secure equal rights for women; to the Committee on Energy and Natural Resources.

WOMEN'S PROGRESS COMMEMORATION ACT

Mr. DODD. Mr. President, one hundred and fifty years ago this month, a remarkable group of women and men came together and wrote the single most important document of the nineteenth-century American women's movement and one of the most important writings of American freedom: The Seneca Falls Declaration of Sentiments and Resolutions. Modeled closely after the Declaration of Independence, this document is a declaration of women's independence. Radical at the time, it expounded such ideas as allowing women to vote, to become educated, and to participate in economic activities.

I believe we should take the occasion of the 150th anniversary of the Seneca falls convention to celebrate and focus on the rich and courageous history of American women and their struggle for equality. With this in mind, I am introducing the Women's Progress Commemoration Act.

I am very happy to be joined in introducing this legislation by my primary cosponsor, Senator TED STEVENS of Alaska, and the bipartisan group of 17 other original cosponsors: Senators MOYNIHAN and D'AMATO from New York, Senator KENNEDY, Senator TORRICELLI, Senator LIEBERMAN, Senator DASCHLE, Senator COLLINS, Senator LANDRIEU, Senator REID, Senator DEWINE, Senator MOSELEY-BRAUN, Senator MIKULSKI, Senator BOXER, Senator SNOWE, Senator MURRAY, Senator FEINSTEIN, and Senator LAUTENBERG.

This legislation will establish a commission to identify sites that have been instrumental in the women's movement and help to ensure their historic preservation. The history of American women has barely begun to be recorded. Consider these facts: (1) less than 5 percent of our Nation's historic landmarks chronicle women's achievements, (2) right here in the capitol, of the 197 statues exhibited in statuary hall, only seven are of women leaders, (3) according to a recent study, less than 2 percent of even our contemporary history textbooks are dedicated to women's contributions.

And yet, despite the virtual infancy of efforts to record women's history, we are doing even less to preserve the places where that history was made. That is why this bill is so important. If we don't preserve our past, we can lose our way into our future and our opportunity to teach not only girls and women but all students and citizens.

As I stand here today, numerous buildings and structures of deep historical significance to the American women's movement are in a state of disrepair—they have peeling paint, flooded basements, and structural deficiencies.

For example, the Sewall-Belmont House, just a block from the Capitol, was and still is the headquarters of the National Women's Party, which pressed for woman suffrage. This building was also the residency of Alice Paul, the legendary founder of this party. This is a prime example of a critical site in American women's history that is in need of preservation. Unfortunately, this house is plagued with water problems, deteriorating electrical wiring, and weather-damaged parts of the structure.

As we can see, I brought these two photographs, Mr. President, to indicate the condition of the Sewall Belmont Home, which I said is about a block from the Capitol and a house that many of my colleagues have visited over the years. This historic house is where some of the treasures of the women's suffrage movement are located and, sadly, as you can see in these pictures, the house is in desperate need of restoration. Even though, I am happy to report that efforts have begun by the Senate to save this house, there are many more examples of such sites throughout the country that are literally crumbling way.

Another example of a site in need of repair is the McClintock House in the Women's Rights Historical Park in upstate New York. This is where the actual Declaration of Sentiments was drafted during the Seneca Falls Convention.

Another site that the commission could choose would be the Rankin Ranch in Helena, Montana—the home of the first woman elected to the U.S. House of Representatives.

Or perhaps the Harriet Tubman home in Auburn, New York, which is already open to the public but still needs financial support.

This commission will highlight sites throughout the country, such as these, that deserve to be preserved.

In my home State of Connecticut there are some success stories of efforts to preserve women's sites such as the Prudence Crandall home, the first school for African-American girls in this country, or the home of Harriet Beecher Stowe, the author of ''Uncle Tom's Cabin.''

Even though my State of Connecticut has been progressive about the preservation of women's sites, unfortunately, some of these efforts were too late. Sadly, some historic women's sites in Connecticut were not preserved and are relegated to a signpost or a plaque rather than a museum.

Hopefully, 150 years after the birth of the women's movement we can create more museums and fewer plaques.

Let me take a moment to explain very briefly the structure and goals of the commission. The commission will have 15 members appointed by the majority and minority leaders of the Senate and the House and by the administration. Members will be selected based on a knowledge of women's history and historical preservation. Not later than 1 year after the commission's initial meeting it will provide to the Secretary of the Interior a list of sites deserving recognition and preservation. It will also recommend actions to rehabilitate those sites. Thirty days after the submission of this report, the commission will cease to exist. The commission will not fund preservation but rather highlight the need, and hopefully the publicity will generate funds—whether it be private, public, or nonprofit—that would be used to help in the preservation of these sites.

I hope that the sites across this Nation that signify important points in women's history or celebrate remarkable women will be preserved for the public to come and learn. I hope that school children across our Nation will be making field trips to historic women's sites, along with their trips to the White House, the Capitol, Monticello, and the significant memorials here in this city and across our Nation.

Let's make women's contributions to our history known to generations yet unborn—their accomplishments an inspiration and their homes and workplaces opportunities where future generations can come and learn.

In July of 1848 the Seneca Falls Convention convened to consider the social conditions and civil rights of women. As I have said, this convention signaled the beginning of an admirable and courageous women's movement in this Nation. Today, for the 150th anniversary of this historic meeting, let us take the opportunity to preserve and teach the contributions of women to our Nation's history to future generations of Americans.

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

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

S. 2285

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 ''Women's Progress Commemoration Act''.

SEC. 2. DECLARATION.

Congress declares that—

(1) the original Seneca Falls Convention, held in upstate New York in July 1848, convened to consider the social conditions and civil rights of women at that time;

(2) the convention marked the beginning of an admirable and courageous struggle for equal rights for women;

(3) the 150th Anniversary of the convention provides an excellent opportunity to examine the history of the women's movement; and

(4) a Federal Commission should be established for the important task of ensuring the historic preservation of sites that have been instrumental in American women's history, creating a living legacy for generations to come.

SEC. 3. ESTABLISHMENT OF COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the ''Women's Progress Commemoration Commission'' (referred to in this Act as the ''Commission'').

(b) MEMBERSHIP.—

(1) IN GENERAL.—The Commission shall be composed of 15 members, of whom—

(A) 3 shall be appointed by the President;

(B) 3 shall be appointed by the Speaker of the House of Representatives;

(C) 3 shall be appointed by the minority leader of the House of Representatives;

(D) 3 shall be appointed by the majority leader of the Senate; and

(E) 3 shall be appointed by the minority leader of the Senate.

(2) PERSONS ELIGIBLE.—

(A) IN GENERAL.—The members of the Commission shall be individuals who have knowledge or expertise, whether by experience or training, in matters to be studied by the Commission. The members may be from the public or private sector, and may include Federal, State, local, or employees, members of academia, nonprofit organizations, or industry, or other interested individuals.

(B) DIVERSITY.—It is the intent of Congress that persons appointed to the Commission under paragraph (1) be persons who represent diverse economic, professional, and cultural backgrounds.

(3) CONSULTATION AND APPOINTMENT.—

(A) IN GENERAL.—The President, Speaker of the House of Representatives, minority leader of the House of Representatives, majority leader of the Senate, and minority leader of the Senate shall consult among themselves before appointing the members of the Commission in order to achieve, to the maximum extent practicable, fair and equitable representation of various points of view with respect to the matters to be studied by the Commission.

(B) COMPLETION OF APPOINTMENTS; VACANCIES.—The President, Speaker of the House of Representatives, minority leader of the House of Representatives, majority leader of the Senate and minority leader of the Senate shall conduct the consultation under subparagraph (3) and make their respective appointments not later than 60 days after the date of enactment of this Act.

(4) VACANCIES.—A vacancy in the membership of the Commission shall not affect the powers of the Commission and shall be filled in the same manner as the original appointment not later than 30 days after the vacancy occurs.

(c) MEETINGS.—

(1) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold its first meeting.

(2) SUBSEQUENT MEETINGS.—After the initial meeting, the Commission shall meet at the call of the Chairperson.

(d) QUORUM.—A majority of the members of the Commission shall constitute a quorum for the transaction of business, but a lesser number of members may hold hearings.

(e) CHAIRPERSON AND VICE CHAIRPERSON.—The Commission shall select a Chairperson and Vice Chairperson from among its members.

SEC. 4. DUTIES OF THE COMMISSION.

Not later than 1 year after the initial meeting of the Commission, the Commission, in cooperation with the Secretary of the Interior and other appropriate Federal, State, and local public and private entities, shall prepare and submit to the Secretary of the Interior a report that—

(1) identifies sites of historical significance to the women's movement; and

(2) recommends actions, under the National Historic Preservation Act (16 U.S.C. 470 et seq.) and other law, to rehabilitate and preserve the sites and provide to the public interpretive and educational materials and activities at the sites.

SEC. 5. POWERS OF THE COMMISSION.

(a) HEARINGS.—The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out its duties of this Act.

(b) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out the provisions of this Act. At the request of the Chairperson of the Committee, the head of such department or agency shall furnish such information to the Commission.

SEC. 6. COMMISSION PERSONNEL MATTERS.

(a) COMPENSATION OF MEMBERS.—A member of the Commission who is not otherwise an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which the member is engaged in the performance of the duties of the Commission. A member of the Commission who is otherwise an officer or employee of the United States shall serve without compensation in addition to that received for services as an officer or employee of the United States.

(b) TRAVEL EXPENSES.—A member of the Commission 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, while away from the home or regular place of business of the member in the performance of service for the Commission.

(c) STAFF.—

(1) IN GENERAL.—The Chairperson of the Commission may, without regard to the civil service laws (including regulations), appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform its duties. The employment and termination of an executive director shall be subject to confirmation by a majority of the members of the Commission.

(2) COMPENSATION.—The executive director shall be compensated at a rate not to exceed the rate payable for a position at level V of the Executive Schedule under section 5316 of title 5, United States Code. The Chairperson may fix the compensation of other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for such personnel may not exceed the rate payable for a position at level V of the Executive Schedule under section 5316 of that title.

(3) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee, with the approval of the head of the appropriate Federal agency, may be detailed to the Commission without reimbursement, and the detail shall be without interruption or loss of civil service status, benefits, or privilege.

(d) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals not to exceed the daily equivalent of the annual rate of basic pay prescribed for a position at level V of the Executive Schedule under section 5316 of that title.

SEC. 7. FUNDING.

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

(b) DONATIONS.—The Commission may accept donations from non-Federal sources to defray the costs of the operations of the Commission.

SEC. 8. TERMINATION.

The Commission shall terminate on the date that is 30 days after the date on which the Commission submits to the Secretary of the Interior the report under section 4(b).

SEC. 9. REPORTS TO CONGRESS.

Not later 2 years and not later than 5 years after the date on which the Commission submits to the Secretary of the Interior the report under section 4, the Secretary of the Interior shall submit to Congress a report describing the actions that have been taken to preserve the sites identified in the Commission report as being of historical significance.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I rise, of course, to support and endorse the proposal by the Senator from Connecticut, cosponsored by the senior Senator from Alaska, with one small anecdote.

The Women's Rights National Convention met 150 years ago at the Wesleyan Chapel on Fall Street in Seneca Falls. There will be a lot of ceremony this week and next. The First Lady will be there.

I was in Seneca Falls about 1978 and was having a beer with the county leader, George Souhan, in the Gould Hotel. Looking down at the street, I just happened to say to him, ''Where was that chapel where the convention met?'' He said, ''It was just down the street.'' I said, ''Let's go look.'' Down the street we went. What did we find, but a laundromat. The Wesleyan Chapel had become a laundromat on Fall Street and a garage behind.

We had it declared a national park in 1980. We went around the city, the village, and found the houses of the ladies of Seneca Falls—the Bloomer girls and Elizabeth Cady Stanton and the like. We went to Waterloo, where in the McClintock House the declaration was drafted. That needs repair; the Park Service should do it.

It is quite an achievement, but it makes the point that the Senator from Connecticut has just made that you better look after these important sites. That was the first original American political idea—that women were equal in civic rights with men. It didn't come

from Europe. It came right from central New York. It had almost vanished as a site until we came along.

If the Senator wishes to do more, more power to him. I thank my friend from Colorado.

Mr. DODD. If my friend from Colorado will yield once again, we realize the benefit of having the presence of our colleague form New York in our midst. Once again he was ahead in so many areas, and this is not an exception. As he pointed out, it was almost washed out. We are grateful that he stopped for a libation in Seneca Falls on that day in 1978.

By Mr. MURKOWSKI (for himself and Mr. BUMPERS) (by request):

S. 2287. A bill to provide for a more competitive electric power industry, and for other purposes; to the Committee on Energy and Natural Resources.

COMPREHENSIVE ELECTRICITY COMPETITION ACT

Mr. MURKOWSKI. Mr. President, at the request of the Administration, I am today introducing its proposed electric power industry legislation, the ''Comprehensive Electric Competition Act.'' I do so not because I agree with all of the provisions of the Administration's legislation: I don't. I do so as a courtesy to the Administration and because I strongly support competition.

Mr. President, let me first say that I am a strong proponent of increased competition in the electric power industry. For the past century our electric utilities—investor-owned, municipally-owned, cooperatively-owned—have served this Nation well. Particularly as compared to the rest of the world, we have reasonably-priced, extremely reliable and nearly universal electric service. But with some well thought-out changes, our electric power industry can do even better. We have seen in a number of other industries—oil, natural gas, trucking and airlines, to name but a few—deregulation has greatly benefitted consumers. Market-based competition has reduced prices, increased supply and sparked innovation. There is no reason why increased competition in the electric power industry would not similarly benefit consumers, the economy and our international competitiveness.

I believe that there is a growing consensus that increased competition in the electric power industry is in the public interest. This is illustrated by the number of States that have already moved forward to promote retail competition. According to the Department of Energy, 18 States have already implemented retail competition, either through State legislation or by State public utility commission regulation. One hundred and twenty-one million people—49 percent of the U.S. population—live in these States. Of the remaining States, all but two (Florida and South Dakota) are now actively considering competition programs. This consensus is also illustrated by the 20 bills introduced to date in the Senate and the House of Representatives relating to this issue. Moreover, it is further illustrated by the Administration's decision to propose this legislation.

Mr. President, as I see it, the issue isn't: Do we want competition in the electric power industry? We do. Instead, the issue is: How do we bring about competition without jeopardizing price and reliability or financially damaging the industry? There is a consensus on the first issue; unfortunately, on the latter there is no consensus.

At the risk of oversimplification, there are two camps of thought on how to go about the task of promoting competition. On the one hand, there are those who want to see government-managed competition, not market-based competition. They believe that government should continue to regulate all aspects of the industry—just do it differently. Moreover, they prefer the Federal government—FERC—be put in charge and the States pushed out of the way. On the other hand, there are those who believe that competition should be market-based. They believe that the most effective and efficient regulator of business is the discipline of the free market—not the discipline of the government regulator. I fall into the latter camp. Having seen all too often the results of failed government regulation—wage-and-price controls, oil price and allocation controls, and natural gas wellhead price controls, for example. I believe that for electric competition legislation to benefit consumers it must deregulate, streamline and empower States to promote retail competition. We don't need different regulation; we don't need government-managed competition. We need deregulation; we need market-based competition.

Turning now to the Administration's proposed legislation, let me first say that it contains several provisions that are in keeping with my philosophy. For example, it proposes to repeal the Public Utility Holding Company Act (''PUHCA''). This language is very similar to legislation Senator D'AMATO introduced, S. 621, which has been reported by the Banking Committee and awaits action by the Senate. I am a cosponsor of S. 621, along with 22 other Senators. If we did nothing else, repeal of PUHCA would significantly promote competition in the electric power industry. This depression-era law, enacted in 1935, has long outlived its usefulness, and today is actually a significant impediment to competition. Repeal would allow both utilities and non-utilities to fully compete without fear of becoming tangled in PUHCA's regulatory spider web. More competitors mean more competition, and that would benefit consumers and our economy. Moreover, repeal of PUHCA would not diminish Federal and State consumer protections, which would remain in full force and effect.

Another provision of the Administration's bill that I strongly support is its prospective repeal of the mandatory purchase requirement of the Public Utility Regulatory Policies Act of 1978 (''PURPA''). PURPA is one of the few remaining vestiges of President Jimmy Carter's ill-fated 1978 ''National Energy Plan'' that we have yet to extinguish. PURPA requires electric utilities to purchase electricity from others whether or not they need it, and to pay so-called ''full avoided cost'' regardless of the actual market value of the power. This law has, and will until it is repealed, cost consumers billions of dollars in above-market prices for PURPA electricity. As just one example of how this is hurting consumers, just the other day the FERC refused to rescind the PURPA QF status of a powerplant even though the so-called ''useful'' thermal output of the facility is to produce distilled water that, at times, is just being dumped down the sewer. As a result, electric consumers in Brazos, Texas will pay an extra $890 million for electricity over the life of the PURPA contract—$148 per year for the average family of four living in Brazos. It is also essential that PURPA's mandatory purchase requirement be repealed as it is a key contributor to the so-called ''stranded cost'' problem that is plaguing industry restructuring efforts. Clearly, like PUHCA, it is time to repeal this anti-consumer and anti-competitive provision of PURPA.

While there are provisions such as these in the Administration's proposed legislation that I do support, there are many provisions that I am very concerned about—some of which raise serious Constitutional issues, others of which I just cannot support. For example, the Administration's bill imposes a Federal mandate on States; it imposes a new $3+ billion per year Federal electricity tax on consumers; and it has a 5½ percent ''renewable set-aside'' mandate (that curiously ignores hydroelectric power as a renewable). Moreover, the Administration's proposed legislation includes numerous provisions that vastly expand FERC jurisdiction, largely at the expense of States.

I am also troubled by the Administration's proposed legislation because of what it does not contain. The Administration's transmittal letter acknowledges that its legislation does not address several key issues. For example, the Administration's legislation does not resolve the competitive status of the Federal utilities—the Tennessee Valley Authority and the Federal power marketing administrations. Nor, does it address the competitive advantage municipal utilities have from tax-exempt bonds and access to Federal preference power. Also, it does not address key issues necessary to ensure viability of nuclear power. I do not see how any bill can be considered ''comprehensive'' if it does not address these and other issues.

Mr. President, although I have serious reservations about many provisions of the Administration's proposed

legislation, I am willing to introduce it in the spirit of moving forward and trying to develop a consensus. That will not be an easy or a quick task. But, it is one that we must undertake if all consumers—residential, commercial and industrial—are to enjoy the benefits of increased competition in the electric power industry. I ask unanimous consent that the Administration's transmittal letter, its section-by-section analysis and its proposed legislation be printed in the RECORD.

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

S. 2287

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 ''Comprehensive Electricity Competition Act''.

SEC. 2. TABLE OF CONTENTS.

TITLE I—RETAIL ELECTRIC SERVICE

SEC. 101. RETAIL COMPETITION.

(a) The Public Utility Regulatory Policies Act of 1978 (referred to in this Act as PURPA) is amended by adding after section 608 the following new section:

''SEC. 609. RETAIL COMPETITION.

''(a) DEFINITIONS.—For purposes of this section—

''(1) 'distribution utility' means a person, State agency, or any other entity that owns or operates a local distribution facility used or the sale of electric energy to an electric consumer;

''(2) 'nonregulated distribution utility' means a distribution utility not subject to the ratemaking authority of a State regulatory authority; and

''(3) 'retail stranded costs' means the amount of net costs incurred or obligations undertaken before the date of enactment of the Comprehensive Electricity Competition Act by a distribution utility that—

''(A) were incurred or undertaken by that distribution utility in order to comply with a legal obligation on that utility to provide electricity to electric consumers in its service territory, and

''(B) cannot be recovered because of implementation of retail competition under subsection (b).

''(b) RETAIL COMPETITION REQUIREMENT.—Except as provided in subsection (c), not later than January 1, 2003, any distribution utility that has the capability to deliver electric energy to an electric consumer over its facilities shall offer open access to those facilities for the sale of electric energy to the consumer and shall do so at rates, terms, and conditions that are not unduly discriminatory or preferential, as determined by the appropriate regulatory authority.

''(c) OPT OUT.—(1) A State regulatory authority (with respect to a distibution utility for which it has ratemaking authority) may direct a distribution utility not to implement the retail competition requirement described in subsection (b) if the State regulatory authority finds, after notice and opportunity for hearing, that implementation of the retail competition requirement by the distribution utility will have a negative impact on a class of customers of that utility that cannot be mitigated reasonably.

''(2) A nonregulated distribution utility may determine not to implement the retail competition requirement described in subsection (b) if it finds, after notice and opportunity for hearing, that implementation of the retail competition requirement by the distribution utility will have a negative impact on a class of customers of that utility that cannot be mitigated reasonably.

''(3) The State regulatory authority (with respect to a distribution utility for which it has ratemaking authority) or nonregulated distribution utility shall publish the determination and its basis and shall file a notice with the Commission of its determination by January 1, 2002.

''(d) NOTICE OF RETAIL COMPETITION.—A State regulatory authority (with respect to a distribution utility for which it has ratemaking authority) or nonregulated distribution utility shall file with the Commission a notice that the distribution utility has implemented or will implement retail competition consistent with subsection (b). The notice shall describe the implementation of retail competition. The notice is effective for purposes of section 118 of this Act and sections 212(h), 216, and 217 of the Federal Power Act on the date the notice is filed or the date of implementation of retail competition consistent with subsection (b) whichever is later.

''(e) CONSIDERATION OF RECOVERY OF RETAIL STRANDED COSTS.—If a State regulatory authority conducts a public proceeding before a distribution utility implements retail competition as required under subsection (b), as part of this proceeding, the State regulatory authority shall consider the appropriate mechanism under State law to address recovery by a distribution utility for which it has ratemaking authority of retail stranded costs that are legitimate, prudent, and verifiable, if the utility has taken all reasonable steps to mitigate the costs. A charge imposed for purposes of recovering retail stranded costs should be imposed in a manner so as to minimize to the fullest extent possible any effect on an electric consumer's choice among competing suppliers or products.

''(f) ENFORCEMENT.—Any person may bring an action in the appropriate State court against a State regulatory authority, a distribution utility, or a nonregulated distribution utility for failure to comply with this section. Filing an action challenging whether retail competition is being implemented consistent with subsetion (b) makes a notice of retail competition ineffective for purposes of section 118 of this Act and sections 212(h), 216, and 217 of the Federal Power Act until final resolution of the action. Notwithstanding any other law, a court created under Article III of the Constitution does not have jurisdiction over an action arising under this section.''.

''(b) DEFINITION.—Section 3 of PURPA is amended by adding after paragraph (21) the following new paragraph:

''(22) The term 'notice of retail competition' means a notice filed under section 609(d).''.

SEC. 102. AUTHORITY TO IMPOSE RECIPROCITY REQUIREMENTS.

PURPA is amended by adding the following new section 117:

''SEC. 118. AUTHORITY TO IMPOSE RECIPROCITY REQUIREMENTS.

''(a) STATE REGULATORY AUTHORITY.—If a State regulatory authority files a notice of retail competition with respect to a distribution utility, beginning on the effective date of the notice, the State regulatory authority may prohibit any other distribution utility located in the United States over which it does not have ratemaking authority (and any affiliate of such a utility, as defined under the Public Utility Holding Company Act of 1998) from selling electric energy to electric consumers of a distribution facility covered by the notice of retail competition, unless a notice of retail competition has been filed with respect to the other distribution utility.

''(b) NONREGULATED DISTRIBUTION UTILITY.—If a nonregulated distribution utility files a notice of retail competition, beginning on the effective date of the notice, it may prohibit any other distribution utility located in the United States (or affiliate of the utility, as defined under the Public Utility Holding Company Act of 1998) from selling electric energy to electric consumers of the nonregulated distribution utility covered by the notice unless a notice of retail competition has been filed with respect to the other distribution utility.

''(c) DEFINITIONS.—For purposes of this section, 'distribution utility' and 'nonregulated distribution utility' have the meaning given them in section 609(a).''.

SEC. 103. CONSUMER INFORMATION.

PURPA is amended by adding the following new section after section 118 as added by section 102 of this Act:

''SEC. 119. CONSUMER INFORMATION DISCLOSURE.

''(a) DISCLOSURE RULES.—Not later than January 1, 2000, the Secretary, in consultation with the Commission, the Administrator of the Environmental Protection Agency, and the Federal Trade Commission, shall issue rules prescribing the form, content, placement, and timing of the supplier disclosure required under subsections (b) and

(c) of this section. The rules shall be prescribed in accordance with section 553 of title 5, United States Code (the Administrative Procedure Act).

''(b) DISCLOSURE TO ELECTRIC CONSUMERS.—An electric utility that offers to sell electric energy to an electric consumer shall provide the electric consumer, to the extent practicable and in accordance with rules issued under subsection (a), a statement containing the following information:

''(1) the nature of the service being offered, including information about interruptibility or curtailment of service;

''(2) the price of the electric energy, including a description of any variable charges;

''(3) a description of all other charges associated with the service being offered including, but not limited to, access charges, exit charges, back-up service charges, stranded cost recovery charges, and customer service charges;

''(4) information concerning the type of energy resource used to generate the electric energy and the environmental attributes of the generation (including air emissions characteristics); and

''(5) any other information the Secretary determines can be provided feasibly and would be useful to consumers in making purchasing decisions.

''(c) DISCLOSURE TO WHOLESALE CUSTOMERS.—In every sale of electric energy for resale, the seller shall provide to the purchaser the information respecting the type of energy resource used to generate the electric energy and the environmental attributes of the generation required by rules established under subsection (a).

''(d) FEDERAL TRADE COMMISSION ENFORCEMENT.—A violation of a rule prescribed under this section shall constitute an unfair or deceptive act or practice in violation of section 5 of the Federal Trade Commission Act (15 U.S.C. 45) and shall be treated as a violation of a rule under section 18 of the Federal Trade Commission Act (15 U.S.C. 57a). All functions and powers of the Federal Trade Commission under the Federal Trade Commission Act are available to the Federal Trade Commission to enforce compliance with this section notwithstanding jurisdictional limitations in the Federal Trade Commission Act.

''(e) AUTHORITY TO OBTAIN INFORMATION.—Authority to obtain information under section 11 of the Energy Supply and Environmental Coordination Act of 1974 (15 U.S.C. 796) is available to the Secretary to administer this section and to the Federal Trade Commission to enforce this section. In order to carry out its duties this section, the Federal Trade Commission may use any of its powers under sections 3, 6, 9, and 20 of the Federal Trade Commission Act (15 U.S.C. 43, 46, 49, and 57b–2) without regard to the limitations contained in section 20(b) of that Act (15 U.S.C. 57b–2(b)) or any jurisdictional limitations contained in that Act.

''(f) ENFORCEMENT BY STATES.—(1) When a State determines that the interests of its residents have been or are being threatened or adversely affected because any person is violating or has violated a rule of the Secretary under this section, the State may bring a civil action on behalf of its residents in an appropriate district court of the United States—

''(A) enjoin the violation;

''(B) enforce compliance with the rule of the Secretary;

''(C) obtain damages, restitution, or other compensation on behalf of its residents; or

''(D) obtain other relief the court considers appropriate.

''(2) The State shall serve prior written notice of any civil action under this subsection upon the Federal Trade Commission and provide the Federal Trade Commission with a copy of its complaint, except that if it is not feasible for the State to provide this prior notice, the State shall serve the notice immediately upon instituting the action. Upon receiving a notice respecting a civil action, the Federal Trade Commission may—

''(A) intervene in the action, and

''(B) upon so intervening, be heard on all matters arising in the action and file petition for appeal.

''(3) For purposes of bringing any civil action under this subsection, this section does not prevent a State official from exercising the powers conferred by State law to conduct investigations, administer oaths or affirmations, or compel the attendance of witnesses or the production of documentary and other evidence.

''(4) While a civil action instituted by or on behalf of the Federal Trade Commission for violation of any rule prescribed under this subsection is pending, a State may not institute a civil action under this section against a defendant named in the complaint in the pending action for a violation alleged in the complaint.

''(5) A civil action brought under this subsection may be brought in the district in which the defendant is found, is an inhabitant, or transacts business or wherever venue is proper under section 1391 of title 28, United States Code. Process in such an action may be served in any district in which the defendant is an inhabitant or in which the defendant may be found.

''(6) This section does not prohibit a State from proceeding in State court on the basis of an alleged violation of a State civil or criminal statute.''.

TITLE II—FACILITATING STATE AND REGIONAL REGULATION

SEC. 201. CLARIFICATION OF STATE AND FEDERAL AUTHORITY OVER RETAIL TRANSMISSION SERVICES.

(a) NONPREEMPTION OF STATE AUTHORITY TO ORDER RETAIL WHEELING AND TO IMPOSE LOCAL DELIVERY CHARGES.—Section 201(b) of the Federal Power Act (referred to in this Act as ''the FPA'') is amended by adding the following new paragraph after paragraph (2):

''(3) This Act does not preempt or otherwise affect any authority under the law of a State or municipality to—

''(A) require unbundled transmission and local distribution services for the delivery of electric energy directly to an ultimate consumer, but if unbundled transmission is in interstate commerce, the rates, terms, and conditions of the transmission are subject to the exclusive jurisdiction of the Commission under this part, or

''(B) impose a delivery charge on an ultimate consumer's receipt of electric energy.''.

(b) OPEN ACCESS TRANSMISSION AUTHORITY; RETAIL WHEELING IN RETAIL COMPETITION STATES.—

(1) APPLICABILITY OF OPEN ACCESS TRANSMISSION RULES.—Section 206 of the FPA is amended by adding the following new subsection after subsection (d):

''(e) OPEN ACCESS TRANSMISSION SERVICES.—(1) Under section 205 and this section, the Commission may require, by rule or order, public utilities and transmitting utilities to provide open access transmission services, subject to section 212(h), and may authorize recovery of stranded costs, as defined by the Commission, arising from any requirement to provide open access transmission services. This section applies to any rule or order issued by the Commission before the date of enactment of the Comprehensive Electricity Competition Act.''.

(2) AUTHORITY TO ORDER RETAIL WHEELING.—Section 212(h) of the FPA is amended—

(A) by inserting ''(1)'' before ''No'';

(B) by striking ''(1)'', ''(2)'', ''(A)'', and ''(B)'' and inserting in their places ''(A)'', ''(B)'', ''(i)'', and ''(ii)'' respectively;

(C) by striking from redesignated paragraph (1)(B)(ii) ''the date of enactment of this subsection'' and inserting ''October 24, 1992,'' in its place; and

(D) by adding at the end a new paragraph as follows:

''(2) Notwithstanding paragraph (1), the Commission may issue an order that requires the transmission of electric energy directly or indirectly to an ultimate consumer if a notice of retail competition under section 609 of the Public Utility Regulatory Policies Act of 1978 has been filed and is in effect with respect to the ultimate consumer or if a distribution utility offers open access to its delivery facilities to the ultimate consumer.''.

(3) CONFORMING AMENDMENTS.—

(A) Section 3(23) of the FPA is amended to read as follows:

''(23) 'transmitting utility' means any entity that owns, controls, or operates electric power transmission facilities that are used for the sale of electric energy, notwithstanding section 201(f) of this Act.''.

(B) Section 3(24) of the FPA is amended to read as follows:

''(24) 'transmission services' means the transmission of electric energy sold or to be sold.''.

(C) Section 211(a) of the FPA is amended by striking ''for resale''.

(D) Section 212(a) of the FPA is amended by striking ''wholesale'' each time it appears, except the last time.

(c) APPLICABILITY OF COMMISSION JURISDICTION TO TRANSMITTING UTILITIES.—Section 206(e) of the FPA as added by subsection (b)(1) of this section is amended by adding the following new paragraphs after paragraph (1):

''(2)(A) The Commission has jurisdiction over the rates, terms, and conditions for transmission services provided by a transmitting utility that is not a public utility, subject to section 212(h).

''(B) In exercising its authority under this paragraph, the Commission—

''(i) shall take into account the different structural and operating characteristics of transmitting utilities, including the multitier structure and the not-for-profit operations of cooperatives;

''(ii) with respect to any transmitting utility that has outstanding loans made or guaranteed by the Rural Utilities Service, shall take into account the policies of the Department of Agriculture in implementing the Rural Electrification Act of 1936 and shall assure, to the extent practicable, that the utility will be able to meet any loan obligations under that Act; and

''(iii) shall not approve rates, terms, or conditions the Commission determines would have the effect of jeopardizing the tax exempt status of nonprofit electric cooperatives under the Internal Revenue Code of 1986.

''(C) Notwithstanding any other law, section 205, this section, and part III apply to a transmitting utility that is not a public utility for purposes of this section.

''(3) The Commission may suspend or modify for specified periods application of its rules on nondiscriminatory open access to one or more of the following entities: the Tennessee Valley Authority, the Bonneville Power Administration, the Southeastern Power Administration, the Southwestern Power Administration, the Western Area Power Administration, a corporation or association with outstanding debt to the Administrator of the Rural Utility Service relating to electric utility facilities, or a full-requirements wholesale customer of any of

these entities, if the Commission finds that the entity will not be able to recover stranded costs.

''(4) Any electric utility that owns, directly or indirectly, generation facilities financed in whole or in part with outstanding loans made or guaranteed by the Rural Utilities Service may apply to the Commission to impose a charge for the recovery of stranded costs as defined by the Commission. If the Commission determines that the proposed charge is just, reasonable, and not unduly discriminatory or preferential, the Commission may issue an order providing for the imposition of the charge on transmission service by the applicant or by another transmitting utility or on any electric utility or transaction subject to the Commission's jurisdiction.''.

SEC. 202. INTERSTATE COMPACTS ON REGIONAL TRANSMISSION PLANNING.

The FPA is amended by adding after section 214 the following new section:

''INTERSTATE COMPACTS ON REGIONAL TRANSMISSION PLANNING

''SEC. 215. (a) The consent of Congress is given for an agreement to establish a regional transmission planning agency, if the Commission determines that the agreement would—

''(1) facilitate coordination among the States within a particular region with regard to the planning of future transmission, generation, and distribution facilities,

''(2) carry out State electric facility siting responsibilities more effectively,

''(3) meet the other requirements of this section and rules prescribed by the Commission under this section, and

''(4) otherwise be consistent with the public interest.

''(b)(1) If the Commission determines that an agreement meets the requirements of subsection (a), the agency established under the agreement has the authority necessary or appropriate to carry out the agreement. This authority includes authority with respect to matters otherwise within the jurisdiction of the Commission, if expressly provided for in the agreement and approved by the Commission.

''(2) The Commission's determination under this section may be subject to any terms or conditions the Commission determines are necessary to ensure that the agreement is in the public interest.

''(c)(1) The Commission shall prescribe—

''(A) criteria for determining whether a regional transmission planning agreement meets subsection (a), and

''(B) standards for the administration of a regional transmission planning agency established under the agreement.

''(2) The criteria shall provide that, in order to meet subsection (a)—

''(A) a regional transmission planning agency must operate within a region that includes all tribal governments and all or part of each State that is a party to the agreement,

''(B) a regional transmission planning agency must be composed of one or more members from each State and tribal government that is a party to the agreement,

''(C) each participating State and tribal government must vest in the regional transmission planning agency the authority necessary to carry out the agreement and this section, and

''(D) the agency must follow workable and fair procedures in making its decisions, in governing itself, and in regulating parties to the agreement with respect to matters covered by the agreement, including a requirement that all decisions of the agency be made by majority vote (or majority of weighted votes) of the members present and voting.

''(3) The criteria may include any other requirement for meeting subsection (a) that the Commission determines is necessary to ensure that the regional transmission planning agency's organization, practices, and procedures are sufficient to carry out this section and the rules issued under it.

''(d) The Commission, after notice and opportunity for comment, may terminate the approval of an agreement under this section at any time if it determines that the regional transmission planning agency fails to comply with this section or Commission prescriptions under subsection (c) or that the agreement is contrary to the public interest.

''(e) Section 313 applies to a rehearing before a regional transmission planning agency and judicial review of any action of a regional transmission planning agency. For this purpose, when section 313 refers to ''Commission'', substitute ''regional transmission planning agency'' and when section 313(b) refers to ''licensee or public utility'', substitute ''entity''.''.

SEC. 203. BACKUP AUTHORITY TO IMPOSE A CHARGE ON AN ULTIMATE CONSUMER'S RECEIPT OF ELECTRIC ENERGY.

The FPA is amended by adding the following new section after section 215 as added by section 202 of this Act:

''BACKUP AUTHORITY FOR CHARGE ON RECEIPT OF ELECTRIC ENERGY

''SEC. 216. (a) If a State regulatory authority that has provided notice of retail competition under section 609 of the Public Utility Regulatory Policies Act of 1978 for a distribution utility determines that the utility should be authorized or required to impose a charge on an ultimate consumer's receipt of electric energy but the State regulatory authority lacks authority to authorize or require imposition of such a charge, the State regulatory authority may apply to the Commission for an order providing for the imposition of the charge. If the Commission determines that the imposition of the charge is just, reasonable, and not unduly discriminatory or preferential; is consistent with the State regulatory authority's policy regarding the imposition of the charge; and is not specifically prohibited by State law, the Commission may issue an order providing for the imposition of the charge.

''(b) If a utility that has outstanding loans made or guaranteed by the Rural Utilities Service and that has filed a notice of retail competition under section 609 of the Public Utilities Regulatory Policies Act of 1978 determines that it is appropriate to impose a charge on an ultimate consumer's receipt of electric energy, but lacks the authority to impose such a charge under State law, the utility may apply to the Commission for an order providing for the imposition of a charge. If the Commission determines that the proposed charge is just, reasonable, and not unduly discriminatory or preferential, the Commission may issue an order providing for the imposition of the charge.''.

SEC. 204. AUTHORITY TO ESTABLISH AND REQUIRE INDEPENDENT SYSTEM OPERATION.

Section 202 of the FPA is amended by adding the following new subsection after subsection (g):

''(h) Upon its own motion or upon application or complaint and after notice and an opportunity for a hearing, the Commission may order the establishment of an entity for the purpose of independent operation and control of interconnected transmission facilities, may order a transmitting utility to relinquish control over operation of its transmission facilities to an entity established for the purpose of independent operation and control of interconnected transmission facilities, or may do both, if the Commission finds that—

''(1) this action is appropriate to promote competitive electricity markets and efficient, economical, and reliable operation of the interstate transmission grid;

''(2) the entity established for the purpose of independent operation and control of interconnected transmission facilities will operate the transmission facilities in a manner that assures that ownership of transmission facilities provides no advantage in competitive electricity markets; and

''(3) any transmitting utility ordered to transfer control of its transmission facilities will receive just and reasonable compensation for the use of its facilities.''.

TITLE III—PUBLIC BENEFITS

SEC. 301. PUBLIC BENEFITS FUND.

PURPA is amended by adding after section 609, as added by section 101 of this Act, the following new section:

''SEC. 610. PUBLIC BENEFITS FUND.

''(a) DEFINITIONS.—For purposes of this section—

''(1) the term 'Board' means the Federal-State Joint Board established under subsection (b)(1);

''(2) the term 'eligible public purpose program' means a program that supports one or more of the following—

''(A) availability of affordable electricity service to low-income customers,

''(B) implementation of energy conservation and energy efficiency measures and energy management practices,

''(C) consumer education,

''(D) the development and demonstration of an electricity generation technology that the Secretary determines is emerging from research and development, provides environmental benefits, and—

''(i) has significant national commercial potential, or

''(ii) provides energy security or generation resource diversity benefits, or

''(E) rural assistance subsequent to a determination made under subsection (d)(4);

''(3) the term 'fiscal agent' means the entity designated under subsection (b)(2)(B);

''(4) the term 'Fund' means the Public Benefits Fund established under subsection (b)(2)(A); and

''(5) the term 'State' means each of the contiguous States and the District of Columbia.

''(b) FEDERAL-STATE JOINT BOARD.—(1) A Federal-State Joint Board is established whose membership is composed of two officers or employees of the United States Government appointed by the Secretary and five State commissioners appointed by the national organization of State commissions. The Secretary shall designate the Chair of the Board.

''(2) The Board shall—

''(A) establish a Public Benefits Fund upon petition of States and tribal governments wishing to participate in the program under this section,

''(B) appoint a fiscal agent, from persons nominated by the States and tribal governments petitioning to establish the Fund, and

''(C) administer the Fund as set forth in this section.

''(c) FISCAL AGENT.—The fiscal agent appointed by the Board shall collect and disburse the amounts in the Fund as set forth in this section.

''(d) SECRETARY.—The Secretary shall prescribe rules for—

''(1) the determination of charges under subsection (e);

''(2) the collection of amounts for the Fund, including provisions for overcollection or undercollection;

''(3) distribution of amounts from the Fund; and

''(4) the criteria under which the Board determines whether a State or tribal government's program is an eligible public purpose

program, including a rural assistance program. A rural assistance program shall be an eligible public purpose program to the extent that the Secretary, in consultation with the Secretary of Agriculture, determines by rule that significant adverse economic effects on rural customers have occurred or will occur as a result of electricity restructuring that meets the retail competition requirements of this Act. After such a determination is made, the Secretary, in consultation with the Secretary of Agriculture, shall specify by rule the mechanism for distribution of funds to rural assistance programs, amounts to be provided, and variances to the overall requirements to the Public Benefits Fund under this section, if any. For the purposes of funding of rural assistance programs, the Secretary shall increase the charge for the Public Benefit Fund as necessary, up to a maximum of .17 mills per kilowatt hour. Funding for rural assistance programs under this section shall be provided exclusively from this increase in the charge.

''(e) PUBLIC BENEFITS CHARGE.—(1) As a condition of existing or future interconnection with facilities of any transmitting utility, each owner of an electric generating facility whose capacity exceeds one megawatt shall pay the transmitting utility a public benefits charge determined under paragraph (2), even if the generation facility and the transmitting facility are under common ownership or are otherwise affiliated. Each importer of electric energy from Canada or Mexico, as a condition of existing or future interconnection with facilities of any transmitting utility in the United States, shall pay this same charge for imported electric energy. The transmitting utility shall pay the amounts collected to the fiscal agent at the close of each month, and the fiscal agent shall deposit the amounts into the Fund.

''(2)(A) The Board shall notify the Commission of the sum of the requests of all States and tribal governments under subsection (f) within 30 days after receiving the requests.

''(B) The Commission shall calculate the rate for the public benefits charge for each calendar year at an amount, not in excess of 1 mill per kilowatt-hour, equal to the sum of the requests of all States and tribal governments under subsection (f) for programs described in subsection (a)(2)(A) through (a)(2)(D) divided by the estimated kilowatt hours of electric energy to be generated by generators subject to the charge. Every five years the Secretary shall review the charge and shall direct the Commission to revise the charge as appropriate to maintain a total Fund level relatively close to the target level of approximately $3 billion per year nationwide, adjusted for inflation. If there are significant receipts from the sale of Renewable Energy Credits under section 611, the Secretary shall review the rate for this charge on a more frequent basis and may direct the Commission to reduce the charge by some portion of these receipts as long as sufficient funds remain to ensure that the Fund level is appropriate to achieve the environment goals of this section and section 611 of this Act.

''(C) If a finding is made under subsection (d)(4) in relation to rural customers, the pubic benefit charge shall be increased as indicated under subsection (d)(4).

''(f) STATE AND TRIBAL GOVERNMENT PARTICIPATION.—(1) Not later than 90 days before the beginning of each calendar year, each State and tribal government seeking to participate in the Fund shall submit to the Board a request for payments from the Fund for the calendar year in an amount not in excess of 50 percent of the State or tribal government's estimated expenditures for eligible public purpose programs for the year, except as provided under rules issued under subsection (d)(4) for rural assistance programs.

''(2) To the extent a State or tribal government generates all or part of its funds for eligible public purpose programs through a wires charge on an ultimate consumer's receipt of electric energy, the State or tribal government shall impose the charge on a non-discriminatory basis on all consumers within the State or tribal government jurisdiction.

''(3) Notwithstanding subsection (a)(5)—

''(A) Alaska may participate in the Fund as a State if it certifies to the Board that all generators within Alaska with a nameplate capacity exceeding one megawatt shall pay into the Fund at the rate calculated by the Board during the year in which Alaska seeks matching funds, and

''(B) Hawaii may participate in the Fund as a State if it certifies to the Board that all generators within Hawaii with a nameplate capacity exceeding one megawatt shall pay into the Fund at the rate calculated by the Board during the year in which Hawaii seeks matching funds.

''(g) DISBURSAL FROM THE FUND.—The Board shall review State and tribal government submissions and determine whether programs designated by the State or tribal government are eligible public purpose programs, using the criteria prescribed under subsection (d), and whether there is reasonable assurance that spending qualifying as State or tribal government matching funds will occur.

''(2) The fiscal agent shall disburse amounts in the Fund to participating States and tribal governments to carry out eligible public purpose programs in accordance with this subsection and rules prescribed under subsection (d).

''(3) To the extent the aggregate amount of funds requested by the States and tribal governments exceeds the maximum aggregate revenues eligible to be collected under subsection (e) and deposited as payment for Renewable Energy Credits under section 611, the fiscal agent shall reduce each participating State and tribal government's request proportionately.

''(4)(A) The fiscal agent shall disburse amounts for a calendar year from the Fund to a State or tribal government in twelve equal monthly payments beginning two months after the beginning of the calendar year. Amounts disbursed may not exceed the lesser of the State or tribal government's request for the fiscal year, after any reduction required under paragraph (3), or 50 percent of the State or tribal government's documented expenditures for eligible public purpose programs for a calendar year, except as provided under rules issued under subsection (d)(4) for rural assistance programs.

''(B) The fiscal agent shall make distributions to the State or tribal government or to an entity designated by the State or tribal government to receive payments. The State or tribal government may designate a nonregulated utility as an entity to receive payments under this section.

''(C) A State or tribal government may use amounts received only for the eligible public purpose programs the State or tribal government designated in its submission to the Board and the Board determined eligible.

''(h) REPORT.—One year before the date of expiration of this section, the Secretary shall report to Congress, after consultation with the Board, whether a public benefits fund should continue to exist.

''(i) SUNSET.—This section expires at midnight on December 31 of the fifteenth year after the year the Comprehensive Electricity Competition Act is enacted, except with regard to charges and funding for rural assistance programs.''.

SEC. 302. FEDERAL RENEWABLE PORTFOLIO STANDARD.

(a) STANDARD. PURPA is amended by adding after section 610, as added by section 301 of this Act, the following new section:

''SEC. 611. FEDERAL RENEWABLE PORTFOLIO STANDARD.

''(a) MINIMUM RENEWABLE GENERATION REQUIREMENT.—For each calendar year beginning with 2000, a retail electric supplier shall submit to the Secretary Renewable Energy Credits in an amount equal to the required annual percentage, specified in subsection (b), of the total electric energy sold by the retail electric supplier to electric consumers in the calendar year. The retail electric supplier shall make this submission before April 1 of the following calendar year.

''(2) For purposes of this section 'renewable energy' means energy produced by solar, wind, geothermal, or biomass.

''(3) This section does not preclude a State from requiring additional renewable energy generation in that State.

''(b) REQUIRED ANNUAL PERCENTAGE.—(1) The Secretary shall determine the required annual percentage that is to be applied to all retail electric suppliers for calendar years 2000–2004. This required annual percentage shall be equal to the percent of the total electric energy sold, during the most recent calendar year for which information is available before the calendar year of the enactment of this section, by retail electric suppliers to electric customers in the United States that is renewable energy.

''(2) The Secretary shall determine the required annual percentage for all retail electric suppliers for calendar years 2005–2009. This percentage shall be above the percentage in paragraph (1) and below the percentage in paragraph (3) and shall be selected to promote a smooth transition to the level in paragraph (3).

''(3) for calendar years 2010–2015, 5.5 percent.

''(c) SUBMISSION OF CREDITS.—A retail electric supplier may satisfy the requirements of subsection (a) through the submission of—

''(1) Renewable Energy Credits issued under subsection (d) for renewable energy generated by the retail electric supplier in the calendar year for which Credits are being submitted or any previous calendar year,

''(2) Renewable Energy Credits issued under subsection (d) to any renewable energy generator for renewable energy generated in the calendar year for which Credits are being submitted or a previous calendar year and acquired by the retail electric supplier, or

''(3) any combination of Credits under paragraphs (1) and (2).

''(d) ISSUANCE OF CREDITS.—The Secretary shall establish, not later than one year after the date of enactment of this section, a program to issue, monitor the sale or exchange of, and track Renewable Energy Credits.

''(2) Under the program, an entity that generates electric energy through the use of renewable energy may apply to the Secretary for the issuance of Renewable Energy Credits. The application shall indicate—

''(A) the type of energy used to produce the electricity,

''(B) the State in which the electric energy was produced, and

''(C) any other information the Secretary determines appropriate.

''(3) The Secretary shall issue to an entity one Renewable Energy Credit for each kilowatt-hour of electric energy the entity generates through the use of renewable energy in any State in 2000 and any succeeding year. To be eligible for a Renewable Energy Credit, the unit of electricity generated through the use of renewable energy may be sold or may be used by the generator. If both renewable energy and nonrenewable energy are

used to generate the electric energy, the Secretary shall issue credits based on the proportion of renewable energy used. The Secretary shall identify Renewable Energy Credits by type of generation and by the State in which the generating facility is located.

''(4) In order to receive a Renewable Energy Credit, the recipient of a Renewable Energy Credit shall pay a fee, calculated by the Secretary, in an amount that is equal to the administrative costs of issuing, recording, monitoring the sale or exchange of, and tracking the Credit or does not exceed five percent of the dollar value of the Credit, whichever is lower. The Secretary shall retain the fee and use it to pay these administrative costs.

''(5) When a generator sells electric energy generated through the use of renewable energy to a retail electric supplier under a contract subject to section 210 of this Act, the retail electric supplier is treated as the generator of the electric energy for the purposes of this section for the duration of the contract.

''(6) The Secretary shall disqualify an otherwise eligible renewable energy generator from receiving a Renewable Energy Credit if the generator has elected to participate in net metering under section 612.

''(7) If a generator using renewable energy receives matching funds under section 610, the Secretary shall reduce the number of Renewable Energy Credits the generator receives under paragraph (3) so that the aggregate value of those Credits plus the matching funds received under section 610 equals the aggregate value of the Credits the generator would have received absent this paragraph. For purposes of this paragraph, the Secretary shall value a Credit at a price that is representative of the price of a Credit in private transactions. In no event shall the Secretary use a price to establish values for purposes of this paragraph that exceeds the cost cap established under subsection (f).

''(e) SALE OR EXCHANGE.—A Renewable Energy Credit may be sold or exchanged by the entity to whom issued or by any other entity who acquires the Credit. A Renewable Energy Credit for any year that is not used to satisfy the minimum renewable generation requirement of subsection (a) for that year may be carried forward for use in another year.

''(f) RENEWABLE ENERGY CREDIT COST CAP.—Beginning January 1, 2000, the Secretary shall offer Renewable Energy Credits for sale. The Secretary shall charge 1.5 cents for each Renewable Energy Credit sold during calendar year 2000, and on January 1 of each following year, the Secretary shall adjust for inflation, based on the Consumer Price Index, the price charged per Credit for that calendar year. The Secretary shall deposit in the Public Benefits Fund established under section 610 the amount received from a sale under this subsection. That amount shall be used for the same purpose as other amounts in the Public Benefits Fund.

''(g) ENFORCEMENT.—The Secretary may being an action in the appropriate United States district court to impose a civil penalty on a retail electric supplier that does not comply with subsection (a). A retail electric supplier who does not submit the required number of Renewable Energy Credits under subsection (a) is subject to a civil penalty of not more than three times the value of the Renewable Energy Credits not submitted. For purposes of this subsection, the value of a Renewable Energy Credit is the price of a Credit determined under subsection (f) for the year the Credits were not submitted.

''(h) INFORMATION COLLECTION.—The Secretary may collect the information necessary to verify and audit—

''(1) the annual electric energy generation and renewable energy generation of any entity applying for Renewable Energy Credits under this section,

''(2) the validity of Renewable Energy Credits submitted by a retail electric supplier to the Secretary, and

''(3) the quantity of electricity sales of all retail electric suppliers.

''(i) SUNSET.—This section expires December 31, 2015.''.

''(b) DEFINITION.—Section 3 of PURPA is amended by adding after paragraph (22) as added by section 101 of this Act the following new paragraph:

''(23) The term 'retail electric supplier' means a person, State agency, or Federal agency that sells electric energy to an electric consumer.''.

SEC. 303. NET METERING.

PURPA is amended by adding the following new section after section 611 as added by section 302 of this Act:

SEC. 612. NET METERING FOR RENEWABLE ENERGY.

''(a) DEFINITIONS.—For purposes of this section—

''(1) The term 'eligible on-site generating facility' means a facility on the site of an electric consumer with a peak generating capacity of 20 kilowatts or less that is fueled solely by a renewable energy resource.

''(2) The term 'renewable energy resource' means solar energy, wind, geothermal, or biomass.

''(3) The term 'net metering service' means service to an electric consumer under which electricity generated by that consumer from an eligible on-site generating facility and delivered to the distribution system through the same meter through which purchased electricity is received may be used to offset electricity provided by the retail electric supplier to the electric consumer during the applicable billing period so that an electric consumer is billed only for the net electricity consumed during the billing period, but in no event shall the net be less than zero during the applicable billing period.

''(b) REQUIREMENT TO PROVIDE NET METERING SERVICE.—Each retail electric supplier shall make available upon request net metering service to any retail electric consumer whom the supplier currently serves or solicits for service.

''(c) REQUIREMENT TO PROVIDE INTERCONNECTION.—A distribution utility, as defined in section 609, shall permit the interconnection to its distribution system of an on-site generating facility if the facility meets the safety and power quality standards established by the Commission.

''(d) RULES.—The Commission shall prescribe safety and power quality standards and rules necessary to carry out this section. These standards and rules apply to any interconnections of an on-site generating facility with a distribution system, regardless of the size of the facility or the type of fuel used by the facility.

''(e) STATE AUTHORITY.—This section does not preclude a State from imposing additional requirements consistent with the requirements in this section. A State may impose a cap limiting the amount of net metering available in the State.''.

SEC. 304. REFORM OF SECTION 210 OF PURPA.

Section 210 of PURPA is amended by adding the following new subsection after subsection (l):

''(m) REPEAL OF MANDATORY PURCHASE REQUIREMENT.—After the date of enactment of the Comprehensive Electricity Competition Act, an electric utility shall not be required to enter into a new contract or obligation to purchase electric energy under this section.''.

TITLE IV—REGULATION OF MERGERS AND CORPORATE STRUCTURE

SEC. 401. REFORM OF HOLDING COMPANY REGULATION UNDER PUHCA.

Effective 18 months after the enactment of this Act, the Public Utility Holding Company Act of 1935 is repealed and the following is enacted in its place.

''SECTION 1. SHORT TITLE.

''This Act may be cited as the 'Public Utility Holding Company Act of 1998'.

''SEC. 2. DEFINITIONS.

''For purposes of this Act—

''(1) the term 'affiliate' of a company means any company 5 percent or more of the outstanding voting securities of which are owned, controlled, or held with power to vote, directly or indirectly, by such company;

''(2) the term 'associate company' of a company means any company in the same holding company system with such company;

''(3) the term 'Commission' means the Federal Energy Regulatory Commission;

''(4) the term 'company' means a corporation, partnership, association, joint stock company, business trust, or any organized group of persons, whether incorporated or not, or a receiver, trustee, or other liquidating agent of any of the foregoing;

''(5) the term 'electric utility company' means any company that owns or operates facilities used for the generation, transmission, or distribution of electric energy for sale;

''(6) the terms 'exempt wholesale generator' and 'foreign utility company' have the same meanings as in sections 32 and 33, respectively, of the Public Utility Holding Company Act of 1935, as those sections existed on the day before the effective date of this Act;

''(7) the term 'gas utility company' means any company that owns or operates facilities used for distribution at retail (other than the distribution only in enclosed portable containers, or distribution to tenants or employees of the company operating such facilities for their own use and not for resale) of natural or manufactured gas for heat, light, or power;

''(8) the term 'holding company' means—

''(A) any company that directly or indirectly owns, controls, or holds, with power to vote, 10 percent or more of the outstanding voting securities of a public utility company or of a holding company of any public utility company; and

''(B) any person, determined by the Commission, after notice and opportunity for hearing, to exercise directly or indirectly (either alone or pursuant to an arrangement or understanding with one or more persons) such a controlling influence over the management or policies of any public utility company or holding company as to make it necessary or appropriate for the rate protection of utility customers with respect to rates that such person be subject to the obligations, duties, and liabilities imposed by this Act upon holding companies;

''(9) the term 'holding company system' means a holding company, together with its subsidiary companies;

''(10) the term 'jurisdictional rates' means rates established by the Commission for the transmission of electric energy, the sale of electric energy at wholesale in interstate commerce, the transportation of natural gas, and the sale in interstate commerce of natural gas for resale for ultimate public consumption for domestic, commercial, industrial, or any other use;

''(11) the term 'natural gas company' means a person engaged in the transportation of natural gas in interstate commerce or the sale of such gas in interstate commerce for resale;

''(12) the term 'person' means an individual or company;

''(13) the term 'public utility' means any person who owns or operates facilities used for transmission of electric energy or sales of electric energy at wholesale in interstate commerce;

''(14) the term 'public utility company' means an electric utility company or a gas utility company;

''(15) the term 'State commission' means any commission, board, agency, or officer, by whatever name designated, of a State, municipality, or other political subdivision of a State that, under the laws of such State, has jurisdiction to regulate public utility company;

''(16) the term 'subsidiary company' of a holding company means—

''(A) any company, 10 percent or more of the outstanding voting securities of which are directly or indirectly owned, controlled, or held with power to vote, by such holding company; and

''(B) any person, the management or policies of which the Commission, after notice and opportunity for hearing, determines to be subject to a controlling influence, directly or indirectly, by such holding company (either alone or pursuant to an arrangement or understanding with one or more other persons) so as to make it necessary for the rate protection of utility customers with respect to rates that such person be subject to the obligations, duties and liabilities imposed by this Act upon subsidiary companies of holding companies; and

''(17) the term 'voting security' means any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a company.

''SEC. 3. FEDERAL ACCESS TO BOOKS AND RECORDS.

''(a) IN GENERAL.—Each holding company and each associate company thereof shall maintain, and shall make available to the Commission, such books, accounts, records, memoranda, and other records as the Commission deems to be relevant to costs incurred by a public utility or natural gas company that is an associate company of such holding company and necessary or appropriate for the protection of utility customers with respect to jurisdictional rates for the transmission of electric energy, the sale of electric energy at wholesale in interstate commerce, the transportation of natural gas in interstate commerce, and the sale in interstate commerce of natural gas for resale for ultimate public consumption for domestic, commercial, industrial, or any other use.

''(b) AFFILIATE COMPANIES.—Each affiliate of a holding company or of any subsidiary company of a holding company shall maintain, and make available to the Commission, such books, accounts, memoranda, and other records with respect to any transaction with another affiliate, as the Commission deems relevant to costs incurred by a public utility or natural gas company that is an associate company of such holding company and necessary or appropriate for the protection of utility customers with respect to jurisdictional rates.

''(c) HOLDING COMPANY SYSTEMS.—The Commission may examine the books, accounts, memoranda, and other records of any company in a holding company system, or any affiliate thereof, as the Commission deems relevant to costs incurred by a public utility or natural gas company within such holding company system and necessary or appropriate for the protection of utility customers with respect to jurisdictional rates.

''(d) CONFIDENTIALITY.—No member, officer, or employee of the Commission shall divulge any fact or information that may come to his or her knowledge during the course of examination of books, accounts, memoranda, or other records as provided in this section, except as may be directed by the Commission or by a court of competent jurisdiction.

''SEC. 4. STATE ACCESS TO BOOKS AND RECORDS.

''(a) IN GENERAL.—Upon the written request of a State commission having jurisdiction to regulate a public utility company in a holding company system, the holding company or any associate company or affiliate thereof, other than such public utility company, wherever located, shall produce for inspection such books, accounts, memoranda, and other records that—

''(1) have been identified in reasonable detail in a proceeding before the State commission;

''(2) the State commission deems are relevant to costs incurred by such public utility company; and

''(3) are necessary for the effective discharge of the responsibilities of the State commission with respect to such proceeding.

''(b) LIMITATION.—Subsection (a) does not apply to any person that is a holding company solely by reason of ownership of one or more qualifying facilities under the Public Utility Regulatory Policies Act of 1978.

''(c) CONFIDENTIALITY OF INFORMATION.—The production of books, accounts, memoranda, and other records under subsection (a) shall be subject to such terms and conditions as may be necessary and appropriate to safeguard against unwarranted disclosure to the public of any trade secrets or sensitive commercial information.

''(d) EFFECT ON STATE LAW.—Nothing in this section shall preempt applicable State law concerning the provision of books, records, or any other information, or in any way limit the rights of any State to obtain books, records, or any other information under any other Federal law, contract, or otherwise.

''(e) COURT JURISDICTION.—Any United States district court located in the State in which the State commission referred to in subsection (a) is located shall have jurisdiction to enforce compliance with this section.

''SEC. 5. EXEMPTION AUTHORITY.

''(a) RULEMAKING.—Not later than 90 days after the effective date of this Act, the Commission shall promulgate a final rule to exempt from the requirements of section 3 any person that is a holding company, solely with respect to one or more—

''(1) qualifying facilities under the Public Utility Regulatory Policies Act of 1978;

''(2) exempt wholesale generators; or

''(3) foreign utility companies.

''(b) OTHER AUTHORITY.—If, upon application or upon its own motion, the Commission finds that the books, records, accounts, memoranda, and other records of any person are not relevant to the jurisdictional rates of a public utility or natural gas company, or if the Commission finds that any class of transactions is not relevant to the jurisdictional rates of a public utility or natural gas company, the Commission shall exempt such person or transaction from the requirements of section 3.

''SEC. 6. AFFILIATE TRANSACTIONS.

''Nothing in this Act shall preclude the Commission or a State commission from exercising its jurisdiction under otherwise applicable law to determine whether a public utility company, public utility, or natural gas company may recover in rates any costs of an activity performed by an associate company, or any costs of goods or services acquired by such public utility company from an associate company.

''SEC. 7. APPLICABILITY.

''No provision of this Act shall apply to, or be deemed to include—

''(1) the United States;

''(2) a State or any political subdivision of a State;

''(3) any foreign governmental authority not operating in the United States;

''(4) any agency, authority, or instrumentality of any entity referred to in paragraph (1), (2), or (3); or

''(5) any officer, agent, or employee of any entity referred to in paragraph (1), (2), or (3) acting as such in the course of official duty.

''SEC. 8. EFFECT ON OTHER REGULATIONS.

''Nothing in this Act precludes the Commission or a State commission from exercising its jurisdiction under otherwise applicable law to protect utility customers.

''SEC. 9, ENFORCEMENT.

''The Commission shall have the same powers as set forth in sections 306 through 317 of the Federal Power Act (16 U.S.C. 825d–825p) to enforce the provisions of this Act.

''SEC. 10. SAVINGS PROVISIONS.

''(a) IN GENERAL.—Nothing in this Act prohibits a person from engaging in or continuing to engage in activities or transactions in which it is legally engaged or authorized to engage on the effective date of this Act.

''(b) EFFECT ON OTHER COMMISSION AUTHORITY.—Nothing in this Act limits the authority of the Commission under the Federal Power Act (16 U.S.C. 791a et seq.) (including section 301 of that Act) or the Natural Gas Act (15 U.S.C. 717 et seq.) (including section 8 of that Act).

''SEC. 11. IMPLEMENTATION.

''Not later that 18 months after the date of enactment of the Comprehensive Electricity Competition Act, the Commission shall—

''(1) promulgate such regulations as may be necessary or appropriate to implement this Act (other than section 4); and

''(2) submit to the Congress detailed recommendations on technical and conforming amendments to Federal law necessary to carry out this Act and the amendments made by this Act.

''SEC. 12. TRANSFER OF RESOURCES.

''All books and records that relate primarily to the functions transferred to the Commission under this Act shall be transferred from the Securities and Exchange Commission of the Commission.

''SEC. 13. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated such funds as may be necessary to carry out this Act.

''SEC. 14. CONFORMING AMENDMENT TO THE FEDERAL POWER ACT.

''Section 318 of the Federal Power Act (16 U.S.C. 825q) is repealed.''.

SEC. 402. ELECTRIC COMPANY MERGERS.

Section 203(a) of the FPA is amended by—

(1) striking ''public utility'' each time it appears and inserting in its place ''person or electric utility company'';

(2) inserting after the first sentence the following: ''Except as the Commission otherwise provides, a holding company in a holding company system that includes an electric utility company shall not, directly or indirectly, purchase, acquire, or take any security of an electric utility company or of a holding company in a holding company system that includes an electric utility company, without first securing an order of the Commission authorizing it to do so.'';

(3) striking ''hearing'' in the last sentence and inserting ''oral or written presentation of views''; and

(4) adding at the end the following: ''For purposes of this subsection, the terms 'electric utility company', 'holding company', and 'holding company system' have the meaning given them in section 2 of the Public Utility Holding Company Act of 1998. Notwithstanding section 201(b)(1), generation facilities are subject to the jurisdiction of the

Commission for purposes of this section, except as the Commission otherwise may provide.''.

SEC. 403. REMEDIAL MEASURES FOR MARKET POWER.

The FPA is amended by adding the following new section after section 216 as added by section 203 of this Act:

''REMEDIAL MEASURES FOR MARKET POWER

''SEC. 217. (a) DEFINITIONS.—As used in this section—

''(1) 'market power' means the ability of an electric utility profitably to maintain prices above competitive levels for a significant period of time, and

''(2) 'notice of retail competition' has the meaning provided under section 3(22) of the Public Utility Regulatory Policies Act of 1978.

''(b) COMMISSION JURISDICTIONAL SALES.—(1) If the Commission determines that there are markets in which a public utility that owns or controls generation facilities has market power in sales of electric energy for resale in interstate commerce, the Commission shall order that utility to submit a plan for taking necessary actions to remedy its market power, which may include, but is not limited to, conditions respecting operation or dispatch of generation, independent operation of transmission facilities, or divestiture of ownership of one or more generation facilities.

''(2) In consultation with the Attorney General and the Federal Trade Commission, the Commission shall review the plan to determine if its implementation would adequately mitigate the adverse competitive effects of market power. The Commission may approve the plan with or without modification. The plan takes effect upon approval by the Commission. Notwithstanding any State law, regulation, or order to the contrary and notwithstanding any other provision of this Act or any other law, the Commission has jurisdiction to order divestiture or other transfer of control of generation assets pursuant to the plan.

''(c) STATE JURISDICTIONAL SALES.—(1) If a State commission that has filed a notice of retail competition has reason to believe that an electric utility doing business in the State has market power, the State commission may apply for an order under this section.

''(2) If, after receipt of such an application and after notice and opportunity for a hearing, the Commission determines that the electric utility has market power in the sales of electric energy sold at retail in the State, this market power would adversely affect competition in the State, and the State commission lacks authority to effectively remedy such market power, the Commission may order the electric utility to submit a plan for taking necessary actions to remedy the electric utility's market power. These actions may include conditions respecting operation or dispatch of generation, competitive procurement of all generation capacity or energy, independent operation of transmission facilities, or divestiture of ownership of one or more generation facilities of the electric utility.

''(3) After consultation with the Attorney General and the Federal Trade Commission, the Commission may approve the plan with or without modification. The plan shall take effect upon approval by the Commission.

''(4) Notwithstanding any State law, regulation, or order to the contrary and notwithstanding any other provision of this Act or any other law, the Commission has jurisdiction to order divestiture or other transfer of control of generation assets pursuant to the plan.''.

TITLE V—ELECTRIC RELIABILITY

SEC. 501. ELECTRIC RELIABILITY ORGANIZATION AND OVERSIGHT.

(a) The FPA is amended by adding the following new section after section 217 as added by section 403 of this Act:

''ELECTRIC RELIABILITY ORGANIZATION AND OVERSIGHT

''SEC. 218. (a) DEFINITION.—As used in this section:

''(1) The term 'bulk-power system' means all facilities and control systems necessary for operating the interconnected transmission grids, including high-voltage transmission lines; substations; control centers; communications, data, and operations planning facilities; and generating units necessary to maintain transmission system reliability.

''(2) The term 'electric reliability organization' or 'organization' means the organization registered by the Commission under subsection (d)(4).

''(3) The term 'system operator' means any entity that operates or is responsible for the operation of the bulk-power system, including control area operators, independent system operators, transmission companies, transmission system operators, and regional security coordinators.

''(4) The term 'user of the bulk-power system' means any entity that sells, purchases, or transmits electric power over the bulk-power system; owns operates or maintains facilities of the bulk-power system; or is a system operator.

''(b) COMMISSION AUTHORITY.—(1) The Commission has jurisdiction over the electric reliability organization, all systems operators, and all users of the bulk-power system for purposes of approving and enforcing compliance with standards in the United States.

''(2) The Commission may register an electric reliability organization and approve and oversee the activities in the United States of that electric reliability organization.

''(c) COMPLIANCE WITH EXISTING RELIABILITY STANDARDS.—A user of the bulk-power system shall comply with standards established by the North American Electric Reliability Council and the regional reliability councils that exist on the date of enactment of the Comprehensive Electricity Competition Act, consistent with any agreement entered into under subsection (f). Each standard remains in effect unless modified under this subsection or superseded by standards approved under subsection (e). The Commission, upon its own motion or upon request and consistent with any agreements entered into pursuant to subsection (f), may modify or suspend the application of a standard and may enforce a standard exercising the same authority that the electric reliability organization may exercise under subsection (k). The North American Electric Reliability Council and the regional reliability councils may monitor compliance with these standards.

''(d) ORGANIZATION REGISTRATION AND ESTABLISHMENT OF STANDARDS.—(1) Not later than 90 days after the date of enactment of this section, the Commission shall issue proposed rules specifying the procedures and requirements for an organization to apply for registration and file existing reliability standards. The Commission shall provide adequate opportunity for comment on the proposed rules. The Commission shall issue final rules under this subsection within 180 days after the date of enactment of this section.

''(2) Following the issuance of final Commission rules under paragraph (1), an electric reliability organization may apply for registration with the Commission. The organization shall include in its application its governance, procedures, and funding mechanism, and shall file the standards in effect under subsection (c).

''(3) The Commission shall provide public notice of the application and the standards filed under this subsection and afford interested parties an opportunity to comment on the application and filing.

''(4) The Commission shall register the organization if the Commission determines that the organization—

''(A) has the ability to provide for an adequate level of reliability of the bulk-power system;

''(B) permits voluntary membership to any users of the bulk-power system or interested customer class or public interest group;

''(C) assures fair representation of its members in the selection of its directors and fair management of its affairs, taking into account the need for efficiency and effectiveness in decisionmaking and operations and the requirements for technical competency in the development of standards and the exercise of oversight of the reliability system, and assures that no single class of market participants has the ability to control the organization's discharge of its responsibilities;

''(D) assesses reasonable dues, fees, or other charges necessary to support the organization and the purposes of this section and has a funding mechanism that is fair and not unduly discriminatory;

''(E) establishes procedures for standards development that provide reasonable notice and opportunity for public comment, taking into account the need for efficiency and effectiveness in decisionmaking and operations and the requirements for technical competency in the development of standards;

''(F) establishes fair and impartial procedures for enforcement of standards, including penalties; limitation of activity, function, or operations; or other appropriate sanctions;

''(G) establishes procedures for notice and opportunity for public observation of all meetings, except that the procedures for public observation may include alternative procedures for emergencies or for the discussion of information the directors determine should take place in closed session, including the discussion of information with respect to proposed enforcement or disciplinary action; and

''(H) addresses other matters that the Commission considers necessary or appropriate.

''(5) The Commission shall approve only one electric reliability organization. If the Commission receives timely applications from two or more applicants that satisfy the requirements of this subsection, the Commission shall approve only the application it concludes will best ensure a reliable bulk-power system.

''(e) REVIEW AND CHANGES OF MODIFICATIONS TO STANDARDS.—(1) The Commission shall review the standards submitted under subsection (d)(2), concurrent with its review of the application under subsection (d), and each standard remains effective if the Commission determines that it is just, reasonable, and not unduly discriminatory or preferential; is in the public interest; and provides for an adequate level of reliability of the bulk-power system.

''(2) With respect to a standard that the Commission determines should not remain effective under paragraph (1), the Commission shall refer that standard to the electric reliability organization for development of a new or modified standard under the organization's procedures as approved by the Commission.

''(3)(A) The electric reliability organization shall file with the Commission any new

standard developed under paragraph (2) or a new standard or modification of a standard effective under paragraph (1) for review and approval. A new standard or modification does not take effect unless the Commission determines, after notice and opportunity for comment, that the standard or modification is just, reasonable, and not unduly discriminatory or preferential; is in the public interest; and provides for an adequate level of reliability of the bulk-power system, taking into account the purposes of this section to assure reliability of the bulk-power system and giving due weight to the technical competency of the registered electric reliability organization, and is consistent with any agreement entered into pursuant to subsection (f).

''(B) Any standard or modification that does not become effective under this paragraph shall be referred to the electric reliability organization for development of a new or modified standard under the organization's procedures as approved by the Commission.

''(C) The Commission, on its own motion, may require that the electric reliability organization develop a new or revised standard if the Commission considers a new or revised standard necessary or appropriate to further the purposes of this section. The organization shall file the new or revised standard in accordance with this paragraph.

''(D) On its own motion or at the request of the electric reliability organization, the Commission may develop and, consistent with any agreement under subsection (f), require immediate implementation by the organization of a new or modified standard if it determines that immediate implementation is required to avoid a significant disruption of reliability that would affect public safety or welfare. If immediate implementation is required, the Commission shall not delay implementation for notice and comment but shall publish the standard for notice and comment in a timely manner.

''(4) A user of the bulk power system shall comply with any new or modified standard that takes effect under paragraph (1) or (3).

''(f) COORDINATION WITH CANADA AND MEXICO.—The United States may enter into international agreements with the governments of Canada and Mexico to provide for effective compliance with standards and to provide for the effectiveness of the electric reliability organization in carrying out its mission and responsibilities.

''(g) CHANGES IN ORGANIZATION PROCEDURES, GOVERNANCE, OR FUNDING.—(1) The electric reliability organization shall file with the Commission any proposed change in its procedures, governance, or funding and accompany the filing with an explanation of the basis and purpose for the change.

''(2)(A) A proposed procedural change may take effect 90 days after filing with the Commission if the change—

''(i) constitutes a statement of policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing procedure; or

''(ii) is concerned solely with administration of the organization.

A proposed procedural change that does not qualify under clause (i) or (ii) takes effect only upon a finding by the Commission that the change is just, reasonable, not preferential, and in the public interest.

''(B) The Commission, by order, either upon complaint or upon its own motion, may suspend an existing procedure or procedural change if its determines the procedure or the proposed change is unjust, unreasonable, unduly discriminatory or preferential, or is otherwise not in the public interest.

''(3) A change in the organization's governance or funding does not take effect unless the Commission finds that the change is consistent with any agreement under subsection (f) and is just, reasonable, not unduly discriminatory or preferential, and in the public interest.

''(4) The Commission may require that the electric reliability organization amend its procedures, governance, or funding if the Commission considers the amendment necessary or appropriate to ensure the fair administration of the organization, conform the organization to the requirements of this section, or further the purposes of this section, consistent with any agreement entered into under subsection (f). The organization shall file the amendment in accordance with paragraph (1).

''(h) ORGANIZATION DELEGATIONS OF AUTHORITY.—(1) The organization may enter into an agreement under which it may delegate some or all of its authority to any person.

''(2) The organization shall file with the Commission any agreement entered into under this subsection and any information the Commission requires with respect to the person to whom authority is to be delegated. The Commission may approve the agreement, following public notice and an opportunity for comment, if it finds that the agreement is consistent with the requirements of this section. The agreement shall not take effect without Commission approval.

''(3)(A) The Commission may direct a modification to or suspend an agreement entered into under this subsection if it determines that—

''(i) the person to whom authority is delegated no longer has the capacity to carry out effectively or efficiently the person's implementation responsibilities under that agreement, or

''(ii) the rules, practices, or procedures of the person to whom authority is delegated no longer provide for fair and impartial discharge of the person's implementation responsibilities under the agreement.

