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House of Representatives

The House was not in session today. Its next meeting will be held on Wednesday, September 6, 1995, at 12 noon.

Senate

TUESDAY, AUGUST 8, 1995

(Legislative day of Monday, July 10, 1995)

The Senate met at 9 a.m., on the expiration of the recess, 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, thank You for the rest of the night and the fresh energy to begin a new day. As the brightness breaks through the clouds of the morning sky, illuminate our hearts with Your own darkness-dispelling presence. Drive away the clouds of doubt that question Your faithfulness in trying circumstances and the clouds of fear that make us cautious when we need to be courageous. We know that anytime we get wrapped up in ourselves, we're a pretty small package. Unwrap us Lord. Set us free from self-concern so that we may focus on the needs of others. Renew our assurance that we are loved and forgiven by You so that we may be communicators of Your grace to the people with whom we work.

As we press on seeking Your best for our Nation in the complicated issues of welfare reform, give us that lively enthusiasm that comes from believing that there are solutions and that consensus can be reached. Liberate us from defensiveness. Give us efficiency in the use of time and frugality in the use of words. Help us to say what we mean and mean what we say. Fill this day with serendipities, unusual happenings in usual circumstances. Surprise us again with the amazing way You can untangle the knotted threads of process and weave Your thoughts from many minds into answers we could not achieve without each other and most of all, without You. Thank You, Lord, for guiding us today. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

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

SCHEDULE

Mr. ROTH. Mr. President, this morning, leader time has been reserved, and the Senate will resume consideration of H.R. 4, the welfare bill, for the purposes of debate only until the hour of 12:30 today.

At 12:30, the Senate will recess until the hour of 2:15 today for the weekly policy conferences to meet. Rollcall votes can be expected during today's session on or in relation to the welfare bill or possibly the Department of Defense authorization bill.

All Senators should anticipate a late session this evening in order to make progress on a number of items prior to the August recess.

FAMILY SELF-SUFFICIENCY ACT

The PRESIDENT pro tempore. The clerk will report the bill.

The assistant legislative clerk read as follows:

A bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence.

The Senate resumed consideration of the bill.

Pending:

Dole modified amendment No. 2280, of a perfecting nature.

Mr. PACKWOOD addressed the Chair.

The PRESIDENT pro tempore. The able Senator from Oregon is recognized.

Mr. PACKWOOD. Mr. President, as I understand it, we are not under controlled time. I believe the Senator from Delaware is prepared to speak.

The PRESIDENT pro tempore. The Senator from Delaware.

Mr. ROTH. Mr. President, I am pleased to join Senator DOLE, Senator PACKWOOD, and my other colleagues in introducing this comprehensive welfare reform legislation, S. 1120, America's Work and Family Opportunities Act of 1995.

The American people know our welfare system is fatally flawed. The present welfare system is not serving the best interests of either the beneficiaries or the taxpayers. S. 1120 is a bold initiative that will help prevent even more Americans from falling into the trap of dependency.

Mr. President, in 1965, the average monthly number of children receiving aid to families with dependent children was 3.3 million; in 1992, there were 9.3 million children receiving AFDC benefits. While the number of children receiving AFDC increased nearly threefold between 1965 and 1992, the total

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

number of children in the United States aged 0 to 18 has declined by 5.5 percent.

The Department of Health and Human Services has estimated that 12 million children will receive AFDC benefits within 10 years. To do nothing to prevent this growing tragedy is unacceptable.

Congress has created a confused and confusing welfare system which rewards idleness and punishes work. At a recent hearing I chaired on welfare reform, former South Carolina Governor, Carroll Campbell, testified that his office found a family in which four generations were dependent upon the welfare system in which no one had worked. That is a system which does not protect children. That is a system which is cruel and heartless.

Properly understood, welfare reform is about reforming government. Under our present system, no one is accountable for results. One of the basic flaws in the system is that there is always someone else to blame for failure.

More than 90 Federal programs administered by 11 separate Federal agencies provide education, child care, and other services to young children from low-income families. The Department of Agriculture administers 14 food assistance programs for low-income individuals. Yet the Departments of Housing and Urban Development and Health and Human Services also run separate food programs. There are 163 Federal programs scattered across 15 Federal agencies providing employment and training assistance.

Let us be clear, however, that the individuals in need of assistance will still receive it. Children will still be fed. Child care will still be provided. Individuals with disabilities will still be provided with the full range of services they need. This legislation presents the opportunity to restore the proper role of the States to consolidate funding from many of these separate programs and design their own solutions. Under the present system, for example, a low-income mother with 2 children may need to visit several different offices to obtain benefits from 17 different programs. I firmly believe the States can improve the quality of services at lower costs to the taxpayers.

Mr. President, to be successful in welfare reform, we must change the structural status quo. The transformation of these programs into block grants will yield tremendous savings over time. It costs $6 billion just to administer the AFDC and food stamp programs. When you include the cost of errors, fraud, and abuse in these two programs alone, another $3 billion of the taxpayers' money is wasted. Some of the smaller categorical programs have administrative costs as high as 40 percent of the cost of the benefits.

The welfare system is a complex array of about 80 means-tested programs which provide not only cash assistance, but also medical care, food, housing, education and training, and social services. In this fiscal year, Federal and State governments will spend approximately $387 billion on these programs. It is clear that the failures of the current welfare system are not caused by a lack of money, but rather by the structure of the system itself.

Here is what the General Accounting Office recently said about this collection of programs:

> The many means-tested programs are costly and difficult to administer. On one hand, these programs sometimes overlap one another; on the other hand, they are often so narrowly focused that gaps in services hinder clients. We note that although advanced computer technology is essential to efficiently running the programs, it is not being effectively developed or used. Due to their size and complexity, many of these programs are inherently vulnerable to fraud, waste, and abuse. We also point out that some of our work has shown that the welfare system is often difficult for clients to navigate. Finally, administrators have not articulated goals and objectives for some programs and have not collected data on how well the programs are working.

At best, we have created a masterpiece of mediocrity. But I think it is much worse. Government has trivialized what it has professed to esteem, specifically family and work. The welfare system which was designed to protect children has failed to consider the consequence of idleness.

Thirty years of experience have ratified what many of us have known all along—Government programs and our welfare system cannot replace stable families. Perhaps the greatest mistakes the Federal Government has made during this period is to act as if family life can be reduced to a mathematical diagram and that the wisdom of Solomon can be reproduced in the Federal Register.

The moment to truly change our welfare system is here and now. It has been said that the first act of common sense is to recognize the difference between a cloud and a mountain. It is time to recognize that the system created to end poverty has helped to bring more poverty. It is time to recognize that the cost of the system is excessive and wasteful. The American people clearly see that Washington has failed. And it is time we act accordingly.

True reform has been quietly evolving in the States. Our objectives should be to unleash the latent creativity of these States. We need to test new approaches, to experiment with new methods that seek to address the varying conditions to be found in our 50 States. That is what the Dole-Packwood bill does, and I urge my colleagues to support it.

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FRIST). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. FRIST. I thank the Chair.

My fellow colleagues, it has been 30 years since President Lyndon Johnson launched his unconditional War on Poverty. One overriding fact remains, the War on Poverty has failed. In welfare, as in most government policies, you get what you pay for.

For 30 years, the welfare system has paid for nonwork and nonmarriage and has achieved massive increases in both. By undermining the work ethic and rewarding illegitimacy, the problems of the poor and the inner city have actually gotten worse, not better, in the subsequent years. Not only are there more people living in poverty today than ever before but, thanks to welfare, whole generations of Americans have lived and died without every owning a home, holding down a steady job, or knowing the love and support of both a mother and a father.

This failure is not due to a lack of Government spending. In 1993, Federal, State, and local governments spent $324 billion on means-tested welfare programs for low-income Americans. To date, welfare now absorbs 5 percent of the gross domestic product, up from 1.5 in 1965 when the War on Poverty began. According to Congressional Budget Office figures, total annual welfare spending will rise to nearly $500 billion and 6 percent of gross domestic product by 1998.

Though President Johnson declared that ''the days of the dole are numbered,'' welfare now involves an ever-expanding share of the population. Today nearly one out of seven American children is enrolled in aid to families with dependent children [AFDC], with Uncle Sam's welfare check serving as a surrogate father. About half of the children currently on AFDC will remain on welfare for over 10 years.

The core problem behind this growth is that the current welfare system promotes self-destructive behavior: nonwork, illegitimacy, and divorce. Mr. President, in my practice as a heart transplant surgeon in Tennessee, I witnessed the effects of our misguided welfare system every day.

One out of three of my patients was below the poverty level. Some tried, but couldn't get a job. Some didn't want to work. But almost all felt trapped by the current welfare system which pulls families apart.

Caring for these individuals, I heard the same stories, again and again. Young teenage mothers would explain that the Government would pay them $50 more a month if they moved out of their parents' home, away from their family and away from the only support system they had to pull themselves out of the welfare trap.

Mr. President, we must act now to reverse this disintegration and destruction of the American family. We cannot afford to pass on the opportunity to put forward a proposal that will end

the generational cycles of welfare dependence. The American people elected us to do the very thing we are now trying to do.

They asked us to return control of their lives and their government to local communities.

They asked us to spend their money wisely.

They asked us to create a system of mutual responsibility in which welfare recipients would be granted aid but would be required to contribute something back to society for assistance given.

They asked us to change incentives, and create a welfare system that promotes work, that reduces illegitimacy, that strengthens families, and that provides an opportunity for all Americans to succeed.

Mr. President, I believe the Dole substitute amendment, No. 2280, goes a long way toward doing what the American people have asked us to do.

It consolidates AFDC cash benefits, JOBS, and related child care programs into a capped block grant to States and gives States a large degree of flexibility to address their unique problems. The Dole substitute also requires a 30-percent reduction in Federal staff currently administering AFDC and the JOBS Program. By consolidating programs, we can reduce the costs of bureaucracy and get the money to our children.

The Dole substitute requires able-bodied adult welfare recipients to work. Welfare recipients will no longer be able to avoid work by moving from one job training program to the next. They must begin work no later than 2 years after getting on the rolls and cannot receive benefits for more than 5 years.

Finally, it contains several provisions designed to strengthen families and require personal responsibility. States can deny cash payments to teenage mothers and place family caps on cash assistance. Single teen parents must stay in school and live under adult supervision. And deadbeat parents will face financial penalties and tough sanctions, including the loss of drivers and professional licenses.

Mr. President, a number of amendments will be offered this week which can strengthen the Dole substitute.

For example, I believe a welfare bill should include a pay-for-performance work requirement, so that there is a proportional reduction in benefits for work missed by a welfare recipient—no work, no benefits.

I would support an amendment to reward Governors for their efforts in reducing illegitimacy rates within their States.

And we should strengthen the requirements that unwed mothers establish the paternity of their children in order to get benefits.

Mr. President, we have a chance to make history here this week. We have the opportunity to regroup, to restructure, and to find new ways of helping those in need.

Those of us who are committed to change have behind us the full force of the American people. Those who argue against those changes have nothing on their side but the dismal history of the past 30 years.

Mr. President, I thank the Chair and yield the floor.

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

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

Mr. DASCHLE. I wish the Presiding Officer a good morning. Mr. President, I ask unanimous consent to speak as in morning business.

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

FARM BILL

Mr. DASCHLE. Mr. President, every 5 years, Congress has the opportunity to review the Government's role in sustaining domestic agriculture production and determine the effectiveness of those programs. That effort is underway as we begin, again this year, the legislation that modifies and extends USDA programs. The multiyear farm bill allows us to step back and shine the light on current conditions on each and every one of the programs affected by this legislation.

As the Senate Agriculture Committee took its first look under the hood earlier last month, it is already clear that some of the programs need a tune-up, some need a complete overhaul, and still others may need to be hauled away.

No piece of legislation Congress takes up this year will affect the lives of South Dakotans and rural Americans more than the 1995 farm bill. Commodity support programs, trade, conservation, research, domestic food assistance, rural credit, and the rural development programs will all be under very close scrutiny.

In my years in Congress, I have had the honor of representing the interests and concerns of South Dakota farmers and ranchers in a number of these farm bill debates. In close consultation with the agricultural community, I have worked to improve farm income and bolster the rural economy by offering amendments that were eventually incorporated in the final legislation.

Nonetheless, as each of these bills have come up for final votes, I have had to ask myself whether they truly represented our best effort to respond to legitimate needs of the agricultural sector. I sincerely hope this year, as we begin to weigh pros and cons of the legislation, that we recognize that the stakes could not be higher.

As we debate the 1995 farm bill in the coming months, I hope the Democrats and Republicans alike can move beyond the partisanship that so often dominates Congress and work together to draft a farm bill that truly reflects the genuine appreciation for an agricultural community that is too often taken for granted. On many issues, I am optimistic that broad consensus is possible and, indeed, likely. As in years past, however, there are those in Congress who will push for drastic and disproportionate cuts in agricultural spending, claiming that in these times of tight budget constraints, we can no longer afford to support American agriculture, including family farmers.

I say we cannot afford to. American agriculture is making an extraordinarily important contribution to the national economy. In a time when our manufacturing base continues to decline, agriculture contributes more to our exports and produces one of the largest positive balances of trade of any sector within our economy.

Let me remind my colleagues of the extent to which the agriculture sector has already contributed significantly to deficit reduction in the last several years. Since 1986, agriculture spending has been cut by 60 percent, from $26 to $9 billion today. If other Federal programs had been slashed as severely as agriculture over the last 10 years, the U.S. Government would now have a budget surplus.

Such past contributions will not and should not preclude the Federal agricultural programs from being thoroughly reviewed once again. The farmers I talked to realize and accept this proposition. They are as concerned about the Federal deficit as anyone. Amidst ever-increasing production costs and stagnant commodity prices, they know how difficult it is to balance a budget, but they do it in their daily lives and expect us to do it as well. Farmers and ranchers are willing to lend their hand to the effort. They simply ask that once a hand is extended, it receives a fair shake.

Our task is to ensure fairness and responsibility in drafting a new farm bill. Farm programs are like many other Government programs: They can be refined; they can be streamlined. Their costs can be reduced and their effectiveness can be increased.

All agricultural policy initiatives must be crafted with the intelligence and with the simultaneous appreciation for the role that family farmers play in the daily lives of all Americans and the budgetary constraints in which we now find ourselves.

We must not, however, let those woefully ignorant of farming realities run roughshod over sound agricultural policy under the guise of fiscal responsibility. Farmers across the country know the difference between political expedience and fiscal responsibility, even if we in Congress confuse the two.

Fashioning a farm bill that will reduce the cost and still provide the necessary services and support for agriculture is one of the top priorities in

this session of Congress. I have four primary goals as we look at the upcoming farm bill.

First, we need to increase the market income of family farmers. Farmers are the backbone of rural America and an essential part of the foundation of our entire economy. The new farm bill should be structured to maximize net farm income and reduce reliance on Government payments.

Farmers tell me time and time again that they want to receive more income from the market and less from the Government. The income support programs in the farm bill must give farmers the flexibility to respond to market conditions while still providing an economic safety net. I am firmly convinced the market can and should more fairly compensate farmers for the long hours and large amounts of capital they invest in producing our food.

Second, we need to promote the production of innovative value-added agricultural products that will expand the markets for American agriculture and enhance the incomes of all of our producers. USDA research dollars should be targeted toward the expansion of these market opportunities.

The American farmer is the most productive in the world, but production in and of itself does not pay the bills. We need to facilitate the creation of new markets in which agricultural products can actually be sold. This will stimulate our small communities by bringing new industries to rural areas and improving the economic stability of all family farmers.

Third, we need to drastically simplify Federal programs. I have had the opportunity to work in a South Dakota county ASCS office and see the excessive paperwork and redtape. Any of us would get hopelessly lost in the maze of base acres, deficiency payments, marketing loans, payment acres, program crops, nonprogram crops, and target prices that producers must navigate each and every day. These programs cry out for reform and simplification. Most farmers will tell you that if we could do any one of them a favor, this would be it. Let us allow farmers to get back to doing what they do best: Growing safe and abundant food.

Finally, we need to find innovative ways to assist young and beginning farmers. The future of rural communities is really in their hands. Far too many young South Dakotans are forced to leave our State every year in search of opportunities in urban areas. Loans, assistance programs and, most of all, a good price are needed to encourage young people to begin farming. We are almost unanimous in support of this goal, but the challenge here is perhaps greater than anyplace else, given the severe budget restrictions we face over the next few years. I hope we can find the creativity necessary to meet this particular challenge.

In the context of the extensive cuts the current budget resolution will inflict upon rural America, our actions on the farm bill are magnified in importance. We simply cannot let the farm bill deteriorate into a political squabble between parties or, for that matter, regions. If that happens, everybody will be busy scoring political points, and the only real loser will be agriculture. It is time we stopped taking our safe and abundant food supply, and the farmers and ranchers who produce it, for granted. We must use this opportunity to craft a farm bill that reflects the need to preserve rural America and the farms that produce the world's safest and most abundant food supply.

Mr. President, I yield the floor.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. SIMPSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. SIMPSON. Mr. President, briefly, because I know we are ready to move on with this legislation, I certainly want to speak in support of the Work Opportunity Act of 1995. That bill which my fine colleagues, Majority Leader DOLE and Senator PACKWOOD, have placed before us represents, I think, a very good starting point for welfare reform. I commend both of them for their work and for working with all of us to ensure that our concerns were taken care of.

It is not a perfect bill. A bill rarely is. But it surely puts us on the right track. They have listened to my suggestions, especially with regard to recognition of rural areas and amending the bill to include vocational training and the definition of work. That is a provision Wyoming needed in the bill, and now under the bill, recipients can receive vocational training for up to a year. I appreciate that very much. That was very attentive to our needs.

I strongly felt that welfare reform should be a high priority. I think we all agree with that. There is much to do. Not only to ''get tough'' with those who might best be described as welfare addicts, which offend us all, but also to help those who truly want to become self-sufficient, which charms us all, and know that these people need our attention.

So, if we can do this in a humane and responsible manner—there is not one among us who has a desire to be punitive or destructive to any of those who are disadvantaged and most vulnerable in society. I do not see that. That is an absurd premise.

When we talk about welfare reform, it is important that we look at the big picture and understand the reasons why people are on welfare. It is a very difficult thing. Those who have studied it for decades are unable to really come to closure on how these things happen, why is this occurring, why is the birth rate here, and what is the rate of illegitimacy? Nobody has done more work in that area than the senior Senator from New York. We read his studies, his works, and appreciate his extraordinary range of and grasp of the issue. It is a giant puzzler for us.

In Wyoming, I know a single parent will tell me that they could get by without welfare if they just received the child support they were supposed to get in the divorce. I know about that because I did about 1,500 of those in my practice of law for 18 years. ''If he would pay the child support, I would not need to be on welfare.'' That is very true. I have often felt we should put teeth in the welfare and child support enforcement laws. I applaud the leadership for including serious child support provisions in this bill. I am particularly pleased by the provisions that improve our ability to track down absent parents and streamline the process to make interstate enforcement less complicated and unmanageable. This is what has happened for years. You get the decree and support order, and the husband takes off. This will inject some responsibility in here for a group in society known as ''fathers'' who are not here on Earth simply to sire the flock and move on, and that has to stop.

Paternity establishment is another high priority in the legislation, and we are addressing that. I appreciate the approach in regard to block granting. Our very able Governor, Jim Geringer, a very able administrator, tells us that they need and require flexibility. We want to give that flexibility in the form of block grants so States can shape their own programs, make themselves laboratories. I am one who just does not believe that the Federal Government, or we here, have a monopoly on compassion. I do not see how people can even imagine that State officials somehow care any less about families and children than the Feds do. I think that these programs and flexibility are very important.

I also agree with Senators PACKWOOD and CHAFEE in their approach to the child welfare provisions included in the bill by not putting child welfare and child protection into block grants. They have recognized that we should not be too hasty in turning everything over to the States at one time.

There is a consensus here among child welfare administrators that Federal protections have led to new improvements to this system and critical incentives to the State. It was true in my State where the system was in complete chaos until the State had guidelines and requirements to follow for receiving the Federal funding. Only then did Wyoming develop a child protection and foster care program that takes care of its most vulnerable and neglected children. In fact, were it not for the standards that Congress enacted—and I know this is strong language for a Republican, but in this situation, were it not for the standards Congress enacted in 1980, the States and territories with the worst track

records, such as the District of Columbia, would have been allowed to continue to disregard the basic safety of abused and neglected children with complete impunity.

So I support block grants. I feel that aid to families with dependent children, along with the JOBS Program and AFDC child care programs, should be block granted. I would like to see States given the flexibility to run these programs as they see fit without Congress defining specific categories to whom States cannot pay benefits.

With regard to SSI, we had hearings on supplemental security income. I agree that drug addicts and alcoholics should not receive cash payment benefits because they have a so-called ''disability.'' It is a self-induced one in many cases. However, I do feel that these addicts and substance abusers need to receive treatment for their addictions.

I feel that sensible improvements have been made also in this area of children's eligibility for SSI. We had anecdotal examples of parents coaching their children to act up in school, and families who have all of their family on SSI rolls. However, those are only anecdotal evidence, and we should not use them as an excuse for carrying out some wholesale purge of children from the SSI rolls. We should make sure the low-income families who have children with severe disabilities are taken care of, especially if one or both parents must stay at home to care for this very troublesome and disabled child—and often they are similar and often a tremendous burden upon a parent in a time of stress.

With regard to immigration, we will deal with that in a large area of the immigration subcommittee, which I chair. But I think it is very important to note here that since our earliest days as a nation, we have required new immigrants to be self-supporting. In the year 1645—and I see my colleague from New York pique his interest, because he loves history—Massachusetts refused to admit prospective immigrants with no means of support other than public assistance. But America's first general immigration law—the big one, before the big influx in the early 1900's—was passed in 1882. In 1882, it prohibited the admission of ''any person unable to take care of himself or herself without first becoming a public charge.'' This restriction still exists. Section 212 of the Immigration and Nationality Act excludes those who are ''likely at any time'' to become a public charge. Courts have come along and interpreted that in a way which made it absolutely senseless. But that is the law.

I think our Nation's welfare law should be consistent with America's historic immigration policy. This bill, in conjunction with immigration proposals under consideration within the subcommittee, will create a long absent commonality.

Many immigrants—half of the new immigrants in fiscal year 1994, according to the State Department—are permitted to enter only because a friend or relative in the United States has promised, that is sponsored, and said to the U.S. Government that the newcomer will not require public assistance. Should this new immigrant then fall on hard times, it is the responsibility of the sponsor—that friend or relative who promised the support—to provide the aid. This Dole bill will require all Federal welfare programs—save a few ''public interest'' programs—to include the income of this sponsor when determining a recent immigrant's eligibility for welfare.

The message in this area with regard to welfare is very clear: America is serious about our traditional expectation that immigrants be self-supporting. Newcomers should turn to the friends and relatives who sponsored them for assistance before seeking aid from the American taxpayer. Hear that clearly.

Immigrants who come here and are sponsored must be self-supporting. They will not turn to the taxpayers first; they will turn to their sponsor first.

I look forward to a healthy debate on all these issues. We will have one. I am happy to see us move forward. We need to move toward this program of work and self-sufficiency while leaving States without restrictions, giving flexibility.

I thank the leaders for their fine work in moving this legislation forward.

Mr. MOYNIHAN. Mr. President, may I take just a moment of the Senate's time to express my gratitude, and I am sure that of Senator PACKWOOD, for the substance of the remarks of Senator SIMPSON and particularly for the tone of those remarks.

We are, indeed, struggling in this effort with forces we do not fully understand that have come upon us very suddenly, as history goes.

The learned Senator can speak of the Massachusetts Bay Colony and its regulations in 1645. That is eons of time, as compared to the sudden incidence of this problem in our cities.

I wonder if the Senator could allow me a moment to point out the urban dimension of this subject, because urban affairs—cities—are no longer a central topic of our concerns as they were, say, 30 years ago.

President Nixon's first act upon taking office was to create an Urban Affairs Council. This will not take 3 minutes. I know the Senator from West Virginia is waiting, and he will be heard in just a second. This is what has happened in the course of the last few years, suddenly, as if it were a tornado out in Wyoming country.

In the city of Los Angeles, Mr. President, 62 percent of the children are supported by aid to families with dependent children; in Chicago, 43.7 percent; in Detroit, 78.7 percent; in my city of New York, 28.4 percent; in Houston, TX, 24.6 percent. These are the 10 largest cities. There are higher ratios, but these are our 10 largest cities.

What this does, and I think the Senator from Wyoming can sympathize with this, these ratios overwhelm municipal capacity. Going back to 1912—I will go back that far—the New York Times began a series that has been going on until this day called ''The 100 Neediest Cases.'' At Christmastime, they give you a list of 100 families; most had tuberculosis, or an industrial accident killed the father, or something like that. You can cope with 100. There are more than 100, but it gives you a sense of dimension.

How do you cope with the situation where 62 percent of your children are on welfare, which means, of course, they are paupers. One of the things we have had most application for in waivers was to allow families to have a car worth little more than $1,500. In Wyoming, you need a car to get to work in most places. That is an element we do not talk about often.

This problem tends to be concentrated. It is an urban problem. It is an urban crisis. It is a general problem. What is a problem in Wyoming is a crisis in Cook County.

Therefore, the more do I appreciate the concerns of the Senator from Wyoming and the mode in which he has stated them. I thank the Chair.

The PRESIDING OFFICER (Mr. INHOFE). The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, a lot of the time I wonder what we are doing talking on the floor because we just seem to be talking about things that do not make a lot of difference and that do not necessarily concern Americans as much as they may concern some internal dynamic here in the Senate, which may or may not be important.

This obviously is a very different kind of setting. This time the Senate is turning to something that the people of my State, and the State of the Presiding Officer, and States all over this country really care about and really expect us to do something about. They see a welfare system that gives out too much for too little in return. They do not like it. They are very clear in their view about it. They are right.

They see too little emphasis on something which I think is sort of the byway by which America is either going to come back to our proper course or we are not. That is something called personal responsibility. We have lost our sense of it in this country—not just the poor, but all of our people, I think—what we have an obligation to do ourselves as opposed to turning toward the communities or toward the Government.

Also, something called work ethic, which people are talking a lot about, beginning to do something about, something the American people want to see badly and something they deserve to see.

I think people have lost, and rightly so, their tolerance on dependency. Dependency is unavoidable in certain circumstances, but in most circumstances it is not. The American people know that. There are a lot of Americans who pay taxes who were dependent one way or another and fought their way out of it and have every reason to look at those who do not askance.

The point is that we are talking about something really serious in welfare reform. Tax-paying, hard-working Americans are not the only ones who want reform in welfare. Most families on welfare want things to change, too, because many of the things that we in Government have done has fostered their dependency even against their own will, although they have to submit to it. The whole act of submission is one, of course, of losing a sense of personal responsibility.

For all kinds of reasons, some very sad, mothers and fathers find themselves living in poverty. For some, attitudes and behavior bring them to welfare and keep them on welfare. For many families and many in my State of West Virginia, they want to get off welfare as much as the middle class wants them to get off welfare and to avoid all the problems that are associated with welfare, including the cost of it.