''(B) If the agreement is suspended, the electric reliability organization shall assume the previously delegated responsibilities.

''(i) ORGANIZATION MEMBERSHIP.—Every system operator shall be a member of the electric reliability organization. The organization rules shall provide for voluntary membership to other users of the bulk-power system and any interested customer class or public interest group. A person required to become a member of the organization who fails to do so is subject to sections 314 and 316A of this Act upon notification from the organization to the Commission.

''(j) FAILURE TO APPLY FOR REGISTRATION.—(1) If an organization fails to apply for registration with the Commission within six months after the issuance date of final Commission rules for such a filing, or the Commission does not register an agreement within twelve months after the issuance date of final Commission rules for such a filing, the Commission shall convene a process to register an electric reliability organization.

''(2) Until an electric reliability organization is registered, the Commission has the same authority to enforce existing or modified standards that the electric reliability organization has under subsection (k).

''(k) DISCIPLINARY ACTION AND PENALTIES.—(1) Consistent with the range of actions approved by the Commission under subsection (d)(4)(F), the electric reliability organization may impose a penalty, take injunctive action, or impose other disciplinary action the organization finds appropriate against a user of the bulk-power system located in the United States if the organization finds, after notice and opportunity for a hearing, that the user has violated an organization procedure or standard.

''(2) An action taken under subparagraph (1) takes effect 30 days after the finding unless the Commission, on its own motion or upon application by the user of the bulk-power system who was the subject of the action, suspends the action. The action shall remain in effect or remain suspended until the Commission, after notice and opportunity for comment, sets aside, modifies, or reinstates the action.

''(3) The Commission, on its own motion, may impose a penalty, issue an injunction, or impose other disciplinary action the Commission finds appropriate against a user of the bulk power system located in the United States if the Commission finds, after notice and opportunity for a hearing, that the user has violated a procedure or standard of the electric reliability organization.

''(l) ADEQUACY, RELIABILITY, AND REPORTS.—The electric reliability organization shall conduct periodic assessments of the reliability and adequacy of the interconnected bulk-power system in North America and shall report annually to the Commission its findings and recommendations for monitoring or improving system reliability or adequacy.''.

(b) Sections 316 and 316A of the FPA are amended by striking ''or 214'' each place it appears and inserting ''214, or 218''.

SEC. 502. STATUTORY PRESUMPTION.

(a) FEDERAL POWER ACT.—Any reliability standard developed by the reliability organization, and any actions taken in good faith to comply with a reliability standard under section 218 of the FPA, are rebuttably presumed just and reasonable and not unduly discriminatory or preferential for purposes of that Act.

(b) ANTITRUST LAWS.—Notwithstanding section 703 of this Act, the following activities are rebuttably presumed to be in compliance with the antitrust laws of the United States:

(1) activities undertaken by the electric reliability organization under section 218 of the FPA or delegated person operating under an agreement in effect under section 218(h) of the FPA, and

(2) activities of a member of the electric reliability organization in pursuit of organization objectives under section 218 of the FPA undertaken in good faith under the rules of the organization.

TITLE VI—ENVIRONMENTAL PROTECTION

SEC. 601. NITROGEN OXIDES CAP AND TRADE PROGRAM.

(a) PURPOSE.—The purpose of this section is to facilitate the implementation of a regional strategy for reducing ambient concentrations of ozone through regional reductions in emissions of NO_X.

(b) DEFINITIONS.—For purposes of this section—

(1) the term ''Administrator'' means the Administrator of the Environmental Protection Agency,

(2) the term ''NO_X'' means oxides of nitrogen,

(3) the term ''NO_X allowance'' means an authorization to emit a specified amount of NO_X into the atmosphere, and

(4) the term ''NO_X allowance cap and trade program'' means a program under which, in accordance with regulations issued by the Administrator, the Administrator establishes the maximum number of NO_X allowances that may be allocated for specified control periods, allocates or authorizes a State to allocate NO_X allowances, allows the transfer of NO_X allowances for use in States subject to such a program, requires monitoring and reporting of NO_X emissions that meet the requirements of section 412 of the Clean Air Act, and prohibits, and requires penalties and offsets for, any emissions of

NO_X in excess of the number of NO_X allowances held.

(c) PROGRAM IMPLEMENTATION.—(1) If the Administrator determines under section 110(a)(2)(D) of the Clean Air Act that any source or other type of emissions activity in a State emits NO_X in amounts that will contribute significantly to nonattainment in, or interfere with maintenance by, any other State with respect to any national ambient air quality standard for ozone, the Administrator shall establish by regulation, within 12 months of the determination for primary standards and as expeditiously as practicable for secondary standards, and shall administer a NO_X allowance cap and trade program in all States in which such a source or other type of emissions activity is located.

(2) Any NO_X allowance cap and trade program shall contribute to providing for emissions reductions that mitigate adequately the contribution or interference and shall be taken into account by the Administrator in determing compliance with section 110(a)(2)(D) of the Clean Air Act.

(3) For purposes of sections 113, 114, 304, and 307 of the Clean Air Act, regulations promulgated under this section shall be treated as regulations promulgated under title IV of the Clean Air Act (entitled Acid Deposition Control). A requirement of regulations promulgated uner this section is considered an ''emission standard'' or ''emission limitation'' within the meaning of section 302 of the Clean Air Act and an ''emission standard or limitation under this Act'' within the meaning of section 304 of the Clean Air Act.

TITLE VII—OTHER REGULATORY PROVISIONS

SEC. 701. TREATMENT OF NUCLEAR DECOMMISSIONING COSTS IN BANKRUPTCY.

Section 523 of title 11, United States Code (section 523 of the Bankruptcy Code of 1978), is amended by adding the following new subsection after subsection (e):

''(f) Obligations to comply with, and claims resulting from compliance with, Nuclear Regulatory Commission regulations or orders governing the decontamination and decommissioning of nuclear power reactors licensed under section 103 or 104b. of the Atomic Energy Act of 1954 (42 U.S.C. 2133 and 2134(b)) shall be given priority and shall not be rejected, avoided, or discharged under title 11 of the United States Code or in any liquidation, reorganization, receivership, or other insolvency proceeding under State or Federal law.''.

SEC. 702. STUDY OF IMPACTS OF COMPETITION IN ELECTRICITY MARKETS BY THE ENERGY INFORMATION ADMINISTRATION.

Section 205 of the Department of Energy Organization Act (42 U.S.C. 7135) is amended by adding after subsection (l) the following new subsection:

''(m)(1) The Administrator shall collect and publish information regarding the impact of wholesale and retail competition on the electric power industry. The Administrator shall prescribe forms for collecting this information. Information to be collected may include, but is not limited to—

''(A) the ownership and control of electric generation, transmission, distribution, and related facilities;

''(B) electricity consumption and demand;

''(C) the transmission, distribution, and delivery of electric services;

''(D) the price of competitive electric services;

''(E) the costs, revenues, and rates of regulated electric services;

''(F) the reliability of the electric generation and transmission system, including the availability of adequate generation and transmission capacity to meet load requirements, generation and transmission capacity additions and retirements, and fuel suppliers and stocks for electric generation;

''(G) electric energy efficiency programs and services and their impacts on energy consumption;

''(H) the development and use of renewable electric energy resources; and

''(I) research, development and demonstration activities to improve the nation's electric system.

''(2) In carrying out the purposes of this subsection, the Administrator shall take into account reporting burdens and the protection of proprietary information as required by law.''.

SEC. 703. ANTITRUST SAVINGS CLAUSE.

This Act and the amendments made by this Act shall not be construed to modify, impair, or supersede the operation of the antitrust laws. For purposes of this section, ''antitrust laws'' has the meaning given it in subsection (a) of the first section of the Clayton Act (15 U.S.C. 12(a)), except that it includes section 5 of the Federal Trade Commission Act (15 U.S.C. 45), to the extent that section 5 applies to unfair methods of competition.

SEC. 704. ELIMINATION OF ANTITRUST REVIEW BY THE NUCLEAR REGULATORY COMMISSION.

Section 105 of the Atomic Energy Act of 1954 (42 U.S.C. 2135) is amended by adding the following after subsection c.:

''d. Subsection 105 c. does not apply to an application for a license to construct or operate a utilization or production facility under section 103 or 104 b. following the date of enactment of this subsection. This Act does not affect the Commission's authority to enforce antitrust conditions included in licenses issued under section 103 or 104 b. before the date of enactment of this subsection.

SEC. 705. ENVIRONMENTAL LAWS SAVINGS CLAUSE.

Nothing in this Act alters or affects environmental requirements imposed by Federal or State law, including, but not limited to, the Clean Air Act (42 U.S.C. 7401 et seq.); the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.); the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.); the Federal Power Act (16 U.S.C. 791a et seq.); and the Endangered Species Act (16 U.S.C. 1531 et seq.).

SECTION-BY-SECTION ANALYSIS OF THE COMPREHENSIVE ELECTRICITY COMPETITION ACT

TITLE 1—RETAIL ELECTRIC SERVICE

Section 101. Retail competition

This section would amend the Public Utility Regulatory Policies Act of 1978 (PURPA) to provide for customer choice through a flexible mandate. This provision would require each distribution utility to permit all of its retail customers to purchase power from the supplier of their choice by January 1, 2003, but would permit a State regulatory authority (with respect to a distribution utility for which it has ratemaking authority) or a non-regulated utility to opt out of this retail competition mandate if it finds, on the basis on a public proceeding, that consumers of the utility would be served better by the current monopoly system or an alternative State-crafted retail competition plan. The section also would establish a Federal policy that utilities should be able to recover prudently incurred, legitimate, and verifiable retail stranded costs that cannot be mitigated reasonably, but States would continue to determine recovery of retail stranded costs under State law. This section does not retrocede to States authority over Federal enclaves.

Section 102. Authority to impose reciprocity requirements

This section would amend PURPA to permit a State that has filed a notice indicating it is implementing retail competition to prohibit a distribution utility that is not under the ratemaking authority of the State and that has not implemented retail competition from selling electricity to the consumers covered by the State's notice. This section also would permit a nonregulated utility that has filed a notice of retail competition to prohibit any other utility that has not implemented retail competition from selling electricity to the consumers covered by the nonregulated utility's notice.

Section 103. Consumer information

This section would amend PURPA to permit the Secretary of Energy to required all suppliers of electricity to disclose information on price, terms, and conditions of sale; the type of energy resource used to generate the electric energy; and the environmental attributes of the generation, including air emissions characteristics. This requirement would be enforceable by the Federal Trade Commission and by individual States.

TITLE II—FACILITATING STATE AND REGIONAL REGULATION

Section 201. Clarification of State and Federal authority over retail transmission services

Subsection (a) would amend section 201(b) of the Federal Power Act (FPA) to clarify that the FPA does not prevent States from ordering retail competition or imposing conditions, such as a fee, on the receipt of electric energy by an ultimate customer within the State. This section also would clarify that FERC has jurisdiction over rates, terms, and conditions for unbundled retail transmission.

Subsection (b)(1) would amend section 206 of the FPA to reinforce FERC authority to require public utilities to provide open access transmission services and permit recovery of stranded costs. This section also would provide retroactive effect to Commission Order No. 888.

Subsection (b)(2) would amend section 212(h) of the FPA to clarify FERC authority to order retail transmission service to complete an authorized retail sale.

Subsection (b)(3) would make conforming amendments to the FPA.

Subsection (c) would amend the FPA to extend FERC's jurisdiction over transmision services to municipal and other publicly-owned utilities, cooperatives, the Tennessee Valley Authority, and the Federal Power Marketing Administrations. With this amendment, FERC would assure that the transmission rates, terms, and conditions of these entities are not unjust or unreasonable, taking into consideration the other responsibilities of these entities, but this amendment would not expand FERC's authority over the power business of these entities. However, FERC could suspend or modify application of FERC's open access transmission rules to the Tennessee Valley Authority, the Federal Power Marketing Administrations, and rural electric cooperatives with outstanding loans from the Rural Utilities Service, and their wholesale requirements customers, if FERC finds that adequate stranded cost recovery mechanisms are not yet available for those entities.

It should be noted that with regard to the Federal Power Marketing Administrations and TVA, the Administration considers this subsection as placeholder language pending development of language that more thoroughly addresses the question of the appropriate role of the Federal power marketing agencies in the new competitive market.

Section 202. Interstate compacts on regional transmission planing

This section would amend the FPA to permit FERC to approve interstate compacts that establish regional transmission planning agencies if the agencies meet certain criteria relating to their governance (e.g., uniform authority from each participating state and a workable governance protocol to avoid regulatory stalemate). This section also would permit FERC to terminate a compact if it is inconsistent with the public interest or if there are other specified reasons.

Section 203. Backup authority to impose a charge on an ultimate consumer's receipt of electric energy

This section would amend the FPA to reinforce FERC's authority to provide a back-up for the recovery of retail stranded costs and public benefits program if a State, or a utility that has outstanding loans made or guaranteed by the Rural Utilities Service, has filed a retail competition notice and concludes that such charges are appropriate but lacks authority to impose a charge on the consumer's receipt of electric energy.

Section 204. Authority to establish and require independent system operation

This section would amend section 202 of the FPA by permitting FERC to establish an entity for independent operation and control of interconnected transmission facilities and to require a transmitting utility to relinquish control over operation of its transmission facilities to an independent system operator.

TITLE III—PUBLIC BENEFITS

Section 301. Public benefits fund

This section would amend PURPA by establishing a Public Benefits Fund administered by a Federal-State Joint Board that would disburse matching funds to participating States and tribal governments to carry out programs that support affordable electricity service to low-income customers; implement energy conservation and energy efficiency measures and energy management practices; provide consumer education; and develop emerging electricity generation technologies. Funds for the Federal share would be collected from generators, which, as a condition of interconnection with facilities of any transmitting utility, would pay to the transmitting utility a charge, not to exceed one mill per kilowatt-hour. The transmitting utility then would pay the collected amounts to a fiscal agent for the Fund. States and tribal governments would have the flexibility to decide whether to seek funds and how to allocate funds among public purposes. In addition, a rural safety net would be created if the Secretary of Energy determines, in consultation with the Secretary of Agriculture, that significant adverse economic effects on rural areas have occurred or will occur as a result of electric restructuring.

Section 302. Federal renewable portfolio standard

This section would amend PURPA to establish a Federal Renewable Portfolio Standard (RPS) to guarantee that a minimum level of renewable generation is developed in the United States. The RPS would require electricity sellers to have renewable credits based on a percentage of their electricity sales. The seller would receive credits by generating power from non-hydroelectric renewable technologies, such as wind, solar, biomass, or geothermal generation; purchasing credits from renewable generators; or a combination of these. The RPS requirement for 2000–2004 would be set at the current ratio of RPS-eligible generation to retail electricity sales. Between 2005–2009, the Secretary of Energy would determine the required annual percentage, which would be greater than the baseline percentage but less than 5.5%. In 2010–2015, the percentage would be 5.5%. The RPS credits would be subject to a cost cap of 1.5 cents per kilowatt hour.

Section 303. Net metering

This section would amend PURPA by requiring all retail electric suppliers to make available to consumers ''net metering service,'' through which a consumer would offset purchases of electric energy from the supplier with electric energy generated by the consumer at a small, on-site renewable generating facility and delivered to the distribution system.

Section 304. Reform of section 210 of PURPA

This section would repeal prospectively the ''must buy'' provision of section 210 of PURPA. Existing contracts would be preserved, and the other provisions of section 210 would continue to apply.

TITLE IV—REGULATION OF MERGERS AND CORPORATE STRUCTURE

Section 401. Reform of holding company regulation under PUHCA

This section would repeal the Public Utility Holding Company Act of 1935 (PUHCA) and would enact in its place the Public Utility Holding Company Act of 1998. Under this Act, FERC and State commissions would be given greater access to the books and records of holding companies and the affiliates of public utilities within the holding companies.

Section 402. Electric company mergers

This section would amend section 203(a) of the FPA by conferring on FERC jurisdiction over the merger or consolidation of electricity utility holding companies and generation-only companies. This section also would streamline FERC's review of mergers.

Section 403. Remedial measures for market power

This section would amend the FPA to authorize FERC, on its own motion or upon complaint, to remedy market power in wholesale markets. This section also would authorize FERC, upon petition from a State, to remedy market power in retail markets if retail competition is being implemented, the State finds market power, and the State has insufficient authority to remedy the market power. In these circumstances, FERC could require generators with market power to submit a plan to mitigate market power, which FERC could approve with or without modification. This section would authorize FERC to order divestiture to the extent necessary to mitigate market power.

TITLE V—ELECTRIC RELIABILITY

Section 501. Electric reliability organization and oversight

This section would amend the FPA to give FERC authority to register and oversee an electric reliability organization to prescribe and enforce mandatory reliability standards. Membership in the organization would be open to all entities that use the bulk-power system and would be required for all entities critical to system reliability. Until the reliability organization is registered, existing standards established by the North American Electric Reliability Council and regional reliability councils would be mandatory and enforced by the Commission.

Section 502. Statutory presumption

This section would establish a rebuttable presumption that actions taken to comply with the mandatory reliability standards would be deemed just and reasonable for purposes of the FPA. This section would also establish a rebuttable presumption that the activities of an electric reliability organization and the activities of a member of the organization in pursuit of organization objectives are in compliance with the antitrust laws of the United States.

TITLE VI—ENVIRONMENTAL PROTECTION

Section 601. Nitrogen oxides trading program

This section would clarify Environmental Protection Agency authority to require a cost-effective interstate trading system for nitrogen oxide pollutant reductions addressing the regional transport contributions needed to attain and maintain the National Ambient Air Quality Standards for ozone.

TITLE VII—OTHER REGULATORY PROVISIONS

Section 701. Treatment of nuclear decommissioning costs in bankruptcy

This section would amend the Bankruptcy Act to provide that decommissioning costs be a nondischargeable priority claim.

Section 702. Study of impacts of competition in electricity markets by the Energy Information Administration

This section would amend the Department of Energy Organization Act to direct the Energy Information Administration to collect and publish information on the impacts of wholesale and retail competition.

Section 703. Antitrust savings clause

This section would provide that nothing in this Act would supersede the operation of the antitrust laws.

Section 704. Elimination of antitrust review by the Nuclear Regulatory Commission

This section would eliminate Nuclear Regulatory Commission antitrust review of an application for a license to construct or operate a commercial utilization or production facility.

Section 705. Environmental law savings clause

This section would provide that nothing in this Act would alter environmental requirements of Federal or State law.

THE SECRETARY OF ENERGY,
Washington, DC, June 26, 1998.

Hon. ALBERT GORE,
President of the Senate,
Washington, DC.

DEAR MR. PRESIDENT: Enclosed is legislation to bring competition and consumer choice to the electricity industry, the ''Comprehensive Electricity Competition Act'' (''CECA''). It is based upon the legislative specifications the Administration provided Congress on March 25, 1998, when we released our Comprehensive Electricity Competition Plan.

The basic Federal regulatory framework for the electric power industry was established with the enactment of the Public Utility Holding Company Act of 1935 and Title II of the Federal Power Act. These statutes are premised upon State-regulated monopolies rather than competition. Now, however, economic forces are beginning to forge a new era in the electricity industry, one in which generation prices will be determined primarily by the market rather than by legislation and regulation. Consequently, federal electricity laws need to be updated so that they stimulate, rather than stifle, competition.

In this new era of retail competition, consumers will choose their electricity supplier. The Department of Energy estimates that in making these choices, consumers will save at least $20 billion a year on their electricity bills. This translates into direct savings to the typical family of four of $104 per year and additional indirect savings from lower costs of other goods and services of $128 per year. Competition will also spark innovation in the American economy and create new industries, jobs, products, and services, just as

telecommunications reform spawned cellular phones and other new technologies.

Competition will also benefit the environment. Under retail competition, the market rewards a generator who wrings as much energy as possible from every unit of fuel. More efficient fuel use means lower emissions. In addition, competition provides increased opportunities to sell energy efficiency services and green power. Moreover, CECA's renewable portfolio standard and enhanced public benefit funding will lead to substantial environmental benefits. The Department estimates that CECA will reduce greenhouse gas emissions by 25 to 40 million metric tons by 2010.

The following are key provisions of CECA:

All electric consumers would be able to choose their electricity supplier by January 1, 2003, but a State may opt out of retail competition if it believes its consumers would be better off under the status quo or an alternative State-crafted retail competition plan.

States would be encouraged to allow the recovery of prudently incurred, legitimate, and verifiable retail stranded costs that cannot be reasonably mitigated.

All participants in transactions on the transmission grid would comply with mandatory reliability standards. The Federal Energy Regulatory Commission (FERC) would approve and oversee a private, self-regulating organization that would develop and enforce these standards.

FERC would have the authority to require transmitting utilities to turn over operational control of transmission facilities to an independent system operator.

The Secretary of Energy would be authorized to require all retail electric suppliers to disclose, in a uniform format, information on prices, terms, and conditions of service; the type of energy resource used to generate the electric energy; and the environmental attributes of the generation (including air emissions characteristics).

A Renewable Portfolio Standard would be established to ensure that by 2010 at least 5.5 percent of all electricity sales consist of generation from renewable energy sources.

A Public Benefits Fund would be established to provide matching funds of up to $3 billion to States and Indian tribes for low-income assistance, energy-efficiency programs, consumer information, and the development and demonstration of emerging technologies, particularly renewable technologies. A rural safety net would be created if the Secretary of Energy determines, in consultation with the Secretary of Agriculture, that significant adverse economic effects on rural areas have occurred or will occur as a result of electric restructuring.

Environmental Protection Agency authority would be clarified to require interstate nitrogen oxides trading to facilitate attainment of the ambient standard for ozone in the United States.

Federal electricity law would be modernized to achieve the right balance of competition without market abuse, including repealing outdated laws like the Public Utility Holding Company Act of 1935 and the ''must buy'' provision of the Public Utility Regulatory Policies Act of 1978 and giving FERC enhanced authority to address market power.

CECA promotes healthy changes to the electricity industry. It will result in lower prices, a cleaner environment, and increased innovation.

The Administration intends to transmit the proposed legislative changes to the tax code described in the March 25, 1998 Comprehensive Electricity Competition Plan to the Congress separately at a later date.

The Omnibus Budget Reconciliation Act (OBRA) requires that all revenue and direct spending legislation meet a pay-as-you-go (PAYGO) requirement. That is, no such bill should result in a net budget cost; and if it does, it could contribute to a sequester if it is not fully offset. The net PAYGO effect of this legislative proposal is currently estimated to be zero.

The Office of Management and Budget advises that there is no objection to the presentation of this legislation to the Congress and that it is in accord with the program of the President.

Sincerely,

FEDERICO PEÑA.

By Mr. WARNER:

S. 2288. A bill to provide for the reform and continuing legislative oversight of the production, procurement, dissemination, and permanent public access of the Government's publications, and for other purposes; to the Committee on Rules and Administration.

WENDELL H. FORD GOVERNMENT PUBLICATIONS ACT OF 1998

Mr. WARNER. Now, Mr. President, it is my distinct pleasure and honor, together with the distinguished ranking member of the Rules Committee, which I am privileged to chair, to submit legislation to the Senate. In my capacity as chairman of the committee, I have taken it upon myself, after consultation with colleagues on the committee, to name this bill in honor of our distinguished ranking member, Senator Wendell FORD of Kentucky, who will be retiring from a very distinguished Senate career at the conclusion of this Congress.

The bill is entitled the ''Wendell H. Ford Government Publications Reform Act of 1998.'' If I just might hold this bill up, it is quite voluminous. That size reflects the tireless effort of my distinguished colleague from Kentucky and many others—over a period in excess of a decade—including Senator STEVENS, the distinguished chairman of the Appropriations Committee, who have worked on this concept. I sort of picked it up and continued to work with Senator FORD in the course of my privileged service as chairman.

Senator FORD has served four terms in the U.S. Senate. During that time he has dedicated himself to many causes, but this has been one very dear to his heart. I think it is a magnificent way of paying a respectful tribute to this Senator.

We want to ensure that our Government produces its publications in the most cost-effective manner possible and that to the best of its ability the Government makes these publications accessible to the American public. They pay for them. But over the course of a number of years, like so many institutions' procedures and practices, it has gotten sort of tangled up. This prodigious document, hopefully, will be accepted by the Senate and accepted by the House and will go a long way to put this system back on track.

Over the past decade there has been a steady and precipitous migration of printing, publication service procurement, and publication dissemination away from the Government Printing Office, which was established for the very purpose of making these documents available.

In part, this migration occurred because of evolutions in technology. In part, this migration occurred because of the identified weakness and constant inability of the Joint Committee on Printing to enforce the work of the agencies and the departments of the executive branch in telling them to procure and disseminate their publications through the GPO. In part, this migration occurred because of the open encouragement by the current administration—through decisions and through the National Performance Review known as the NPR—for agencies to use printing and dissemination facilities other than the Government Printing Office. And in part, this migration occurred because the GPO has been slow to change and be more responsive to the ever-changing agency and Congressional needs, demands, and expectations.

When I make reference to agencies and departments of the Government, I am talking about all three branches of the Government. We are not singling out any one as being less participatory of the desired result in publication and cost effectiveness. We are all in it together. This straightens it out.

Despite the best efforts of Senator FORD and a long line of other Senators, successive administrations just have not been able to grapple and change the process and these problems are with us today.

When I became chairman of the Senate Committee on Rules and Administration, Senator FORD urged that together we continue the work that he and others had started. Indeed, Senator FORD and I became partners in resolving these issues. We directed our staffs to work together, to analyze the problems and identify the key solutions to bringing successful reform to the Government's printing, publishing, and dissemination services.

Senator FORD and I held a series of hearings during which we built a record to support the very bill that we introduce today. This bill primarily has four goals.

First, it resolves the conflicts between the branches of Federal Government—executive, legislative, and judicial—and brings about cost savings in printing and production. It seems to me it eliminates the problems with public access. It is in here in great detail.

Secondly, it guarantees the right of the public to access publications paid for by the taxpayers. We have to stress, they paid for this, so why shouldn't they have it? It requires that the Superintendent of Government Publications Access Programs—what a title; I will repeat that—the Superintendent of Government Publications Access Programs be notified when an agency creates a new publication whether on

paper or electronically. That major advancement of dissemination in electronics has not been an easy one to deal with in this bill.

Third, it promotes public availability of Government information in the electronic age through a Federal publications access program requiring no-fee availability, regardless of format, by requiring agencies to provide the same notification to the Superintendent for electronic publications that they are required to provide for printed publications, and by requiring the Superintendent to head a study which will recommend to Congress additional legislation which may be needed to further safeguard the public's access rights.

Finally, the fourth goal is to facilitate the production and public access to Government publications by promoting the efficient and economic production of publications in an effective and equitable system of dissemination.

It was James Madison who established as an essential element of America's democracy the principle of an informed citizenry. According to scholars, Madison's vision for the success of this Nation rested on the ability of an informed citizenry to participate in the democratic process and to hold Government accountable for its actions. Democracy requires the free flow of information. Access to the Government's publications is fundamental to our free society.

Senator FORD and I and other members of the Committee on Rules and Administration, together with our staff, worked diligently and in a most nonpartisan manner to craft this legislation. The legislation is a culmination of nearly 18 months of discussion and negotiation. We consulted with the private sector, the printing industry, the information industry, representatives of the administration, the judicial branch, various legislative branch organizations, GPO, and, most importantly, the unions who really safeguard the future of employees throughout the printing system and other systems involved in this. My understanding is, and I think Senator FORD will have similar comments, that they recognize the need for change and have been a very constructive and helpful working partner in achieving this result. This bill, we feel, reflects a consensus among these interests and is to my mind one of the best examples of bipartisan cooperation in good public policy.

At this time, of course, both Senator FORD and I want to recognize the invaluable services of Eric Peterson, staff director of the Joint Committee on Printing, Kennie Gill of Senator FORD's staff, Grayson Winterling and Ed Edens of my staff, and the many others who have worked on this during the past 18 months. We look forward to receiving the support of our colleagues in passing and enacting this important reform legislation in the concluding days of this Congress.

I yield the floor.

The PRESIDING OFFICER. The very distinguished Senator from Kentucky.

Mr. FORD. I thank the Chair for the description.

Mr. President, it is a great pleasure for me to join with my colleague, the distinguished chairman of the Rules Committee. He is my friend. He is a gentleman in the best tradition of Virginia. I appreciate the honor that he has proposed for me this morning. It will be the first piece of legislation in 24 years that carries my name. I hope it doesn't impede the progress, however. I am grateful to the Senator from Virginia, Mr. WARNER, for his gracious remarks this morning. Hopefully, that tenor will continue through the consideration of this legislation by all of our colleagues, because our heart is right as it relates to the introduction of this legislation.

I hope our minds have put together a piece of legislation that will be lasting. But there is one thing about this institution; once it settles in and you find some problems with it, you always have the opportunity to correct those problems. Most of the time, we do not ''throw the baby out with the bath water''; we take the changes and do them in an appropriate way.

So I join my colleague in introducing this legislation today to ensure one thing, Mr. President—that the American public continues to have access to the Government information. As my friend has said, it pays to produce. It is the people's access to Government, Government information, that forms the basis of our system of Government and ensures that democracy survives.

A Kentuckian that was born in Virginia—we claim him in Kentucky, however—and a statesman, Henry Clay, said:

> Government is a trust, and the officers of the Government are trustees; and both the trust and the trustees are created for the benefit of the people.

This legislation ensures that the decisions of the trustees of Government in all 3 branches will continue to be available for the benefit of the people who placed them there.

Since 1813, Congress has assured that our decisions have been available to the public through the depository libraries. In 1857, depository libraries began disseminating other Federal information and, in 1895, the Superintendent of Public Documents was moved from the Department of the Interior to the Government Printing Office.

Throughout our history, Mr. President, libraries have been the permanent repositories of the written history of our development as a Nation and the gateways to accessing the decision of its leaders. How important libraries are. You can be self-educated if you could read and go to the libraries and be able to secure information. Books that will do that. For almost 200 years, libraries have been the principal means by which citizens have come to learn of the decisions of their Government. Armed with that knowledge, the American public expresses its will through the democratic election process, which is the bedrock of our society.

For over 100 years, GPO has printed or procured the printing of Government information and then automatically—and I underscore ''automatically''—made that information available, at no charge to the American people, through the 1,400 depository libraries located across this great land. And that information is maintained permanently by the regional depository libraries in order to ensure that future generations have access to it.

What I am trying to do here this afternoon is to say why this bill is so important. It has been so important to our past and it will be so important to our future. In turn, the depository libraries provide numerous access services, at no cost to the Federal Government, to the public who uses them to keep informed of their Government's decisions. In fact, the depository libraries, and numerous other public and private libraries that work in cooperation with the depositories, are the trustees of Government information for the people. For all of the criticisms of GPO, no one can dispute that a centralized printing and dissemination system for Government information has worked to keep the American people informed about their Government.

Mr. President, it was Thomas Jefferson who said, ''To inform the minds of people, and to follow their will, is the chief duty of those placed at their head.'' That is the purpose of this legislation, the very root of the growth of this legislation. We, in a bipartisan manner, a friendly manner, desire to be sure that our citizens are informed, and that is the reason we are introducing this legislation today—to ensure that the American people are informed of the actions of their trustees so they can, in turn, inform us of their will.

This constant exchange of Government information and the people's informed will is the cornerstone of our representative democracy, and without the free flow of information about the actions of their Government, the people's will cannot be ascertained, and democracy is jeopardized.

While the centralized printing and dissemination system provided through GPO has served us well over the years, advances in technology, and recent Supreme Court rulings regarding separation of powers, have taxed the ability of a central agency to ensure that all Government information gets into the hands of the American public. So what did we do? We sat down, as we are supposed to do, to work out a way to continue to strengthen democracy and work the will of the American people's representatives. Some have responded that it is time to decentralize the dissemination of Government information and disjoin the procurement and dissemination functions. I could not disagree more strongly.

Instead, it is time to reform the system and bring it into the 21st century

so that both Government and the American people, through the depository library system, can be served for another 100 years through enhanced information dissemination and access.

Title 44 and the Government Printing Office have not undergone a major revision in over 30 years. During this time, the Rules Committee has held numerous hearings, as my distinguished friend has said, on Government printing policies and public access to Government information. In the past 2 years, the committee has heard from the general public, those in the library community, and at GPO, and from officials in the executive and judicial branches, about the challenges and also the opportunities facing agencies who must comply with title 44.

Mr. President, at the beginning of the 105th Congress—this Congress—I outlined what I believed were the 3 principal issues that had to be addressed by any reform legislation.

First, elimination of the constitutional barriers to compliance with title 44 created by the administrative oversight functions of the Joint Committee on Printing; secondly, the expansion of title 44 to recognize the changes in technology, particularly the explosion of electronic publishing and the Internet as a means of disseminating Government information to the people; third, the need for enforcement—I underscore enforcement—of title 44 to ensure that executive agencies comply with the centralized printing and dissemination requirements that otherwise lead to the creation of fugitive documents. I use that word lovingly.

The legislation Senator WARNER and I are introducing today is designed to address these 3 issues in a manner that will ensure, in my opinion, the continued free flow of information to the public while at the same time recognizing the efficiencies and enhanced opportunity for dissemination that technology creates. The legislation reaffirms congressional intent, and 100 years of experience, that a centralized publishing production and procurement agency best ensures that the American public gets the greatest efficiencies for its tax dollar and the broadest access to Government information. The proposed legislation restructures the Government Printing Office to provide increased accountability and efficiencies, while affording the Congress the maximum oversight of the agency's policies and regulations.

This legislation removes the disincentives to compliance with title 44 by eliminating the constitutional problems created by the Joint Committee on Printing. The bill would eliminate the Joint Committee on Printing and download those authorities to the agency, with enhanced legislative oversight—let me underscore that—enhanced legislative oversight and authority over congressional printing by the Senate Committee on Rules and Administration and the Committee on House Oversight.

Most importantly, the proposed legislation recognizes the changes in technology and updates title 44 to ensure that as government information moves from printed material to electronically disseminated publications, the American public will continue to be able to access that information, at no charge, through the depository libraries. The role of the depository libraries is ''key'' to the success of government's transition from printed material to new technologies. America's libraries provide the safety net that guarantees that this Nation does not become a country of information ''haves'' and ''have nots.''

Finally, the bill creates enforcement mechanisms that will ensure that agencies comply with title 44 so that the American people continue to have access to the decisions of their government, regardless of whether those decisions are printed, posted on the Internet, or transmitted through some yet undiscovered technology.

I congratulate my colleague, the distinguished Chairman, and his capable staff for their dedication and diligence in crafting this legislation. No committee is blessed with better staff. We do fuss and fume every once in a while, but we always come out at the right place.

I want to publicly acknowledge the substantial contribution that the library community has made to this effort, particularly the American Library Association and the Inter-Association Working Group on Government Information Policy, chaired by Mr. Dan P. O'Mahony of Brown University.

I look forward to hearings on this measure in the Rules Committee and encourage my colleagues to cosponsor this measure and pass it into law. We cannot afford to delay; the very survival of democracy rests on our actions.

I want to also say that those who represent the employees, the unions, at the Government Printing Office have been thoroughly involved in this decision and just this morning assured me of their enthusiastic support of this legislation, because they understand that if they don't comply with the needs of the advancement of technology and the desires and hopes of the 21st century, they will not last.

Mr. President, I look forward to hearings on this measure in the Rules Committee. I encourage my colleagues to cosponsor this measure and to very quickly pass it into law, because I feel we cannot delay. We cannot afford to delay. The very survival of democracy rests on our actions here today.

I yield the floor.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, those of us who are privileged to hear the remarks of our distinguished colleague from Kentucky might well clearly tell in the tenor of his voice and the forcefulness of his remarks the sincerity with which he believes in this very important goal.

It is my fervent hope that the Senate will act quickly on this measure.

He closed with the comment with regard to unions, which have a very important role in the past, today, and, indeed, in the future in the publication of our documents. It is the credibility which Mr. FORD brings to this institution that enables us to cross that last bridge and gain their support.

The bottom line is that the men and women who work in this system, union members and all, want to have a more cost-effective, a more productive system, one that is compatible with the rapid movement of technology all across our land.

Mr. President, I thank my colleague. I hope that the Senate will turn to this legislation at the earliest possible opportunity. The Committee on Rules and Administration will have a hearing and will promptly issue a report. At that point, it is my expectation that the distinguished majority leader, in consultation with the Democratic leader, will make the appropriate decisions at the time.

I yield the floor.

By Mr. BUMPERS:

S. 2289. A bill to amend the Federal Rules of Criminal Procedure, relating to grand jury proceedings, and for other purposes; to the Committee on the Judiciary.

GRAND JURY REFORM ACT OF 1998

Mr. BUMPERS. Mr. President, recently I introduced S. 2030, the Grand Jury Due Process Act, to provide witnesses who are subpoenaed by federal grand juries with a right to the presence of counsel in the grand jury room. I am today introducing more comprehensive grand jury reform legislation which will remedy several major flaws in the grand jury system which today undermine the fairness of America's judicial system.

Criminal justice must provide for more than swift and sure punishment. It must ensure fairness and due process to the accused as well as to witnesses and victims of crime. In the majority of cases, our courts provide a greater measure of justice than any other system known to man. Yet our system remains far from perfect.

Of all aspects of America's criminal justice system, the grand jury has become the weakest link in ensuring due process of law. It is telling that most States have discarded grand juries entirely. Yet, the Federal Government is constrained by the fifth amendment constitutional requirement for grand juries, so we have to find ways to make the grand jury system work better.

The legislation I am introducing makes five critical grand jury reforms:

First, it directs the district courts to give basic legal instructions to the grand jurors at the time they begin their work. These instructions will include basic legal principles—the power to call witnesses, the power to investigate, and the power to indict on

whatever charges the grand jury deems appropriate. No one would disagree with these basic instructions, but they are not required in the present grand jury system. Instead, grand jurors are told only as much about the law as the prosecutor chooses to tell them. My bill will change that.

Second, this bill gives grand jury witnesses the right to be accompanied by counsel in the grand jury room. This section is virtually identical to S. 2030 which I have already introduced. It also requires that a witness subpoenaed to testify before a grand jury be advised of his right to be accompanied by counsel, of the privilege against self-incrimination and other basic rights when the subpoena is issued.

Third, this bill strengthens enforcement of the existing rule on grand jury secrecy, which is a matter of first importance to the integrity of the justice system. News reports indicate that grand jury secrecy is now being violated on a regular basis.

Fourth, this bill mandates that prosecutors disclose to the grand jury any substantial evidence they possess which indicates that the accused is not, or may not be, guilty. While this may seem elementary to most Americans, it is contrary to a Supreme Court decision, United States v. Williams—a very recent decision—which held that the prosecutor has no such constitutional obligation.

Fifth and finally, this bill entitles a defendant to a transcript of the grand jury testimony of all witnesses who are called against him at trial. This is a matter of basic fairness. Anyone charged with a crime should have a right to know what a witness against him has told the grand jury. Knowing the witness's prior testimony is the essence of the right of cross-examination enshrined in the confrontation clause of the sixth amendment.

BACKGROUND

Grand juries have enormous power and they offer few protections to those who are called as witnesses or who are subject to investigation. Under the fifth amendment to the Constitution, Federal felony prosecutions must include indictment by a grand jury. This provision was intended to protect citizens against prosecutions which are without merit or which are politically motivated. The Founding Fathers had plenty of experience with prosecutorial misconduct by the English crown. That is the reason they inserted the grand jury into the Constitution. The Grand Jury was to be a bulwark against a tyrannical government.

My own observations of grand juries go back to my years as a small town defense lawyer, but they are reinforced by present day cases and news reports. Too often, I have seen criminal prosecutions which should never have been brought, or witnesses who have been abused by prosecutors. Recently, newspapers are filled with stories of secret grand jury testimony—often attributed to prosecution sources—and of witnesses who have been called back to testify a fourth or fifth or sixth time before the same grand jury. Many of these witnesses are obviously not criminals, at least in a reasonable person's understanding of the word.

To understand today's grand jury system, you must understand history. The grand jury, Mr. President, is one of the common law's most ancient institutions. Its roots go back even further than Magna Carta. In 1166, King Henry II proclaimed the Assize of Clarendon which required that 12 ''lawful men'' out of every hundred be sworn to tell whether they knew of any crimes committed in their towns. In these early days, grand juries operated mostly on the personal knowledge of the grand jurors.

The grand jury then, like today, only had power to accuse. In those days, trial was by ordeal. The accused either had his hand placed in boiling water or was bound and thrown into a lake. If he survived without injury, this was an acquittal. It was not until the 13th Century that our English forbearers secured the right to a trial by jury.

Trial by ordeal was supposedly abolished long ago, but I wonder whether many of today's grand jury witnesses might dispute this.

In English and American history up until the time of the Constitution, grand juries were a bulwark of freedom which stood between oppressive government and the individual. Grand juries often disagreed with English and colonial judges who were in service to the Crown. These feuds helped define both the power of the grand jury and the liberties of free people. For example, grand jurors in colonial Massachusetts adamantly refused demands by the Crown to indict the colonists who had participated in the Stamp Act riots.

Unhappily, the grand jury's role as defender of liberty, has changed dramatically for the worse over the years. Too often, the grand jury has become an arm of the executive branch and a rubber stamp for the prosecutor. In modern times, the Supreme Court has held that a grand jury may call witnesses to satisfy the mere suspicion that a crime may have been committed.

Grand juries have been judged so superfluous by the states that about half of them decided long ago to eliminate grand juries and allow criminal charges to be brought directly by prosecutors.

The chief judge of the State of New York remarked several years ago that most grand juries would indict ''a ham sandwich'' if the prosecutor so requested. A recent Supreme Court decision, United States v. Williams, the Court has held that the District Courts have no supervisory power over grand juries, and that grand juries are not even part of the judiciary. I disagree strenuously with Justice Scalia's conclusions in the Williams case. If grand juries are not accountable to the courts, then who are they accountable to?

INSTRUCTIONS OF LAW

Under present Federal law, grand jurors receive no instructions on the law except for whatever the prosecutor may choose to tell them. This bill will provide for the District Court which empanels the grand jury to give some very basic legal instructions to the jurors before they begin their work. Included among these are the grand jury's duty to inquire into criminal offenses that have been committed in the jurisdiction; the right to call and interrogate witnesses; the right to request production of documents, including exculpatory evidence; the necessity of finding credible evidence of each element of the crime before returning an indictment; the right to ask the prosecutor to draft indictments for charges other than those originally presented; the obligations of grand jury secrecy; and such other rights and duties as the court deems appropriate.

Mr. President, there is no good reason why these instructions should not be given. These rules of law are universally accepted. It makes no sense for the grand jury not to be told what its legal powers and duties are, and I cannot imagine that this provision would be disputed.

RIGHT TO COUNSEL

Mr. President, as I indicated before, the institution of the grand jury goes back more than 800 years in Anglo-American legal history. but it was not until 1963 that the Supreme Court held in Gideon v. Wainwright that a man may not be sent to prison without having had a lawyer at trial. Under Gideon, a person unable to pay for a lawyer must have counsel appointed to represent him, or else the requirement of due process of law has not been met.

In 1964, the Court held in Miranda v. Arizona that criminal defendants must be advised by the police of their right to counsel and of the Fifth Amendment privilege against self-incrimination. These rights are basic American freedoms which are the hallmarks of due process of law. And nobody today would take us back to the old days when those rules were not in effect.

Our ideas of due process have changed for the better over the centuries. One legal tradition which has not changed, however, is the lack of counsel before the grand jury. A witness who is not a criminal defendant but who is legally summoned to testify by the grand jury may not have his lawyer in the room. This rule of law is perverse to say the least in that it gives criminals, or accused criminals, more rights than innocent people.

A criminal defendant today has greater rights than an ordinary, unaccused witness testifying before a grand jury. The Federal Rule of Criminal Procedure which prohibits the presence of counsel for a witness is an anachronism, and it will be changed by this bill, as well as by S. 2030 which I previously introduced.

EXCULPATORY EVIDENCE

Even with a lawyer for the witness present, the grand jury will always be

a one-sided affair in which only the prosecutor presents evidence. My bill will not change that. The prosecutor will naturally present only the evidence most favorable to the government. The Supreme Court has held that a prosecutor has no constitutional obligation to present the grand jury with any exculpatory evidence. This case, United States v. Williams, was a 5–4 decision written by Justice Scalia and as I said, in my opinion, it could not be more wrong.

If due process of law means anything at all, it means that both sides of a case must be heard. How can due process permit the government to withhold evidence which might prevent the indictment from even being issued?

My bill today reverses United States v. Williams by amending the Rules of Criminal Procedure to require that prosecutors present the grand jury any substantial evidence which directly negates the guilt of the accused.

This bill will not make the grand jury a ''mini-trial'' since the accused will not be able to present evidence or to cross-examine. But the Government will be required to tell the grand jury, before it decides to indict, of substantial evidence against guilt. Due process of law requires no less. those who are not guilty. It is no answer to say that evidence of innocence can be considered at trial, and the jury will correct mistakes of the grand jury. If the Government has evidence which—if it were shown to be the grand jury—would lead the grand jury not to indict, the government must share that evidence with those who have power to indict. U.S. v. Williams is a gross misreading of due process which cries out for correction.

GRAND JURY SECRECY

Mr. President, the secrecy of grand jury proceedings is a matter of fundamental importance which is already clearly required by Rule 6(e) of the Federal Rules. Yet the rule is flouted on almost a regular basis. Weekly, if not daily, the newspapers have carried stories about the several Independent Counsels' investigations which begin, ''Sources close to the investigation report * * *'' Every time the law regarding grand jury secrecy is violated, a fair and impartial trial is impossible.

Grand jury secrecy is as ancient as the institution itself. Without it, our judicial system would degenerate into a horrific state. An indictment is already tantamount to guilt in the opinion of most people. At the same time, the grand jurors must be insulated from outside pressure which might influence their decisions to indict or not. Grand jury secrecy is necessary for the protection of both witnesses and grand jurors.

The grand jury hears all kinds of testimony—some true, some scurrilous. Many things said to the grand jury may be incredibly damaging to people if they are revealed. Since the accused and his lawyer are not in the room, there is no safeguard of cross-examination. False testimony can easily go undiscovered until trial, which is one reason grand jury secrecy is so important.

If the public learns that a witness has made some horrendous accusation, it will be cold comfort that the grand jury later decides not to believe the testimony and not to indict.

More than one witness has lost his life when it was learned that he had testified against a leader of organized crime or a murderer. Grand jury secrecy can literally be a matter of life and death. Its importance to law enforcement and the cause of justice cannot be overstated.

At the same time, a witness who has testified before a grand jury is perfectly free, if he so chooses, to go on television and tell the world what he or she has testified to.

Present law places responsibility for enforcing grand jury secrecy on the prosecutor. If a member of the prosecution staff is leaking to the press, this is the clearest conflict of interest. Asking any prosecutor to investigate his own conduct is an obvious conflict of interest. Yet that is what present law provides.

Mr. President, the way to resolve this problem is to place authority for investigating violations of grand jury secrecy on the District Court which empaneled the grand jury in the first place. My bill does exactly that by giving the Court power to appoint an investigator or counsel if necessary to determine the source of leaks. It should be the exceptional case where such action will be necessary.

The existence of the possibility of an independent investigation should be enough to deter any prosecutor from breaching grand jury secrecy.

Mr. President, the public's confidence in law enforcement, in the courts, and in the administration of justice for all Americans has taken a beating in recent years. Time and again, we have seen misconduct by police and prosecutors, as well as jury verdicts and court judgments that seem to defy reason and common sense. This Congress has an extraordinary opportunity to restore public confidence in the judicial system. Almost every point in this bill is long-standing policy supported by the American Bar Association. I believe the public and the bar will widely support these changes, and I hope my colleagues will move swiftly to enact this bill into law.

Mr. President, I yield the floor.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The distinguished Senator from Virginia.

Mr. WARNER. Thank you.

I listened with great interest to my colleague's presentation of his bill, and it is quite interesting. You have never ceased in this institution to take on some of the toughest challenges.

Mr. BUMPERS. Thank you.

Mr. WARNER. I foresee some tough hills to climb within this legislation before it is through. But anyway, you are the man to do it if it is to be done. I cannot pass judgment at this time, but having been a prosecutor and having spent some time myself in this area, it is quite interesting.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the text of the Grand Jury Reform Act, which I am introducing today, be printed in the RECORD.

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

S. 2289

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 ''Grand Jury Reform Act of 1998''.

SEC. 2. GRAND JURIES.

(a) IN GENERAL.—Rule 6 of the Federal Rules of Criminal Procedure is amended—

(1) in subdivision (a), by adding at the end the following:

''(3) INSTRUCTION ON RIGHTS, RESPONSIBILITIES, AND DUTIES.—Upon impaneling a grand jury, the court shall instruct and charge the grand jury on the rights, responsibilities, and duties of the grand jury under this rule, including—

''(A) the duty to inquire into criminal offenses that are alleged to have been committed within the jurisdiction;

''(B) the right to call and interrogate witnesses;

''(C) the right to request production of a book, paper, document, or other object, including exculpatory evidence;

''(D) the necessity of finding credible evidence of each material element of the crime charged before returning a true bill;

''(E) the right to request that the attorney for the government draft indictments for charges other than those originally requested by that attorney;

''(F) the obligation of secrecy under subdivision (e)(2); and

''(G) such other rights, responsibilities, and duties as the court determines to be appropriate.'';

(2) in subdivision (d), by inserting ''and counsel for that witness (as provided in subdivision (i))'' after ''under examination'';

(3) in subdivision (e)(2), by adding at the end the following: ''The court shall have the authority to investigate any violation of this paragraph, including the authority to appoint counsel to investigate and report to the court regarding any such violation.''; and

(4) by adding at the end the following:

''(h) NOTICE TO WITNESSES.—Upon service of any subpoena requiring any witness to testify or produce information at any proceeding before a grand jury impaneled before a district court, the witness shall be given adequate and reasonable notice of—

''(1) his or her right to counsel, as provided in subdivision (i);

''(2) his or her privilege against self-incrimination;

''(3) the subject matter of the grand jury investigation;

''(4) whether his or her own conduct is under investigation by the grand jury;

''(5) the criminal statute, the violation of which is under consideration by the grand jury, if such statute is known at the time of issuance of the subpoena;

''(6) his or her rights regarding immunity; and

''(7) any other rights and privileges which the court deems necessary or appropriate.

''(i) COUNSEL FOR GRAND JURY WITNESSES.—

''(1) IN GENERAL.—

''(A) RIGHT OF ASSISTANCE.—Each witness subpoenaed to appear and testify before a grand jury in a district court, or to produce books, papers, documents, or other objects before that grand jury, shall be allowed the assistance of counsel during such time as the witness is questioned in the grand jury room.

''(B) RETENTION OR APPOINTMENT.—Counsel for a witness described in subparagraph (A)—

''(i) may be retained by the witness; or

''(ii) in the case of a witness who is determined by the court to be financially unable to obtain counsel, shall be appointed as provided in section 3006A of title 18, United States Code.

''(2) POWERS AND DUTIES OF COUNSEL.—A counsel retained by or appointed for a witness under paragraph (1)—

''(A) shall be allowed to be present in the grand jury room only during the questioning of the witness and only to advise the witness; and

''(B) shall not be permitted to address any grand juror, or otherwise participate in the proceedings before the grand jury.

''(3) POWERS OF THE COURT.—

''(A) IN GENERAL.—If the court determines that counsel retained by or appointed for a witness under this subdivision has violated paragraph (2), or that such action is necessary to ensure that the activities of the grand jury are not unduly delayed or impeded, the court may remove the counsel and either appoint new counsel or order the witness to obtain new counsel.

''(B) NO EFFECT ON OTHER SANCTIONS.—Nothing in this paragraph shall be construed to affect the contempt powers of the court or the power of the court to impose other appropriate sanctions.

''(j) EXCULPATORY EVIDENCE.—An attorney for the government shall disclose to the grand jury any substantial evidence of which that attorney has knowledge that directly negates the guilt of the accused. Failure to disclose such evidence may be the basis for a motion to dismiss the indictment, if the court determines that the evidence might reasonably be expected to lead the grand jury not to indict.

''(k) AVAILABILITY OF GRAND JURY TRANSCRIPTS AND OTHER STATEMENTS.—

''(1) IN GENERAL.—Subject to paragraph (2), not later than 10 days before trial (unless the court shall for good cause determine otherwise), and after the return of an indictment or the filing of any information, a defendant shall, upon request, and as the court determines to be reasonable, be entitled to examine and duplicate a transcript or electronic recording of—

''(A) the grand jury testimony of all witnesses to be called at trial;

''(B) all statements relating to the defendant's case made to the grand jury by the court, the attorney for the government, or a special attorney;

''(C) all grand jury testimony or evidence which in any manner could be considered exculpatory; and

''(D) all other grand jury testimony or evidence that is determined by the court to be material to the defense.

''(2) EXCEPTION.—The court may refuse to allow a defendant to examine and duplicate a transcript or electronic recording of any testimony, statement, or evidence described in paragraph (1), if the court determines that such examination or duplication would endanger any witness.''.

(b) CONFORMING AMENDMENTS.—Section 3500(e) of title 18, United States Code, is amended—

(1) in paragraph (1), by adding ''or'' at the end;

(2) in paragraph (2), by striking '', or'' and inserting a period; and

(3) by striking paragraph (3).

By Mr. BREAUX:

S. 2290. A bill to promote the construction and operation of cruise ships in the United States; to the Committee on Commerce, Science, and Transportation.

U.S. FLAG CRUISE VESSELS LEGISLATION

● Mr. BREAUX. Mr. President, today I introduce legislation which I believe will help achieve the development of a United States cruise vessel industry and generate numerous economic benefits for our country through the operation of United States-flag cruise vessels between American ports.

There is little doubt that we should take significant and innovative action so that American ports, businesses and workers can share in the economic benefits that can be realized through the operation of cruise vessels in the United States domestic trade.

Recently, the Subcommittee on Surface Transportation and Merchant Marine held an oversight hearing on the need to generate cruise vessel operations between American ports. In fact, as a result of the hearing, many of our colleagues, including the Chairman of our Commerce Committee Senator MCCAIN, are committed to moving forward on cruise vessel legislation this year so our port economies throughout the country can begin to benefit through cruise vessel operations.

As strongly as I am committed to helping ports in my state of Louisiana and throughout our country to attract and benefit from increased cruise vessel operations, I am equally convinced that we will not achieve the full measure of these economic benefits if we simply allow foreign flag passenger vessels to operate between America's ports. Rather, I believe we should be directing our efforts to develop a large, modern and competitive cruise vessel fleet comprised of vessels built in the United States, operated under the United States-flag, and crewed by United States citizens. Otherwise, we would simply be allowing foreign companies and foreign workers to receive all the privileges and benefits that come with operating in the United States domestic trade without any of the associated and resultant obligations and responsibilities we impose on American companies and American workers.

The legislation I am introducing today is intended to reflect the economic realities facing companies seeking to enter the domestic cruise trade and the desire of American ports to attract cruise vessels as quickly as possible. It will jumpstart the domestic cruise vessel industry by allowing American companies to acquire foreign built cruise vessels and operate those ships in the domestic cruise trade under very specific and limited circumstances. These vessels will be documented under the laws of the United States, run with American citizen crews, and operated in compliance with all applicable United States laws, regulations and tax obligations.

My legislation reflects the principles embodied in our Nation's cabotage laws while recognizing that a waiver of the Passenger Vessel Services Act, under specific terms and conditions, is absolutely necessary to attract United States-flag cruise vessels into our domestic trades.

Especially significant is the fact that in order to take advantage of the authority to operate such vessels in the domestic trades, the owner must agree, and my legislation requires, that they will first enter into a contract to build a replacement vessel or vessels in a United States shipyard.

I share the desire of Senator MCCAIN and our colleagues to develop legislation that will immediately and dramatically increase domestic cruise vessel operations. However, I am convinced that we should not let this present opportunity pass by—we have a legitimate opportunity to increase the size of the oceangoing United States-flag cruise vessel fleet and to greatly increase the opportunity for American ports to attract and benefit from cruise vessel activity. I am aware of at least one American company ready to take advantage of this legislation, acquire two modern, attractive, large cruise vessels and operate them under the United States-flag under the terms and conditions set forth in my proposal.

I ask all my colleagues to join with me in support of this proposal so we can achieve the operation and construction of United States-flag cruise vessels.

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

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

S. 2290

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

SECTION 1. PURPOSE.

The purpose of this Act is to allow foreign-constructed vessels to be documented as vessels of the United States with the right to engage in the domestic coastwise cruise trade in connection with the construction of cruise vessels in the United States.

SEC. 2. COASTWISE TRANSPORTATION OF PASSENGERS.

(a) REFLAGGING.—

(1) IN GENERAL.—Notwithstanding section 12106(a)(2) of title 46, United States Code, section 27 of the Merchant Marine Act, 1920 (46 U.S.C. App. 883), the Act of June 19, 1886 (46 U.S.C. App. 289), or any other provision of law, the Secretary of Transportation may issue a certificate of documentation with a coastwise endorsement for a cruise vessel not constructed in the United States to a person who enters into a binding contract for construction in the United States of a cruise vessel or vessels with a total combined berth or stateroom capacity equal to at least 75 percent of the total combined berth or stateroom capacity of the cruise vessel or vessels for which the certificate is to be issued under this paragraph.

(2) CERTIFICATE SUNSET.—A certificate of documentation issued to a vessel under paragraph (1) shall terminate 2 years after the date on which all vessels constructed under the binding contract have been delivered.

(b) LIMITATIONS.—

(1) NO COMPETITION WITH U.S.-BUILT VESSELS.—A vessel issued a certificate of documentation under subsection (a)(1) may not operate in the coastwise cruise trade on a route served by a cruise vessel built in the United States operating under the authority of section 27 of the Merchant Marine Act, 1920 (46 U.S.C. App. 883), the Act of June 19, 1886 (46 U.S.C. App. 289), section 12106(a)(2) of title 46, United States Code, or any other authority of law in effect on or before the date of enactment of this Act.

(2) HAWAIIAN ROUTES PROHIBITED.—A vessel issued a certificate of documentation under subsection (a)(1), or constructed under a binding contract referred to in that subsection, may not operate between or among the islands of Hawaii.

SEC. 3. CONSTRUCTION STANDARDS.

A vessel issued a certificate of documentation under subsection (a)(1) that meets the standards and conditions for the issuance of a control verification certificate for a cruise vessel documented under the laws of a foreign country embarking passengers in the United States is deemed to be in compliance with section 3309 of title 46, United States Code.

SEC. 4. FOREIGN TRANSFER.

Notwithstanding section 9(c) of the Shipping Act, 1916 (46 U.S.C. App. 808), a cruise vessel issued a certificate of documentation under subsection (a)(1), or constructed under a binding contract referred to in that subsection, may be placed under foreign registry after its documentation under subsection (a) or its initial documentation (in the case of a vessel so constructed), but the Secretary shall revoke the coastwise endorsement issued for any such vessel when it is placed under foreign registry.

SEC. 5. DEFINITIONS.

In this Act:

(1) COASTWISE CRUISE TRADE.—The term ''coastwise cruise trade'' means the transportation of passengers in coastwise trade between points in the United States, either directly or by way of a foreign point, or originating and terminating at the same point in the United States.

(2) CRUISE VESSEL.—The term ''cruise vessel'' means a vessel that—

(A) is at least 10,000 gross tons as measured under chapter 142 of title 46, United States Code; and

(B) has berth or stateroom accommodations for at least 275 passengers.●

By Mr. GRAMS:

S. 2291. A bill to amend title 17, United States Code, to prevent the misappropriation of collections of information; to the Committee on the Judiciary.

COLLECTIONS OF INFORMATION ANTIPIRACY ACT

Mr. GRAMS. Mr. President, I rise today to introduce the ''Collections of Information Antipiracy Act.'' This legislation is similar to H.R. 2652, legislation already passed unanimously by our colleagues in the House of Representatives on May 19 of this year that is currently pending before the Judiciary Committee.

My legislation presents a much-needed Federal, legislative protection for databases. It is a fair and balanced bill that recognizes the need for database owners to receive adequate legal protection that provides them the incentives necessary to continue investing in database production.

The bill also acknowledges that users must continue to have access to timely and innovative database products and services.

America produces and uses some 65 percent of the world's databases.

Our database industry spans an enormous range of products and services—from collection of information about antidotes to poisons, to valuable collections of business and financial data, to databases of medical procedures and practice guidelines used to assure reliable and effective patient care.

These companies have been pioneers in offering innovative and easily accessible databases in any number of formats that meet consumer needs.

The myriad of databases produced in the United States are used by the business community, researchers, educators, government officials, and citizens to gain knowledge and make decisions that affect every aspect of our lives.

Yet, despite technological innovations, creating and offering databases in the marketplace is neither cheap nor easy.

Not only must database owners expend substantial resources on the collection of data, they must also maintain and distribute these information products, while continually updating them and responding to the demands of their customers.

Many American jobs depend on a healthy, vibrant U.S. database industry. These companies employ thousands of editors, researchers, and others. They invest millions of dollars in hardware and software to manage these large masses of information.

Despite the enormous value of these databases to our economy and society, American database owners are under a dual threat.

On the one hand, after a 1991 Supreme Court decision, it is increasingly unclear whether most databases are adequately protected from piracy by U.S. copyright law.

Lower courts since 1991 have handed down several decisions that have diminished the number and types of databases that are protected under the compilation copyright provisions in the 1976 Copyright Act.

In addition, these decisions have stated that even if databases as a whole may qualify for this limited copyright protection, the facts contained in them are freely available for the taking and re-use by others—including competing database producers—without authorization or compensation.

Although database producers do have means other than a new Federal law to seek protection, none has proven adequate, as is evidenced in the study completed by the U.S. Copyright Office last August.

Contract law, for example, binds only the parties to the contract and in any case varies from State to State and it also varies from country to country.

Technological protections are beginning to appear and are slowly being implemented in the online world, but they offer no protection to databases that are produced in other formats.

Some States have adopted doctrines of misappropriation; however, these legal protections are far from being uniform and offer no solace to database producers in States where such legal safeguards are not in place.

The European Union has begun implementing a new directive protecting databases in their own countries, but only those produced in the European Union or in countries that offer comparable protections. This law clearly is designed to disadvantage database owners not located in an EU country. Great Britain, Germany, Spain, and most Scandinavian nations have already made changes in their own laws to implement the EU directive, and also a European official recently predicted that within a few years, as many as 35 of our trading partners in Europe and the Russian Federation will have similar laws in place.

Unless the United States passes a law that is comparable to that now governing Europe, more and more American database owners may feel the need to move some or all of their operations overseas in an effort, to thwart potential piracy of their products and services by unscrupulous competitors or vendors.

As I mentioned previously, Mr. President, American database producers are anxious to continue producing valuable databases for worldwide use. However, the technologies present in today's world that allow for easy copying and redistribution of information threaten a producer's ability to continue receiving a fair return on the tremendous investments required to produce quality databases.

Coupled with the inadequacy of U.S. law to protect investment in databases and the threat posed by the EU directive, it is clear to me that Congress—and more importantly, the Senate—must act quickly if we are to preserve the American lead in database production and use.

The ''Collections of Information Antipiracy Act'' offers a solution to the threats faced by American database owners by helping to provide the right to stop harmful practices that affect the marketplace for that database.

This legislation uses Congress' powers under the Commerce clause of the Constitution to protect only those databases used in commerce.

Protection is limited to those databases whose owners have invested substantial monetary or other resources in gathering, organizing, or maintaining a collection of information.

It contains a definition of what constitutes a protected collection that is broad enough to offer effective protection to the wide range of products and services that would benefit from a new Federal law.

This legislation also contains numerous and important exceptions to the protections granted. For example, it makes clear that databases may be

used for legitimate purposes of verification and news reporting. It offers special exceptions to nonprofit users, such as researchers, scientists, and educators. The bill also states clearly that no one is precluded from gathering the same facts contained on one database owner's product and creating another database—but again, as long as those facts are not stolen from the original database owner. Finally, the bill recognizes the importance of unfettered public access to Government databases by specifically denying protection to any database created by a governmental entity—whether Federal, State, or local—or any database that a Government agency seeks to have created and distributed under an exclusive licensing arrangement. Mr. President, the concepts that lie behind the Collections of Information Antipiracy Act, and many of its specific provisions, have been debated for more than 2 years now. The House-passed bill now before the Senate Judiciary Committee was the subject of two hearings that included witnesses from nearly every affected community—both producers and users of databases. Indeed, the bill I introduce today is a much-improved version of the legislation first introduced in the House, and many provisions have been added that strike a fair balance between the needs of database producers for adequate protection and the also requirements that users have fair access to these private-sector products and services. There should be no fear that database producers will exert extraordinary control over their products and services. But, this legislation contains not only a special savings clause preserving our antitrust laws, but it also specifies low penalties against any nonprofit user who may run afoul of this new law. In closing, Mr. President, I am convinced it is time for this body to act to protect the interests of database owners and users in the United States. The bill I am introducing today represents a reasonable and fair means of doing so, and I urge my colleagues to join with me in working during these few remaining days of the 105th Congress to consider and pass this very important piece of legislation.

ADDITIONAL COSPONSORS

S. 778

At the request of Mr. LUGAR, the name of the Senator from Texas (Mr. GRAMM) was added as a cosponsor of S. 778, a bill to authorize a new trade and investment policy for sub-Saharan Africa.

S. 1251

At the request of Mr. D'AMATO, the name of the Senator from Georgia (Mr. COVERDELL) was added as a cosponsor of S. 1251, a bill to amend the Internal Revenue Code of 1986 to increase the amount of private activity bonds which may be issued in each State, and to index such amount for inflation.

S. 1754

At the request of Mr. FRIST, the name of the Senator from Idaho (Mr. CRAIG) was added as a cosponsor of S. 1754, a bill to amend the Public Health Service Act to consolidate and reauthorize health professions and minority and disadvantaged health professions and disadvantaged health education programs, and for other purposes.

S. 1758

At the request of Mr. LUGAR, the name of the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 1758, a bill to amend the Foreign Assistance Act of 1961 to facilitate protection of tropical forests through debt reduction with developing countries with tropical forests.

S. 1976

At the request of Mr. HARKIN, his name was added as a cosponsor of S. 1976, a bill to increase public awareness of the plight of victims of crime with developmental disabilities, to collect data to measure the magnitude of the problem, and to develop strategies to address the safety and justice needs of victims of crime with developmental disabilities.

S. 2128

At the request of Mr. STEVENS, the name of the Senator from Wyoming (Mr. ENZI) was added as a cosponsor of S. 2128, a bill to clarify the authority of the Director of the Federal Bureau of Investigation regarding the collection of fees to process certain identification records and name checks, and for other purposes.

SENATE CONCURRENT RESOLUTION 107

At the request of Mr. LOTT, the name of the Senator from Indiana (Mr. COATS) was added as a cosponsor of Senate Concurrent Resolution 107, a concurrent resolution affirming United States commitments to Taiwan.

AMENDMENT NO. 3109

At the request of Mr. ABRAHAM his name was added as a cosponsor of amendment No. 3109 proposed to S. 1882, a bill to reauthorize the Higher Education Act of 1965, and for other purposes.

AMENDMENTS SUBMITTED

AFFIRMING U.S. COMMITMENTS UNDER THE TAIWAN RELATIONS ACT

LOTT AMENDMENT NO. 3121

Mr. LOTT proposed an amendment to the concurrent resolution (S. Con. Res. 107) affirming U.S. commitments under the Taiwan Relations Act; as follows:

On page 2, line 8, strike ''with the consent of the people of Taiwan,''.

RELATIVE TO TAIWAN ADMISSION TO MULTILATERAL ECONOMIC INSTITUTIONS

HELMS AMENDMENT NO. 3122

Mr. GRAMS (for Mr. HELMS) proposed an amendment to the concurrent resolution (S. Con. Res. 30) expressing the sense of the Congress that the Republic of China should be admitted to multilateral economic institutions, including the International Monetary Fund and the International Bank for Reconstruction and Development; as follows:

Strike all after the resolving clause and insert the following: That it is the sense of the Senate (the House of Representatives concurring) that it should be United States policy to—

(1) support changes to the International Monetary Fund Charter that would allow the Republic of China on Taiwan and other qualified economies to become members of the International Monetary Fund; and

(2) support the admission of Taiwan to membership in other international economic organizations for which it is qualified, including the International Bank for Reconstruction and Development.

Strike the preamble and insert the following:

Whereas the Republic of China on Taiwan (hereafter referred to as ''Taiwan'') possesses a free economy with the 19th largest gross domestic product in the world;

Whereas Taiwan has the 14th largest trading economy in the world and the 7th largest amount of foreign investment in the world and holds one of the largest amounts of foreign exchange reserves in the world;

Whereas Taiwan is a democracy committed to the economic and political norms of the international community;

Whereas the purpose of the International Monetary Fund (hereafter referred to as ''IMF'') is to promote exchange stability, to establish a multilateral system of payments, to facilitate the expansion of world trade, and to provide capital to assist developing nations;

Whereas changes to the IMF Charter that would allow Taiwan and other qualified economies to become members of the IMF would benefit the world economy, especially those developing countries in need of capital, and would contribute to the purposes of the IMF;

Whereas the IMF aims to further economic liberalization and globalization and conducts conferences, exchanges, and training programs in international monetary management which would be beneficial to Taiwan;

Whereas membership in the IMF is a prerequisite for accession to the International Bank for Reconstruction and Development and to regional banks in which Taiwan's membership would be beneficial; and

Whereas Taiwan is already a member of regional multilateral economic institutions including the Asia-Pacific Economic Cooperation Forum and the Asian Development Bank: Now, therefore, be it

Amend the title so as to read: ''Expressing the sense of Congress that the rules of multilateral economic institutions, including the International Monetary Fund and the International Bank for Reconstruction and Development, should be amended to allow membership for the Republic of China on Taiwan and other qualified economies.''.

NOTICE OF HEARING

SUBCOMMITTEE ON NATIONAL PARKS, HISTORIC PRESERVATION AND RECREATION

Mr. THOMAS. Mr. President, I would like to announce for the information of the Senate and the public that a hearing has been scheduled before the Subcommittee on National Parks, Historic Preservation and Recreation of the Committee on Energy and Natural Resources.

The hearing will take place on Thursday, July 23, 1998, at 2 p.m., in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of this hearing is to receive testimony on S. 2109, a bill to provide for an exchange of lands located near Gustavus, Alaska, and for other purposes; S. 2257, a bill to reauthorize the National Historic Preservation Act; S. 2276, a bill to amend the National Trails System Act to designate El Camino Real de los Tejas as a National Historic Trail; S. 2272, a bill to amend the boundaries of Grant-Kohrs Ranch National Historic Site in the State of Montana; S. 2284, a bill to establish the Minuteman Missile National Historic Site in the State of South Dakota, and for other purposes; and, H.R. 1522, a bill to extend the authorization for the National Historic Preservation Fund, and for other purposes.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Subcommittee on National Parks, Historic Preservation and Recreation, Committee on Energy and Natural Resources, United States Senate, 364 Dirksen Senate Office Building, Washington, DC 20510–6150.

For further information, please contact Jim O'Toole of the Subcommittee staff at (202) 224–5161.

ADDITIONAL STATEMENTS

FLORIDA'S WILDFIRE ASSISTANCE

• Mr. MACK. Mr. President, I rise today to make a few remarks on the extraordinary efforts which are currently taking place in my home state of Florida. For over a month now, as I am sure we are all well aware, devastating wildfires have ravaged Florida, impacting all of our 67 counties. Since this crisis began, more than 2,000 separate fires to date have been identified and more than 500,000 acres of state and federal land have been burned.

While these facts are certainly overwhelming, I think it is important that we take a moment to recognize the heroic campaign which has been undertaken to contain these fires. Last week I had the opportunity to tour the fire ravaged area of Volusia County, and I met with firefighters and emergency officials on the front line of what has been a constant battle. I was simply overwhelmed by the determination of these men and women who have undertaken the challenge of extinguishing these fires. These brave individuals are working 16 to 18 hours a day in extreme temperatures and the harshest of conditions. Tragically, these fires have consumed over 367 homes and 33 businesses. It is, however, thanks to the efforts of these individuals that losses have remained at this level.

These dedicated professionals, who have put their lives on the line fighting the wildfires, represent the tremendous support which Florida has received by our fellow Americans. Not since Hurricane Andrew in 1992 have we seen an outpouring of human kindness and supplies from around the country to help Florida fight a natural disaster of this magnitude. It is disasters like this which bring the American people together and makes our country one giant community. To date, 44 states, from as far away as California and Alaska, are involved in this effort. Through an outstanding coordinated effort on the part of local, state and federal agencies, countless numbers of people are working behind the scenes, including the Red Cross, the Salvation Army and private citizens.

I have remained in close contact with state and federal emergency officials, and I am confident all that can be done is being done. What Florida really needs is rain. While the situation still remains quite volatile, the weather patterns do offer some hope and relief to the devastated areas. Over the past few days several rainstorms have offered some relief, however much more is still needed to completely extinguish the fires. I know all of my colleagues join me in letting the firefighters, emergency officials and residents battling these fires know they are in our thoughts and prayers as they continue the fight to extinguish these fires.•

HIGHER EDUCATION AMENDMENTS OF 1998

• Mr. JOHNSON. Mr. President, I rise to express my strong support of legislation passed by the Senate last evening, the Higher Education Amendments of 1998.

The Higher Education Act has been of enormous benefit to millions of students over the past three decades in providing more affordable access to institutions of post-secondary education. Many of these students simply would not have gone to college or vocational school without the assistance provided through such programs as Pell Grants, student loans, and work study.

With the increased competition faced by workers in the global economy, the importance of these programs is even greater today, not only for students but also for our nation's economy. The Higher Education Act programs account for 68 percent of all financial aid available to students.

The cost of a college education continues to grow far faster than inflation, leaving more and more students with a large debt once they finish. Last fall, the College Board released a nationwide survey of tuition costs, finding that tuition and fees would rise about 5 percent for the fifth year in a row.

In contrast, inflation in the overall economy has been held under control during these years, hovering at an average of just over 2 percent.

As costs have increased, student borrowing has expanded to make up the difference. Student loans now comprise about 60 percent of all financial aid, whereas in the 1980–81 school year, loans were just over 40 percent of the total. The average graduate of a four-year college today will have $14,500 in debt upon entering the working world.

Given the increased reliance on borrowing, it is notable that this reauthorization legislation will provide for a reduction in interest rates on new student loans by approximately 1 percent from current rates. This provision will save students hundreds, if not thousands, of dollars.

Nearly 84 percent of South Dakota students receive financial aid in some form, with an average annual award of $5,400 to students who receive aid at the six public universities. Approximately 16,000 students in South Dakota receive Pell Grants, accounting for $28 million in federal assistance.

I am pleased that this bill will provide legislative authority to increase the size of the maximum Pell Grant to $5,000. In the 1970s, Pell Grants covered three-quarters of the costs of attending a four-year public school. Today, these grants cover only one-third of the cost. I realize that finding the budget resources to fund this maximum grant fully will be difficult, but Pell Grants are the most effective program we have for helping low-income students afford post-secondary education.

This legislation also continues the essential Federal Family Education Loan (FFEL) program. Although direct lending by the federal government has consumed a portion of the overall student loan volume, all of the colleges and universities in my state of South Dakota continue to use the FFEL program and remain satisfied with the services they receive. Accordingly, I have been skeptical of efforts that might destroy the balance that has existed between direct lending and the FFEL program. Federal policy should not be changed in ways to either favor direct lending or undermine the financial viability of lending by the private sector.

There are some lesser-noticed provisions of this bill of which I am particularly proud. Promoting the availability and affordability of child care has been one of my highest priorities in the Senate. That's why I am so pleased that legislation I cosponsored earlier this year, the CAMPUS Act, has been incorporated into this bill. CAMPUS stands for Child Care Access Means Parents in School. This provision will establish a grant program to assist colleges with

the costs of establishing child care centers to provide campus-based child care for low-income parents attending college.