The father disappears or refuses to pay child support. There are billions and billions of dollars out there. Child care costs more than a minimum-wage job, so people do not get around to overcoming that fact. Or the parent just cannot find a paying job because she or he does not have the most basic of skills. That I can remember from earlier days. They use to have something, as the ranking member of the Finance Committee knows, called the dollar-an-hour program. We had that in West Virginia. I am not sure if they had that in all kinds of other States, but that was something where, when there really was not anything else, you paid somebody $1 an hour and they went out and worked on the highways for the department of highways. They got $1 an hour. It was really for people who could not do anything else but that kind of work.

It was sad, but it was all that there was, and people did it because they had to. These are some of the situations we run into.

Welfare is also about children. Acronyms and clunky program titles keep that basic truth from the picture of welfare.

But the fact is that 43,000 families in West Virginia who get a welfare check every month—there are that many—and the 5 million families across America who get a welfare check every month—and there are that many—include over 9 million innocent children; 5 million families, 9 million children. We are talking about 1-year-olds, 7-year-olds, 11-year-olds, and everything in between; people who are just starting life, in effect. These are not the deadbeats, are they? They are totally innocent of whatever can be blamed on the welfare system and its recipients. Whatever their parents might have done or not done, they are innocent—and they really are.

I think back to many cases I know of in West Virginia where the children of parents who are on welfare simply overcame that and went on and now have decent jobs and are raising families. It is a triumphant thing to see. It is something to fight for, something to work for, something to glory in, if we can get a welfare system that allows that to happen more commonly.

In fact, from every poll that I have seen, while Americans expect Congress to reform welfare and are fairly stiff in their views about it—us and it—they also expect us to make sure the children are protected. On that, they are not equivocal. They want children protected. They recognize the difference between the perpetrators and victims. They see children as victims and they say so, and they want children protected even as they want the adults and the parents to work. They want children protected. They are not asking us to be cruel. They are asking us to be firm, but not cruel. They are asking us to be smart, in other words.

Because of the anger about the welfare system, it is very tempting for politicians to simplify the solutions; because there is always a coming election, to say that you were tougher on welfare than the next person. There is nothing like being tougher on welfare except, of course, if it does not work. If you do something that does not work, you may do better in the argument but you should not sleep as well at night.

The test in welfare reform, it seems to this Senator, will be met by its results, what we actually do—hopefully come together to do—on the floor of this body and the other one. It will not be charts or bumper stickers or promises.

West Virginians want welfare reform because they want to see things really change. They know the system is not working as it is. They believe the system should work, can work, ought to work, and can be made to work by us, who are their representatives, if we will but come together. If we do not come together we will all fail, and it will be a shame and a sham on this institution. If we come together, Republicans and Democrats, we can make this work. We do not have to be tougher, one than the other, but simply be smart and make it work. And being smart will be plenty tough—plenty tough.

I think that is what the Senate should spend this week, or whatever time we have, sorting through. That is the way to change the welfare system in a way which works—on both sides, if that is possible. Every single Member of this body should reject the idea that welfare reform is some kind of trophy that one party holds over the other. I see some of that already and it worries me, as I know it worried the Senator from New York. It is a chance to recognize the realities of people on welfare, and a system that spits out the wrong results. It is a chance to do careful surgery so we get it right. There is not any time for anything else. And we can get it right.

I am still incredibly surprised—and I say this not in a partisan spirit, but because I must out with my feelings on this subject—that the majority leader thinks that a block grant is welfare reform. I have to say that. There is no question, if the Federal Government collects $16 billion from the taxpayers and chops it into 50 separate pots for the States, welfare will certainly end as we know it. But that is a cop-out. What a way to run from the hard decisions and the tough calls that we know are required to get the results that will make all of this possible. Nobody on either side of the aisle is running from tough decisions, but we have to be smart. As a former Governor, I know that we have to be practical. What we do has to work.

I support the Daschle-Breaux-Mikulski bill, because it is an actual plan to change the welfare system. It does not just pass the buck to Governors. It replaces the current unsatisfactory, maddening welfare system with the rules and the steps that will get people into jobs and enable them to stay employed. It is not just the getting of the job that is important, it is having that job 2 years later that really tests the mettle of what we do. But it also remembers the children in the right way.

There is all this talk about values, and properly so. I just hope that means that some compassion—a little bit—is carved out for something called children, that one really does put them in a separate category—children who had nothing to do with where they were born, how they were born, or whether their mother is dirt poor or an heiress. I mean, most of us really have very little to do with that. Yet, if we are in one condition or another, it has an enormous impact on our lives. And people have to understand that. The Senate must not surrender this country's commitment to children and the idea that everybody deserves a chance after they are born.

There is nothing timid about the Daschle-Breaux-Mikulski bill. It is a bold bill.

AFDC, the letters for the core of today's welfare program, is abolished. AFDC—I have been living with that acronym for 35 years—is abolished. It is ended, as we know it. In its place we propose something called Work First, words that mean what they say. For the first time we say financial aid for poor families comes with strings attached, and that aid will only last so long a period and then it will stop if those conditions are not met. Children will keep getting help if they need it, but for adults the help is temporary.

Parents have to actually sign something called a parent empowerment

contract. It is a personal agreement outlining how he or she will move from welfare to work. The contract is enforceable. All of this is new.

In return, Work First is a plan that respects what families need to go from poverty to independence—what they have to have. That means different things for different families. Basically, we make sure there is help to find a job, qualify for a job, and stay in a job with backup support like child care and, thank heavens, health care. What parent in his or her right mind can take a job if there is no one to care for his or her children? We put people in jail, you know, for neglecting children. It is a Federal offense.

Again, as a former Governor, I know what happens when the Federal Government declares victory over a difficult problem—and now I come back to block grants. Block grants, in my judgment, are closer to something called surrender: Here, States, come along with us on this block grants. It is a sturdy idea, come along. We are going to give you a check. But, by the way, the check is going to shrink. And, by the way, should there be a recession, or some kind of natural catastrophe, or you happen to have many more poor families, then that is kind of a problem for you. But people like the idea of block grants, so we are going to do block grants.

This Senator does not like the idea of block grants. This Senator was Governor during the first New Federalism in the early 1980's and watched the State go from the highest employment in its history to a 17 percent unemployment rate all in the period of 3 years. That is not pretty. That is full of tragedy. That is not all because of the Federal block grants. But they symbolized it, and it hurt. It hurt a lot, Mr. President.

That is why I hope that we can find agreement on this Senate floor, and why it is so important—and why we have opening statements and then two Senators over there who are running against each other for President and Senators over here, and then two sides, that we sort of forget about some of these things—that we start thinking about what we are here for, which is solid welfare reform.

We have the time if we take it. If we have to stay longer, then I guess we should do that. But we have to think about the realities of poverty, of welfare, and how to make the whole country a place where children do matter.

For example, in Senator DOLE's plan the answer to States hit by a recession or depression is a loan fund. Right—States really are going to be able to borrow money. Of course, that money has to be repaid in 3 years with interest, when more of their people face a temporary crisis of unemployment and hunger.

Mr. President, the Senate needs to look behind the rhetoric of that welfare plan and deal with facts and come together. The Congressional Budget Office says that under a very similar bill—the one passed by the Finance Committee—44 States will not be able to meet the bill's supposed work requirements. Let me say that again. The bill that we put out of Finance will fail in 44 of the 50 States, will fail according to the Congressional Budget Office. Common sense says that we, therefore, should not do that, and we have to again come up with something that works. That is all I am interested in—something that works, that is practical and works, that gets people off welfare, that protects children, that is tough on personal responsibility, that makes parents work, makes them work but works as a plan.

The bill of Senator DOLE really has the same problem. It just does not bother to figure out how the work requirements become reality.

Why should we set our States up to fail? We do not want to do that. We may be in a rush. But we do not want to set our States up to fail. We do not want to do that. It would be supremely wrong and shameful. I would say look at the democratic alternative and you will find a plan that will get results, with people actually working, what we all say that we want.

The block grant approach in the Dole bill turns away from the Nation's safety net for children, and we are all asked to hope that each individual State will step in. Many of them will not. Americans are not asking us to abandon children. I repeat and repeat. They are asking us to strike a better deal with their parents, to link the responsibility to Government help that is also temporary.

There are areas of agreement in this Chamber on welfare reform, and I celebrate those. Members on both sides of the aisle are clearly interested in promoting flexibility and in encouraging innovation among the States. Again, as a former Governor, I also know the frustration, that a Federal bureaucracy that micromanages is annoying, a Federal bureaucracy that is too regulated, that stifles creative efforts to develop local initiatives to move families from welfare to work. So we all agree, 100 of us I suspect, that the States need more flexibility.

I might add, that is not where you need to look for sudden converts. The senior Senator from New York, Senator MOYNIHAN, focused the country's attention 8 years ago on the signs of progress that were just appearing in a few States that had been given more room to experiment. That was the basis of the Family Support Act passed in 1988, and it is the reason States this very minute are trying all kinds of new ways to move families off of the welfare rolls and to making it on their own.

I remember in West Virginia we started something back in the 1970's. It was called the Community Work Experiment Program [CWEP]. That was made a part of the Family Support Act. We were the only State in the Nation at the time to be doing that. We started that, and we aimed it particularly at some of our southern counties, and it worked. It was working. As a result of that, it was kept in the 1988 Family Support Act and was deemed to be good, and is still on the books.

There is partisan agreement on the crucial need to dramatically improve child support enforcement. I would say 100 Senators will agree on that, again a building block for bipartisan consensus here. The tools to force parents to accept financial responsibility for their children are not in full use. We know that. They must be, and we do that.

Mr. President, if the Senate sets politics aside and makes results our test, and keeps a special place in our hearts for children, we can produce and pass a bill that deserves the title ''welfare reform.'' We can do that.

Our debate should focus on how to get the parents of over 9 million children to work, while making sure that the victims are not the children. Our work and our votes should be based on facts and realities, not on the temptation to pretend slogans will solve problems, or on trying to outdo each other or to bring home a trophy. The only trophy ought to be a bipartisan one that creates a welfare system that works, and that is a trophy for our country—not for us.

As I look ahead to this debate, I intend to respond to West Virginians who have been waiting for welfare reform. For the system to change so that the rules are the same for everyone—if you can work, by golly, you work; if you have children, care for them, take responsibility.

I also hope we will see the country change. We can do better, and it does not have to be done by becoming mean or becoming thoughtless. It certainly should not be done by abandoning the little that is done for children who have so little.

I recall, Mr. President, Majority Leader DOLE's opening statement from a March hearing in the Senate Finance Committee. I am going to quote what he said. Senator DOLE said:

> I do not know anything else as meaningful or as critical as doing our part to help America's children in need, and helping them get the necessary support to remain a part of their family, helping them realize their full potential as we launch into the next century . . . our first concern must be the well-being of the children involved. They are not the instigators, they are the victims of what we see as a growing problem . . .

If we heed those words, wise words, and work together to achieve real reform and insist on getting the surgery right—that is, that we are careful and smart and practical in what we do—then we have a tremendous opportunity to come through for the American people on welfare reform.

I hope the Senate will surprise the pundits and the skeptics and the professional observers of this place by not only passing something called welfare reform but a bill of which we can be proud.

I thank the Presiding Officer and yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. May I just express the appreciation of this Senator for the remarks that have been made by the Senator from West Virginia, the chairman of the Rockefeller Commission on Children, who spoke so carefully and thoughtfully, particularly to his point about dependency.

The issue of welfare is the issue of dependency, and in a world where adults stand on their own two feet, as the phrase has it, we have a situation in which the condition of dependency is massive in our cities, pervasive in the land, and while we have not been able to solve the problem, we are making real steps in addressing it. And I want very much to share his sentiments and his concerns.

I thank the Chair. Mr. President, I yield the floor.

Mr. CRAIG. Mr. President, with the consent of the leaders on this issue at the moment, I would, if I could break for a moment, ask unanimous consent to speak on another issue for no more than 10 minutes as if in morning business.

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

SUBSIDIZED CANADIAN LUMBER

Mr. CRAIG. Mr. President, I have sat through 2 days of probably some of the most substantive debate on a key issue in this country that I have heard in years, listening to the debate of our colleague from Oregon, who has led the Republican side of welfare reform, and certainly the senior Senator from New York on the other side, both men of tremendous substance attempting to deal with a very important issue for our country. I have just listened to the Senator from West Virginia in a most sincere appeal for resolution of an issue that has gone beyond what I think most Americans ever intended it to be.

In some way my comments this morning are a part of that because I am talking about a very real people issue in the West that has caused, by its presence and by our inability to act, people to go on welfare, to be subject to at least or to ask for assistance from their State to provide for food on their children's table. And so, if I could for just a few moments, I wish to reflect on an issue which is really very perplexing that I and others in this Chamber have attempted to deal with over the years that is now front and center again, at least in the timber-producing States of our Nation.

Every week, I receive tragic appeals from unemployed forest workers struggling to feed and care for their children, many of them, as I have just mentioned, on the edge of welfare at this moment. A major reason for their struggle is that a rising flood of subsidized Canadian timber has captured nearly 39 percent of our domestic softwood lumber market in May of this year.

This May figure is already an all-time record for foreign market's share of lumber in our country, and the industry anticipates that the figure in June will be equal to or will exceed that level. This flood of imports also has contributed to a 34-percent reduction in U.S. softwood prices since 1994. Last year alone, Canada sent to the United States nearly 16 billion board feet of lumber worth $5.8 billion. Tens of thousands of jobs and the economic livelihood of hundreds of communities throughout the public forested States of our Nation, primarily in the West, depend on a prompt and fair solution to this problem of Canadian subsidized timber.

What is the cause of the problem? In Canada, where 92 percent of all timber is Government owned, Provincial programs allocate trees to producers under long-term agreements at a fraction of their fair market value. Producers in British Columbia, for example, paid on the average of $100 per thousand board feet of timber in 1994.

That is in stark contrast to United States producers immediately across the border in the States of Washington and Idaho and down into Oregon paying $365 per thousand board feet of timber of the same type and the same quality—nearly 300 percent more than what was being paid in Canada. United States prices are substantially higher because in the United States, unlike Canada, trees from virtually all public and private forests are sold at fair market value through the competitive bid process.

Coupled with that, there has also been—by Government edict, environmental laws, Endangered Species Act—a tremendous reduction in the allowable timber cut or the allowable sales quantity on our public forests. The result of this and the subsidies have resulted in mills shutting down and, of course, the competitive advantage that should be ours in our own market being dramatically lost to this flood of subsidized timber. All regions of the country have announced production curtailments, temporary shutdowns, and permanent closures of mills and related businesses. Small family-owned businesses have been devastated. If prompt action is not taken, the inequity will only get worse.

The United States lumber industry is competitive but for Government curtailment of supply and Canadian subsidies. United States lumber production costs, excluding timber, are the same and in most instances lower than Canadian production costs. The United States output per employee is about the same as the Canadian industry. Canadian labor costs are higher and rising faster than labor costs in the United States.

Canadians must adopt a fair market-based approach to timber pricing to begin to level the playing field that we are talking about. These pricing policies also have been criticized by Canadian groups, including Canada's maritime and small lumber producers. Criticism also comes from a previous British Columbia Forest Minister who said that Canadian timber pricing practices harm the Canadian economy and do not provide a good return from the industry.

Over the past 10 years, United States lumber industries have repeatedly won duty determinations against Canadian subsidies before the United States Department of Commerce and the International Trade Commission. Why? Because it is obvious and well-known that Canada subsidizes its industry.

In 1993, however, three Canadian members of the binational panel operating under chapter 19 of the United States-Canadian Free-Trade Agreement ruled that Canadian timber pricing practices are not subsidies under United States law. In response, the U.S. lumber industry filed a constitutional challenge to the panel's authority to arbitrate such disputes. This challenge was withdrawn when the industry was assured by United States Trade Representative Kantor that Canada would agree to consultations to address the timber pricing issue.

There was also another reason why our trade ambassador entered in; he did not want the Canadian Free Trade Agreement and its problems and its loopholes exposed.

When that agreement was passed in the mid-1980's, I voted against it, and in the Chamber of the House—I was then a Congressman—I argued that these loopholes did exist and that we had set ourselves up for the very scenario being played out today. If our Trade Ambassador wants to solve this problem and keep the free-trade agreement intact, then he ought to move on this issue.

In spite of these consultations, I think legislation may be needed to resolve the problem that has surfaced with this binational panel or panels as a result of the free-trade agreement. Past panels have ignored the standard of review mandated by the agreement and United States law, and two Canadian members of one lumber panel failed to disclose serious conflicts of interest.

Because these rulings by nonelected, non-United States panelists are binding under the United States-Canadian Free-Trade Agreement, and now under the North American Free-Trade Agreement, serious constitutional and procedural issues arise. Reform is needed to assure that future panels do not and cannot ignore U.S. law in order to protect unfair trade practices.

So where are we today, Mr. President?

The U.S. softwood lumber industry is in no condition to endure unrestrained, subsidized imports during an extended period of negotiations. Nonetheless, the first meeting of the United States-Canadian lumber consultations that

occurred on May 24 and 25 was inconclusive. The second meeting on July 11 and 12 produced an acknowledgement, finally, of a glimmer that says, yes, there is a problem, and suggested there were prospects for eventual solutions, but without sufficient urgency, in my opinion, to curtail the massive loss of U.S. industry and jobs that is now going on in this country.

More than 10 years ago I organized congressional opposition to this persistent, recurring problem. And I say this morning to the Canadians, down the road from this Capitol, turn up the volume on your television set if you are watching C–SPAN2 at this moment, because in the Canadian Embassy you are about to begin to work once again, because we are going to put you to work, as this country speaks out for its forest products industry and the men and women who work for it. We will no longer allow this loophole to exist in the United States-Canadian Free-Trade Agreement.

I have sent letters to the administration urging a quick and permanent solution to this problem. And I must say at this moment, Ambassador Kantor, your lip service does not answer very well the concerns of the men and women in Idaho and across the Pacific Northwest that are losing their jobs.

A third United States-Canadian lumber consultation panel is to meet in September. This meeting must accelerate and complete efforts to produce a concrete framework for permanently reforming Canadian pricing schemes in order to eliminate the subsidies provided to the Canadian producers.

So in conclusion, Mr. President, I hope this problem will be resolved quickly, jointly between the United States and Canada in their negotiations. Frankly, I would prefer if that were to happen. But if it does not happen, this is one Senator who will rally other Senators and Members of the other body to resolve this problem legislatively like we had to do in the late 1970's. And to our Trade Ambassador, Ambassador Kantor, go to Canada in September and work to resolve the issue. Lip service no longer serves well the unemployed men and women of the forest products industry.

I yield the floor.

The PRESIDING OFFICER. The Senator's time has expired.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. GRAMS. Thank you very much, Mr. President.

Mr. President, today's debate over reforming the welfare system is a debate over the values we hold most sacred as Americans. We prize independence over servitude, personal accountability over irresponsibility, hard work over Government handouts. A welfare system that works ought to embrace those values, inspire people to seek the freedoms these values represent, and help them lead a better life.

And yet, the Democratic system imprisoned over 20 million needy Americans since the 1960's. Instead of bringing families together, America's welfare system tears them apart. It encourages dependency, it subsidizes illegitimacy. And the people who benefit most from the present system are not the underprivileged Americans who need it, but the bureaucrats who run it. And it is time for a change.

With the welfare reform legislation being debated in Congress, we at last have an opportunity to change 30 years of failed policies. We are determined to replace the old system for one simple reason; and that is, it does not work.

Over the last 30 years, since the beginning of the War on Poverty in 1965, American taxpayers have spent more than $5 trillion on 79 different means-tested welfare programs. And what have we accomplished with their sizable investment? Not enough, because the poverty rate has remained constant. Federal, State, and local governments combined are now spending $350 billion every year on welfare benefits. That is nearly 40 percent more than we spend on national defense each year.

If the Senate's welfare reform proposals were signed into law today, we would still spend nearly $1.2 trillion in welfare over the next 5 years. Anyone on Main Street will tell you that that is an awful lot of money. And it is all funded by the taxpayers. And I believe $1.2 trillion is a sufficient amount of taxpayer dollars to accomplish our goals of the next 5 years. And anyone who does not believe that this is enough, well, they spend too much time inside the beltway. Just look at the hard-working men and women of Minnesota who hand over more than a third of their paychecks to Washington.

Last fall Republicans pledged to use the American taxpayer dollars more efficiently and more effectively. And reforming the welfare system is part of our effort to keep that promise. Our goal in the Senate is to truly end welfare as we know it. We must change the priorities that this country places on welfare and emphasize personal responsibility. We must include tough work requirements for welfare recipients. We must give States the power to develop policies which make both parents responsible for their children and eliminate benefits for drug addicts and alcoholics.

We must give block grants to the States and put an end to the role of the Federal Government as a barrier in the welfare reform experimentation. States should begin the freedom, unhindered by the Federal bureaucrats in Washington, to implement innovative reforms. And we must give State governments the flexibility that they need to customize programs to address local needs, because State officials, not Washington bureaucrats, know best how local welfare dollars should be spent efficiently.

State and local communities will finally be given the flexibility that they need to customize their welfare programs to best meet the needs of their citizens.

It was President John F. Kennedy who once said:

> Welfare programs must contribute to the attack on family breakdown and illegitimacy.
>
> Unless such problems are dealt with effectively, they fester and grow, sapping the strength of society as a whole and extending their consequences in troubled families from one generation to next.

And I agree.

This legislation makes a first step in this direction by overhauling 6 of the Nation's 10 largest welfare programs. And this will save the taxpayers approximately $70 billion over the next 7 years. Now we will require able-bodied welfare recipients to work 20 hours a week. Welfare recipients will no longer be able to endlessly job search and then count that as work. Under the Dole-Packwood bill, work is work. In addition, the bill would require 50 percent of a State's welfare caseload to be working by the year 2000.

This bill will no longer give welfare recipients more food stamps if their cash assistance is lower because they have refused to work. In addition, the bill requires States to meet a minimum paternity establishment ratio of 90 percent. Now welfare recipients who refuse to cooperate in paternity establishment will have their benefits withheld.

Another significant change this bill will make is that drug addiction and alcoholism will no longer be considered a disability for the determination of supplemental security income. Taxpayers will no longer be required to pay for an individual's drug or alcohol addiction.

The Dole-Packwood bill will deny welfare benefits to illegal aliens and also impose a 5-year lifetime limit on welfare benefits. And I commend Senator DOLE for these very, very important steps.

One element of the bill that I am particularly proud of is the adoption of an amendment that I proposed with my friend and colleague from Alabama, Senator SHELBY, our pay-for-performance amendment that will require States to pay benefits to welfare recipients only for the number of hours worked.

If a welfare recipient refuses to work at all during the required 20-hour work-week, they would receive no benefits for that week. If they decided to work only 15 hours instead of the 20 hours required, they would receive welfare benefits for 15 hours' worth of work.

Now, Mr. President, this amendment which has been included in the leadership amendment will hold welfare recipients to the same employment

standards as the rest of America's work force. You will be paid for the amount of hours you work, no more, and no less.

Now, Congress has no intention of turning its back on the most needy in this country. We simply want to try a new approach, an approach that creates opportunity and offers a hand up and not just a handout, an approach that is just as fair to the taxpayer as it is to the welfare recipient.

Truth be told, the only people who will be turned out on the streets by welfare reform are the thousands of bureaucrats and lobbyists who administer and protect the current welfare system's complex maze of dependency.

And maybe those who are bilking the system of millions, if not billions, of dollars each year—those who enjoy taking hard-earned money from taxpayers—maybe they have forgotten that taxpayers in Minnesota would like to keep their dollars and use them wisely for their child's care or their children's education.

Again, $1.2 trillion over the next 5 years is a major commitment by America's taxpayers. Amazingly, however, many of my colleagues on the other side of the aisle will argue that $1.2 trillion is not enough, that America's taxpayers should pay more.

I disagree. I believe taxpayers have been generous, but now they have had enough of these failed policies which have produced little return for their investment, policies that have only created more dependency and have not solved any of the problems we face. Taxpayers have paid more than their fair share, and as an advocate for America's taxpayers, I am prepared to be their voice in this debate.

We have witnessed the attacks over the last few months organized by the entrenched bureaucrats, the special interest lobbyists for the taxpayer-financed welfare industry, and the liberal activists who oppose any welfare reform.

We have been subjected to the orchestrated campaigns of these opponents of change, these jealous defenders of the status quo.

They continue to distort the truth and misrepresent our intentions.

They cry that changing the welfare system is dangerous and it is cruel, that Republicans will take food out of the mouths of starving children. But I believe that nothing could be more dangerous or cruel than letting the current system remain.

The American taxpayers must look beyond the scare tactics, the rhetoric, and focus on the facts. The facts are reducing bureaucracy, increasing flexibility, and demanding work from those who are capable of working is an investment in our future—in their future—and both welfare recipients and taxpayers will be better off for it.

Welfare, as it was originally envisioned, was meant to be a temporary safety net for those who had fallen upon hard times, not a permanent hammock that coddles them into lifelong dependency. The American people are calling for a new vision that will make this country better, stronger, in the year 2000 and beyond.

To the liberals, the solution to the welfare problem is the same solution they have turned to over and over again for the past 30 years.

Whenever they have faced a fiscal crisis, their answer has always been to raise taxes on the middle class. That is what they have done each time the Medicare trustees warned that Medicare was facing bankruptcy. And that is how they would have us fix welfare, give away more of the taxpayers' dollars.

That makes the liberals feel good to take away people's money, to fund programs of their choice, so they appear righteous—but what does that do to middle class Americans?

This Congress is not going to raise taxes.

This Congress is not going to ask the taxpayers to finance these fundamental changes to the welfare system. Instead we are going to ask more from the welfare recipients, and I believe that is a fair deal.

After all, the taxpayers have supported the failed status quo for far too many years. And with little but a bloated bureaucracy to show for it.

For those reasons, I am proud to be cosponsoring the Dole welfare reform bill to change the status quo, to protect hard-working, middle-class taxpayers, to lift people out the vicious cycle of dependency, to truly end welfare as we know it.

As Oklahoma Representative J.C. WATTS has stated so well:

> We can no longer measure compassion in this country by how many people are on welfare. We need to measure compassion by how many people are not on welfare because we've helped them climb the ladder of success.

Mr. President, I urge my colleagues to join my efforts to offer opportunity to all Americans by fundamentally reforming our failed welfare system and providing a fair deal to the taxpayers and those who receive the taxpayers' earnings.

Thank you very much, Mr. President. I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, we have an informal arrangement alternating side by side, but no Democratic Member on this side is seeking recognition. I am happy to hear from the Senator from Colorado.

Mr. BROWN addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. BROWN. Mr. President, in the mid-1960's, this country declared war on poverty. It was done with the greatest conviction, the greatest sense of purpose that Americans carry forward to all of our enterprises. It was sincerely and honestly believed that through Government action at the Federal level we could not only declare war on poverty but that we could beat poverty, that we could end it in this country.

Ironically, today we spend in Federal programs almost enough that if it were divided among all the poor in this Nation there literally would be no one in poverty. We are not quite to that point, but it is very close.

But obviously, all that money does not go to eliminate poverty. As a matter of fact, to our great chagrin, poverty has increased, not gone down. The number of people in poverty in this country has increased dramatically, even as we have added programs. It does not mean that our effort, our humanitarian effort, was not well intended, but it does mean that the program did not meet the objectives we set forth.