The obvious benefit of easy access to child care is that students with young children will have a much greater probability of staying in school and completing their degree. More and more students today are non-traditional students, and the need for campus-based child care is greater than ever before.

Additionally, this bill establishes an innovative new program to offer student loan forgiveness for those who earn a degree in early childhood education and become full-time child care workers. Child care, unfortunately, is one of the lowest-paying professions that one can find, and this low level of pay is completely incommensurate with the value of those who are caring for young children. Not surprisingly, turnover in this field is very high, as workers find better paying jobs elsewhere.

It is especially tragic when highly-trained graduates, those who have earned a degree in early childhood education, are forced to leave the child care profession because they can't pay their student loans. We still need to do all we can to raise wages for child care workers, but helping with student loan repayment is a remarkable step forward. This concept was contained in child care legislation I cosponsored last year, and I am very pleased that it has been included in this bill.

Finally, advocates of a more effective welfare system won a significant victory with the passage of Senator WELLSTONE's amendment to give states the option of counting two years of post-secondary education as a work requirement for purposes of the Temporary Assistance to Needy Families program. I was proud to cosponsor this amendment.

I have heard from a number of my constituents that current system has had the unfortunate effect of forcing TANF recipients out of college or vocational school and into dead-end, entry-level jobs. It seems obvious that enabling these individuals, which are usually single mothers, to complete a degree would be far more effective in achieving long-term benefits. Education leads to higher income levels, helping move these families out of poverty for good and making them productive taxpayers. Federal requirements should not be so rigid and inflexible that states are prevented exercising this option. I will press to ensure that this amendment survives the upcoming conference.

Passage of the Higher Education Amendments of 1998 was absolutely essential for the continuation and improvement of a system that helps keep post-secondary education within the reach of typical American families. I am pleased with the Senate's overwhelming vote in favor of this bill, and I look forward to expeditious consideration of the conference report and to sending the bill to President Clinton for his signature.●

HIGHER EDUCATION ACT OF 1998

● Mr. FAIRCLOTH. Mr. President, I am in strong support of S. 1882, the Higher Education Act of 1998. Every young person who wishes to pursue an education beyond the first 12 years should be able to do so. This bill contains important provisions to help students pay for the rapidly rising costs of college. It will benefit millions of students across the country in their pursuit of a higher education. I will highlight just a few of the provisions in this legislation.

First, I support the compromise reached by my colleagues in the Labor and Human Resources Committee that provides a low interest repayment rate for student loans, while still allowing a rate necessary for the uninterrupted flow of loan capital from banks. The Clinton Administration wanted to place the entire loan program under the jurisdiction of the Department of Education. I am adamantly opposed to this proposal. There is no reason nor justification to have the Federal government run a program that is being provided efficiently by the private sector. In fact, we should be doing more to have the entire program run by private lenders.

Second, I recognize the need for good teachers are more and more educators leave the field to pursue other professions. Improving the quality of the current and future teaching force calls for the improvement of preparation programs and the enhancement of professional development activities. I support North Carolina Governor Jim Hunt's Commission Report, ''What Matters Most: Teaching for America's Future,'' which has a goal to provide 100,000 national accredited teachers. This bill provides the means for accomplishing that goal by providing teacher certification.

Finally, our nation is facing an alarming increase in violence and drug use on college campuses across the country. I was a co-sponsor of a bill to require that colleges report instances of rape or assault to the student body. I am pleased that this legislation was accepted as an amendment to this bill. I also support another provision of S. 1882 that would prevent students convicted of drug use or possession from being eligible for federal aid unless they complete a rehabilitation program. Taxpayers shouldn't support the tuition of students who recklessly use illegal drugs.

To be competitive in the global economy, America needs to provide its students with the means to better their education. I believe we must protect programs for higher education. The Higher Education Act makes college more affordable and improves the academic environment for students and teachers. The bill is a sound piece of legislation which I am pleased to support.●

NEED FOR HMO REFORM

● Mr. DORGAN. Mr. President, our health care system is in a state of crisis—a crisis of confidence. Many Americans no longer believe that their insurance companies can provide them with the access to care or quality of service they need.

Today I continue our series of stories describing how some managed care plans seem to have put cost saving before life-saving. The experience of Vaughn Dashiell is just one more example of the pressing need for Congress to act now to protect the rights of patients.

Vaughn Dashiell lived with his wife, Patricia, and their three children in Alexandria, Virginia. Vaughn owned and operated his own printing company.

On November 20, 1996, Vaughn stayed home sick from work suffering from a sore throat, dry mouth, and tunnel vision that limited his sight to 18 inches. He tried to get an appointment to see a doctor within his HMO network, but was told that none were available at his designated facility. Vaughn was able to speak only to the HMO-employed nurse on duty over the phone. She could have told Vaughn to go to an emergency room for treatment, but instead, told him to make a regular appointment although none were available.

As Vaughn's symptoms worsened, he called his HMO again requesting permission to see a doctor somewhere, or to go to a nearby emergency room. Vaughn was told only to wait and that he would receive a call back from a doctor on duty. When the doctor on duty was consulted, he agreed that Vaughn should go to an emergency room, but neither made a call himself, nor followed up to see that Vaughn was contacted. That night, Vaughn was not contacted, not by the nurse, the doctor, or any other HMO staff regarding his condition and requests for care.

The next morning, Patricia found Vaughn incoherent, with his ''eyes rolling''. She hurriedly called the HMO, hoping for an answer to Vaughn's problem. They advised her to call 911.

Vaughn arrived at the hospital at 9:18 am in a diabetic coma. His blood sugar level was more than twenty times greater than the normal level. Just over two hours after being rushed to the emergency room, Vaughn was dead from hyperglycemia. He was only 39 years old.

This should not happen in America. Health insurers should not be allowed to put profit before patients. Vaughn Dashiell's condition would have been treatable and curable if the health plan had enabled him to get the care he needed. But for an HMO driven by cutting costs, the needs of the patient did not come first. Had this HMO not placed their patients in the hands of a system weak in oversight and follow-up and instead allowed Mr. Dashiell the opportunity to see a doctor when he first felt threatened, he might still be alive today.

Mr. President, we must take up and pass meaningful patient protections this year. We have a bill, S. 1890, that would prevent tragedies like this from occurring. Under our plan, Vaughn would have had guaranteed access to needed care, especially in the case of an emergency. Under our bill, members of HMOs would be able to go to an emergency room without seeking their plan's approval if they felt their life was in danger.

This is only common sense. It should not be controversial. I will appeal once again to the Republican leaders of this body: Please bring our Patients' Bill of Rights to the floor for action. The President has promised to sign it into law. We are wasting valuable time.●

HIGHER EDUCATION AMENDMENTS OF 1998

The text of the bill (H.R. 6) as passed by the Senate on July 9, 1998, follows:

Resolved, That the bill from the House of Representatives (H.R. 6) entitled ''An Act to extend the authorization of programs under the Higher Education Act of 1965, and for other purposes.'', do pass with the following amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Higher Education Amendments of 1998''.

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

SEC. 2. REFERENCES.

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 Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

TITLE I—GENERAL PROVISIONS

SEC. 101. GENERAL PROVISIONS.

(a) REPEAL; TRANSFER AND REDESIGNATION.—The Act (20 U.S.C. 1001 et seq.) is amended—

(1) by repealing title I (20 U.S.C. 1001 et seq.);

(2) by repealing sections 1203, 1206, 1211, and 1212 (20 U.S.C. 1143, 1145a, 1145e, and 1145f);

(3) by striking the heading for title XII (20 U.S.C. 1141 et seq.);

(4) by inserting before title III (20 U.S.C. 1051 et seq.) the following:

*''**TITLE I—GENERAL PROVISIONS**'';*

(5) by transferring sections 1201, 1202, 1204 (as renumbered by Public Law 90–575), 1204 (as added by Public Law 96–374), 1205, 1207, 1208, 1209, 1210, and 1213 (20 U.S.C. 1141, 1142, 1144, 1144a, 1145, 1145b, 1145c, 1145d, 1145d–1, and 1145g) to follow the heading for title I (as inserted by paragraph (4)); and

(6) by redesignating sections 1201, 1202, 1204 (as renumbered by Public Law 90–575), 1204 (as added by Public Law 96–374), 1205, 1207, 1208, 1209, 1210, and 1213 as sections 101, 102, 103, 104, 105, 106, 107, 108, 109, and 110, respectively.

SEC. 102. FEDERAL CONTROL OF EDUCATION PROHIBITED.

Section 103 (as redesignated by section 101(a)(6)) (20 U.S.C. 1144) is amended by striking ''(b)''.

SEC. 103. NATIONAL ADVISORY COMMITTEE ON INSTITUTIONAL QUALITY AND INTEGRITY.

Section 105 (as redesignated by section 101(a)(6)) (20 U.S.C. 1145) is amended—

(1) by striking the last sentence of subsection (a);

(2) by redesignating subsections (c) through (f) as subsections (d) through (g), respectively;

(3) by inserting after subsection (b) the following:

''(c) PUBLIC NOTICE.—The Secretary shall—

''(1) annually publish in the Federal Register a list containing the name of each member of the Committee and the date of the expiration of the term of office of the member; and

''(2) publicly solicit nominations for each vacant position or expiring term of office on the Committee.'';

(4) in subsection (d) (as redesignated by paragraph (2))—

(A) by striking paragraph (6); and

(B) by redesignating paragraphs (7) and (8) as paragraphs (6) and (7), respectively; and

(5) in subsection (g) (as redesignated by paragraph (2)), by striking ''1998'' and inserting ''2004''.

SEC. 104. GRANTS AND RECOGNITION AWARDS.

Section 110 (as redesignated by section 101(a)(6)) (20 U.S.C. 1145g) is amended by adding at the end the following:

''(e) ALCOHOL AND DRUG ABUSE PREVENTION GRANTS.—

''(1) PROGRAM AUTHORITY.—The Secretary may make grants to institutions of higher education or consortia of such institutions, and enter into contracts with such institutions, consortia, and other organizations, to develop, implement, operate, improve, and disseminate programs of prevention, and education (including treatment-referral) to reduce and eliminate the illegal use of drugs and alcohol and the violence associated with such use. Such grants or contracts may also be used for the support of a higher education center for alcohol and drug abuse prevention that will provide training, technical assistance, evaluation, dissemination, and associated services and assistance to the higher education community as determined by the Secretary and institutions of higher education.

''(2) AWARDS.—Grants and contracts shall be awarded under paragraph (1) on a competitive basis.

''(3) APPLICATIONS.—An institution of higher education, a consortium of such institutions, or another organization that desires to receive a grant or contract under paragraph (1) shall submit an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require by regulation.

''(4) ADDITIONAL REQUIREMENTS.—

''(A) PARTICIPATION.—In awarding grants under this subsection the Secretary shall make every effort to ensure—

''(i) the equitable participation of private and public institutions of higher education (including community and junior colleges); and

''(ii) the equitable geographic participation of such institutions.

''(B) CONSIDERATION.—In awarding grants and contracts under this subsection the Secretary shall give appropriate consideration to institutions of higher education with limited enrollment.

''(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $5,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

''(f) NATIONAL RECOGNITION AWARDS.—

''(1) PURPOSE.—It is the purpose of this subsection to provide models of innovative and effective alcohol prevention programs in higher education and to focus national attention on exemplary alcohol prevention efforts.

''(2) AWARDS.—

''(A) IN GENERAL.—The Secretary shall make 10 National Recognition Awards, on an annual basis, to institutions of higher education that—

''(i) have developed and implemented innovative and effective alcohol prevention programs; and

''(ii) demonstrate in the application submitted under paragraph (3) that the institution has undertaken efforts designed to change the culture of college drinking consistent with the objectives described in paragraph (4)(B).

''(B) CEREMONY.—The awards shall be made at a ceremony in Washington, D.C.

''(C) DOCUMENT.—The Secretary shall publish a document describing the alcohol prevention programs of institutions of higher education that receive the awards under this subsection and disseminate the document nationally to all public and private secondary school guidance counselors for use by secondary school juniors and seniors preparing to enter an institution of higher education. The document shall be disseminated not later than January 1 of each academic year.

''(D) AMOUNT AND USE.—Each institution of higher education selected to receive an award under this subsection shall receive an award in the amount of $50,000. Such award shall be used for the maintenance and improvement of the institution's alcohol prevention program for the academic year following the academic year for which the award is made.

''(3) APPLICATION.—

''(A) IN GENERAL.—Each institution of higher education desiring an award under this subsection shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each such application shall contain—

''(i) a clear description of the goals and objectives of the alcohol program of the institution;

''(ii) a description of program activities that focus on alcohol policy issues, policy development, modification, or refinement, policy dissemination and implementation, and policy enforcement;

''(iii) a description of activities that encourage student and employee participation and involvement in activity development and implementation;

''(iv) the objective criteria used to determine the effectiveness of the methods used in the program and the means used to evaluate and improve the program efforts; and

''(v) a description of the activities to be assisted that meet the criteria described in subparagraph (C).

''(B) APPLICATION REVIEW.—The Secretary shall appoint a committee to review applications submitted under this paragraph. The committee may include representatives of Federal departments or agencies the programs of which include alcohol abuse prevention and education efforts, directors or heads (or their representatives) of professional associations that focus on alcohol abuse prevention efforts, and non-Federal scientists who have backgrounds in social science evaluation and research methodology and in education. Decisions of the committee shall be made directly to the Secretary without review by any other entity in the Department.

''(C) REVIEW CRITERIA.—The committee described in subparagraph (B) shall develop specific review criteria for reviewing and evaluating applications submitted under this paragraph. Such criteria shall include whether the institution of higher education has policies in effect that—

''(i) prohibit alcoholic beverage sponsorship of athletic events, and prohibit alcoholic beverage advertising inside athletic facilities;

''(ii) prohibit alcoholic beverage marketing on campus, which may include efforts to ban alcohol advertising in institutional publications or efforts to prohibit alcohol-related advertisements at campus events;

''(iii) establish or expand upon alcohol-free living arrangements for all college students;

''(iv) establish partnerships with community members and organizations to further alcohol prevention efforts on campus and the areas surrounding campus; and

''(v) establish innovative communications programs involving students and faculty in an effort to educate students about alcohol-related risks.

''(4) ELIGIBILITY.—

''(A) IN GENERAL.—In order to be eligible to receive a National Recognition Award an institution of higher education shall—

''(i) offer an associate or baccalaureate degree;

''(ii) have established an alcohol abuse prevention and education program;

''(iii) nominate itself or be nominated by others, such as professional associations or student organizations, to receive the award; and

''(iv) not have received an award under this subsection during the 5 academic years preceding the academic year for which the determination is made.

''(B) OBJECTIVES.—In order to receive a National Recognition Award an institution shall demonstrate in the application submitted under paragraph (3) that the institution has accomplished all of the following objectives:

''(i) The elimination of alcoholic beverage sponsorship of athletic events, and the elimination of alcoholic beverage advertising inside athletic facilities.

''(ii) The elimination of alcoholic beverage marketing on campus that may include efforts to ban alcohol advertising in institutional publications or prohibit alcohol-related advertisements at campus events.

''(iii) The establishment or expansion of alcohol-free living arrangements for all college students.

''(iv) The establishment of partnerships with community members and organizations to further alcohol prevention efforts on campus and the surrounding areas.

''(v) The establishment of innovative communications programs involving students and faculty in an effort to educate students about alcohol-related risks.

''(5) AUTHORIZATION OF APPROPRIATIONS.—

''(A) IN GENERAL.—There is authorized to be appropriated to carry out this subsection $750,000 for fiscal year 1999.

''(B) AVAILABILITY.—Funds appropriated under subparagraph (A) shall remain available until expended.''.

SEC. 105. PRIOR RIGHTS AND OBLIGATIONS; RECOVERY OF PAYMENTS.

Title I (20 U.S.C. 1001 et seq.) is amended by adding after section 110 (as redesignated by section 101(a)(6)) the following:

''SEC. 111. PRIOR RIGHTS AND OBLIGATIONS.

''(a) AUTHORIZATION OF APPROPRIATIONS.—

''(1) PRE-1987 PARTS C AND D OF TITLE VII.—There are authorized to be appropriated such sums as may be necessary for fiscal year 1999 and for each of the 4 succeeding fiscal years to pay obligations incurred prior to 1987 under parts C and D of title VII, as such parts were in effect before the effective date of the Higher Education Amendments of 1992.

''(2) POST-1992 AND PRE-1998 PART C OF TITLE VII.—There are authorized to be appropriated such sums as may be necessary for fiscal year 1999 and for each of the 4 succeeding fiscal years to pay obligations incurred prior to the date of enactment of the Higher Education Amendments of 1998 under part C of title VII, as such part was in effect during the period—

''(A) after the effective date of the Higher Education Amendments of 1992; and

''(B) prior to the date of enactment of the Higher Education Amendments of 1998.

''(b) LEGAL RESPONSIBILITIES.—

''(1) PRE-1987 TITLE VII.—All entities with continuing obligations incurred under parts A, B, C, and D of title VII, as such parts were in effect before the effective date of the Higher Education Amendments of 1992, shall be subject to the requirements of such part as in effect before the effective date of the Higher Education Amendments of 1992.

''(2) POST-1992 AND PRE-1998 PART C OF TITLE VII.—All entities with continuing obligations incurred under part C of title VII, as such part was in effect during the period—

''(A) after the effective date of the Higher Education Amendments of 1992; and

''(B) prior to the date of enactment of the Higher Education Amendments of 1998,

shall be subject to the requirements of such part as such part was in effect during such period.

''SEC. 112. RECOVERY OF PAYMENTS.

''(a) PUBLIC BENEFIT.—Congress declares that, if a facility constructed with the aid of a grant under part A of title VII as such part A was in effect prior to the date of enactment of the Higher Education Amendments of 1998, or part B of such title as such part B was in effect prior to the date of enactment of the Higher Education Amendments of 1992, is used as an academic facility for 20 years following completion of such construction, the public benefit accruing to the United States will equal in value the amount of the grant. The period of 20 years after completion of such construction shall therefore be deemed to be the period of Federal interest in such facility for the purposes of such title as so in effect.

''(b) RECOVERY UPON CESSATION OF PUBLIC BENEFIT.—If, within 20 years after completion of construction of an academic facility which has been constructed, in part with a grant under part A of title VII as such part A was in effect prior to the date of enactment of the Higher Education Amendments of 1998, or part B of title VII as such part B was in effect prior to the date of enactment of the Higher Education Amendments of 1992—

''(1) the applicant under such parts as so in effect (or the applicant's successor in title or possession) ceases or fails to be a public or nonprofit institution, or

''(2) the facility ceases to be used as an academic facility, or the facility is used as a facility excluded from the term 'academic facility' (as such term was defined under title VII, as so in effect), unless the Secretary determines that there is good cause for releasing the institution from its obligation,

the United States shall be entitled to recover from such applicant (or successor) an amount which bears to the value of the facility at that time (or so much thereof as constituted an approved project or projects) the same ratio as the amount of Federal grant bore to the cost of the facility financed with the aid of such grant. The value shall be determined by agreement of the parties or by action brought in the United States district court for the district in which such facility is situated.

''(c) PROHIBITION ON USE FOR RELIGION.—Notwithstanding the provisions of subsections (a) and (b), no project assisted with funds under title VII (as in effect prior to the date of enactment of the Higher Education Amendments of 1998) shall ever be used for religious worship or a sectarian activity or for a school or department of divinity.

''SEC. 113. STUDENT-RELATED DEBT STUDY REQUIRED.

''(a) IN GENERAL.—The Secretary shall conduct a study that analyzes the distribution and increase in student-related debt in terms of—

''(1) demographic characteristics, such as race or ethnicity, and family income;

''(2) type of institution and whether the institution is a public or private institution;

''(3) loan source, such as Federal, State, institutional or other, and, if the loan source is Federal, whether the loan is or is not subsidized;

''(4) academic field of study;

''(5) parent loans, and whether the parent loans are federally guaranteed, private, or property-secured such as home equity loans; and

''(6) relation of student debt or anticipated debt to—

''(A) students' decisions about whether and where to enroll in college and whether or how much to borrow in order to attend college;

''(B) the length of time it takes students to earn baccalaureate degrees;

''(C) students' decisions about whether and where to attend graduate school;

''(D) graduates' employment decisions;

''(E) graduates' burden of repayment as reflected by the graduates' ability to save for retirement or invest in a home; and

''(F) students' future earnings.

''(b) REPORT.—After conclusion of the study required by subsection (a), the Secretary shall submit a final report regarding the findings of the study to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than 18 months after the date of enactment of the Higher Education Amendments of 1998.

''(c) INFORMATION.—After the study and report under this section are concluded, the Secretary shall determine which information described in subsection (a) would be useful for families to know and shall include such information as part of the comparative information provided to families about the costs of higher education under the provisions of section 486(a)(1).

''SEC. 114. STUDY OF FORECLOSED PROPERTY OR ASSETS.

''Not later than 90 days after the date of enactment of the Higher Education Amendments of 1998, the Comptroller General, in consultation with the Inspector General of the Department, shall submit a report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives that provides the following:

''(1) Descriptions of legislative changes that can be made to strengthen laws governing the transfer of foreclosed property or assets by the Department to individuals or their agents that have had prior dealings with the Department. Such descriptions shall address the transfer of property to individuals or their agents who have been in positions of management or oversight at postsecondary educational institutions that have failed, or are failing, to make payments to the Department on property loans, or defaulted on any property or asset loan from a Federal agency.

''(2) Changes that can be implemented at the Department to strengthen all rules and regulations governing the transfer of foreclosed property or assets by the Department to individuals or their agents as described in paragraph (1).

''SEC. 115. STATE REQUIREMENT.

''(a) IN GENERAL.—Except as provided in subsection (b), each State, that has individuals who reside in the State and who receive financial assistance under this Act, shall provide an appropriate number of mail voter registration forms (as described in section 6(a) of the National Voter Registration Act (42 U.S.C. 1973gg–4(a))) to each eligible institution under section 487 in the State, not later than 60 days before each

date that is the last day to register to vote for a regularly scheduled—

''(1) election (as defined in section 301(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(1)); or

''(2) election for Governor or other chief executive within such State.

''(b) NONAPPLICABILITY TO CERTAIN STATES.—The requirement of subsection (a) shall not apply to a State which is described in section 4(b) of the National Voter Registration Act (42 U.S.C. 1973gg–2(b)).

''SEC. 116. STUDY OF OPPORTUNITIES FOR PARTICIPATION IN ATHLETICS PROGRAMS.

''(a) STUDY.—The Comptroller General shall conduct a study of the opportunities for participation in intercollegiate athletics. The study shall address issues including—

''(1) the extent to which the number of—

''(A) secondary school athletic teams has increased or decreased in the 20 years preceding 1998 (in aggregate terms); and

''(B) intercollegiate athletic teams has increased or decreased in the 20 years preceding 1998 (in aggregate terms) at 2-year and 4-year institutions of higher education;

''(2) the extent to which participation by student-athletes in secondary school and intercollegiate athletics has increased or decreased in the 20 years preceding 1998 (in aggregate terms);

''(3) over the 20-year period preceding 1998, a list of the men's and women's secondary school and intercollegiate sports, ranked in order of the sports most affected by increases or decreases in levels of participation and numbers of teams (in the aggregate);

''(4) all factors that have influenced campus officials to add or discontinue sports teams at secondary schools and institutions of higher education, including—

''(A) institutional mission and priorities;

''(B) budgetary pressures;

''(C) institutional reforms and restructuring;

''(D) escalating liability insurance premiums;

''(E) changing student and community interest in a sport;

''(F) advancement of diversity among students;

''(G) lack of necessary level of competitiveness of the sports program;

''(H) club level sport achieving a level of competitiveness to make the sport a viable varsity level sport;

''(I) injuries or deaths; and

''(J) conference realignment;

''(5) the actions that institutions of higher education have taken when decreasing the level of participation in intercollegiate sports, or the number of teams, in terms of providing information, advice, scholarship maintenance, counseling, advance warning, and an opportunity for student-athletes to be involved in the decisionmaking process;

''(6) the administrative processes and procedures used by institutions of higher education when determining whether to increase or decrease intercollegiate athletic teams or participation by student-athletes;

''(7) the budgetary or fiscal impact, if any, of a decision by an institution of higher education—

''(A) to increase or decrease the number of intercollegiate athletic teams or the participation of student-athletes; or

''(B) to be involved in a conference realignment; and

''(8) the alternatives, if any, institutions of higher education have pursued in lieu of eliminating, or severely reducing the funding for, an intercollegiate sport, and the success of such alternatives.

''(b) REPORT.—The Comptroller General shall submit a report regarding the results of the study to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives.

''SEC. 117. SPECIAL RULE.

''Notwithstanding any other provision of law, the sum of financial assistance received under this Act and other Federal financial assistance for postsecondary education received by an individual shall not exceed the individual's cost of attendance as defined in section 472, except that no individual shall have the amount of a Federal Pell Grant for which the individual is eligible reduced as a result of the application of this section.''.

SEC. 106. TECHNICAL AND CONFORMING AMENDMENTS.

(a) CONFORMING AMENDMENTS CORRECTING REFERENCES TO SECTION 1201.—

(1) AGRICULTURE.—

(A) STUDENT INTERNSHIP PROGRAMS.—Section 922 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 2279c) is amended—

(i) in subsection (a)(1)(B)—

(I) by striking ''1201'' and inserting ''101''; and

(II) by striking ''(20 U.S.C. 1141)''; and

(ii) in subsection (b)(1)—

(I) by striking ''1201'' and inserting ''101''; and

(II) by striking ''(20 U.S.C. 1141)''.

(B) AGRICULTURAL SCIENCES EDUCATION.—Section 1417(h)(1)(A) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(h)(1)(A)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(2) ARMED FORCES.—

(A) SCIENCE AND MATHEMATICS EDUCATION IMPROVEMENT PROGRAM.—Section 2193(c)(1) of title 10, United States Code, is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(B) SUPPORT OF SCIENCE, MATHEMATICS, AND ENGINEERING EDUCATION.—Section 2199(2) of title 10, United States Code, is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(C) ALLOWABLE COSTS UNDER DEFENSE CONTRACTS.—Section 841(c)(2) of the National Defense Authorization Act for fiscal year 1994 (10 U.S.C. 2324 note) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(D) ENVIRONMENTAL RESTORATION INSTITUTIONAL GRANTS FOR TRAINING DISLOCATED DEFENSE WORKERS AND YOUNG ADULTS.—Section 1333(i)(3) of the National Defense Authorization Act for fiscal year 1994 (10 U.S.C. 2701 note) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(E) ENVIRONMENTAL EDUCATION OPPORTUNITIES PROGRAM.—Section 1334(k)(3) of the National Defense Authorization Act for fiscal year 1994 (10 U.S.C. 2701 note) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(F) ENVIRONMENTAL SCHOLARSHIP AND FELLOWSHIP PROGRAMS.—Section 4451(b)(1) of the National Defense Authorization Act for 1993 (10 U.S.C. 2701 note) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(3) APPLICATION OF ANTITRUST LAWS TO AWARD OF NEED-BASED EDUCATIONAL AID.—Section 568(c)(3) of the Improving America's Schools Act of 1994 (15 U.S.C. 1 note) is amended—

(A) by striking ''1201(a)'' and inserting ''101(a)''; and

(B) by striking ''(20 U.S.C. 1141(a))''.

(4) RESTRICTIONS ON FORMER OFFICERS, EMPLOYEES, AND ELECTED OFFICIALS OF THE EXECUTIVE AND LEGISLATIVE BRANCHES.—Section 207(j)(2)(B) of title 18, United States Code, is amended by striking ''1201(a)'' and inserting ''101(a)''.

(5) EDUCATION.—

(A) HIGHER EDUCATION AMENDMENTS OF 1992.—Section 1(c) of the Higher Education Amendments of 1992 (20 U.S.C. 1001 note) is amended by striking ''1201'' and inserting ''101''.

(B) PART F DEFINITIONS.—Section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088) is amended—

(i) in subsection (a)—

(I) in the matter preceding paragraph (1)(A), by striking ''1201(a)'' and inserting ''101(a)'';

(II) in paragraph (1)(C), by striking ''1201(a)'' and inserting ''101(a)'';

(III) in the first sentence of the matter preceding clause (i) of paragraph (2)(A), by striking ''1201(a)'' and inserting ''101(a)''; and

(IV) in the matter following paragraph (2)(B)(ii), by striking ''1201(a)'' and inserting ''101(a)'';

(ii) in subsection (b)—

(I) in the first sentence—

(aa) in paragraph (2), by striking ''1201(a)'' and inserting ''101(a)''; and

(bb) in paragraph (3), by striking ''1201(a)'' and inserting ''101(a)''; and

(II) in the second sentence, by striking ''1201(a)'' and inserting ''101(a)''; and

(iii) in subsection (c)—

(I) in the first sentence, by striking ''1201(a)'' and inserting ''101(a)''; and

(II) in the second sentence, by striking ''1201(a)'' and inserting ''101(a)''.

(C) TREATMENT OF BRANCHES.—Section 498(j)(2) of the Higher Education Act of 1965 (20 U.S.C. 1099c(j)(2)) is amended by striking ''1201(a)(2)'' and inserting ''101(a)(2)''.

(D) INTERNATIONAL EDUCATION PROGRAMS.—Section 631(a)(8) of the Higher Education Act of 1965 (20 U.S.C. 1132(a)(8)) is amended by striking ''1201(a)'' each place it appears and inserting ''101(a)''.

(E) DWIGHT D. EISENHOWER LEADERSHIP PROGRAM.—Section 1081(d) of the Higher Education Act of 1965 (20 U.S.C. 1135f(d)) is amended by striking ''1201'' and inserting ''101''.

(F) DISCLOSURE REQUIREMENTS.—Section 429(d)(2)(B)(ii) of the General Education Provisions Act (20 U.S.C. 1228c(d)(2)(B)(ii)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(G) HARRY S. TRUMAN SCHOLARSHIPS.—Section 3(4) of the Harry S. Truman Memorial Scholarship Act (20 U.S.C. 2002(4)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(H) TECH-PREP EDUCATION.—Section 347(2)(A) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2394e(2)(A)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(I) EDUCATION FOR ECONOMIC SECURITY.—Section 3(6) of the Education for Economic Security Act (20 U.S.C. 3902(6)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(J) JAMES MADISON MEMORIAL FELLOWSHIPS.—Section 815 of the James Madison Memorial Fellowship Act (20 U.S.C. 4514) is amended—

(i) in paragraph (3), by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) in paragraph (4), by striking ''1201(d) of the Higher Education Act of 1965'' and inserting ''14101 of the Elementary and Secondary Education Act of 1965''.

(K) BARRY GOLDWATER SCHOLARSHIPS.—Section 1403(4) of the Barry Goldwater Scholarship and Excellence in Education Act (20 U.S.C. 4702(4)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(L) MORRIS K. UDALL SCHOLARSHIPS.—Section 4(6) of the Morris K. Udall Scholarship and Excellence in National Environmental and Native American Public Policy Act of 1992 (20 U.S.C. 5602(6)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(M) BILINGUAL EDUCATION, AND LANGUAGE ENHANCEMENT AND ACQUISITION.—Section 7501(4)

of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7601(4)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(N) GENERAL DEFINITIONS.—Section 14101(17) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801(17)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(O) NATIONAL EDUCATION STATISTICS.—Section 402(c)(3) of the National Education Statistics Act of 1994 (20 U.S.C. 9001(c)(3)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(6) FOREIGN RELATIONS.—

(A) ENVIRONMENT AND SUSTAINABLE DEVELOPMENT EXCHANGE PROGRAM.—Section 240(d) of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (22 U.S.C. 2452 note) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(B) SAMANTHA SMITH MEMORIAL EXCHANGE PROGRAM.—Section 112(a)(8) of the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2460(a)(8)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(C) SOVIET-EASTERN EUROPEAN TRAINING.—Section 803(1) of the Soviet-Eastern European Research and Training Act of 1983 (22 U.S.C. 4502(1)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(D) DEVELOPING COUNTRY SCHOLARSHIPS.—Section 603(d) of the Foreign Relations Authorization Act, Fiscal Years 1986 and 1987 (22 U.S.C. 4703(d)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(7) INDIANS.—

(A) SNYDER ACT.—The last paragraph of section 410 of the Act entitled ''An Act authorizing appropriations and expenditures for the administration of Indian Affairs, and for other purposes'', approved November 2, 1921 (25 U.S.C. 13) (commonly known as the Snyder Act) is amended by striking ''1201'' and inserting ''101''.

(B) TRIBALLY CONTROLLED COMMUNITY COLLEGE ASSISTANCE.—Section 2(a)(5) of the Tribally Controlled Community College Assistance Act (25 U.S.C. 1801(a)(5)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(C) CONSTRUCTION OF NEW FACILITIES.—Section 113(b)(2) of the Tribally Controlled Community College Assistance Act (25 U.S.C. 1813(b)(2)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(D) AMERICAN INDIAN TEACHER TRAINING.—Section 1371(a)(1)(B) of the Higher Education Amendments of 1992 (25 U.S.C. 3371(a)(1)(B)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(8) LABOR.—

(A) REHABILITATION DEFINITIONS.—Section 7(32) of the Rehabilitation Act of 1973 (29 U.S.C. 706(32)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(B) STATE PLANS.—Section 101(a)(7)(A)(iv)(II) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(7)(A)(iv)(II)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(C) JTPA DEFINITIONS.—Section 4(12) of the Job Training Partnership Act (29 U.S.C. 1503(12)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(D) TUITION CHARGES.—Section 141(d)(3)(B) of the Job Training Partnership Act (29 U.S.C. 1551(d)(3)(B)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(9) SURFACE MINING CONTROL.—Section 701(32) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1291(32)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(10) POLLUTION PREVENTION.—Section 112(a)(1) of the Federal Water Pollution Control Act (33 U.S.C. 1262(a)(1)) is amended by striking ''1201'' and inserting ''101''.

(11) POSTAL SERVICE.—Section 3626(b)(3) of title 39, United States Code, is amended—

(A) by striking ''1201(a)'' and inserting ''101(a)''; and

(B) by striking ''(20 U.S.C. 1141(a))''.

(12) PUBLIC HEALTH AND WELFARE.—

(A) SCIENTIFIC AND TECHNICAL EDUCATION.—Section 3(g) of the Scientific and Advanced-Technology Act of 1992 (42 U.S.C. 1862i(g)) is amended—

(i) in paragraph (2)—

(I) by striking ''1201(a)'' and inserting ''101(a)''; and

(II) by striking ''(20 U.S.C. 1141(a))''; and

(ii) in paragraph (3)—

(I) by striking ''1201(a)'' and inserting ''101(a)''; and

(II) by striking ''(20 U.S.C. 1141(a))''.

(B) OLDER AMERICANS.—Section 102(32) of the Older Americans Act of 1965 (42 U.S.C. 3002(32)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(C) JUSTICE SYSTEM IMPROVEMENT.—Section 901(17) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3791(17)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(D) ENERGY TECHNOLOGY COMMERCIALIZATION SERVICES PROGRAM.—Section 362(f)(5)(A) of the Energy Policy and Conservation Act (42 U.S.C. 6322(f)(5)(A)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(E) ENVIRONMENTAL RESTORATION AND WASTE MANAGEMENT.—Section 3132(b)(1) of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (42 U.S.C. 7274e(b)(1)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(F) HEAD START.—Section 649(c)(3) of the Head Start Act (42 U.S.C. 9844(c)(3)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(G) STATE DEPENDENT CARE DEVELOPMENT GRANTS.—Section 670G(5) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9877(5)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(H) INSTRUCTIONAL ACTIVITIES FOR LOW-INCOME YOUTH.—The matter preceding subparagraph (A) of section 682(b)(1) of the Community Services Block Grant Act (42 U.S.C. 9910c(b)(1)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(I) DRUG ABUSE EDUCATION.—Section 3601(7) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11851(7)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(J) NATIONAL AND COMMUNITY SERVICE.—Section 101(13) of the National and Community Service Act of 1990 (42 U.S.C. 12511(13)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(K) CIVILIAN COMMUNITY CORPS.—Section 166(6) of the National and Community Service Act of 1990 (42 U.S.C. 12626(6)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(L) COMMUNITY SCHOOLS YOUTH SERVICES AND SUPERVISION GRANT PROGRAM.—The definition of public school in section 30401(b) of the Community Schools Youth Services and Supervision Grant Program Act of 1994 (42 U.S.C. 13791(b)) is amended—

(i) by striking ''1201'' each place it appears and inserting ''101''; and

(ii) by striking ''(20 U.S.C. 1141(i))''.

(M) POLICE CORPS.—The definition of institution of higher education in section 200103 of the Police Corps Act (42 U.S.C. 14092) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(N) LAW ENFORCEMENT SCHOLARSHIP PROGRAM.—The definition of institution of higher education in section 200202 of the Law Enforcement Scholarship and Recruitment Act (42 U.S.C. 14111) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(13) TELECOMMUNICATIONS.—Section 223(h)(4) of the Telecommunications Act of 1934 (47 U.S.C. 223(h)(4)) is amended—

(A) by striking ''1201'' and inserting ''101''; and

(B) by striking ''(20 U.S.C. 1141)''.

(14) WAR AND NATIONAL DEFENSE.—Section 808(3) of the David L. Boren National Security Education Act of 1991 (50 U.S.C. 1908(3)) is amended—

(A) by striking ''1201(a)'' and inserting ''101(a)''; and

(B) by striking ''(20 U.S.C. 1141(a))''.

(b) CROSS REFERENCES.—The Act (20 U.S.C. 1001 et seq.) is amended—

(1) in section 402A(c)(2) (20 U.S.C. 1070a–11(c)(2)), by striking ''1210'' and inserting ''110'';

(2) in section 481 (20 U.S.C. 1088)—

(A) in subsection (a)—

(i) in paragraph (1)—

(I) in the matter preceding subparagraph (A), by striking ''1201(a)'' and inserting ''101(a)''; and

(II) in subparagraph (C), by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) in paragraph (2)—

(I) in the matter preceding clause (i) of subparagraph (A), by striking ''1201(a)'' and inserting ''101(a)''; and

(II) in the matter following clause (ii) of subparagraph (B), by striking ''1201(a)'' and inserting ''101(a)'';

(B) in subsection (b), by striking ''1201(a)'' each place the term appears and inserting ''101(a)''; and

(C) in subsection (c), by striking ''1201(a)'' each place the term appears and inserting ''101(a)'';

(3) in section 485(f)(1)(I) (20 U.S.C. 1092(f)(1)(I)), by striking ''1213'' and inserting ''111'';

(4) in section 498(j)(2) (20 U.S.C. 1099c(j)(2)), by striking ''1201(a)(2)'' and inserting ''101(a)(2)'';

(5) in section 591(d)(2) (20 U.S.C. 1115(d)(2)), by striking ''1201(a)'' and inserting ''101(a)'';

(6) in section 631(a)(8) (20 U.S.C. 1132(a)(8))—

(A) by striking ''section 1201(a)'' each place the term appears and inserting ''section 101(a)''; and

(B) by striking ''of 1201(a)'' and inserting ''of section 101(a)''; and

(7) in section 1081(d) (20 U.S.C. 1135f(d)), by striking ''1201'' and inserting ''101(a)''.

TITLE II—IMPROVING TEACHER QUALITY

SEC. 201. IMPROVING TEACHER QUALITY.

The Act (20 U.S.C. 1001) is amended by inserting after section 112 (as added by section 105) the following:

''TITLE II—IMPROVING TEACHER QUALITY

''SEC. 201. PURPOSES.

''The purpose of this title is to—

''(1) improve student achievement;

''(2) improve the quality of the current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities; and

''(3) hold institutions of higher education accountable for preparing teachers who have the necessary teaching skills and are highly competent in the academic content areas in which the teachers plan to teach, including training in the effective uses of technologies in the classroom.

''PART A—TEACHER QUALITY

''Subpart 1—Teacher Quality Enhancement Grants

''SEC. 211. GRANTS AUTHORIZED.

''(a) IN GENERAL.—The Secretary is authorized to award grants to States to enable the States to carry out the activities described in section 212. Each grant may be awarded for a period of not more than 5 years.

''(b) STATE DESIGNATION.—

''(1) IN GENERAL.—A State desiring a grant under this subpart shall, consistent with State law, designate the chief individual or entity in the State responsible for the State supervision of education, to administer the activities assisted under this subpart.

''(2) CONSULTATION.—The individual or entity designated under paragraph (1) shall consult with the Governor, State board of education, or State educational agency, as appropriate.

''(3) CONSTRUCTION.—Nothing in this subpart shall be construed to negate or supersede the legal authority under State law of any State agency, State entity, or State public official over programs that are under the jurisdiction of the agency, entity, or official.

''(c) MATCHING REQUIREMENT.—Each State receiving a grant under this subpart shall provide, from non-Federal sources, an amount equal to ½ of the amount of the grant, in cash or in kind, to carry out the activities supported through the grant.

''SEC. 212. USE OF FUNDS.

''A State that receives a grant under this subpart shall use the grant funds to reform teacher preparation requirements, and to ensure that current and future teachers possess the necessary teaching skills and academic content knowledge in the subject areas in which the teachers are assigned to teach, by carrying out 1 or more of the following activities:

''(1) REFORMS.—Implementing reforms that hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which the teachers plan to teach, which may include the use of rigorous subject matter competency tests and the requirement that a teacher have an academic major in the subject area, or related discipline, in which the teacher plans to teach.

''(2) CERTIFICATION OR LICENSURE REQUIREMENTS.—Reforming teacher certification or licensure requirements to ensure that new teachers have the necessary teaching skills and academic content knowledge in the subject areas in which teachers are assigned to teach.

''(3) ALTERNATIVES TO TRADITIONAL PREPARATION FOR TEACHING.—Providing prospective teachers alternatives to traditional preparation for teaching through programs at colleges of arts and sciences or at nonprofit educational organizations.

''(4) ALTERNATIVE ROUTES.—Funding programs that establish, expand, or improve alternative routes to State certification for highly qualified individuals from other occupations and recent college graduates with records of academic distinction, including support during the initial teaching experience.

''(5) RECRUITMENT; PAY; REMOVAL.—Developing and implementing effective mechanisms to ensure that schools are able to effectively recruit highly qualified teachers, to financially reward those teachers and principals whose students have made significant progress toward high academic performance, such as through performance-based compensation systems and access to ongoing professional development opportunities for teachers and administrators, and to remove teachers who are not qualified.

''(6) INNOVATIVE EFFORTS.—Development and implementation of innovative efforts aimed at reducing the shortage of highly qualified teachers in high poverty urban and rural areas, and in school districts with disproportionately high numbers of limited English proficient students, that may include the recruitment of highly qualified individuals from other occupations through alternative certification programs.

''(7) SOCIAL PROMOTION.—Development and implementation of efforts to address the problem of social promotion and to prepare teachers to effectively address the issues raised by ending the practice of social promotion.

''SEC. 213. COMPETITIVE AWARDS.

''(a) ANNUAL AWARDS; COMPETITIVE BASIS.—The Secretary shall award grants under this subpart annually and on a competitive basis.

''(b) PEER REVIEW PANEL.—The Secretary shall provide the applications submitted by States under section 214 to a peer review panel for evaluation. With respect to each application, the peer review panel shall initially recommend the application for funding or for disapproval.

''(c) PRIORITY.—In recommending applications for funding to the Secretary, the panel shall give priority to applications from States that describe activities that—

''(1) include innovative reforms to hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which the teachers plan to teach; and

''(2) involve the development of innovative efforts aimed at reducing the shortage of highly qualified teachers in high poverty urban and rural areas.

''SEC. 214. APPLICATIONS.

''(a) IN GENERAL.—Each State desiring a grant under this subpart shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may require.

''(b) CONTENT OF APPLICATIONS.—Such application shall include a description of how the State intends to use funds provided under this subpart.

''Subpart 2—Teacher Training Partnerships Grants

''SEC. 221. GRANTS AUTHORIZED.

''(a) IN GENERAL.—The Secretary is authorized to award grants to teacher training partnerships to enable the partnerships to carry out the activities described in section 222. Each grant may be awarded for a period of not more than 5 years.

''(b) DEFINITIONS.—In this part:

''(1) TEACHER TRAINING PARTNERSHIPS.—

''(A) IN GENERAL.—The term 'teacher training partnership' means a partnership that—

''(i) shall include a school of arts and sciences, a school or program of education, a local educational agency, and a kindergarten through grade 12 school;

''(ii) shall include a high need local educational agency or kindergarten through grade 12 school; and

''(iii) may include a State educational agency, a pre-kindergarten program, a nonprofit educational organization, a business, or a teacher organization.

''(B) HIGH NEED.—A local educational agency or kindergarten through grade 12 school shall be considered high need for purposes of subparagraph (A)(ii) if the agency or school serves an area within a State in which there is—

''(i) a large number of individuals from families with incomes below the poverty line;

''(ii) a high percentage of teachers not teaching in the content area in which the teachers were trained to teach; or

''(iii) a high teacher turnover rate.

''(2) KINDERGARTEN THROUGH GRADE 12 SCHOOL.—The term 'kindergarten through grade 12 school' means a school having any one of the grades kindergarten through grade 12.

''(c) PRIORITY.—In awarding grants under this subpart the Secretary shall give priority to partnerships that involve businesses.

''(d) CONSIDERATION.—In awarding grants under this subpart the Secretary shall take into consideration—

''(1) providing an equitable geographic distribution of the grants throughout the United States; and

''(2) the proposed project's potential for creating improvement and positive change.

''(e) MATCHING FUNDS.—Each partnership receiving a grant under this subpart shall provide, from sources other than this subpart, an amount equal to 25 percent of the grant in the first year, 35 percent in the second such year, and 50 percent in each succeeding such year, of the amount of the grant, in cash or in kind, to carry out the activities supported by the grant.

''(f) ONE-TIME AWARD.—A partnership may receive a grant under this section only once.

''SEC. 222. USE OF FUNDS.

''(a) IN GENERAL.—Grant funds under this part shall be used to—

''(1) coordinate with the activities of the Governor, State board of education, and State educational agency, as appropriate;

''(2) provide sustained and high quality preservice clinical experiences including the mentoring of prospective teachers by veteran teachers;

''(3) work with a school of arts and sciences to provide increased academic study in a proposed teaching specialty area, through activities such as—

''(A) restructuring curriculum;

''(B) changing core course requirements;

''(C) increasing liberal arts focus;

''(D) providing preparation for board certification; and

''(E) assessing and improving alternative certification, including mentoring and induction support;

''(4) substantially increasing interaction and 2-way collaboration between—

''(A) faculty at institutions of higher education; and

''(B) new and experienced teachers, principals, and other administrators at elementary schools or secondary schools;

''(5) prepare teachers to use technology effectively in the classroom;

''(6) integrate reliable research-based teaching methods into the curriculum;

''(7) broadly disseminate information on effective practices used by the partnership; and

''(8) provide support, including preparation time, for interaction between faculty at an institution of higher education and classroom teachers.

''(b) SPECIAL RULE.—No individual member of a partnership shall retain more than 50 percent of the funds made available to the partnership under this subpart.

''(c) CONSTRUCTION.—Nothing in this part shall be construed to prohibit a teacher training partnership from using grant funds to coordinate with the activities of more than 1 Governor, State board of education, or State educational agency.

''SEC. 223. APPLICATIONS.

''Each teacher training partnership desiring a grant under this subpart shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each such application shall—

''(1) describe the composition of the partnership and the involvement of each partner in the development of the application;

''(2) contain a needs assessment that includes an analysis of the needs of all the partners with respect to teaching and learning;

''(3) contain a resource assessment that includes—

''(A) an analysis of resources available to the partnership;

''(B) a description of the intended use of the grant funds;

''(C) a description of how the partnership will coordinate with other teacher training or professional development programs, including Federal, State, local, private, and other programs;

''(D) a description of how the activities assisted under this subpart are consistent with educational reform activities that promote student achievement; and

''(E) a description of the commitment of the resources of the partnership to the activities assisted under this subpart, including financial support, faculty participation, and time commitments;

''(4) describe how the partnership will include the participation of the schools, colleges, or departments of arts and sciences within an institution of higher education to ensure the integration of teaching techniques and content in teaching preparation;

''(5) describe how the partnership will restructure and improve teaching, teacher training, and development programs, and how such systemic changes will contribute to increased student achievement;

''(6) describe how the partnership will prepare teachers to work with diverse student populations, including individuals with disabilities and limited English proficient individuals;

''(7) describe how the partnership will prepare teachers to use technology;

''(8) contain a dissemination plan regarding knowledge and information with respect to effective teaching practices, and a description of how such knowledge and information will be implemented in elementary schools or secondary schools as well as institutions of higher education;

''(9) describe the commitment of the partnership to continue the activities assisted under this subpart without grant funds provided under this subpart; and

''(10) describe how the partnership will involve and include parents in the reform process.

''Subpart 3—General Provisions

''SEC. 231. ACCOUNTABILITY AND EVALUATION.

''(a) TEACHER QUALITY ENHANCEMENT GRANTS.—

''(1) ACCOUNTABILITY REPORT.—A State that receives a grant under subpart 1 shall submit an annual accountability report to the Secretary, the Committee on Labor and Human Resources of the Senate, and the Committee on Education and the Workforce of the House of Representatives. Such report shall include a description of the degree to which the State, in using funds provided under subpart 1, has made substantial progress in meeting the following goals:

''(A) STUDENT ACHIEVEMENT.—Increasing student achievement for all students, as measured by increased graduation rates, decreased dropout rates, or higher scores on local, State or other assessments.

''(B) RAISING STANDARDS.—Raising the State academic standards required to enter the teaching profession, including, where appropriate, incentives to incorporate the requirement of an academic major in the subject, or related discipline, in which the teacher plans to teach.

''(C) INITIAL CERTIFICATION OR LICENSURE.—Increasing success in the passage rate for initial State teacher certification or licensure, or increasing numbers of highly qualified individuals being certified or licensed as teachers through alternative programs.

''(D) CORE ACADEMIC SUBJECTS.—(i) Increasing the percentage of secondary school classes taught in core academic subject areas by teachers—

''(I) with academic majors in those areas or in a related field;

''(II) who can demonstrate a high level of competence through rigorous academic subject area tests; or

''(III) who can demonstrate high levels of competence through experience in relevant content areas.

''(ii) Increasing the percentage of elementary school classes taught by teachers—

''(I) with academic majors in the arts and sciences; or

''(II) who can demonstrate high levels of competence through experience in relevant content areas.

''(E) DECREASING SHORTAGES FOR PROFESSIONAL DEVELOPMENT.—Decreasing shortages of qualified teachers in poor urban and rural areas.

''(F) INCREASING OPPORTUNITIES.—Increasing opportunities for enhanced and ongoing professional development that improves the academic content knowledge of teachers in the subject areas in which the teachers are certified to teach or in which the teachers are working toward certification to teach.

''(G) TECHNOLOGY INTEGRATION.—Increasing the number of teachers prepared to integrate technology in the classroom.

''(2) TEACHER QUALIFICATIONS PROVIDED TO PARENT UPON REQUEST.—Any local educational agency that benefits from the activities assisted under subpart 1 shall make available, upon request and in an understandable and uniform format, to any parent of a student attending any school served by the local educational agency, information regarding the qualifications of the student's classroom teacher with regard to the subject matter in which the teacher provides instruction. The local educational agency shall inform parents that the parents are entitled to receive the information upon request.

''(b) TEACHER TRAINING PARTNERSHIP EVALUATION PLAN.—Each teacher training partnership receiving a grant under subpart 2 shall establish an evaluation plan that includes strong performance objectives established in negotiation with the Secretary at the time of the grant award. The plan shall include objectives and measures for—

''(1) increased student achievement for all students as measured by increased graduation rates, decreased dropout rates, or higher scores on local, State, or other assessments for a year compared to student achievement as determined by the rates or scores, as the case may be, for the year prior to the year for which a grant under this part is received;

''(2) increased teacher retention in the first 3 years of a teacher's career;

''(3) increased success in the passage rate for initial State certification or licensure of teachers;

''(4) increased percentages of secondary school classes taught in core academic subject areas by teachers—

''(A) with academic majors in those areas or in a related field;

''(B) who can demonstrate a high level of competence through rigorous academic subject area tests; and

''(C) increasing the percentage of elementary school classes taught by teachers with academic majors in the arts and sciences;

''(5) increased integration of technology in teacher preparation and in classroom instruction;

''(6) restructuring or change of methodology courses to reflect best practices learned from elementary schools, secondary schools or other entities;

''(7) increased dissemination of information about effective teaching strategies and practices; and

''(8) other effects of increased integration among members of the partnership.

''SEC. 232. REVOCATION OF GRANT.

''Each State or teacher training partnership receiving a grant under this part shall report annually on progress toward meeting the purposes of this part, and the goals, objectives and measures described in section 231. If the Secretary, after consultation with the peer review panel described in section 213(b) determines that the State or partnership is not making substantial progress in meeting the purposes, goals, objectives and measures, as appropriate, by the end of the second year of the grant, the grant shall not be continued for the third year of the grant.

''SEC. 233. EVALUATION AND DISSEMINATION.

''The Secretary shall evaluate the activities funded under this part and report the Secretary's findings to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives. The Secretary shall broadly disseminate successful practices developed by the States and teacher training partnerships under this part, and shall broadly disseminate information regarding such practices so developed that were found to be ineffective.

''SEC. 234. INTERNATIONAL STUDY AND REPORT.

''(a) STUDY.—The Secretary shall conduct a study through the National Center for Education Statistics regarding the ways teachers are trained and the extent to which teachers in the United States and other comparable countries are teaching in areas other than the teachers' field of study or expertise. The study will examine specific fields and will outline the nature and extent of the problem of out-of-field teaching in the United States and in other countries that are considered comparable to the United States. The study shall include, at a minimum, all the countries that participated in the Third International Mathematics and Science Study (TIMSS).

''(b) REPORT.—The Secretary shall report to Congress regarding the results of the study described in subsection (a).

''SEC. 235. ACCOUNTABILITY FOR PROGRAMS THAT PREPARE TEACHERS.

''(a) INFORMATION COLLECTION AND PUBLICATION.—

''(1) DEFINITIONS.—

''(A) Within six months of the date of enactment of the Higher Education Amendments of 1998, the Commissioner of the National Center for Education Statistics, in consultation with States and institutions of higher education, shall develop key definitions and uniform methods of calculation for terms related to the performance of elementary school and secondary school teacher preparation programs.

''(B) In complying with this section, the Secretary and State shall ensure that fair and equitable methods are used in reporting and that they protect the privacy of individuals.

''(2) INFORMATION.—

''(A) STATE REPORT CARD ON THE QUALITY OF TEACHER PREPARATION.—States that receive funds under this Act shall provide to the Secretary, within two years of enactment of the Higher Education Amendments of 1998, and annually thereafter, in a uniform and comprehensible manner that conforms with the definitions and methods established in subsection (a)(1), a State report card on the quality of teacher preparation, which shall include at least the following:

''(i) A description of the teacher certification and licensure assessments, and any other certification and licensure requirements, used by each State.

''(ii) The standards and criteria that prospective teachers must meet in order to attain initial teacher licensing or certification and to be licensed to teach particular subjects or in particular grades within the State.

''(iii) A description of the extent to which those assessments and requirements are aligned with the State's standards and assessments for students.

''(iv) The percentage of teaching candidates who passed each of the assessments used by the State for licensure and certification, and the 'cut score' on each assessment that determines whether a candidate has passed that assessment.

''(v) The percentage of teaching candidates who passed each of the assessments used by the

State for licensure and certification, disaggregated by the teacher preparation program in that State from which the teacher candidate received his or her most recent degree. States shall make these data available widely and publicly.

''(vi) Information on the extent to which teachers in the State have been given waivers of State licensure or certification requirements, including the proportion of such teachers distributed across high and low poverty districts and across subject areas.

''(vii) A description of each State's alternative routes to teacher certification, if any, and the percentage of teachers certified through alternative certification routes who pass State licensing assessments.

''(viii) For each State, a description of proposed criteria for assessing the performance of teacher preparation programs within institutions of higher education, including but not limited to indicators of teacher candidate knowledge and skills as described in subsection (b)(1)(A).

''(B) REPORT OF THE SECRETARY ON THE QUALITY OF TEACHER PREPARATION.—The Secretary shall publish annually and make widely available a report card on teacher qualifications and preparation in the United States, including all the information reported in subparagraphs (A)(i)–(viii), beginning three years after enactment of the Higher Education Amendments of 1998. The Secretary shall report to Congress a comparison of States' efforts to improve teaching quality. The Secretary shall also report on the national mean and median scores on any standardized test that is used in more than one State for teacher licensure or certification. In the case of teacher preparation programs with fewer than 10 graduates taking any single initial teacher certification assessment during any administration of such assessment, the Secretary shall collect and publish information with respect to an average pass rate on State certification or licensure assessments taken over 3 years.

''(C) INSTITUTIONAL REPORT CARDS ON THE QUALITY OF TEACHER PREPARATION.—Each institution of higher education that conducts a teacher preparation program that enrolls students receiving Federal assistance shall, not later than two years after the enactment of the Higher Education Amendments of 1998, and annually thereafter, report, in a uniform and comprehensible manner, the following information to the State, and the general public, including through publications such as course catalogues and promotional materials sent to potential applicants, high school guidance counselors, and prospective employers of its program graduates, in a manner that conforms with the definitions and methods established under subsection (a)(1):

''(i) For the most recent year for which the information is available, the passing rate of its graduates on the teacher certification and licensure assessments of the State in which it is located, but only for those students who took those assessments within three years of completing the program. A comparison of the program's pass rate with the State average pass rate shall be included as well. In the case of teacher preparation programs with fewer than 10 graduates taking any single initial teacher certification assessment during any administration of such assessment, the institution shall collect and publish information with respect to an average pass rate on State certification or licensure assessments taken over 3 years.

''(ii) The number of students in the program, the average number of hours of supervised practice teaching required for those in the program, and the faculty-student ratio in supervised practice teaching.

''(iii) In States that approve or accredit teacher education programs, a statement of whether the institution's program is so approved or accredited.

''(iv) Whether the program has been designated as low-performing by the State under subsection (b)(1)(B).

In addition to the actions authorized in section 487(c), the Secretary may impose a fine not to exceed $25,000 on a teacher preparation program for failure to provide the information described in subsection (a)(2)(B) in a timely or accurate manner.

''(b) ACCOUNTABILITY.—

''(1) States receiving funding under this Act, shall develop and implement, no later than three years after enactment of the Higher Education Amendments of 1998, the following teacher preparation program accountability measures and publish the measures publicly and widely:

''(A) A description of State criteria for identifying low-performing teacher preparation programs which may include a baseline pass rate on State licensing assessments and other indicators of teacher candidate knowledge and skill. States that do not employ assessments as part of their criteria for licensing or certification are not required to meet this criterion until such time as the State initiates the use of such assessments.

''(B) Procedures for identifying low-performing teacher preparation programs based on the criteria developed by the State as required by subsection (b)(1)(A), and publish a list of those programs.

''(C) States that have, prior to enactment, already conformed with subsections (b)(1) (A)–(B), need not change their procedures, unless the State chooses to do so.

''(2) Not later than four years after enactment of the Higher Education Amendments of 1998, any teacher preparation programs for which the State has withdrawn its approval or terminated its financial support due to the low performance of its teacher preparation program based on procedures described in subsection (b)(1)—

''(A) shall be ineligible for any funding for professional development activities awarded by the Department of Education; and

''(B) shall not be permitted to accept or enroll any student that receives aid under title IV of this Act in its teacher preparation program.

"SEC. 236. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this part $300,000,000 for fiscal year 1999 and such sums as necessary for each of the 4 succeeding fiscal years, of which—

''(1) 50 percent shall be available for each fiscal year to carry out subpart 1; and

''(2) 50 percent shall be available for each fiscal year to carry out subpart 2.

"PART B—RECRUITING NEW TEACHERS FOR UNDERSERVED AREAS

"SEC. 251. STATEMENT OF PURPOSE.

''It is the purpose of this part to—

''(1) provide scholarships and, as necessary, support services for students with high potential to become effective teachers, particularly minority students;

''(2) increase the quality and number of new teachers nationally; and

''(3) increase the ability of schools in underserved areas to recruit a qualified teaching staff.

"SEC. 252. DEFINITIONS.

''In this part—

''(1) ELIGIBLE PARTNERSHIP.—

''(A) IN GENERAL.—The term 'eligible partnership' means a partnership consisting of—

''(i) an institution of higher education that awards baccalaureate degrees and prepares teachers for their initial entry into the teaching profession; and

''(ii) one or more local educational agencies that serve underserved areas.

''(B) ADDITIONAL PARTNERS.—Such a partnership may also include—

''(i) 2-year institutions of higher education that operate teacher preparation programs and maintain articulation agreements, with the institutions of higher education that award baccalaureate degrees for the transfer of credits in teacher preparation;

''(ii) State agencies that have responsibility for policies related to teacher preparation and teacher certification or licensure; and

''(iii) other public and private, nonprofit agencies and organizations that serve, or are located in, communities served by the local educational agencies in the partnership, and that have an interest in teacher recruitment, preparation, and induction.

''(2) SUPPORT SERVICES.—The term 'support services' means—

''(A) academic advice and counseling;

''(B) tutorial services;

''(C) mentoring; and

''(D) child care and transportation, if funding for those services cannot be arranged from other sources.

''(3) UNDERSERVED AREA.—The term 'underserved area' means—

''(A) the area served by the 3 local educational agencies in the State that have the highest numbers of children, ages 5 through 17, from families below the poverty level (based on data satisfactory to the Secretary); and

''(B) the area served by any other local educational agency in which the percentage of such children is at least 20 percent, or the number of such children is at least 10,000.

"SEC. 253. GRANT AUTHORITY AND CONDITIONS.

''(a) GRANTS AUTHORIZED.—

''(1) GRANTS.—

''(A) IN GENERAL.—From amounts appropriated under section 262 the Secretary shall award grants, on a competitive basis, to eligible partnerships to enable the eligible partnerships to pay the Federal share of the cost of carrying out the activities described in section 255.

''(B) DURATION.—Each grant awarded under subparagraph (A) shall be awarded for a period not to exceed 5 years.

''(2) CONTINUING ELIGIBILITY; REVIEW OF PROGRESS.—The Secretary shall—

''(A) continue to make grant payments for the second and succeeding years of a grant awarded under this part, only after determining that the eligible partnership is making satisfactory progress in carrying out the activities under the grant; and

''(B) conduct an intensive review of the eligible partnerships's progress under the grant, with the assistance of outside experts, before making grant payments for the fourth year of the grant.

''(3) MAXIMUM NUMBER.—No eligible partnership may receive more than 2 grants under this subsection.

''(b) MATCHING REQUIREMENT.—

''(1) FEDERAL SHARE.—The Federal share of the cost of activities carried out under a grant made under subsection (a) shall not exceed—

''(A) 70 percent of the cost in the first year of the grant;

''(B) 60 percent in the second year;

''(C) 60 percent in the third year;

''(D) 50 percent in the fourth year; and

''(E) 50 percent in the fifth year and any succeeding year (including each year of the second grant, if any).

''(2) NON-FEDERAL SHARE.—The non-Federal share of activities carried out with a grant under subsection (a) may be provided in cash or in kind, fairly evaluated, and may be obtained from any non-Federal public or private source.

''(c) PLANNING GRANTS.—

''(1) IN GENERAL.—The Secretary may award planning grants to eligible partnerships that are not ready to implement programs under subsection (a).

''(2) DURATION.—Each planning grant shall be for a period of not more than 1 year, which shall be in addition to the period of any grant under subsection (a).

''(3) REQUIREMENT.—Any recipient of a planning grant under this subsection that wishes to receive a grant under subsection (a)(1) shall separately apply for a grant under that subsection.

"SEC. 254. GRANT APPLICATIONS.

"(a) APPLICATIONS REQUIRED.—Any eligible partnership desiring to receive a grant under this part shall submit an application to the Secretary at such time, in such form, and containing such information as the Secretary may require.

"(b) APPLICATION CONTENTS.—Each application for a grant under section 253(a) shall include—

"(1) a designation of the institution or agency, within the eligible partnership, that will serve as the fiscal agent for the grant;

"(2) information on the quality of the teacher preparation program of the institution of higher education participating in the eligible partnership and how the eligible partnership will ensure, through improvements in the eligible partnership's teacher preparation practices or other appropriate strategies, that scholarship recipients will receive high-quality preparation;

"(3) a description of the assessment the members of the eligible partnership have undertaken—

"(A) to determine—

"(i) the most critical needs of the local educational agencies, particularly the needs of schools in high-poverty areas, for new teachers (which may include teachers in particular subject areas or at certain grade levels); and

"(ii) how the project carried out under the grant will address those needs; and

"(B) that reflects the input of all significant entities in the community (including organizations representing teachers and parents) that have an interest in teacher recruitment, preparation, and induction;

"(4) a description of the project the eligible partnership will carry out with the grant, including information regarding—

"(A) the recruitment and outreach efforts the eligible partnership will undertake to publicize the availability of scholarships and other assistance under the program;

"(B)(i) the number and types of students that the eligible partnership will serve under the program, which may include education paraprofessionals seeking to achieve full teacher certification or licensure; teachers whom the partner local educational agencies have hired under emergency certification or licensure procedures; or former military personnel, mid-career professionals, or AmeriCorps or Peace Corps volunteers, who desire to enter teaching; and

"(ii) the criteria that the eligible partnership will use in selecting the students, including criteria to determine whether individuals have the capacity to benefit from the program, complete teacher certification requirements, and become effective teachers;

"(C) the activities the eligible partnership will carry out under the grant, including a description of, and justification for, any support services the institution of higher education participating in the eligible partnership will offer to participating students;

"(D) the number and funding range of the scholarships the institution will provide to students; and

"(E) the procedures the institution will establish for entering into, and enforcing, agreements with scholarship recipients regarding the recipients' fulfillment of the service commitment described in section 259;

"(5) a description of how the institution will use funds provided under the grant only—

"(A) to increase the number of students—

"(i) with high potential to be effective teachers;

"(ii) participating in the institution's teacher preparation programs; or

"(iii) in the particular type or types of preparation programs that the grant will support; or

"(B) to increase the number of graduates, who are minority individuals, with high potential to be effective teachers;

"(6) a description of the commitments, by the local educational agencies participating in the partnership, to hire qualified scholarship recipients in the schools served by the agencies and in the subject areas or grade levels for which the scholarship recipients will be trained, and a description of the actions the participating institution of higher education, the participating local educational agencies, and the other partners will take to facilitate the successful transition of the recipients into teaching; and

"(7) a description of the eligible partnership's plan for institutionalizing the activities the partnership is carrying out under this part, so that the activities will continue once Federal funding ceases.

"SEC. 255. USES OF FUNDS.

"(a) IN GENERAL.—Each eligible partnership receiving a grant under section 523(a) shall use the grant funds for the following:

"(1) SCHOLARSHIPS.—Scholarships to help students pay the costs of tuition, room, board, and other expenses of completing a teacher preparation program.

"(2) SUPPORT SERVICES.—Support services, if needed to enable scholarship recipients to complete postsecondary education programs.

"(3) FOLLOWUP SERVICES.—Followup services provided to former scholarship recipients during the recipients' first 3 years of teaching.

"(4) PAYMENTS.—Payments to partner local educational agencies, if needed to enable the agencies to permit paraprofessional staff to participate in teacher preparation programs (such as the cost of release time for the staff).

"(5) ADDITIONAL COURSES.—If appropriate, and if no other funds are available for, paying the costs of additional courses taken by former scholarship recipients during the recipients' initial 3 years of teaching.

"(b) PLANNING GRANTS.—A recipient of a planning grant under section 253(c) shall use the grant funds for the costs of planning for the implementation of a grant under section 253(a).

"SEC. 256. SELECTION OF APPLICANTS.

"(a) PEER REVIEW.—The Secretary, using a peer review process, shall select eligible partnerships to receive funding under this part on the basis of—

"(1) the quality of the teacher preparation program offered by the institution participating in the partnership;

"(2) the quality of the program carried out under the application; and

"(3) the capacity of the partnership to carry out the grant successfully.

"(b) CRITERIA.—

"(1) IN GENERAL.—In awarding grants under section 253(a), the Secretary shall seek to ensure that—

"(A) in the aggregate, eligible partnerships carry out a variety of approaches to preparing new teachers; and

"(B) there is an equitable geographic distribution of the grants.

"(2) SPECIAL CONSIDERATION.—In addition to complying with paragraph (1), the Secretary shall give special consideration to—

"(A) applications most likely to result in the preparation of increased numbers of individuals with high potential for effective teaching who are minority individuals;

"(B) applications from partnerships that have as members of the partnerships historically Black colleges and universities, Hispanic-serving institutions, and Tribal Colleges and Universities; or

"(C) applications from partnerships that propose to carry out programs that use innovative means, including technology, to recruit for participation in the activities assisted under the programs students who are Native Hawaiian, Alaska Native, or Native American Pacific Islander.

"(c) SECOND FIVE-YEAR GRANTS.—In selecting eligible partnerships to receive second year grant payments under this part, the Secretary shall give a preference to eligible partnerships whose projects have resulted in—

"(1) the placement and retention of a substantial number of high-quality graduates in teaching positions in underserved, high-poverty schools;

"(2) the adoption of effective programs that meet the teacher preparation needs of high-poverty urban and rural areas; and

"(3) effective partnerships with elementary schools and secondary schools that are supporting improvements in student achievement.

"SEC. 257. DURATION AND AMOUNT OF ASSISTANCE; RELATION TO OTHER ASSISTANCE.

"(a) DURATION OF ASSISTANCE.—No individual may receive scholarship assistance under this part—

"(1) for more than 5 years of postsecondary education; and

"(2) unless that individual satisfies the requirements of section 484(a)(5).

"(b) AMOUNT OF ASSISTANCE.—No individual may receive a scholarship awarded under this part that exceeds the cost of attendance, as defined in section 472, at the institution of higher education the individual is attending.

"(c) RELATION TO OTHER ASSISTANCE.—A scholarship awarded under this part—

"(1) shall not be reduced on the basis of the individual's receipt of other forms of Federal student financial assistance; and

"(2) shall be regarded as other financial assistance available to the student, within the meaning of sections 471(3) and 480(j)(1), in determining the student's eligibility for grant, loan, or work assistance under title IV.

"SEC. 258. SCHOLARSHIP CONDITIONS.

"(a) IN GENERAL.—A recipient of a scholarship under this part shall continue to receive the scholarship assistance only as long as the recipient is—

"(1) enrolled as a full-time student and pursuing a course of study leading to teacher certification, unless the recipient is working in a public school (as a paraprofessional, or as a teacher under emergency credentials) while participating in the program; and

"(2) maintaining satisfactory progress as determined by the institution of higher education participating in the partnership.

"(b) SPECIAL RULE. Each eligible partnership shall modify the application of section 257(a)(1) and of subsection (a)(1) to the extent necessary to accommodate the rights of individuals with disabilities under section 504 of the Rehabilitation Act of 1973.

"SEC. 259. SERVICE REQUIREMENTS.

"(a) REQUIREMENT.—Each eligible partnership receiving a grant under this part shall enter into an agreement, with each student to whom the partnership awards a scholarship under this part, providing that a scholarship recipient who completes a teacher preparation program under this part shall, within 7 years of completing that program, teach full-time for at least 5 years in a high-poverty school in an underserved geographic area or repay the amount of the scholarship, under the terms and conditions established by the Secretary.

"(b) REGULATIONS. The Secretary shall prescribe regulations relating to the requirements of subsection (a), including any provisions for waiver of those requirements.

"SEC. 260. EVALUATION.

"The Secretary shall provide for an evaluation of the program carried out under this part, which shall asses such issues as—

"(1) whether institutions participating in the eligible partnerships are successful in preparing scholarship recipients to teach to high State and local standards;

"(2) whether scholarship recipients are successful in completing teacher preparation programs, becoming fully certified teachers, and obtaining teaching positions in underserved areas, and whether the recipients continue teaching in those areas over a period of years;

''(3) the national impact of the program in assisting local educational agencies in underserved areas to recruit, prepare, and retain diverse, high-quality teachers in the areas in which the agencies have the greatest needs;

''(4) the long-term impact of the grants on teacher preparation programs conducted by institutions of higher education participating in the eligible partnership and on the institutions' relationships with their partner local educational agencies and other members of the partnership; and

''(5) the relative effectiveness of different approaches for preparing new teachers to teach in underserved areas, including their effectiveness in preparing new teachers to teach to high content and performance standards.

''SEC. 261. NATIONAL ACTIVITIES.

''The Secretary may reserve not more than 5 percent of the funds appropriated for this part for any fiscal year for—

''(1) peer review of applications;

''(2) conducting the evaluation required under section 260; and

''(3) technical assistance.

''SEC. 262. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this part $37,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

TITLE III—INSTITUTIONAL AID

SEC. 301. TRANSFERS AND REDESIGNATIONS.

(a) IN GENERAL.—Title III (20 U.S.C. 1051 et seq.) is amended—

(1) by redesignating part D as part F;

(2) by redesignating sections 351, 352, 353, 354, 356, 357, 358, and 360 (20 U.S.C. 1066, 1067, 1068, 1069, 1069b, 1069c, 1069d, and 1069f) as sections 391, 392, 393, 394, 395, 396, 397, and 398, respectively;

(3) by transferring part B of title VII (20 U.S.C. 1132c et seq.) to title III to follow part C of title III (20 U.S.C. 1065 et seq.), and redesignating such part B as part D;

(4) by redesignating sections 721 through 728 (20 U.S.C. 1132c and 1132c–7) as sections 341 through 348, respectively;

(5) by transferring subparts 1 and 3 of part B of title X (20 U.S.C. 1135b et seq. and 1135d et seq.) to title III to follow part D of title III (as redesignated by paragraph (3)), and redesignating such subpart 3 as subpart 2;

(6) by inserting after part D of title III (as redesignated by paragraph (3)) the following:

''**PART E—MINORITY SCIENCE IMPROVEMENT PROGRAM**'';

(7) by redesignating sections 1021 through 1024 (20 U.S.C. 1135b and 1135b–3), and sections 1041, 1042, 1043, 1044, 1046, and 1047 (20 U.S.C. 1135d, 1135d–1, 1135d–2, 1135d–3, 1135d–5, and 1135d–6) as sections 351 through 354, and sections 361, 362, 363, 364, 365, and 366, respectively; and

(8) by repealing section 366 (as redesignated by paragraph (7)) (20 U.S.C. 1135d–6).

(b) CONFORMING AMENDMENT.—Section 361 (as redesignated by subsection (a)(7)) (20 U.S.C. 1135d) is amended—

(1) in paragraph (1), by inserting ''and'' after the semicolon;

(2) in paragraph (2), by striking ''; and'' and inserting a period; and

(3) by striking paragraph (3).