Part of the money we spend, obviously, goes to administer it. Is it too much? Perhaps. But I think the problems go further. In thinking about ending poverty, we forgot about the most important factor of all, and that is ministering to the human spirit and providing opportunity and incentive for people to change their lives. What we have done, tragically enough, is create a system that at times made things worse, not better.

For some people, we have locked them into poverty, we have literally made them financially unable to get out of poverty. We provided incentives to stay in poverty and penalties for getting out of poverty. That is what this welfare reform is all about: Finding a better way to help people realize their abilities and their opportunities and the potential for their own lives. We must understand that incentives, rewards and initiative have to be recognized in any program that helps people.

Mr. President, I look forward to participating in this historic debate. I am confident that together both parties will fashion a bill that will make a dramatic difference not only in our welfare system but in improving the lives of the poor of this Nation.

Mr. President, I ask unanimous consent to proceed for 5 minutes as in morning business.

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

ACCOUNTING STANDARDIZATION ACT OF 1995

Mr. BROWN. Mr. President, it may shock many Senators to realize that the largest single enterprise in the history of the world does not have a uniform accounting system. Perhaps that is not on the top of your list to worry about today, but let me tell you why it is important.

The U.S. Government has a $2 trillion cash flow. It has 900 million checks issued each year. It has a payroll and benefits system for 5 million employees. It has over 1,962 separate budget accounts. It has though, incredibly,

Mr. President, 253 separate financial management systems. We do not have standardized accounts, we do not have a standardized management financial system, and what we have wreaked is chaos in terms of accounting for the taxpayers' money.

We do have the GAO authorized under the law to set up accounting standards, but in the past both the Treasury and the Office of Management and Budget have openly disagreed with GAO. The consequences are, even though the GAO has come up with financial accounting standards, they have been ignored. Agencies regularly ignore those standards and, as a result, the Federal Government is literally operating without generally accepted accounting standards, and the results show it.

According to GAO's report in 1995, the Department of Defense financial management systems, practices and procedures continue to be hampered by significant weaknesses. Here is what Secretary Perry said:

> Our financial management system is a mess. It is costing us money we desperately need.

Over $400 million in adjustments were made to correct errors in the defense reporting data for fiscal years 1991 to 1993 and the resulting statements still were not reliable. Vendors were literally paid $29 billion that could not be matched with supporting documents to determine if the payments were properly made. We cannot even find out if they properly made the reports. An estimated $3 million in fraud payments made to a former Navy supply officer for over 100 false invoice claims, and approximately $8 million in Army payroll payments were made to unauthorized persons, including 6 soldiers who never existed and 76 deserters.

The park system—National Park Service financial system is in chaos. The Park Service has listed that a $150 vacuum cleaner as worth more than $800,000 on its books, a $350 dishwasher as worth $700,000, but a fire truck valued at $133,000 was carried on the books for only a penny.

The IRS keeps its records in a way that would not be acceptable for any of the people it audits. Literally, the GAO reports that although it collects 98 percent of the Government revenues, it has not kept its books and records with the same degree of accuracy it expects of its taxpayers. For the last 2 years, GAO has been unable to express an opinion on the IRS financial statements due to ''serious accounting and internal audit problems.'' Unreliable data is estimated on $71 billion of valid accounts receivable, over $90 billion of transactions that have not been posted to taxpayer accounts and the inventory of tax debt has increased from $87 to $156 billion.

Mr. President, I could go on. There are hundreds of examples of outrageous failures in the system. What is the solution? The bill I have introduced today would establish generally accepted accounting practices for the Federal Government. It codifies generally accepted accounting standards for the Federal Government as set up by the Federal Accounting Standards Advisory Board, and approved by the GAO, Treasury, and OMB. It will also codify the standard general ledger.

Mr. President, what this will do is give us one standardized accounting system where the statements will be meaningful, accurate, and we cannot only save taxpayers money, but it will give Congress a better understanding of what the money is going for. Let me give one example. When we sought to identify the over $100 billion in overhead expenses this Government spends, we were literally unable to get an accurate accounting on what we spend on overhead, partly because there is not a standard set of accounts. This tool will not only save the taxpayers money, but it will make Congress far more able to maximize the dollars that the taxpayers send us.

I yield the floor.

Mr. BURNS. Mr. President, I know you have been alternating between both sides of the aisle on our opening statements as far as welfare is concerned. I notice my friend from Hawaii is on the floor. I would gladly yield to him, or I can go ahead and make my statement. He has indicated for me to proceed. I appreciate my friend from Hawaii.

I want to associate myself with the words of my good friend from Colorado in introducing the bill to standardize the accounting system in this Government. When you are on the Appropriations Committee you really understand that we cannot get any kind of accounting to make some decisions. So I appreciate that.

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. BURNS. Mr. President, it is with great importance that we not underestimate the debate that is about to come on welfare reform. I do not think there is one person who thinks the present system is working at its best. Maybe it is the best we could expect from it. But I can list in Montana friend after friend who will tell you how it can be improved, because if there is one subject that everybody has an opinion on, it is welfare.

Right now, we have a system that only makes it easy to get on welfare. But it makes it awfully tough to get off of it. There is something backward about that. Welfare is supposed to be a temporary assistance, not a way of life, and for too many it has become just that.

I would like to talk about a young woman in Helena, MT, who is a success story, not because of welfare assistance, but in spite of the existing welfare system. At the age of 26, she found herself in the position of being a single mother of four children under the age of 6. She did not even know about welfare programs prior to that, but she soon found out that in order for her to survive and to take care of her four youngsters, she had no choice. Though, she wanted to keep on working, the price of child care was more than she could afford. She was getting AFDC but would not qualify for the transitional child care unless her AFDC case was closed. She tried to get off the system a number of times, but each time was unsuccessful. She got involved in a process, though, when she was appointed to the Governor's child care development block grant task force, and she soon found that she had to choose between continuing employment or returning to the welfare rolls. Happily, she chose work and went through 8 months of increasing her debt before child care funds could come through. Now, her bottom line is that of so many people who want to get out of the system, but they just get tired of fighting the system. Welfare did nothing to aid her independence. In fact, it was just the opposite. All she needed was a little help with child care and she could have remained a self-supporting member of our society. We have had a lot of visits in the meantime, and she is doing very well now. But she says, ''If you help us a little bit with housing and with child care, the majority of us can make it.''

This may have been avoided had it not taken 5½ years for her to receive her first child support statement. This, too, she tried to fight on her own. The father had moved to California, and the California investigator informed her that she was just one of 21,000 cases in that State being handled and, basically, she had to wait her turn.

Well, she is off of welfare now. She has remarried. Her current husband does provide support. She recently said, ''It seems that if you choose to try and regain your self-worth, your self-esteem, dignity, and self-respect, and you go out and become a taxpaying citizen, you then also choose to take food out of your children's mouths, provide less clothing, create more stresses in the home which sometimes leads to abuse and possibly loss of medical benefits.'' That should never be a choice any American has to make.

So, Mr. President, our welfare system clearly needs reforming, but it needs it in the right way. Right now, each dollar we spend on welfare—let us say that of each dollar that we appropriate for welfare, 30 cents goes to direct assistance, while 70 cents—or 70 percent—goes to pay for the services or the bureaucracy to deliver those funds. Seventy percent of that dollar supports the system and not the recipient. That sounds a little odd to me. It seems that the very first thing we need to do is reverse that, cut the bureaucracy, cut the miles of redtape, and get the dollars to those who need it.

Also, according to the Cato Institute, in 1990, it would have cost us $75 billion

to bring every family in America with an income below the poverty level above that threshold. Yet, in 1990, the Government antipoverty spending was $184 billion, nearly 2½ times the amount needed to end poverty in America.

So why do we not just send them a check? It does not take a bureaucracy as big as an army to do that. So I do not think it is a matter of whether we make changes, it is a matter of when we make those changes. If we want to do something for the American society as we know it, we must act now, put people back in the work force —and I mean real work, not job training after job training after job training, but job training followed by a job.

We have to end welfare as a way of life. People should not automatically qualify for welfare and assistance. They should be on it for just a limited time. We have to get away from this language called entitlement language. My State of Montana has gone ahead with their welfare reform. They require their folks to work when they are ready. That may be right away, and that may be after completing job training. And if for some reason after that training you are still not ready to work, you must do community service. Now, it is too early to tell whether it is successful or not, but I am willing to bet they will be getting some folks off of welfare quicker than when no work is required.

Any bill we consider must include pay for performance. If someone shows up for work only half the time, then they only get half the benefits. That makes sense to me and it makes sense to a lot of other folks here in this country.

It is pure and simple a reality. Anyone in the work force knows how that works. You show up for work you get paid; if you do not, you do not get paid. Why should it work any different for someone trying to get off welfare? I believe it is a matter of personal responsibility.

We need to address our illegitimate rate. This is something that has been on the rise at almost dangerous levels and one thing that probably contributes most to the decline in our society's strengths. More and more children are growing up without a father.

Crime statistics show more crimes are committed by kids who were raised without a father. It may be tough to legislate, but if we can encourage families to stay together, toughen child support laws, get the States to work toward reducing illegitimacy and thereby reduce the number of households headed by a single teenage mom, we can make a start toward rebuilding what I believe is the greatest society this world has ever known.

I think one of the most important things to do to help control welfare is to give it over to the States. Montanans know what is best for Montanans. I have said that before on a number of issues, but it applies here as well.

Block granting various programs to the State will allow them to use the dollars to best serve their residents, but more importantly, by getting the Federal Government out of the administration, it reduces redtape and regulations and the hoops they have to jump through. They can concentrate strictly on helping those who need assistance and get the dollars out to them.

I have a feeling that the 70 cents out of every $1 that goes to services—not to the recipient but goes to pay the bureaucrats who live and thrive within the system—if we give the money directly to the States, we are bypassing that morass and focusing on our target: Assisting folks who have fallen below the poverty level and helping them to get back on their feet.

I have talked to my people in the State. In fact, we are in contact with our people in Montana as this debate goes on. We will be in contact with them daily. They welcome the opportunity to decide whether, where, and how to spend those dollars. They want the flexibility, and we honestly believe they can control it better than we can. I happen to believe that.

I am a product of local government. We understand what it is to run a welfare office. In Montana, when we had declining incomes, declining property values, and therefore, declining tax base, Yellowstone County, which I was a commissioner of, was the only county that did not become what we call ''State assumed.'' We could control it; we administered it from the county level. We are very proud of that, very proud of that.

I look forward to this debate. I do not know of anybody that understands this situation more than the two managers of this piece of legislation, who have spent more time studying it, both from the standpoint of a system that delivers the welfare system and also the dollars it takes to provide welfare.

It cannot be business as usual, as both of them have a history of forecasting many years ago on exactly what would happen if we did not take actions then. No action was taken then, so we find ourselves in a predicament now.

I was interested in what the Senator from Iowa said about the system in Iowa, my friend, Senator HARKIN. They can do that in Iowa, but they had to stand in line for 2 or 3 years before they obtained a waiver to put a system in that would work for Iowa.

The real key word here is ''flexibility'' and is not standing in line for 2 or 3 years. The Senator from Oregon understands what they had to go through in order to get their plan approved. It was disapproved and disapproved, and it did not make any difference what administration it was.

States should not have to do that. I have a hunch as the debate goes on we will hear from the Federal bureaucracy. In fact, they make a powerful lobby because they understand who controls the multitude of programs to keep the control right here in Washington, DC.

As those State plans come up, maybe I would not like the Oregon plans, maybe I would not like the Iowa plan. Maybe the Iowa plan would not work for my home State of Montana. But it does for them. That is important. That is important to the folks that live there—block grants and flexibility. Those plans are a success. They have been devised by people who are in on the ground, and they are devised by people who care about those who have suffered maybe some injustice of the system but have not had a very good break. They need a hand up and not a hand down.

It makes a lot of difference when you are operating here than when you are on the ground in the trenches trying to do something for your fellow man. It makes all the difference in the world.

I cannot help but think if these States and State offices, those people who labor in that vineyard are some of the most dedicated people in this society. I do not want to demean them at all because they are wonderful, wonderful deliverers of help.

I think the key here is to cut the bureaucracy here, to cut the cost of delivering the system, and get more dollars to the people who really, really need it. How we get there will probably be the focus of the debate. Keep our eye on the ball and work together. As this debate goes on, I think that we are men and women enough to fashion a plan to get us to where we want to be.

I thank the managers of the bill. I thank the President. I yield the floor.

Mr. MOYNIHAN. Mr. President, the Senator from Hawaii would like to speak on this matter, and we would like to hear from him.

The PRESIDING OFFICER (Mr. CAMPBELL). The Senator from Hawaii.

Mr. AKAKA. Mr. President, I thank my friend from New York for the time.

Mr. President, this week, we begin consideration of legislation to overhaul our welfare system. As we reform welfare, we must take action to encourage work and promote personal responsibility. However, we must also ensure that adequate resources are available to achieve these objectives. Without adequate resources to implement essential components of any welfare reform proposal—such as work requirements, reduction of teen pregnancy, child care, and child support enforcement—welfare reform cannot succeed.

I am seriously concerned about the adverse impact of the legislation currently pending before us. Although I am troubled by a number of provisions, including the lack of sufficient resources for child care, the lack of national standards, and the restrictions on assistance for legal immigrants, I would like to focus my remarks on some very basic flaws of the Republican proposal.

First, it seems that the driving force behind Republican reform efforts is the potential Federal budget savings that may accrue as a result of changes in current law. I believe our primary goal should be to lessen dependency on welfare programs by enabling individuals to become self-sufficient while reducing Federal spending on welfare programs.