(c) CROSS REFERENCES.—Title III (20 U.S.C. 1051 et seq.) is amended—

(1) in section 311(b) (20 U.S.C. 1057(b)), by striking ''360(a)(1)'' and inserting ''398(a)(1)'';

(2) in section 312 (20 U.S.C. 1058)—

(A) in subsection (b)(1)(B), by striking ''352(b)'' and inserting ''392(b)''; and

(B) in subsection (c)(2), by striking ''352(a)'' and inserting ''392(a)'';

(3) in section 313(b) (20 U.S.C. 1059(b)), by striking ''354(a)(1)'' and inserting ''394(a)(1)'';

(4) in section 342 (as redesignated by subsection (a)(4)) (20 U.S.C. 1132c–1)—

(A) in paragraph (3), by striking ''723(b)'' and inserting ''343(b)'';

(B) in paragraph (4), by striking ''723'' and inserting ''343'';

(C) in the matter preceding subparagraph (A) of paragraph (5), by striking ''724(b)'' and inserting ''344(b)'';

(D) in paragraph (8), by striking ''725(1)'' and inserting ''345(1)''; and

(E) in paragraph (9), by striking ''727'' and inserting ''347'';

(5) in section 343 (as redesignated by subsection (a)(4)) (20 U.S.C. 1132c–2)—

(A) in subsection (a), by striking ''724'' and inserting ''344''; and

(B) in subsection (b)—

(i) in the matter preceding paragraph (1), by striking ''725(1) and 726'' and inserting ''345(1) and 346'';

(ii) in paragraph (10), by striking ''724'' and inserting ''344''; and

(iii) in subsection (d), by striking ''723(c)(1)'' and inserting ''343(c)(1)'';

(6) in section 345(2) (as redesignated by subsection (a)(4)) (20 U.S.C. 1132c–4(2)), by striking ''723'' and inserting ''343'';

(7) in section 348 (as redesignated by subsection (a)(4)) (20 U.S.C. 1132c–7), by striking ''725(1)'' and inserting ''345(1)'';

(8) in section 353(a) (as redesignated by subsection (a)(7)) (20 U.S.C. 1135b–2(a))—

(A) in paragraph (1), by striking ''1046(6)'' and inserting ''365(6)'';

(B) in paragraph (2), by striking ''1046(7)'' and inserting ''365(7)'';

(C) in paragraph (3), by striking ''1046(8)'' and inserting ''365(8)''; and

(D) in paragraph (4), by striking ''1046(9)'' and inserting ''365(9)'';

(9) in section 361(1) (as redesignated by subsection (a)(7)) (20 U.S.C. 1135d(1)), by striking ''1046(3)'' and inserting ''365(3)'';

(10) in section 362(a) (as redesignated by subsection (a)(7)) (20 U.S.C. 1135d–1(a))—

(A) in the matter preceding paragraph (1), by striking ''1041'' and inserting ''361''; and

(B) in paragraph (1), by striking ''1021(b)'' and inserting ''351(b)''; and

(11) in section 391(b)(6) (as redesignated by subsection (a)(2)), by striking ''357'' and inserting ''396''.

SEC. 302. FINDINGS.

Section 301(a) (20 U.S.C. 1051(a)) is amended—

(1) by redesignating paragraphs (3) through (7) as paragraphs (4) through (8), respectively; and

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

''(3) in order to be competitive and provide a high-quality education for all, institutions of higher education should improve their technological capacity and make effective use of technology;''.

SEC. 303. STRENGTHENING INSTITUTIONS.

(a) GRANTS.—Section 311 (20 U.S.C. 1057) is amended—

(1) in subsection (b)(3)(D), by inserting '', including high technology equipment,'' after ''equipment''; and

(2) by adding at the end the following:

''(c) ENDOWMENT FUND.—

''(1) IN GENERAL.—An eligible institution may use not more than 20 percent of the grant funds provided under this part to establish or increase an endowment fund at such institution.

''(2) MATCHING REQUIREMENT.—In order to be eligible to use grant funds in accordance with paragraph (1), the eligible institution shall provide matching funds, in an amount equal to the Federal funds used in accordance with paragraph (1), for the establishment or increase of the endowment fund.

''(3) COMPARABILITY.—The provisions of part C, regarding the establishment or increase of an endowment fund, that the Secretary determines are not inconsistent with this subsection, shall apply to funds used under paragraph (1).''.

(b) DURATION OF GRANT.—Section 313 (20 U.S.C. 1059) is amended by adding at the end the following:

''(d) WAIT-OUT-PERIOD.—Each eligible institution that received a grant under this part for a 5-year period shall not be eligible to receive an additional grant under this part until 2 years after the date on which the 5-year grant period terminates.

(c) AMERICAN INDIAN TRIBALLY CONTROLLED COLLEGES AND UNIVERSITIES.—Section 316 (20 U.S.C. 1059c) is amended to read as follows:

''SEC. 316. AMERICAN INDIAN TRIBALLY CONTROLLED COLLEGES AND UNIVERSITIES.

''(a) PROGRAM AUTHORIZED.—The Secretary shall provide grants and related assistance to American Indian Tribal Colleges and Universities to enable such institutions to improve and expand their capacity to serve Indian students.

''(b) DEFINITIONS.—In this section:

''(1) INDIAN.—The term 'Indian' has the meaning given the term in section 2 of the Tribally Controlled College or University Assistance Act of 1978.

''(2) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 2 of the Tribally Controlled College or University Assistance Act of 1978.

''(3) TRIBAL COLLEGE OR UNIVERSITY.—The term 'Tribal College or University' has the meaning give the term 'tribally controlled college or university' in section 2 of the Tribally Controlled College or University Assistance Act of 1978, and includes an institution listed in the Equity in Educational Land Grant Status Act of 1994.

''(4) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means an institution of higher education as defined in section 1201(a), except that paragraph (2) of such section shall not apply.

''(c) AUTHORIZED ACTIVITIES.—

''(1) IN GENERAL.—Grants awarded under this section shall be used by Tribal Colleges or Universities to assist such institutions to plan, develop, undertake, and carry out activities to improve and expand such institutions' capacity to serve Indian students.

''(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—The activities described in paragraph (1) may include—

''(A) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

''(B) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services;

''(C) support of faculty exchanges, faculty development, and faculty fellowships to assist in attaining advanced degrees in the faculty's field of instruction;

''(D) academic instruction in disciplines in which American Indians are underrepresented;

''(E) purchase of library books, periodicals, and other educational materials, including telecommunications program material;

''(F) tutoring, counseling, and student service programs designed to improve academic success;

''(G) funds management, administrative management, and acquisition of equipment for use in strengthening funds management;

''(H) joint use of facilities, such as laboratories and libraries;

''(I) establishing or improving a development office to strengthen or improve contributions from alumni and the private sector;

''(J) establishing or enhancing a program of teacher education designed to qualify students to teach in elementary schools or secondary schools, with a particular emphasis on teaching American Indian children and youth, that shall include, as part of such program, preparation for teacher certification;

''(K) establishing community outreach programs that encourage American Indian elementary school and secondary school students to develop the academic skills and the interest to pursue postsecondary education;

''(L) other activities proposed in the application submitted pursuant to subsection (d) that—

''(i) contribute to carrying out the activities described in subparagraphs (A) through (K); and

''(ii) are approved by the Secretary as part of the review and acceptance of such application.

''(3) ENDOWMENT FUND.—

''(A) IN GENERAL.—A Tribal College or University may use not more than 20 percent of the grant funds provided under this section to establish or increase an endowment fund at the institution.

''(B) MATCHING REQUIREMENT.—In order to be eligible to use grant funds in accordance with subparagraph (A), the Tribal College or University shall provide matching funds, in an amount equal to the Federal funds used in accordance with subparagraph (A), for the establishment or increase of the endowment fund.

''(C) COMPARABILITY.—The provisions of part C regarding the establishment or increase of an endowment fund, that the Secretary determines are not inconsistent with this paragraph, shall apply to funds used under subparagraph (A).

''(d) APPLICATION PROCESS.—

''(1) INSTITUTIONAL ELIGIBILITY.—To be eligible to receive assistance under this section, a Tribal College or University shall be an institution that—

''(A) is an eligible institution under section 312(b);

''(B) is eligible to receive assistance under the Tribally Controlled College or University Assistance Act of 1978; or

''(C) is eligible to receive funds under the Equity in Educational Land Grant Status Act of 1994.

''(2) APPLICATION.—Any Tribal College or University desiring to receive assistance under this section shall submit an application to the Secretary at such time, and in such manner, as the Secretary may by regulation reasonably require. Each such application shall include—

''(A) a 5-year plan for improving the assistance provided by the Tribal College or University to Indian students, increasing the rates at which Indian secondary school students enroll in higher education, and increasing overall postsecondary retention rates for Indian students; and

''(B) such enrollment data and other information and assurances as the Secretary may require to demonstrate compliance with subparagraph (A) or (B) of paragraph (1).

''(3) SPECIAL RULE.—For the purposes of this part, no Tribal College or University that is eligible for and receives funds under this section may concurrently receive other funds under this part or part B.''.

(d) ALASKA NATIVE AND NATIVE HAWAIIAN-SERVING INSTITUTIONS.—Part A of title III (20 U.S.C. 1057 et seq.) is amended by adding at the end the following:

''SEC. 317. ALASKA NATIVE AND NATIVE HAWAIIAN-SERVING INSTITUTIONS.

''(a) PROGRAM AUTHORIZED.—The Secretary shall provide grants and related assistance to Alaska Native-serving institutions and Native Hawaiian-serving institutions to enable such institutions to improve and expand their capacity to serve Alaska Natives and Native Hawaiians.

''(b) DEFINITIONS.—For the purpose of this section—

''(1) the term 'Alaska Native' has the meaning given the term in section 9308 of the Elementary and Secondary Education Act of 1965;

''(2) the term 'Alaska Native-serving institution' means an institution of higher education that—

''(A) is an eligible institution under section 312(b); and

''(B) at the time of application, has an enrollment of undergraduate students that is at least 20 percent Alaska Native students;

''(3) the term 'Native Hawaiian' has the meaning given the term in section 9212 of the Elementary and Secondary Education Act of 1965; and

''(4) the term 'Native Hawaiian-serving institution' means an institution of higher education which—

''(A) is an eligible institution under section 312(b); and

''(B) at the time of application, has an enrollment of undergraduate students that is at least 10 percent Native Hawaiian students.

''(c) AUTHORIZED ACTIVITIES.—

''(1) TYPES OF ACTIVITIES AUTHORIZED.—Grants awarded under this section shall be used by Alaska Native-serving institutions and Native Hawaiian-serving institutions to assist such institutions to plan, develop, undertake, and carry out programs.

''(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—Such programs may include—

''(A) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

''(B) renovation and improvement in classroom, library, laboratory, and other instructional facilities;

''(C) support of faculty exchanges, and faculty development and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

''(D) curriculum development and academic instruction;

''(E) purchase of library books, periodicals, microfilm, and other educational materials;

''(F) funds and administrative management, and acquisition of equipment for use in strengthening funds management;

''(G) joint use of facilities such as laboratories and libraries; and

''(H) academic tutoring and counseling programs and student support services.

''(d) APPLICATION PROCESS.—

''(1) INSTITUTIONAL ELIGIBILITY.—Each Alaska Native-serving institution and Native Hawaiian-serving institution desiring to receive assistance under this section shall submit to the Secretary such enrollment data as may be necessary to demonstrate that it is an Alaska Native-serving institution or a Native Hawaiian-serving institution as defined in subsection (b), along with such other information and data as the Secretary may by regulation require.

''(2) APPLICATIONS.—Any institution which is determined by the Secretary to be an Alaska Native-serving institution or a Native Hawaiian-serving institution may submit an application for assistance under this section to the Secretary. Such application shall include—

''(A) a 5-year plan for improving the assistance provided by the Alaska Native-serving institution or the Native Hawaiian-serving institution to Alaska Native or Native Hawaiian students; and

''(B) such other information and assurance as the Secretary may require.

''(e) SPECIAL RULE.—For the purposes of this section, no Alaska Native-serving institution or Native Hawaiian-serving institution which is eligible for and receives funds under this section may concurrently receive other funds under this part or part B.''.

SEC. 304. STRENGTHENING HBCU's.

(a) GRANTS.—Section 323 (20 U.S.C. 1062) is amended—

(1) by redesignating subsection (b) as subsection (c); and

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

''(b) ENDOWMENT FUND.—

''(1) IN GENERAL.—An institution may use not more than 20 percent of the grant funds provided under this part to establish or increase an endowment fund at the institution.

''(2) MATCHING REQUIREMENT.—In order to be eligible to use grant funds in accordance with paragraph (1), the eligible institution shall provide matching funds, in an amount equal to the Federal funds used in accordance with paragraph (1), for the establishment or increase of the endowment fund.

''(3) COMPARABILITY.—The provisions of part C regarding the establishment or increase of an endowment fund, that the Secretary determines are not inconsistent with this subsection, shall apply to funds used under paragraph (1).''.

(b) PROFESSIONAL OR GRADUATE INSTITUTIONS.—Section 326 (20 U.S.C. 1063b) is amended—

(1) in subsection (a)—

(A) in paragraph (2), by striking ''$500,000'' and inserting ''$1,000,000''; and

(B) by adding at the end of paragraph (2) the following: ''If a grant of less than $1,000,000 is made under this section, matching funds provided from non-Federal sources are not required. If a grant equal to or in excess of $1,000,000 is made under this section, matching funds provided from non-Federal sources are required only with respect to the amount of the grant that exceeds $1,000,000.''; and

(2) in subsection (d)(2), by striking ''$500,000'' and inserting ''$1,000,000''.

(3) in subsection (e)(1)—

(A) in subparagraph (E), by inserting '', and any Tuskegee University qualified graduate program'' before the semicolon;

(B) in subparagraph (F), by inserting '', and any Xavier University qualified graduate program'' before the semicolon;

(C) in subparagraph (G), by inserting '', and any Southern University qualified graduate program'' before the semicolon;

(D) in subparagraph (H), by inserting '', and any Texas Southern University qualified graduate program'' before the semicolon;

(E) in subparagraph (I), by inserting '', and any Florida A&M University qualified graduate program'' before the semicolon;

(F) in subparagraph (J), by inserting '', and any North Carolina Central University qualified graduate program'' before the semicolon;

(G) in subparagraph (O), by striking ''and'' after the semicolon.

(H) in subparagraph (P)—

(i) by inserting ''University'' after ''State''; and

(ii) by striking the period and inserting a semicolon; and

(I) by adding at the end the following:

''(Q) Norfolk State University qualified graduate program; and

''(R) Tennessee State University qualified graduate program.'';

(4) in subsection (f)—

(A) in paragraph (1), by striking ''$12,000,000'' and inserting ''$15,000,000'';

(B) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking ''$12,000,000'' and inserting ''$15,000,000 but not in excess of $28,000,000'';

(ii) in subparagraph (A), by striking ''$500,000'' and inserting ''$1,000,000''; and

(iii) in subparagraph (B)—

(I) by striking ''(A) through (P)'' and inserting ''(Q) and (R)''; and

(II) by striking the period and inserting ''; and

(C) by adding at the end the following:

''(3) any amount appropriated in excess of $28,000,000 shall be available for the purpose of making grants to institutions or programs described in subparagraphs (A) through (R), on a competitive basis and through a peer review process that takes into consideration—

''(A) the ability of the institution to match Federal funds with non-Federal funds;

''(B) the number of students enrolled in the institution or program for which funds are sought;

''(C) the percentage of students enrolled in the institution or program for which funds are sought who are eligible for need-based student aid;

''(D) the percentage of students enrolled in the institution or program for which funds are sought who complete their degrees within a reasonable period of time as determined by the Secretary; and

''(E) the quality of the proposal.''; and

(5) by adding at the end the following:

''(g) SPECIAL RULE.—No institution or program described in subsection (e)(1) that received a grant under this section for fiscal year 1998 and that is eligible to receive a grant under this section in a subsequent fiscal year shall receive a grant under this section in any subsequent fiscal year in an amount that is less than the grant amount received for fiscal year 1996 or 1997, whichever is greater, unless—

''(1) the amount appropriated for the subsequent fiscal year is not sufficient to provide grants under this section to all such institutions or programs; or

''(2) the institution or program cannot provide sufficient matching funds to meet the requirements of this section.''.

SEC. 305. ENDOWMENT CHALLENGE GRANTS.

Paragraph (2) of section 331(b) (20 U.S.C. 1065(b)) is amended by striking subparagraphs (B) and (C) and inserting the following:

''(B) The Secretary may make a grant under this part to an eligible institution in any fiscal year if the institution—

''(i) applies for a grant in an amount not exceeding $500,000; and

''(ii) has deposited in the eligible institution's endowment fund established under this section an amount which is equal to ½ of the amount of such grant.

''(C) An eligible institution of higher education that is awarded a grant under subparagraph (B) shall not be eligible to receive an additional grant under subparagraph (B) until 10 years after the date on which the grant period terminates.''.

SEC. 306. HBCU CAPITAL FINANCING.

(a) DEFINITION.—Section 342(5) (as redesignated by section 301(a)(4)) (20 U.S.C. 1132c–1(5)) is amended—

(1) by redesignating subparagraphs (B), (C), and (D) as subparagraphs (C), (F), and (G);

(2) by inserting after subparagraph (A) the following:

''(B) a facility for the administration of an educational program, or a student center or student union, except that not more than 5 percent of the loan proceeds provided under this part may be used for the facility, center or union if the facility, center or union is owned, leased, managed, or operated by a private business, that, in return for such use, makes a payment to the eligible institution;'';

(3) by inserting after subparagraph (C) (as redesignated by paragraph (1)) the following:

''(D) a maintenance, storage, or utility facility that is essential to the operation of a facility, a library, a dormitory, equipment, instrumentation, a fixture, real property or an interest therein, described in this paragraph;

''(E) a facility designed to provide primarily outpatient health care for students or faculty;''; and

(4) in subparagraph (G) (as redesignated by paragraph (2)), by striking ''(C)'' and inserting ''(F)''.

(b) FULL FAITH AND CREDIT.—Section 343 (as redesignated by section 301(a)(4)) (20 U.S.C. 1132c–2) is amended by adding at the end the following:

''(e) Notwithstanding any other provision of law, the Secretary may sell a qualified bond guaranteed under this part to any party that offers terms that the Secretary determines are in the best interest of the eligible institution.''.

SEC. 307. MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAM.

(a) MINORITY SCIENCE IMPROVEMENT PROGRAM FINDINGS.—Subpart 1 of part E of title III (as redesignated by paragraphs (6) and (7) of section 301) (20 U.S.C. 1135b et seq.) is amended by inserting after the subpart heading the following:

''SEC. 350. FINDINGS.

''Congress makes the following findings:

''(1) It is incumbent on the Federal Government to support the technological and economic competitiveness of the United States by improving and expanding the scientific and technological capacity of the United States. More and better prepared scientists, engineers, and technical experts are needed to improve and expand such capacity.

''(2) As the Nation's population becomes more diverse, it is important that the educational and training needs of all Americans are met. Underrepresentation of minorities in science and technological fields diminishes our Nation's competitiveness by impairing the quantity of well prepared scientists, engineers, and technical experts in these fields.

''(3) Despite significant limitations in resources, minority institutions provide an important educational opportunity for minority students, particularly in science and engineering fields. Aid to minority institutions is a good way to address the underrepresentation of minorities in science and technological fields.

''(4) There is a strong Federal interest in improving science and engineering programs at minority institutions as such programs lag behind in program offerings and in student enrollment compared to such programs at other institutions of higher education.''.

(b) DEFINITIONS.—Section 365(4) (as redesignated by section 301(a)(7)) (20 U.S.C. 1135d–5(4)) is amended by inserting ''behavioral,'' after ''physical,''.

SEC. 308. GENERAL PROVISIONS.

(a) APPLICATIONS.—Paragraph (1) of section 391(b) (as redesignated by section 301(a)(2)) (20 U.S.C. 1066(b)) is amended by inserting '', D or E'' after ''part C''.

(b) APPLICATION REVIEW PROCESS.—Section 393 (as redesignated by section 301(a)(2)) (20 U.S.C. 1068) is amended by adding at the end the following:

''(d) EXCLUSION.—The provisions of this section shall not apply to applications submitted under part D.''.

(c) WAIVERS.—Paragraph (2) of section 395(b) (as redesignated by section 301(a)(2)) (20 U.S.C. 1069b(b)) is amended by striking ''title IV, VII, or VIII'' and inserting ''part D or title IV''.

(d) AUTHORIZATION OF APPROPRIATIONS.—Section 398(a) (as redesignated by section 301(a)(2)) (20 U.S.C. 1069f) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking ''1993'' and inserting ''1999'';

(B) in subparagraph (B)—

(i) in clause (i), by striking ''$45,000,000 for fiscal year 1993'' and inserting ''$5,000,000 for fiscal year 1999'';

(ii) by striking clause (ii); and

(iii) by striking ''(B)(i) There'' and inserting ''(B) There''; and

(C) by adding at the end the following:

''(C) There are authorized to be appropriated to carry out section 317, $5,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.'';

(2) in paragraph (2)—

(A) in subparagraph (A), by striking ''1993'' and inserting ''1999''; and

(B) in subparagraph (B), by striking ''$20,000,000 for fiscal year 1993'' and inserting ''$30,000,000 for fiscal year 1999'';

(3) in paragraph (3), by striking ''$50,000,000 for fiscal year 1993'' and inserting ''$10,000,000 for fiscal year 1999''; and

(4) by adding at the end the following:

''(4) PART D.—There are authorized to be appropriated to carry out part D, $110,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

''(5) PART E.—There are authorized to be appropriated to carry out part E, $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

TITLE IV—STUDENT ASSISTANCE

PART A—GRANTS TO STUDENTS IN ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION

SEC. 411. REPEALS AND REDESIGNATIONS.

Part A of title IV (20 U.S.C. 1070 et seq.) is amended—

(1) in subpart 2 (20 U.S.C. 1070a–11), by repealing chapters 3 through 8 (20 U.S.C. 1070a–31 et seq. and 1070a–81 et seq.); and

(2) by repealing subpart 8 (20 U.S.C. 1070f).

SEC. 412. FEDERAL PELL GRANTS.

(a) AMENDMENT TO SUBPART HEADING.—The heading for subpart 1 of part A of title IV (20 U.S.C. 1070a et seq.) is amended by striking ''***Basic Educational Opportunity Grants***'' and inserting ''***Federal Pell Grants***''.

(b) FEDERAL PELL GRANTS.—Section 401 (20 U.S.C. 1070a) is amended—

(1) in the section heading, by striking ''***BASIC EDUCATIONAL OPPORTUNITY GRANTS***'' and inserting ''***FEDERAL PELL GRANTS***'';

(2) in subsection (a)(1)—

(A) in the first sentence, by striking ''shall, during the period beginning July 1, 1972, and ending September 30, 1998,'' and inserting '', for each fiscal year through fiscal year 2004, shall''; and

(B) in the second sentence, by inserting ''until such time as the Secretary determines and publishes in the Federal Register with an opportunity for comment, an alternative payment system that provides payments to institutions in an accurate and timely manner,'' after ''pay eligible students'';

(3) in subsection (b)—

(A) in paragraph (2)(A), by striking clauses (i) through (v), and inserting the following:

''(i) $5,000 for academic year 1999–2000;

''(ii) $5,200 for academic year 2000–2001;

''(iii) $5,400 for academic year 2001–2002;

''(iv) $5,600 for academic year 2002–2003; and

''(v) $5,800 for academic year 2003–2004.'';

(B) by amending paragraph (3) to read as follows:

''(3) For any academic year for which an appropriation Act provides a maximum basic grant in an amount in excess of $2,400, the amount of a student's basic grant shall equal $2,400 plus—

''(A) one-half of the amount by which such maximum basic grant exceeds $2,400; plus

''(B) the lesser of—

''(i) the remaining one-half of such excess; or

''(ii) the sum of the student's tuition, fees, and if the student has dependent care expenses (as described in section 472(8) or disability-related expenses (as described in section 472(9)), an allowance determined by the institution for such expenses.'';

(C) in paragraph (5), by striking ''$400, except'' and all that follows through ''grant of $400'' and insert ''$200''; and

(D) in paragraph (6)—

(i) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(ii) by inserting ''(A)'' after the paragraph designation; and

(iii) by adding at the end the following:

''(B) The Secretary shall promulgate regulations implementing this paragraph.''; and

(4) in subsection (c)—

(A) by amending paragraph (1) to read as follows: ''(1)(A) Except as provided in subparagraph (B), the period during which a student may receive a basic grant shall be the period, required for the completion of the first undergraduate baccalaureate course of study pursued by the student at the institution at which the student is in attendance, that does not exceed 150 percent of the period normally required by a full-time student (or the equivalent period, in the case of a part-time student) to complete the course of study at the institution, as determined by the institution.

''(B)(i) A student may receive basic grants under this subpart for a period that exceeds the period described in subparagraph (A) or clause

(ii) to the extent the institution in which the student is enrolled determines necessary to accommodate the rights of students with disabilities under section 504 of the Rehabilitation Act of 1973.

''(ii) Notwithstanding subsection (a)(1), the Secretary may allow, on a case-by-case basis, a student to receive a basic grant if the student—

''(I) is carrying at least ½ the normal full-time work load for the course of study the student is pursuing, as determined by the institution of higher education; and

''(II) is enrolled or accepted for enrollment in a postbaccalaureate program that does not lead to a graduate degree, and in courses required by a State in order for the student to receive a professional certification or licensing credential that is required for employment as a teacher in an elementary school or secondary school in that State,

except that this subparagraph shall not apply to a student who is enrolled in an institution of higher education that offers a baccalaureate degree in education.''; and

(B) in paragraph (2)—

(i) by striking ''Nothing'' and inserting ''(A) Except as provided in subparagraph (B), nothing'';

(ii) by striking ''or, in the case'' and all that follows through ''or skills''; and

(iii) by adding at the end the following:

''(B)(i) A student may receive a basic grant to attend English language instruction that is a separate course of instruction only if—

''(I) not less than a minimum percentage of the students enrolled in the course complete the course;

''(II) students enrolled in the course are required to take an independently administered standardized test of English language proficiency upon completion of the course; and

''(III) not less than a minimum percentage of the students enrolled in the course achieve a passing score on that test.

''(ii) The Secretary shall promulgate regulations that specify the minimum percentage of students who complete the course of instruction, 1 or more standardized tests of English proficiency, the minimum percentage of students who must achieve a passing score on the tests, and such other requirements as the Secretary determines are necessary to implement clause (i).''.

SEC. 413. TRIO PROGRAMS.

(a) PROGRAM AUTHORITY.—Section 402A (20 U.S.C. 1070a–11) is amended—

(1) in subsection (b)(3)—

(A) in subparagraph (A), by striking ''$170,000 for fiscal year 1993'' and inserting ''$190,000 for each fiscal year'';

(B) in subparagraph (B), by striking ''$180,000 for fiscal year 1994'' and inserting ''$200,000 for each fiscal year''; and

(C) in subparagraph (C), by striking ''$190,000 for fiscal year 1995'' and inserting ''$210,000 for each fiscal year'';

(2) in subsection (c)(6), by amending the last sentence to read as follows: ''The Secretary shall permit a Director of a program assisted under this chapter to also administer 1 or more additional programs for disadvantaged students operated by the sponsoring entity regardless of the funding source of such additional program.'';

(3) in subsection (f), by striking ''$650,000,000 for fiscal year 1993'' and inserting ''$700,000,000 for fiscal year 1999''; and

(4) in subsection (g), by adding at the end the following:

''(4) WAIVER.—The Secretary may waive the service requirements in subparagraph (A) or (B) of paragraph (3) if the Secretary determines the application of the service requirements to a veteran will defeat the purpose of a program under this chapter.''.

(b) TALENT SEARCH.—(1) AMENDMENT TO SECTION 402B(b)(5).—Section 402B(b)(5) (20 U.S.C. 1070a–12(b)(5)) is amended by inserting '', or activities designed to acquaint individuals from disadvantaged backgrounds with careers in which the individuals are particularly underrepresented'' before the semicolon.

(2) AMENDMENT TO SECTION 402B(b)(9).—Section 402B(b)(9) (20 U.S.C. 1070a–12(b)(9)) is amended by inserting ''or counselors'' after ''teachers''.

(c) UPWARD BOUND.—Section 402C (20 U.S.C. 1070a–13) is amended—

(1) in subsection (b)—

(A) in paragraph (9)—

(i) by inserting ''or counselors'' after ''teachers''; and

(ii) by striking ''and'' after the semicolon;

(B) by redesignating paragraph (10) as paragraph (11);

(C) by inserting after paragraph (9) the following:

''(10) work-study positions where youth participating in the project are exposed to careers requiring a postsecondary degree; and''; and

(D) in paragraph (11) (as redesignated by subparagraph (B)), by striking ''(9)'' and inserting ''(10)''; and

(2) in subsection (e), by striking ''and not in excess of $40 per month during the remaining period of the year.'' and inserting ''except that youth participating in a work-study position under subsection (b)(10) may be paid a stipend of $300 per month during June, July, and August. Youths participating in a project proposed to be carried out under any application may be paid stipends not in excess of $40 per month during the remaining period of the year.''.

(d) STUDENT SUPPORT SERVICES.—Paragraph (6) of section 402D(c) (20 U.S.C. 1070a–14(c)(6)) is amended to read as follows:

''(6) consider, in addition to such other criteria as the Secretary may prescribe, the institution's effort, and where applicable past history, in—

''(A) providing sufficient financial assistance to meet the full financial need of each student at the institution; and

''(B) maintaining the loan burden of each such student at a manageable level.''.

(e) STAFF DEVELOPMENT ACTIVITIES.—Section 402G(a) (20 U.S.C. 1070a–17(a)) is amended by inserting ''participating in,'' after ''leadership personnel employed in,''.

(f) EVALUATION AND DISSEMINATION.—Section 402H (20 U.S.C. 1070a–18) is amended to read as follows:

''SEC. 402H. EVALUATIONS AND GRANTS FOR PROJECT IMPROVEMENT AND DISSEMINATION PARTNERSHIP PROJECTS.

''(a) EVALUATIONS.—

''(1) IN GENERAL.—For the purpose of improving the effectiveness of the programs and projects assisted under this subpart, the Secretary may make grants to or enter into contracts with institutions of higher education and other public and private institutions and organizations to evaluate the effectiveness of the programs and projects assisted under this subpart.

''(2) PRACTICES.—The evaluations described in paragraph (1) shall identify institutional, community, and program or project practices that are particularly effective in enhancing the access of low-income individuals and first-generation college students to postsecondary education, the preparation of the individuals and students for postsecondary education, and the success of the individuals and students in postsecondary education.

''(b) GRANTS.—The Secretary may award grants to institutions of higher education or other private and public institutions and organizations, that are carrying out a program or project assisted under this subpart prior to the date of enactment of the Higher Education Amendments of 1998, to enable the institutions and organizations to expand and leverage the success of such programs or projects by working in partnership with other institutions, community-based organizations, or combinations of such institutions and organizations, that are not receiving assistance under this subpart and are serving low-income students and first generation college students, in order to—

''(1) disseminate and replicate best practices of programs or projects assisted under this subpart; and

''(2) provide technical assistance regarding programs and projects assisted under this subpart.

''(c) RESULTS.—In order to improve overall program or project effectiveness, the results of evaluations and grants described in this section shall be disseminated by the Secretary to similar programs or projects assisted under this subpart, as well as other individuals concerned with postsecondary access for and retention of low-income individuals and first-generation college students.''.

SEC. 414. CONNECTIONS PROGRAM.

Chapter 2 of subpart 2 of part A of title IV (20 U.S.C. 1070a–21 et seq.) is amended to read as follows:

''CHAPTER 2—CONNECTIONS PROGRAM

''SEC. 404A. EARLY INTERVENTION AND COLLEGE AWARENESS PROGRAM AUTHORIZED.

''(a) IN GENERAL.—The Secretary is authorized, in accordance with the requirements of this chapter, to establish a program that—

''(1) encourages eligible entities to provide or maintain a guarantee to eligible low-income students who obtain a secondary school diploma (or its recognized equivalent), of the financial assistance necessary to permit the students to attend an institution of higher education; and

''(2) supports eligible entities in providing—

''(A) additional counseling, mentoring, academic support, outreach, and supportive services to elementary, middle, and secondary school students who are at risk of dropping out of school; and

''(B) information to students and their parents about the advantages of obtaining a postsecondary education and their college financing options.

''(b) AWARDS.—

''(1) IN GENERAL.—The Secretary may award grants to eligible entities to carry out the program authorized under subsection (a).

''(2) PRIORITY.—In making the awards described in paragraph (1), the Secretary shall—

''(A) give priority to eligible entities that—

''(i) carried out, prior to the date of enactment of the Higher Education Amendments of 1998, successful educational opportunity programs; and

''(ii) have a prior, demonstrated commitment to early intervention leading to college access through collaboration and replication of successful strategies; and

''(B) ensure that students served under this chapter prior to the date of enactment of the Higher Education Amendments of 1998 continue to receive service through the completion of secondary school.

''(c) DEFINITIONS.—For the purposes of this chapter, the term 'eligible entity' means—

''(1) a State; or

''(2) a partnership consisting of—

''(A) 1 or more local educational agencies acting on behalf of—

''(i) 1 or more public schools; and

''(ii) the public secondary schools that students from the schools described in clause (i) would normally attend;

''(B) 1 or more degree granting institutions of higher education; and

''(C) at least 2 community organizations or entities, such as businesses, professional associations, community-based organizations, philanthropic organizations, State agencies, institutions or agencies sponsoring programs authorized under subpart 4, or other public or private agencies or organizations.

''(d) COORDINATION.—Each eligible entity shall ensure that the activities assisted under

this chapter are, to the extent practicable, coordinated with, and complement and enhance—

''(1) services under this chapter provided by other eligible entities serving the same school district or State; and

''(2) related services under other Federal or non-Federal programs.

"SEC. 404B. ELIGIBILITY ENTITY PLANS.

''(a) PLAN REQUIRED FOR ELIGIBILITY.—

''(1) IN GENERAL.—In order for an eligible entity to qualify for a grant under this chapter, the eligible entity shall submit to the Secretary a plan for carrying out the program under this chapter. Such plan shall provide for the conduct of both a scholarship component in accordance with section 404D and an early intervention component in accordance with section 404C.

''(2) CONTENTS.—Each plan submitted pursuant to paragraph (1) shall be in such form, contain or be accompanied by such information or assurances, and be submitted at such time as the Secretary may require by regulation. Each such plan shall—

''(A) describe the activities for which assistance under this chapter is sought; and

''(B) provide such additional assurances as the Secretary determines necessary to ensure compliance with the requirements of this chapter.

''(b) MATCHING REQUIREMENT.—

''(1) IN GENERAL.—The Secretary shall not approve a plan submitted under subsection (a) unless such plan—

''(A) provides that the eligible entity will provide, from State, local, institutional, or private funds, not less than ½ the cost of the program, which matching funds may be provided in cash or in kind;

''(B) specifies the methods by which such share of the costs will be paid; and

''(C) includes provisions designed to ensure that funds provided under this chapter shall supplement and not supplant funds expended for existing programs.

''(2) SPECIAL RULE.—The Secretary may change the share of the costs required to be provided under paragraph (1)(A) for eligible entities defined in section 402A(c)(2).

''(c) METHODS FOR COMPLYING WITH MATCHING REQUIREMENT.—An eligible entity may count toward the share of the costs required by subsection (b)(1)(A)—

''(1) the amount of the grants paid to students from State, local, institutional, or private funds under this chapter;

''(2) the amount of tuition, fees, room or board waived or reduced for recipients of grants under this chapter; and

''(3) the amount expended on documented, targeted, long-term mentoring and counseling provided by volunteers or paid staff of non-school organizations, including businesses, religious organizations, community groups, postsecondary educational institutions, nonprofit and philanthropic organizations, and other organizations.

''(d) COHORT APPROACH.—

''(1) IN GENERAL.—The Secretary may require that eligible entities—

''(A) provide services under this chapter to at least 1 grade level of students, beginning not later than 7th grade, in a participating public school that has a 7th grade and in which at least 50 percent of the students enrolled are eligible for free or reduced-price lunch (or, if an eligible entity determines that it would promote the effectiveness of a project, an entire grade level of students, beginning not later than the 7th grade, who reside in public housing as defined in section 3(b)(1) of the United States Housing Act of 1937); and

''(B) ensure that the services are provided through the 12th grade to students in the participating grade level.

''(2) COORDINATION REQUIREMENT.—In order for the Secretary to require the cohort approach described in paragraph (1), the Secretary shall, where applicable, ensure that the cohort approach is done in coordination and collaboration with existing early intervention programs and does not duplicate the services already provided to a school or community.

"SEC. 404C. EARLY INTERVENTION.

''(a) SERVICES.—

''(1) In order to receive a grant under this chapter, an eligible entity shall demonstrate to the satisfaction of the Secretary, in the plan submitted under section 404B, that the eligible entity will provide comprehensive mentoring, counseling, outreach, and supportive services to students participating in programs under this chapter who are enrolled in any of the grades preschool through grade 12. Such counseling shall include financial aid counseling that provides—

''(A) information regarding the opportunities for financial assistance under this title; and

''(B) activities or information regarding—

''(i) fostering and improving parent involvement in promoting postsecondary information regarding the advantages of a college education, academic admission requirements, and the need to take college preparation courses;

''(ii) admissions and achievement tests; and

''(iii) application procedures.

''(2) METHODS.—The eligible entity shall demonstrate in such plan, pursuant to regulations of the Secretary, the methods by which the eligible entity will target services on priority students.

''(b) USES OF FUNDS.—

''(1) IN GENERAL.—The Secretary shall, by regulation, establish criteria for determining whether comprehensive mentoring, counseling, outreach, and supportive services programs may be used to meet the requirements of subsection (a).

''(2) ALLOWABLE PROVIDERS.—For those eligible entities defined in section 404A(c)(1), the activities required by subsection (a) may be provided by service providers such as community-based organizations, schools, institutions of higher education, public and private agencies, nonprofit and philanthropic organizations, businesses, institutions and agencies sponsoring programs authorized under subpart 4 of this part, and other organizations the State deems appropriate.

''(3) PERMISSIBLE ACTIVITIES.—Examples of activities that meet the requirements of subsection (a) include the following:

''(A) Providing eligible students in preschool through grade 12 with a continuing system of mentoring and advising that—

''(i) is coordinated with the Federal and State community service initiatives; and

''(ii) may include such support services as after school and summer tutoring, assistance in obtaining summer jobs, career mentoring, and academic counseling.

''(B) Requiring each student to enter into an agreement under which the student agrees to achieve certain academic milestones, such as completing a prescribed set of courses and maintaining satisfactory academic progress described in section 484(c), in exchange for receiving tuition assistance for a period of time to be established by each State.

''(C) Activities designed to ensure secondary school completion and college enrollment of at-risk children, including identification of at-risk children, after school and summer tutoring, assistance in obtaining summer jobs, academic counseling, volunteer and parent involvement, providing former or current scholarship recipients as mentor or peer counselors, skills assessment, providing access to rigorous core courses that reflect challenging academic standards, personal counseling, family counseling and home visits, staff development, and programs and activities described in this subparagraph that are specially designed for students of limited English proficiency.

''(D) Summer programs for individuals planning to attend an institution of higher education in the next academic year that—

''(i) are carried out at an institution of higher education that also has programs of academic year supportive services for disadvantaged students through projects authorized under section 402D or through comparable projects funded by the State or other sources;

''(ii) provide for the participation of the individuals who are eligible for assistance under section 402D or who are eligible for comparable programs funded by the State;

''(iii)(I) provide summer instruction in remedial, developmental or supportive courses;

''(II) provide such summer services as counseling, tutoring, or orientation; and

''(III) provide grant aid to the individuals to cover the individuals' summer costs for books, supplies, living costs, and personal expenses; and

''(iv) provide the individuals with financial aid during each academic year the individuals are enrolled at the participating institution after the summer program.

''(E) Requiring eligible students to meet other standards or requirements as the State determines necessary to meet the purposes of this section.

''(c) PRIORITY STUDENTS.—In administering the early intervention component, the eligible entity shall treat as priority students any student in preschool through grade 12 who is eligible—

''(1) to be counted under section 1005(c) of the Elementary and Secondary Education Act of 1965;

''(2) for free or reduced price meals pursuant to the National School Lunch Act; or

''(3) for assistance pursuant to part A of title IV of the Social Security Act.

"SEC. 404D. SCHOLARSHIP COMPONENT.

''(a) IN GENERAL.—

''(1) STATES.—In order to receive a grant under this chapter, an eligible entity described in section 404A(c)(1) shall establish or maintain a financial assistance program that awards grants to students in accordance with the requirements of this section. The Secretary shall encourage the eligible entity to ensure that the tuition assistance provided pursuant to this section is available to an eligible student for use at any institution of higher education.

''(2) PARTNERSHIPS.—An eligible entity described in section 404A(c)(2) may award scholarships to eligible students.

''(b) GRANT AMOUNTS.—The maximum amount of the grant that an eligible student shall be eligible to receive under this section shall be established by the State. The minimum amount of the grant for each fiscal year shall not be less than the lesser of—

''(1) 75 percent of the average cost of attendance for an in-State student, in a 4-year program of instruction, at public institutions of higher education in such State, as determined in accordance with regulations prescribed by the Secretary; or

''(2) the maximum Federal Pell Grant funded under section 401 for such fiscal year.

''(c) RELATION TO OTHER ASSISTANCE.—Tuition assistance provided under this chapter shall not be considered for the purpose of awarding Federal grant assistance under this title, except that in no case shall the total amount of student financial assistance awarded to a student under this title exceed such student's total cost of attendance.

''(d) ELIGIBLE STUDENTS.—A student eligible for assistance under this section is a student who—

''(1) is less than 22 years old at time of first grant award under this section;

''(2) receives a secondary school diploma or its recognized equivalent on or after January 1, 1993;

''(3) is enrolled or accepted for enrollment in a program of undergraduate instruction at an institution of higher education that is located within the State's boundaries, except that, at

the State's option, an eligible entity may offer grant program portability for recipients who attend institutions of higher education outside such State; and

''(4) who participated in the early intervention component required under section 404C.

''(e) PRIORITY.—The Secretary shall ensure that each eligible entity places a priority on awarding scholarships to students who will receive a Federal Pell Grant for the academic year for which the scholarship is awarded under this section.

''(f) SPECIAL RULE.—An eligible entity may consider students who have successfully participated in programs funded under chapter 1 of this subpart to have met the requirements of subsection (d)(4).

''SEC. 404E. 21ST CENTURY SCHOLAR CERTIFICATES.

''(a) AUTHORITY.—The Secretary, using funds appropriated under section 404G, not to exceed $200,000 annually—

''(1) shall ensure that certificates, to be known as 21st Century Scholar Certificates, are provided to all students participating in programs under this chapter; and

''(2) may, as practicable, ensure that such certificates are provided to all students in grades 6 through 12 who attend schools at which at least 50 percent of the students enrolled are eligible for a free or reduced price lunch.

''(b) INFORMATION REQUIRED.—A 21st Century Scholar Certificate shall be personalized for each student and indicate the amount of Federal financial aid for college which a student may be eligible to receive.

''SEC. 404F. EVALUATION AND REPORT.

''(a) EVALUATION.—Each eligible entity receiving a grant under this chapter shall biennially evaluate the early intervention program assisted under this chapter in accordance with the standards described in subsection (b) and shall submit to the Secretary a copy of such evaluation. The evaluation shall permit service providers to track eligible student progress during the period such students are participating in the program assisted under this section and shall be consistent with the standards developed by the Secretary pursuant to subsection (b).

''(b) EVALUATION STANDARDS.—The Secretary shall prescribe standards for the evaluation described in subsection (a). Such standards shall—

''(1) provide for input from eligible entities and service providers; and

''(2) ensure that data protocols and procedures are consistent and uniform.

''(c) FEDERAL EVALUATION.—In order to evaluate and improve the impact of the program assisted under this chapter, the Secretary shall, with funds appropriated under section 404G, make grants to, and enter into contracts and cooperative agreements with public and private institutions and organizations, to evaluate the effectiveness of the program and, as appropriate, disseminate the results of the evaluation.

''(d) REPORT.—The Secretary shall biennially report to Congress on the activities assisted under this chapter and the evaluations conducted pursuant to this section.

''SEC. 404G. APPROPRIATIONS.

''There are authorized to be appropriated to carry out this chapter $200,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

SEC. 415. FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 413A(b) (20 U.S.C. 1070b) is amended by striking ''$675,000,000 for fiscal year 1993'' and inserting ''$700,000,000 for fiscal year 1999''.

(b) USE OF FUNDS FOR LESS-THAN-FULL-TIME STUDENTS.—Subsection (d) of section 413C (20 U.S.C. 1070b–2) is amended to read as follows:

''(d) USE OF FUNDS FOR LESS-THAN-FULL-TIME STUDENTS.—If the institution's allocation under this subpart is directly or indirectly based in part on the financial need demonstrated by students who are independent students or attending the institution on less than a full-time basis, a reasonable proportion of the allocation shall be made available to such students.''.

(c) CARRYOVER, CARRYBACK, AND REALLOCATION.—Subpart 3 of part A of title IV (20 U.S.C. 1070b et seq.) is amended by adding at the end the following:

''SEC. 413E. CARRYOVER, CARRYBACK, AND REALLOCATION.

''(a) CARRYOVER AUTHORITY.—Of the sums made available to an eligible institution under this subpart for a fiscal year, not more than 10 percent may, at the discretion of the institution, remain available for expenditure during the succeeding fiscal year to carry out the program under this subpart.

''(b) CARRYBACK AUTHORITY.—Of the sums made available to an eligible institution under this subpart for a fiscal year, not more than 10 percent may, at the discretion of the institution, be used by the institution for expenditure for the fiscal year preceding the fiscal year for which the sums were appropriated.

''(c) REALLOCATION.—Any of the sums made available to an eligible institution under this subpart for a fiscal year that are not needed by the institution to award supplemental grants during that fiscal year, that the institution does not wish to use during the succeeding fiscal year as authorized in subsection (a), and that the institution does not wish to use for the preceding fiscal year as authorized in subsection (b), shall be made available to the Secretary for reallocation under section 413D(e) until the end of the second fiscal year after the fiscal year for which such sums were appropriated.''.

SEC. 416. LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM.

(a) AMENDMENT TO SUBPART HEADING.—

(1) IN GENERAL.—The heading for subpart 4 of part A of title IV (20 U.S.C. 1070c et seq.) is amended to read as follows:

''SUBPART 4—LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM''.

(2) CONFORMING AMENDMENTS.—Subpart 4 of part A of title IV (20 U.S.C. 1070c et seq.) is amended—

(A) in section 415B(b) (20 U.S.C. 1070c–1(b)), by striking ''State student grant incentive'' and inserting ''leveraging educational assistance partnership''; and

(B) in the heading for section 415C (20 U.S.C. 1070c–2), by striking **''STATE STUDENT INCENTIVE GRANT''** and inserting **''LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP''**.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 415A(b) (20 U.S.C. 1070c(b)) is amended—

(1) in paragraph (1), by striking ''1993'' and inserting ''1999'';

(2) by redesignating paragraph (2) as paragraph (3); and

(3) by inserting after paragraph (1) the following:

''(2) RESERVATION.—For any fiscal year for which the amount appropriated under paragraph (1) exceeds $35,000,000, the excess shall be available to carry out section 415E.''.

(c) SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM.—Subpart 4 of part A of title IV (20 U.S.C. 1070c et seq.) is amended—

(1) by redesignating section 415E as 415F;

(2) by inserting after section 415D the following:

''SEC. 415E. SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM.

''(a) IN GENERAL.—From amounts reserved under section 415A(b)(2) for each fiscal year, the Secretary shall—

''(1) make allotments among States in the same manner as the Secretary makes allotments among States under section 415B; and

''(2) award grants to States, from allotments under paragraph (1), to enable the States to pay the Federal share of the cost of the authorized activities described in subsection (c).

''(b) APPLICABILITY RULE.—The provisions of this subpart which are not inconsistent with this section shall apply to the program authorized by this section.

''(c) AUTHORIZED ACTIVITIES.—Each State receiving a grant under this section may use the grant funds for—

''(1) increasing the dollar amount of grants awarded under section 415B to eligible students who demonstrate financial need;

''(2) carrying out transition programs from secondary school to postsecondary education for eligible students who demonstrate financial need;

''(3) making funds available for community service work-study activities for eligible students who demonstrate financial need;

''(4) creating a postsecondary scholarship program for eligible students who demonstrate financial need and wish to enter teaching;

''(5) creating a scholarship program for eligible students who demonstrate financial need and wish to enter a program of study leading to a degree in mathematics, computer science, or engineering;

''(6) carrying out early intervention programs, mentoring programs, and career education programs for eligible students who demonstrate financial need; and

''(7) awarding merit or academic scholarships to eligible students who demonstrate financial need.

''(d) MAINTENANCE OF EFFORT REQUIREMENT.—Each State receiving a grant under this section for a fiscal year shall provide the Secretary an assurance that the aggregate amount expended per student or the aggregate expenditures by the State, from funds derived from non-Federal sources, for the authorized activities described in subsection (c) for the preceding fiscal year were not less than the amount expended per student or the aggregate expenditures by the State for the activities for the second preceding fiscal year.

''(e) FEDERAL SHARE.—The Federal share of the cost of the authorized activities described in subsection (c) for any fiscal year shall be 33⅓ percent.''; and

(3) by adding at the end the following:

''SEC. 415G. FEDERAL-STATE RELATIONSHIPS; STATE AGREEMENTS.

''(a) IN GENERAL.—Any State that desires to receive assistance under this subpart shall enter into an agreement with the Secretary pursuant to subsection (b) setting forth the terms and conditions for the relationship between the Federal Government and that State for the purposes set forth under this subpart.

''(b) CONTENTS.—

''(1) IN GENERAL.—Such agreement shall consist of assurances by the State, including a description of the means to be used by the State to fulfill the assurances, that—

''(A) the State will provide for such methods of administration as are necessary for the proper and efficient administration of the program under this subpart in keeping with the purposes set forth under this subpart;

''(B) the State will provide for such fiscal control and fund accounting procedures as may be necessary to ensure proper disbursement of, and accounting for, Federal funds paid to the State under this subpart;

''(C) the State will follow policies and practices of administration that will ensure that non-Federal funds will not be supplanted by Federal funds, and that equitable and appropriate criteria will be used in evaluation of applications or proposals for grants under this subpart; and

''(D) the State has a comprehensive planning or policy formulation process that—

''(i) considers the relation between State administration of the program under this subpart, and administration of similar State programs or processes;

''(ii) encourages State policies designed to consider effects on declining enrollments on all sectors of postsecondary education in the State;

''(iii) considers the postsecondary education needs of unserved and underserved individuals within the State, including individuals beyond the traditional college age;

''(iv) considers the resources of institutions, organizations, or agencies (both public and private) within the State capable of providing postsecondary educational opportunities in the State; and

''(v) provides for direct, equitable, and active participation in the comprehensive planning or policy formulation process or processes of representatives of institutions of higher education (including community colleges, proprietary institutions, and independent colleges and universities), students, other providers of postsecondary education services, and the general public in the State.

''(2) SPECIAL RULE.—Participation under paragraph (1)(D)(v) shall, consistent with State law, be achieved through membership on State planning commissions, State advisory councils, or other State entities established by the State to conduct federally assisted comprehensive planning or policy formulation.

''(c) SPECIAL RULE.—The information and assurances provided by a State in accordance with subparagraphs (A), (B), and (C) of subsection (b)(1), and regulations issued by the Secretary related directly to such assurances, shall be satisfactory for the purposes of, and shall be considered in lieu of, any comparable requirements for information and assurances in any program under this subpart.

''(d) AGREEMENT DURATION; COMPLIANCE.—

''(1) AGREEMENT DURATION.—An agreement of a State shall remain in effect subject to modification as changes in information or circumstances require.

''(2) COMPLIANCE.—Whenever the Secretary, after reasonable notice and opportunity for a hearing has been given to the State, finds that there is a failure to comply substantially with the assurances required in subparagraph (A), (B), or (C) of subsection (b)(1), the Secretary shall notify the State that the State is no longer eligible to participate in the program under this subpart until the Secretary is satisfied that there is no longer any such failure to comply.

''(e) SPECIAL RULES.—

''(1) ENTITIES ENTERING INTO AGREEMENTS.—For the purpose of this section, the selection of the State entity or entities authorized to act on behalf of the State for the purpose of entering into an agreement with the Secretary shall be in accordance with the State law of each individual State with respect to the authority to make legal agreements between the State and the Federal Government.

''(2) CONSTRUCTION.—

''(A) STATE STRUCTURE.—Nothing in this section shall be construed to authorize the Secretary to require any State to adopt, as a condition for entering into an agreement, or for participation in a program under this subpart, a specific State organizational structure for achieving participation in the planning, or administration of programs, or for statewide planning, coordination, governing, regulating, or administering of postsecondary education agencies, institutions, or programs in the State.

''(B) STATE AUTHORITY.—Nothing in this section shall be construed as a limitation on the authority of any State to adopt a State organizational structure for postsecondary education agencies, institutions, or programs that is appropriate to the needs, traditions, and circumstances of that State, or as a limitation on the authority of a State entering into an agreement pursuant to this section to modify the State organizational structure at any time subsequent to entering into such an agreement.''.

(d) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) PURPOSE.—Subsection (a) of section 415A (20 U.S.C. 1070c(a)) is amended to read as follows:

''(a) PURPOSE OF SUBPART.—It is the purpose of this subpart to make incentive grants available to States to assist States in—

''(1) providing grants to—

''(A) eligible students attending institutions of higher education or participating in programs of study abroad that are approved for credit by institutions of higher education at which such students are enrolled; and

''(B) eligible students for campus-based community service work-study; and

''(2) carrying out the activities described in section 415F.''.

(2) ALLOTMENT.—Section 415B(a)(1) (20 U.S.C. 1070c–1(a)(1)) is amended by inserting ''and not reserved under section 415A(b)(2)'' after ''415A(b)(1)''.

SEC. 417. HEP AND CAMP.

Section 418A(g) (20 U.S.C. 1070d–2(g)) is amended—

(1) in paragraph (1), by striking ''$15,000,000 for fiscal year 1993'' and inserting ''$25,000,000 for fiscal year 1999''; and

(2) in paragraph (2), by striking ''$5,000,000 for fiscal year 1993'' and inserting ''$10,000,000 for fiscal year 1999''.

SEC. 418. ROBERT C. BYRD HONORS SCHOLARSHIP PROGRAM.

Section 419K (20 U.S.C. 1070d–41) is amended by striking ''$10,000,000 for fiscal year 1993'' and inserting ''$45,000,000 for fiscal year 1999''.

SEC. 419. CHILD CARE ACCESS MEANS PARENTS IN SCHOOL.

Part A of title IV (20 U.S.C. 1070 et seq.) is amended by inserting after subpart 6 (20 U.S.C. 1070d–31 et seq.) the following:

''Subpart 7—Child Care Access Means Parents in School

''SEC. 419N. CHILD CARE ACCESS MEANS PARENTS IN SCHOOL.

''(a) PURPOSE.—The purpose of this section is to support the participation of low-income parents in postsecondary education through the provision of campus-based child care services.

''(b) PROGRAM AUTHORIZED.—

''(1) AUTHORITY.—The Secretary may award grants to institutions of higher education to assist the institutions in providing campus-based child care services primarily to low-income students.

''(2) AMOUNT OF GRANTS.—

''(A) IN GENERAL.—The amount of a grant awarded to an institution of higher education under this section for a fiscal year shall not exceed 1 percent of the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution of higher education for the preceding fiscal year.

''(B) MINIMUM.—A grant under this section shall be awarded in an amount that is not less than $10,000.

''(3) DURATION; RENEWAL; AND PAYMENTS.—

''(A) DURATION.—The Secretary shall award a grant under this section for a period of 3 years.

''(B) RENEWAL.—A grant under this section may be renewed for a period of 3 years.

''(C) PAYMENTS.—Subject to subsection (e)(2), the Secretary shall make annual grant payments under this section.

''(4) ELIGIBLE INSTITUTIONS.—An institution of higher education shall be eligible to receive a grant under this section for a fiscal year if the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution of higher education for the preceding fiscal year equals or exceeds $350,000.

''(5) USE OF FUNDS.—Grant funds under this section shall be used by an institution of higher education to support or establish a campus-based child care program primarily serving the needs of low-income students enrolled at the institution of higher education. Grant funds under this section may be used to provide before and after school services to the extent necessary to enable low-income students enrolled at the institution of higher education to pursue postsecondary education.

''(6) CONSTRUCTION.—Nothing in this section shall be construed to prohibit an institution of higher education that receives grant funds under this section from serving the child care needs of the community served by the institution.

''(7) DEFINITION OF LOW-INCOME STUDENT.—For the purpose of this section, the term ''low-income student'' means a student who is eligible to receive a Federal Pell Grant for the fiscal year for which the determination is made.

''(c) APPLICATIONS.—An institution of higher education desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each application shall—

''(1) demonstrate that the institution is an eligible institution described in subsection (b)(4);

''(2) specify the amount of funds requested;

''(3) demonstrate the need of low-income students at the institution for campus-based child care services by including in the application—

''(A) information regarding student demographics;

''(B) an assessment of child care capacity on or near campus;

''(C) information regarding the existence of waiting lists for existing child care;

''(D) information regarding additional needs created by concentrations of poverty or by geographic isolation; and

''(E) other relevant data;

''(4) contain a description of the activities to be assisted, including whether the grant funds will support an existing child care program or a new child care program;

''(5) identify the resources, including technical expertise and financial support, the institution will draw upon to support the child care program and the participation of low-income students in the program, such as accessing social services funding, using student activity fees to help pay the costs of child care, using resources obtained by meeting the needs of parents who are not low-income students, and accessing foundation, corporate or other institutional support, and demonstrate that the use of the resources will not result in increases in student tuition;

''(6) contain an assurance that the institution will meet the child care needs of low-income students through the provision of services, or through a contract for the provision of services;

''(7) describe the extent to which the child care program will coordinate with the institution's early childhood education curriculum, to the extent the curriculum is available, to meet the needs of the students in the early childhood education program at the institution, and the needs of the parents and children participating in the child care program assisted under this section;

''(8) in the case of an institution seeking assistance for a new child care program—

''(A) provide a timeline, covering the period from receipt of the grant through the provision of the child care services, delineating the specific steps the institution will take to achieve the goal of providing low-income students with child care services;

''(B) specify any measures the institution will take to assist low-income students with child care during the period before the institution provides child care services; and

''(C) include a plan for identifying resources needed for the child care services, including space in which to provide child care services, and technical assistance if necessary;

''(9) contain an assurance that any child care facility assisted under this section will meet the applicable State or local government licensing, certification, approval, or registration requirements; and

''(10) contain a plan for any child care facility assisted under this section to become accredited within 3 years of the date the institution first receives assistance under this section.

''(d) PRIORITY.—The Secretary shall give priority in awarding grants under this section to institutions of higher education that submit applications describing programs that—

''(1) leverage significant local or institutional resources, including in-kind contributions, to support the activities assisted under this section; and

''(2) utilize a sliding fee scale for child care services provided under this section in order to support a high number of low-income parents pursuing postsecondary education at the institution.

''(e) REPORTING REQUIREMENTS; CONTINUING ELIGIBILITY.—

''(1) REPORTING REQUIREMENTS.—

''(A) REPORTS.—Each institution of higher education receiving a grant under this section shall report to the Secretary 18 months, and 36 months, after receiving the first grant payment under this section.

''(B) CONTENTS.—The report shall include—

''(i) data on the population served under this section;

''(ii) information on campus and community resources and funding used to help low-income students access child care services;

''(iii) information on progress made toward accreditation of any child care facility; and

''(iv) information on the impact of the grant on the quality, availability, and affordability of campus-based child care services.

''(2) CONTINUING ELIGIBILITY.—The Secretary shall make the third annual grant payment under this section to an institution of higher education only if the Secretary determines, on the basis of the 18-month report submitted under paragraph (1), that the institution is making a good faith effort to ensure that low-income students at the institution have access to affordable, quality child care services.

''(f) CONSTRUCTION.—No funds provided under this section shall be used for construction, except for minor renovation or repair to meet applicable State or local health or safety requirements.

''(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $60,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

SEC. 420. LEARNING ANYTIME ANYWHERE PARTNERSHIPS.

Part A of title IV (20 U.S.C. 1070 et seq.) is amended further by adding at the end the following:

''Subpart 9—Learning Anytime Anywhere Partnerships

''SEC. 420D. FINDINGS.

''Congress makes the following findings:

''(1) The nature of postsecondary education delivery is changing, and new technology and other related innovations can provide promising education opportunities for individuals who are currently not being served, particularly for individuals without easy access to traditional campus-based postsecondary education or for whom traditional courses are a poor match with education or training needs.

''(2) Individuals, including individuals seeking basic or technical skills or their first postsecondary experience, individuals with disabilities, dislocated workers, individuals making the transition from welfare-to-work, and individuals who are limited by time and place constraints can benefit from nontraditional, noncampus-based postsecondary education opportunities and appropriate support services.

''(3) The need for high-quality, nontraditional, technology-based education opportunities is great, as is the need for skill competency credentials and other measures of educational progress and attainment that are valid and widely accepted, but neither need is likely to be adequately addressed by the uncoordinated efforts of agencies and institutions acting independently and without assistance.

''(4) Partnerships, consisting of institutions of higher education, community organizations, or other public or private agencies or organizations, can coordinate and combine institutional resources—

''(A) to provide the needed variety of education options to students; and

''(B) to develop new means of ensuring accountability and quality for innovative education methods.

''SEC. 420E. PURPOSE; PROGRAM AUTHORIZED.

''(a) PURPOSE.—It is the purpose of this subpart to enhance the delivery, quality, and accountability of postsecondary education and career-oriented lifelong learning through technology and related innovations.

''(b) PROGRAM AUTHORIZED.—

''(1) GRANTS.—

''(A) IN GENERAL.—The Secretary may, from funds appropriated under section 420J make grants to, or enter into contracts or cooperative agreements with, eligible partnerships to carry out the authorized activities described in section 420G.

''(B) DURATION.—Grants under this subpart shall be awarded for periods that do not exceed 5 years.

''(2) DEFINITION OF ELIGIBLE PARTNERSHIP.—For purposes of this subpart, the term 'eligible partnership' means a partnership consisting of 2 or more independent agencies, organizations, or institutions. The agencies, organizations, or institutions may include institutions of higher education, community organizations, and other public and private institutions, agencies, and organizations.

''SEC. 420F. APPLICATION.

''(a) REQUIREMENT.—An eligible partnership desiring to receive a grant under this subpart shall submit an application to the Secretary, in such form and containing such information, as the Secretary may require.

''(b) CONTENTS.—Each application shall include—

''(1) the name of each partner and a description of the responsibilities of the partner, including the designation of a nonprofit organization as the fiscal agent for the partnership;

''(2) a description of the need for the project, including a description of how the project will build on any existing services and activities;

''(3) a listing of human, financial (other than funds provided under this subpart), and other resources that each member of the partnership will contribute to the partnership, and a description of the efforts each member of the partnership will make in seeking additional resources; and

''(4) a description of how the project will operate, including how funds awarded under this subpart will be used to meet the purpose of this subpart.

''SEC. 420G. AUTHORIZED ACTIVITIES.

''Funds awarded to an eligible partnership under this subpart shall be used to—

''(1) develop and assess model distance learning programs or innovative educational software;

''(2) develop methodologies for the identification and measurement of skill competencies;

''(3) develop and assess innovative student support services; or

''(4) support other activities that are consistent with the purpose of this subpart.

''SEC. 420H. MATCHING REQUIREMENT.

''Federal funds shall provide not more than 50 percent of the cost of a project under this subpart. The non-Federal share of project costs may be in cash or in kind, fairly evaluated, including services, supplies, or equipment.

''SEC. 420I. PEER REVIEW.

''The Secretary shall use a peer review process to review applications under this subpart and to make recommendations for funding under this subpart to the Secretary.

''SEC. 420J. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this subpart $30,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

SEC. 421. ADVANCES FOR RESERVE FUNDS.

Section 422 (20 U.S.C. 1072) is amended—

(1) in subsection (c)—

(A) in paragraph (6)(B)(i), by striking ''written'' and inserting ''written, electronic''; and

(B) in paragraph (7)(A), by striking ''during the transition from the Federal Family Education Loan Program under this part to the Federal Direct Student Loan Program under part D of this title'';

(2) in the matter preceding subparagraph (A) of subsection (g)(1), by striking ''or the program authorized by part D of this title'' each place the term appears; and

(3) by adding at the end the following:

''(i) ADDITIONAL RECALL OF RESERVES FOR FISCAL YEARS 1999, 2000, 2001, AND 2002.—

''(1) IN GENERAL.—Notwithstanding any other provision of law and subject to paragraph (4), the Secretary shall recall $21,250,000 for each of the fiscal years 1999, 2000, 2001, and 2002 from reserve funds held in the Federal Student Loan Reserve Funds established under section 422A by guaranty agencies.

''(2) DEPOSIT.—Funds recalled by the Secretary under this subsection shall be deposited in the Treasury.

''(3) REQUIRED SHARE.—The Secretary shall require each guaranty agency to return reserve funds under paragraph (1) annually on the basis of ¼ of the agency's required share. For purposes of this paragraph, a guaranty agency's required share shall be determined as follows:

''(A) EQUAL PERCENTAGE.—The Secretary shall require each guaranty agency to return an equal percentage reduction in the amount of reserve funds held by the agency on September 30, 1996.

''(B) CALCULATION.—The equal percentage reduction shall be the percentage obtained by dividing—

''(i) $85,000,000, by

''(ii) the total amount of all guaranty agencies' reserve funds held on September 30, 1996.

''(C) SPECIAL RULE.—Notwithstanding subparagraphs (A) and (B), the percentage reduction under subparagraph (B) shall not result in the depletion of the reserve funds of any agency which charges the 1.0 percent insurance premium pursuant to section 428(b)(1)(H) below an amount equal to the amount of lender claim payments paid 90 days prior to the date of the return under this subsection. If any additional amount is required to be returned after deducting the total of the required shares under subparagraph (B) and as a result of the preceding sentence, such additional amount shall be obtained by imposing on each guaranty agency to which the preceding sentence does not apply, an equal percentage reduction in the amount of the agency's remaining reserve funds.

''(4) OFFSET OF REQUIRED SHARES.—If any guaranty agency returns to the Secretary any reserve funds in excess of the amount required under this subsection or subsection (h), the total amount required to be returned under paragraph (1) shall be reduced by the amount of such excess reserve funds returned.

''(5) DEFINITION OF RESERVE FUNDS.—The term 'reserve funds' when used with respect to a guaranty agency—

''(A) includes any reserve funds in cash or liquid assets held by the guaranty agency, or held by, or under the control of, any other entity; and

''(B) does not include buildings, equipment, or other nonliquid assets.

''(j) ADDITIONAL RECALL OF RESERVES ON SEPTEMBER 1, 2007.—

''(1) IN GENERAL.—Notwithstanding any other provision of law and subject to paragraph (4), the Secretary shall recall, on September 1, 2007,

$165,000,000 from reserve funds held in the Federal Student Loan Reserve Funds established under section 422A by guaranty agencies.

''(2) DEPOSIT.—Funds recalled by the Secretary under this subsection shall be deposited in the Treasury.

''(3) EQUAL PERCENTAGE REDUCTION.—The Secretary shall require each guaranty agency to return reserve funds under paragraph (1) by requiring an equal percentage reduction in the amount of reserve funds held by the agency on September 30, 1996.

''(4) OFFSET OF REQUIRED SHARES.—If any guaranty agency returns to the Secretary any reserve funds in excess of the amount required under this subsection, subsection (h), or subsection (i), the total amount required to be returned under paragraph (1) shall be reduced by the amount of such excess reserve funds returned.

''(5) DEFINITION OF RESERVE FUNDS.—The term 'reserve funds' when used with respect to a guaranty agency—

''(A) includes any reserve funds in cash or liquid assets held by the guaranty agency, or held by, or under the control of, any other entity; and

''(B) does not include buildings, equipment, or other nonliquid assets.''.

SEC. 422. FEDERAL STUDENT LOAN RESERVE FUND.

Part B of title IV (20 U.S.C. 1071 et seq.) is amended by inserting after section 422 (20 U.S.C. 1072) the following:

''SEC. 422A. FEDERAL STUDENT LOAN RESERVE FUND.

''(a) ESTABLISHMENT.—Each guaranty agency shall, not later than 45 days after the date of enactment of this section, deposit all funds, securities, and other liquid assets contained in the reserve fund established pursuant to section 422 into a Federal Student Loan Reserve Fund (in this section referred to as the 'Federal Fund'), in an account of a type selected by the agency, with the approval of the Secretary.

''(b) INVESTMENT OF FUNDS.—Funds transferred to the Federal Fund shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities selected by the guaranty agency, with the approval of the Secretary. Earnings from the Federal Fund shall be the sole property of the Federal Government.

''(c) ADDITIONAL DEPOSITS.—After the establishment of the Federal Fund, a guaranty agency shall deposit into the Federal Fund—

''(1) all amounts received from the Secretary as payment of reinsurance on loans pursuant to section 428(c)(1);

''(2) from amounts collected on behalf of the obligation of a defaulted borrower, a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the defaulted loan pursuant to section 428(c)(6)(A); and

''(3) the amount of the insurance premium collected from borrowers pursuant to section 428(b)(1)(H).

''(d) USES OF FUNDS.—Subject to subsection (f), the Federal Fund may only be used by a guaranty agency—

''(1) to pay lender claims pursuant to sections 428(b)(1)(G), 428(j), 437, and 439(q); and

''(2) to pay into the Agency Operating Fund established pursuant to section 422B a default prevention fee in accordance with section 428(l).

''(e) OWNERSHIP OF FEDERAL FUND.—The Federal Fund, and any nonliquid asset (such as a building or equipment) developed or purchased by the guaranty agency in whole or in part with Federal reserve funds, regardless of who holds or controls the Federal reserve funds or such asset, shall be considered to be the property of the United States, prorated based on the percentage of such asset developed or purchased with Federal reserve funds, which property shall be used in the operation of the program authorized by the part, as provided in subsection (d). The Secretary may restrict or regulate the use of such asset only to the extent necessary to reasonably protect the Secretary's prorated share of the value of such asset. The Secretary may direct a guaranty agency, or such agency's officers or directors, to cease any activity involving expenditures, use, or transfer of the Federal Fund administered by the guaranty agency that the Secretary determines is a misapplication, misuse, or improper expenditures of the Federal fund or the Secretary's share of such asset.

''(f) TRANSITION.—

''(1) IN GENERAL.—In order to establish the Agency Operating Fund established by section 422B, each agency may transfer not more than 180 days cash expenses for normal operating expenses, as a working capital reserve as defined in Office of Management and Budget Circular A–87 (Cost Accounting Standards) for use in the performance of the agency's duties under this part. Such transfers may occur during the first 3 years following the establishment of the Agency Operating Fund, except that no agency may transfer in excess of 40 percent of the Federal Fund balance to the agency's Agency Operating Fund during any fiscal year. In determining the amount necessary for transfer, the agency shall assure that sufficient funds remain in the Federal Fund to pay lender claims within the required time periods and to meet the reserve funds recall requirements of subsection (b).

''(2) REPAYMENT PROVISIONS.—Each guaranty agency shall begin repayment of sums transferred pursuant to this subsection not later than 3 years after the establishment of the Agency Operating Fund, and shall repay all sums transferred not later than 5 years from the date of the establishment of the Agency Operating Fund. The guaranty agency shall provide to the Secretary a schedule for repayment of the sums transferred and an annual financial analysis demonstrating the agency's ability to comply with the schedule and repay all outstanding sums transferred.

''(3) PROHIBITION.—If a guaranty agency transfers funds from the Federal Fund in accordance with this section, and fails to make scheduled repayments to the Federal Fund, the agency may not receive any other funds under this part until the Secretary determines that the agency has made such repayments. The Secretary shall pay to the guaranty agency any funds withheld in accordance with this paragraph immediately upon making the determination that the guaranty agency has made all such repayments.

''(4) WAIVER.—The Secretary may waive the requirements of paragraph (3) for a guaranty agency described in such paragraph if the Secretary determines there are extenuating circumstances beyond the control of the agency that justify such a waiver.

''(5) INVESTMENT OF FEDERAL FUNDS.—Funds transferred from the Federal Fund to the Agency Operating Fund for operating expenses shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities selected by the guaranty agency, with the approval of the Secretary.

''(6) SPECIAL RULE.—In applying the minimum reserve level required by section 428(c)(9)(A), the Secretary shall include all amounts owed to the Federal Fund by the guaranty agency in the calculation.''.

SEC. 423. AGENCY OPERATING FUND.

Part B of title IV (20 U.S.C. 1071 et seq.) is amended further by inserting after section 422A (as added by section 422) the following:

''SEC. 422B. AGENCY OPERATING FUND.

''(a) ESTABLISHMENT.—Each guaranty agency shall, not later than 45 days after the date of enactment of this section, establish a fund designated as the Agency Operating Fund (in this section referred to as the 'Operating Fund').

''(b) INVESTMENT OF FUNDS.—Funds deposited into the Operating Fund, with the exception of funds transferred from the Federal Student Loan Reserve Fund pursuant to section 422A(f), shall be invested at the discretion of the guaranty agency.

''(c) ADDITIONAL DEPOSITS.—After the establishment of the Operating Fund, the guaranty agency shall deposit into the Operating Fund—

''(1) the loan processing and issuance fee paid by the Secretary pursuant to section 428(f);

''(2) administrative cost allowances paid under section 458, as such section was in effect on the day preceding the date of enactment of the Higher Education Amendments of 1998, and the portfolio maintenance fee paid by the Secretary in accordance with section 458;

''(3) the default prevention fee paid in accordance with section 428(l); and

''(4) amounts remaining pursuant to section 428(c)(6)(B) from collection on defaulted loans held by the agency, after payment of the Secretary's equitable share, excluding amounts deposited in the Federal Student Loan Reserve Fund pursuant to section 422A(c)(2).

''(d) USES OF FUNDS.—

''(1) IN GENERAL.—Funds in the Operating Fund shall be used for application processing, loan disbursement, enrollment and repayment status management, default prevention activities (including those described in section 422(h)(8), default collection activities, school and lender training, compliance monitoring, and other student financial aid related activities as determined by the Secretary.

''(2) SPECIAL RULE.—The guaranty agency may, in the agency's discretion, transfer funds from the Operating Fund to the Federal Student Loan Reserve Fund for use pursuant to section 422A. Such transfer shall be irrevocable, and any funds so transferred shall become the sole property of the United States.

''(3) DEFINITIONS.—For purposes of this subsection:

''(A) DEFAULT COLLECTION ACTIVITIES.—The term 'default collection activities' means activities of a guaranty agency that are directly related to the collection of the loan on which a default claim has been paid to the participating lender, including the attributable compensation of collection personnel (and in the case of personnel who perform several functions for such an agency only the portion of the compensation attributable to the collection activity), attorney's fees, fees paid to collection agencies, postage, equipment, supplies, telephone, and similar charges.

''(B) DEFAULT PREVENTION ACTIVITIES.—The term 'default prevention activities' means activities of a guaranty agency, including those described in section 422(h)(8), that are directly related to providing collection assistance to the lender on a delinquent loan, prior to the loan's being in a default status, including the attributable compensation of appropriate personnel (and in the case of personnel who perform several functions for such an agency only the portion of compensation attributable to the default prevention activity), fees paid to locate a missing borrower, postage, equipment, supplies, telephone, and similar charges.

''(C) ENROLLMENT AND REPAYMENT STATUS MANAGEMENT.—The term 'enrollment and repayment status management' means activities of a guaranty agency that are directly related to ascertaining the student's enrollment status, including prompt notification to the lender of such status, an audit of the note or written agreement to determine if the provisions of that note or agreement are consistent with the records of the guaranty agency as to the principal amount of the loan guaranteed, and an examination of the note or agreement to assure that the repayment provisions are consistent with the provisions of this title.

''(e) OWNERSHIP OF OPERATING FUND.—The Operating Fund, with the exception of funds transferred from the Federal Student Loan Reserve Fund in accordance with section 422A(f),

shall be considered to be the property of the guaranty agency. The Secretary may not regulate the uses or expenditure of moneys in the Operating Fund, but the Secretary may require such necessary reports and audits as provided in section 428(b)(2). However, during any period in which funds are owed to the Federal Student Loan Reserve Fund as a result of transfer under section 422A(f), moneys in the Operating Fund may only be used for expenses related to the student loan programs authorized under this part.''.

SEC. 424. SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM.

Section 424(a) (20 U.S.C. 1074(a)) is amended—

(1) by striking ''October 1, 2002'' and inserting ''October 1, 2004''; and

(2) by striking ''September 30, 2006'' and inserting ''September 30, 2008''.

SEC. 425. APPLICABLE INTEREST RATES.

(a) APPLICABLE INTEREST RATES.—

(1) AMENDMENT.—Section 427A (20 U.S.C. 1077a et seq.) is amended by amending subsection (j) to read as follows:

''(j) INTEREST RATES FOR NEW LOANS ON OR AFTER OCTOBER 1, 1998, AND BEFORE JULY 1, 2003.—

''(1) IN GENERAL.—Notwithstanding subsection (h) and subject to paragraph (2), with respect to any loan made, insured, or guaranteed under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

''(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

''(B) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

''(2) IN SCHOOL AND GRACE PERIOD RULES.—Notwithstanding subsection (h), with respect to any loan under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest for interest which accrues—

''(A) prior to the beginning of the repayment period of the loan; or

''(B) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under paragraph (1) by substituting '1.7 percent' for '2.3 percent'.