However, the legislation before us fails to address the difficult problem of moving individuals into the work force. Although the work requirement has been refined to actually require work, it is an empty requirement. By increasing the number of welfare recipients required to spend time outside the home, but not increasing funds for child care, the Republican plan places significant additional burdens on States that are trying to comply with the bill. The Department of Health and Human Services estimates that States would need to spend $6.9 billion more in fiscal year 2000 than projected under current law in order to meet the work requirements but would receive $3.6 billion less in funding for the temporary family assistance block grant. Over the 7-year period, States would need to spend an additional $23.7 billion on work services and child care but would receive $21.2 billion less in funding from the temporary family assistance block grant. Indeed, the Republican plan has the potential to shift huge costs to local governments as the block grants provide no assurance that local governments will be provided with sufficient program funding.

If my colleagues on the other side of the aisle recall, earlier this year, the Senate passed the unfunded mandates legislation with overwhelming bipartisan support. The new law, signed by the President on March 21, 1995, was designed to make it more difficult for Congress to pass future unfunded mandates. Now, before that law takes effect, some of my colleagues want to enact welfare reform legislation which has the potential of passing huge additional costs on to the States.

Another serious problem with the Republican proposal is that it would eliminate the safety net for millions of children living in poverty. The block grant locks State governments into a fixed funding level for five years based on each State's current share of Federal Aid to Families With Dependent Children. The block grants in the proposal contain virtually no adjustments for inflation, recession, or increases in child poverty within States. Under the Republican approach, which rips away the entitlement status of welfare, needy children may or may not get help, depending on local economic conditions and the discretion of local officials.

Based on these and other concerns, Senate Democrats, under the leadership of Senator DASCHLE, have crafted an alternative package that contains real reforms. I support the Work First plan because it requires work and personal responsibility, it provides resources and incentives for moving recipients into the work force, it is estimated to save $20 billion in the next 7 years, and of paramount importance, it protects children at every stage.

In contrast to the Republican proposal, the Work First plan maintains the entitlement status of welfare assistance programs as all individuals who meet the eligibility requirements and who abide by the rules will receive assistance. Instead of shifting costs to States and localities, the Work First plan provides resources and tools to the States to help move individuals into the work force. This is, in large part, a primary reason why the U.S. Conference of Mayors endorsed the Work First plan.

As we consider welfare reform legislation, a carefully constructed approach must be taken—one that balances flexibility for States with the need for a national framework, accountability for outcomes, and effective protection for our Nation's children and families. As President Clinton stated in his speech to the National Governors Association on July 31, ''There is common ground on welfare. We want something that's good for children, that's good for the welfare recipients, that's good for the taxpayers, and that's good for America.'' I could not agree with his comments more, and I look forward to working with my colleagues to enact welfare reform legislation that benefits all Americans.

I urge my colleagues to consider the Work First plan of the Democrats.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, could I take just a moment of the Senate's time to express the honor I feel, as so many of us feel, to share this Chamber with the Senator from Hawaii. He is a person of such transparent goodness, thoughtfulness, and measured concern. His statement is a model of what I hope to hear more of, and what I would like to see this Chamber respond to.

I thank him and I want to tell him what an honor it is to be associated with him in this debate.

Mr. AKAKA. I thank the Senator very much and yield back my time.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. PACKWOOD. Mr. President, yesterday, when I made an opening comment on welfare, I talked about the philosophy of the different approaches between the two parties. It is well illustrated in the minority leader's bill that Senator DASCHLE will present, and the bill that Senator DOLE and I have presented, in terms of giving authority, power, decisionmaking—call it what you want—back to the States.

The argument is used: This is Federal money, and if it is Federal money, we ought to tell the States how to spend it, how to use it. I made the argument that while legally this may be Federal money, and in a court suit I suppose we could defend our legal right to it, in reality it is the taxpayers' money. We hold it in trust for some limited period of time and spend it as a trustee should, in the best way possible for the beneficiaries, that is the taxpayers.

We should not get caught up in the argument as to whether this money is ours, that is the Federal Government, or the States, or the local governments, and that whoever thinks they own the money should put the strings on how it is spent. There is nothing wrong, even if we make the argument this is our money, with us giving it to the States and letting them spend it as they think best.

With that background, let me explain what has happened over the years and why the States so desperately want us to block this money together and give it to them and let them attempt to solve the problems. I say ''attempt.'' The Washington Post had an editorial this morning somewhat critical of me because I said I cannot guarantee that—if we give these programs to the States I cannot guarantee the States can make them work. I can guarantee, however, the States cannot do any worse than what the Federal Government is doing now.

We have been trying to make welfare work for 60 years. The welfare system started in 1935. If anyone wants to make the defense that after 60 years of the Federal Government running the welfare system it is working, I have yet to hear it on this floor. It is not working, and we are not going to make it work by tinkering with it a bit around the edges, by creating one more Rube Goldberg attachment to an already overburdened Rube Goldberg device.

What happened? Here is the 1935 section of the Social Security Act that created the present welfare system. It is 2¼ pages long. That is it. That is where we started. And there were no regulations.

There was a little pamphlet which kind of told the States how this worked. But there was no regulations. Sixty years later, where are we? From 2¼ pages, we have come to this. This is only part of it. These are the regulations that a caseworker in Oregon has to be familiar with and go through in order to determine a person's eligibility for welfare. And they had better jolly well know it and do it well or Oregon can be sued by the Federal Government for not complying with the Federal regulations.

I emphasize this is only to determine eligibility. Once you are eligible, not how much money you get, or not once you are eligible, how long before we try to put you to work, or something else; just that you are eligible.

Here is the path of the reason. Here is the eligibility process. In comes Jimmy Jones or Susie Smith. ''I would like to apply for welfare.'' The caseworker says, ''Hello, Jimmy and Susie. Can you give me proof of identity, age,

and citizenship? I want your driver's license, Social Security card, birth verification for each person, alien registration and your arrival and departure record, or any other identification from any other agency or organization.''

That is the first thing they ask you. Assuming Jimmy or Susie actually understands what an alien registration and arrival or departure record is, whether they have a Social Security card for each person, let us say we get to the first person.

We now move over to the proof of relationship and child in the house. We want a signed and dated statement from a friend or relative naming each child and the child's residence, birth certificate or other documents stating the parent's name.

That is simple enough.

Then we will move over here—proof of residence and shelter costs. How much are your electric bills, paid or unpaid; gas or fuel bills, paid or unpaid; rent or lease agreement; rent receipt and landlord statement; mortgage payment and book; deed to the property and proof of housing subsidies?

Assuming poor Jimmy or Susie actually has access to it, knows what it is, has gathered it all together along with their driver's license, Social Security card, alien registration form, names of all children or proof from some relative who knows who they are, who is living in the house. We now have gone through to here: Proof of family situation; death certificate for deceased parent; divorce papers or separation papers showing the date, if separated, a statement from friend, neighbor, or relative that you are separated; marriage certificate; if in prison, the date of imprisonment and the length of sentence; if pregnant, medical statement with expected delivery date, name of doctor, name of hospital and doctor's statement. Poor Susie and Jimmy is gathering up more information.

Now we come to here: Does anyone here have any income? It is a very important question. Do you have any income? If no, we go this way. Let us go to ''no.'' All right, we want to check your bank statement, current checking account statements, real estate documents, payment books or receipts from all mortgages, land sales, list of all stocks and bonds with current market value. My hunch is they do not have a lot. By chance, they may have some.

We want title for all motor vehicles, agreements or documents showing conditions, trust fund, insurance policies. This is all to prove, in essence, that you have nothing.

I am not quite sure how you prove a negative. ''No, I do not have any stocks or bonds nor a bank statement, book.''

''I do not have, I do not have.''

How do we know you are telling the truth. ''I do not have it.''

Now, if it is ''no,'' we finally get an annual eligibility decision over here. But if the poor devil has some income, now you are in serious trouble.

''Does anyone here have any income?'' If yes, proof of income.

Now we go to uncashed workmen's compensation, other benefits check, Social Security or VA benefit, a court order stating alimony—go through all of that.

The one that I like, you do not count for purposes of income—but you do count. You do not count for purposes of income. Adoption assistance for a child's special needs, do not count that. But you do count as income adoption assistance if not for special needs. This is assuming that Susie or Jimmy knows what special needs are.

Here is my favorite. ''Do not count benefits from the agent orange settlement fund, Aetna Life.'' We do not count as income benefits from the agent orange settlement fund, Aetna Life. We do count as income, however, payments under the Agent Orange Act of 1991. That is income.

I could go down this list. Here is another one of my favorites. We do count as lump sum the amounts over $2,000 of payments to Seminole Tribe members. We count that. We do not count, however, payments to Indians under Public Law 91–114.

If you have finally gone through all of this, you may finally at the end of it became eligible for welfare—just eligible. This is just Susie or Jimmy. What has the State had to go through? Why does it cost them so much money? Why do we have this stack of regulations? Because these are the things you have to know to understand this. That is just the first step because this is not just welfare, AFDC, as we call it; there is also food stamps.

Food stamps have a different standard of eligibility from welfare, and there are 57 major areas of difference between Federal policies as they affect the Food Stamp Program and the welfare program, and yet these programs serve in many cases the same person. Usually, if you are eligible for welfare you are probably eligible for food stamps, but this does not qualify you for both. That just qualifies you for AFDC, if you can get through.

Then you go to food stamps. What has Oregon had to do? The information I am giving you comes from Jim Neely, who is the assistant administrator for Oregon's adult and family services division. This is our principal welfare division.

Oregon has 600 administrative rules, of which this stack is a part: Two volumes of computer guides, 1,452 pages; one volume of form guides, 270 pages; eligibility manual, 871 pages; workers guide, 910 pages—all of which you, as a caseworker, are expected to know. These regulations are used to determine welfare eligibility and to make welfare payments. Less than 15 percent of this information deals with helping people become self-sufficient through employment.

As a matter of fact, most of this information is not really designed to help the person at all other than to get them a welfare payment. This information is gathered to make sure that the State of Oregon does not get sued by the Department of Health and Human Services or the Department of Agriculture because they have food stamps and claim that we have not had sufficient quality control to monitor the program.

So I emphasize again, we are doing these things to comply with the Federal law.

Mr. Neely in the letter that he sent said this Oregon Department of Adult and Family Services files 550 reports a year with the Federal Government; 550—roughly 1½ every day, Saturdays and Sundays included; that is our welfare division—spends 20 percent of their resources complying with Federal regulations, 20 percent beyond any level necessary to run what we would call a seamless welfare program.

The Federal regulations have also interfered with Oregon's efforts to move welfare recipients into the work force. Oregon must now spend an enormous amount of time and resources documenting how welfare caseworkers spend this time.

Can you believe this, Mr. President? A welfare caseworker must document what they are doing during every 6-minute segment of the day. I know lawyers do that. I can recall the time charts in a lawyer's office where you put, ''10 o'clock, I talked with client Jones.'' You put that down. I do not know if lawyers bill in less than 15-minute quarters. No matter how much they talk, they keep all the time, and that is the way they bill. The caseworker accounts for every 6 minutes so that this time is properly allocated to different moneys the State is eligible to receive.

The welfare worker is doing the welfare workload. It may be welfare, or it may be food stamps. It might be job training. But all of these are separate amounts of money that come from the Federal Government with their own regulations.

So for the State to be able to say caseworker Jones spent 2 hours and 14 minutes on Wednesday on food stamps, you have to be able to document it.

In addition, the coding system that the caseworkers use to code each 6 minutes, they have 110 different time reporting codes. You just do not put down, ''10 o'clock to 10:06, Susie Smith.'' You put down the code for what it was you were doing. You have to figure from the 110 codes the correct one so that you are in compliance.

Mr. Neely estimates that less than 10 percent of agency time is spent on what we call JOBS activities, capital J-O-B-S.

Less than 10 percent is spent on JOBS Program activities and 90 percent is spent on attempting to prove what they have done—programmed administration. Now, you know what the argument is? We need a waiver process and we do not need to really block grant and give these programs to the

State and say, here, use this money for the poor as best you see fit. You have to make them work. But you use it as best you see fit.

The argument is, well, we can have a waiver process. And the Federal Government, if you apply to them, will give you a waiver from all of these regulations I have been talking about.

Mr. President, I have been through this. I went through it with the State of Oregon when we tried to get a waiver that would let us take food stamp money and in certain circumstances ''cash it out,'' as we call it. Instead of giving food stamps to a person, we say we will help you get a job.

We coordinated it with our JOBS Program. We had to get waivers for both of them. And we would say to an employer, we will give you *x* amount of money if you will hire Susie Smith. And we will give the employer the subsidy from the food stamp money because we would rather have Susie have a job that paid more than AFDC and food stamps combined.

In order for Oregon to make these reforms, we had to apply to both the Department of Health And Human Services for a waiver, and to the Department of Agriculture for a waiver. In some cases, State must apply to the Department of Health and Human Services, the Department of Agriculture, the Department of Housing and Urban Affairs, and to the Department of Labor. All four of these departments are responsible for programs in one way or another that affect low-income families, the current welfare system, welfare as we know it. But there is no coordination between the departments in granting waivers, and the requirements of each department are different.

So I am going to just read what happened in order for Oregon to get a waiver and why, having had this experience, I feel so strongly we ought to block these programs together and give them to New York, give them to Oregon and say, here, you make it work. Let us get rid of this stack of rules and regulations.

In November 1990, ballot measure 7 was passed by the voters of Oregon. It was an innovative workfare demonstration, but it did not qualify for Federal waivers. Federal officials said that substantial changes would have to be made in the program the way the voters had passed it and we would have to apply for the waivers. That is November 1990.

We got no waiver for years. Jump forward now 2½ years to July 1993. The JOBS Plus—this is the J-O-B-S Plus Program as Oregon called it—was created by the Oregon Legislature in response to this 1990 ballot measure. We could not even get going on it because we could not get any help from the Federal Government. The Governor and the Department of Human Resources worked with the ballot measure's supporters to create a workable alternative. But in order for Oregon to try this JOBS Plus Program, it was still necessary to get waivers from some of these Federal departments.