''(3) PLUS LOANS.—Notwithstanding subsection (h), with respect to any loan under section 428B for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest shall be determined under paragraph (1)—

''(A) by substituting '3.1 percent' for '2.3 percent'; and

''(B) by substituting '9.0 percent' for '8.25 percent'.

''(4) CONSULTATION.—The Secretary shall determine the applicable rate of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.''.

(2) CONFORMING AMENDMENT.—Section 428B(d)(4) (20 U.S.C. 1078–2(d)(4)) is amended by striking ''section 427A(c)'' and inserting ''section 427A(j)(3)''.

(b) SPECIAL ALLOWANCES.

(1) AMENDMENT.—Section 438(b)(2)(G) (20 U.S.C. 1087–1(b)(2)(G)) is amended to read as follows:

''(G) LOANS DISBURSED BETWEEN OCTOBER 1, 1998, AND BEFORE JULY 1, 2003.—

''(i) IN GENERAL.—Subject to paragraph (4) and clauses (ii), (iii), and (iv) of this subparagraph, and except as provided in subparagraph (B), the special allowance paid pursuant to this subsection on loans for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, shall be computed—

''(I) by determining the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 3-month period;

''(II) by subtracting the applicable interest rates on such loans from such average bond equivalent rate;

''(III) by adding 2.8 percent to the resultant percent; and

''(IV) by dividing the resultant percent by 4.

''(ii) IN SCHOOL AND GRACE PERIOD.—In the case of any loan for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, and for which the applicable rate of interest is described in section 427A(j)(2), clause (i)(III) of this subparagraph shall be applied by substituting '2.2 percent' for '2.8 percent'.

''(iii) PLUS LOANS.—In the case of any loan for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, and for which the applicable rate of interest is described in section 427A(j)(3), clause (i)(III) of this subparagraph shall be applied by substituting '3.1 percent' for '2.8 percent', subject to clause (iv) of this subparagraph.

''(iv) LIMITATION ON SPECIAL ALLOWANCES FOR PLUS LOANS.—In the case of loans disbursed on or after October 1, 1998, and before July 1, 2003, for which the interest rate is determined under section 427A(j)(3), a special allowance shall not be paid for a loan made under section 428B unless the rate determined for any 12-month period under section 427A(j)(3) exceeds 9 percent.''.

(2) CONFORMING AMENDMENT.—Section 438(b)(2)(C)(ii) is amended by striking ''In the case'' and inserting ''Subject to subparagraph (G), in the case''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to any loan made, insured, or guaranteed under part B of title IV of the Higher Education Act of 1965 for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003.

SEC. 426. FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS.

(a) FEDERAL INTEREST SUBSIDIES.—Section 428(a) (20 U.S.C. 1078(a)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (A)—

(i) in clause (i), by striking subclauses (I), (II), and (III) and inserting the following:

''(I) sets forth the loan amount for which the student shows financial need; and

''(II) sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G; and''; and

(ii) by amending clause (ii) to read as follows:

''(ii) meets the requirements of subparagraph (B); and'';

(B) by amending subparagraph (B) to read as follows:

''(B) For the purpose of clause (ii) of subparagraph (A), a student shall qualify for a portion of an interest payment under paragraph (1) (and a loan amount pursuant to section 428H) if the eligible institution has determined and documented the student's amount of need for a loan based on the student's estimated cost of attendance, estimated financial assistance, and, for the purpose of an interest payment pursuant to this section, the expected family contribution (as determined under part F), subject to the provisions of subparagraph (D).'';

(C) by amending subparagraph (C) to read as follows:

''(C) For the purpose of subparagraph (B) and this paragraph—

''(i) a student's cost of attendance shall be determined under section 472;

''(ii) a student's estimated financial assistance means, for the period for which the loan is sought, the amount of assistance such student will receive under subpart 1 of part A (as determined in accordance with section 484(b)), subpart 3 of part A, parts C and E, and any veterans' education benefits paid because of enrollment in a postsecondary education institution, including veterans' education benefits (as defined in section 480(c)), plus other scholarship, grant, or loan assistance; and

''(iii) the determination of need and of the amount of a loan by an eligible institution under subparagraph (B) with respect to a student shall, with the exception of loans made under section 428H, be calculated in accordance with part F.''; and

(D) by striking subparagraph (F);

(2) in paragraph (3)(A)(v)—

(A) in subclause (I), by inserting ''by the institution'' after ''disbursement''; and

(B) in clause (II), by inserting ''by the institution'' after ''disbursement''; and

(3) in paragraph (5)—

(A) by striking ''September 30, 2002'' and inserting ''September 30, 2004''; and

(B) by striking ''September 30, 2006'' and inserting ''September 30, 2008''.

(b) INSURANCE PROGRAM AGREEMENTS.—Section 428(b) (20 U.S.C. 1078(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i), by inserting '', as defined in section 481(d)(2),'' after ''academic year'';

(ii) in clause (iv), by striking ''and'' after the semicolon;

(iii) in clause (v), by inserting ''and'' after the semicolon; and

(iv) by inserting before the matter following clause (v) the following:

''(vi) in the case of a student enrolled in coursework specified in sections 484(b)(3)(B) and 484(b)(4)(B)—

''(I) $2,625 for coursework necessary for enrollment in an undergraduate degree or certificate program, and $5,500 for coursework necessary for enrollment in a graduate or professional degree or certification program; and

''(II) $5,500 for coursework necessary for a professional credential or certification from a State required for employment as a teacher in an elementary or secondary school;'';

(B) by amending subparagraph (E) to read as follows:

''(E) subject to subparagraphs (D) and (L), and except as provided by subparagraph (M), provides that—

''(i) not more than 6 months prior to the date on which the borrower's first payment is due, the lender shall offer the borrower of a loan made, insured, or guaranteed under this section or section 428H, the option of repaying the loan in accordance with a graduated, income-sensitive, or extended repayment schedule (as described in paragraph (9)) established by the lender in accordance with regulations provided by the Secretary; and

''(ii) repayment of loans shall be in installments in accordance with the repayment plan selected under paragraph (9) and commencing at the beginning of the repayment period determined under paragraph (7)'';

(C) in subparagraph (L)(i), by inserting ''except as otherwise provided by a repayment plan selected by the borrower under clause (ii) or (iii) of paragraph (9)(A),'' before ''during any''; and

(D) in subparagraph (U)(iii)(I), by inserting ''that originates or holds more than $5,000,000 in loans made under this title for any fiscal year (except that each lender described in section 435(d)(1)(A)(ii)(III) shall annually submit the results of an audit required by this clause),'' before ''at least once a year'';

(2) in paragraph (7), by adding at the end the following:

''(D) There shall be excluded from the 6-month period that begins on the date on which a student ceases to carry at least one-half the normal full-time academic workload as described in subparagraph (A)(i) any period not to exceed

3 years during which a borrower who is a member of a reserve component of the Armed Forces named in section 10101 of title 10, United States Code, is called or ordered to active duty for a period of more than 30 days (as defined in section 101(d)(2) of such title). Such period of exclusion shall include the period necessary to resume enrollment at the borrower's next available regular enrollment period.''; and

(3) by adding at the end the following:

''(9) REPAYMENT PLANS.—

''(A) DESIGN AND SELECTION.—In accordance with regulations promulgated by the Secretary, the lender shall offer a borrower of a loan made under this part the plans described in this subparagraph for repayment of such loan, including principal and interest thereon. Except as provided in paragraph (1)(L)(i), no plan may require a borrower to repay a loan in less than 5 years. The borrower may choose from—

''(i) a standard repayment plan, with a fixed annual repayment amount paid over a fixed period of time, not to exceed 10 years;

''(ii) a graduated repayment plan paid over a fixed period of time, not to exceed 10 years;

''(iii) an income-sensitive repayment plan, with income-sensitive repayment amounts paid over a fixed period of time, not to exceed 10 years, except that the borrower's scheduled payments shall not be less than the amount of interest due; and

''(iv) for first-time borrowers on or after the date of enactment of the Higher Education Amendments of 1998 with outstanding loans under this part totaling more than $30,000, an extended repayment plan, with a fixed annual or graduated repayment amount paid over an extended period of time, not to exceed 25 years, except that the borrower shall repay annually a minimum amount determined in accordance with paragraph (2)(L).

''(B) LENDER SELECTION OF OPTION IF BORROWER DOES NOT SELECT.—If a borrower of a loan made under this part does not select a repayment plan described in subparagraph (A), the lender shall provide the borrower with a repayment plan described in subparagraph (A)(i).

''(C) CHANGES IN SELECTION.—The borrower of a loan made under this part may change the borrower's selection of a repayment plan under subparagraph (B), as the case may be, under such conditions as may be prescribed by the Secretary in regulation.

''(D) ACCELERATION PERMITTED.—Under any of the plans described in this paragraph, the borrower shall be entitled to accelerate, without penalty, repayment on the borrower's loans under this part.''.

(c) GUARANTY AGREEMENTS FOR REIMBURSING LOSSES.—Section 428(c) (20 U.S.C. 1078(c)) is amended—

(1) in paragraph (1)—

(A) in the fourth sentence of subparagraph (A), by striking ''as reimbursement under this subsection shall be equal to 98 percent'' and inserting ''as reimbursement for loans for which the first disbursement is made on or after the date of enactment of the Higher Education Amendments of 1998 shall be equal to 95 percent'';

(B) in subparagraph (B)—

(i) in clause (i), by striking ''88 percent of the amount of such excess'' and inserting ''85 percent of the amount of such excess for loans for which the first disbursement is made on or after the date of enactment of the Higher Education Amendments of 1998''; and

(ii) in clause (ii), by striking ''78 percent of the amount of such excess'' and inserting ''75 percent of the amount of such excess for loans for which the first disbursement is made on or after the date of enactment of the Higher Education Amendments of 1998'';

(C) in subparagraph (E)—

(i) in clause (i), by striking ''98 percent'' and inserting ''95 percent'';

(ii) in clause (ii), by striking ''88 percent'' and inserting ''85 percent''; and

(iii) in clause (iii), by striking ''78 percent'' and inserting ''75 percent''; and

(D) in subparagraph (F)—

(i) in clause (i), by striking ''98 percent'' and inserting ''95 percent''; and

(ii) in clause (ii), by striking ''88 percent'' and inserting ''85 percent'';

(2) in paragraph (2)—

(A) in subparagraph (A), by striking ''proof that reasonable attempts were made'' and inserting ''proof that the institution was contacted and other reasonable attempts were made''; and

(B) in subparagraph (G), by striking ''certifies to the Secretary that diligent attempts have been made'' and inserting ''certifies to the Secretary that diligent attempts, including contact with the institution, have been made''.

(3) in paragraph (3)—

(A) in subparagraph (A)(i), by inserting ''or electronic'' after ''written'';

(B) in subparagraph (B), by striking ''and'' after the semicolon;

(C) in subparagraph (C), by striking the period and inserting ''; and''; and

(D) by inserting before the matter following subparagraph (C) the following:

''(D) shall contain provisions that specify that forbearance for a period not to exceed 60 days may be granted if the lender determines that such a suspension of collection activity is warranted following a borrower's request for forbearance in order to collect or process appropriate supporting documentation related to the request, and that during such period interest shall not be capitalized.'';

(4) by amending paragraph (6) to read as follows:

''(6) SECRETARY'S EQUITABLE SHARE.—For the purpose of paragraph (2)(D), the Secretary's equitable share of payments made by the borrower shall be that portion of the payments remaining after the guaranty agency with which the Secretary has an agreement under this subsection has deducted from such payments—

''(A) a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the loan; and

''(B) an amount equal to 24 percent of such payments for use in accordance with section 422B, except that, beginning on September 30, 2003, this subparagraph shall be applied by substituting '23 percent' for '24 percent'.'';

(5) in paragraph (8)—

(A) by striking ''(A) If'' and inserting ''If''; and

(B) by striking subparagraph (B); and

(6) in paragraph (9)—

(A) in subparagraph (A), by striking ''maintain a current minimum reserve level of at least .5 percent'' and inserting ''maintain in the agency's Federal Student Loan Reserve Fund established under section 422A a current minimum reserve level of at least 0.25 percent'';

(B) in subparagraph (C)—

(i) by striking ''80 percent'' and inserting ''78 percent'';

(ii) by striking '', as appropriate,''; and

(iii) by striking ''30 working'' and inserting ''45 working'';

(C) in subparagraph (E)—

(i) in clause (iv), by inserting ''or'' after the semicolon;

(ii) in clause (v), by striking ''; or'' and inserting a period; and

(iii) by striking clause (vi);

(D) in subparagraph (F), by amending clause (vii) to read as follows:

''(vii) take any other action the Secretary determines necessary to avoid disruption of the student loan program, to ensure the continued availability of loans made under this part to residents of each State in which the guaranty agency did business, to ensure the full honoring of all guarantees issued by the guaranty agency prior to the Secretary's assumption of the functions of such agency, and to ensure the proper servicing of loans guaranteed by the guaranty agency prior to the Secretary's assumption of the functions of such agency.''; and

(E) in subparagraph (K), by striking ''and the progress of the transition from the loan programs under this part to the direct student loan programs under part D of this title''.

(d) PAYMENT FOR LENDER REFERRAL SERVICES.—Subsection (e) of section 428 (20 U.S.C. 1078) is repealed.

(e) PAYMENT OF CERTAIN COSTS.—Subsection (f) of section 428 (20 U.S.C. 1078) is amended to read as follows:

''(f) PAYMENTS OF CERTAIN COSTS.—

''(1) PAYMENT FOR CERTAIN ACTIVITIES.—

''(A) IN GENERAL.—The Secretary—

''(i) for loans originated on or after October 1, 1998, and before October 1, 2003, and in accordance with the provisions of this paragraph, shall pay to each guaranty agency, a loan processing and issuance fee equal to 0.65 percent of the total principal amount of the loans on which insurance was issued under this part during such fiscal year by such agency; and

''(ii) for loans originated on or after October 1, 2003, and in accordance with the provisions of this paragraph, shall pay to each guaranty agency, a loan processing and issuance fee equal to 0.40 percent of the total principal amount of the loans on which insurance was issued under this part during such fiscal year by such agency.

''(B) PAYMENT.—The payment required by subparagraph (A) shall be paid on a quarterly basis. The guaranty agency shall be deemed to have a contractual right against the United States to receive payments according to the provisions of this subparagraph. Payments shall be made promptly and without administrative delay to any guaranty agency submitting an accurate and complete application therefore under this subparagraph.''.

(f) LENDERS-OF-LAST-RESORT.—Paragraph (3) of section 428(j) (20 U.S.C. 1078(j)) is amended—

(1) in the paragraph heading, by striking ''DURING TRANSITION TO DIRECT LENDING''; and

(2) in subparagraph (A), by striking ''during the transition from the Federal Family Education Loan Program under this part to the Federal Direct Student Loan Program under part D of this title'';

(g) DEFAULT AVERSION ASSISTANCE.—Subsection (l) of section 428 (20 U.S.C. 1078) is amended to read as follows:

''(l) DEFAULT AVERSION ASSISTANCE.—

''(1) ASSISTANCE REQUIRED.—Upon receipt of a proper request from the lender not earlier than the 60th nor later than the 90th day of delinquency, a guaranty agency having an agreement with the Secretary under subsection (c) shall engage in default aversion activities designed to prevent the default by a borrower on a loan covered by such agreement.

''(2) DEFAULT PREVENTION FEE REQUIRED.—

''(A) IN GENERAL.—A guaranty agency, in accordance with the provisions of this paragraph, may transfer from the Federal Student Loan Reserve Fund to the Agency Operating Fund a default prevention fee. Such fee shall be paid for any loan on which a claim for default has not been presented that the guaranty agency successfully brings into current repayment status on or before the 300th day after the loan becomes 60 days delinquent.

''(B) AMOUNT.—The default prevention fee shall be equal to 1 percent of the total unpaid principal and accrued interest on the loan calculated at the time the request is submitted by the lender. Such fee shall not be paid more than once on any loan for which the guaranty agency averts the default unless the borrower remained current in payments for at least 24 months prior to the subsequent delinquency. A guaranty agency may transfer such fees earned under this subsection not more frequently than monthly.

''(C) DEFINITION OF CURRENT REPAYMENT STATUS.—For the purpose of this paragraph, the

term 'current repayment status' means that the borrower is not delinquent, in any respect, in the payment of principal and interest on the loan at the time the guaranty agency qualifies for the default prevention fee.''.

(h) STATE SHARE OF DEFAULT COSTS.—Subsection (n) of section 428 (20 U.S.C. 1078) is repealed.

SEC. 427. VOLUNTARY FLEXIBLE AGREEMENTS WITH GUARANTY AGENCIES.

Part B of title IV (20 U.S.C. 1071 et seq.) is amended by inserting after section 428 (20 U.S.C. 1078) the following:

''SEC. 428A. VOLUNTARY FLEXIBLE AGREEMENTS WITH GUARANTY AGENCIES.

''(a) VOLUNTARY AGREEMENTS.—

''(1) AUTHORITY.—The Secretary may enter into a voluntary, flexible agreement, subject to paragraph (2), with guaranty agencies under this section, in lieu of agreements with a guaranty agency under subsections (b) and (c) of section 428. The Secretary may waive or modify any requirement under such subsections, except that the Secretary may not waive any statutory requirement pertaining to the terms and conditions attached to student loans, default claim payments made to lenders, or the prohibitions on inducements contained in section 428(b)(3).

''(2) ELIGIBILITY.—During fiscal years 1999, 2000, and 2001, the Secretary may enter into a voluntary, flexible agreement with not more than 6 guaranty agencies that had 1 or more agreements with the Secretary under subsections (b) and (c) of section 428 as of the day before the date of enactment of the Higher Education Amendments of 1998. Beginning in fiscal year 2002, any guaranty agency or consortium thereof may enter into a similar agreement with the Secretary.

''(3) REPORT REQUIRED.—Not later than September 30, 2001, the Secretary shall report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives regarding the impact that the voluntary flexible agreements have had upon program integrity, program and cost efficiencies, and the availability and delivery of student financial aid. Such report shall include—

''(A) a description of each voluntary flexible agreement and the performance goals established by the Secretary for each agreement;

''(B) a list of participating guaranty agencies and the specific statutory or regulatory waivers provided to each guaranty agency;

''(C) a description of the standards by which each agency's performance under the agency's voluntary flexible agreement was assessed and the degree to which each agency achieved the performance standards; and

''(D) an analysis of the fees paid by the Secretary, and the costs and efficiencies achieved under each voluntary agreement.

''(b) TERMS OF AGREEMENT.—An agreement between the Secretary and a guaranty agency under this section—

''(1) shall be developed by the Secretary, in consultation with the guaranty agency, on a case-by case basis;

''(2) may be secured by the parties;

''(3) may only include provisions—

''(A) specifying the responsibilities of the guaranty agency under the agreement, with respect to—

''(i) administering the issuance of insurance on loans made under this part on behalf of the Secretary;

''(ii) monitoring insurance commitments made under this part;

''(iii) default aversion activities;

''(iv) review of default claims made by lenders;

''(v) payment of default claims;

''(vi) collection of defaulted loans;

''(vii) adoption of internal systems of accounting and auditing that are acceptable to the Secretary, and reporting the result thereof to the Secretary in a timely manner, and on an accurate, and auditable basis;

''(viii) timely and accurate collection and reporting of such other data as the Secretary may require to carry out the purposes of the programs under this title;

''(ix) monitoring of institutions and lenders participating in the program under this part; and

''(x) informational outreach to schools and students in support of access to higher education;

''(B) regarding the fees the Secretary shall pay, in lieu of revenues that the guaranty agency may otherwise receive under this part, to the guaranty agency under the agreement, and other funds that the guaranty agency may receive or retain under the agreement, except that in no case may the cost to the Secretary of the agreement, as reasonably projected by the Secretary, exceed the cost to the Secretary, as similarly projected, in the absence of the agreement;

''(C) regarding the use of net revenues, as described in the agreement under this section, for such other activities in support of postsecondary education as may be agreed to by the Secretary and the guaranty agency;

''(D) regarding the standards by which the guaranty agency's performance of the agency's responsibilities under the agreement will be assessed, and the consequences for a guaranty agency's failure to achieve a specified level of performance on one or more performance standards;

''(E) regarding the circumstances in which a guaranty agency's agreement under this section may be ended in advance of the agreement's expiration date;

''(F) regarding such other businesses, previously purchased or developed with reserve funds, that relate to the program under this part and in which the Secretary permits the guaranty agency to engage; and

''(G) such other provisions as the Secretary may determine to be necessary to protect the United States from the risk of unreasonable loss and to promote the purposes of this part;

''(4) shall provide for uniform lender participation with the guaranty agency under the terms of the agreement; and

''(5) shall not prohibit or restrict borrowers from selecting a lender of the borrower's choosing, subject to the prohibitions and restrictions applicable to the selection under this Act.

''(c) PUBLIC NOTICE.—

''(1) IN GENERAL.—The Secretary shall publish in the Federal Register a notice to all guaranty agencies that sets forth—

''(A) an invitation for the guaranty agencies to enter into agreements under this section; and

''(B) the criteria that the Secretary will use for selecting the guaranty agencies with which the Secretary will enter into agreements under this section.

''(2) AGREEMENT NOTICE.—The Secretary shall notify the Chairperson and the Ranking Minority Members of the Committee on Labor and Human Resources of the Senate, and the Committee on Education and Workforce of the House of Representatives, and shall publish a notice in the Federal Register, with a request for public comment, at least 30 days prior to concluding an agreement under this section. The notice shall contain—

''(A) a description of the voluntary flexible agreement and the performance goals established by the Secretary for the agreement;

''(B) a list of participating guaranty agencies and the specific statutory or regulatory waivers provided to each guaranty agency;

''(C) a description of the standards by which each guaranty agency's performance under the agreement will be assessed; and

''(D) a description of the fees that will be paid to each participating guaranty agency.

''(3) PUBLIC AVAILABILITY.—The text of any voluntary flexible agreement, and any subsequent revisions, shall be readily available to the public.

''(4) MODIFICATION NOTICE.—The Secretary shall notify the Chairperson and the Ranking Minority Member of the Committee on Labor and Human Resources of the Senate, and the Committee on Education and Workforce of the House of Representatives 30 days prior to any modifications to an agreement under this section.

''(d) TERMINATION.—At the expiration or early termination of an agreement under this section, the Secretary shall reinstate the guaranty agency's prior agreements under subsections (b) and (c) of section 428, subject only to such additional requirements as the Secretary determines to be necessary in order to ensure the efficient transfer of responsibilities between the agreement under this section and the agreements under subsections (b) and (c) of section 428, and including the guaranty agency's compliance with reserve requirements under sections 422 and 428.''.

SEC. 428. FEDERAL PLUS LOANS.

Section 428B (20 U.S.C. 1078–2) is amended—

(1) by amending subsection (a) to read as follows:

''(a) AUTHORITY TO BORROW.—

''(1) AUTHORITY AND ELIGIBILITY.—Parents of a dependent student shall be eligible to borrow funds under this section in amounts specified in subsection (b), if—

''(A) the parents do not have an adverse credit history as determined pursuant to regulations promulgated by the Secretary; and

''(B) the parents meet such other eligibility criteria as the Secretary may establish by regulation, after consultation with guaranty agencies, eligible lenders, and other organizations involved in student financial assistance.

''(2) TERMS, CONDITIONS, AND BENEFITS.—Except as provided in subsections (c), (d), and (e), loans made under this section shall have the same terms, conditions, and benefits as all other loans made under this part.

''(3) SPECIAL RULE.—Whenever necessary to carry out the provisions of this section, the terms ''student'' and ''borrower'' as used in this part shall include a parent borrower under this section.''; and

(2) by adding at the end the following:

''(f) VERIFICATION OF IMMIGRATION STATUS AND SOCIAL SECURITY NUMBER.—A parent who wishes to borrow funds under this section shall be subject to verification of the parent's—

''(1) immigration status in the same manner as immigration status is verified for students under section 484(g); and

''(2) social security number in the same manner as social security numbers are verified for students under section 484(p).''.

SEC. 429. FEDERAL CONSOLIDATION LOANS.

(a) IN GENERAL.—Section 428C(a)(3) (20 U.S.C. 1078–3(a)(3)) is amended—

(1) by amending subparagraph (A) to read as follows: ''(A) For the purpose of this section, the term 'eligible borrower' means a borrower who—

''(i) is not subject to a judgment secured through litigation or an order for wage garnishment under section 488A; or

''(ii) at the time of application for a consolidation loan—

''(I) is in repayment status;

''(II) is in a grace period preceding repayment; or

''(III) is a defaulted borrower who has made arrangements to repay the obligation on the defaulted loans satisfactory to the holders of the defaulted loans.''; and

(2) in subparagraph (B)(i)—

(A) in subclause (I), by striking ''and'' after the semicolon;

(B) by redesignating subclause (II) as subclause (III);

(C) by inserting after subclause (I) the following:

''(II) with respect to eligible student loans received prior to the date of consolidation that the borrower may wish to include with eligible loans specified in subclause (I) in a later consolidation loan; and''; and

(D) in subclause (III) (as redesignated by subparagraph (B)—

(i) by striking ''that loans'' and inserting ''with respect to loans''; and

(ii) by inserting ''that'' before ''may be added''.

(b) DATE CHANGE.—Section 428C(e) (20 U.S.C. 1078–3(e)) is amended by striking ''September 30, 2002'' and inserting ''September 30, 2004''.

SEC. 430. REQUIREMENTS FOR DISBURSEMENTS OF STUDENT LOANS.

(a) IN GENERAL.—Section 428G (20 U.S.C. 1078G) is amended—

(1) in subsection (a)(1), by striking ''The proceeds'' and inserting ''Except for a loan made for the final period of enrollment, that is less than an academic year, in a student's baccalaureate program of study, at an institution with a cohort default rate (as calculated under section 435(m)) that is 5 percent or less, the proceeds'';

(2) in subsection (b)(1), by striking ''The first'' and inserting ''Except for a loan made to a student borrower entering an institution with a cohort default rate (as calculated under section 435(m)) of less than 5 percent, the first''; and

(3) in subsection (e)—

(A) by striking ''or made'' and inserting '', made''; and

(B) by inserting '', or made to a student to cover the cost of attendance in a program of study abroad approved by the home eligible institution if the home eligible institution has a cohort default rate (as calculated under section 435(m)) of less than 5 percent'' before the period.

(b) EFFECTIVE DATE.—The amendment made by subsection (a)(2) shall be effective during the period beginning on October 1, 1998, and ending on September 30, 2002.

SEC. 431. DEFAULT REDUCTION PROGRAM.

The heading for subsection (b) of section 428F (20 U.S.C. 1078–6) is amended by striking ''SPECIAL RULE'' and inserting ''SATISFACTORY REPAYMENT ARRANGEMENTS TO RENEW ELIGIBILITY''.

SEC. 432. UNSUBSIDIZED LOANS.

(a) IN GENERAL.—Section 428H (20 U.S.C. 1078–8) is amended—

(1) by amending subsection (b) to read as follows:

''(b) ELIGIBLE BORROWERS.—Any student meeting the requirements for student eligibility under section 484 (including graduate and professional students as defined in regulations promulgated by the Secretary) shall be entitled to borrow an unsubsidized Stafford loan if the eligible institution at which the student has been accepted for enrollment, or at which the student is in attendance, has—

''(1) determined and documented the student's need for the loan based on the student's estimated cost of attendance (as determined under section 472) and the student's estimated financial assistance, including a loan which qualifies for interest subsidy payments under section 428; and

''(2) provided the lender a statement—

''(A) certifying the eligibility of the student to receive a loan under this section and the amount of the loan for which such student is eligible, in accordance with subsection (c); and

''(B) setting forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G.'';

(2) in subsection (d)—

(A) in paragraph (2)—

(i) in the matter preceding subparagraph (A)—

(I) by inserting '', as defined in section 481(d)(2),'' after ''academic year''; and

(II) by striking ''or in any period of 7 consecutive months, whichever is longer,'';

(ii) in subparagraph (C), by inserting ''and'' after the semicolon; and

(iii) by inserting before the matter following subparagraph (C) the following:

''(D) in the case of a student enrolled in coursework specified in sections 484(b)(3)(B) and 484(b)(4)(B)—

''(i) $4,000 for coursework necessary for enrollment in an undergraduate degree or certificate program, and $5,000 for coursework necessary for enrollment in a graduate or professional program; and

''(ii) $5,000 for coursework necessary for a professional credential or certification from a State required for employment as a teacher in an elementary or secondary school;''; and

(B) in paragraph (3), by adding at the end the following: ''The maximum aggregate amount shall not include interest capitalized from an in-school period.'';

(3) in subsection (e)—

(A) by amending paragraph (2) to read as follows:

''(2) CAPITALIZATION OF INTEREST.—Interest on loans made under this section for which payments of principal are not required during the in-school and grace periods or for which payments are deferred under sections 427(a)(2)(C) and 428(b)(1)(M) shall, if agreed upon by the borrower and the lender—

''(A) be paid monthly or quarterly; or

''(B) be added to the principal amount of the loan by the lender only—

''(i) when the loan enters repayment;

''(ii) at the expiration of a grace period, in the case of a loan that qualifies for a grace period;

''(iii) at the expiration of a period of deferment; or

''(iv) when the borrower defaults.''; and

(B) in paragraph (6), by striking ''10 year repayment period under section 428(b)(1)(D)'' and inserting ''repayment period under section 428(b)(9)''.

(b) SENSE OF THE SENATE ON LOAN LIMIT FLEXIBILITY.—

(1) FINDINGS.—The Senate finds that—

(A) due to the annual borrowing ceilings on the Federal student loan programs, increasing numbers of needy students are borrowing from more expensive private sector loan programs than from the Federal loan programs;

(B) according to the College Board, in academic year 1996–1997, students borrowed approximately $1,200,000,000 from private sector loan programs;

(C) the alternative private sector loan programs are not only more expensive, but the interest rates are not capped, leaving students vulnerable to higher monthly payments when interest rates increase; and

(D) with more flexible Federal annual loan ceilings, students could be kept in Federal student loan programs, thereby making available to the students the debt management advantages of loan consolidation and alternative repayment options that are available under Federal student loan programs, and lowering the costs of monthly payments.

(2) SENSE OF THE SENATE.—It is the sense of the Senate that Congress should consider the growing problem described in paragraph (1) by continuing to examine the potential for adding borrowing flexibility to the annual, but not the aggregate, amounts that both undergraduate and graduate students are allowed to borrow under section 428H of the Higher Education Act of 1965.

SEC. 433. LOAN FORGIVENESS FOR TEACHERS.

Section 428J (20 U.S.C. 1078–10) is amended to read as follows:

''SEC. 428J. LOAN FORGIVENESS FOR TEACHERS.

''(a) STATEMENT OF PURPOSE.—It is the purpose of this section to encourage individuals to enter and continue in the teaching profession.

''(b) PROGRAM AUTHORIZED.—The Secretary is authorized to carry out a program, through the holder of the loan, of assuming the obligation to repay a qualifying loan made under section 428 that is eligible for interest subsidy, for any new borrower on or after October 1, 1998, who—

''(1) has been employed as a full-time teacher for 3 consecutive complete school years—

''(A) in a school that qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such schools;

''(B) if employed as a secondary school teacher, is teaching a subject area that is relevant to the borrower's academic major as certified by the chief administrative officer of the public or nonprofit private secondary school in which the borrower is employed; and

''(C) if employed as an elementary school teacher, has demonstrated, in accordance with State teacher certification or licensing requirements and as certified by the chief administrative officer of the public or nonprofit private elementary school in which the borrower is employed, knowledge and teaching skills in reading, writing, mathematics and other areas of the elementary school curriculum; and

''(2) is not in default on a loan for which the borrower seeks forgiveness.

''(c) QUALIFYING LOANS.—For purposes of this section, a loan is a qualifying loan if—

''(1) the loan was obtained to cover the cost of instruction for an academic year after the first and second years of undergraduate education; and

''(2) the loan did not cover the costs of instruction for more than 2 academic years, or 3 academic years in the case of a program of instruction normally requiring 5 years to complete.

''(d) REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

''(e) LOAN REPAYMENT DURING CONTINUING TEACHING SERVICE.—

''(1) IN GENERAL.—The Secretary shall assume the obligation to repay through reimbursement to the holder—

''(A) 30 percent of the total outstanding amount and applicable interest of subsidized Federal Stafford loans that are qualifying loans and are owed by the student borrower after the completion of the fourth or fifth complete school year of service described in subsection (b);

''(B) 40 percent of such total amount after the completion of the sixth complete school year of such service; and

''(C) a total amount for any borrower that shall not exceed $8,000.

''(2) CONSTRUCTION.—Nothing in this section shall be construed to authorize any refunding of any repayment of a loan.

''(f) LIST.—If the list of schools in which a teacher may perform service pursuant to subsection (b) is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

''(g) CONTINUED ELIGIBILITY.—Any teacher who performs service in a school that—

''(1) meets the requirements of subsection (b)(1)(A) in any year during such service; and

''(2) in a subsequent year fails to meet the requirements of such subsection, may continue to teach in such school and shall be eligible for loan forgiveness pursuant to subsection (b).''.

SEC. 434. LOAN FORGIVENESS FOR CHILD CARE PROVIDERS.

Part B (20 U.S.C. 1071 et seq.) is amended by inserting after section 428J (as added by section 433) (20 U.S.C. 1078–10) the following:

''SEC. 428K. LOAN FORGIVENESS FOR CHILD CARE PROVIDERS.

''(a) PURPOSE.—It is the purpose of this section—

''(1) to bring more highly trained individuals into the early child care profession; and

''(2) to keep more highly trained child care providers in the early child care field for longer periods of time.

''(b) DEFINITIONS.—In this section:

''(1) CHILD CARE FACILITY.—The term 'child care facility' means a facility, including a home, that—

''(A) provides child care services; and

''(B) meets applicable State or local government licensing, certification, approval, or registration requirements, if any.

''(2) CHILD CARE SERVICES.—The term 'child care services' means activities and services provided for the education and care of children

from birth through age 5 by an individual who has a degree in early childhood education.

''(3) DEGREE.—The term 'degree' means an associate's or bachelor's degree awarded by an institution of higher education.

''(4) EARLY CHILDHOOD EDUCATION.—The term 'early childhood education' means education in the areas of early child education, child care, or any other educational area related to child care that the Secretary determines appropriate.

''(5) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given the term in section 101.

''(c) DEMONSTRATION PROGRAM.—

''(1) IN GENERAL.—The Secretary may carry out a demonstration program of assuming the obligation to repay, pursuant to subsection (d), a loan made, insured or guaranteed under this part or part D (excluding loans made under sections 428B and 428C) for any new borrower after the date of enactment of the Higher Education Amendments of 1998, who—

''(A) completes a degree in early childhood education;

''(B) obtains employment in a child care facility; and

''(C) has worked full time for the 2 consecutive years preceding the year for which the determination is made as a child care provider in a low-income community.

''(2) LOW-INCOME COMMUNITY.—For the purposes of this subsection, the term 'low-income community' means a community in which 70 percent of households within the community earn less than 85 percent of the State median household income.

''(3) AWARD BASIS; PRIORITY.—

''(A) AWARD BASIS.—Subject to subparagraph (B), loan repayment under this section shall be on a first-come, first-served basis and subject to the availability of appropriations.

''(B) PRIORITY.—The Secretary shall give priority in providing loan repayment under this section for a fiscal year to student borrowers who received loan repayment under this section for the preceding fiscal year.

''(4) REGULATIONS.—The Secretary is authorized to prescribe such regulations as may be necessary to carry out the provisions of this section.

''(d) LOAN REPAYMENT.—

''(1) IN GENERAL.—The Secretary shall assume the obligation to repay—

''(A) after the second consecutive year of employment described in subparagraphs (B) and (C) of subsection (c)(1), 20 percent of the total amount of all loans made after date of enactment of the Higher Education Amendments of 1998, to a student under this part or part D;

''(B) after the third consecutive year of such employment, 20 percent of the total amount of all such loans; and

''(C) after each of the fourth and fifth consecutive years of such employment, 30 percent of the total amount of all such loans.

''(2) CONSTRUCTION.—Nothing in this section shall be construed to authorize the refunding of any repayment of a loan made under this part or part D.

''(3) INTEREST.—If a portion of a loan is repaid by the Secretary under this section for any year, the proportionate amount of interest on such loan which accrues for such year shall be repaid by the Secretary.

''(4) SPECIAL RULE.—In the case where a student borrower who is not participating in loan repayment pursuant to this section returns to an institution of higher education after graduation from an institution of higher education for the purpose of obtaining a degree in early childhood education, the Secretary is authorized to assume the obligation to repay the total amount of loans made under this part or part D incurred for a maximum of two academic years in returning to an institution of higher education for the purpose of obtaining a degree in early childhood education. Such loans shall only be repaid for borrowers who qualify for loan repayment pursuant to the provisions of this section, and shall be repaid in accordance with the provisions of paragraph (1).

''(5) INELIGIBILITY OF NATIONAL SERVICE AWARD RECIPIENTS.—No student borrower may, for the same volunteer service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12601 et seq.).

''(e) REPAYMENT TO ELIGIBLE LENDERS.—The Secretary shall pay to each eligible lender or holder for each fiscal year an amount equal to the aggregate amount of loans which are subject to repayment pursuant to this section for such year.

''(f) APPLICATION FOR REPAYMENT.—

''(1) IN GENERAL.—Each eligible individual desiring loan repayment under this section shall submit a complete and accurate application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

''(2) CONDITIONS.—An eligible individual may apply for loan repayment under this section after completing each year of qualifying employment. The borrower shall receive forbearance while engaged in qualifying employment unless the borrower is in deferment while so engaged.

''(g) EVALUATION.—

''(1) IN GENERAL.—The Secretary shall conduct, by grant or contract, an independent national evaluation of the impact of the demonstration program assisted under this section on the field of early childhood education.

''(2) COMPETITIVE BASIS.—The grant or contract described in subsection (b) shall be awarded on a competitive basis.

''(3) CONTENTS.—The evaluation described in this subsection shall—

''(A) determine the number of individuals who were encouraged by the demonstration program assisted under this section to pursue early childhood education;

''(B) determine the number of individuals who remain employed in a child care facility as a result of participation in the program;

''(C) identify the barriers to the effectiveness of the program;

''(D) assess the cost-effectiveness of the program in improving the quality of—

''(i) early childhood education; and

''(ii) child care services;

''(E) identify the reasons why participants in the program have chosen to take part in the program;

''(F) identify the number of individuals participating in the program who received an associate's degree and the number of such individuals who received a bachelor's degree; and

''(G) identify the number of years each individual participates in the program.

''(4) INTERIM AND FINAL EVALUATION REPORTS.—The Secretary shall prepare and submit to the President and the Congress such interim reports regarding the evaluation described in this subsection as the Secretary deems appropriate, and shall prepare and so submit a final report regarding the evaluation by January 1, 2002.

''(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

SEC. 435. NOTICE TO SECRETARY AND PAYMENT OF LOSS.

The third sentence of section 430(a) (20 U.S.C. 1080(a)) is amended by inserting ''the institution was contacted and other'' after ''submit proof that''.

SEC. 436. COMMON FORMS AND FORMATS.

Section 432 (20 U.S.C. 1082) is amended—

(1) in subsection (m)(1)—

(A) in subparagraph (A), by striking ''a common application form and promissory note'' and inserting ''common application forms and promissory notes, or master promissory notes,'';

(B) by striking subparagraph (C);

(C) by redesignating subparagraph (D) as subparagraph (C); and

(D) in subparagraph (C) (as redesignated by subparagraph (C))—

(i) by inserting '', application and other'' after ''electronic''; and

(ii) by adding at the end the following: ''Guaranty agencies, borrowers, and lenders may use electronically printed versions of common forms approved for use by the Secretary.''; and

(2) in subsection (p), by striking ''State postsecondary reviewing entities designated under subpart 1 of part H,''.

SEC. 437. STUDENT LOAN INFORMATION BY ELIGIBLE LENDERS.

Section 433 (20 U.S.C. 1083) is amended—

(1) in subsection (a), by amending the matter preceding paragraph (1) to read as follows:

''(a) REQUIRED DISCLOSURE BEFORE DISBURSEMENT.—Each eligible lender shall, at or prior to the time such lender disburses a loan that is insured or guaranteed under this part (other than a loan made under section 428C), provide thorough and accurate loan information on such loan to the borrower. Any disclosure required by this subsection may be made by an eligible lender by written or electronic means, including as part of the application material provided to the borrower, as part of the promissory note evidencing the loan, or on a separate written form provided to the borrower. Each lender shall provide a telephone number, and may provide an electronic address, to each borrower through which additional loan information can be obtained. The disclosure shall include—''; and

(2) in subsection (b), by amending the matter preceding paragraph (1) to read as follows:

''(b) REQUIRED DISCLOSURE BEFORE REPAYMENT.—Each eligible lender shall, at or prior to the start of the repayment period of the student borrower on loans made, insured, or guaranteed under this part, disclose to the borrower by written or electronic means the information required under this subsection. Each eligible lender shall provide a telephone number, and may provide an electronic address, to each borrower through which additional loan information can be obtained. For any loan made, insured, or guaranteed under this part, other than a loan made under section 428B or 428C, such disclosure required by this subsection shall be made not less than 30 days nor more than 240 days before the first payment on the loan is due from the borrower. The disclosure shall include—''.

SEC. 438. DEFINITIONS.

(a) ELIGIBLE INSTITUTION.—Section 435(a) (20 U.S.C. 1085(a)) is amended—

(1) in paragraph (2)—

(A) by adding after the matter following subparagraph (A)(ii) the following:

''If an institution continues to participate in a program under this part, and the institution's appeal of the loss of eligibility is unsuccessful, the institution shall be required to pay to the Secretary an amount equal to the amount of interest, special allowance, reinsurance, and any related payments made by the Secretary (or which the Secretary is obligated to make) with respect to loans made under this part to students attending, or planning to attend, that institution during the pendency of such appeal. In order to continue to participate during an appeal under this paragraph, the institution shall provide a letter of credit in favor of the Secretary or other third-party financial guarantees satisfactory to the Secretary in an amount determined by the Secretary to be sufficient to satisfy the institution's potential liability on such loans under the preceding sentence.''; and

(B) by amending subparagraph (C) to read as follows:

''(C)(i) This paragraph shall not apply to any institution described in clause (ii), and any such institution that exceeds the threshold percentage in subparagraph (A)(ii) for 2 consecutive

years shall submit to the Secretary a default management plan satisfactory to the Secretary and containing criteria designed, in accordance with the regulations of the Secretary, to demonstrate continuous improvement by the institution in the institution's cohort default rate. If the institution fails to submit the required plan, or to satisfy the criteria in the plan, the institution shall be subject to a loss of eligibility in accordance with this paragraph, except as the Secretary may otherwise specify in regulations.

''(ii) An institution referred to in clause (i) is—

''(I) a part B institution within the meaning of section 322(2);

''(II) a Tribally Controlled College or University within the meaning of section 2(a)(4) of the Tribally Controlled College or University Assistance Act of 1978; or

''(III) a Navajo Community College under the Navajo Community College Act.'';

(2) in the matter following subparagraph (C)—

(A) by inserting ''for a reasonable period of time, not to exceed 30 days,'' after ''access''; and

(B) by striking ''of the affected guaranty agencies and loan servicers for a reasonable period of time, not to exceed 30 days'' and inserting ''used by a guaranty agency in determining whether to pay a claim on a defaulted loan''; and

(3) by adding at the end the following:

''(4) PARTICIPATION RATE INDEX.—

''(A) IN GENERAL.—An institution that demonstrates to the Secretary that the institution's participation rate index is equal to or less than 0.0375 for any of the 3 applicable participation rate indices shall not be subject to paragraph (2). The participation rate index shall be determined by multiplying the institution's cohort default rate for loans under part B or D, or weighted average cohort default rate for loans under parts B and D, by the percentage of the institution's regular students, enrolled on at least a half-time basis, who received a loan made under part B or D for a 12-month period ending during the 6 months immediately preceding the fiscal year for which the cohort of borrowers used to calculate the institution's cohort default rate is determined.

''(B) DATA.—An institution shall provide the Secretary with sufficient data to determine the institution's participation rate index within 30 days after receiving an initial notification of the institution's draft cohort default rate.

''(C) NOTIFICATION.—Prior to publication of a final cohort default rate for an institution that provides the data described in subparagraph (B), the Secretary shall notify the institution of the institution's compliance or noncompliance with subparagraph (A).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a)(1)(B) shall be effective during the period beginning on the date of enactment of this Act and ending on September 30, 2002.

(c) ELIGIBLE LENDER.—Section 435(d)(1)(A)(ii) (20 U.S.C. 1085(d)(1)(A)(ii) is amended—

(1) by striking ''or'' after ''1992,''; and

(2) by inserting before the semicolon the following: '', or (III) it is a bank (as defined in section 3(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(a)(1)) that is a wholly owned subsidiary of a nonprofit foundation, the foundation is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(1) of such Code, and the bank makes loans under this part only to undergraduate students who are age 22 or younger and has a portfolio of such loans that is not more than $5,000,000''.

(d) DEFINITION OF DEFAULT.—

(1) AMENDMENT.—Section 435(l) (20 U.S.C. 1085l) is amended—

(A) by striking ''180 days'' and inserting ''270 days''; and

(B) by striking ''240 days'' and inserting ''330 days''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to loans for which the first day of delinquency occurs on or after the date of enactment of this Act.

(e) COHORT DEFAULT RATE.—Section 435(m)(1)(B) (20 U.S.C. 1085(m)(1)(B)) is amended by striking ''insurance, and, in considering appeals with respect to cohort default rates pursuant to subsection (a)(3), exclude'' and inserting ''insurance. In considering appeals with respect to cohort default rates pursuant to subsection (a)(3), the Secretary shall exclude, from the calculation of the number of students who entered repayment and from the calculation of the number of students who default,''.

(f) PUBLICATION DATE.—Section 435(m)(4) (20 U.S.C. 1085(m)(4)) is amended by adding at the end the following:

''(D) The Secretary shall publish the report described in subparagraph (C) by September 30 of each year.''.

SEC. 439. STUDY OF THE EFFECTIVENESS OF COHORT DEFAULT RATES FOR INSTITUTIONS WITH FEW STUDENT LOAN BORROWERS.

Part A of title IV (20 U.S.C. 1071 et seq.) is amended by adding after section 435 the following:

''SEC. 435A. STUDY OF THE EFFECTIVENESS OF COHORT DEFAULT RATES FOR INSTITUTIONS WITH FEW STUDENT LOAN BORROWERS.

''(a) STUDY REQUIRED.—The Secretary shall conduct a study of the effectiveness of cohort default rates as an indicator of administrative capability and program quality for institutions of higher education at which less than 15 percent of students eligible to borrow participate in the Federal student loan programs under this title and fewer than 30 borrowers enter repayment in any fiscal year. At a minimum, the study shall include—

''(1) identification of the institutions included in the study and of the student populations the institutions serve;

''(2) analysis of cohort default rates as indicators of administrative shortcomings and program quality at the institutions;

''(3) analysis of the effectiveness of cohort default rates as a means to prevent fraud and abuse in the programs assisted under this title;

''(4) analysis of the extent to which the institutions with high cohort default rates are no longer participants in the Federal student loan programs under this title; and

''(5) analysis of the costs incurred by the Department for the calculation, publication, correction, and appeal of cohort default rates for the institutions in relation to any benefits to taxpayers.

''(b) CONSULTATION.—In conducting the study described in subsection (a), the Secretary shall consult with institutions of higher education.

''(c) REPORT TO CONGRESS.—The Secretary shall report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than September 30, 1999, regarding the results of the study described in subsection (a).''.

SEC. 440. DELEGATION OF FUNCTIONS.

Section 436 (20 U.S.C. 1086) is amended to read as follows:

''SEC. 436. DELEGATION OF FUNCTIONS.

''(a) IN GENERAL.—An eligible lender or guaranty agency that contracts with another entity to perform any of the lender's or agency's functions under this title, or otherwise delegates the performance of such functions to such other entity—

''(1) shall not be relieved of the lender's or agency's duty to comply with the requirements of this title; and

''(2) shall monitor the activities of such other entity for compliance with such requirements.

''(b) SPECIAL RULE.—A lender that holds a loan made under part B in the lender's capacity as a trustee is responsible for complying with all statutory and regulatory requirements imposed on any other holder of a loan made under this part.''.

SEC. 440A. SPECIAL ALLOWANCES.

(a) AMENDMENTS.—Section 438 (20 U.S.C. 1087–1) is amended—

(1) in subsection (c), by amending paragraph (1) to read as follows:

''(1) DEDUCTION FROM INTEREST AND SPECIAL ALLOWANCE SUBSIDIES.—(A) Notwithstanding subsection (b), the Secretary shall collect the amount the lender is authorized to charge as an origination fee in accordance with paragraph (2) of this subsection—

''(i) by reducing the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b) of this section, respectively, to any holder; or

''(ii) directly from the holder of the loan, if the lender fails or is not required to bill the Secretary for interest and special allowance or withdraws from the program with unpaid loan origination fees.

''(B) If the Secretary collects the origination fee under this subsection through the reduction of interest and special allowance, and the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b) of this section, respectively, is less than the amount the lender was authorized to charge borrowers for origination fees in that quarter, the Secretary shall deduct the excess amount from the subsequent quarters' payments until the total amount has been deducted.'';

(2) in subsection (d), by amending paragraph (1) to read as follows:

''(1) DEDUCTION FROM INTEREST AND SPECIAL ALLOWANCE SUBSIDIES.—

''(A) IN GENERAL.—Notwithstanding subsection (b), the Secretary shall collect a loan fee in an amount determined in accordance with paragraph (2)—

''(i) by reducing the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b), respectively, to any holder of a loan; or

''(ii) directly from the holder of the loan, if the lender—

''(I) fails or is not required to bill the Secretary for interest and special allowance payments; or

''(II) withdraws from the program with unpaid loan fees.

''(B) SPECIAL RULE.—If the Secretary collects loan fees under this subsection through the reduction of interest and special allowance payments, and the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b), respectively, is less than the amount of such loan fees, then the Secretary shall deduct the amount of the loan fee balance from the amount of interest and special allowance payments that would otherwise be payable, in subsequent quarterly increments until the balance has been deducted.''; and

(3) in subsection (e)—

(A) by striking paragraphs (1) and (2); and

(B) by redesignating paragraphs (3) and (4) as paragraphs (1) and (2), respectively.

(b) CONFORMING AMENDMENT.—Section 432(f)(1)(D) is amended by striking ''required to file a plan for doing business under section 438(d)'' and inserting ''that meets the requirements of section 438(e)''.

SEC. 440B. STUDY OF MARKET-BASED MECHANISMS FOR DETERMINING STUDENT LOAN INTEREST RATES.

(a) STUDY REQUIRED.—

(1) IN GENERAL.—The Secretary of the Treasury shall conduct a study of the feasibility of employing market-based mechanisms, including some form of auction, for determining student loan interest rates under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.). The study shall include—

(A) analysis of the potential impact of the mechanisms on the delivery of student financial aid;

(B) analysis of the implications of the mechanisms with respect to student and institutional access to student loan capital;

(C) analysis of the potential impact of the mechanisms on the costs of the programs under such title for students and the Federal Government; and

(D) a plan for structuring and implementing the mechanisms in such a manner that ensures the cost-effective availability of student loans for students and their families.

(b) CONSULTATION.—In conducting the study described in paragraph (1), the Secretary shall consult with lenders, secondary markets, guaranty agencies, institutions of higher education, student loan borrowers, and other participants in the student loan programs under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

(c) REPORT TO CONGRESS.—The Secretary of the Treasury shall report to the Committee on Labor and Human Resources of the Senate, and the Committee on Education and the Workforce of the House of Representatives not later than September 30, 1999, regarding the results of the study described in subsection (a).

PART C—FEDERAL WORK-STUDY PROGRAMS

SEC. 441. AUTHORIZATION OF APPROPRIATIONS; COMMUNITY SERVICES.

Section 441 (20 U.S.C. 2751) is amended—

(1) in subsection (b), by striking ''$800,000,000 for fiscal year 1993'' and inserting ''$900,000,000 for fiscal year 1999''; and

(2) in subsection (c)—

(A) in paragraph (1), by inserting ''(including child care services provided on campus)'' after ''child care''; and

(B) in paragraph (3), by inserting '', including students with disabilities who are enrolled at the institution'' before the semicolon.

SEC. 442. GRANTS FOR FEDERAL WORK-STUDY PROGRAMS.

Section 443(b) (20 U.S.C. 2753(b)) is amended—

(1) in paragraph (1), by inserting '', including internships or research assistanceships as determined by the Secretary,'' after ''part-time employment'';

(2) by amending paragraph (3) to read as follows:

''(3) provide that in the selection of students for employment under such work-study program, only students who demonstrate financial need in accordance with part F of this title and meet the requirements of section 484 will be assisted, except that if the institution's grant under this part is directly or indirectly based in part on the financial need demonstrated by students who are (A) attending the institution on less than a full-time basis, or (B) independent students, a reasonable portion of the allocation shall be made available to such students;'';

(3) in paragraph (5)—

(A) by striking ''provide that'' and inserting ''(A) provide that'';

(B) by striking ''1993–1994'' and inserting ''1999–2000''; and

(C) by inserting ''and (B) provide that the Federal share of the compensation of students employed in community service shall not exceed 90 percent for academic years 1999–2000 and succeeding academic years,'' after ''academic years,''; and

(4) in paragraph (6), by striking '', and to make'' and all that follows through ''such employment''.

SEC. 443. WORK COLLEGES.

Section 448 (20 U.S.C. 2756b) is amended—

(1) in subsection (b)(2)—

(A) in subparagraph (C), by striking ''and'' after the semicolon;

(B) in subparagraph (D)(ii), by striking the period and inserting a semicolon; and

(C) by adding at the end the following:

''(E) coordinate and carry out joint projects and activities to promote work service learning; and

''(F) carry out a comprehensive, longitudinal study of student academic progress and academic and career outcomes, relative to student self-sufficiency in financing their higher education, repayment of student loans, continued community service, kind and quality of service performed, and career choice and community service selected after graduation.''; and

(2) in subsection (f), by striking ''$5,000,000 for fiscal year 1993'' and inserting ''$7,000,000 for fiscal year 1999''.

PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

SEC. 451. SELECTION OF INSTITUTIONS.

Section 453(c) (20 U.S.C. 1087c(c)) is amended—

(1) in paragraph (2)—

(A) in the paragraph heading, by striking ''TRANSITION'';

(B) by striking subparagraph (E); and

(C) by redesignating subparagraphs (F), (G), and (H) as subparagraphs (E), (F), and (G), respectively; and

(2) in paragraph (3)—

(A) in the paragraph heading, by striking ''AFTER TRANSITION''; and

(B) by striking ''For academic year 1995–1996 and subsequent academic years, the'' and inserting ''The''.

SEC. 452. TERMS AND CONDITIONS.

(a) DIRECT LOAN INTEREST RATES.—Section 455(b) (20 U.S.C. 1087e(b)) is amended by amending paragraph (5) to read as follows:

''(5) INTEREST RATE PROVISION.—

''(A) RATES FOR FDSL AND FDUSL.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Unsubsidized Stafford/Ford Loans for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

''(i) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

''(ii) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

''(B) IN SCHOOL AND GRACE PERIOD RULES.—Notwithstanding the preceding paragraphs of this subsection, with respect to any Federal Direct Stafford/Ford Loan or Federal Direct Unsubsidized Stafford/Ford Loan for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest for interest which accrues—

''(i) prior to the beginning of the repayment period of the loan; or

''(ii) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under subparagraph (A) by substituting '1.7 percent' for '2.3 percent'.

''(C) PLUS LOANS.—Notwithstanding the preceding paragraphs of this subsection, with respect to Federal Direct PLUS Loan for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest shall be determined under subparagraph (A)—

''(i) by substituting '3.1 percent' for '2.3 percent'; and

''(ii) by substituting '9.0 percent' for '8.25 percent'.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to any loan made under part D of title IV of the Higher Education Act of 1965 for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003.

(c) REPAYMENT INCENTIVES.—Section 455(b) (20 U.S.C. 1087e(b)) is amended further by adding at the end the following:

''(7) REPAYMENT INCENTIVES.—

''(A) IN GENERAL.—Notwithstanding any other provision of this part, the Secretary is authorized to prescribe by regulation such reductions in the interest rate paid by a borrower of a loan made under this part as the Secretary determines appropriate to encourage on-time repayment of the loan. Such reductions may be offered only if the Secretary determines the reductions are cost neutral and in the best financial interest of the Federal Government. Any increase in subsidy costs resulting from such reductions shall be completely offset by corresponding savings in funds available for the William D. Ford Federal Direct Loan Program in that fiscal year from section 458 and other administrative accounts.

''(B) ACCOUNTABILITY.—The Secretary shall ensure the cost neutrality of such reductions by obtaining an official report from the Director of the Office of Management and Budget and the Director of the Congressional Budget Office that any such reductions will be completely cost neutral. The reports shall be transmitted to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not less than 60 days prior to the publication of regulations proposing such reductions.''.

SEC. 453. CONTRACTS.

Section 456(b) (20 U.S.C. 1087f(b)) is amended—

(1) in paragraph (3), by inserting ''and'' after the semicolon;

(2) by striking paragraph (4); and

(3) by redesignating paragraph (5) as paragraph (4).

SEC. 454. FUNDS FOR ADMINISTRATIVE EXPENSES.

Section 458 (20 U.S.C. 1087h) is amended—

(1) by amending subsection (a) to read as follows:

''(a) ADMINISTRATIVE EXPENSES.—

''(1) IN GENERAL.—Each fiscal year there shall be available to the Secretary, from funds not otherwise appropriated, funds to be obligated for—

''(A) administrative costs under this part and part B, including the costs of the direct student loan programs under this part; and

''(B) account maintenance fees payable to guaranty agencies under part B and calculated in accordance with subsections (b) and (c),

not to exceed (from such funds not otherwise appropriated) $612,000,000 in fiscal year 1999, $730,000,000 in fiscal year 2000, $765,000,000 in fiscal year 2001, $770,000,000 in fiscal year 2002, and $785,000,000 in fiscal year 2003.

''(2) ACCOUNT MAINTENANCE FEES.—Account maintenance fees under paragraph (1)(B) shall be paid quarterly and deposited in the Agency Operating Fund established under section 422B.

''(3) CARRYOVER.—The Secretary may carry over funds made available under this section to a subsequent fiscal year.'';

(2) by amending subsection (b) to read as follows:

''(b) CALCULATION BASIS.—Except as provided in subsection (c), account maintenance fees payable to guaranty agencies under paragraph (1)(B) shall be calculated—

''(1) for fiscal years 1999 and 2000, on the basis of 0.12 percent of the original principal amount of outstanding loans on which insurance was issued under part B; and

''(2) for fiscal year 2001, 2002, and 2003, on the basis of 0.10 percent of the original principal amount of outstanding loans on which insurance was issued under part B.'';

(3) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(4) by inserting after subsection (b) the following:

''(c) SPECIAL RULES.—

''(1) FEE CAP.—The total amount of account maintenance fees payable under this section—

''(A) for fiscal year 1999, shall not exceed $177,000,000;

''(B) for fiscal year 2000, shall not exceed $180,000,000;

''(C) for fiscal year 2001, shall not exceed $170,000,000;

''(D) for fiscal year 2002, shall not exceed $180,000,000; and

''(E) for fiscal year 2003, shall not exceed $195,000,000.

''(2) INSUFFICIENT FUNDING.—

''(A) IN GENERAL.—Notwithstanding section 422A(d), if the amount made available under subsection (a) is insufficient to pay the account maintenance fees payable to guaranty agencies under paragraph (1) for a fiscal year, the Secretary shall pay the insufficiency by requiring guaranty agencies to transfer funds from the Federal Student Loan Reserve Funds under section 422A to the Agency Operating Funds under section 422B.

''(B) ENTITLEMENT.—A guaranty agency shall be deemed to have a contractual right against the United States to receive payments according to the provisions of subparagraph (A).''.

SEC. 455. LOAN CANCELLATION FOR TEACHERS.

Part D of title IV (20 U.S.C. 1087a et seq.) is amended by adding at the end the following:

''SEC. 459. LOAN CANCELLATION FOR TEACHERS.

''(a) STATEMENT OF PURPOSE.—It is the purpose of this section to encourage individuals to enter and continue in the teaching profession.

''(b) PROGRAM AUTHORIZED.—The Secretary is authorized to carry out a program of canceling the obligation to repay a Federal Direct Stafford/Ford Loan made under this part that is eligible for an interest subsidy and is a qualifying loan, for any new borrower on or after October 1, 1998, who—

''(1) has been employed as a full-time teacher for 3 consecutive complete school years—

''(A) in a school that qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such schools;

''(B) if employed as a secondary school teacher, is teaching a subject area that is relevant to the borrower's academic major as certified by the chief administrative officer of the public or non-profit private secondary school in which the borrower is employed; and

''(C) if employed as an elementary school teacher, has demonstrated, in accordance with State teacher certification or licensing requirements and as certified by the chief administrative officer of the public or nonprofit private elementary school in which the borrower is employed, knowledge and teaching skills in reading, writing, mathematics and other areas of the elementary school curriculum; and

''(2) is not in default on a loan for which the borrower seeks forgiveness.

''(c) QUALIFYING LOANS.—For purposes of this section, a loan is a qualifying loan if—

''(1) the loan was obtained to cover the cost of instruction for an academic year after the first and second years of undergraduate education; and

''(2) the loan did not cover the costs of instruction for more than 2 academic years, or 3 academic years in the case of a program of instruction normally requiring 5 years to complete.

''(d) REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

''(e) LOAN CANCELLATION DURING CONTINUING TEACHING SERVICE.—

''(1) IN GENERAL.—The Secretary shall cancel the obligation to repay—

''(A) 30 percent of the total outstanding amount and applicable interest of subsidized Federal Direct Stafford/Ford loans that are qualifying loans and are owed by the student borrower after the completion of the fourth or fifth complete school year of service described in subsection (b);

''(B) 40 percent of such total amount after the completion of the sixth complete school year of such service; and

''(C) a total amount for any borrower that shall not exceed $8,000.

''(2) CONSTRUCTION.—Nothing in this section shall be construed to authorize any refunding of any canceled loan.

''(f) LIST.—If the list of schools in which a teacher may perform service pursuant to subsection (b) is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

''(g) CONTINUED ELIGIBILITY.—Any teacher who performs service in a school that—

''(1) meets the requirements of subsection (b)(1)(A) in any year during such service; and

''(2) in a subsequent year fails to meet the requirements of such subsection, may continue to teach in such school and shall be eligible for loan cancellation pursuant to subsection (b).''.

PART E—FEDERAL PERKINS LOANS

SEC. 461. AUTHORIZATION OF APPROPRIATIONS.

Subsection (b) of section 461 (20 U.S.C. 1087aa) is amended—

(1) in paragraph (1), by striking ''1993'' and inserting ''1999''; and

(2) in paragraph (2), by striking ''1997'' each place the term appears and inserting ''2003''.

SEC. 462. ALLOCATION OF FUNDS.

(a) AMENDMENTS.—Section 462 (20 U.S.C. 1087bb) is amended—

(1) in the matter preceding subparagraph (A) of subsection (d)(3), by striking ''the Secretary, for'' and all that follows through ''years,'';

(2) by amending subsection (f) to read as follows:

''(f) DEFAULT PENALTIES.—

''(1) IN GENERAL.—For fiscal year 1998 and any succeeding fiscal year, any institution with a cohort default rate (as defined under subsection (h)) that equals or exceeds 25 percent shall have a default penalty of zero.

''(2) INELIGIBILITY.—

''(A) IN GENERAL.—For fiscal year 1998 and any succeeding fiscal year, any institution with a cohort default rate (as defined in subsection (h)) that equals or exceeds 50 percent for each of the 3 most recent years for which data are available shall not be eligible to participate in a program under this part for the fiscal year for which the determination is made and the 2 succeeding fiscal years, unless, within 30 days of receiving notification from the Secretary of the loss of eligibility under this paragraph, the institution appeals the loss of eligibility to the Secretary. The Secretary shall issue a decision on any such appeal within 45 days after the submission of the appeal. Such decision may permit the institution to continue to participate in a program under this part if—

''(i) the institution demonstrates to the satisfaction of the Secretary that the calculation of the institution's cohort default rate is not accurate, and that recalculation would reduce the institution's cohort default rate for any of the 3 fiscal years below 50 percent; or

''(ii) there are, in the judgment of the Secretary, exceptional mitigating circumstances such as a small number of borrowers entering repayment, that would make the application of this subparagraph inequitable.

''(B) CONTINUED PARTICIPATION.—During an appeal under subparagraph (A), the Secretary may permit the institution to continue to participate in a program under this part.

''(C) DEFINITION.—For the purposes of subparagraph (A), the term 'loss of eligibility' shall be defined as the mandatory liquidation of an institution's student loan fund, and assignment of the institution's outstanding loan portfolio to the Secretary.'';

(3) by amending paragraph (1) of subsection (g) to read as follows: ''(1) For award year 1998 and subsequent years, the maximum cohort default rate is 25 percent.''; and

(4) in subsection (h)—

(A) in the subsection heading, by striking ''DEFINITIONS OF DEFAULT RATE AND'' and inserting ''DEFINITION OF'';

(B) by striking paragraphs (1) and (2);

(C) by redesignating paragraphs (3) and (4) as paragraphs (1) and (2), respectively;

(D) in paragraph (1) (as redesignated by subparagraph (C))—

(i) by striking subparagraph (B); and

(ii) by redesignating subparagraphs (C) through (G) as subparagraphs (B) through (F), respectively; and

(E) in the matter preceding subparagraph (A) of paragraph (2) (as redesignated by subparagraph (C)), by striking ''A loan'' and inserting ''For purposes of calculating the cohort default rate under this subsection, a loan''.

(b) CONFORMING AMENDMENTS.—Section 462 (20 U.S.C. 1087bb) is amended—

(1) in the matter following paragraphs (1)(B) and (2)(D)(ii) of subsection (a), by inserting ''cohort'' before ''default'' each place the term appears;

(2) in the matter following paragraphs (2)(B) and (3)(C) of subsection (c), by inserting ''cohort'' before ''default'' each place the term appears;

(3) in subsection (e)(2), by inserting ''cohort'' before ''default''; and

(4) in subsection (h)(1)(F) (as redesignated by subparagraphs (C) and (D)(ii) of subsection (a)(4)), by inserting ''cohort'' before ''default''.

SEC. 463. AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION.

Section 463 (20 U.S.C. 1087cc) is amended—

(1) by amending subparagraph (B) of subsection (a)(2) to read as follows:

''(B) a capital contribution by an institution in an amount equal to one-third of the Federal capital contributions described in subparagraph (A);'';

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking ''by the Secretary'' and all that follows through ''of—'' and inserting ''by the Secretary or an institution, as the case may be, to such organizations, with respect to any loan held by the Secretary or the institution, respectively, of—'';

(ii) by amending subparagraph (A) to read as follows:

''(A) the date of disbursement and the amount of such loans made to any borrower under this part at the time of disbursement of the loan;'';

(iii) in subparagraph (B)—

(I) by inserting ''the repayment and'' after ''concerning''; and

(II) by striking ''any defaulted'' and inserting ''such''; and

(iv) in subparagraph (C), by inserting '', or upon cancellation or discharge of the borrower's obligation on the loan for any reason'' before the period;

(B) in paragraph (3)—

(i) in the matter preceding subparagraph (A), by striking ''until—'' and inserting ''until the loan is paid in full.''; and

(ii) by striking subparagraphs (A) and (B); and

(C) by amending paragraph (4) to read as follows:

''(4)(A) Except as provided in subparagraph (B), an institution of higher education, after consultation with the Secretary and pursuant to the agreements entered into under paragraph (1), shall disclose at least annually to any credit bureau organization with which the Secretary has such an agreement the information set forth in paragraph (2), and shall disclose promptly to such credit bureau organization any changes to the information previously disclosed.

''(B) The Secretary may promulgate regulations establishing criteria under which an institution of higher education may cease reporting the information described in paragraph (2) before a loan is paid in full.''.

SEC. 464. TERMS OF LOANS.

Section 464 (20 U.S.C. 1087dd) is amended—

(1) in subsection (a), by amending paragraph (2) to read as follows:

''(2)(A) Except as provided in paragraph (4), the total of loans made to a student in any academic year or its equivalent by an institution of

higher education from a loan fund established pursuant to an agreement under this part shall not exceed—

''(i) $4,000, in the case of a student who has not successfully completed a program of undergraduate education; or

''(ii) $6,000, in the case of a graduate or professional student (as defined in regulations issued by the Secretary).

''(B) Except as provided in paragraph (4), the aggregate of the loans for all years made to a student by institutions of higher education from loan funds established pursuant to agreements under this part may not exceed—

''(i) $40,000, in the case of any graduate or professional student (as defined by regulations issued by the Secretary, and including any loans from such funds made to such person before such person became a graduate or professional student);

''(ii) $20,000, in the case of a student who has successfully completed 2 years of a program of education leading to a bachelor's degree but who has not completed the work necessary for such a degree (determined under regulations issued by the Secretary, and including any loans from such funds made to such person before such person became such a student); and

''(iii) $8,000, in the case of any other student.

''(C)(i) The total of loans made to a student described in clause (ii) in any academic year or its equivalent by an institution of higher education from loan funds established pursuant to agreements under this part may not exceed—

''(I) $8,000 for each of the third and fourth years of the program of instruction leading to a bachelor's degree; or

''(II) $10,000 for the first year of graduate study (as defined in regulations issued by the Secretary).

''(ii) A student referred to in clause (i) is any student—

''(I) who is a junior in a program of instruction leading to a bachelor's degree;

''(II) who states in writing that the student will pursue a course of study to become an elementary or secondary school teacher; and

''(III) who states in writing that the student intends to become a full-time teacher in a school which meets the requirements of section 465(a)(2)(A).

''(iii) Each institution shall provide a report to the Secretary annually containing the number of loans under this subparagraph that are made, the amount of each loan, and whether students benefiting from the higher loan limits met the requirements for receiving those loans.

''(iv) If 3 years after the date of enactment of the Higher Education Amendments of 1998, the Secretary determines that an institution has engaged in a pattern of abuse of this subparagraph, the Secretary may reduce or terminate the institution's Federal capital contribution.'';

(2) in subsection (b), by amending paragraph (2) to read as follows:

''(2) If the institution's capital contribution under section 462 is directly or indirectly based in part on the financial need demonstrated by students who are (A) attending the institution less than full time; or (B) independent students, a reasonable portion of the loans made from the institution's student loan fund containing the contribution shall be made available to such students.'';

(3) in subsection (c)(1)—

(A) in subparagraph (D), by striking ''(i) 3 percent'' and all that follows through ''or (iii)'';

(B) by redesignating subparagraphs (H) and (I) as subparagraphs (I) and (J), respectively; and

(C) by inserting after subparagraph (G) the following:

''(H) shall provide that, in the case of a loan made on or after July 1, 1999, the loan shall be considered in default (except as otherwise provided in section 462(h)) if the borrower of a loan made under this part fails to make an installment payment when due, or to meet any other term of the promissory note or written repayment agreement, and such failure persists for—

''(i) 180 days in the case of a loan that is repayable in monthly installments; or

''(ii) 240 days in the case of a loan that is repayable in less frequent installments;'';

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

''(7) There shall be excluded from the 9-month period that begins on the date on which a student ceases to carry at least one-half the normal full-time academic workload as described in paragraph (1)(A) any period not to exceed 3 years during which a borrower who is a member of a reserve component of the Armed Forces named in section 10101 of title 10, United States Code, is called or ordered to active duty for a period of more than 30 days (as defined in section 101(d)(2) of such title). Such period of exclusion shall include the period necessary to resume enrollment at the borrower's next available regular enrollment period.''; and

(5) by adding at the end the following:

''(g) DISCHARGE.—

''(1) IN GENERAL.—If a student borrower who received a loan made under this part on or after January 1, 1986, is unable to complete the program in which such student is enrolled due to the closure of the institution, then the Secretary shall discharge the borrower's liability on the loan (including the interest and collection fees) by repaying the amount owed on the loan and shall subsequently pursue any claim available to such borrower against the institution and the institution's affiliates and principals, or settle the loan obligation pursuant to the financial responsibility standards described in section 498(c).

''(2) ASSIGNMENT.—A borrower whose loan has been discharged pursuant to this subsection shall be deemed to have assigned to the United States the right to a loan refund in an amount that does not exceed the amount discharged against the institution and the institution's affiliates and principals.

''(3) ELIGIBILITY FOR ADDITIONAL ASSISTANCE.—The period during which a student was unable to complete a course of study due to the closing of the institution shall not be considered for purposes of calculating the student's period of eligibility for additional assistance under this title.

''(4) SPECIAL RULE.—A borrower whose loan has been discharged pursuant to this subsection shall not be precluded, because of that discharge, from receiving additional grant, loan, or work assistance under this title for which the borrower would be otherwise eligible (but for the default on the discharged loan).

''(5) REPORTING.—The Secretary or institution, as the case may be, shall report to credit bureaus with respect to loans that have been discharged pursuant to this subsection.

''(h) REHABILITATION OF LOANS.—

''(1) REHABILITATION.—

''(A) IN GENERAL.—If the borrower of a loan made under this part who has defaulted on the loan makes 12 ontime, consecutive, monthly payments of amounts owed on the loan, as determined by the institution, the loan shall be considered rehabilitated, and the institution that made that loan (or the Secretary, in the case of a loan held by the Secretary) shall instruct any credit bureau organization or credit reporting agency to which the default was reported to remove the default from the borrower's credit history.

''(B) COMPARABLE CONDITIONS.—As long as the borrower continues to make scheduled repayments on a loan rehabilitated under this paragraph, the rehabilitated loan shall be subject to the same terms and conditions, and qualify for the same benefits and privileges, as other loans made under this part.

''(C) ADDITIONAL ASSISTANCE.—The borrower of a rehabilitated loan shall not be precluded by section 484 from receiving additional grant, loan, or work assistance under this title (for which the borrower is otherwise eligible) on the basis of defaulting on the loan prior to such rehabilitation.

''(D) LIMITATIONS.—A borrower only once may obtain the benefit of this paragraph with respect to rehabilitating a loan under this part.

''(2) RESTORATION OF ELIGIBILITY.—If the borrower of a loan made under this part who has defaulted on that loan makes 6 ontime, consecutive, monthly payments of amounts owed on such loan, the borrower's eligibility for grant, loan, or work assistance under this title shall be restored. A borrower only once may obtain the benefit of this paragraph with respect to restored eligibility.

''(i) INCENTIVE REPAYMENT PROGRAM.—

''(1) IN GENERAL.—Each institution of higher education may establish, with the approval of the Secretary, an incentive repayment program designed to reduce default and to replenish student loan funds established under this part. Each such incentive repayment program may—

''(A) offer a reduction of the interest rate on a loan on which the borrower has made 48 ontime, consecutive, monthly repayments, but in no event may the rate be reduced by more than 1 percent;

''(B) provide for a discount on the balance owed on a loan on which the borrower pays the principal and interest in full prior to the end of the applicable repayment period, but in no event may the discount exceed 5 percent of the unpaid principal balance due on the loan at the time the early repayment is made; and

''(C) include such other incentive repayment options as the institution determines will carry out the objectives of this subsection.

''(2) LIMITATION.—No incentive repayment option under an incentive repayment program authorized by this subsection may be paid for with Federal funds, including any Federal funds from the student loan fund, nor can an incentive repayment option be paid for with institutional funds from the student loan fund.''.

SEC. 465. DISTRIBUTION OF ASSETS FROM STUDENT LOAN FUNDS.

Section 466 (20 U.S.C. 1087ff) is amended—

(1) in subsection (a)—

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

(i) by striking ''1996'' and inserting ''2003''; and

(ii) by striking ''1997'' and inserting ''2004''; and

(B) in paragraph (1), by striking ''1996'' and inserting ''2003'';

(2) in subsection (b)—

(A) by striking ''2005'' and inserting ''2012''; and

(B) by striking ''1996'' and inserting ''2003''; and

(3) in subsection (c), by striking ''1997'' and inserting ''2004''.

SEC. 466. PERKINS LOAN REVOLVING FUND.

(a) REPEAL.—Subsection (c) of section 467 (20 U.S.C. 1087gg(c)) is repealed.

(b) TRANSFER OF BALANCE.—Any funds in the Perkins Loan Revolving Fund on the date of enactment of this Act shall be transferred to and deposited in the Treasury.

PART F—NEED ANALYSIS

SEC. 471. COST OF ATTENDANCE.

Section 472 (20 U.S.C. 1087ll) is amended—

(1) in paragraph (3)—

(A) in subparagraph (A), by striking ''of not less than $1,500'' and inserting ''determined by the institution''; and

(B) in subparagraph (C), by striking '', except that the amount may not be less than $2,500''; and

(2) in paragraph (11), by striking ''placed'' and inserting ''engaged''.

SEC. 472. FAMILY CONTRIBUTION FOR DEPENDENT STUDENTS.

Section 475 (20 U.S.C. 1087oo) is amended—

(1) in subsection (g)—

(A) in paragraph (2)—

(i) in subparagraph (D)—

(I) by striking ''$1,750'' and inserting ''$2,200''; and

(II) by striking ''and'' after the semicolon;

(ii) in subparagraph (E), by striking the period and inserting ''; and''; and

(iii) by adding at the end the following:

''(F) an allowance for parents' negative available income, determined in accordance with paragraph (6).''; and

(B) by adding at the end the following:

''(6) ALLOWANCE FOR PARENTS' NEGATIVE AVAILABLE INCOME.—The allowance for parents' negative available income is the amount, if any, by which the sum of the amounts deducted under subparagraphs (A) through (F) of paragraph (1) exceeds the parents' total income (as defined in section 480).''; and

(2) by adding at the end the following:

''(j) ADJUSTMENTS TO STUDENTS CONTRIBUTION FOR ENROLLMENT PERIODS OF LESS THAN NINE MONTHS.—For periods of enrollment of less than 9 months, the student's contribution from adjusted available income (as determined under subsection (g)) is determined, for purposes other than subpart 2 of part A, by dividing the amount determined under such subsection by 9, and multiplying the result by the number of months in the period of enrollment.''.

SEC. 473. FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE.

Section 476(b)(1)(A)(iv) (20 U.S.C. 1087pp(b)(1)(A)(iv)) is amended—

(1) in subclause (I), by striking ''$3,000'' and inserting ''$4,250'';

(2) in subclause (II), by striking ''$3,000'' and inserting ''$4,250''; and

(3) in subclause (III), by striking ''$6,000'' and inserting ''$7,250''.

SEC. 474. REGULATIONS; UPDATED TABLES AND AMOUNTS.

Section 478(b) (20 U.S.C. 1087rr(b)) is amended—

(1) by striking ''For each academic year'' and inserting the following:

''(1) REVISED TABLES.—For each academic year''; and

(2) by adding at the end the following new paragraph:

''(2) REVISED AMOUNTS.—For each academic year after academic year 1999–2000, the Secretary shall publish in the Federal Register revised income protection allowances for the purpose of sections 475(g)(2)(D) and 476(b)(1)(A)(iv). Such revised allowances shall be developed by increasing each of the dollar amounts contained in such section by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 1998 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.''.

SEC. 475. SIMPLIFIED NEEDS TEST; ZERO EXPECTED FAMILY CONTRIBUTION.

Section 479 (20 U.S.C. 1087ss) is amended—

(1) in subsection (b)(3)—

(A) in subparagraph (A), by striking ''or'' after the semicolon;

(B) by redesignating subparagraph (B) as subparagraph (C); and

(C) by inserting after subparagraph (A) the following:

''(B) a form 1040 (including any prepared or electronic version of such form) required pursuant to the Internal Revenue Code of 1986, except that such form shall be considered a form described in this paragraph only if the student or family files such form in order to take a tax credit under section 25A of the Internal Revenue Code of 1986, and would otherwise be eligible to file a form described in subparagraph (A); or''; and

(2) in subsection (c)—

(A) in paragraph (1), by amending subparagraph (A) to read as follows:

''(A)(i) the student's parents file, or are eligible to file, a form described in subsection (b)(3), or the parents certify to the Secretary that the parents are not required to file an income tax return; and

''(ii) the student files, or is eligible to file, a form described in subsection (b)(3), or the student certifies to the Secretary that the student is not required to file an income tax return; and''; and

(B) in paragraph (2), by amending subparagraph (A) to read as follows:

''(A) the student (and the student's spouse, if any) files, or is eligible to file, a form described in subsection (b)(3), or the student certifies to the Secretary that the student (and the student's spouse, if any) is not required to file an income tax return; and''.

SEC. 476. REFUSAL OR ADJUSTMENT OF LOAN CERTIFICATIONS.

Section 479A (20 U.S.C. 1087tt) is amended—

(1) in subsection (a), by inserting ''Special circumstances may include tuition expenses at an elementary school or secondary school, medical or dental expenses not covered by insurance, other changes in a family's income or assets, or changes in a student's status.'' after ''absence of special circumstances.''; and

(2) by amending subsection (c) to read as follows:

''(c) REFUSAL OR ADJUSTMENT OF LOAN CERTIFICATIONS.—An eligible institution may refuse to certify a statement that permits a student to receive a loan under part B, or refuse to make a loan under part D, or may certify a loan amount or make a loan that is less than the student's determination of need (as determined under this part), if the reason for the action is documented and provided in written form to the student. No eligible institution shall discriminate against any borrower or applicant in obtaining a loan on the basis of race, national origin, religion, sex, marital status, age, or disability status.''.

SEC. 477. TREATMENT OF OTHER FINANCIAL ASSISTANCE.

Section 480(j)(3) (20 U.S.C. 1087vv(j)(3)) is amended by inserting ''educational assistance after discharge or release from service under chapter 30 of title 38, United States Code, or'' after ''paragraph (1),''.

PART G—GENERAL PROVISIONS

SEC. 481. DEFINITION OF INSTITUTION OF HIGHER EDUCATION.

Subparagraph (A) of section 481(a)(2) (20 U.S.C. 1088(a)(2)) is amended—

(1) in the second sentence, by inserting ''or veterinary'' after ''case of a graduate medical'';

(2) by striking ''attending a graduate medical school'' and inserting ''attending such school''; and

(3) by amending clause (ii) to read as follows:

''(ii) the institution has a clinical training program that was approved by a State as of January 1, 1992, or students enrolled in the institution complete their clinical training at an approved veterinary school located in the United States.''.

SEC. 482. MASTER CALENDAR.

Section 482 (20 U.S.C. 1089) is amended—

(1) in subsection (a), by adding at the end the following:

''(3) To the extent feasible, the Secretary shall notify eligible institutions and vendors by December 1 prior to the start of an award year of minimal hardware and software requirements necessary to administer programs under this title.''; and

(2) by amending subsection (c) to read as follows:

''(c) DELAY OF EFFECTIVE DATE OF LATE PUBLICATIONS.—(1) Except as provided in paragraph (2), any regulatory changes initiated by the Secretary affecting the programs under this title that have not been published in final form by November 1 prior to the start of the award year shall not become effective until the beginning of the second award year after such November 1 date.

''(2)(A) The Secretary may designate any regulatory provision that affects the programs under this title and is published in final form after November 1 as one that an entity subject to the provision may, in the entity's discretion, choose to implement prior to the effective date described in paragraph (1). The Secretary may specify in the designation when, and under what conditions, an entity may implement the provision prior to that effective date. The Secretary shall publish any designation under this subparagraph in the Federal Register.

''(B) If an entity chooses to implement a regulatory provision prior to the effective date described in paragraph (1), as permitted by subparagraph (A), the provision shall be effective with respect to that entity in accordance with the terms of the Secretary's designation.''.

SEC. 483. FORMS AND REGULATIONS.

Section 483 (20 U.S.C. 1090) is amended—

(1) in subsection (a)—

(A) in the subsection heading, by striking ''FORM'' and inserting ''FORM DEVELOPMENT'';

(B) by amending paragraph (1) to read as follows:

''(1) SINGLE FORM REQUIREMENTS.—The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall produce, distribute, and process free of charge a common financial reporting form (which shall include electronic versions of the form) to be used—

''(A) to determine the need (including the expected family contribution and, if appropriate, cost of attendance) and eligibility of a student for financial assistance under parts A, C, D, and E; and

''(B) to determine the need (including the expected family contribution and cost of attendance) of a student for the purposes of part B.

''(2) STATE DATA ITEMS.—The Secretary shall include on the form developed under this subsection such data items, selected in consultation with the States to assist the States in awarding State student financial assistance, as the Secretary determines are appropriate for inclusion.

''(3) PARENT'S SOCIAL SECURITY NUMBER.—The Secretary shall include on the form developed under this paragraph space for the social security number of parents of dependent students seeking financial assistance under this title.

''(4) USE.—The Secretary shall require that the form developed under this paragraph be used for the purpose of collecting eligibility and other data for purposes of part B, including the applicant's choice of lender.''; and

(C) in paragraph (3)—

(i) by striking ''Institutions of higher education and States shall receive'' and inserting ''The Secretary shall provide''; and

(ii) by striking ''by the Secretary''; and

(2) by adding at the end the following:

''(g) PAYMENT FOR DATA.—The Secretary may pay such charges as the Secretary determines are necessary to obtain data that the Secretary considers essential to the efficient administration of the programs under this title.

''(h) MASTER PROMISSORY NOTE.—

''(1) IN GENERAL.—The Secretary shall develop and require the use of a master promissory note, for loans made under this title for periods of enrollment beginning on or after July 1, 2000, that may be applicable to more than 1 academic year, or more than 1 type of loan made under this title. Prior to implementing the master promissory note for all loans made under this title, the Secretary may develop, test, and require the use of such a master promissory note on a limited or pilot basis.

''(2) CONSULTATION.—In developing the master promissory note under this subsection, the Secretary shall consult with representatives of guaranty agencies, eligible lenders, institutions of higher education, students, and organizations involved in student financial assistance.

''(3) SALE; ASSIGNMENT; ENFORCEABILITY.—Notwithstanding any other provision of law,

each loan made under a master promissory note under this subsection may be sold or assigned independently of any other loan made under the same promissory note and each such loan shall be separately enforceable in all Federal and State courts on the basis of an original or copy of the master promissory note in accordance with the terms of the master promissory note.''.

SEC. 484. STUDENT ELIGIBILITY.

(a) AMENDMENTS.—Section 484 (20 U.S.C. 1091) is amended—

(1) in subsection (d)—

(A) in the matter preceding paragraph (1), by striking ''either''; and

(B) by adding at the end the following:

''(3) The student has completed a high school education in a home school setting and has met any State requirements with respect to such education in a home school setting.'';

(2) in subsection (l), by amending paragraph (1) to read as follows:

''(1) RELATION TO CORRESPONDENCE COURSES.—

''(A) IN GENERAL.—A student enrolled in a course of instruction at an institution of higher education that is offered in whole or in part through telecommunications and leads to a recognized certificate for a program of study of 1 year or longer, or a recognized associate, baccalaureate, or graduate degree, conferred by such institution, shall not be considered to be enrolled in correspondence courses unless the total amount of telecommunications and correspondence courses at such institution equals or exceeds 50 percent of the total amount of all courses at the institution.

''(B) REQUIREMENT.—An institution of higher education referred to in subparagraph (A) is an institution of higher education—

''(i) that is not an institute or school described in section 521(4)(C) of the Carl D. Perkins Vocational and Applied Technology Education Act; and

''(ii) for which at least 50 percent of the programs of study offered by the institution lead to the award of a recognized associate, baccalaureate, or graduate degree.''; and

(3) by adding at the end the following:

''(q) VERIFICATION OF IRS RETURN INFORMATION.—The Secretary shall verify the information reported by all applicants for assistance on the form prescribed under section 483 with the return information (as defined in section 6103 of the Internal Revenue Code of 1986) available to the Secretary of the Treasury. Notwithstanding section 6103 of such Code the Secretary of the Treasury shall provide the return information to the Secretary. In the case of a dependent student the return information shall include the return information of the parent of the student. The form prescribed by the Secretary under section 483 shall contain a prominent notice of the verification of the information and a warning to all the applicants of the penalties for misrepresentation, with respect to the information, under the United States Code.

''(r) SUSPENSION OF ELIGIBILITY FOR DRUG-RELATED OFFENSES.—

''(1) IN GENERAL.—A student who has been convicted of any offense under any Federal or State law involving the possession or sale of a controlled substance shall not be eligible to receive any grant, loan, or work assistance under this title during the period beginning on the date of such conviction and ending after the interval specified in the following table:

''If convicted of an offense involving:	
The possession of a controlled substance:	
	Ineligibility period is:
First offense	*1 year*
Second offense	*2 years*
Third offense	*Indefinite.*
The sale of a controlled substance:	
	Ineligibility period is:
First offense	*2 years*
Second offense	*Indefinite.*

''(2) REHABILITATION.—A student whose eligibility has been suspended under paragraph (1) may resume eligibility before the end of the ineligibility period determined under such paragraph if—

''(A) the student satisfactorily completes a drug rehabilitation program that—

''(i) complies with such criteria as the Secretary shall prescribe in regulations for purposes of this paragraph; and

''(ii) includes 2 unannounced drug tests; or

''(B) the conviction is expunged by pardon, reversed, set aside, or otherwise rendered nugatory.

''(3) DEFINITIONS.—In this subsection, the term 'controlled substance' has the meaning given the term in section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6)).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a)(2) regarding suspension of eligibility for drug-related offenses, shall apply with respect to financial assistance to cover the costs of attendance for periods of enrollment beginning after the date of enactment of this Act.

SEC. 485. INSTITUTIONAL REFUNDS.

Section 484B (20 U.S.C. 1091b) is amended to read as follows:

''SEC. 484B. INSTITUTIONAL REFUNDS.

''(a) RETURN OF TITLE IV FUNDS.—

''(1) IN GENERAL.—If a recipient of assistance under this title withdraws from a payment period in which the recipient began attendance, the amount of grant (other than assistance received under part C of this title) or loan assistance to be returned to the title IV programs is calculated according to paragraph (2) and returned in accordance with subsection (b).

''(2) CALCULATION OF AMOUNT OF TITLE IV ASSISTANCE EARNED.—

''(A) IN GENERAL.—The amount of grant or loan assistance under this title that is earned by the recipient for purposes of this section is calculated by—

''(i) determining the percentage of grant and loan assistance under this title that has been earned by the student, as described in subparagraph (B); and

''(ii) applying such percentage to the total amount of such grant and loan assistance that was disbursed (and that could have been disbursed) to the student, or on the student's behalf, for the payment period, as of the day the student withdrew.

''(B) PERCENTAGE EARNED.—For purposes of subparagraph (A)(i), the percentage of grant or loan assistance under this title that has been earned by the student is—

''(i) equal to the percentage of the payment period completed (as determined in accordance with subsection (d)) as of the day the student withdrew, provided that such date occurs on or before the completion of 60 percent of the payment period; or

''(ii) 100 percent, if the day the student withdrew occurs after the student has completed 60 percent of the payment period.

''(C) PERCENTAGE NOT EARNED.—For purposes of subsection (b), the amount of grant and loan assistance awarded under this title that has not been earned by the student shall be calculated by—

''(i) determining the complement of the percentage of grant or loan assistance under this title has been earned by the student described in subparagraph (B); and

''(ii) applying the percentage determined under clause (i) to the total amount of such grant and loan assistance that was disbursed (and that could have been disbursed) to the student, or on the student's behalf, for the payment period, as of the day the student withdrew.

''(3) DIFFERENCES BETWEEN AMOUNTS EARNED AND AMOUNTS RECEIVED.—

''(A) IN GENERAL.—If the student has received less grant or loan assistance than the amount earned, as calculated under paragraph (2)(B), the institution of higher education shall comply with the procedures for late disbursement specified by the Secretary in regulations.

''(B) RETURN.—If the student has received more grant or loan assistance than the amount earned, as calculated under paragraph (2)(B), the unearned funds shall be returned by the institution or the student, or both, as may be required under paragraphs (1) and (2) of subsection (b), to the programs under this title in the order specified in subsection (b)(3).

''(b) RETURN OF TITLE IV PROGRAM FUNDS.—

''(1) RESPONSIBILITY OF THE INSTITUTION.—The institution shall return, in the order specified in paragraph (3), the lesser of—

''(A) the amount of grant and loan assistance awarded under this title that has not been earned by the student, as calculated under subsection (a)(2)(C); or

''(B) an amount equal to—

''(i) the total institutional charges for the payment period; multiplied by

''(ii) the percentage of grant and loan assistance awarded under this title that has not been earned by the student, as described in subsection (a)(2)(C).

''(2) RESPONSIBILITY OF THE STUDENT.—

''(A) IN GENERAL.—The student shall return assistance that has not been earned by the student as described in subsection (a)(2)(C) in the order specified in paragraph (3) minus the amount the institution is required to return under paragraph (1).

''(B) SPECIAL RULE.—The student shall return or repay, as appropriate, the amount determined under subparagraph (A) to—

''(i) a loan program under this title in accordance with the terms of the loan; and

''(ii) a grant program under this title, as an overpayment of such grant and shall be subject to overpayment collection procedures prescribed by the Secretary.

''(3) ORDER OF RETURN OF TITLE IV FUNDS.—

''(A) IN GENERAL.—Excess funds returned by the institution or the student, as appropriate, in accordance with paragraph (1) or (2), respectively, shall be credited to outstanding balances on loans made under this title to the student or on behalf of the student for the payment period for which a return of funds is required. Such excess funds shall be credited in the following order:

''(i) To outstanding balances on loans made under section 428H for the payment period for which a return of funds is required.

''(ii) To outstanding balances on loans made under section 428 for the payment period for which a return of funds is required.

''(iii) To outstanding balances on unsubsidized loans (other than parent loans) made under part D for the payment period for which a return of funds is required.

''(iv) To outstanding balances on subsidized loans made under part D for the payment period for which a return of funds is required.

''(v) To outstanding balances on loans made under part E for the payment period for which a return of funds is required.

''(vi) To outstanding balances on loans made under section 428B for the payment period for which a return of funds is required.

''(vii) To outstanding balances on parent loans made under part D for the payment period for which a return of funds is required.

''(B) REMAINING EXCESSES.—If excess funds remain after repaying all outstanding loan amounts, the remaining excess shall be credited in the following order:

''(i) To awards under subpart 1 of part A for the payment period for which a return of funds is required.

''(ii) To awards under subpart 3 of part A for the payment period for which a return of funds is required.

''(iii) To other assistance awarded under this title for which a return of funds is required.

''(c) WITHDRAWAL DATE.—

''(1) IN GENERAL.—In this section, the term 'day the student withdrew'—

''(A) is the date that the institution determines—

''(i) the student began the withdrawal process prescribed by the institution;

''(ii) the student otherwise provided official notification to the institution of the intent to withdraw; or

''(iii) in the case of a student who does not begin the withdrawal process or otherwise notify the institution of the intent to withdraw, the date that the payment period ends for which aid under this title was disbursed; or

''(B) for schools required to take attendance, is determined by the institution from such attendance records.

''(2) SPECIAL RULE.—Notwithstanding paragraph (1), if the institution determines that a student was not able to begin the withdrawal process, or otherwise notify the institution of the intent to withdraw, due to illness, accident, grievous personal loss, or other such circumstances beyond the student's control, the institution may determine the appropriate withdrawal date.

''(d) PERCENTAGE OF THE PAYMENT PERIOD COMPLETED.—For purposes of subsection (a)(2)(B)(i), the percentage of the payment period completed is determined—

''(1) in the case of a program that is measured in credit hours, by dividing the total number of calendar days comprising the payment period into the number of calendar days completed in that period as of the day the student withdrew; and

''(2) in the case of a program that is measured in clock hours, by dividing the total number of clock hours comprising the payment period into the number of clock hours completed by the student in that payment period as of the day the student withdrew.''.

SEC. 486. INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION FOR STUDENTS.

(a) INFORMATION DISSEMINATION ACTIVITIES.—Section 485(a) (20 U.S.C. 1092(a)) is amended—

(1) in paragraph (1)—

(A) in the second sentence, by striking '', through appropriate publications and mailings, to all current students, and to any prospective student upon request.'' and inserting ''upon request, through appropriate publications, mailings, and electronic media to an enrolled student, and to any prospective student.'';

(B) by inserting after the second sentence the following: ''Each eligible institution annually shall provide to all students enrolled at the institution, a list of the information that is required by this section, together with a statement of the procedures required to obtain the information.'';

(C) by amending subparagraph (F) to read as follows:

''(F) a statement of—

''(i) the requirements of any refund policy with which the institution is required to comply;

''(ii) the requirements under section 484B for the return of grant or loan assistance provided under this title; and

''(iii) the requirements for officially withdrawing from the institution;'';

(D) in subparagraph (M)(ii), by striking ''and'' after the semicolon; and

(E) in subparagraph (N), by striking the period and inserting ''; and'';

(2) in paragraph (2), by inserting ''an application for'' after ''concerning''; and

(3) in paragraph (3), by amending subparagraph (A) to read as follows:

''(A) shall be made available by July 1 each year to current and prospective students prior to enrolling or entering into any financial obligation; and''.

(b) EXIT COUNSELING FOR BORROWERS.—Section 485(b) (20 U.S.C. 1092(b)) is amended—

(1) in paragraph (1)(A), by striking ''(individually or in groups)''; and

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

''(C) Nothing in this subsection shall be construed to prohibit an institution of higher education from utilizing electronic means to provide personalized exit counseling.''.

(c) DISCLOSURES REQUIRED WITH RESPECT TO ATHLETICALLY RELATED STUDENT AID.—Section 485(e) (20 U.S.C. 1092(e)) is amended—

(1) by amending paragraph (2) to read as follows:

''(2) When an institution described in paragraph (1) offers a potential student athlete athletically related student aid, such institution shall provide to the student, the student's parents, the student's guidance counselor, and the student's coach the information contained in the report submitted by such institution pursuant to paragraph (1). If the institution is a member of a national collegiate athletic association that compiles graduation rate data on behalf of its member institutions, that the Secretary determines is substantially comparable to the information described in the previous sentence, the distribution of the compilation to all secondary schools shall fulfill the responsibility of the institution to provide the information to a prospective student athlete's guidance counselor and coach.''; and

(2) by amending paragraph (9) to read as follows:

''(9) The reports required by this subsection shall be due each July 1 and shall cover the 1-year period ending August 31 of the preceding year.''.

(d) DISCLOSURE OF CAMPUS SECURITY POLICY AND CAMPUS CRIME STATISTICS.—Section 485(f) (20 U.S.C. 1092(f)) is amended—

(1) by amending subparagraph (F) of paragraph (1) to read as follows:

''(F) Statistics concerning the occurrence on campus, during the most recent calendar year, and during the 2 preceding calendar years for which data are available—

''(i) of the following criminal offenses reported to campus security authorities or local police agencies—

''(I) homicide, including murder or nonnegligent manslaughter or negligent manslaughter;

''(II) sex offenses, forcible or nonforcible;

''(III) robbery;

''(IV) aggravated assault;

''(V) burglary;

''(VI) motor vehicle theft; and

''(VII) arson;

''(ii) of the crimes described in subclauses (I) through (VII), and vandalism and simple assault, that manifest evidence of prejudice based on actual or perceived race, gender, religion, sexual orientation, ethnicity, or disability that are reported to campus security authorities or local police agencies, which data shall be collected and reported according to category of prejudice.'';

(2) by redesignating paragraphs (4) through (7) as paragraphs (5) through (8), respectively;

(3) by inserting after paragraph (3) the following:

''(4)(A) Each institution participating in any program under this title which maintains either a police or security department of any kind shall make, keep, and maintain a daily log, written in a form that can be easily understood, recording all crimes reported to such police or security department, including—

''(i) the nature, date, time, and general location of each crime; and

''(ii) the disposition of the complaint, if known.

''(B)(i) All entries that are required pursuant to this paragraph shall, except where disclosure of such information is prohibited by law or such disclosure would jeopardize the confidentiality of the victim, be open to public inspection within 2 business days of the initial report being made to the department or a campus security authority.

''(ii) If new information about an entry into a log becomes available to a police or security department, then the new information shall be recorded in the log not later than 2 business days after the information becomes available to the police or security department.

''(iii) Where there is clear and convincing evidence that the release of such information would jeopardize an ongoing criminal investigation or the safety of an individual, cause a suspect to flee or evade detection, or result in the destruction of evidence, such information may be withheld until that damage is no longer likely to occur from the release of such information.

''(iv) Notwithstanding clause (iii), an institution of higher education shall record all criminal incidents occurring on campus and shall make the reports open to public inspection not later than 2 business days after the requirements of clause (iii) are met.'';

(4) in paragraph (6) (as redesignated by paragraph (2)), by amending subparagraph (A) to read as follows: ''(A) For purposes of this section the term 'campus' means—

''(i) any building or property owned or controlled by an institution of higher education within the same reasonably contiguous geographic area of the institution, including a building or property owned by the institution, but controlled by another person, such as a food or other retail vendor;

''(ii) any building or property owned or controlled by a student organization recognized by the institution;

''(iii) all public property that is within the same reasonably contiguous geographic area of the institution, such as a sidewalk, a street, other thoroughfare, or parking facility, that is adjacent to a facility owned or controlled by the institution;

''(iv) any building or property (other than a branch campus) owned or controlled by an institution of higher education that is used in direct support of, or in relation to, the institution's educational purposes, is used by students, and is not within the same reasonably contiguous geographic area of the institution; and

''(v) all dormitories or other student residential facilities owned or controlled by the institution.'';

(5) in paragraph (7) (as redesignated by subparagraph (B)), by inserting at the end the following: ''Such statistics shall not identify victims of crimes or persons accused of crimes, except as required by State or local law.''; and

(6) by adding at the end the following:

''(9) STUDY.—

''(A) IN GENERAL.—The Secretary, in consultation with the Attorney General, shall provide for a national study to examine procedures undertaken after an institution of higher education receives a report of sexual assault.

''(B) REPORT.—The study required by subparagraph (A) shall include an analysis of—

''(i) the existence and publication of the institution of higher education's and State's definition of sexual assault;

''(ii) the existence and publication of the institution's policy for campus sexual assaults;

''(iii) the individuals to whom reports of sexual assault are given most often and—

''(I) how the individuals are trained to respond to the reports; and

''(II) the extent to which the individuals are trained;

''(iv) the reporting options that are articulated to the victim or victims of the sexual assault regarding—

''(I) on-campus reporting and procedure options; and

''(II) off-campus reporting and procedure options;

''(v) the resources available for victims' safety, support, medical health, and confidentiality, including—

''(I) how well the resources are articulated both specifically to the victim of sexual assault and generally to the campus at large; and

''(II) the security of the resources in terms of confidentiality or reputation;

''(vi) policies and practices that may prevent or discourage the reporting of campus sexual assaults to local crime authorities, or that may

otherwise obstruct justice or interfere with the prosecution of perpetrators of campus sexual assaults;

''(vii) policies and practices found successful in aiding the report and any ensuing investigation or prosecution of a campus sexual assault;

''(viii) the on-campus procedures for investigation and disciplining the perpetrator of a sexual assault, including—

''(I) the format for collecting evidence; and

''(II) the format of the investigation and disciplinary proceeding, including the faculty responsible for running the disciplinary procedure and the persons allowed to attend the disciplinary procedure; and

''(ix) types of punishment for offenders, including—

''(I) whether the case is directed outside for further punishment; and

''(II) how the institution punishes perpetrators.

''(C) SUBMISSION OF REPORT.—The report required by subparagraph (B) shall be submitted to Congress not later than September 1, 1999.

''(D) DEFINITION.—For purposes of this section, the term 'campus sexual assaults' means sexual assaults occurring at institutions of higher education and sexual assaults committed against or by students or employees of such institutions.

''(E) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,000,000 for fiscal year 1999.

''(10)(A) The Secretary shall report to the appropriate committees of Congress each institution of higher education that the Secretary determines is not in compliance with the reporting requirements of this subsection.

''(B) The Secretary shall provide to an institution of higher education that the Secretary determines is having difficulty, or is not in compliance, with the reporting requirements of this subsection—

''(i) data and analysis regarding successful practices employed by institutions of higher education to reduce campus crime; and

''(ii) technical assistance.

''(11) For purposes of reporting the statistics described in paragraphs (1)(F) and (1)(H), an institution of higher education shall distinguish, by means of separate categories, any criminal offenses that occur—

''(A) on publicly owned sidewalks, streets, or other thoroughfares, or in parking facilities, that are adjacent to facilities owned by the institution; and

''(B) in dormitories or other residential facilities for students on campus.

''(12)(A) Upon determination, after reasonable notice and opportunity for a hearing on the record, that an institution of higher education—

''(i) has violated or failed to carry out any provision of this subsection or any regulation prescribed under this subsection; or

''(ii) has substantially misrepresented the number, location, or nature of the crimes required to be reported under this subsection,

the Secretary shall impose a civil penalty upon the institution of not to exceed $25,000 for each violation, failure, or misrepresentation.

''(B) Any civil penalty may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the appropriateness of the penalty to the size of the institution of higher education subject to the determination, and the gravity of the violation, failure, or misrepresentation shall be considered. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the institution charged.

''(13)(A) Nothing in this subsection may be construed to—

''(i) create a cause of action against any institution of higher education or any employee of such an institution for any civil liability; or

''(ii) establish any standard of care.

''(B) Notwithstanding any other provision of law, evidence regarding compliance or noncompliance with this subsection shall not be admissible as evidence in any proceeding of any court, agency, board, or other entity, except with respect to an action to enforce this subsection

''(14) This subsection may be cited as the 'Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act'.''.

(e) DATA REQUIRED.—Section 485(g) (20 U.S.C. 1092(g)) is amended—

(1) in paragraph (1), by adding at the end the following:

''(I)(i) The total revenues, and the revenues from football, men's basketball, women's basketball, all other men's sports combined, and all other women's sports combined, derived by the institution from the institution's intercollegiate athletics activities.

''(ii) For the purpose of clause (i) revenues from intercollegiate athletics activities allocable to a sport shall include, without limitation, gate receipts, broadcast revenues, appearance guarantees and options, concessions and advertising, except that revenues such as student activities fees or alumni contributions not so allocable shall be included in the calculation of total revenues only.

''(J)(i) The total expenses, and the expenses attributable to football, men's basketball, women's basketball, all other men's sports combined and all other women's sports combined, made by the institution for the institution's intercollegiate athletics activities.

''(ii) For the purpose of clause (i) expenses for intercollegiate athletics activities allocable to a sport shall include without limitation grants-in-aid, salaries, travel, equipment, and supplies, except that expenses such as general and administrative overhead not so allocable shall be included in the calculation of total expenses only.'';

(2) by striking paragraph (5);

(3) by redesignating paragraph (4) as paragraph (5); and

(4) by inserting after paragraph (3) the following:

''(4) SUBMISSION; REPORT; INFORMATION AVAILABILITY.—(A) Each institution of higher education described in paragraph (1) shall provide to the Secretary, within 15 days of the date that the institution makes available the report under paragraph (1), the information contained in the report.

''(B) The Secretary shall prepare a report regarding the information received under subparagraph (A) for each year by April 1 of the year. The report shall—

''(i) summarize the information and identify trends in the information;

''(ii) aggregate the information by divisions of the National Collegiate Athletic Association; and

''(iii) contain information on each individual institution of higher education.

''(C) The Secretary shall ensure that the report described in subparagraph (B) is made available on the Internet within a reasonable period of time.

''(D) The Secretary shall notify, not later than 180 days after the date of enactment of the Higher Education Amendments of 1998, all secondary schools in all States regarding the availability of the information reported under subparagraph (B) and the information made available under paragraph (1), and how such information may be accessed.''.

(f) GEPA AMENDMENT.—Section 444(a)(4)(B) of the General Education Provisions Act (20 U.S.C. 1232g(a)(4)(B)) is amended—

(1) by redesignating clauses (iii) and (iv) as clauses (iv) and (v), respectively; and

(2) by inserting after clause (ii) the following:

''(iii) records that are maintained by local police or campus security officers of an educational agency or institution about—

''(I) individuals who have been found guilty of, or have pled guilty to, committing or participating in any criminal activity as defined in Federal, State, or local law that has occurred while the individual was a student in attendance, including audit or noncredit, at an educational institution; and

''(II) findings of guilt of criminal misconduct and related sanctions from any previously attended educational agencies or institutions where such records were created on or after September 1, 1999;''.

SEC. 487. NATIONAL STUDENT LOAN DATA BANK SYSTEM.

Section 485B (20 U.S.C. 1092b) is amended by adding at the end the following:

''(h) STUDENT STATUS CONFIRMATION REPORT.—In order to reduce unnecessary paperwork and to increase the efficient administration, the Secretary shall assure that borrowers under part E are included in the Student Status Confirmation Report in the same manner as borrowers under parts B and D.''.

SEC. 488. TRAINING IN FINANCIAL AID SERVICES.

Section 486 (20 U.S.C. 1093) is amended to read as follows:

''SEC. 486. INFORMATION ON THE COSTS OF HIGHER EDUCATION.

''(a) IN GENERAL.—For the purpose of providing comparative information to families about the costs of higher education—

''(1) the National Center for Education Statistics shall—

''(A) develop a standard definition for the following data elements:

''(i) Tuition and fees for a full-time undergraduate student.

''(ii) Cost of attendance for a full-time undergraduate student, consistent with the provisions of section 472.

''(iii) Average amount of financial assistance received by an undergraduate student who attends an institution of higher education, including—

''(I) each type of assistance or benefit described in section 428(a)(2)(C)(i);

''(II) fellowships; and

''(III) institutional and other assistance.

''(iv) Percentage of students receiving financial assistance described in each of subclauses (I), (II), and (III) of clause (iii);

''(B) report the definitions to each institution of higher education and the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than 90 days after the date of enactment of the Higher Education Amendments of 1998;

''(C) collect information regarding the data elements described in subparagraph (A) with respect to at least all institutions of higher education participating in the program under this title, and make available the information each year in a timely fashion through the integrated postsecondary education data system, beginning with the information from the 1999–2000 academic year;

''(D) provide the public notice when the information described in subparagraph (C) is available for public inspection; and

''(E) publish in a timely fashion a report after the third year of collection of the information described in subparagraph (C) that compares the information described in subparagraph (C) longitudinally by institution, which information shall be presented in a form that is easily understandable, including clear definitions of the data elements described in subparagraph (A), to allow parents and students to make informed decisions about attending college; and

''(2) institutions of higher education shall provide information regarding each data element described in paragraph (1)(A) to the National Center for Education Statistics by March 1 of each year, beginning in the year 2000.

''(b) STUDY.—

''(1) IN GENERAL.—In consultation with the Bureau of Labor Statistics, the National Center

for Education Statistics shall conduct a national study of expenditures at institutions of higher education. Such study shall include information about—

''(A) expenditures for—

''(i) faculty salaries and benefits;

''(ii) administrative salaries, benefits, and expenses;

''(iii) academic support services;

''(iv) research;

''(v) operations and maintenance;

''(vi) construction; and

''(vii) technology;

''(B) the replacement cost of instructional buildings and equipment;

''(C) how the expenditures described in subparagraph (A) change over time; and

''(D) how the expenditures described in subparagraph (A) and the replacement cost described in subparagraph (B) relate to college costs.

''(2) FINAL REPORT.—The National Center for Education Statistics shall submit a report regarding the findings of the study required by paragraph (1) to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than September 30, 2001.

''(c) HIGHER EDUCATION MARKET BASKET.—In consultation with the Bureau of Labor Statistics, the National Center for Education Statistics shall develop a Higher Education Market Basket that identifies the items that comprise the costs of higher education. The National Center for Education Statistics shall provide a report on the market basket to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than September 30, 2002.

''(d) FINES.—In addition to the actions authorized in section 487(c), the Secretary may impose a fine in an amount not to exceed $25,000 on an institution of higher education for failure to provide the information described in subsection (a)(2) in a timely or accurate manner, or for failure to otherwise cooperate with the National Center for Education Statistics regarding efforts to obtain data on the cost of higher education under such subsection.''.

SEC. 489. PROGRAM PARTICIPATION AGREEMENTS.

(a) IN GENERAL.—Section 487 (20 U.S.C. 1094) is amended—

(1) in subsection (a)—

(A) in paragraph (3)—

(i) by striking subparagraph (B); and

(ii) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively;

(B) in paragraph (9), by striking ''part B'' and inserting ''part B or D'';

(C) in paragraph (14)—

(i) in subparagraph (A), by striking ''part B'' and inserting ''part B or D''; and

(ii) in subparagraph (B)—

(I) by inserting ''for-profit'' after ''Any'';

(II) by striking ''and any eligible institution which'' and inserting ''or''; and

(III) by striking ''part B'' and inserting ''part B or D'';

(D) in paragraph (15), by striking ''State review entities'' and inserting ''the State agencies'';

(E) by striking paragraph (18);

(F) by redesignating paragraphs (19) through (22) as paragraphs (18) through (21), respectively; and

(G) by amending paragraph (20) (as redesignated by subparagraph (F)) to read as follows:

''(20) The institution will meet the requirements established by the Secretary and accrediting agencies or associations, and will provide evidence to the Secretary that the institution has the authority to operate within a State.''; and

(2) in subsection (c)—

(A) in paragraph (1)(A)—

(i) in clause (i)—

(I) by striking ''clause (ii)'' and inserting ''clauses (ii) and (iii)'';

(II) by striking ''State review entities referred to in'' and inserting ''appropriate State agency notifying the Secretary under''; and

(III) by striking ''or'' after the semicolon;

(ii) in clause (ii), by inserting ''or'' after the semicolon; and

(iii) by adding at the end the following:

''(iii) with regard to an eligible institution (other than an eligible institution described in section 481(a)(1)(C)) that has obtained less than $200,000 in funds under this title during each of the 2 award years that precede the audit period and submits a letter of credit payable to the Secretary equal to not less than ½ of the annual potential liabilities of such institution as determined by the Secretary, deeming an audit conducted every 3 years to satisfy the requirements of clause (i), except for the award year immediately preceding renewal of the institution's eligibility under section 498(g);'';

(B) in paragraph (4), by striking '', after consultation with each State review entity designated under subpart 1 of part H,''; and

(C) in paragraph (5), by striking ''State review entities designated'' and inserting ''State agencies notifying the Secretary''.

(b) PROVISION OF VOTER REGISTRATION FORMS.—

(1) PROGRAM PARTICIPATION REQUIREMENT.—Section 487(a) (20 U.S.C. 1094(a)) is amended by adding at the end the following:

''(23) The institution, if located in a State to which section 113 applies, will make a good faith effort to provide a mail voter registration form, received from such State, to each student enrolled in a degree or certificate program and in attendance at the institution and to make such forms widely available to students at the institution.''.

(2) REGULATION PROHIBITED.—No officer of the executive branch is authorized to instruct the State in the manner in which the amendment made by this subsection is carried out.

SEC. 490. REGULATORY RELIEF AND IMPROVEMENT.

Section 487A (20 U.S.C. 1094a) is amended to read as follows:

''SEC. 487A. REGULATORY RELIEF AND IMPROVEMENT.

''(a) QUALITY ASSURANCE PROGRAM.—

''(1) IN GENERAL.—The Secretary is authorized to select institutions for voluntary participation in a Quality Assurance Program that provides participating institutions with an alternative management approach through which individual schools develop and implement their own comprehensive systems, including processing and disbursement of student financial aid, verification of student financial aid application data, and entrance and exit interviews, thereby enhancing program integrity within the student aid delivery system. The Quality Assurance Program authorized by this section shall be based on criteria that include demonstrated institutional performance, as determined by the Secretary, and shall take into consideration current quality assurance goals, as determined by the Secretary.

''(2) WAIVER.—The Secretary is authorized to waive for any institution participating in the Quality Assurance Program any regulations dealing with reporting or verification requirements in this title that are addressed by the institution's alternative management system, and may substitute such quality assurance reporting as the Secretary determines necessary to ensure accountability and compliance with the purposes of the programs under this title.

''(3) DETERMINATION.—The Secretary is authorized to determine—

''(A) when an institution that is unable to administer the Quality Assurance Program shall be removed from such program; and

''(B) when institutions desiring to cease participation in such program will be required to complete the current award year under the requirements of the Quality Assurance Program.

''(4) REVIEW AND EVALUATION.—The Secretary shall review and evaluate the Quality Assurance Program conducted by each participating institution and, on the basis of that evaluation, make recommendations regarding amendments to this Act that will streamline the administration and enhance the integrity of Federal student assistance programs. Such recommendations shall be submitted to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives.

''(b) REGULATORY IMPROVEMENT AND STREAMLINING EXPERIMENTS.—

''(1) IN GENERAL.—The Secretary shall review and evaluate the experience of institutions participating as experimental sites during the period of 1993 through 1998 under this section (as such section was in effect on the day before the date of enactment of the Higher Education Amendments of 1998), and shall submit a report based on this review and evaluation to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than 6 months after the enactment of the Higher Education Amendments of 1998. Such report shall include—

''(A) a list of participating institutions and the specific statutory or regulatory waivers granted to each institution;

''(B) the findings and conclusions reached regarding each of the experiments conducted; and

''(C) recommendations for amendments to improve and streamline this Act, based on the results of the experiment.

''(2) SELECTION.—

''(A) IN GENERAL.—The Secretary is authorized to select a limited number of institutions for voluntary participation as experimental sites to provide recommendations to the Secretary on the impact and effectiveness of proposed regulations or new management initiatives, except that additional institutions may not be selected by the Secretary until the report required by subsection (b)(1) has been submitted to Congress.

''(B) CONSULTATION.—Prior to approving any additional experimental sites, the Secretary shall consult with the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives and shall provide—

''(i) a list of institutions proposed for participation in the experiment and the specific statutory or regulatory waivers proposed to be granted to each institution;

''(ii) the objectives to be achieved through the experiment; and

''(iii) the period of time over which the experiment is to be conducted.

''(C) WAIVERS.—The Secretary is authorized to waive, for any institution participating as an experimental site under subparagraph (A), any requirements in this title, or regulations prescribed under this title, that will bias experimental results.

''(c) REGULATORY AND STATUTORY RELIEF FOR SMALL VOLUME INSTITUTIONS.—The Secretary, following discussions with representatives of eligible institutions (other than eligible institutions described in section 481(a)(1)(C)) that have obtained in each of the 2 most recent award years prior to the date of enactment of the Higher Education Amendments of 1998 less than $200,000 in funds through this title, shall review and evaluate ways in which regulations under and provisions of this Act affecting the institutions may be improved, streamlined, or eliminated, and shall submit, not later than 1 year after the enactment of the Higher Education Amendments of 1998, a report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives detailing the Secretary's findings and recommendations, including a timetable for implementation of any recommended changes.

''(d) DEFINITIONS.—For purposes of this section, the term 'current award year' is defined as the award year during which the participating institution indicates the institution's intention to cease participation.''.

SEC. 490A. DISTANCE EDUCATION DEMONSTRATION PROGRAMS.

Part G (20 U.S.C. 1088 et seq.) is amended by inserting after section 487B (20 U.S.C. 1094a) the following:

''SEC. 487C. DISTANCE EDUCATION DEMONSTRATION PROGRAMS.

''(a) PURPOSE.—It is the purpose of this section—

''(1) to allow demonstration programs that are strictly monitored by the Department to test the quality and viability of expanded distance education programs currently restricted under this Act;

''(2) to help determine the specific statutory and regulatory requirements which should be altered to provide greater access to high quality distance education programs; and

''(3) to help determine the appropriate level of Federal assistance for students enrolled in distance education programs.

''(b) DEMONSTRATION PROGRAMS AUTHORIZED.—

''(1) IN GENERAL.—The Secretary, in accordance with the provisions of subsection (d), is authorized to select institutions of higher education or consortia of such institutions for voluntary participation in a Distance Education Demonstration Program that provides participating institutions with the ability to offer distance education programs that do not meet all or a portion of the sections or regulations described in paragraph (2).

''(2) WAIVERS.—The Secretary is authorized to waive for any institution of higher education, system of institutions of higher education, or consortium participating in a Distance Education Demonstration Program, the requirements of section 472(5) as the section relates to computer costs, sections 481(d) and 481(e) as such sections relate to requirements for a minimum number of weeks of instruction, sections 472(10), 481(a)(3)(A), 481(a)(3)(B), 484(l)(1), or 1 or more of the regulations prescribed under this part or part F which inhibit the operation of quality distance education programs.

''(3) SPECIAL RULES.—

''(A) ELIGIBLE INSTITUTIONS.—Only an institution of higher education that provides at least a 2-year, or 4-year program of instruction for which the institution awards an associate or a baccalaureate degree, or provides a graduate degree, shall be eligible to participate in the demonstration program authorized under this section.

''(B) PROHIBITION.—An institution of higher education described in section 481(a)(1)(C) shall not be eligible to participate in the demonstration program authorized under this section.

''(C) SPECIAL RULE.—Subject to subparagraph (B), an institution of higher education that meets the requirements of subsection (a) of section 481, other than the requirement of paragraph (3)(A) or (3)(B) of such subsection, shall be eligible to participate in the demonstration program authorized under this section.

''(D) REQUIREMENT.—Notwithstanding any other provision of this paragraph, Western Governors University shall be considered eligible to participate in the demonstration program authorized under this section, and the Secretary may, in addition to the waivers described in paragraph (2), waive for such university such other requirements of this title as the Secretary determines to be appropriate because of the unique characteristics of such university. In carrying out the preceding sentence, the Secretary shall ensure that adequate program integrity and accountability measures apply to such university's participation in the demonstration program authorized under this section.

''(c) APPLICATION.—

''(1) IN GENERAL.—Each institution or consortia of institutions desiring to participate in a demonstration program under this section shall submit an application to the Secretary at such time and in such manner as the Secretary may require.

''(2) CONTENTS.—Each application shall include—

''(A) a description of the institution or consortium's consultation with a recognized accrediting agency or association with respect to quality assurances for the distance education programs to be offered;

''(B) a description of the statutory and regulatory requirements described in subsection (b)(2) for which a waiver is sought and the reasons for which the waiver is sought;

''(C) a description of the distance education programs to be offered;

''(D) a description of the students to whom distance education programs will be offered;

''(E) an assurance that the institution or consortium will offer full cooperation with the ongoing evaluations of the demonstration program provided for in this section; and

''(F) such other information as the Secretary may require.

''(d) SELECTION.—

''(1) IN GENERAL.—For the first year of the demonstration program authorized under this section, the Secretary is authorized to select for participation in the program not more than 15 institutions, systems of institutions, or consortia of institutions. For the third year of the demonstration program authorized under this title, the Secretary may select not more than 35 institutions, systems, or consortia, in addition to the institutions, systems, or consortia selected pursuant to the preceding sentence, to participate in the demonstration program if the Secretary determines that such expansion is warranted based on the evaluations conducted in accordance with subsections (f) and (g).

''(2) CONSIDERATIONS.—In selecting institutions to participate in the demonstration program in the first or succeeding years of the program, the Secretary shall take into account—

''(A) the number and quality of applications received;

''(B) the Department's capacity to oversee and monitor each institution's participation; and

''(C) an institution's—

''(i) financial responsibility;

''(ii) administrative capability; and

''(iii) program or programs being offered via distance education.

''(e) NOTIFICATION.—The Secretary shall make available to the public and to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives a list of institutions or consortia selected to participate in the demonstration program authorized by this section. Such notice shall include a listing of the specific statutory and regulatory requirements being waived for each institution or consortia and a description of the distance education courses to be offered.

''(f) EVALUATIONS AND REPORTS.—

''(1) EVALUATION.—The Secretary, on an annual basis, shall evaluate the demonstration programs authorized under this section. Such evaluations shall specifically review—

''(A) the number and types of students participating in the programs being offered, including the progress of participating students toward recognized associate, bachelor's, or graduate degrees, and the degree to which participation in such programs increased;

''(B) issues related to student financial assistance for distance education; and

''(C) the extent to which statutory or regulatory requirements not waived under the demonstration program present difficulties for students or institutions.

''(2) POLICY ANALYSIS.—In addition, the Secretary shall review current policies and identify those policies which present impediments to the development and use of distance education and other nontraditional methods of expanding access to education.

''(3) REPORTS.—

''(A) IN GENERAL.—Within 18 months of the initiation of the demonstration program, the Secretary shall report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives with respect to—

''(i) the evaluations of the demonstration programs authorized under this section; and

''(ii) any proposed statutory changes designed to enhance the use of distance education.

''(B) ADDITIONAL REPORTS.—The Secretary shall provide additional reports to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives on an annual basis regarding—

''(i) the demonstration programs authorized under this section; and

''(ii) the number and types of students receiving assistance under this title for instruction leading to a recognized certificate, as provided for in section 484(l)(1), including the progress of such students toward recognized certificates and the degree to which participation in such programs leading to such certificates increased.

''(g) INDEPENDENT EVALUATION.—

''(1) IN GENERAL.—The Secretary shall enter into a contract with the National Academy of Sciences to study the quality of and student learning outcomes in distance education programs. Such study shall include—

''(A) identification of the elements by which quality in distance education can be assessed, such as subject matter, interactivity, and student outcomes; and

''(B) identification of the types of students which can most benefit from distance education in areas such as access to higher education, persistence, and graduation.

''(2) SCOPE.—Such study shall include distance education programs offered by the institutions or consortia participating in the demonstration program authorized by this section, as well as the distance education programs offered by other institutions.

''(3) INTERIM AND FINAL REPORTS.—The Secretary shall request that the National Academy of Sciences submit an interim report to the Secretary, the Committee on Labor and Human Resources of the Senate, and the Committee on Education and the Workforce of the House of Representatives not later than December 31, 2000, and a final report not later than December 31, 2002, regarding the study.

''(4) FUNDING.—The Secretary shall make available not more than $1,000,000 for the study required by this subsection.

''(h) OVERSIGHT.—In conducting the demonstration program authorized under this section, the Secretary shall, on a continuing basis—

''(1) assure compliance of institutions or consortia with the requirements of this title (other than the sections and regulations that are waived under subsection (b)(2));

''(2) provide technical assistance;

''(3) monitor fluctuations in the student population enrolled in the participating institutions or consortia; and

''(4) consult with appropriate accrediting agencies or associations and appropriate State regulatory authorities.

''(i) DEFINITION.—For the purpose of this section, the term 'distance education' means an educational process that is characterized by the separation, in time or place, between instructor and student. Distance education may include courses offered principally through the use of—

''(1) television, audio, or computer transmission, such as open broadcast, closed circuit, cable, microwave, or satellite transmission;

''(2) audio or computer conferencing;

''(3) video cassettes or discs; or

''(4) correspondence.''.

SEC. 490B. ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE.

Section 491 (20 U.S.C. 1098) is amended—

(1) in subsection (b)—

(A) in the second sentence, by striking ''and expenditures'' and inserting '', expenditures and staffing levels''; and

(B) by inserting after the third sentence the following: ''Reports, publications, and other documents, including such reports, publications, and documents in electronic form, shall not be subject to review by the Secretary.'';

(2) in subsection (e)—

(A) by redesignating paragraphs (3), (4), and (5), as paragraphs (4), (5), and (6), respectively; and

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

''(3) No officers or full-time employees of the Federal Government shall serve as members of the Advisory Committee.'';

(3) in subsection (g), by striking ''(1) Members'' and all that follows through ''of the United States may'' and inserting ''Members of the Advisory Committee may'';

(4) in subsection (h)(1)—

(A) by inserting ''determined'' after ''as may be''; and

(B) by adding at the end the following: ''The Advisory Committee may appoint not more than 1 full-time equivalent, nonpermanent, consultant without regard to the provisions of title 5, United States Code. The Advisory Committee shall not be required by the Secretary to reduce personnel to meet agency personnel reduction goals.'';

(5) in subsection (i), by striking ''$750,000'' and inserting ''$800,000'';

(6) by amending subsection (j) to read as follows:

''(j) SPECIAL ANALYSES AND ACTIVITIES.—The Advisory Committee shall—

''(1) monitor and evaluate the modernization of student financial aid systems and delivery processes, including the implementation of a performance-based organization within the Department, and report to Congress regarding such modernization on not less than an annual basis, including recommendations for improvement;

''(2) assess the adequacy of current methods for disseminating information about programs under this title and recommend improvements, as appropriate, regarding early needs assessment and information for first-year secondary school students;

''(3) assess and make recommendations concerning the feasibility and degree of use of appropriate technology in the application for, and delivery and management of, financial assistance under this title, as well as policies that promote use of such technology to reduce cost and enhance service and program integrity, including electronic application and reapplication, just-in-time delivery of funds, reporting of disbursements and reconciliation;

''(4) assess the implications of distance education on student eligibility and other requirements for financial assistance under this title, and make recommendations that will enhance access to postsecondary education through distance education while maintaining access, through on-campus instruction at eligible institutions, and program integrity; and

''(5) make recommendations to the Secretary regarding redundant or outdated provisions of and regulations under this Act, consistent with the Secretary's requirements under section 498A(b)(3).'';

(7) in subsection (k), by striking ''1998'' and inserting ''2004''; and

(8) by repealing subsection (l).

SEC. 490C. REGIONAL MEETINGS AND NEGOTIATED RULEMAKING.

Section 492 (20 U.S.C. 1098a) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by inserting ''D,'' after ''B,''; and

(ii) by striking ''Such meetings shall include'' and inserting ''The Secretary shall obtain the advice of and recommendations from''; and

(B) in paragraph (2)—

(i) by striking ''During such meetings the'' and inserting ''The'';

(ii) by inserting ''D,'' after ''B,''; and

(iii) by striking ''1992'' and inserting ''1998 through such mechanisms as regional meetings and electronic exchanges of information''; and

(2) in subsection (b)—

(A) by striking ''After'' and inserting the following:

''(1) IN GENERAL.—After'';

(B) in paragraph (1) (as redesignated by subparagraph (A))—

(i) by striking ''holding regional meetings'' and inserting ''obtaining the advice and recommendations described in subsection (a)(1)'';

(ii) by inserting ''D,'' after ''B,'';

(iii) by striking ''1992'' and inserting ''1998''; and

(iv) by striking ''The Secretary shall follow the guidance provided in sections 305.82–4 and 305.85–5 of chapter 1, Code of Federal Regulations, and any successor recommendation, regulation, or law.''; and

(C) by adding at the end the following:

''(2) EXPANSION OF NEGOTIATED RULEMAKING IN STUDENT LOAN PROGRAMS.—All regulations pertaining to the student assistance programs in parts B, D, G, and H, that are promulgated after the date of enactment of this paragraph, shall be subject to the negotiated rulemaking process, unless the Secretary determines that exceptional circumstances exist making negotiated rulemaking unnecessary or inadvisable with respect to given regulations and publishes the basis for such determination in the Federal Register at the same time as the proposed regulations in questions are first published. All published proposed regulations shall conform, unless impracticable, to agreements resulting from such negotiated rulemaking. Such negotiated rulemaking shall be conducted in accordance with the provisions of paragraph (1).''.

SEC. 490D. PROCEDURES FOR CANCELLATIONS AND DEFERMENTS FOR ELIGIBLE DISABLED VETERANS.

Part G of title IV (20 U.S.C. 1088 et seq.) is amended by adding at the end the following:

''SEC. 493A. PROCEDURES FOR CANCELLATIONS AND DEFERMENTS FOR ELIGIBLE DISABLED VETERANS.

''The Secretary, in consultation with the Secretary of Veterans Affairs, shall develop and implement a procedure to permit Department of Veterans Affairs physicians to provide the certifications and affidavits needed to enable disabled veterans enrolled in the Department of Veterans Affairs health care system to document such veterans' eligibility for deferments or cancellations of student loans made, insured, or guaranteed under this title. Not later than 6 months after the date of enactment of the Higher Education Amendments of 1998, the Secretary and the Secretary of Veterans Affairs jointly shall report to Congress on the progress made in developing and implementing the procedure.''.

PART H—PROGRAM INTEGRITY TRIAD

SEC. 491. STATE ROLE AND RESPONSIBILITIES.

Subpart 1 of part H of title IV (20 U.S.C. 1099a et seq.) is amended to read as follows:

''Subpart 1—State Role

''SEC. 495. STATE RESPONSIBILITIES.

''(a) STATE RESPONSIBILITIES.—As part of the integrity program authorized by this part, each State, through 1 State agency or several State agencies selected by the State, shall—

''(1) furnish the Secretary, upon request, information with respect to the process for licensing or other authorization for institutions of higher education to operate within the State;

''(2) notify the Secretary promptly whenever the State revokes a license or other authority to operate an institution of higher education; and

''(3) notify the Secretary promptly whenever the State has credible evidence that an institution of higher education within the State—

''(A) has committed fraud in the administration of the student assistance programs authorized by this title; or

''(B) has substantially violated a provision of this title.

''(b) INSTITUTIONAL RESPONSIBILITY.—Each institution of higher education shall provide evidence to the Secretary that the institution has authority to operate within a State at the time the institution is certified under subpart 3.''.

SEC. 492. ACCREDITING AGENCY RECOGNITION.

(a) AMENDMENTS TO HEADINGS.—Subpart 2 of part H of title IV (20 U.S.C. 1099b et seq.) is amended—

(1) in the subpart heading, by striking ''***Approval***'' and inserting ''***Recognition***''; and

(2) in the heading for section 496, by striking ''***approval***'' and inserting ''***recognition***''.

(b) RECOGNITION OF ACCREDITING AGENCY OR ASSOCIATION.—Section 496 (20 U.S.C. 1099b) is amended—

(1) in the heading for subsection (a), by striking ''STANDARDS'' and inserting ''CRITERIA'';

(2) in subsection (a)—

(A) in the matter preceding paragraph (1), by striking ''standards'' each place the term appears and inserting ''criteria'';

(B) in paragraph (4)—

(i) by striking ''at the institution'' and inserting ''offered by the institution''; and

(ii) by inserting '', including distance education courses or programs,'' after ''higher education''; and

(C) in paragraph (5)—

(i) by striking subparagraph (I);

(ii) by redesignating subparagraphs (A) through (H) as subparagraphs (B) through (I), respectively;

(iii) by inserting before subparagraph (B) the following:

''(A) success with respect to student achievement in relation to the institution's mission, including, as appropriate, consideration of course completion, State licensing examination, and job placement rates;'';

(iv) in subparagraph (I) (as redesignated by clause (ii)), by striking ''in clock hours or credit hours''; and

(v) in subparagraph (L)—

(I) by inserting ''record of'' before ''compliance'';

(II) by striking ''Act, including any'' and inserting ''Act based on the'';

(III) by inserting ''any'' after ''reviews, and''; and

(IV) in the matter following subparagraph (L), by striking ''(G),'';

(3) by amending paragraph (1) of subsection (l) to read as follows: ''(1)(A)(i) If the Secretary determines that an accrediting agency or association has failed to apply effectively the standards in this section, or is otherwise not in compliance with the requirements of this section, the Secretary shall—

''(I) after notice and opportunity for a hearing, limit, suspend, or terminate the approval of the agency or association; or

''(II) require the agency or association to take appropriate action to bring the agency or association into compliance with such requirements within a timeframe specified by the Secretary, except that—

''(aa) such timeframe shall not exceed 12 months unless the Secretary extends such period for good cause; and

''(bb) if the agency or association fails to bring the agency or association into compliance within such timeframe, the Secretary shall, after notice and opportunity for a hearing, limit, suspend, or terminate the approval of the agency or association.''; and

(4) in subsection (n)(3), by adding at the end the following: ''When the Secretary decides to recognize an accrediting agency or association,

the Secretary shall determine the agency or association's scope of recognition. If the agency or association reviews institutions offering distance education courses or programs and the Secretary determines that the agency or association meets the requirements of this section, then the agency shall be recognized and the scope of recognition shall include accreditation of institutions offering distance education courses or programs.''.

SEC. 493. ELIGIBILITY AND CERTIFICATION PROCEDURES.

(a) SINGLE APPLICATION FORM.—Section 498(b) (20 U.S.C. 1099c(b)) is amended—

(1) in paragraph (1), by striking ''and capability'' and inserting ''financial responsibility, and administrative capability'';

(2) by amending paragraph (3) to read as follows:

''(3) requires—

''(A) a description of the third party servicers of an institution of higher education; and

''(B) the institution to maintain a copy of any contract with a financial aid service provider or loan servicer, and provide a copy of any such contract to the Secretary upon request;'';

(3) in paragraph (4), by striking the period and inserting ''; and''; and

(4) by adding at the end the following:

''(5) provides, at the option of the institution, for participation in 1 or more of the programs under part B or D.''.

(b) FINANCIAL RESPONSIBILITY STANDARDS.—Section 498(c) (20 U.S.C. 1099c(c)) is amended—

(1) in paragraph (2), by striking ''with respect to operating losses, net worth, asset to liabilities ratios, or operating fund deficits'' and inserting ''regarding ratios that demonstrate financial responsibility,'';

(2) in paragraph (3)(A), by striking ''Secretary third party'' and all that follows through ''payable to the Secretary'' and inserting ''Secretary any third party guarantees, which the Secretary determines are reasonable, that''; and

(3) in paragraph (4)—

(A) in the matter preceding subparagraph (A), by striking ''ratio of current assets to current liabilities'' and inserting ''criteria''; and

(B) in subparagraph (C), by striking ''current operating ratio requirement'' and inserting ''criteria''.

(c) FINANCIAL GUARANTEES FROM OWNERS.—Section 498(e) (20 U.S.C. 1099c(e)) is amended—

(1) in the subsection heading, by inserting ''OF FOR-PROFIT INSTITUTIONS'' after ''OWNERS'';

(2) in paragraph (1)(A), by striking ''from an'' and inserting ''from a for-profit'';

(3) in paragraph (2)—

(A) in the matter preceding clause (i) of subparagraph (A), by inserting ''for-profit'' after ''or more'';

(B) in subparagraph (B), by inserting ''for-profit'' after ''or more'';

(4) in paragraph (3), by striking ''operation of, an institution or'' and inserting ''operation of, a for-profit institution or the''; and

(5) by adding at the end the following:

''(6) Notwithstanding any other provision of law, any individual, whom the Secretary determines, in accordance with paragraph (2), exercises substantial control over an institution participating in, or seeking to participate in, a program under this title, required to pay, on behalf of a student or borrower, a refund of unearned institutional charges to a lender, or to the Secretary, who willfully fails to pay such refund or willfully attempts in any manner to evade payment of such refund, shall, in addition to other penalties provided by law, be liable to the Secretary for the amount of the refund not paid, to the same extent with respect to such refund that such an individual would be liable as a responsible person for a penalty under section 6672(a) of Internal Revenue Code of 1986 with respect to the nonpayment of taxes.''.

(d) APPLICATIONS AND SITE VISITS.—Section 498(f) (20 U.S.C. 1099c(f)) is amended—

(1) in the subsection heading by striking ''; SITE VISITS AND FEES'' and inserting ''AND SITE VISITS'';

(2) in the second sentence, by striking ''shall'' and inserting ''may'';

(3) in the third sentence, strike ''may'' and insert ''shall''; and

(4) by striking the fourth sentence.

(e) TIME LIMITATIONS ON, AND RENEWAL OF, ELIGIBILITY.—Subsection (g) of section 498 (20 U.S.C. 1099c) is amended to read as follows:

''(g) TIME LIMITATIONS ON, AND RENEWAL OF, ELIGIBILITY.—

''(1) GENERAL RULE.—After the expiration of the certification of any institution under the schedule prescribed under this section (as in effect prior to the enactment of the Higher Education Act Amendments of 1998), or upon request for initial certification from an institution not previously certified, the Secretary may certify the eligibility for the purposes of any program authorized under this title of each such institution for a period not to exceed 6 years.

''(2) NOTIFICATION.—The Secretary shall notify each institution of higher education not later than 6 months prior to the date of the expiration of the institution's certification.

''(3) INSTITUTIONS OUTSIDE THE UNITED STATES.—The Secretary shall promulgate regulations regarding the recertification requirements applicable to an institution of higher education outside of the United States that meets the requirements of section 481(a)(1)(C) and received less than $500,000 in funds under part B for the most recent year for which data are available.''.

(f) PROVISIONAL CERTIFICATION.—Section 498(h) (20 U.S.C. 1099c(h)) is amended—

(1) in paragraph (1)(B)(ii), by striking ''an eligible'' and inserting ''a for-profit eligible''; and

(2) in paragraph (2), by striking ''the approval'' and inserting ''the recognition''.

(g) TREATMENT OF CHANGES OF OWNERSHIP.—Section 498(i) (20 U.S.C. 1099c(i)) is amended—

(1) in the subsection heading, by inserting ''OF FOR-PROFIT INSTITUTIONS'' after ''OWNERSHIP''; and

(2) in paragraph (2)—

(A) in subparagraph (A), by inserting ''for-profit'' before ''institution'';

(B) in subparagraph (C), by striking ''two'' and inserting ''a for-profit institution with one'';

(C) in subparagraph (D), by inserting ''for-profit'' before ''institutions'';

(D) in subparagraph (E), by inserting ''for-profit'' before ''institutions''; and

(E) in subparagraph (F), by inserting ''for-profit'' before ''institution''.

(h) TREATMENT OF BRANCHES.—The second sentence of section 498(j)(1) (20 U.S.C. 1099c(j)(1)) is amended by inserting ''after the branch is certified by the Secretary as a branch campus participating in a program under title IV,'' after ''2 years''.

SEC. 494. PROGRAM REVIEW AND DATA.

Section 498A (20 U.S.C. 1099c–1) is amended—

(1) in subsection (a)—

(A) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking ''may'' and inserting ''shall'';

(ii) by amending subparagraph (C) to read as follows:

''(C) institutions with a significant fluctuation in Federal Stafford Loan volume, Federal Direct Stafford/Ford Loan volume, or Federal Pell Grant award volume, or any combination thereof, in the year for which the determination is made, compared to the year prior to such year, that are not accounted for by changes in the Federal Stafford Loan program, the Federal Direct Stafford/Ford Loan program, or the Pell Grant program, or any combination thereof;'';

(iii) by amending subparagraph (D) to read as follows:

''(D) institutions reported to have deficiencies or financial aid problems by the State licensing or authorizing agency, or by the appropriate accrediting agency or association;'';

(iv) in subparagraph (E), by inserting ''and'' after the semicolon; and

(v) by striking subparagraphs (F) and (G), and inserting the following:

''(F) such other institutions that the Secretary determines may pose a significant risk of failure to comply with the administrative capability or financial responsibility provisions of this title; and''; and

(B) in paragraph (3)(A), by inserting ''relevant'' after ''all''; and

(2) by amending subsection (b) to read as follows:

''(b) SPECIAL ADMINISTRATIVE RULES.—

''(1) IN GENERAL.—In carrying out paragraphs (1) and (2) of subsection (a) and any other relevant provisions of this title, the Secretary shall—

''(A) establish guidelines designed to ensure uniformity of practice in the conduct of program reviews of institutions of higher education;

''(B) make available to each institution participating in programs authorized under this title complete copies of all review guidelines and procedures used in program reviews;

''(C) permit the institution to correct or cure an administrative, accounting, or recordkeeping error if the error is not part of a pattern of error and there is no evidence of fraud or misconduct related to the error;

''(D) base any civil penalty assessed against an institution of higher education resulting from a program review or audit on the gravity of the violation, failure, or misrepresentation; and

''(E) inform the appropriate State and accrediting agency or association whenever the Secretary takes action against an institution of higher education under this section, section 498, or section 432.

''(2) UNIFORMITY OF APPLICATION OF REGULATIONS.—The Secretary shall review the regulations of the Department and the application of such regulations to ensure the uniformity of interpretation and application of the regulations.

''(3) NONDUPLICATION AND COORDINATION.—The Secretary shall establish a process for ensuring that eligibility and compliance issues, such as institutional audit, program review, and recertification, are considered simultaneously, and shall establish a process for identifying unnecessary duplication of reporting and related regulatory requirements. In developing such processes, the Secretary shall consult with relevant representatives of institutions participating in the programs authorized by this title.''.

PART I—ADMINISTRATIVE PROVISIONS FOR DELIVERY OF STUDENT FINANCIAL ASSISTANCE

SEC. 495. PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE.

Title IV (20 U.S.C. 1070 et seq.) is amended by adding at the end the following:

''PART I—ADMINISTRATIVE PROVISIONS FOR DELIVERY OF STUDENT FINANCIAL ASSISTANCE

''SEC. 499. PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE.

''(a) ESTABLISHMENT.—The Secretary shall establish in the Department a performance-based organization (hereafter in this part referred to as the 'PBO') to administer various functions relating to student financial assistance programs authorized under this title.

''(b) OVERSIGHT AND AUTHORITY.—

''(1) POLICY OVERSIGHT AND DIRECTION.—The Secretary shall maintain responsibility for the policy relating to functions managed by the PBO, and the PBO shall remain subject to the Secretary's oversight and direction.

''(2) AUDITS AND REVIEW.—The PBO shall be subject to the usual and customary Federal audit procedures and to review by the Inspector General of the Department.

''(3) CHANGES.—

''(A) IN GENERAL.—The Secretary and the Chief Operating Officer shall consult concerning the effects of policy, market, or other

changes on the ability of the PBO to achieve the goals and objectives established in the performance plan described in subsection (e).

''(B) REVISIONS TO AGREEMENT.—The Secretary and the Chief Operating Officer may revise the annual performance agreement described in subsection (f)(2) in light of policy, market, or other changes that occur after the Secretary and the Chief Operating Officer enter into the agreement.

''(c) PURPOSES OF PBO.—The purposes of the PBO are—

''(1) to improve service to students and other participants in the student financial assistance programs authorized under this title, including making those programs more understandable to students and their parents;

''(2) to reduce the costs of administering those programs;

''(3) to increase the accountability of the officials responsible for administering those programs;

''(4) to provide greater flexibility in the administration of those programs;

''(5) to improve and integrate the information and delivery systems that support those programs; and

''(6) to develop and maintain a student financial assistance system that contains complete, accurate, and timely data to ensure program integrity.

''(d) FUNCTIONS.—

''(1) IN GENERAL.—Subject to subsection (b) of this section, the PBO shall be responsible for administration of the information and financial systems that support student financial assistance programs authorized under this title, including—

''(A) collecting, processing, and transmitting applicant data to students, institutions, and authorized third parties, as provided for in section 483;

''(B) contracting for the information and financial systems supporting student financial assistance programs under this title;

''(C) developing technical specifications for software and systems that support those programs; and

''(D) providing all customer service, training, and user support related to systems that support those programs.

''(2) ADDITIONAL FUNCTIONS.—The Secretary may allocate to the PBO such additional functions as the Secretary determines necessary or appropriate to achieve the purposes of the PBO.

''(e) PERFORMANCE PLAN AND REPORT.—

''(1) PERFORMANCE PLAN.—

''(A) IN GENERAL.—Each year, the Secretary and Chief Operating Officer shall agree on, and make available to the public, a performance plan for the PBO for the succeeding 5 years that establishes measurable goals and objectives for the organization.

''(B) CONSULTATION.—In developing the 5-year performance plan and any revision to the plan, the Secretary and the Chief Operating Officer shall consult with students, institutions of higher education, Congress, lenders, and other interested parties not less than 30 days prior to the implementation of the performance plan or revision.

''(C) AREAS.—The plan shall address the PBO's responsibilities in the following areas:

''(i) IMPROVING SERVICE.—Improving service to students and other participants in student financial aid programs authorized under this title, including making those programs more understandable to students and their parents.

''(ii) REDUCING COSTS.—Reducing the costs of administering those programs.

''(iii) IMPROVEMENT AND INTEGRATION OF SUPPORT SYSTEMS.—Improving and integrating the information and delivery systems that support those programs.

''(iv) DELIVERY AND INFORMATION SYSTEM.—Developing an open, common, and integrated delivery and information system for programs authorized under this title.

''(v) OTHER AREAS.—Any other areas identified by the Secretary.

''(2) ANNUAL REPORT.—(A) IN GENERAL.—Each year, the Chief Operating Officer shall prepare and submit to Congress, through the Secretary, an annual report on the performance of the PBO, including an evaluation of the extent to which the PBO met the goals and objectives contained in the 5-year performance plan described in paragraph (1) for the preceding year.

''(B) CONSULTATION WITH STAKEHOLDERS.—The Chief Operating Officer, in preparing the report described in subparagraph (A), shall establish appropriate means to consult with borrowers, institutions, lenders, guaranty agencies, secondary markets, and others involved in the delivery system of student aid under this title—

''(i) regarding the degree of satisfaction with the delivery system; and

''(ii) to seek suggestions on means to improve the delivery system.

''(f) CHIEF OPERATING OFFICER.—

''(1) APPOINTMENT.—

''(A) IN GENERAL.—The management of the PBO shall be vested in a Chief Operating Officer who shall be appointed by the Secretary to a term of not less than 3 and not more than 5 years and compensated without regard to chapters 33, 51, and 53 of title 5, United States Code.

''(B) BASIS.—The appointment shall be made on the basis of demonstrated ability in management and experience in information technology or financial services.

''(C) REAPPOINTMENT.—The Secretary may reappoint the Chief Operating Officer to subsequent terms of not less than 3 and not more than 5 years, so long as the performance of the Chief Operating Officer, as set forth in the performance agreement described in paragraph (2), is satisfactory.

''(2) PERFORMANCE AGREEMENT.—

''(A) IN GENERAL.—Each year, the Secretary and the Chief Operating Officer shall enter into an annual performance agreement, that shall set forth measurable organization and individual goals for the Chief Operating Officer.

''(B) TRANSMITTAL.—The final agreement, and any revision to the final agreement, shall be transmitted to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate, and made publicly available.

''(3) COMPENSATION.—

''(A) IN GENERAL.—The Chief Operating Officer is authorized to be paid at an annual rate of basic pay not to exceed the maximum rate of basic pay for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of such title.

''(B) BONUS.—In addition, the Chief Operating Officer may receive a bonus in an amount that does not exceed 50 percent of such annual rate of basic pay, based upon the Secretary's evaluation of the Chief Operating Officer's performance in relation to the goals set forth in the performance agreement described in paragraph (2).

''(C) PAYMENT.—Payment of a bonus under this subparagraph (B) may be made to the Chief Operating Officer only to the extent that such payment does not cause the Chief Operating Officer's total aggregate compensation in a calendar year to equal or exceed the amount of the President's salary under section 102 of title 3, United States Code.

''(4) REMOVAL.—The Chief Operating Officer shall be removable—

''(A) by the President; or

''(B) by the Secretary for misconduct or failure to meet the goals set forth in the performance agreement described in paragraph (2).

''(g) SENIOR MANAGEMENT.—

''(1) APPOINTMENT.—

''(A) IN GENERAL.—The Chief Operating Officer may appoint such senior managers as that officer determines necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service.

''(B) COMPENSATION.—The senior managers described in subparagraph (A) may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

''(2) PERFORMANCE AGREEMENT.—Each year, the Chief Operating Officer and each senior manager appointed under this subsection shall enter into an annual performance agreement that sets forth measurable organization and individual goals.

''(3) COMPENSATION.—

''(A) IN GENERAL.—A senior manager appointed under this subsection may be paid at an annual rate of basic pay of not more than the maximum rate of basic pay for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of such title 5.

''(B) BONUS.—In addition, a senior manager may receive a bonus in an amount such that the manager's total annual compensation does not exceed 125 percent of the maximum rate of basic pay for the Senior Executive Service, including any applicable locality-based comparability payment, based upon the Chief Operating Officer's evaluation of the manager's performance in relation to the goals set forth in the performance agreement described in paragraph (2).

''(4) REMOVAL.—A senior manager shall be removable by the Secretary or by the Chief Operating Officer.