On September 28, 1993, Mr. Neely, to whom I have previously referred, the assistant administrator for adult and family services, writes to Louis Weissman, the Deputy Assistant Administrator of the Administration for Children and Families, requesting suggestions on the draft waiver request. That is September 28.

September 30. Mr. Neely writes to Steve Pichel, Western Region State Program Officer for food stamps, requesting suggestions on the draft waiver request. This is because we have to apply to one Department, Health and Human Services, for the AFDC waiver. We have to apply to another Department, Agriculture, for the food stamp waiver.

Two weeks later, on October 18, formal request for waivers for the JOBS Plus Demonstration Program was sent to Mary Jo Bane, the Assistant Secretary for the Administration for Children and Families of Health and Human Services.

A day later, October 19, a request for food stamp waivers to implement the JOBS Plus Program was sent to Dennis Stewart, the Regional Director for the Food Stamp Program, U.S. Department of Agriculture.

Ten days later, Governor Roberts, our then Governor, sent a letter to each member of the Oregon delegation asking for our help in getting these waivers.

Three weeks after that, Kevin Concannon, the director of the department of health and human services; Stephen Minnich, the administrator of adult and family services; and Jim Neely, the assistant administrator, came here to meet with Health and Human Services and U.S. Department of Agriculture officials.

In January 1994, Governor Roberts requested Congressmen WYDEN and Kopetski to meet with the new administration and see if we could get the waivers that we wanted.

January 5, 1994. A letter goes to Bruce Reed, the Deputy Assistant to the President for Domestic Policy, from Kevin Concannon, asking his intervention on Oregon's behalf with the Department of Agriculture.

January 14, 1994. A letter is sent from Jim Neely to Bonny O'Neil, Acting Deputy Administrator for Food Stamps, to follow up on the November meeting.

I will not read the rest of what goes on. It goes on for another 10 pages of letters, meetings, requests, refusals to grant the waiver, suggestions as to how we had to change it, pare it, make it different to fit Federal standards. And I will not bother to read the six pages of my personal involvement with this —phone calls, letters, meetings.

That is what it took to get a waiver so that Oregon could try an experimental program combining AFDC and food stamps and work.

Mr. President, it is working. It is working. It would have worked a lot faster and it would have worked a lot better if Oregon could have put this into effect immediately, if Oregon could have gotten rid of that stack of documents immediately.

So when those who oppose the Dole-Packwood bill say we can do this with waivers, here is an example of an attempt to do it with waivers. At the end, after 3½ years—pardon me, 4½ years—did we finally get the waiver, did we finally get the waiver in the form we wanted it and do exactly what we wanted? No. Do we still have to do more reports than we think we should? Yes. Is our program working? It is.

There is not a State in this country that does not know better than we in Washington, DC, know what their problems are. And there is probably not a county in a State that does not know their problems better than the State government. And there is probably not a neighborhood in the county that does not know its problems better than the county government.

The closer we can get this program back to the local level, the better it is going to work and the more money that can be spent on helping people instead of filing forms.

So, Mr. President, I very much hope when we are done with this, we will pass the Dole-Packwood bill.

I thank the Chair.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York [Mr. MOYNIHAN].

Mr. MOYNIHAN. May I respond to my friend and chairman after a very graphic, very powerful statement. I wonder if we have not wandered, perhaps without anticipating it, into a larger subject, which is that of bureaucracy in America and central government in America, federalism in America.

The President in his 1992 campaign, starting with an address at Georgetown University in 1991, proposed to end welfare as we know it. He had in mind, I think he clearly had in mind the proposals set forth by David Ellwood in his book ''Poor Support,'' which was published in 1988, which the chairman knows, on poverty and the American family. And Dr. Ellwood is now the academic dean of the KENNEDY School. He has left Washington, but he had an idea for the type of limited welfare which would involve very much larger expenditures than we now have.

The bill that was proposed finally toward the end of the second year of the administration would have cost $11,762,000,000 over 5 years; $12 billion in additional outlays, which is a sense of what we have. But talking about ending welfare as we know it, it seems to me we have begun the debate about ending the Department of Health and Human Services as we know it.

The pattern here is discouraging, but it is also predictable. When Government gives away money, there is only one way an administrator can get in

trouble, only one way a caseworker can get in trouble. And I wonder if my friend would not agree with me, the only way to get in trouble is giving money to someone who is not entitled to it, giving money by mistake, giving money by modes that could be depicted as inappropriate, improper, felonious, for that matter.

It is in the nature of a Government program to say that we have to be absolutely certain that you are eligible before you would be given money. And that will overwhelm any other enterprise.

The most striking line on the Senator's chart there, Federal Barriers To Moving Welfare Recipients Into Work, State Of Oregon, is that only 10 percent of agency time is spent on JOBS activities.

Now, the Job Opportunities and Basic Skills Program began with the 1988 Family Support Act. It was the first effort to redefine welfare to say this is not a widow's pension with an indefinite stay assumed. This is a program to help young persons who are in need of assistance to get out of a dependent mode into an independent life through job opportunities.

And all the years since we passed that legislation—and I recall—I have said several times, it went out the Senate door 96–1 in 1988, 96–1. We rarely have such a vote. But no one from the Department of Health and Human Services has ever come near this Senator—I do not think there would be any other one—to say, ''You know, we are not getting as much out of this legislation as we hoped for because we are bogged down in administrative procedure.'' I see my friend from Oregon is agreeing. We can get 10 percent of the time in Oregon; and Oregon is not a State overwhelmed with this problem.

Oregon is not the city of Los Angeles with 62 percent of its children on welfare. It is not the city of New York with more than half a million children on welfare. There are about 11 States in the Union that have a total population that is smaller than the welfare population of New York State. This is not being evenly distributed.

But it is clear that here in Washington a responsible bureaucracy has not sensed how irresponsible its procedures have come to be seen in the Nation. How almost conspiratorial they have come to be seen, as if you are trying to prevent us from doing what we would like to do. There is a hidden agenda in all these—''Did you get yellow rain benefits under this program? That is all right; that program, not all right.'' Clearly there is some hidden motive in such seemingly absurd distinctions.

That is the condition of the Federal Government. We look up and we find park rangers—as a child I do not know that there was any more of a benevolent role that a person could have than to be a park ranger with a Smokey Bear hat, welcoming you to Yellowstone Park or the Statue of Liberty, as a matter of fact.

Suddenly they are being threatened, seen as oppressors. They are seen as persons involved in illicit acts intended on depriving citizens of their liberties. Well, bureaucracies that do not get that message will hear what the Department of Health and Human Services is hearing on the Senate floor. I have not heard one statement on either side of the aisle which has not in particular taken up the issue of the bureaucracy here in Washington. It is not large, 327 persons, but, indeed, neither has it been sensitive to the way it is perceived.

As I say, in 19 years in the Senate dealing with this subject, no one has ever come to us from that Department—it was HEW when it began, when I first arrived—saying, ''We do have a problem here. I think we have some ways to deal with it.'' It was the same thing, if I may say, until last year when we enacted legislation which came out of the Finance Committee to take the Social Security Administration out of the Department of Health and Human Services where it kind of ended up after floating around in the 1940's.

A majority of nonretired adults do not think they will receive Social Security. Now, that is a statement of a lack of confidence in Government that is pretty striking. If people think that the Government is lying about that, which is pretty elemental, your retirement benefits, your retirement and disability insurance, what else do they think? But it has not troubled the Department of Health and Human Services that persons did not believe in this most elemental contract. I mean, a person is paying for their Social Security benefits. Seventy percent of the American people, adults, taxpayers, pay more in Social Security payroll taxes, combining the employer and employee, than they do in income tax.

If a majority of the nonretired adults think that the Government is lying, well, that is a problem which the administrators could not see because they felt they were not lying. In time you will find out we were not. We have never been a day late or a dollar short. It did not trouble them. And I have made the point, if you do not think you are going to get Social Security, you will not miss it when they take it away. Despite efforts to get earnings statements and a decent card to replace that pasteboard from the 1930's, we had no success.

We have earning statements now. We had to legislate them, Mr. President. They could have done it entirely on their own. But we had to tell people, ''Yes, we know your name. We know what you made last year. We recorded it as such. Keep on going about the way you are going and this is what you will expect when you are 65.'' I mean, a simple statement that banks put out once a month, insurance companies put out once a year, that kind of thing.

I have heard things on the floor that disturb me. And there is a lack of response. If there is anybody in the Department of Health and Human Services listening, may I say, ''You may be listening to the case being made for abolishing your Department.'' It has been dismantled piece by piece. Education was taken out. Social Security was taken out. Pretty soon there will not be—the Surgeon General's office is not being funded. In time there may be nothing left except the Hubert H. Humphrey Building. I wish he were alive, but I would not wish him to be alive to see what is going on today.

I see my very good friend, Senator ABRAHAM, is on the floor. And in the manner we have of alternating statements, I will be happy to yield the floor for the remarks by my friend.

The PRESIDING OFFICER (Mr. ASHCROFT). The Senator from Michigan [Mr. ABRAHAM], is recognized.

Mr. ABRAHAM. Mr. President, it has been almost 30 years since Lyndon Johnson began the much publicized War on Poverty—30 years and $5.4 trillion later. It seems to me that poverty is winning that war. Today's poverty rate of 15.1 percent is actually higher than the 14.7 percent it was in 1966 when the war on poverty began.

What is more, as a result of impersonal, family-destroying welfare policies, we now have what the First Lady herself terms ''cities filled with hopeless girls with babies and angry boys with guns.''

Former Reagan Education Secretary Bill Bennett's index of leading cultural indicators shows that while population increased only 41 percent between 1960 and 1990, the violent crime rate increased more than 500 percent; the teen suicide rate more than tripled; and the divorce rate more than doubled. Also since 1960, illegitimate births increased more than 400 percent. By the end of this decade, 40 percent of all births in America will occur without benefit of marriage.

We now know that the children who never know their fathers fare far worse in crucial aspects of life than do children who grow up with both parents. For example, children of single parents are twice as likely to drop out of high school, 2½ times as likely to become teen mothers, and 1.4 times as likely to be idle, out of school and out of work, as children who grew up with both parents.

Why do we have such high rates of out-of-wedlock births with all the bad consequences it brings? In significant part, I think it is because we have a welfare system that discourages the formation of intact two-parent families, all this while costing America's taxpayers $380 billion per year.

Mr. President, the welfare system is broken. I do not think there is anyone in America who believes the present system is working—not the recipients of welfare, not the bureaucrats who administer welfare programs, and certainly not the taxpayers who pay for them.

I say we have to stop spending $380 billion a year on welfare only to

produce more welfare dependency, more poverty, more broken families, more babies born out of wedlock into lives of desperation without hope or solace.

Mr. President, this is not a debate about just another Government program. It is a debate about our children. It is a debate about whether we are willing to do what is necessary to save literally millions of American kids with futures without parents and too often without hope.

Some of our colleagues and others who are interested in this subject have come forth in recent days claiming that any approach that empowers the States to make their own welfare choices will somehow be less helpful to America's children. I ask my colleagues, and others who espouse this view, a simple question: What has been the legacy of the current welfare system to children? Let me repeat some of the points I mentioned earlier.

First, both overall poverty and child poverty is higher than when the war on poverty began. Second, the teen suicide rate more than tripled between 1960 and 1990. Third, the rate of out-of-wedlock births has increased more than 400 percent since 1960. Again, children of single parents are far more likely to drop out of high school, become teen mothers, be out of work and out of school as children who grow up with both parents. And so, Mr. President, it is my view that if this is what constitutes a caring approach that helps our children, count me out. I will take my chances with a new approach that vests power and authority with the States.

Our current welfare system is not working, and that is why reform is so important. The question is, what form should the new system take? I believe that any truly successful reform attempt must be guided by three core principles: Reform must consolidate and reduce welfare programs and bureaucracy; it must promote certain national objectives, such as strengthening families, self-sufficiency, and personal responsibility; and it must allow maximum State flexibility.

First, welfare reform must consolidate and reduce Federal welfare programs and bureaucracy. There are at least 79 duplicative and overlapping welfare programs designed to aid the poor, ranging from AFDC to food stamps to public housing. If reform is to be successful, I think the system of assistance we provide must be comprehensive and integrated so that all of the component parts fit together coherently.

Further, welfare reform must cut the welfare bureaucracy, not expand it. According to the Heritage Foundation, ''Welfare bureaucracies are prolific in inventing new programs which allegedly promote self-sufficiency but accomplish nothing or actually draw more people into welfare dependence.''

Second, welfare reform must establish and achieve several Federal goals: Specifically, strengthening families, requiring personal responsibility, and promoting self-sufficiency. I do not believe that the Federal Government should, or effectively can, design welfare programs for all 50 States and accomplish these goals. But I think it should set the goals in place and then give States the opportunity to fulfill them.

We have tried a centralized, Washington-based welfare system for 30 years, and it has been a failure.

So I say let us leave the details to those closest in proximity to the people and their problems. But the Federal Government must have its voice heard as we work to support the fundamental principle that people must put forth some effort, that we must try to create intact families and encourage their formation in exchange for the assistance they receive.

So, third, welfare reform must also allow for maximum State flexibility and experimentation. States must be given the authority to design the day-to-day regimen of their programs and to respond to the unique needs and circumstances that cannot be anticipated or appreciated by the Federal Government.

The current system at least provides States the opportunities to seek waivers from certain Federal requirements. But this waiver system has proven to be clumsy and time consuming. It is laborious and often stalls or even kills innovative ideas.

For example, my State of Michigan still is seeking a waiver so that it can implement its idea to cash out food stamps for clients who are working. Michigan thinks this would be an excellent way to reward aid recipients who are making progress toward self-sufficiency. The program would eliminate the stigma of using food stamps for those who work to at least partially support themselves; in other words, so that people do not have to go to the grocery store with food stamps and continue to feel that they are not productive in their own right. Unfortunately, the State has been waiting for approval from the U.S. Department of Agriculture for this waiver since March 1994.