''(h) REPORT.—The Secretary and the Chief Operating Officer, not later than 180 days after the date of enactment of the Higher Education Amendments of 1998, shall report to Congress on the proposed budget and sources of funding for the operation of the PBO.

''(i) AUTHORIZATION OF APPROPRIATIONS.—The Secretary shall allocate from funds made available under section 458 such funds as are appropriate to the functions assumed by the PBO. In addition, there are authorized to be appropriated such sums as may be necessary to carry out the purposes of this part, including transition costs.

''SEC. 499A. PERSONNEL FLEXIBILITIES.

''(a) GENERAL PROVISIONS.—

''(1) CERTAIN LIMITATIONS NOT APPLICABLE.—The PBO shall not be subject to any limitation related to the number or grade of its employees.

''(2) APPLICABLE PROVISIONS OF TITLE 5.—

''(A) PROVISIONS.—Any flexibilities provided under this section shall be exercised in a manner consistent with the following provisions of title 5, United States Code:

''(i) Chapter 23, relating to merit system principles and prohibited personnel practices.

''(ii) Provisions relating to preference eligibles.

''(iii) Section 5307, relating to the aggregate limitation on pay.

''(iv) Chapter 71, relating to labor-management relations, except to the extent provided by paragraph (3).

''(B) EXERCISE OF AUTHORITY.—The exercise of any authorities provided under this section shall be subject to subsections (b) and (c) of section 1104 of title 5, United States Code, as though such authorities were delegated to the PBO under subsection (a)(2) of such section. The PBO shall provide the Office of Personnel Management with any information the Office requires in carrying out its responsibilities under this subsection.

''(3) LABOR ORGANIZATION AGREEMENTS.—Employees within a unit to which a labor organization is accorded exclusive recognition under chapter 71 of title 5, United States Code, shall not be subject to any flexibility provided under this section unless the exclusive representative

and PBO have entered into a written agreement which specifically provides for the exercise of that flexibility. A written agreement may not be imposed by the Federal Services Impasses Panel under section 7119 of title 5, United States Code.

''(4) FLEXIBILITIES.—

''(A) PRIOR APPROVAL.—The PBO may exercise any of the flexibilities provided under subsections (b), (c)(1), and (d) without prior approval of the Office of Personnel Management.

''(B) PLAN AND APPROVAL.—The PBO may exercise the flexibilities described in subsection (c)(2) only after a specific plan for implementation of those flexibilities is submitted to and approved by the Director of the Office of Personnel Management.

''(5) DEMONSTRATION PROJECTS.—

''(A) IN GENERAL.—The exercise of any flexibilities under this section shall not affect the authority of the PBO to implement a demonstration project subject to chapter 47 of title 5, United States Code, and as provided in subparagraph (B).

''(B) APPLICATION OF TITLE 5.—In applying section 4703 of title 5, United States Code, to a project described in subparagraph (A)—

''(i) section 4703(b)(1) shall be deemed to read as follows:

'' '(1) develop a plan for such project which describes its purpose, the employees to be covered, the project itself, its anticipated outcomes, and the method of evaluating the project;';

''(ii) section 4703(b)(3) shall not apply;

''(iii) the 180-day notification period in section 4703(b)(4) shall be deemed to be a 30-day notification period;

''(iv) section 4703(b)(6) shall be deemed to read as follows:

'' '(6) provide each House of Congress with the final version of the plan.';

''(v) section 4703(c)(1) shall be deemed to read as follows:

'' '(1) subchapter V of chapter 63 or subpart G of part III of this title;';

''(vi) section 4703(d) shall not apply; and

''(vii) section 4703(f) shall not apply, and, in lieu thereof, paragraph (3) of this subsection shall apply as though the demonstration project were a flexibility authority provided under this subsection.

''(b) PERFORMANCE MANAGEMENT.—

''(1) IN GENERAL.—The PBO shall establish a performance management system that—

''(A) maintains individual accountability by—

''(i) establishing 1 or more retention standards for each employee related to the work of the employee and expressed in terms of individual performance, and communicating such retention standards to employees;

''(ii) making periodic determinations of whether each employee meets or does not meet the employee's established retention standards; and

''(iii) taking actions, in accordance with applicable laws and regulations, with respect to any employee whose performance does not meet established retention standards, including denying any increase in basic pay, promotions, and credit for performance under section 3502 of title 5, United States Code, and taking 1 or more of the following actions:

''(I) Reassignment;

''(II) An action under chapter 43 or 75 of title 5, United States Code; or

''(III) Any other appropriate action to resolve the performance problem; and

''(B) strengthens its effectiveness by providing for—

''(i) establishing goals or objectives for individual, group, or organizational performance (or any combination thereof), consistent with the annual performance agreement described in section 499(f)(2) and PBO performance planning procedures, including those established under the Government Performance and Results Act of 1993, and communicating such goals or objectives to employees;

''(ii) using such goals and objectives to make performance distinctions among employees or groups of employees; and

''(iii) using performance assessments as a basis for granting employee awards, adjusting an employee's rate of basic pay, and other appropriate personnel actions, in accordance with applicable provisions or law and regulation.

''(2) PERFORMANCE.—

''(A) ASSESSMENT.—For purposes of paragraph (1)(B), the term 'performance assessment' means a determination of whether or not retention standards established under paragraph (1)(A)(i) are met, and any additional performance determination made on the basis of performance goals and objectives established under paragraph (1)(B)(i).

''(B) UNACCEPTABLE PERFORMANCE.—For purposes of title 5, United States Code, the term 'unacceptable performance' with respect to an employee of the PBO means performance of the employee which fails to meet a retention standard established under paragraph (1)(A)(i).

''(3) AWARDS PROGRAM.—

''(A) IN GENERAL.—The PBO may establish an awards program designed to provide incentives for and recognition of organizational, group, and individual achievements by providing for granting awards to employees who, as individuals or members of a group, contribute to meeting the performance goals and objectives established under this part by such means as a superior individual or group accomplishment, a documented productivity gain, or sustained superior performance.

''(B) LIMITATION.—Notwithstanding section 4502(b) of title 5, United States Code, the PBO may grant a cash award in an amount not exceeding $25,000, with the approval of the Chief Operating Officer.

''(c) CLASSIFICATION AND PAY FLEXIBILITIES.—

''(1) IN GENERAL.—

''(A) DEFINITION.—For purposes of this section, the term 'broad-banded system' means a system for grouping positions for pay, job evaluation, and other purposes that is different from the system established under chapter 51 and subchapter III of chapter 53 of title 5, United States Code, as a result of combining grades and related ranges of rates of pay in 1 or more occupational series.

''(B) ESTABLISHMENT.—The PBO may, subject to criteria to be prescribed by the Office of Personnel Management, establish 1 or more broad-banded systems covering all or any portion of its workforce. The Office may require the PBO to submit to the Office such information relating to its broad-banded systems as the Office may require. Laws and regulations pertaining to General Schedule employees (other than chapter 52 and subchapter II of chapter 53 of title 5, United States Code) shall continue to be applicable to employees under a broad-banded system.

''(C) CRITERIA.—The criteria to be prescribed by the Office of Personnel Management shall, at a minimum—

''(i) ensure that the structure of any broad-banded system maintains, through linkage to the General Schedule, the principle of equal pay for substantially equal work;

''(ii) establish the minimum and maximum number of grades that may be combined into pay bands;

''(iii) establish requirements for adjusting the pay of an employee within a pay band;

''(iv) establish requirements for setting the pay of a supervisory employee whose position is in a pay band or who supervises employees whose positions are in pay bands; and

''(v) establish requirements and methodologies for setting the pay of an employee upon conversion to a broad-banded system, initial appointment, change of position or type of appointment (including promotion, demotion, transfer, reassignment, reinstatement, placement in another pay band, or movement to a different geographic location), and movement between a broad-banded system and another pay system.

''(2) ALTERNATIVE JOB EVALUATION SYSTEMS FLEXIBILITIES.—

''(A) IN GENERAL.—With the approval of the Office of Personnel Management in accordance with subsection (a)(4)(B), the PBO may establish 1 or more alternative job evaluation systems that include any positions or groups of positions that the PBO determines, for reasons of effective administration—

''(i) should not be classified under chapter 51 of title 5, United States Code, or paid under the General Schedule;

''(ii) should not be classified or paid under subchapter IV of chapter 53 of such title; or

''(iii) should not be paid under section 5376 of such title.

''(B) PAY.—

''(i) GENERAL LIMITATION.—An alternative job evaluation system established under this section that includes positions described in clause (i) or (ii), or both, of subparagraph (A) may not provide a rate of basic pay for any employee in excess of the maximum rate of pay under the General Schedule.

''(ii) SPECIFIC LIMITATION.—An alternative job evaluation system established under this section that includes positions described in clause (iii) of subparagraph (A) may not provide a rate of basic pay for any employee in excess of the annual rate of basic pay of the Chief Operating Officer under the first sentence of section 499(f)(3).

''(C) IMPLEMENTATION.—An alternative job evaluation system established under this section shall be implemented in such a way as to ensure the maintenance of the principle of equal pay for substantially equal work.

''(D) APPLICABILITY OF LAWS.—Except as otherwise provided under this part, employees under an alternative job evaluation system shall continue to be subject to the laws and regulations covering employees under the pay system that would otherwise apply to them. If the alternative job evaluation system combines employees from different pay systems into a single system, the plan submitted under subsection (a)(4)(B) shall address the applicability of the laws and regulations for the different pay systems.

''(d) STAFFING FLEXIBILITIES.—

''(1) APPOINTMENT.—

''(A) CONDITIONS.—Except as otherwise provided under this subsection, an employee of the PBO may be selected for a permanent appointment in the competitive service in the PBO through internal competitive promotion procedures if—

''(i) the employee has completed, in the competitive service, 2 years of current continuous service under a term appointment or any combination of term appointments;

''(ii) such term appointment or appointments were made under competitive procedures prescribed for permanent appointments;

''(iii) the employee's performance under such term appointment or appointments met established retention standards; and

''(iv) the vacancy announcement for the term appointment from which the conversion is made stated that there was a potential for subsequent conversion to a permanent appointment.

''(B) SIMILAR APPOINTMENT.—An appointment under this section may be made only to a position in the same line of work as a position to which the employee received a term appointment under competitive procedures.

''(2) CATEGORY RATING SYSTEMS.—

''(A) IN GENERAL.—Notwithstanding subchapter I of chapter 33 of title 5, United States Code, the PBO may establish category rating systems for evaluating job applicants for positions in the competitive service. Qualified candidates under such rating systems shall be divided into 2 or more quality categories on the basis of relative degrees of merit, rather than assigned individual numerical ratings. Each applicant who meets the minimum qualification requirements for the position to be filled shall be assigned to an appropriate category based on an evaluation of the applicant's knowledge, skills, and abilities relative to those needed for successful performance in the position to be filled.

''(B) PREFERENCE ELIGIBLES.—Within each quality category established under subparagraph (A), preference eligibles shall be listed ahead of individuals who are not preference eligibles. For other than scientific and professional positions at or higher than level GS–9 (or equivalent), preference eligibles who have a compensable service-connected disability of 10 percent or more, and who meet the minimum qualification standards, shall be listed in the highest quality category.

''(C) SELECTION.—An appointing authority may select any applicant from the highest quality category or, if fewer than 3 candidates have been assigned to the highest quality category, from a merged category consisting of the highest and second highest quality categories. Notwithstanding the preceding sentence, the appointing authority may not pass over a preference eligible in the same or higher category from which selection is made, unless the requirements of section 3317(b) or 3318(b) of title 5, United States Code, as applicable, are satisfied.

''(3) EXCEPTED SERVICE.—The Chief Operating Officer may appoint, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, not more than 25 technical and professional employees to administer the functions of the PBO. These employees may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

''(4) RULE OF CONSTRUCTION.—Notwithstanding paragraphs (1) through (3), no provision of this subsection exempts the PBO from—

''(A) any employment priorities established under direction of the President for the placement of surplus or displaced employees; or

''(B) its obligations under any court order or decree relating to the employment practices of the PBO or the Department of Education.

''SEC. 499B. PROCUREMENT FLEXIBILITY.

''(a) PROCUREMENT AUTHORITY.—Subject to the authority, direction, and control of the Secretary, the Chief Operating Officer of a PBO may exercise the authority of the Secretary to procure property and services in the performance of functions managed by the PBO. For the purposes of this section, the term 'PBO' includes the Chief Operating Officer of the PBO and any employee of the PBO exercising procurement authority under the preceding sentence.

''(b) APPLICABILITY OF PROCUREMENT LAWS.—Except to the extent otherwise authorized in this section, a PBO shall comply with all laws and regulations that are generally applicable to procurements of property and services by the head of an executive agency of the Federal Government.

''(c) USE OF MUTUAL BENEFIT CORPORATION.—The PBO may acquire services related to the title IV delivery system from any mutual benefit corporation that has the capability and capacity to meet the requirements for the system, as determined by the Chief Operating Officer of the PBO.

''(d) TWO-PHASE SOURCE-SELECTION PROCEDURES.—

''(1) IN GENERAL.—The PBO may use a two-phase process for selecting a source for a procurement of property or services.

''(2) FIRST PHASE.—The procedures for the first phase of the process for a procurement are as follows:

''(A) PUBLICATION OF NOTICE.—The contracting officer for the procurement shall publish a notice of the procurement in accordance with section 18 of the Office of Federal Procurement Policy Act (41 U.S.C. 416) and subsections (e), (f), and (g) of section 8 of the Small Business Act (15 U.S.C. 637), except that the notice shall include only the following:

''(i) A general description of the scope or purpose of the procurement that provides sufficient information on the scope or purpose for sources to make informed business decisions regarding whether to participate in the procurement.

''(ii) A description of the basis on which potential sources are to be selected to submit offers in the second phase.

''(iii) A description of the information that is to be required under subparagraph (B).

''(iv) Any additional information that the contracting officer determines appropriate.

''(B) INFORMATION SUBMITTED BY OFFERORS.—Each offeror for the procurement shall submit basic information, such as information on the offeror's qualifications, the proposed conceptual approach, costs likely to be associated with the proposed conceptual approach, and past performance of the offeror on Federal Government contracts, together with any additional information that is requested by the contracting officer.

''(C) SELECTION FOR SECOND PHASE.—The contracting officer shall select the offerors that are to be eligible to participate in the second phase of the process. The contracting officer shall limit the number of the selected offerors to the number of sources that the contracting officer determines is appropriate and in the best interests of the Federal Government.

''(3) SECOND PHASE.—

''(A) IN GENERAL.—The contracting officer shall conduct the second phase of the source selection process in accordance with sections 303A and 303B of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253a and 253b).

''(B) ELIGIBLE PARTICIPANTS.—Only the sources selected in the first phase of the process shall be eligible to participate in the second phase.

''(C) SINGLE OR MULTIPLE PROCUREMENTS.—The second phase may include a single procurement or multiple procurements within the scope, or for the purpose, described in the notice pursuant to paragraph (2)(A).

''(4) PROCEDURES CONSIDERED COMPETITIVE.—The procedures used for selecting a source for a procurement under this subsection shall be considered competitive procedures for all purposes.

''(e) USE OF SIMPLIFIED PROCEDURES FOR COMMERCIAL ITEMS.—Whenever the PBO anticipates that commercial items will be offered for a procurement, the PBO may use (consistent with the special rules for commercial items) the special simplified procedures for the procurement without regard to—

''(1) any dollar limitation otherwise applicable to the use of those procedures; and

''(2) the expiration of the authority to use special simplified procedures under section 4202(e) of the Clinger-Cohen Act of 1996 (110 Stat. 654; 10 U.S.C. 2304 note).

''(f) FLEXIBLE WAIT PERIODS AND DEADLINES FOR SUBMISSION OF OFFERS OF NONCOMMERCIAL ITEMS.—

''(1) AUTHORITY.—In carrying out a procurement, the PBO may—

''(A) apply a shorter waiting period for the issuance of a solicitation after the publication of a notice under section 18 Office of Federal Procurement Policy Act (41 U.S.C. 416) than is required under subsection (a)(3)(A) of such section; and

''(B) notwithstanding subsection (a)(3) of such section, establish any deadline for the submission of bids or proposals that affords potential offerors a reasonable opportunity to respond to the solicitation.

''(2) INAPPLICABILITY TO COMMERCIAL ITEMS.—Paragraph (1) does not apply to a procurement of a commercial item.

''(3) CONSISTENCY WITH APPLICABLE INTERNATIONAL AGREEMENTS.—If an international agreement is applicable to the procurement, any exercise of authority under paragraph (1) shall be consistent with the international agreement.

''(g) MODULAR CONTRACTING.—

''(1) IN GENERAL.—The PBO may satisfy the requirements of the PBO for a system incrementally by carrying out successive procurements of modules of the system. In doing so, the PBO may use procedures authorized under this subsection to procure any such module after the first module.

''(2) UTILITY REQUIREMENT.—A module may not be procured for a system under this subsection unless the module is useful independently of the other modules or useful in combination with another module previously procured for the system.

''(3) CONDITIONS FOR USE OF AUTHORITY.—The PBO may use procedures authorized under paragraph (4) for the procurement of an additional module for a system if—

''(A) competitive procedures were used for awarding the contract for the procurement of the first module for the system; and

''(B) the solicitation for the first module included—

''(i) a general description of the entire system that was sufficient to provide potential offerors with reasonable notice of the general scope of future modules;

''(ii) other information sufficient for potential offerors to make informed business judgments regarding whether to submit offers for the contract for the first module; and

''(iii) a statement that procedures authorized under this subsection could be used for awarding subsequent contracts for the procurement of additional modules for the system.

''(4) PROCEDURES.—If the procurement of the first module for a system meets the requirements set forth in paragraph (3), the PBO may award a contract for the procurement of an additional module for the system using any of the following procedures:

''(A) SOLE SOURCE.—Award of the contract on a sole-source basis to a contractor who was awarded a contract for a module previously procured for the system under competitive procedures or procedures authorized under subparagraph (B).

''(B) ADEQUATE COMPETITION.—Award of the contract on the basis of offers made by—

''(i) a contractor who was awarded a contract for a module previously procured for the system after having been selected for award of the contract under this subparagraph or other competitive procedures; and

''(ii) at least one other offeror that submitted an offer for a module previously procured for the system and is expected, on the basis of the offer for the previously procured module, to submit a competitive offer for the additional module.

''(C) OTHER.—Award of the contract under any other procedure authorized by law.

''(5) NOTICE REQUIREMENT.—

''(A) PUBLICATION.—Not less than 30 days before issuing a solicitation for offers for a contract for a module for a system under procedures authorized under subparagraph (A) or (B) of paragraph (4), the PBO shall publish in the Commerce Business Daily a notice of the intent to use such procedures to enter into the contract.

''(B) EXCEPTION.—Publication of a notice is not required under this paragraph with respect to a use of procedures authorized under paragraph (4) if the contractor referred to in that subparagraph (who is to be solicited to submit an offer) has previously provided a module for the system under a contract that contained cost, schedule, and performance goals and the contractor met those goals.

''(C) CONTENT OF NOTICE.—A notice published under subparagraph (A) with respect to a use of procedures described in paragraph (4) shall contain the information required under section 18(b) of the Office of Federal Procurement Policy Act (41 U.S.C. 416(b)), other than paragraph (4) of such section, and shall invite the submission of any assertion that the use of the procedures for the procurement involved is not in the best interest of the Federal Government together with information supporting the assertion.

''(6) DOCUMENTATION.—The basis for an award of a contract under this subsection shall be documented. However, a justification pursuant to section 303(f) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C.

253(f)) or section 8(h) of the Small Business Act (15 U.S.C. 637(h)) is not required.

''(7) SIMPLIFIED SOURCE-SELECTION PROCEDURES.—The PBO may award a contract under any other simplified procedures prescribed by the PBO for the selection of sources for the procurement of modules for a system, after the first module, that are not to be procured under a contract awarded on a sole-source basis.

''(h) USE OF SIMPLIFIED PROCEDURES FOR SMALL BUSINESS SET-ASIDES FOR SERVICES OTHER THAN COMMERCIAL ITEMS.—

''(1) AUTHORITY.—The PBO may use special simplified procedures for a procurement of services that are not commercial items if—

''(A) the procurement is in an amount not greater than $1,000,000;

''(B) the procurement is conducted as a small business set-aside pursuant to section 15(a) of the Small Business Act (15 U.S.C. 644(a)); and

''(C) the price charged for supplies associated with the services procured are items of supply expected to be less than 20 percent of the total contract price.

''(2) INAPPLICABILITY TO CERTAIN PROCUREMENTS.—The authority set forth in paragraph (1) may not be used for—

''(A) an award of a contract on a sole-source basis; or

''(B) a contract for construction.

''(i) GUIDANCE FOR USE OF AUTHORITY.—

''(1) ISSUANCE BY PBO.—The Chief Operating Officer of the PBO, in consultation with the Administrator for Federal Procurement Policy, shall issue guidance for the use by PBO personnel of the authority provided in this section.

''(2) GUIDANCE FROM OFPP.—As part of the consultation required under paragraph (1), the Administrator for Federal Procurement Policy shall provide the PBO with guidance that is designed to ensure, to the maximum extent practicable, that the authority under this section is exercised by the PBO in a manner that is consistent with the exercise of the authority by the heads of the other performance-based organizations.

''(3) COMPLIANCE WITH OFPP GUIDANCE.—The head of the PBO shall ensure that the procurements of the PBO under this section are carried out in a manner that is consistent with the guidance provided for the PBO under paragraph (2).

''(j) LIMITATION ON MULTIAGENCY CONTRACTING.—No department or agency of the Federal Government may purchase property or services under contracts entered into or administered by a PBO under this section unless the purchase is approved in advance by the senior procurement official of that department or agency who is responsible for purchasing by the department or agency.

''(k) LAWS NOT AFFECTED.—Nothing in this section shall be construed to waive laws for the enforcement of civil rights or for the establishment and enforcement of labor standards that are applicable to contracts of the Federal Government.

''(l) DEFINITIONS.—In this section:

''(1) COMMERCIAL ITEM.—The term 'commercial item' has the meaning given the term in section 4(12) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(12)).

''(2) COMPETITIVE PROCEDURES.—The term 'competitive procedures' has the meaning given the term in section 309(b) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 259(b)).

''(3) MUTUAL BENEFIT CORPORATION.—The term 'mutual benefit corporation' means a corporation organized and chartered as a mutual benefit corporation under the laws of any State governing the incorporation of nonprofit corporations.

''(4) SOLE-SOURCE BASIS.—The term 'sole-source basis', with respect to an award of a contract, means that the contract is awarded to a source after soliciting an offer or offers from, and negotiating with, only that source.

''(5) SPECIAL RULES FOR COMMERCIAL ITEMS.—The term 'special rules for commercial items' means the regulations set forth in the Federal Acquisition Regulation pursuant to section 303(g)(1) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(g)(1)) and section 31 of the Office of Federal Procurement Policy Act (41 U.S.C. 427).

''(6) SPECIAL SIMPLIFIED PROCEDURES.—The term 'special simplified procedures' means the procedures applicable to purchases of property and services for amounts not greater than the simplified acquisition threshold that are set forth in the Federal Acquisition Regulation pursuant to section 303(g)(1)(B) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(g)(1)(A)) and section 31(a)(1) of the Office of Federal Procurement Policy Act (41 U.S.C. 427(a)(1)).''.

SEC. 496. STUDENT LOAN OMBUDSMAN OFFICE.

Title IV (20 U.S.C. 1070 et seq.) is amended by adding after part I (as added by section 495) the following:

''PART J—STUDENT LOAN OMBUDSMAN OFFICE

''SEC. 499F. STUDENT LOAN OMBUDSMAN OFFICE.

''(a) OFFICE ESTABLISHED.—The Secretary shall establish, within the Department, a Student Loan Ombudsman Office.

''(b) INDEPENDENCE OF STUDENT LOAN OMBUDSMAN OFFICE.—In the exercise of its functions, powers, and duties, the Student Loan Ombudsman Office shall be independent of the Secretary and the other offices and officers of the Department.

''(c) STUDENT LOAN OMBUDSMAN.—The Student Loan Ombudsman Office shall be managed by the Student Loan Ombudsman, who shall be appointed by the Secretary to a 5-year term. The Secretary shall appoint the Student Loan Ombudsman not later than 6 months after the date of enactment of the Higher Education Amendments of 1998. The appointment shall be made without regard to political affiliation or activity. The Secretary may reappoint the Student Loan Ombudsman to subsequent terms.

''(d) DUTIES AND RESPONSIBILITIES.—The Student Loan Ombudsman Office shall—

''(1) directly assist student loan borrowers with loans made, insured, or guaranteed under this title;

''(2) ensure that student loan borrower complaints and requests for assistance are promptly resolved and responded to by the Secretary, contractors or servicers, guaranty agencies, lenders, and other loan holders, or the agents of such individuals or entities;

''(3) investigate and resolve complaints of student loan borrowers;

''(4) provide information on the experience of borrowers with respect to existing and proposed statutes, regulations, and Department directives and actions;

''(5) track and analyze complaint data by loan program, institution, lender, guaranty agency, and servicer, as applicable; and

''(6) report annually to the appropriate committees of Congress, which report shall be made available to the public, regarding the responsibilities and performance of the Student Loan Ombudsman Office, including an analysis of complaint data described in paragraph (5).

''(e) STUDENT LOAN OMBUDSMAN OFFICE ACCESS TO RECORDS.—The Student Loan Ombudsman Office shall, upon presentation of a signed release form from a student loan borrower, have full and complete access to all records regarding the borrower's loan and education program that are necessary to carry out the Student Loan Ombudsman's duties. The Student Loan Ombudsman shall maintain personal identifying information in the strictest confidence and use such information only for the purpose of assisting the borrower in pursuing resolution of the individual's complaint, unless written authorization is obtained to use such information for other specified purposes.

''(f) ACCESSIBILITY FOR BORROWERS.—The Student Loan Ombudsman Office shall maintain a toll-free telephone number and Internet web site for receiving borrower complaints.

''(g) NOTIFICATION TO BORROWERS.—The Student Loan Ombudsman Office shall encourage maximum outreach to borrowers by all appropriate parties, including the Department, Congress, lenders, institutions of higher education, loan servicers, and guaranty agencies, to provide ongoing notice, to student loan borrowers, of the Student Loan Ombudsman Office. Such notice, including the toll-free telephone number, at a minimum, shall be given to borrowers in publications and on Internet web sites.

''(h) CONFLICT OF INTEREST.—Employees of the Student Loan Ombudsman Office shall not be employees or officers of any participant in the student loan programs under this Act (other than the Department), including any lender, guaranty agency, proprietary institution of higher education, postsecondary vocational institution, institution of higher education, loan servicer, collections agency, or trade association or education advocacy group representing any such entity. The Student Loan Ombudsman Office shall avoid all conflicts of interest and appearances of impropriety.

''(i) SUPPLEMENT AND NOT SUPPLANT.—The remedies and procedures of the Student Loan Ombudsman Office shall supplement and not supplant any other consumer remedies and procedures available to borrowers.

''(j) FUNDING.—In each fiscal year, not less than $2,000,000 of the amount appropriated for the fiscal year for salaries and expenses at the Department shall be available to carry out this section.''.

TITLE V—GRADUATE AND POSTSECONDARY IMPROVEMENT PROGRAMS

SEC. 501. REPEALS, TRANSFERS, AND REDESIGNATIONS.

(a) IN GENERAL.—Title V (20 U.S.C. 1101 et seq.) is amended—

(1) by amending the title heading to read as follows:

''**TITLE V—GRADUATE AND POSTSECONDARY IMPROVEMENT PROGRAMS**'';

(2) by repealing parts A, B, C, D, E, and F of title V (20 U.S.C. 1102 et seq., 1103 et seq., 1104 et seq., 1107 et seq., 1111 et seq., and 1113 et seq.);

(3) by transferring part C of title IX, part D of title IX, part A of title XI, and part A of title X (20 U.S.C. 1134h et seq., 1134l et seq., 1136 et seq., and 1135 et seq.) to title V and redesignating such parts as parts A, B, D, and E, respectively;

(4) by redesignating sections 931 through 935 (20 U.S.C. 1134h et seq. and 1134k–1 et seq.) as sections 501 through 505, respectively;

(5) by redesignating sections 941 through 947 (20 U.S.C. 1134l and 1134q–1) as section 511 through 517, respectively;

(6) by redesignating sections 1101 through 1109 (20 U.S.C. 1136 through 1136h) as sections 531 through 539, respectively; and

(7) by redesignating sections 1001, 1002, 1003, 1004, and 1011 (20 U.S.C. 1135, 1135a–1, 1135a–2, 1135a–3, and 1135a–11) as sections 541, 542, 543, 544, and 551, respectively.

(b) CROSS REFERENCE CONFORMING AMENDMENTS.—

(1) JACOB K. JAVITS FELLOWSHIP PROGRAM.—Section 504(a) (as redesignated by subsection (a)(4)) (20 U.S.C. 1134k(a)) is amended by striking ''933'' and inserting ''503''.

(2) GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED.—Part B of title V (as redesignated by paragraphs (3) and (5) of subsection (a)) (20 U.S.C. 1134l et seq.) is amended—

(A) in section 514(b)(7) (as redesignated by subsection (a)(5)) (20 U.S.C. 1134o(b)(7)), by striking ''945'' and inserting ''515''; and

(B) in section 515(c) (as redesignated by subsection (a)(5)) (20 U.S.C. 1134p(c))—

(i) by striking ''946(a)'' and inserting ''516(a)''; and

(ii) by striking ''944(b)(2)'' and inserting ''514(b)(2)''.

(3) URBAN AND COMMUNITY SERVICE.—Part C of title V (as redesignated by paragraphs (3) and (6) of subsection (a)) (20 U.S.C. 1136 et seq.) is amended—

(A) in section 532(b) (20 U.S.C. 1136a(b)), by striking ''1104'' and inserting ''534'';

(B) in section 534(12) (20 U.S.C. 1136c(12)), by striking ''1103(a)(2)(B)'' and inserting ''533(a)(2)(B)''; and

(C) in section 538(1) (20 U.S.C. 1136g(1)), by striking ''1103'' and inserting ''533''.

(4) FIPSE.—Subsections (b) and (c) of section 544 (as redesignated by subsection (a)(7)) (20 U.S.C. 1135a–3) each are amended by striking ''1001(b)'' and inserting ''541(b)''.

SEC. 502. PURPOSE.

Section 500 (20 U.S.C. 1101) is amended to read as follows:

''SEC. 500. PURPOSE.

''It is the purpose of this title—

''(1) to authorize national graduate fellowship programs—

''(A) in order to attract students of superior ability and achievement, exceptional promise, and demonstrated financial need, into high-quality graduate programs and provide the students with the financial support necessary to complete advanced degrees; and

''(B) that are designed to—

''(i) sustain and enhance the capacity for graduate education in areas of national need;

''(ii) encourage talented students to pursue scholarly careers in the humanities, social sciences, and the arts; and

''(iii) encourage talented individuals from underrepresented groups to pursue faculty careers in higher education; and

''(2) to promote postsecondary programs.''.

PART A—JACOB K. JAVITS FELLOWSHIP PROGRAM

SEC. 511. AWARD OF FELLOWSHIPS.

(a) AWARD OF JACOB K. JAVITS FELLOWSHIPS.—Section 501 (as redesignated by section 501(4)) is amended—

(1) in subsection (a)—

(A) in the first sentence, by inserting '', financial need,'' after ''demonstrated achievement'';

(B) in the second sentence—

(i) by striking ''students intending'' and inserting ''students who are eligible to receive any grant, loan, or work assistance pursuant to section 484 and intend''; and

(ii) by striking ''commonly accepted'' and all that follows through ''degree-granting institution'' and inserting ''the terminal highest degree awarded in the area of study''; and

(C) in the third sentence, by inserting ''following the fiscal year'' after ''July 1 of the fiscal year''; and

(2) by adding at the end the following:

''(d) PROCESS AND TIMING OF COMPETITION.—The Secretary shall make applications for fellowships under this part available not later than October 1 of the academic year preceding the academic year for which fellowships will be awarded, and shall announce the recipients of fellowships under this section not later than March 1 of the academic year preceding the academic year for which the fellowships are awarded.

''(e) AUTHORITY TO CONTRACT.—The Secretary is authorized to enter into a contract with a nongovernmental agency to administer the program assisted under this part if the Secretary determines that entering into the contract is an efficient means of carrying out the program.''.

(b) ALLOCATION OF FELLOWSHIPS.—Section 502 (as redesignated by section 501(4)) (20 U.S.C. 1134i) is amended—

(1) in subsection (a)—

(A) in the third sentence of paragraph (1), by striking ''knowledgeable about and have experience'' and inserting ''representative of a range of disciplines''; and

(B) in paragraph (2)—

(i) by amending subparagraph (B) to read as follows:

''(B) establish general criteria for the award of fellowships in academic fields identified by the Board, or, in the event that the Secretary enters into a contract with a nongovernmental entity to administer the program assisted under this part, by such nongovernmental entity;''; and

(ii) in subparagraph (C), by inserting ''except that, in the event that the Secretary enters into a contract with a nongovernmental entity to administer the program, such panels may be appointed by such nongovernmental entity'' before the semicolon; and

(2) in the first sentence of subsection (b), by inserting ''except that in the event that the Secretary enters into a contract with a nongovernmental entity to administer the program, such panels may be appointed by such nongovernmental entity'' before the period.

(c) STIPENDS.—Section 503 (as redesignated by section 501(4)) (20 U.S.C. 1134j) is amended—

(1) in subsection (a)—

(A) by striking ''1993–1994'' and inserting ''1999–2000''; and

(B) by striking ''according to measurements of need approved by the Secretary'' and inserting ''determined in accordance with part F of title IV''; and

(2) in subsection (b)(1)(A)—

(A) in clause (i)—

(i) by striking ''$6,000'' and inserting ''$10,000''; and

(ii) by striking ''1993–1994'' and inserting ''1999–2000''; and

(B) in clause (ii)—

(i) in the matter preceding subclause (I), by striking ''1993–1994'' and inserting ''1999–2000'';

(ii) in subclause (I), by striking ''$9,000 for the academic year 1993–1994'' and inserting ''$10,000 for the academic year 1999–2000''; and

(iii) in subclause (II), by striking ''$9,000'' and inserting ''$10,000''.

(d) AUTHORIZATION OF APPROPRIATIONS.—Section 505 (as redesignated by section 501(4)) (20 U.S.C. 1134k–1) is amended by striking ''1993'' and inserting ''1999''.

PART B—GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED

SEC. 521. GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED.

(a) DESIGNATION OF AREAS OF NATIONAL NEED.—Subsection (b) of section 513 (as redesignated by section 501(5)) (20 U.S.C. 1134n) is amended to read as follows:

''(b) DESIGNATION OF AREAS OF NATIONAL NEED.—After consultation with the National Science Foundation, the National Academy of Sciences, and other appropriate Federal and nonprofit agencies and organizations, the Secretary shall designate areas of national need. In making such designations, the Secretary shall take into consideration—

''(1) the extent to which the national interest in the area is compelling;

''(2) the extent to which other Federal programs support postbaccalaureate study in the area concerned; and

''(3) an assessment of how the program may achieve the most significant impact with available resources.''.

(b) CONTENT OF APPLICATIONS.—Section 514(b) (as redesignated by section 501(5)) (20 U.S.C. 1134o(b)) is amended—

(1) in paragraph (2)—

(A) by striking ''funds'' and inserting ''sources''; and

(B) by inserting '', which contribution may be in cash or in kind, fairly valued'' before the semicolon;

(2) by redesignating paragraphs (4) through (9) as paragraphs (5) through (10), respectively;

(3) by inserting after paragraph (3) the following:

''(4) describe the number, types, and amounts of the fellowships that the applicant intends to offer with grant funds provided under this part;'' and

(4) in paragraph (5)(A) (as redesignated by paragraph (2)), by striking ''criteria developed by the institution'' and inserting ''part F of title IV''.

(c) AWARDS.—Section 515 (as redesignated by section 501(5)) (20 U.S.C. 1134p) is amended—

(1) in the third sentence of subsection (b)—

(A) by striking ''1993–1994'' and inserting ''1999–2000''; and

(B) by striking ''according to measurements of need approved by the Secretary'' and inserting ''determined in accordance with part F of title IV''; and

(2) in subsection (c), by striking ''such payments'' and inserting ''such excess''.

(d) INSTITUTIONAL PAYMENTS.—Section 516(a)(1) (as redesignated by section 501(5)) (20 U.S.C. 1134q(a)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking ''$6,000 annually'' and inserting ''$10,000 for each academic year,''; and

(B) by striking ''1993–1994'' and inserting ''1999–2000''; and

(2) in subparagraph (B)—

(A) in the matter preceding clause (i), by striking ''1993–1994'' and inserting ''1999–2000'';

(B) in clause (i), by striking ''$9,000 for the academic year 1993–1994'' and inserting ''$10,000 for the academic year 1999–2000''; and

(C) in clause (ii), by striking ''$9,000'' and inserting ''$10,000''.

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 517 (as redesignated by section 501(5)) (20 U.S.C. 1134q–1) is amended by striking ''$40,000,000 for fiscal year 1993'' and inserting ''$30,000,000 for fiscal year 1999''.

PART C—FACULTY DEVELOPMENT PROGRAM

SEC. 531. FACULTY DEVELOPMENT PROGRAM REAUTHORIZED.

Title V (20 U.S.C. 1101 et seq.) is amended further by inserting after part B (as redesignated by section 501(a)(3)) the following:

''PART C—FACULTY DEVELOPMENT FELLOWSHIPS

''SEC. 521. FACULTY DEVELOPMENT FELLOWSHIPS AUTHORIZED.

''(a) IN GENERAL.—The Secretary shall make grants to institutions of higher education, or consortia of such institutions, to enable such institutions to award fellowships to talented graduate students in order to increase the access of individuals from underrepresented groups to pursue graduate study, and to teach in institutions of higher education.

''(b) UNDERREPRESENTED GROUPS DEFINED.—For the purpose of this part, the term 'underrepresented groups' means African Americans, Hispanic Americans, Asian Americans, Native Americans, Pacific Islanders, Native Hawaiians, and individuals who are pursuing graduate study in academic disciplines in which the individuals are underrepresented for the individuals' gender.

''(c) PREFERENCE.—In making awards under this part, the Secretary shall give preference to applicants with a demonstrated record of—

''(1) admitting students from the Ronald E. McNair Postbaccalaureate Achievement Program or a program with a similar purpose;

''(2) graduating individuals from groups underrepresented in graduate education; and

''(3) placing the graduates of the institution or consortium in faculty positions in institutions of higher education.

''(d) REPORTING.—Each institution of higher education or consortium receiving a grant under this section shall, on an annual basis, provide to the Secretary evidence regarding—

''(1) the success of the institution in attracting underrepresented students into graduate programs;

''(2) graduating the students; and

''(3) the success of each graduate in obtaining a faculty position in an institution of higher education.

''(e) APPLICATION REQUIRED.—

''(1) IN GENERAL.—Each academic department or program of an institution of higher education desiring a grant under this part shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

''(2) ADDITIONAL ASSURANCES.—Each application submitted pursuant to paragraph (1) shall—

''(A) provide an assurance that, in the event that funds made available to the academic department or program under this part are insufficient to provide assistance due a student under a commitment entered into between the academic department and the student, the academic department or program will endeavor, from funds available to the department or program, to fulfill the commitment made to the student; and

''(B) contain such other assurances as the Secretary may reasonably require.

''(3) APPROVAL OF APPLICATIONS.—The Secretary shall prescribe criteria for the approval of applications submitted under paragraph (1).

''(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this part $30,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

PART D—URBAN COMMUNITY SERVICE

SEC. 541. URBAN COMMUNITY SERVICE.

(a) PRIORITY.—Section 533(b) (as redesignated by section 501(a)(6)) (20 U.S.C. 1136b(b)) is amended by adding at the end the following: ''In addition, the Secretary shall give priority to eligible institutions submitting applications that demonstrate the eligible institution's commitment to urban community service.''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 539 (as redesignated by section 501(a)(6)) (20 U.S.C. 1136h) is amended by striking ''1993'' and inserting ''1999''.

PART E—FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

SEC. 551. FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION.

(a) AUTHORITY.—Section 541(a) (as redesignated by section 501(a)(7)) (20 U.S.C. 1135(a)) is amended—

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

(A) by striking ''or combinations of such institutions'' and inserting '', combinations of such institutions,''; and

(B) by striking ''institutions and combinations of such institutions'' and inserting ''institutions, combinations, and agencies''; and

(2) in paragraph (2)—

(A) by striking ''and programs involving new'' and inserting '', programs and joint efforts involving''; and

(B) by striking ''new combinations'' and inserting ''combinations''.

(b) TECHNICAL EMPLOYEES.—Section 543(a) (as redesignated by section 501(a)(7)) (20 U.S.C. 1135a–2(a)) is amended by striking ''5 technical'' and inserting ''7 technical''.

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 544 (as redesignated by section 501(a)(7)) (20 U.S.C. 1135a–3) is amended—

(1) in subsection (a), by striking ''$20,000,000 for fiscal year 1993'' and inserting ''$26,000,000 for fiscal year 1999''; and

(2) in subsection (b), by striking ''1993'' and inserting ''1999''.

(d) AREAS OF NATIONAL NEED.—

(1) AREAS.—Section 551(c) (as redesignated by section 501(a)(7)) (20 U.S.C. 1135a–11(c)) is amended—

(A) in paragraph (2), by striking ''Campus climate and culture'' and inserting ''Institutional restructuring to improve learning and promote cost efficiencies'';

(B) in paragraph (3), by inserting ''of model programs'' after ''dissemination''; and

(C) by adding at the end the following:

''(4) Articulation between 2-year and 4-year institutions of higher education, including developing innovative methods for ensuring the successful transfer of students from 2-year to 4-year institutions of higher education.''.

(2) AUTHORIZATION OF APPROPRIATIONS.—Section 551(d) (as redesignated by section 501(a)(7)) (20 U.S.C. 1135a–11(d)) is amended by striking ''1993'' and inserting ''1999''.

PART F—HIGHER EDUCATION ACCESS FOR STUDENTS WITH DISABILITIES; HISPANIC-SERVING INSTITUTIONS; GENERAL PROVISIONS

SEC. 561. HIGHER EDUCATION ACCESS FOR STUDENTS WITH DISABILITIES; HISPANIC-SERVING INSTITUTIONS; GENERAL PROVISIONS.

Title V (20 U.S.C. 1101 et seq.) is amended further by adding at the end the following:

''PART F—HIGHER EDUCATION ACCESS FOR STUDENTS WITH DISABILITIES

''SEC. 571. HIGHER EDUCATION ACCESS FOR STUDENTS WITH DISABILITIES.

''(a) PURPOSE.—It is the purpose of this part—

''(1) to support the development of model programs to provide technical assistance or training, and professional development, for faculty and administrators in institutions of higher education, as defined in section 481(a), to provide the faculty and administrators with the skills and assistance to teach effectively students with disabilities; and

''(2) to ensure effective evaluation and dissemination of such model programs.

''(b) GRANTS AUTHORIZED.—

''(1) IN GENERAL.—The Secretary is authorized to award grants to institutions of higher education to carry out the purposes of this part.

''(2) MODEL PROGRAMS.—To the extent feasible, the model programs developed under this part shall be developed for a range of types and sizes of institutions of higher education.

''(3) GEOGRAPHIC DISTRIBUTION.—In awarding grants under this part, the Secretary shall consider—

''(A) providing an equitable geographic distribution of such grants; and

''(B) distributing such grants to urban and rural areas.

''(4) APPROACHES.—The Secretary shall award grants under this part for a range of approaches to providing support to faculty and administrators, such as in-service training, professional development, customized and general technical assistance, workshops, summer institutes, distance learning and the use of educational technology.

''(c) DISSEMINATION OF GRANTS.—The Secretary may award grants to institutions of higher education that have demonstrated exceptional programs for students with disabilities under this part in order to disseminate those programs.

''(d) APPLICATIONS.—Each institution of higher education desiring a grant under this part shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each such application shall include—

''(1) a plan to assess the needs of the institution of higher education in order to meet the purposes of this part, in consultation with a broad range of persons within that institution; and

''(2) a plan for coordinating with or collaborating with the office within the institution that provides services to students with disabilities, and the equal opportunity office within the institution, if the offices exist.

''(e) USE OF FUNDS.—Any institution of higher education receiving a grant under this part—

''(1) shall use the grant funds to—

''(A) meet the purposes of this section; and

''(B) ensure that projects assisted under this part include components for model development, demonstration, evaluation, and dissemination to other institutions of higher education; and

''(2) may include, to the extent practicable, graduate teaching assistants in the services provided under the grant.

''(f) GRANT AWARDS.—The Secretary shall award grants under this part for a period of 3 years.

''(g) CONSTRUCTION.—Nothing in this section shall be construed to impose any additional duty, obligation, or responsibility on an institution of higher education, or on the institution's administrators, faculty, or staff, in addition to the requirements of section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990.

''(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

''PART G—HISPANIC-SERVING INSTITUTIONS

''SEC. 580. FINDINGS.

''Congress makes the following findings:

''(1) Hispanic Americans are at high risk of not enrolling or graduating from institutions of higher education.

''(2) Disparities between the enrollment of non-Hispanic white students and Hispanic students in postsecondary education are increasing. Between 1973 and 1994, enrollment of white secondary school graduates in 4-year institutions of higher education increased at a rate 2 times higher than that of Hispanic secondary school graduates.

''(3) Despite significant limitations in resources, Hispanic-serving institutions provide a significant proportion of postsecondary opportunities for Hispanic students.

''(4) Relative to other institutions of higher education, Hispanic-serving institutions are underfunded. Such institutions receive significantly less in State and local funding, per full-time equivalent student, than other institutions of higher education.

''(5) Hispanic-serving institutions are succeeding in educating Hispanic students despite significant resource problems that—

''(A) limit the ability of such institutions to expand and improve the academic programs of such institutions; and

''(B) could imperil the financial and administrative stability of such institutions.

''(6) There is a national interest in remedying the disparities described in paragraphs (2) and (4) and ensuring that Hispanic students have an equal opportunity to pursue postsecondary opportunities.

''SEC. 581. PURPOSE.

''The purpose of this part is to—

''(1) expand educational opportunities for, and improve the academic attainment of, Hispanic students; and

''(2) expand and enhance the academic offerings, program quality, and institutional stability of colleges and universities that are educating the majority of Hispanic college students and helping large numbers of Hispanic students and other low-income individuals complete postsecondary degrees.

''SEC. 582. PROGRAM AUTHORIZED.

''(a) IN GENERAL.—The Secretary shall provide grants and related assistance to Hispanic-serving institutions to enable such institutions to improve and expand their capacity to serve Hispanic students and other low-income individuals.

''(b) AUTHORIZED ACTIVITIES.—

''(1) TYPES OF ACTIVITIES AUTHORIZED.—Grants awarded under this section shall be used by Hispanic-serving institutions of higher education to assist such institutions to plan, develop, undertake, and carry out programs to improve and expand such institutions' capacity to serve Hispanic students and other low-income students.

''(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—The programs described in paragraph (1) may include—

''(A) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

''(B) renovation and improvement in classroom, library, laboratory, and other instructional facilities;

''(C) support of faculty exchanges, and faculty development and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

''(D) curriculum development and academic instruction;

''(E) purchase of library books, periodicals, microfilm, and other educational materials;

''(F) funds and administrative management, and acquisition of equipment for use in strengthening funds management;

''(G) joint use of facilities such as laboratories and libraries;

''(H) academic tutoring and counseling programs and student support services; and

''(I) expanding the number of Hispanic and other underrepresented graduate and professional students that can be served by the institution by expanding courses and institutional resources.

''(3) ENDOWMENT FUND.—

''(A) IN GENERAL.—A Hispanic-serving institution may use not more than 20 percent of the grant funds provided under this part to establish or increase an endowment fund at the institution.

''(B) MATCHING REQUIREMENT.—In order to be eligible to use grant funds in accordance with subparagraph (A), the Hispanic-serving institution shall provide matching funds, in an amount equal to the Federal funds used in accordance with subparagraph (A), for the establishment or increase of the endowment fund.

''(C) COMPARABILITY.—The provisions of part C of title III regarding the establishment or increase of an endowment fund, that the Secretary determines are not inconsistent with this paragraph, shall apply to funds used under subparagraph (A).

''(c) WAIT-OUT-PERIOD.—Each Hispanic-serving institution that receives a grant under this part shall not be eligible to receive an additional grant under this part until 2 years after the date on which the preceding grant period terminates.

''SEC. 583. APPLICATION PROCESS.

''(a) INSTITUTIONAL ELIGIBILITY.—Each Hispanic-serving institution desiring to receive assistance under this part shall submit to the Secretary such enrollment data as may be necessary to demonstrate that the institution is a Hispanic-serving institution as defined in section 585, along with such other data and information as the Secretary may by regulation require.

''(b) APPLICATIONS.—Any institution which is determined by the Secretary to be a Hispanic-serving institution (on the basis of the data and information submitted under subsection (a)) may submit an application for assistance under this part to the Secretary. Such application shall include—

''(1) a 5-year plan for improving the assistance provided by the Hispanic-serving institution to Hispanic students and other low-income individuals; and

''(2) such other information and assurance as the Secretary may require.

''(c) PRIORITY.—With respect to applications for assistance under this section, the Secretary shall give priority to an application that contains satisfactory evidence that the Hispanic-serving institution has entered into or will enter into a collaborative arrangement with at least one local educational agency or community-based organization to provide such agency or organization with assistance (from funds other than funds provided under this part) in reducing dropout rates for Hispanic students, improving rates of academic achievement for Hispanic students, and increasing the rates at which Hispanic secondary school graduates enroll in higher education.

''SEC. 584. SPECIAL RULE.

''No Hispanic-serving institution that is eligible for and receives funds under this part may receive funds under part A or B of title III during the period for which funds under this part are awarded.

''SEC. 585. DEFINITIONS.

''For purposes of this part:

''(1) HISPANIC-SERVING INSTITUTION.—The term 'Hispanic-serving institution' means an institution of higher education which—

''(A) is an eligible institution under section 312(b);

''(B) at the time of application, has an enrollment of undergraduate full-time equivalent students that is at least 25 percent Hispanic students; and

''(C) provides assurances that not less than 50 percent of its Hispanic students are low-income individuals.

''(2) LOW-INCOME INDIVIDUAL.—The term 'low-income individual' means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.

''SEC. 586. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this part $45,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

''PART H—THURGOOD MARSHALL LEGAL EDUCATIONAL OPPORTUNITY PROGRAM

''SEC. 588. LEGAL EDUCATIONAL OPPORTUNITY PROGRAM.

''(a) PROGRAM AUTHORITY.—The Secretary shall carry out a program to be known as the 'Thurgood Marshall Legal Educational Opportunity Program' designed to provide low-income, minority, or disadvantaged college students with the information, preparation, and financial assistance to gain access to and complete law school study.

''(b) ELIGIBILITY.—A college student is eligible for assistance under this section if the student is—

''(1) from a low-income family;

''(2) a minority; or

''(3) from an economically or otherwise disadvantaged background.

''(c) CONTRACT OR GRANT AUTHORIZED.—The Secretary is authorized to enter into a contract with, or make a grant to, the Council on Legal Education Opportunity, for a period of not less than 5 years—

''(1) to identify college students who are from low-income families, are minorities, or are from disadvantaged backgrounds described in subsection (b)(3);

''(2) to prepare such students for study at accredited law schools;

''(3) to assist such students to select the appropriate law school, make application for entry into law school, and receive financial assistance for such study;

''(4) to provide support services to such students who are first-year law students to improve retention and success in law school studies; and

''(5) to motivate and prepare such students with respect to law school studies and practice in low-income communities.

''(d) SERVICES PROVIDED.—In carrying out the purposes described in subsection (c), the contract or grant shall provide for the delivery of services through prelaw information resource centers, summer institutes, midyear seminars, and other educational activities, conducted under this section. Such services may include—

''(1) information and counseling regarding—

''(A) accredited law school academic programs, especially tuition, fees, and admission requirements;

''(B) course work offered and required for graduation;

''(C) faculty specialties and areas of legal emphasis; and

''(D) undergraduate preparatory courses and curriculum selection;

''(2) tutoring and academic counseling, including assistance in preparing for bar examinations;

''(3) prelaw mentoring programs, involving law school faculty, members of State and local bar associations, and retired and sitting judges, justices, and magistrates;

''(4) assistance in identifying preparatory courses and material for the law school aptitude or admissions tests;

''(5) summer institutes for Thurgood Marshall Fellows that expose the Fellows to a rigorous curriculum that emphasizes abstract thinking, legal analysis, research, writing, and examination techniques; and

''(6) midyear seminars and other educational activities that are designed to reinforce reading, writing, and studying skills of Thurgood Marshall Fellows.

''(e) DURATION OF THE PROVISION OF SERVICES.—The services described in subsection (d) may be provided—

''(1) prior to the period of law school study;

''(2) during the period of law school study; and

''(3) during the period following law school study and prior to taking a bar examination.

''(f) SUBCONTRACTS AND SUBGRANTS.—For the purposes of planning, developing, or delivering one or more of the services described in subsection (d), the Council on Legal Education Opportunity shall enter into subcontracts with, and make subgrants to, institutions of higher education, law schools, public and private agencies and organizations, and combinations of such institutions, schools, agencies, and organizations.

''(g) STIPENDS.—The Secretary shall annually establish the maximum stipend to be paid (including allowances for participant travel and for the travel of the dependents of the participant) to Thurgood Marshall Fellows for the period of participation in summer institutes and midyear seminars. A Fellow may be eligible for such a stipend only if the Fellow maintains satisfactory academic progress toward the Juris Doctor or Bachelor of Laws degree, as determined by the respective institutions.

''(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $5,000,000 for fiscal year 1999 and each of the 4 succeeding fiscal years.

''PART I—GENERAL PROVISIONS

''SEC. 591. ADMINISTRATIVE PROVISIONS FOR PARTS A, B, AND C.

''(a) COORDINATED ADMINISTRATION.—In carrying out the purpose described in section 500(1), the Secretary shall provide for coordinated administration and regulation of graduate programs assisted under parts A, B, and C with other Federal programs providing assistance for graduate education in order to minimize duplication and improve efficiency to ensure that the programs are carried out in a manner most compatible with academic practices and with the standard timetables for applications for, and notifications of acceptance to, graduate programs.

''(b) HIRING AUTHORITY.—For purposes of carrying out parts A, B, and C, the Secretary shall appoint, without regard to the provisions of title 5, United States Code, that govern appointments in the competitive service, such administrative and technical employees, with the appropriate educational background, as shall be needed to assist in the administration of such parts. The employees shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

''(c) USE FOR RELIGIOUS PURPOSES PROHIBITED.—No institutional payment or allowance under section 503(b) or 516 shall be paid to a school or department of divinity as a result of the award of a fellowship under part A or B, respectively, to an individual who is studying for a religious vocation.

''(d) EVALUATION.—The Secretary shall evaluate the success of assistance provided to individuals under part A, B, or C with respect to graduating from their degree programs, and placement in faculty and professional positions.

''(e) CONTINUATION AWARDS.—The Secretary, using funds appropriated to carry out parts A and B, and before awarding any assistance under such parts to a recipient that did not receive assistance under part C or D of title IX (as such parts were in effect prior to the date of enactment of the Higher Education Amendments of 1998) shall continue to provide funding to recipients of assistance under such part C or D (as so in effect), as the case may be, pursuant to any multiyear award of such assistance.''.

TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

SEC. 601. INTERNATIONAL AND FOREIGN LANGUAGE STUDIES.

Part A of title VI (20 U.S.C. 1121 et seq.) is amended to read as follows:

''PART A—INTERNATIONAL AND FOREIGN LANGUAGE STUDIES

''SEC. 601. FINDINGS AND PURPOSES.

''(a) FINDINGS.—The Congress finds that—

''(1) the well-being of the United States, its economy and long-range security, is dependent on the education and training of Americans in international and foreign language studies and on a strong research base in these areas;

''(2) knowledge of other countries and the ability to communicate in other languages is essential to the promotion of mutual understanding and cooperation among nations; and

''(3) systematic efforts are necessary to enhance the capacity of institutions of higher education in the United States for—

''(A) producing graduates with international and foreign language expertise and knowledge; and

''(B) research regarding such expertise and knowledge.

''(b) PURPOSES.—It is the purpose of this part—

''(1) to assist in the development of knowledge, international study, resources and trained personnel;

''(2) to stimulate the attainment of foreign language acquisition and fluency;

''(3) to develop a pool of international experts to meet national needs; and

''(4) to coordinate the programs of the Federal Government in the areas of foreign language, area and other international studies, including professional international affairs education, and research.

''SEC. 602. GRADUATE AND UNDERGRADUATE LANGUAGE AND AREA CENTERS AND PROGRAMS.

''(a) NATIONAL LANGUAGE AND AREA CENTERS AND PROGRAMS AUTHORIZED.—

''(1) CENTERS AND PROGRAMS.—

''(A) IN GENERAL.—The Secretary is authorized—

''(i) to make grants to institutions of higher education, or combinations thereof, for the purpose of establishing, strengthening, and operating comprehensive language and area centers and programs; and

''(ii) to make grants to such institutions or combinations for the purpose of establishing, strengthening, and operating a diverse network of undergraduate language and area centers and programs.

''(B) NATIONAL RESOURCES.—The centers and programs referred to in paragraph (1) shall be national resources for—

''(i) teaching of any modern foreign language;

''(ii) instruction in fields needed to provide full understanding of areas, regions, or countries in which such language is commonly used;

''(iii) research and training in international studies, and the international and foreign language aspects of professional and other fields of study; and

''(iv) instruction and research on issues in world affairs which concern one or more countries.

''(2) AUTHORIZED ACTIVITIES.—Any such grant may be used to pay all or part of the cost of establishing or operating a center or program, including the cost of—

''(A) faculty, staff, and student travel in foreign areas, regions, or countries;

''(B) teaching and research materials;

''(C) curriculum planning and development;

''(D) bringing visiting scholars and faculty to the center to teach or to conduct research;

''(E) establishing and maintaining linkages with overseas institutions of higher education and other organizations that may contribute to the teaching and research of the center or program; and

''(F) training and improvement of the staff, for the purpose of, and subject to such conditions as the Secretary finds necessary for, carrying out this section.

''(3) GRANTS TO MAINTAIN LIBRARY COLLECTIONS.—The Secretary may make grants to centers described in paragraph (1) having important library collections, as determined by the Secretary, for the maintenance of such collections.

''(4) OUTREACH GRANTS AND SUMMER INSTITUTES.—The Secretary may make additional grants to centers described in paragraph (1) for any one or more of the following purposes:

''(A) Programs of linkage or outreach between foreign language, area studies, and other international fields and professional schools and colleges.

''(B) Programs of linkage or outreach with 2-year and 4-year colleges and universities.

''(C) Programs of linkage or outreach with departments or agencies of Federal and State Governments.

''(D) Programs of linkage or outreach with the news media, business, professional, or trade associations.

''(E) Summer institutes in foreign area, foreign language, and other international fields designed to carry out the programs of linkage and outreach in subparagraphs (A), (B), (C), and (D).

''(b) STIPENDS FOR FOREIGN LANGUAGE AND AREA STUDIES.—

''(1) IN GENERAL.—The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying stipends to individuals undergoing advanced training in any center or program approved by the Secretary.

''(2) REQUIREMENTS.—Students receiving stipends described in paragraph (1) shall be individuals who are engaged in an instructional program with stated performance goals for functional foreign language use or in a program developing such performance goals, in combination with area studies, international studies, or the international aspects of a professional studies program.

''(3) ALLOWANCES.—Stipends awarded to graduate level recipients may include allowances for dependents and for travel for research and study in the United States and abroad.

''(c) SPECIAL RULE WITH RESPECT TO TRAVEL.—No funds may be expended under this part for undergraduate travel except in accordance with rules prescribed by the Secretary setting forth policies and procedures to assure that Federal funds made available for such travel are expended as part of a formal program of supervised study.

''SEC. 603. LANGUAGE RESOURCE CENTERS.

''(a) LANGUAGE RESOURCE CENTERS AUTHORIZED.—The Secretary is authorized to make grants to and enter into contracts with institutions of higher education, or combinations of such institutions, for the purpose of establishing, strengthening, and operating a small number of national language resource and training centers, which shall serve as resources to improve the capacity to teach and learn foreign languages effectively.

''(b) AUTHORIZED ACTIVITIES.—The activities carried out by the centers described in subsection (a)—

''(1) shall include effective dissemination efforts, whenever appropriate; and

''(2) may include—

''(A) the conduct and dissemination of research on new and improved teaching methods, including the use of advanced educational technology;

''(B) the development and dissemination of new teaching materials reflecting the use of such research in effective teaching strategies;

''(C) the development, application, and dissemination of performance testing appropriate to an educational setting for use as a standard and comparable measurement of skill levels in all languages;

''(D) the training of teachers in the administration and interpretation of performance tests, the use of effective teaching strategies, and the use of new technologies;

''(E) the publication and dissemination to individuals and organizations in the foreign language field of instructional materials in the less commonly taught languages;

''(F) the development and dissemination of materials designed to serve as a resource for foreign language teachers at the elementary and secondary school levels; and

''(G) the operation of intensive summer language institutes to train advanced foreign language students, provide professional development, and improve language instruction through preservice and inservice language training for teachers.

''(c) CONDITIONS FOR GRANTS.—Grants under this section shall be made on such conditions as the Secretary determines to be necessary to carry out the provisions of this section.

''SEC. 604. UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.

''(a) INCENTIVES FOR THE CREATION OF NEW PROGRAMS AND THE STRENGTHENING OF EXISTING PROGRAMS IN UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGES.—

''(1) AUTHORITY.—The Secretary is authorized to make grants to institutions of higher education, combinations of such institutions, or partnerships between nonprofit educational institutions and institutions of higher education, to assist such institutions, combinations or partnerships in planning, developing, and carrying out programs to improve undergraduate instruction in international studies and foreign languages. Such grants shall be awarded to institutions, combinations or partnerships seeking to create new programs or to strengthen existing programs in area studies, foreign languages, and other international fields.

''(2) FEDERAL SHARE AND USE OF FUNDS.—Grants made under this section may be used to pay not more than 50 percent of the cost of projects and activities which are an integral part of such a program, such as—

''(A) planning for the development and expansion of undergraduate programs in international studies and foreign languages;

''(B) teaching, research, curriculum development, faculty training in the United States or abroad, and other related activities, including the expansion of library and teaching resources;

''(C) expansion of opportunities for learning foreign languages, including less commonly taught languages;

''(D) programs under which foreign teachers and scholars may visit institutions as visiting faculty;

''(E) programs designed to develop or enhance linkages between 2-year and 4-year institutions of higher education, or baccalaureate and post-baccalaureate programs or institutions;

''(F) the development of undergraduate study abroad programs in locations abroad in which such study opportunities are not otherwise available and the integration of these programs into specific on-campus degree programs;

''(G) the development of model programs to enhance the effectiveness of study abroad, including predeparture and post return programs;

''(H) the development of programs designed to integrate professional and technical education

with area studies, foreign languages, and other international fields;

''(I) the conduct of summer institutes in foreign area, foreign language, and other international fields for purposes that are consistent with the projects and activities described in this subsection; and

''(J) the development of partnerships between institutions of higher education and the private sector, government, and elementary and secondary education institutions to enhance international knowledge.

''(3) NON-FEDERAL SHARE.—The non-Federal share of the cost of the programs assisted under this subsection may be provided either in cash or in kind. Such assistance may be composed of institutional and noninstitutional funds, including State, private sector, corporation, or foundation contributions.

''(4) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to applications from institutions of higher education, combinations or partnerships that require entering students to have successfully completed at least 2 years of secondary school foreign language instruction or that require each graduating student to earn 2 years of postsecondary credit in a foreign language (or have demonstrated equivalent competence in the foreign language) or, in the case of a 2-year degree granting institution, offer 2 years of postsecondary credit in a foreign language.

''(5) GRANT CONDITIONS.—Grants under this subsection shall be made on such conditions as the Secretary determines to be necessary to carry out this subsection.

''(6) APPLICATION.—Each application for assistance under this subsection shall include—

''(A) evidence that the applicant has conducted extensive planning prior to submitting the application;

''(B) an assurance that the faculty and administrators of all relevant departments and programs served by the applicant are involved in ongoing collaboration with regard to achieving the stated objectives of the application;

''(C) an assurance that students at the applicant institutions, as appropriate, will have equal access to, and derive benefits from, the program assisted under this subsection; and

''(D) an assurance that each institution, combination or partnership will use the Federal assistance provided under this subsection to supplement and not supplant funds expended by the institution, prior to the receipt of the Federal assistance, for programs to improve undergraduate instruction in international studies and foreign languages.

''(7) EVALUATION.—The Secretary may establish requirements for program evaluations and require grant recipients to submit annual reports that evaluate the progress and performance of students participating in programs assisted under this subsection.

''(b) PROGRAMS OF NATIONAL SIGNIFICANCE.—The Secretary may also award grants to public and private nonprofit agencies and organizations, including professional and scholarly associations, whenever the Secretary determines such grants will make an especially significant contribution to improving undergraduate international studies and foreign language programs.

''SEC. 605. RESEARCH; STUDIES; ANNUAL REPORT.

''(a) AUTHORIZED ACTIVITIES.—The Secretary may, directly or through grants or contracts, conduct research and studies that contribute to achieving the purposes of this part. Such research and studies may include—

''(1) studies and surveys to determine needs for increased or improved instruction in foreign language, area studies, or other international fields, including the demand for foreign language, area, and other international specialists in government, education, and the private sector;

''(2) studies and surveys to assess the utilization of graduates of programs supported under this title by governmental, educational, and private sector organizations and other studies assessing the outcomes and effectiveness of programs so supported;

''(3) evaluation of the extent to which programs assisted under this title that address national needs would not otherwise be offered;

''(4) comparative studies of the effectiveness of strategies to provide international capabilities at institutions of higher education;

''(5) research on more effective methods of providing instruction and achieving competency in foreign languages;

''(6) the development and publication of specialized materials for use in foreign language, area studies, and other international fields, or for training foreign language, area, and other international specialists;

''(7) studies and evaluations of effective practices in the dissemination of international information, materials, research, teaching strategies, and testing techniques throughout the education community, including elementary and secondary schools; and

''(8) the application of performance tests and standards across all areas of foreign language instruction and classroom use.

''(b) ANNUAL REPORT.—The Secretary shall prepare, publish, and announce an annual report listing the books and research materials produced with assistance under this section.

''SEC. 606. SELECTION OF CERTAIN GRANT RECIPIENTS.

''(a) COMPETITIVE GRANTS.—The Secretary shall award grants under section 602 competitively on the basis of criteria that separately, but not less rigorously, evaluates the applications for comprehensive and undergraduate language and area centers and programs.

''(b) SELECTION CRITERIA.—The Secretary shall set criteria for grants awarded under section 602 by which a determination of excellence shall be made to meet the differing objectives of graduate and undergraduate institutions.

''(c) EQUITABLE DISTRIBUTION OF GRANTS.—The Secretary shall, to the extent practicable, award grants under this part (other than section 602) in such manner as to achieve an equitable distribution of the grant funds throughout the United States, based on the merit of a proposal as determined pursuant to a peer review process involving broadly representative professionals.

''SEC. 607. EQUITABLE DISTRIBUTION OF CERTAIN FUNDS.

''(a) SELECTION CRITERIA.—The Secretary shall make excellence the criterion for selection of grants awarded under section 602.

''(b) EQUITABLE DISTRIBUTION.—To the extent practicable and consistent with the criterion of excellence, the Secretary shall award grants under this part (other than section 602) in such a manner as will achieve an equitable distribution of funds throughout the United States.

''(c) SUPPORT FOR UNDERGRADUATE EDUCATION.—The Secretary shall also award grants under this part in such manner as to ensure that an appropriate portion of the funds appropriated for this part (as determined by the Secretary) are used to support undergraduate education.

''SEC. 608. AMERICAN OVERSEAS RESEARCH CENTERS.

''(a) CENTERS AUTHORIZED.—The Secretary is authorized to make grants to and enter into contracts with any American overseas research center that is a consortium of institutions of higher education (hereafter in this section referred to as a ''center'') to enable such center to promote postgraduate research, exchanges and area studies.

''(b) USE OF GRANTS.—Grants made and contracts entered into pursuant to this section may be used to pay all or a portion of the cost of establishing or operating a center or program, including—

''(1) the cost of faculty and staff stipends and salaries;

''(2) the cost of faculty, staff, and student travel;

''(3) the cost of the operation and maintenance of overseas facilities;

''(4) the cost of teaching and research materials;

''(5) the cost of acquisition, maintenance, and preservation of library collections;

''(6) the cost of bringing visiting scholars and faculty to a center to teach or to conduct research;

''(7) the cost of organizing and managing conferences; and

''(8) the cost of publication and dissemination of material for the scholarly and general public.

''(c) LIMITATION.—The Secretary shall only award grants to and enter into contracts with centers under this section that—

''(1) receive more than 50 percent of their funding from public or private United States sources;

''(2) have a permanent presence in the country in which the center is located; and

''(3) are organizations described in section 501(c)(3) of the Internal Revenue Code of 1986 which are exempt from taxation under section 501(a) of such Code.

''(d) DEVELOPMENT GRANTS.—The Secretary is authorized to make grants for the establishment of new centers. The grants may be used to fund activities that, within 1 year, will result in the creation of a center described in subsection (c).

''SEC. 609. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this part $80,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

SEC. 602. BUSINESS AND INTERNATIONAL EDUCATION PROGRAMS.

Part B of title VI (20 U.S.C. 1130 et seq.) is amended—

(1) in section 612 (20 U.S.C. 1130–1)—

(A) in subsection (c)—

(i) in paragraph (1)—

(I) in subparagraph (B), by striking ''advanced''; and

(II) in subparagraph (C), by striking ''evening or summer''; and

(ii) in paragraph (2)(C), by inserting ''foreign language,'' after ''studies,''; and

(B) in subsection (d)(2)(G), by inserting '', such as a representative of a community college in the region served by the center'' before the period; and

(2) in section 614 (20 U.S.C. 1130b)—

(A) in subsection (a), by striking ''1993'' and inserting ''1999''; and

(B) in subsection (b), by striking ''1993'' and inserting ''1999''.

SEC. 603. INSTITUTE FOR INTERNATIONAL PUBLIC POLICY.

Part C of title VI (20 U.S.C. 1131 et seq.) is amended—

(1) in section 621(e) (20 U.S.C. 1131(e))—

(A) by striking ''one-fourth'' and inserting ''one-half''; and

(B) by adding at the end the following: ''The non-Federal contribution shall be made from private sector sources.'';

(2) by redesignating sections 622 through 627 (20 U.S.C. 1131a and 1131f) as sections 623 through 628, respectively; and

(3) by inserting after section 621 (20 U.S.C. 1131) the following:

''SEC. 622. INSTITUTIONAL DEVELOPMENT.

''(a) IN GENERAL.—The Institute shall award grants, from amounts available to the Institute for each fiscal year, to historically Black colleges and universities, Hispanic-serving institutions, Tribally Controlled Colleges or Universities, and minority institutions, to enable such colleges, universities, and institutions to strengthen international affairs programs.

''(b) APPLICATION.—No grant may be made by the Institute unless an application is made by the college, university, or institution at such time, in such manner, and accompanied by such information as the Institute may require.

''(c) DEFINITIONS.—In this section—

''(1) the term 'historically Black college and university' has the meaning given the term in section 322;

''(2) the term 'Hispanic-serving institution' has the meaning given the term in section 585;

''(3) the term 'Tribally Controlled College or University' has the meaning given the term in section 2 of the Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. 1801); and

''(4) the term 'minority institution' has the meaning given the term in section 365.'';

(4) in section 623 (as redesignated by paragraph (2))—

(A) in the section heading, by striking ''**JUNIOR YEAR**'' and inserting ''**STUDY**'';

(B) in subsection (b)(2)—

(i) by inserting '', or completing the third year of study in the case of a summer abroad program,'' after ''study''; and

(ii) by striking ''junior year'' and inserting ''study'';

(C) in subsection (c)—

(i) in the matter preceding paragraph (1), by striking ''junior year'' and inserting ''study'';

(ii) in paragraph (1), by striking ''junior year'' and inserting ''study''; and

(iii) in paragraph (2)—

(I) by striking ''one-half'' and inserting ''one-third''; and

(II) by striking ''junior year'' and inserting ''study'';

(5) in section 627 (as redesignated by paragraph (2)) (20 U.S.C. 1131e), by striking ''625'' and inserting ''626''; and

(6) in section 628 (as redesignated by paragraph (2)) (20 U.S.C. 1131f), by striking ''1993'' and inserting ''1999''.

SEC. 604. GENERAL PROVISIONS.

Section 632 (20 U.S.C. 1132–1) is repealed.

TITLE VII—RELATED PROGRAMS AND AMENDMENTS TO OTHER ACTS

PART A—INDIAN EDUCATION PROGRAMS

SEC. 711. TRIBALLY CONTROLLED COMMUNITY COLLEGE ASSISTANCE ACT OF 1978.

(a) REAUTHORIZATION.—

(1) AMOUNT OF GRANTS.—Section 108(a)(2) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1808(a)(2)) is amended by striking ''$5,820'' and inserting ''$6,000''.

(2) AUTHORIZATION OF APPROPRIATIONS.—

(A) TITLE I.—Section 110(a) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1810(a)) is amended—

(i) in paragraph (1), by striking ''1993'' and inserting ''1999'';

(ii) in paragraph (2), by striking ''$30,000,000 for fiscal year 1993'' and inserting ''$40,000,000 for fiscal year 1999'';

(iii) in paragraph (3), by striking ''1993'' and inserting ''1999''; and

(iv) in paragraph (4), by striking ''1993'' and inserting ''1999''.

(B) TITLE III.—Section 306(a) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1836(a)) is amended by striking ''1993'' and inserting ''1999''.

(C) TITLE IV.—Section 403 of the Tribal Economic Development and Technology Related Education Assistance Act of 1990 (25 U.S.C. 1852) is amended by striking ''1993'' and inserting ''1999''.

(b) NAME CHANGE.—The Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801 et seq.) is amended—

(1) by striking ''community college'' each place the term appears and inserting ''college or university'';

(2) by striking ''Community College'' each place the term appears (other than when such term is preceded by the term ''Navajo'') and inserting ''College or University'';

(3) by striking ''community colleges'' each place the term appears and inserting ''colleges or universities'';

(4) by striking ''such college'' each place the term appears and inserting ''such college or university''; and

(5) by striking ''community college's'' and inserting ''college or university's''.

SEC. 712. AMERICAN INDIAN, ALASKA NATIVE, AND NATIVE HAWAIIAN CULTURE AND ART DEVELOPMENT.

Section 1531 of the American Indian, Alaska Native, and Native Hawaiian Culture and Art Development Act (20 U.S.C. 4451) is amended to read as follows:

''SEC. 1531. AUTHORIZATION OF APPROPRIATIONS.

''There is authorized to be appropriated to carry out part A $5,000,000 for fiscal year 1999.''.

SEC. 713. NAVAJO COMMUNITY COLLEGE ACT.

Section 5(a)(1) of the Navajo Community College Act (25 U.S.C. 640c–1(a)(1)) is amended by striking ''1993'' and inserting ''1999''.

PART B—ADVANCED PLACEMENT INCENTIVE PROGRAM

SEC. 721. ADVANCED PLACEMENT INCENTIVE PROGRAM.

(a) PROGRAM ESTABLISHED.—The Secretary of Education is authorized to make grants to States having applications approved under subsection (d), from allotments under subsection (b), to enable the States to reimburse low-income individuals to cover part or all of the cost of advanced placement test fees, if the low-income individuals—

(1) are enrolled in an advanced placement class; and

(2) plan to take an advanced placement test.

(b) ALLOTMENT.—From the sum appropriated under subsection (j) for a fiscal year, the Secretary shall allot to each State an amount that bears the same relation to the sum as the number of low-income individuals in the State bears to the number of low-income individuals in all States.

(c) INFORMATION DISSEMINATION.—The State educational agency may use not more than 5 percent of grant funds received for a fiscal year to disseminate information regarding the availability of test fee payments under this section to eligible individuals through secondary school teachers and guidance counselors.

(d) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for grants the Secretary of Education shall—

(1) require that each such application contain a description of the advance placement test fees the State will pay on behalf of individual students;

(2) require an assurance that any funds received under this section, other than funds used in accordance with subsection (c), shall be used only to pay advanced placement test fees; and

(3) contain such information as the Secretary may require to demonstrate that the State will ensure that a student is eligible for payments under this section, including the documentation required by chapter 1 of subpart 2 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a–11 et seq.).

(e) FUNDING RULE.—Funds provided under this section shall be used to supplement and not supplant other Federal, State, local or private funds available to assist low-income individuals in paying for advanced placement testing, except that such funds may be used to supplant the funds so available if the funds used to supplant are used to increase the participation of low-income individuals in advanced placement courses through teacher training and other activities directly related to increasing the availability of advanced placement courses.

(f) SPECIAL RULE.—The Secretary of Education shall only award grants under this section for a fiscal year if the amount the College Board spends for the College Board's fee assistance program for low-income students for the fiscal year is not less than the amount the College Board spent for such program for the preceding fiscal year.

(g) REGULATIONS.—The Secretary of Education shall prescribe such regulations as are necessary to carry out this section.

(h) REPORT.—Each State annually shall report to the Secretary of Education regarding—

(1) the number of low-income individuals in the State who receive assistance under this section; and

(2) the teacher training and other activities described in subsection (e).

(i) DEFINITION.—In this section:

(1) ADVANCED PLACEMENT TEST.—The term ''advanced placement test'' includes only an advanced placement test approved by the Secretary of Education for the purposes of this section.

(2) LOW-INCOME INDIVIDUAL.—The term ''low-income individual'' has the meaning given the term in section 402A(g)(2) of the Higher Education Act of 1965 (20 U.S.C. 1070a–11(g)(2)).

(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $10,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.

PART C—UNITED STATES INSTITUTE OF PEACE

SEC. 731. AUTHORITIES OF THE UNITED STATES INSTITUTE OF PEACE.

The United States Institute of Peace Act (22 U.S.C. 4601 et seq.) is amended—

(1) in section 1705 (22 U.S.C. 4604)—

(A) in subsection (f), by inserting ''personal service and other'' after ''may enter into''; and

(B) in subsection (o), by inserting after ''Services'' the following: ''and use all sources of supply and services of the General Services Administration'';

(2) in section 1710(a)(1) (22 U.S.C. 4609(a)(1))—

(A) by striking ''1993'' and inserting ''1999''; and

(B) by striking ''6'' and inserting ''4''; and

(3) in the second and third sentences of section 1712 (22 U.S.C. 4611), by striking ''shall'' each place the term appears and inserting ''may''.

PART D—COMMUNITY SCHOLARSHIP MOBILIZATION

SEC. 741. SHORT TITLE.

This part may be cited as the ''Community Scholarship Mobilization Act.''

SEC. 742. FINDINGS.

Congress finds that—

(1) the local community, when properly organized and challenged, is one of the best sources of academic support, motivation toward achievement, and financial resources for aspiring postsecondary students;

(2) local communities, working to complement or augment services currently offered by area schools and colleges, can raise the educational expectations and increase the rate of postsecondary attendance of their youth by forming locally-based organizations that provide both academic support (including guidance, counseling, mentoring, tutoring, encouragement, and recognition) and tangible, locally raised, effectively targeted, publicly recognized, financial assistance;

(3) proven methods of stimulating these community efforts can be promoted through Federal support for the establishment of regional, State or community program centers to organize and challenge community efforts to develop educational incentives and support for local students; and

(4) using Federal funds to leverage private contributions to help students from low-income families attain educational and career goals is an efficient and effective investment of scarce taxpayer-provided resources.

SEC. 743. DEFINITIONS.

In this part:

(1) REGIONAL, STATE OR COMMUNITY PROGRAM CENTER.—The term ''regional, State or community program center'' means an organization that—

(A) is a division or member of, responsible to, and overseen by, a national organization; and

(B) is staffed by professionals trained to create, develop, and sustain local entities in towns, cities, and neighborhoods.

(2) LOCAL ENTITY.—The term ''local entity'' means an organization that—

(A) is a nonprofit organization that is described in section 501(c)(3) of the Internal Revenue Code of 1986, and exempt from taxation under section 501(a) of such Code (or shall meet this criteria through affiliation with the national organization);

(B) is formed for the purpose of providing educational scholarships and academic support for residents of the local community served by such organization;

(C) solicits broad-based community support in its academic support and fund-raising activities;

(D) is broadly representative of the local community in the structures of its volunteer-operated organization and has a board of directors that includes leaders from local neighborhood organizations and neighborhood residents, such as school or college personnel, parents, students, community agency representatives, retirees, and representatives of the business community;

(E) awards scholarships without regard to age, sex, marital status, race, creed, color, religion, national origin or disability; and

(F) gives priority to awarding scholarships for postsecondary education to deserving students from low-income families in the local community.

(3) NATIONAL ORGANIZATION.—The term ''national organization'' means an organization that—

(A) has the capacity to create, develop and sustain local entities and affiliated regional, State or community program centers;

(B) has the capacity to sustain newly created local entities in towns, cities, and neighborhoods through ongoing training support programs;

(C) is described in section 501(c)(3) of the Internal Revenue Code of 1986, and exempt from taxation under section 501(a) of such Code;

(D) is a publicly supported organization within the meaning of section 170(b)(1)(A)(iv) of such Code;

(E) ensures that each of the organization's local entities meet the criteria described in subparagraphs (C) and (D); and

(F) has a program for or experience in cooperating with secondary and postsecondary institutions in carrying out the organization's scholarship and academic support activities.

(4) HIGH POVERTY AREA.—The term ''high poverty area'' means a community with a higher percentage of children from low-income families than the national average of such percentage and a lower percentage of children pursuing postsecondary education than the national average of such percentage.

(5) STUDENTS FROM LOW-INCOME FAMILIES.—The term ''students from low-income families'' means students determined, pursuant to part F of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087kk et seq.), to be eligible for a Federal Pell Grant under subpart 1 of part A of title IV of such Act (20 U.S.C. 1070a).

SEC. 744. PURPOSE, ENDOWMENT GRANT AUTHORITY.

(a) PURPOSE.—It is the purpose of this part to establish and support regional, State or community program centers to enable such centers to foster the development of local entities in high poverty areas that promote higher education goals for students from low-income families by—

(1) providing academic support, including guidance, counseling, mentoring, tutoring, and recognition; and

(2) providing scholarship assistance for the cost of postsecondary education.

(b) ENDOWMENT GRANT AUTHORITY.—From the funds appropriated pursuant to the authority of section 746, the Secretary shall award an endowment grant, on a competitive basis, to a national organization to enable such organization to support the establishment or ongoing work of regional, State or community program centers that foster the development of local entities in high poverty areas to improve high school graduation rates and postsecondary attendance through the provision of academic support services and scholarship assistance for the cost of postsecondary education.

SEC. 745. GRANT AGREEMENT AND REQUIREMENTS.

(a) IN GENERAL.—The Secretary shall award one or more endowment grants described in section 744(b) pursuant to an agreement between the Secretary and a national organization. Such agreement shall—

(1) require a national organization to establish an endowment fund in the amount of the grant, the corpus of which shall remain intact and the interest income from which shall be used to support the activities described in paragraphs (2) and (3);

(2) require a national organization to use 70 percent of the interest income from the endowment fund in any fiscal year to support the establishment or ongoing work of regional, State or community program centers to enable such centers to work with local communities to establish local entities in high poverty areas and provide ongoing technical assistance, training workshops, and other activities to help ensure the ongoing success of the local entities;

(3) require a national organization to use 30 percent of the interest income from the endowment fund in any fiscal year to provide scholarships for postsecondary education to students from low-income families, which scholarships shall be matched on a dollar-for-dollar basis from funds raised by the local entities;

(4) require that at least 50 percent of all the interest income from the endowment be allocated to establish new local entities or support regional, State or community program centers in high poverty areas;

(5) require a national organization to submit, for each fiscal year in which such organization uses the interest from the endowment fund, a report to the Secretary that contains—

(A) a description of the programs and activities supported by the interest on the endowment fund;

(B) the audited financial statement of the national organization for the preceding fiscal year;

(C) a plan for the programs and activities to be supported by the interest on the endowment fund as the Secretary may require; and

(D) an evaluation of the programs and activities supported by the interest on the endowment fund as the Secretary may require; and

(E) data indicating the number of students from low-income families who receive scholarships from local entities, and the amounts of such scholarships;

(6) contain such assurances as the Secretary may require with respect to the management and operation of the endowment fund; and

(7) contain an assurance that if the Secretary determines that such organization is not in substantial compliance with the provisions of this part, then the national organization shall pay to the Secretary an amount equal to the corpus of the endowment fund plus any accrued interest on such fund that is available to the national organization on the date of such determination.

(b) RETURNED FUNDS.—All funds returned to the Secretary pursuant to subsection (a)(7) shall be available to the Secretary to carry out any scholarship or grant program assisted under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

SEC. 746. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part $10,000,000 for fiscal year 2000.

PART E—GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED YOUTH OFFENDERS

SEC. 751. GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED YOUTH OFFENDERS.

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

(1) Over 150,000 youth offenders age 21 and younger are incarcerated in the Nation's jails, juvenile facilities, and prisons.

(2) Most youth offenders who are incarcerated have been sentenced as first-time adult felons.

(3) Approximately 75 percent of youth offenders are high school dropouts who lack basic literacy and life skills, have little or no job experience, and lack marketable skills.

(4) The average incarcerated youth has attended school only through grade 10.

(5) Most of these youths can be diverted from a life of crime into productive citizenship with available educational, vocational, work skills, and related service programs.

(6) If not involved with educational programs while incarcerated, almost all of these youths will return to a life of crime upon release.

(7) The average length of sentence for a youth offender is about 3 years. Time spent in prison provides a unique opportunity for education and training.

(8) Even with quality education and training provided during incarceration, a period of intense supervision, support, and counseling is needed upon release to ensure effective reintegration of youth offenders into society.

(9) Research consistently shows that the vast majority of incarcerated youths will not return to the public schools to complete their education.

(10) There is a need for alternative educational opportunities during incarceration and after release.

(b) DEFINITION.—For purposes of this part, the term ''youth offender'' means a male or female offender under the age of 25, who is incarcerated in a State prison, including a prerelease facility.

(c) GRANT PROGRAM.—The Secretary of Education (in this section referred to as the ''Secretary'') shall establish a program in accordance with this section to provide grants to the State correctional education agencies in the States, from allocations for the States under subsection (i), to assist and encourage incarcerated youths to acquire functional literacy, life, and job skills, through the pursuit of a postsecondary education certificate, or an associate of arts or bachelor's degree while in prison, and employment counseling and other related services which start during incarceration and continue through prerelease and while on parole.

(d) APPLICATION.—To be eligible for a grant under this section, a State correctional education agency shall submit to the Secretary a proposal for a youth offender program that—

(1) identifies the scope of the problem, including the number of incarcerated youths in need of postsecondary education and vocational training;

(2) lists the accredited public or private educational institution or institutions that will provide postsecondary educational services;

(3) lists the cooperating agencies, public and private, or businesses that will provide related services, such as counseling in the areas of career development, substance abuse, health, and parenting skills;

(4) describes the evaluation methods and performance measures that the State correctional education agency will employ, which methods and measures—

(A) shall be appropriate to meet the goals and objectives of the proposal; and

(B) shall include measures of—

(i) program completion;

(ii) student academic and vocational skill attainment;

(iii) success in job placement and retention; and

(iv) recidivism;

(5) describes how the proposed programs are to be integrated with existing State correctional education programs (such as adult education, graduate education degree programs, and vocational training) and State industry programs;

(6) addresses the educational needs of youth offenders who are in alternative programs (such as boot camps); and

(7) describes how students will be selected so that only youth offenders eligible under subsection (f) will be enrolled in postsecondary programs.

(e) PROGRAM REQUIREMENTS.—Each State correctional education agency receiving a grant under this section shall—

(1) integrate activities carried out under the grant with the objectives and activities of the school-to-work programs of such State, including—

(A) work experience or apprenticeship programs;

(B) transitional worksite job training for vocational education students that is related to the occupational goals of such students and closely linked to classroom and laboratory instruction;

(C) placement services in occupations that the students are preparing to enter;

(D) employment-based learning programs; and

(E) programs that address State and local labor shortages;

(2) annually report to the Secretary and the Attorney General on the results of the evaluations conducted using the methods and performance measures contained in the proposal; and

(3) provide to each State for each student eligible under subsection (f) not more than $1,500 annually for tuition, books, and essential materials, and not more than $300 annually for related services such as career development, substance abuse counseling, parenting skills training, and health education, for each eligible incarcerated youth.

(f) STUDENT ELIGIBILITY.—A youth offender shall be eligible for participation in a program receiving a grant under this section if the youth offender—

(1) is eligible to be released within 5 years (including a youth offender who is eligible for parole within such time); and

(2) is 25 years of age or younger.

(g) LENGTH OF PARTICIPATION.—A State correctional education agency receiving a grant under this section shall provide educational and related services to each participating youth offender for a period not to exceed 5 years, 1 year of which may be devoted to study in a graduate education degree program or to remedial education services for students who have obtained a secondary school diploma. Educational and related services shall start during the period of incarceration in prison or prerelease and may continue during the period of parole.

(h) EDUCATION DELIVERY SYSTEMS.—State correctional education agencies and cooperating institutions shall, to the extent practicable, use high-tech applications in developing programs to meet the requirements and goals of this section.

(i) ALLOCATION OF FUNDS.—From the amounts appropriated pursuant to subsection (j), the Secretary shall allot to each State an amount that bears the same relationship to such funds as the total number of students eligible under subsection (f) in such State bears to the total number of such students in all States.

(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $14,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

PART F—WEB-BASED EDUCATION COMMISSION

SEC. 753. SHORT TITLE; DEFINITIONS.

(a) IN GENERAL.—This part may be cited as the ''Web-Based Education Commission Act''.

(b) DEFINITIONS.—In this part:

(1) COMMISSION.—The term ''Commission'' means the Web-Based Education Commission established under section 754.

(2) INFORMATION TECHNOLOGY.—The term ''information technology'' has the meaning given that term in section 5002 of the Information Technology Management Reform Act of 1996 (110 Stat. 679).

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

SEC. 754. ESTABLISHMENT OF WEB-BASED EDUCATION COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the Web-Based Education Commission.

(b) MEMBERSHIP.—

(1) COMPOSITION.—The Commission shall be composed of 14 members, of which—

(A) 3 members shall be appointed by the President, from among individuals representing the Internet technology industry;

(B) 3 members shall be appointed by the Secretary, from among individuals with expertise in accreditation, establishing statewide curricula, and establishing information technology networks pertaining to education curricula;

(C) 2 members shall be appointed by the Majority Leader of the Senate;

(D) 2 members shall be appointed by the Minority Leader of the Senate;

(E) 2 members shall be appointed by the Speaker of the House of Representatives; and

(F) 2 members shall be appointed by the Minority Leader of the House of Representatives.

(2) DATE.—The appointments of the members of the Commission shall be made not later than 45 days after the date of enactment of this Act.

(c) PERIOD OF APPOINTMENT; VACANCIES.—Members shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(d) INITIAL MEETING.—No later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold its first meeting.

(e) MEETINGS.—The Commission shall meet at the call of the Chairperson.

(f) QUORUM.—A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

(g) CHAIRPERSON AND VICE CHAIRPERSON.—The Commission shall select a chairperson and vice chairperson from among its members.

SEC. 755. DUTIES OF THE COMMISSION.

(a) STUDY.—

(1) IN GENERAL.—The Commission shall conduct a thorough study to assess the educational software available in retail markets for secondary and postsecondary students who choose to use such software.

(2) PUBLIC HEARINGS.—As part of the study conducted under this subsection, the Commission shall hold public hearings in each region of the United States concerning the assessment referred to in paragraph (1).

(3) EXISTING INFORMATION.—To the extent practicable, in carrying out the study under this subsection, the Commission shall identify and use existing information related to the assessment referred to in paragraph (1).

(b) REPORT.—Not later than 6 months after the first meeting of the Commission, the Commission shall submit a report to the President and Congress that shall contain a detailed statement of the findings and conclusions of the Commission resulting from the study, together with its recommendations—

(1) for such legislation and administrative actions as the Commission considers to be appropriate; and

(2) regarding the appropriate Federal role in determining quality educational software products.

(c) FACILITATION OF EXCHANGE OF INFORMATION.—In carrying out the study under subsection (a), the Commission shall, to the extent practicable, facilitate the exchange of information concerning the issues that are the subject of the study among—

(1) officials of the Federal Government, and State governments and political subdivisions of States; and

(2) educators from Federal, State, and local institutions of higher education and secondary schools.

SEC. 756. POWERS OF THE COMMISSION.

(a) HEARINGS.—The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out the purposes of this part.

(b) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out the provisions of this part. Upon request of the Chairperson of the Commission, the head of such department or agency shall furnish such information to the Commission.

(c) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(d) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

SEC. 757. COMMISSION PERSONNEL MATTERS.

(a) COMPENSATION OF MEMBERS.—Except as provided in subsection (b), each member of the Commission who is not an officer or employee of the Federal Government shall serve without compensation. All members of the Commission who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(b) TRAVEL EXPENSES.—The members of the Commission 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, while away from their homes or regular places of business in the performance of services for the Commission.

(c) STAFF.—

(1) IN GENERAL.—The Chairperson of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform its duties. The employment of an executive director shall be subject to confirmation by the Commission.

(2) COMPENSATION.—The Chairperson of the Commission may fix the compensation of the executive director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the executive director and other personnel may not exceed the rate payable for level V of the Executive Schedule under section 5316 of such title.

(d) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

(e) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

SEC. 758. TERMINATION OF THE COMMISSION.

The Commission shall terminate on the date that is 90 days after the date on which the Commission submits its report under section 755(b).

SEC. 759. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated $650,000 for fiscal year 1999 to the Commission to carry out this part.

(b) AVAILABILITY.—Any sums appropriated under the authorization contained in this section shall remain available, without fiscal year limitation, until expended.

PART G—EDUCATION OF THE DEAF

SEC. 761. SHORT TITLE.

This part may be cited as the ''Education of the Deaf Amendments of 1998''.

SEC. 762. ELEMENTARY AND SECONDARY EDUCATION PROGRAMS.

Section 104(b) of the Education of the Deaf Act of 1986 (20 U.S.C. 4034(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by inserting ''and'' after the semicolon;

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

(C) by striking subparagraph (C);

(2) in the matter preceding subparagraph (A) of paragraph (2)—

(A) by striking ''paragraph (1)'' and inserting ''paragraph (1)(B)''; and

(B) by striking ''section 618(b)'' and inserting ''section 618(a)(1)(A)'';

(3) in paragraph (3), by striking ''intermediate educational unit'' and inserting ''educational service agency'';

(4) in paragraph (4)—

(A) in subparagraph (A), by striking ''intermediate educational unit'' and inserting ''educational service agency''; and

(B) in subparagraph (B), by striking ''intermediate educational units'' and inserting ''educational service agencies''; and

(5) by amending subparagraph (C) to read as follows:

''(C) provide the child a free appropriate public education in accordance with part B of the Individuals with Disabilities Education Act and procedural safeguards in accordance with the following provisions of section 615 of such Act:

''(i) paragraphs (1), and (3) through (6), of subsection (b).

''(ii) Subsections (c) through (g).

''(iii) Subsection (h), except for the matter in paragraph (4) pertaining to transmission of findings and decisions to a State advisory panel.

''(iv) Paragraphs (1) and (2) of subsection (i).

''(v) Subsection (j)—

''(I) except that such subsection shall not be applicable to a decision by the University to refuse to admit a child; or

''(II) to dismiss a child, except that, before dismissing any child, the University shall give at least 60 days written notice to the child's parents and to the local educational agency in which the child resides, unless the dismissal involves a suspension, expulsion, or other change in placement covered under section 615(k).

''(vi) Subsections (k) through (m).''.

SEC. 763. AGREEMENT WITH GALLAUDET UNIVERSITY.

Section 105(a) of the Education of the Deaf Act of 1986 (20 U.S.C. 4305(a)) is amended—

(1) by striking ''within 1 year after enactment of the Education of the Deaf Act Amendments of 1992, a new'' and inserting ''and periodically update, an''; and

(2) by amending the second sentence to read as follows: ''The Secretary or the University shall determine the necessity for the periodic update described in the preceding sentence.''.

SEC. 764. AGREEMENT FOR THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.

Paragraph (2) of section 112(a) of the Education of the Deaf Act of 1986 (20 U.S.C. 4332(a)) is amended to read as follows:

''(2) The Secretary and the institution of higher education with which the Secretary has an agreement under this section—

''(A) shall periodically assess the need for modification of the agreement; and

''(B) shall periodically update the agreement as determined necessary by the Secretary or the institution.''.

SEC. 765. DEFINITIONS.

Section 201 of the Education of the Deaf Act of 1986 (20 U.S.C. 4351) is amended—

(1) in paragraph (1)(C), by striking ''Palau (but only until the Compact of Free Association with Palau takes effect),''; and

(2) in paragraph (5)—

(A) by inserting ''and'' after ''Virgin Islands,''; and

(B) by striking '', and Palau (but only until the Compact of Free Association with Palau takes effect)''.

SEC. 766. GIFTS.

Subsection (b) of section 203 of the Education of the Deaf Act of 1986 (20 U.S.C. 4353) is amended to read as follows:

''(b) INDEPENDENT FINANCIAL AND COMPLIANCE AUDIT.—

''(1) IN GENERAL.—Gallaudet University shall have an annual independent financial and compliance audit made of the programs and activities of the University, including the national mission and school operations of the elementary and secondary education programs at Gallaudet. The institution of higher education with which the Secretary has an agreement under section 112 shall have an annual independent financial and compliance audit made of the programs and activities of such institution of higher education, including NTID, and containing specific schedules and analyses for all NTID funds, as determined by the Secretary.

''(2) COMPLIANCE.—As used in paragraph (1), compliance means compliance with sections 102(b), 105(b)(4), 112(b)(5), and 203(c), paragraphs (2) and (3) of section 207(b), subsections (b)(2), (b)(3), and (c) through (f), of section 207, and subsections (b) and (c) of section 210.

''(3) SUBMISSION OF AUDITS.—A copy of each audit described in paragraph (1) shall be provided to the Secretary within 15 days of acceptance of the audit by the University or the institution authorized to establish and operate the NTID under section 112(a), as the case may be, but not later than January 10 of each year.''.

SEC. 767. REPORTS.

Section 204(3) of the Education of the Deaf Act of 1986 (20 U.S.C. 4354(3)) is amended—

(1) in subparagraph (A), by striking ''The annual'' and inserting ''A summary of the annual''; and

(2) in subparagraph (B), by striking ''the annual'' and inserting ''a summary of the annual''.

SEC. 768. MONITORING, EVALUATION, AND REPORTING.

Section 205(c) of the Education of the Deaf Act of 1986 (20 U.S.C. 4355(c)) is amended by striking ''1993, 1994, 1995, 1996, and 1997'' and inserting ''1998 through 2003''.

SEC. 769. INVESTMENTS.

Section 207 of the Education of the Deaf Act of 1986 (20 U.S.C. 4357) is amended—

(1) in subsection (c)(1), by inserting ''the Federal contribution of'' after ''shall invest'';

(2) in subsection (d)(3)(A), by striking ''prior'' and inserting ''current''; and

(3) in subsection (h)—

(A) in paragraph (1), by striking ''1993 through 1997'' and inserting ''1998 through 2003''; and

(B) in paragraph (2), by striking ''1993 through 1997'' and inserting ''1998 through 2003''.

SEC. 770. INTERNATIONAL STUDENTS.

Section 210(a) of the Education of the Deaf Act of 1986 (20 U.S.C. 4359a(a)) is amended by inserting before the period '', except that in any school year no United States citizen who is qualified to be admitted to the University or NTID and applies for admission to the University or NTID shall be denied admission because of the admission of an international student''.

SEC. 771. RESEARCH PRIORITIES.

Section 211 of the Education of the Deaf Act of 1986 (20 U.S.C. 4360) is amended to read as follows:

''SEC. 211. RESEARCH PRIORITIES.

''(a) RESEARCH PRIORITIES.—Gallaudet University and the National Technical Institute for the Deaf shall each establish and disseminate priorities for their national mission with respect to deafness related research, development, and demonstration activities, that reflect public input, through a process that includes consumers, constituent groups, and the heads of other federally funded programs. The priorities for the University shall include activities conducted as part of the University's elementary and secondary education programs under section 104.

''(b) RESEARCH REPORTS.—The University and NTID shall each prepare and submit an annual research report, to the Secretary, the Committee on Education and the Workforce of the House of Representatives, and the Committee on Labor and Human Resources of the Senate, not later than January 10 of each year, that shall include—

''(1) a summary of the public input received as part of the establishment and dissemination of priorities required by subsection (a), and the University's and NTID's response to the input; and

''(2) a summary description of the research undertaken by the University and NTID, the start and projected end dates for each research project, the projected cost and source or sources of funding for each project, and any products resulting from research completed in the prior fiscal year.''.

SEC. 772. AUTHORIZATION OF APPROPRIATIONS.

Title II of the Education of the Deaf Act of 1986 (20 U.S.C. 4351 et seq.) is amended by adding at the end the following:

''SEC. 212. AUTHORIZATION OF APPROPRIATIONS.

''(a) GALLAUDET UNIVERSITY.—There are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1998 through 2003 to carry out the provisions of titles I and II, relating to—

''(1) Gallaudet University;

''(2) Kendall Demonstration Elementary School; and

''(3) the Model Secondary School for the Deaf.

''(b) NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.—There are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1998 through 2003 to carry out the provisions of titles I and II relating to the National Technical Institute for the Deaf.''.

SEC. 773. COMMISSION ON EDUCATION OF THE DEAF.

The Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.) is amended by adding at the end the following:

''TITLE III—COMMISSION ON EDUCATION OF THE DEAF

''SEC. 301. COMMISSION ESTABLISHED.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—The Secretary shall establish a Commission on the Education of the Deaf to identify those education-related factors in the lives of individuals who are deaf that result in barriers to successful postsecondary education experiences and employment, and those education-related factors in the lives of individuals who are deaf that contribute to successful postsecondary education experiences and employment.

''(2) DEFINITION OF INDIVIDUALS WHO ARE DEAF.—In this title, the term 'individuals who are deaf' means all persons with hearing impairments, including those who are hard-of-hearing, those deafened later in life, and those who are profoundly deaf.

''(b) COMPOSITION.—

''(1) IN GENERAL.—The Commission shall be composed of 13 members appointed by the Secretary from recommendations made by the National Association of the Deaf, the American Society for Deaf Children, the Alexander Graham Bell Association, the President of Gallaudet, the Vice President of the National Technical Institute for the Deaf, State Schools for the Deaf,

projects to train teachers of the deaf funded under section 673(b) of the Individuals with Disabilities Education Act, parent training and information centers funded under section 682 of such Act, the Regional Centers on Postsecondary Education for Individuals who are Deaf funded under section 672 of such Act, Self-Help for Hard of Hearing People, and the Cothe Council on Education of the Deaf.

''(2) QUALIFICATIONS.—

''(A) IN GENERAL.—Members of the Commission shall be appointed from among individuals who have broad experience and expertise in deafness, program evaluation, education, rehabilitation, and job training generally, which expertise and experience shall be directly relevant to the issues to be addressed by the Commission.

''(B) DEAF INDIVIDUALS.—At least ⅓ of members of the Commission shall be individuals who are deaf.

''(C) CHAIRPERSON.—The chairperson of the Commission shall be elected by a simple majority of the Commission.

''(D) ASSISTANT SECRETARY.—One member of the Commission shall be the Assistant Secretary for Special Education and Rehabilitative Services.

''(3) DATE.—Members of the Commission shall be appointed not later than 90 days after the date of enactment of the Education of the Deaf Amendments of 1998.

''SEC. 302. DUTIES, REPORT, AND DURATION OF THE COMMISSION.

''(a) IDENTIFICATION OF FACTORS.—The Commission shall identify, with respect to individuals who are deaf, factors that pose barriers to or factors that facilitate—

''(1) educational performance and progress of students who are deaf in high school;

''(2) educational performance and progress of students who are deaf in postsecondary education;

''(3) career exploration and selection;

''(4) job performance and satisfaction in initial postsecondary employment; and

''(5) career advancement and satisfaction.

''(b) REPORT.—The Commission shall report to the President and Congress such interim reports that the Commission deems appropriate, and not later than 18 months after the date of enactment of the Education of the Deaf Amendments of 1998, a final report containing the findings of the Commission with respect to the factors identified under subsection (a). The final report shall include recommendations, including legislative proposals, that the Commission deems advisable.

''(c) TERMINATION.—The Commission shall terminate 90 days after the date on which the Commission submits the Commission's final report described in subsection (b).

''SEC. 303. ADMINISTRATIVE PROVISIONS.

''(a) PERSONNEL.—

''(1) IN GENERAL.—The Commission may appoint such personnel, including a staff director, as the Commission deems necessary without regard to the provisions of title 5, United States Code, except that the rate pay for any employee of the Commission may not exceed the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

''(2) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

''(b) HEARINGS; QUORUM.—

''(1) HEARINGS.—The Commission or, with the authorization of the Commission, any committee of the Commission, may, for the purpose of carrying out the provisions of this title, hold such hearings, sit, and act at such times and such places in the United States as the Commission or such committee may deem advisable.

''(2) QUORUM.—Seven members of the Commission shall constitute a quorum, but 2 or more members may conduct hearings.

''(3) HEARINGS AND PUBLIC INPUT.—In conducting hearings and acquiring public input under this title, the Commission may use various telecommunications media, including teleconferencing, video-conferencing, the Internet, and other media.

''(c) CONSULTATION; INFORMATION AND STATISTICS; AGENCY COOPERATION.—

''(1) IN GENERAL.—In carrying out the Commission's duties under this title and to the extent not prohibited by Federal law, the Commission is authorized to secure consultation, information, statistics, and cooperation from Federal agencies, entities funded by the Federal Government, and other entities the Commission deems advisable.

''(2) SPECIAL RULE.—The Commission is authorized to use, with their consent, the services, personnel, information, and facilities of other Federal, State, local, and private agencies with or without reimbursement.

''SEC. 304. COMPENSATION OF MEMBERS.

''(a) UNITED STATES OFFICER AND EMPLOYEE MEMBERS.—Members of the Commission who are officers or full-time employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States; but may 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, while away from their homes or regular places of business in the performance of services for the Commission.

''(b) PUBLIC MEMBERS.—Members of the Commission who are not officers or full-time employees of the United States shall receive compensation at a rate that does not exceed the daily rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day (including travel time) during which such members are engaged in the actual performance of the duties of the Commission. In addition, such members may 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, while away from their homes or regular places of business in the performance of services for the Commission.

''SEC. 305. AUTHORIZATIONS OF APPROPRIATIONS.

''There is authorized to be appropriated to carry out this title such sums as may be necessary for each of the fiscal years 1999 and 2000.''.

PART H—REPEALS

SEC. 781. REPEALS.

(a) HIGHER EDUCATION ACT OF 1965.—The following provisions of the Act (20 U.S.C. 1001 et seq.) are repealed:

(1) The heading for, sections 701 and 702 of, and parts A, C, D, and E of, title VII (20 U.S.C. 1132a, 1132a–1, 1132b et seq., 1132d et seq., 1132f et seq., and 1132i et seq.).

(2) Title VIII (20 U.S.C. 1133 et seq.).

(3) The heading for, section 901 of, and parts A, B, E, F, and G of, title IX (20 U.S.C. 1134, 1134a et seq., 1134d et seq., 1134r et seq., 20 U.S.C. 1134s et seq., and 1134u et seq.).

(4) The heading for, subpart 2 of part B of, and parts C, D and E of, title X (20 U.S.C. 1135c et seq., 1135e et seq., 1135f, and 1135g et seq.).

(5) The heading for, and part B of, title XI (20 U.S.C. 1137 et seq.).

(b) HIGHER EDUCATION AMENDMENTS OF 1992.—The following provisions of the Higher Education Amendments of 1992 (Public Law 102–325; 106 Stat 448) are repealed:

(1) Parts E, F, and G of title XIII of the Higher Education Amendments of 1992 (25 U.S.C. 3332 et seq., 3351 et seq., 3371) are repealed.

(2) Title XIV.

(3) Title XV.

PART I—MISCELLANEOUS

SEC. 791. YEAR 2000 REQUIREMENTS AT THE DEPARTMENT OF EDUCATION.

In order to ensure that the processing, delivery, and administration of grant, loan, and work assistance provided under title IV of the Higher Education Act of 1965 is not interrupted due to operational problems related to the inability of computer systems to indicate accurately dates after December 31, 1999, the Secretary shall—

(1) take such actions as are necessary to ensure that all internal and external systems, hardware and data exchange infrastructure administered by the Department of Education that are necessary for the processing, delivery, and administration of the grant, loan, and work assistance are year 2000 compliant, such that there will be no business interruption after December 31, 1999;

(2) ensure that the Robert T. Stafford Federal Student Loan Program and the William D. Ford Federal Direct Loan Program are equal in level of priority with respect to addressing, and that resources are managed to provide for successful resolution of, the year 2000 computer problem in both programs by December 31, 1999;

(3) work with institutions of higher education, guaranty agencies, third party servicers, and other persons to ensure successful data exchanges necessary for the processing, delivery, and administration of the grant, loan, and work assistance;

(4) ensure that the Inspector General of the Department of Education (or an external, independent entity selected by the Inspector General) performs and publishes a risk assessment of the systems and hardware under the Department's management, that has been reviewed by an independent entity, and make such assessment publicly available not later than 60 days after the date of enactment of the Higher Education Amendments of 1998;

(5) not later than June 30, 1999, ensure that the Inspector General (or an external, independent entity selected by the Inspector General) conducts a review of the Department's Year 2000 compliance for the processing, delivery, and administration systems and data exchange systems for the grant, loan, and work assistance, and submits a report reflecting the results of that review to the Chairperson of the Committee on Labor and Human Resources of the Senate and the Chairperson of the Committee on Education and the Workforce of the House of Representatives;

(6) develop a contingency plan to ensure the programs under title IV of the Higher Education Act of 1965 will continue to run uninterrupted in the event of a computer failure after December 31, 1999, which the contingency plan shall include a prioritization of mission critical systems and strategies to allow data partners to transfer data; and

(7) alert Congress at the earliest possible time if mission critical deadlines will not be met.

SEC. 792. GRANTS TO COMBAT VIOLENT CRIMES AGAINST WOMEN ON CAMPUSES.

(a) GRANTS AUTHORIZED.—

(1) IN GENERAL.—The Attorney General is authorized to make grants to institutions of higher education, for use by consortia consisting of campus personnel, student organizations, campus administrators, security personnel, and regional crisis centers affiliated with the institution, to develop and strengthen effective security and investigation strategies to combat violent crimes against women on campuses, and to develop and strengthen victim services in cases involving violent crimes against women on campuses, which may include partnerships with local criminal justice authorities and community-based victim services agencies.

(2) AWARD BASIS.—The Attorney General shall award grants and contracts under this section on a competitive basis.

(3) EQUITABLE PARTICIPATION.—The Attorney General shall make every effort to ensure—

(A) the equitable participation of private and public institutions of higher education in the activities assisted under this section; and

(B) the equitable geographic distribution of grants under this section among the various regions of the United States.

(b) USE OF GRANT FUNDS.—Grants funds awarded under this section may be used for the following purposes:

(1) To provide personnel, training, technical assistance, data collection, and other equipment with respect to the increased apprehension, investigation, and adjudication of persons committing violent crimes against women on campus.

(2) To train campus administrators and campus security personnel to more effectively identify and respond to violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(3) To develop, train, or expand campus security personnel and campus administrators with respect to specifically targeting violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(4) To develop and implement more effective campus policies, protocols, orders, and services specifically devoted to prevent, identify, and respond to violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(5) To develop, install, or expand data collection and communication systems, including computerized systems, linking campus security to the local law enforcement for the purpose of identifying and tracking arrests, protection orders, violations of protection orders, prosecutions, and convictions with respect to violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(6) To develop, enlarge, or strengthen victim services programs for the campus and to improve delivery of victim services on campus.

(7) To provide capital improvements on campus to address violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(8) To support improved coordination among campus administrators, campus security personnel, and local law enforcement to reduce violent crimes against women on campus.

(c) APPLICATIONS.—

(1) IN GENERAL.—In order to be eligible to be awarded a grant under this section for any fiscal year, an institution of higher education shall submit an application to the Attorney General at such time and in such manner as the Attorney General shall prescribe.

(2) CONTENTS.—Each application submitted under paragraph (1) shall—

(A) describe the need for grant funds and the plan for implementation for any of the purposes described in subsection (b);

(B) describe how the campus authorities shall consult and coordinate with nonprofit, nongovernmental victim services programs, including sexual assault and domestic violence victim services programs;

(C) describe the characteristics of the population being served, including type of campus, demographics of the population, and number of students;

(D) provide measurable goals and expected results from the use of the grants funds;

(E) provide assurances that the Federal funds made available under this section shall be used to supplement and, to the extent practical, increase the level of funds that would, in the absence of Federal funds, be made available by the institution for the purposes described in subsection (b); and

(F) include such other information and assurances as the Attorney General reasonably determines to be necessary.

(d) GRANTEE REPORTING.—Each institution of higher education receiving a grant under this section, upon completion of the grant period under this section, shall file a performance report with the Attorney General explaining the activities carried out under the grant, together with an assessment of the effectiveness of the activities in achieving the purposes described in subsection (b).

(e) DEFINITIONS.—In this section—

(1) the term ''domestic violence'' includes acts or threats of violence, not including acts of self defense, committed by a current or former spouse of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with or has cohabitated with the victim, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction, or by any other person against a victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction;

(2) the term ''sexual assault'' means any conduct proscribed by chapter 109A of title 18, United States Code, whether or not the conduct occurs in the special maritime and territorial jurisdiction of the United States or in a Federal prison, including both assaults committed by offenders who are strangers to the victim and assaults committed by offenders who are known or related by blood or marriage to the victim; and

(3) the term ''victim services'' means a nonprofit, nongovernmental organization that assists domestic violence or sexual assault victims, including campus women's centers, rape crisis centers, battered women's shelters, and other sexual assault or domestic violence programs, including campus counseling support and victim advocate organizations with domestic violence, stalking, and sexual assault programs, whether or not organized and staffed by students.

(f) GENERAL TERMS AND CONDITIONS.—

(1) NONMONETARY ASSISTANCE.—In addition to the assistance provided under this section, the Attorney General may request any Federal agency to use the agency's authorities and the resources granted to the agency under Federal law (including personnel, equipment, supplies, facilities, and managerial, technical, and advisory services) in support of campus security, and investigation and victim service efforts.

(2) REPORTING.—Not later than 180 days after the end of the fiscal year for which grants are awarded under this section, the Attorney General shall submit to the committees of the House of Representatives and the Senate responsible for issues relating to higher education and crime, a report that includes—

(A) the number of grants, and the amount of funds, distributed under this section;

(B) a summary of the purposes for which the grants were provided and an evaluation of the progress made under the grant;

(C) a statistical summary of the persons served, detailing the nature of victimization, and providing data on age, sex, race, ethnicity, language, disability, relationship to offender, geographic distribution, and type of campus; and

(D) an evaluation of the effectiveness of programs funded under this section.

(3) REGULATIONS OR GUIDELINES.—Not later than 120 days after the date of enactment of this section, the Secretary shall publish proposed regulations or guidelines implementing this section. Not later than 180 days after the date of enactment of this section, the Attorney General shall publish final regulations or guidelines implementing this section.

(g) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this section, there are authorized to be appropriated $10,000,000 for each of the fiscal years 1999 through 2002.

SEC. 793. AUTHORITY TO ADMINISTER SUMMER TRAVEL AND WORK PROGRAMS.

The Director of the United States Information Agency is authorized to administer summer travel and work programs without regard to preplacement requirements.

SEC. 794. IMPROVING UNITED STATES UNDERSTANDING OF SCIENCE, ENGINEERING, AND TECHNOLOGY IN EAST ASIA.

(a) ESTABLISHMENT.—The Director of the National Science Foundation is authorized, beginning in fiscal year 2000, to carry out an interdisciplinary program of education and research on East Asian science, engineering, and technology. The Director shall carry out the interdisciplinary program in consultation with the Secretary of Education.

(b) PURPOSES.—The purposes of the program established under this section shall be to—

(1) increase understanding of East Asian research, and innovation for the creative application of science and technology to the problems of society;

(2) provide scientists, engineers, technology managers, and students with training in East Asian languages, and with an understanding of research, technology, and management of innovation, in East Asian countries;

(3) provide program participants with opportunities to be directly involved in scientific and engineering research, and activities related to the management of scientific and technological innovation, in East Asia; and

(4) create mechanisms for cooperation and partnerships among United States industry, universities, colleges, not-for-profit institutions, Federal laboratories (within the meaning of section 4(6) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3703(6))), and government, to disseminate the results of the program assisted under this section for the benefit of United States research and innovation.

(c) PARTICIPATION BY FEDERAL SCIENTISTS, ENGINEERS, AND MANAGERS.—Scientists, engineers, and managers of science and engineering programs in Federal agencies and the Federal laboratories shall be eligible to participate in the program assisted under this section on a reimbursable basis.

(d) REQUIREMENT FOR MERIT REVIEW.—Awards made under the program established under this section shall only be made using a competitive, merit-based review process.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for fiscal year 2000.

SEC. 795. UNDERGROUND RAILROAD EDUCATIONAL AND CULTURAL PROGRAM.

(a) PROGRAM ESTABLISHED.—The Secretary of Education, in consultation and cooperation with the Secretary of the Interior, is authorized to make grants to 1 or more nonprofit educational organizations that are established to research, display, interpret, and collect artifacts relating to the history of the Underground Railroad.

(b) GRANT AGREEMENT.—Each nonprofit educational organization awarded a grant under this section shall enter into an agreement with the Secretary of Education. Each such agreement shall require the organization—

(1) to establish a facility to house, display, and interpret the artifacts related to the history of the Underground Railroad, and to make the interpretive efforts available to institutions of higher education that award a baccalaureate or graduate degree;

(2) to demonstrate substantial private support for the facility through the implementation of a public-private partnership between a State or local public entity and a private entity for the support of the facility, which private entity shall provide matching funds for the support of the facility in an amount equal to 4 times the amount of the contribution of the State or local public entity, except that not more than 20 percent of the matching funds may be provided by the Federal Government;

(3) to create an endowment to fund any and all shortfalls in the costs of the on-going operations of the facility;

(4) to establish a network of satellite centers throughout the United States to help disseminate information regarding the Underground

Railroad throughout the United States, if such satellite centers raise 80 percent of the funds required to establish the satellite centers from non-Federal public and private sources;

(5) to establish the capability to electronically link the facility with other local and regional facilities that have collections and programs which interpret the history of the Underground Railroad; and

(6) to submit, for each fiscal year for which the organization receives funding under this section, a report to the Secretary of Education that contains—

(A) a description of the programs and activities supported by the funding;

(B) the audited financial statement of the organization for the preceding fiscal year;

(C) a plan for the programs and activities to be supported by the funding as the Secretary may require; and

(D) an evaluation of the programs and activities supported by the funding as the Secretary may require.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $6,000,000 for fiscal year 1999, $6,000,000 for fiscal year 2000, $6,000,000 for fiscal year 2001, $3,000,000 for fiscal year 2002, and $3,000,000 for fiscal year 2003.

SEC. 796. GNMA GUARANTEE FEE.

(a) IN GENERAL.—Section 306(g)(3)(A) of the National Housing Act (12 U.S.C. 1721(g)(3)(A)) is amended by striking ''No fee or charge'' and all that follows through ''States)'' and inserting ''The Association shall assess and collect a fee in an amount equal to 9 basis points''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2002.

SEC. 797. PROTECTION OF STUDENT SPEECH AND ASSOCIATION RIGHTS.

(a) PROTECTION OF RIGHTS.—It is the sense of Congress that no student attending an institution of higher education on a full- or part-time basis should, on the basis of participation in protected speech or protected association, be excluded from participation in, be denied the benefits of, or be subjected to discrimination or official sanction under any education program, activity, or division of the institution directly or indirectly receiving financial assistance under the Higher Education Act of 1965, whether or not such program, activity, or division is sponsored or officially sanctioned by the institution.

(b) CONSTRUCTION.—Nothing in this section shall be construed—

(1) to discourage the imposition of an official sanction on a student that has willfully participated in the disruption or attempted disruption of a lecture, class, speech, presentation, or performance made or scheduled to be made under the auspices of the institution of higher education; or

(2) to prevent an institution of higher education from taking appropriate and effective action to prevent violations of State liquor laws, to discourage binge drinking and other alcohol abuse, to protect students from sexual harassment including assault and date rape, or to regulate unsanitary or unsafe conditions in any student residence.

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

(1) OFFICIAL SANCTION.—The term ''official sanction''—

(A) means expulsion, suspension, probation, censure, condemnation, reprimand, or any other disciplinary, coercive, or adverse action taken by an institution of higher education or administrative unit of the institution; and

(B) includes an oral or written warning made by an official of an institution of higher education acting in the official capacity of the official.

(2) PROTECTED ASSOCIATION.—The term ''protected association'' means the joining, assembling, and residing with others that is protected under the first and 14th amendments to the Constitution, or would be protected if the institution of higher education involved were subject to those amendments.

(3) PROTECTED SPEECH.—The term ''protected speech'' means speech that is protected under the first and 14th amendments to the Constitution, or would be protected if the institution of higher education involved were subject to those amendments.

SEC. 798. BINGE DRINKING ON COLLEGE CAMPUSES.

(a) SHORT TITLE.—This section may be cited as the ''Collegiate Initiative To Reduce Binge Drinking''.

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

(1) Many college president rank alcohol abuse as the number one problem on campus.

(2) Alcohol is a factor in the 3 leading causes of death (accidents, homicides, and suicides) for individuals aged 15 through 24.

(3) More than any other group, college students tend to consume large numbers of drinks in rapid succession with the intention of becoming drunk.

(4) 84 percent of college students report drinking alcohol during the school year, with 44 percent of all college students qualifying as binge drinkers and 19 percent of all college students qualifying as frequent binge drinkers.

(5) Alcohol is involved in a large percentage of all campus rapes, violent crimes, student suicides, and fraternity hazing accidents.

(6) Heavy alcohol consumption on college campuses can result in drunk driving crashes, hospitalization for alcohol overdoses, trouble with police, injury, missed classes, and academic failure.

(7) The secondhand effects of student alcohol consumption range from assault, property damage, and unwanted sexual advances, to interruptions in study or sleep, or having to ''babysit'' another student who drank too much.

(8) Campus binge drinking can also lead to the death of our Nation's young and promising students.

(c) SENSE OF CONGRESS.—It is the sense of Congress that, in an effort to change the culture of alcohol consumption on college campuses, all institutions of higher education should carry out the following:

(1) The president of the institution should appoint a task force consisting of school administrators, faculty, students, Greek system representatives, and others to conduct a full examination of student and academic life at the institution. The task force should make recommendations for a broad range of policy and program changes that would serve to reduce alcohol and other drug-related problems. The institution should provide resources to assist the task force in promoting the campus policies and proposed environmental changes that have been identified.

(2) The institution should provide maximum opportunities for students to live in an alcohol-free environment and to engage in stimulating, alcohol-free recreational and leisure activities.

(3) The institution should enforce a ''zero tolerance'' policy on the illegal consumption of alcohol by students at the institution.

(4) The institution should vigorously enforce the institution's code of disciplinary sanctions for those who violate campus alcohol policies. Students with alcohol or other drug-related problems should be referred for appropriate assistance.

(5) The institution should adopt a policy of eliminating alcoholic beverage-related sponsorship of on-campus activities. The institution should adopt policies limiting the advertisement and production of alcoholic beverages on campus.

(6) The institution should work with the local community, including local businesses, in a ''Town/Gown'' alliance to encourage responsible policies toward alcohol consumption and to address illegal alcohol use by students.

SEC. 799. SENSE OF THE SENATE REGARDING HIGHER EDUCATION.

(a) FINDINGS.—The Senate makes the following findings:

(1) Higher education must be kept affordable for all families as the number of students attending institutions of higher education in the 1995–1996 academic year reached 19,400,000 students at all levels.

(2) According to the College Board's Annual Survey of Colleges, 1997–1998 undergraduate students at United States colleges will pay on average, approximately 5 percent more for the 1997–1998 academic year in tuition and fees at 4-year institutions of higher education than the students paid for the 1996–1997 academic year, and from 2 to 4 percent more for the 1997–1998 academic year in tuition and fees at 2-year institutions of higher education than the students paid for the 1996–1997 academic year.

(3) From academic years 1980–1981 to academic years 1994–1995, tuition at 4-year public colleges and universities increased 234 percent, while median household income rose only 82 percent, and as a result, families now spend nearly twice as much of their income on college tuition as families did in 1980.

(4) A college education has become less affordable as undergraduate public school tuition has increased substantially in the years preceding 1998.

(5) In the 1997–1998 school year, average undergraduate tuition and fees—

(A) for public 4-year institutions of higher education were $3,111, representing a 97 percent increase from the 1988–1989 school year; and

(B) for private 4-year institutions of higher education were $13,664, representing an increase of 71 percent from the 1988–1989 school year.

(6) In the 1996–1997 academic year—

(A) over $580,000,000 in Federal Supplemental Educational Opportunity Grants were disbursed to more than 990,000 students;

(B) $760,000,000 in Federal funds supported more than 700,000 students in the Federal Work-Study Program; and

(C) more than 700,000 students borrowed approximately $940,000,000 in Federal Perkins Loans.

(7) In the 1996–1997 academic year, Federal loan programs provided over $30,000,000,000 in financial aid to students.

(8) Student financial aid in the form of loans is disproportionate to the amount of financial aid received through grants. In 1980, approximately 40 percent of Federal student financial aid was distributed through loans. In the 1996–1997 academic year, 60 percent of Federal, State, and institutional student financial aid was distributed through loans.

(9) As the proportion of Federal grants continues to decline, students and families will have to consider alternative ways to finance a college education.

(10) In the 1970s, Federal Pell Grants financed ¾ of the costs at a public 4-year institution of higher education and ⅓ of the costs at a private 4-year institution of higher education. In contrast, in the 1996–1997 academic year, Federal Pell Grants financed ⅓ of the costs at a 4-year public institution of higher education and 1/7 of the costs at a private 4-year institution of higher education.

(11) While student dependence on Federal loans programs has increased, the default rate on those loans has decreased. According to the Department of Education, in fiscal year 1990, the national default rate on federally insured student loans was 22.4 percent. In fiscal year 1994, the national default rate declined to 10.4 percent.

(12) The National Commission on the Cost of Higher Education concluded in the report of the National Commission that Federal student aid grants have not contributed to increases in tuition while the evidence is inconclusive regarding the impact of Federal student loans on increases in tuition.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) the cost of tuition at institutions of higher education continues to increase at a rate above the Consumer Price Index, affecting the nearly 20,000,000 students at all levels, resulting in an increase in the number of students seeking Federal loans and Federal grants;

(2) efforts should be made to address the disproportionate share of Federal student aid in the form of Federal student loans compared to Federal student grants available for students at institutions of higher education; and

(3) Federal incentives provided to public and private institutions of higher education may be an effective way to limit tuition growth.

SEC. 799A. SENSE OF CONGRESS REGARDING TEACHER EDUCATION.

(a) FINDINGS.—Congress finds that—

(1) the education of teachers is a university-wide responsibility requiring the integration of subject matter and teacher education course work across faculties with multiple site-based clinical learning experiences;

(2) teachers well prepared in both subject matter and good professional practice are essential to raising the achievement levels of our Nation's students, especially in mathematics and the sciences;

(3) teacher educators, substantive experts, and kindergarten through grade 12 teachers need to interact with one another through shared experiences that incorporate school-site-based knowledge into the teacher preparation curriculum;

(4) partnerships between practitioners and academics working together in all phases of teacher education improve the quality of such education and create incentives for teachers to pursue excellence in their teaching;

(5) individuals may be more likely to choose teaching as a career if more flexible teacher preparation programs, tailored to the needs and experiences of the individuals, with multiple entry points and pathways into the teaching profession, are made available;

(6) strong leadership skills of school principals are essential to improving the quality of teaching and academic achievement of all students;

(7) collaboration among teacher educators, other university faculty, elementary and secondary schools, and community colleges facilitate, strengthen, and renew all the individuals and entities participating in the collaboration.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) Federal programs, including the Federal Work-Study Programs, should encourage students, particularly prospective teachers, to become involved in supervised tutoring and mentoring activities in kindergarten through grade 12 schools;

(2) institutions of higher education, kindergarten through grade 12 schools, local educational agencies, States, and the Department of Education should enter into partnerships to identify and prepare promising candidates as future education leaders and to provide continuing professional development opportunities to current principals and other education leaders;

(3) options for access to teacher preparation programs and new avenues to careers in teaching should be expanded to reach professionals seeking second careers and individuals whose prior experiences encompass critical subject areas such as mathematics and the sciences;

(4) partnerships between institutions of higher education and kindergarten through grade 12 schools should emphasize contacts between faculty and the business community to align expectations for academic achievement to create a more seamless transition for students from secondary to postsecondary schools and to the workplace; and

(5) Congress should focus on identifying, replicating, and facilitating the expansion of exemplary partnerships between institutions of higher education and kindergarten through grade 12 schools, with particular emphasis on partnerships targeted toward fostering excellence in kindergarten through grade 12 school leadership, attracting and preparing qualified professionals for new careers in teaching, helping teachers incorporate technology into curricula, and aligning the curricula and expectations for student achievement in secondary schools and institutions of higher education, and for the workplace.

SEC. 799B. LIAISON FOR PROPRIETARY INSTITUTIONS OF HIGHER EDUCATION.

Title II of the Department of Education Organization Act (20 U.S.C. 3411 et seq.) is amended by adding at the end the following:

"SEC. 219. LIAISON FOR PROPRIETARY INSTITUTIONS OF HIGHER EDUCATION.

''(a) ESTABLISHMENT.—There shall be in the Department a Liaison for Proprietary Institutions of Higher Education, who shall be an officer of the Department appointed by the Secretary.

''(b) APPOINTMENT.—The Secretary shall appoint, not later than 6 months after the date of enactment of the Higher Education Amendments of 1998 a Liaison for Proprietary Institutions of Higher Education who shall be a person who—

''(1) has attained a certificate or degree from a proprietary institution of higher education; or

''(2) has been employed in a proprietary institution setting for not less than 5 years.

''(c) DUTIES.—The Liaison for Proprietary Institutions of Higher Education shall—

''(1) serve as the principal advisor to the Secretary on matters affecting proprietary institutions of higher education;

''(2) provide guidance to programs within the Department that involve functions affecting proprietary institutions of higher education; and

''(3) work with the Federal Interagency Committee on Education to improve the coordination of—

''(A) the outreach programs in the numerous Federal departments and agencies that administer education and job training programs;

''(B) collaborative business and education partnerships; and

''(C) education programs located in, and involving, rural areas.''.

SEC 799C. EXPANSION OF EDUCATIONAL OPPORTUNITIES FOR WELFARE RECIPIENTS.

(a) 24 MONTHS OF POSTSECONDARY EDUCATION AND VOCATIONAL EDUCATIONAL TRAINING MADE PERMISSIBLE WORK ACTIVITIES.—Section 407(d)(8) of the Social Security Act (42 U.S.C. 607(d)(8)) is amended to read as follows:

''(8) postsecondary education and vocational educational training (not to exceed 24 months with respect to any individual);''.

(b) MODIFICATIONS TO THE EDUCATIONAL CAP.—

(1) REMOVAL OF TEEN PARENTS FROM 30 PERCENT LIMITATION.—Section 407(c)(2)(D) of the Social Security Act (42 U.S.C. 607(c)(2)(D)) is amended by striking '', or (if the month is in fiscal year 2000 or thereafter) deemed to be engaged in work for the month by reason of subparagraph (C) of this paragraph''.

(2) EXTENSION OF CAP TO POSTSECONDARY EDUCATION.—Section 407(c)(2)(D) of the Social Security Act (42 U.S.C. 607(c)(2)(D)) is amended by striking ''vocational educational training'' and inserting ''training described in subsection (d)(8)''.

SEC. 799D. ALCOHOL OR DRUG POSSESSION DISCLOSURE.

Nothing in this Act shall be construed to prohibit an institution of postsecondary education from disclosing, to a parent of a student, information regarding violation of any Federal, State, or local laws governing the use or possession of alcohol or drugs, whether or not that information is contained in the student's education records, if the student is under the age of 21.

SEC. 799E. RELEASE OF CONDITIONS, COVENANTS, AND REVERSIONARY INTERESTS, GUAM COMMUNITY COLLEGE CONVEYANCE, BARRIGADA, GUAM.

(a) RELEASE.—The Secretary of Education shall release all conditions and covenants that were imposed by the United States, and the reversionary interests that were retained by the United States, as part of the conveyance of a parcel of Federal surplus property located in Barrigada, Guam, consisting of approximately 314.28 acres and known as Naval Communications Area Master Station, WESTPAC, parcel IN, which was conveyed to the Guam Community College pursuant to—

(1) the quitclaim deed dated June 8, 1990, conveying 61.45 acres, between the Secretary, acting through the Administrator for Management Services, and the Guam Community College, acting through its Board of Trustees; and

(2) the quitclaim deed dated June 8, 1990, conveying 252.83 acres, between the Secretary, acting through the Administrator for Management Services, and the Guam Community College, acting through its Board of Trustees, and the Governor of Guam.

(b) CONSIDERATION.—The Secretary shall execute the release of the conditions, covenants, and reversionary interests under subsection (a) without consideration.

(c) INSTRUMENT OF RELEASE.—The Secretary shall execute and file in the appropriate office or offices a deed of release, amended deed, or other appropriate instrument effectuating the release of the conditions, covenants, and reversionary interests under subsection (a).

SEC. 799F. SENSE OF CONGRESS REGARDING GOOD CHARACTER.

(a) FINDINGS.—Congress finds that—

(1) the future of our Nation and world will be determined by the young people of today;

(2) record levels of youth crime, violence, teenage pregnancy, and substance abuse indicate a growing moral crisis in our society;

(3) character development is the long-term process of helping young people to know, care about, and act upon such basic values as trustworthiness, respect for self and others, responsibility, fairness, compassion, and citizenship;

(4) these values are universal, reaching across cultural and religious differences;

(5) a recent poll found that 90 percent of Americans support the teaching of core moral and civic values;

(6) parents will always be children's primary character educators;

(7) good moral character is developed best in the context of the family;

(8) parents, community leaders, and school officials are establishing successful partnerships across the Nation to implement character education programs;

(9) character education programs also ask parents, faculty, and staff to serve as role models of core values, to provide opportunities for young people to apply these values, and to establish high academic standards that challenge students to set high goals, work to achieve the goals, and persevere in spite of difficulty;

(10) the development of virtue and moral character, those habits of mind, heart, and spirit that help young people to know, desire, and do what is right, has historically been a primary mission of colleges and universities; and

(11) the Congress encourages parents, faculty, and staff across the Nation to emphasize character development in the home, in the community, in our schools, and in our colleges and universities.

(b) SENSE OF CONGRESS.—It is the sense of Congress that Congress should support and encourage character building initiatives in schools across America and urge colleges and universities to affirm that the development of character is one of the primary goals of higher education.

EXPRESSING THE SENSE OF THE CONGRESS RELATIVE TO ADMISSION OF THE REPUBLIC OF CHINA ON TAIWAN TO MULTILATERAL ECONOMIC INSTITUTIONS

Mr. GRAMS. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of calendar No. 374, S. Con. Res. 30.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 30) expressing the sense of the Congress that the Republic of China on Taiwan should be admitted to multilateral economic institutions, including the International Monetary Fund and the International Bank for Reconstruction and Development.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

AMENDMENT NO. 3122

Mr. GRAMS. Mr. President, there is an amendment at the desk, and I ask 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], for Mr. HELMS, proposes an amendment numbered 3122.

The amendment is as follows:

Strike all after the resolving clause and insert the following: That it is the sense of the Senate (the House of Representatives concurring) that it should be United States policy to—

(1) support changes to the International Monetary Fund Charter that would allow the Republic of China on Taiwan and other qualified economies to become members of the International Monetary Fund; and

(2) support the admission of Taiwan to membership in other international economic organizations for which it is qualified, including the International Bank for Reconstruction and Development.

Strike the preamble and insert the following:

Whereas the Republic of China on Taiwan (hereafter referred to as ''Taiwan'') possesses a free economy with the 19th largest gross domestic product in the world;

Whereas Taiwan has the 14th largest trading economy in the world and the 7th largest amount of foreign investment in the world and holds one of the largest amounts of foreign exchange reserves in the world;

Whereas Taiwan is a democracy committed to the economic and political norms of the international community;

Whereas the purpose of the International Monetary Fund (hereafter referred to as ''IMF'') is to promote exchange stability, to establish a multilateral system of payments, to facilitate the expansion of world trade, and to provide capital to assist developing nations;

Whereas changes to the IMF Charter that would allow Taiwan and other qualified economies to become members of the IMF would benefit the world economy, especially those developing countries in need of capital, and would contribute to the purposes of the IMF;

Whereas the IMF aims to further economic liberalization and globalization and conducts conferences, exchanges, and training programs in international monetary management which would be beneficial to Taiwan;

Whereas membership in the IMF is a prerequisite for accession to the International Bank for Reconstruction and Development and to regional banks in which Taiwan's membership would be beneficial; and

Whereas Taiwan is already a member of regional multilateral economic institutions including the Asia-Pacific Economic Cooperation Forum and the Asian Development Bank: Now, therefore, be it

Mr. GRAMS. I ask unanimous consent that the amendment to the resolution be agreed to.

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

The amendment (No. 3122) was agreed to.

Mr. GRAMS. I ask unanimous consent that the resolution, as amended, be agreed to. I further ask unanimous consent that an amendment at the desk to the preamble be agreed to, and the preamble, as amended, be agreed to. And I finally ask that the title amendment be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the concurrent resolution appear at the appropriate place in the RECORD.

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

The resolution (S. Con. Res. 30), as amended, was agreed to.

The amendment to the preamble was agreed to.

The preamble, as amended, was agreed to.

The resolution, as amended, with its preamble, as amended, reads as follows:

S. CON. RES. 30

Whereas the Republic of China on Taiwan (hereafter referred to as ''Taiwan'') possesses a free economy with the 19th largest gross domestic product in the world;

Whereas Taiwan has the 14th largest trading economy in the world and the 7th largest amount of foreign investment in the world and holds one of the largest amounts of foreign exchange reserves in the world;

Whereas Taiwan is a democracy committed to the economic and political norms of the international community;

Whereas the purpose of the International Monetary Fund (hereafter referred to as ''IMF'') is to promote exchange stability, to establish a multilateral system of payments, to facilitate the expansion of world trade, and to provide capital to assist developing nations;

Whereas changes to the IMF Charter that would allow Taiwan and other qualified economies to become members of the IMF would benefit the world economy, especially those developing countries in need of capital, and would contribute to the purposes of the IMF;

Whereas the IMF aims to further economic liberalization and globalization and conducts conferences, exchanges, and training programs in international monetary management which would be beneficial to Taiwan;

Whereas membership in the IMF is a prerequisite for accession to the International Bank for Reconstruction and Development and to regional banks in which Taiwan's membership would be beneficial; and

Whereas Taiwan is already a member of regional multilateral economic institutions including the Asia-Pacific Economic Cooperation Forum and the Asian Development Bank: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Senate (the House of Representatives concurring) that it should be United States policy to—

(1) support changes to the International Monetary Fund Charter that would allow the Republic of China on Taiwan and other qualified economies to become members of the International Monetary Fund; and

(2) support the admission of Taiwan to membership in other international economic organizations for which it is qualified, including the International Bank for Reconstruction and Development.

The title was amended so as to read: ''Expressing the sense of Congress that the rules of multilateral economic institutions, including the International Monetary Fund and the International Bank for Reconstruction and Development, should be amended to allow membership for the Republic of China on Taiwan and other qualified economies.''.

REGARDING THE SITUATION IN INDONESIA AND EAST TIMOR

Mr. GRAMS. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of calendar No. 423, S. Res. 237.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A resolution (S. Res. 237) expressing the sense of the Senate regarding the situation in Indonesia and East Timor.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. GRAMS. Mr. President, I ask unanimous consent that the resolution and preamble be agreed to, en bloc, the motion to reconsider be laid upon the table, and that any statements relating to the resolution be placed at the appropriate place in the RECORD.

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

The resolution (S. Res. 237) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 237

Whereas recent political turmoil and economic failure in Indonesia have endangered the people of that country and fomented instability in the region;

Whereas President Suharto has properly responded to this crisis by resigning, after 32 years in office, the presidency of Indonesia in accordance with Indonesia's constitutional processes;

Whereas Indonesia is now embarking on a new era that is ripe for political and economic reform;

Whereas in 1975 Indonesia invaded, and since that time has illegally occupied, East Timor claiming the lives of approximately 200,000 East Timorese;

Whereas Indonesia has systematically committed human rights abuses against the

people of East Timor through arbitrary arrests, torture, disappearances, extra-judicial executions, and general political repression;

Whereas 8 United Nations General Assembly and 2 United Nations Security Council resolutions have reaffirmed the right of the people of East Timor to self-determination;

Whereas Bishop Carlos Filipe Ximenes Belo and Jose Ramos-Horta, who were awarded the 1996 Nobel Peace Prize for their courageous contribution to the East Timorese struggle, have called for a United Nations-sponsored referendum on self-determination of the East Timorese;

Whereas President Clinton in a letter dated December 27, 1996, expressed interest in the idea of a United Nations-sponsored referendum on self-determination in East Timor;

Whereas the United States cosponsored a 1997 United Nations Human Rights Commission Resolution calling for Indonesia to comply with the directives of existing United Nations resolutions regarding East Timor; and

Whereas present circumstances provide a unique opportunity for a resolution of the East Timor question: Now, therefore, be it

Resolved, That it is the sense of the Senate that the President should—

(1) encourage the new political leadership in Indonesia to institute genuine democratic and economic reforms, including the establishment of an independent judiciary, civilian control of the military, and the release of political prisoners;

(2) encourage the new political leadership in Indonesia to promote and protect the human rights and fundamental freedoms of all the people of Indonesia and East Timor; and

(3) work actively, through the United Nations and with United States allies, to carry out the directives of existing United Nations resolutions on East Timor and to support an internationally supervised referendum on self-determination.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President.

CHANGES TO S. RES. 209

Mr. GRAMS. Also, Mr. President, on behalf of the chairman of the Budget Committee, Senator DOMENICI, I ask unanimous consent to adjust the allocation to the Appropriations Committee made under S. Res. 209 with the changes that I now send to the desk.

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

The changes follow:

	Budget authority	Outlays
Current Allocation:		
Defense discretionary	271,570,000,000	266,635,000,000
Nondefense discretionary	255,450,000,000	289,547,000,000
Violent crime reduction fund	5,800,000,000	4,953,000,000
Highways		
Mass transit		
Mandatory	299,159,000,000	291,731,000,000
Total	831,979,000,000	852,866,000,000
Adjustments:		
Defense discretionary		
Nondefense discretionary	−859,000,000	−25,144,000,000
Violent crime reduction fund		
Highways		+21,885,000,000
Mass transit		+4,401,000,000
Mandatory		
Total	−859,000,000	+1,142,000,000
Revised Allocation:		
Defense discretionary	271,570,000,000	266,635,000,000
Nondefense discretionary	254,591,000,000	264,403,000,000
Violent crime reduction fund	5,800,000,000	4,953,000,000
Highways		21,885,000,000
Mass transit		4,401,000,000
Mandatory	299,159,000,000	291,731,000,000
Total	831,120,000,000	854,008,000,000

ORDERS FOR MONDAY, JULY 13, 1998

Mr. GRAMS. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until 12 noon on Monday, July 13. I further ask that when the Senate reconvenes on Monday, immediately following the prayer, the routine requests through the morning hour be granted and the Senate then begin a period of morning business until 2 p.m. with Senators permitted to speak for up to 5 minutes each.

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

Mr. GRAMS. I further ask unanimous consent that following morning business, the Senate begin debate on the motion to proceed to S. 2271, the property rights bill, until 5:45 p.m., with the time equally divided in the usual form.

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

PROGRAM

Mr. GRAMS. Mr. President, for the information of all Senators, when the Senate reconvenes on Monday at 12 noon, there will be a period of morning business until 2 p.m. Following morning business, the Senate will begin debate on the motion to proceed to the property rights bill. At 5:45 p.m., under a previous order, the Senate will proceed to a cloture vote on the motion to proceed to the property rights bill.

Following that vote, the Senate could consider any other legislative or executive items that may be cleared for action. For the remainder of next week, the Senate will attempt to complete action on the property rights bill and, hopefully, finish several appropriations bills.

As a reminder, on Wednesday, July 15, at 10 a.m., there will be a joint meeting of Congress to receive an address from the President of Romania.

ORDER FOR ADJOURNMENT

Mr. GRAMS. Mr. President, if there is no further business the come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the previous order, following the remarks of the distinguished Senator from Delaware, Senator ROTH.

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

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

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

PRIVILEGE OF THE FLOOR

Mr. ROTH. Mr. President, I ask unanimous consent that Kathryn Quinn of the Finance Committee be permitted to be on the Senate floor for the rest of this day.

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

IRS INTERNAL AUDITS

Mr. ROTH. Mr. President, yesterday's 96 to 2 vote to reform the Internal Revenue Service was a victory for the American people. I am grateful for the cooperation we received from our colleagues. I am grateful for the support that came from our constituents. And I very much appreciate the willing participation that came from individuals within the Internal Revenue Service itself.

From the beginning of our intensive investigation, and throughout our hearings, I made it clear that the IRS is filled with hard-working, honorable men and women.

We depend on these individuals, on their integrity and expertise to carry out a complex and often thankless task—yet a task that is fundamentally important to the welfare and future of America. Had it not been for those within the IRS who were concerned about the abuses they witnessed—had they not come forward to speak with us—there would have been no hearing. There would have been no reform effort—no change. And the abuses would have continued.

What our investigation focused on was the culture of the agency. It focused on an environment that had been allowed to establish itself because of rules that granted excessive license to those inclined to abuse power—an environment that lacked sufficient oversight. This was the culprit. And I am grateful that after an attempt early on in our investigation to circle the wagons concerning the Finance Committee's efforts, the IRS—under the fine leadership of Commissioner Charles Rossotti—determined to work with us, not against us.

Two reports issued today speak volumes about the spirit of cooperation Commissioner Rossotti demonstrated. They validate each of the concerns raised in our investigation. They are filled with examples that support those that we heard from the courageous witnesses who addressed our committee. They remove any question concerning the appropriateness or necessity of the extensive investigation we undertook. And they make it clear that our conclusions, and consequently our legislative outcome, were right on target.

I appreciate the honesty and candor that is contained in these two internal audits. Prepared by the agency's Chief Inspector's office at my request, they offer a thorough and objective analysis

of serious problems within the agency's culture. Among other things, these reports paint a vivid picture of how the IRS' Examination Division used performance measures and statistics, compelling auditors and examination personnel to inflate taxpayer liabilities. They show how the Collection Division abused seizure authority, in one case turning a taxpayer's life upside down for the grand sum of four dollars and seventeen cents!

The reports even documented the most troubling issue of how the Internal Revenue Service would often go after taxpayers who were most vulnerable—those suffering from medical problems or severe financial setbacks. According to the internal audits, ''the seizure[s] demonstrated insensitivity to the taxpayer's current situation or [were] conducted to enhance statistical measures.''

These reports are astonishing in the scope of the taxpayer abuse they confirm and in the fact that they come from the agency itself. In the case of the man whose business was seized and sold to net the IRS four dollars and seventeen cents, the report states clearly that, ''The revenue officer did not use sound * * * judgment when conducting this low dollar seizure.''

And this is only one of many such cases documented, Mr. President. In these two reports, Americans will find a stunning array of similar abuses.

The reports make it clear that the agency's focus on goals and statistics come at the expense of quality service and fair treatment of taxpayers. They came at the expense of fairness to IRS employees. One report admits that a full 74 percent of group manager evaluations contained references to enforcement statistics. The evaluations cited dollars per hour, hours per return, and dollars recommended for collection.

The reports make it clear that districts routinely communicated goals and enforcement statistics to group managers and employees.

In fact, the agency admits that such statistics were ''communicated in all 12 districts through newsletters, monthly reports of Examination activity, group meetings, and similar methods. Enforcement statistics,'' the report continues, ''were often in referenced to how group managers and employees were doing in relation to district or group goals.''

Cast after case is cited in these reports to illustrate how these activities within the agency adversely influenced the lives of taxpayers. In one example, collections officers did not even attempt to contact the taxpayer prior to seizing his property. The revenue officer confirmed the taxpayer's address and ownership of assets two days before seizing them. And what did the IRS seize? The tools the taxpayer needed to provide for his family. Even the taxpayer's 11-year-old daughter pleaded with the collections officer to halt the action, but the activity proceeded—the seizure producing a measly net proceed of $20!

Again, Mr. President, these stories are not coming from witnesses whose credibility might be challenged. They are admissions made by the Internal Revenue Service itself.

Nearly half of the seizures examined in these reports indicate that improper or abusive tactics were used against the taxpayer. Not only does this validate our findings, but the very existence of these internal audits demonstrate that a new era is drawing on an agency that for far too long has been operating in darkness. It looks to be an era of openness—of cooperation—and accountability. I laud the current leadership, Commissioner Rossotti, and those who support him in what will be an historic turning point in the life of the agency. What a legacy they will leave!

And again, I express my gratitude to colleagues who stood firm in our effort to change the way the IRS does business. Our reform legislation, which I expect will be signed by the President in the very near future, will go a long way toward preventing the types of abuses chronicled in these reports. We are increasing oversight of the agency and holding employees accountable for their actions. We are ensuring that taxpayers have due process protections in collections activities. We are prohibiting the IRS from using enforcement statistics.

This is a moment in which we can all be proud. The successful passage of reform legislation yesterday, the bipartisan spirit that marked our investigation and subsequent debate, the willingness of the agency, itself, to cooperate—all of these are to be credited.

ADJOURNMENT UNTIL MONDAY, JULY 13, 1998

The PRESIDING OFFICER. Under the previous order, the Senate now stands adjourned.

Thereupon, the Senate, at 2:37 p.m., adjourned until Monday, July 13, 1998, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate July 10, 1998:

DEPARTMENT OF STATE

MARY BETH WEST, OF THE DISTRICT OF COLUMBIA, A CAREER MEMBER OF THE SENIOR EXECUTIVE SERVICE, FOR THE RANK OF AMBASSADOR DURING HER TENURE OF SERVICE AS DEPUTY ASSISTANT SECRETARY OF STATE FOR OCEANS, FISHERIES, AND SPACE.

THE JUDICIARY

WILLIAM B. TRAXLER, JR., OF SOUTH CAROLINA, TO BE UNITED STATES CIRCUIT JUDGE FOR THE FOURTH CIRCUIT, VICE DONALD STUART RUSSELL, DECEASED.

IN THE ARMY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES ARMY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

LT. GEN. EDWARD G. ANDERSON, III, 0000

WITHDRAWAL

Executive message transmitted by the President to the Senate on July 10, 1998, withdrawing from further Senate consideration the following nomination:

DEPARTMENT OF STATE

MARY BETH WEST, OF THE DISTRICT OF COLUMBIA, A CAREER MEMBER OF THE SENIOR EXECUTIVE SERVICE, FOR THE RANK OF AMBASSADOR DURING HER TENURE OF SERVICE AS DEPUTY ASSISTANT SECRETARY OF STATE FOR OCEANS AND SPACE, WHICH WAS SENT TO THE SENATE ON FEBRUARY 24, 1998.