In short, Mr. President, the waiver system is inefficient because it puts the least innovative bureaucrats in bureaucracies—indeed, those bureaucracies at the Federal level who have the least incentive to make dramatic changes to the system, because many of them might lose their jobs—in charge of approving or disapproving new program ideas submitted by the most innovative Government agencies, those at the State and local level.

Unfortunately, far too much of the State's time and resources are spent either complying with onerous Federal requirements or seeking waivers.

In my State of Michigan, it has been estimated that front-line welfare workers, those who deliver the services to Michigan's neediest families, spend two-thirds of their time interpreting the dizzying array of complex and arcane Federal rules and filling out paperwork, either to support those regulations or to seek waivers from them.

We have had reports on this in several hearings in which I participated as a member of the Budget Committee. I was listening to this testimony from people who actually were on the front line of the welfare battle that persuaded me that it was time to really change direction and give the States the kind of authority that we are considering this week, because when I realized that two-thirds of the front-line welfare worker's time was being spent not helping people but filling out forms, I realized that redtape from Washington was a major source of the problem with our welfare system today.

So, Mr. President, using these three guiding principles for welfare reform, I believe the best approach would be to combine as many welfare programs as possible into a single block grant and give the States authority to battle local problems, to develop innovative welfare reforms, and to tailor reforms to local circumstances with as few Washington rules, regulations, mandates, and strings attached as possible.

We all want to reduce the number of out of wedlock births and increase incentives to work. But Federal mandates and strings that do not allow States to take into account their own varying local circumstances can only have adverse consequences. Each State has different poverty populations which may require different reforms to achieve the best results.

Mr. President, many of our colleagues have raised concerns about the block grant approach. Specifically, some oppose the no strings block grant approach because they believe that State and local government leaders will not fulfill their requirements and their obligations to take care of the needy.

Instead of doing their best to help poor people, on this view, State officials will, if freed from Washington control, commence a race to the bottom. States will compete with one another to cut welfare benefits so as to convince recipients to settle elsewhere. The result, it is said, will be mothers and children left with little or no assistance from the State. According to this view, only bureaucrats in Washington have the brains and heart to make decent welfare policy that will help all who deserve it.

Mr. President, I cannot speak for any other colleagues here, but for myself, I know of no one that would let this happen. This is not the 1850's, or even the 1950's. We are entering the 21st century. State and public officials do care about their citizens. In fact, I think they probably care about them more than the people do here in Washington.

I would challenge those who adhere to this race-to-the-bottom notion to tell us what State—name the State—

that would allow its families and children to fall through the social safety net.

Again, I cannot speak for every State official, but I can assure you that, in my State of Michigan, we can and will continue to take care of our people. For example, in this era of fiscal austerity and tight budgets, our State held the line and protected education funding from cuts and dramatically increased spending for children at risk. In addition, we have achieved a long-awaited reduction in the infant mortality rate, and other similar kinds of project lines designed to help the most needy and the most at risk among our population.

I think this example of Michigan shows how our States, if allowed the necessary flexibility, can come to grips with the problem of welfare dependency that is plaguing our Nation.

With only limited flexibility under AFDC waivers, Michigan Governor John Engler managed to get 90,000 welfare recipients off the rolls and into paid jobs. Governor Engler did this not by abandoning the poor but by asking them to sign a social contract that committed them to working, engaging in job training, or volunteering in the community at least 20 hours per week.

Our Governor and legislature also let welfare mothers—and this is innovation—keep the first $200 per month of their earnings without counting it against their assistance. And he let them keep 20 percent of the money they earned after the $200 cutoff point. The effect was predictable. It was one in which people had a much greater incentive to be productive, get into the work force, and get out of the cycle of dependency. The success is, I think, rather staggering.

Since the policy began in October 1992, average earnings by AFDC recipients have gone up 16 percent to $460 a month as of April. The percentage of cases with earned income has skyrocketed, in Michigan terms, to 27.6 percent—triple the national average.

As explained recently in the Detroit Free Press, the ability to keep part of their earnings prodded recipients to accept low-level, first-rung-of-the-economic-ladder type jobs. As they gain more experience, they work longer hours and begin to land higher paying jobs. Thousands of them ended up earning such an amount of money, in fact, that they no longer needed AFDC assistance.

Again, 90,000 people were saved from lives on welfare, and at a savings of over $100 million—after inflation. In my view, that is quite impressive, and it reflects only a part of the progress we can make by giving our States more freedom to order their own social spending priorities.

Mr. President, we could do more, but, unfortunately, too often the Washington bureaucracy is in the way. Recently, at the hearings I referenced earlier, we heard from the people who run the social services department in Michigan. They came with huge notebooks, similar to the ones the Senator from Oregon recently had, in terms of paper load. They had notebook after notebook, almost from literally a table top halfway to the ceiling of the room in which the hearing was held, made up of the forms and the paperwork that the welfare workers in our State are forced to fill out just to seek a waiver—to be given the flexibility to do positive things to try to both reduce caseload and give people the incentive to find jobs and get out of the cycle of dependency.

Governor Engler, at one of our hearings, produced a scroll that stretched from one end of the hearing room to the other, and it indicated on it a list of all the programs and regulations that a State administrator had to confront in order to deal with the many, many programs which they are required to administer under these laws. Think of what we could do if the people administering those programs could cut that paperwork burden in half, or more, and devote their time to helping more people get out of the cycle of dependency and find opportunities and get on the first rung of the economic ladder and make their way independently. I think that would be quite an accomplishment.

Some people come at this from a different perspective—people who generally share my respect for State and local prerogatives but who oppose the no-strings approach, for different reasons. They argue that block granting will produce no significant policy changes. They believe that the State bureaucracies and liberal social workers constitute entrenched bastions of the status quo, and they are equally committed to expanding and maintaining the current welfare system. But, in my judgment, there is no evidence to suggest that a new set of Washington rules, regulations, and mandates will produce better outcomes. I do not think there are any good arguments, either liberal or conservative, for centralizing welfare in Washington.

Mr. President, I think the choice is clear: It is a choice between business-as-usual welfare reform with some window dressing, bells, and whistles, versus real reform that shakes up the current welfare system in ways that benefit both welfare recipients and the taxpayers. It is a choice between a Washington-centered welfare system and a new State system.

Given the magnitude of the current problem, I say the real change will occur only if we rely on the States.

In summary, Mr. President, I believe the amendment before us encompasses many of the objectives for welfare reform I outlined at the outset of my speech. It reduces welfare growth by consolidating programs into block grants and cuts the welfare bureaucracy and the relevant departments by 30 percent; it sets national goals on the issues of work and illegitimacy; and it gives States the freedom to pursue innovative ways to reduce dependency and increase self-sufficiency among welfare recipients.

I know several amendments will be offered, and some I intend to support because I think they will more fully flush out some of the objectives I outlined earlier. I think when those amendments are adopted, the full amendment before us will achieve the objectives which I have been working for in the context of this legislation.

So in closing, I argue that Washington has not cornered the market on compassion. As the experience of Michigan and many other States have shown, innovative State programs are better able to lift the poor out of welfare dependency, give people a chance to get on the first rung of the economic ladder and are, therefore, ultimately more compassionate than a one-size-fits-all program, headquartered in Washington.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I thank my friend from Michigan for his very thoughtful, very moderate remarks. I, however, wish to point out that the innovative programs that have indeed taken place in Michigan in recent years have done so under the Family Support Act of 1988.

Michigan responded exactly as we hoped it would respond, as other States would respond, as other States have responded. It was that bipartisan exercise that said, ''Go and innovate. Do what you think is best. Fit your own needs.''

I congratulate Michigan for what it has done. I hope they are confident that they can now do it on their own. That is where they are going to be.

I said earlier that to a degree we perhaps do not recognize we are dealing with an urban crisis. In the city of Detroit, 72 percent of the children are on welfare. There has never been such an experience in our history. It will not go away easily. It has come about in a very short period of time—30 years, 35 years.

I hope that we know what we are doing if we are going to say the Federal commitment to match State efforts need no longer be made. I think, sir, we will regret that, but we will find out as the debate continues.

Now, we have a dissenting view and an alternative view, at the very least, from the distinguished Senator from Wisconsin, who also has a Governor who has been very active in these affairs under the Family Support Act.

I am happy to yield such time as he may require to the distinguished Senator from Wisconsin.

Mr. FEINGOLD. I thank the Chair, and I especially thank the senior Senator from New York. He has showed unparalleled leadership and wisdom on this particular issue and many other issues.

Clearly, we have come to rue the day that we did not listen to the senior Senator from New York on this issue. I say to the Chair and all my colleagues,

we will come to rue this day as well if we do not listen to the senior Senator from New York on this issue that he has more understanding of than any Member in this body.

Mr. President, I rise today to support real reform of our Nation's welfare system. I rise in support of genuine reform that focuses on temporary and transitional assistance to families, work and work preparation, guaranteed child care, positive family development, vigorous child support enforcement, the prevention of teen pregnancy, and teen and adult parental responsibility.

Simply put, I strongly support the Work First plan which was recently introduced by the distinguished Democratic leader. The Work First plan, Mr. President, actually ends welfare as we know it and presents a clear contrast to the bill before the Senate, which I think is largely business as usual.

Work First fundamentally changes the structure of welfare by creating a new, conditional entitlement for a limited time. The Republican plan merely repackages the Federal AFDC and jobs program into State entitlement block grants with cap funding that does not consider economic variability.

Work First emphasizes and requires actual work in order to receive a benefit. The Republican plan has no real work requirements and provides no incentives for people to get or keep jobs. It merely measures participation in jobs or other bureaucratic programs in order for States to be able to qualify for future funding.

In addition, Mr. President, Work First protects kids with a safety net of services if parents fail to participate and guarantees child care assistance for parents who do work. The Republican plan limits assistance for child care, has no safety net, and leaves families at the mercy of future economic downturns and the State and local responses to them.

Mr. President, Work First requires States to invest in getting welfare recipients to work by maintaining a State match while creating savings from the existing welfare program.

The Republican plan requires no State match and dramatically cuts welfare to finance a Federal tax cut for the rich, while virtually ensuring an increased tax burden on State and local governments when the robust economic conditions change.

Mr. President, the distinctions between the two plans are very clear: Either we want to practice what we preach by providing temporary assistance while moving people into work, or we want to just talk a good game of State flexibility while at the same time reducing the State's ability and capacity or incentive to truly end welfare as we know it.

As the senior Senator from New York pointed out, my own State of Wisconsin, which has been in the spotlight as a leader in welfare reform, actually provides a model of two conclusions about this issue. Wisconsin provides both a good example of the types of initiatives that Work First can inspire, but frankly it also provides a clear warning that good PR is a poor substitute for demonstrable results for families and for the States.

In other words, all that glitters is not gold when we look at the Wisconsin model. There is good and there is bad. We want to make sure that this body knows the difference.

First, we will talk about what has been very good. The New Hope project in Milwaukee, WI, demonstrates that the principles of Work First are a proven and effective alternative to the Republican proposed welfare program. New Hope began in 1992 as a demonstration project with 51 participating families. Now it has been expanded just in the last 3 years to 600 families. Its funds were secured through Federal, State and private sources. The projects targeted families receiving welfare and the working poor who qualified for some public assistance like food stamps and Medicaid.

New Hope requires participants to work. It provides access to private-sector jobs, community service jobs if no job can be found in the private sector. Mr. President, it provides wage subsidies if necessary to bring a family's income above the poverty line. And, Mr. President, very importantly, it provides health and child care subsidies for families with up to 200 percent of poverty.

While the project shares the goals of self-sufficiency with existing efforts, it goes way beyond this in three ways. First, the project guarantees access to a job. Second, it removes categorization of those who are poor and thereby removes some of the disincentive to participate in the current system. Third, it links subsidies to income level rather than creating sudden-death scenarios for participants when arbitrarily established time limits are reached.

Mr. President, let me just say that New Hope speaks for itself in its results. There has been an 86 percent increase in the proportion of the participants who work. There has been a 75 percent decrease in the proportion of participants who are unemployed. The employed no longer require AFDC, and 25 percent of them no longer require Medicaid.

Let me talk about the other example. Turning to the much-touted welfare reform initiatives in the State of Wisconsin championed by Governor Thompson, let me first commend Governor Thompson for his activism in the welfare debate. It is substantial. It is a credit to the skilled people working in the State's bureaucracy that as many innovations have been carefully implemented in the past 8 years, and our State has earned its reputation on this issue.

Mr. President, I think it is important for people to know, since I served in the State Senate through many of the years this began, that the jury is still really out on the actual cause of the results Wisconsin has experienced—in other words, Mr. President, the sharp decrease in the welfare caseload, which has been impressive. We have had a 22.5-percent decrease in welfare from 1986 to 1994. But, Mr. President, the information we have is that this is probably not directly attributable in large part to the Thompson innovations but more likely to be attributed to unrelated aspects.

Similarly, while the Republican bill before the Senate seeks to reform welfare by slashing funding to the States, the one thing that we are pretty clear that Wisconsin does demonstrate is that significant investment is necessary in order to realize even the slightest measure of success in preparing people for and getting them to work.

Wisconsin's well-developed employment and training system, which features 30 one-stop-shopping job centers, is evidence of the investment that is really needed to get these kind of results.

Mr. President, there is also recent empirical evidence that the cause of Wisconsin's success is most likely the function of factors not very easily replicated in other States, simply through the implementation of program policies.

Michael Wiseman of the University of Wisconsin's Institute for Research on Poverty and the Robert M. LaFollette Institute of Public Affairs released a study in June 1955 entitled ''State Strategies for Welfare Reform: The Wisconsin Story.''

Wiseman traces the short history of Wisconsin's welfare reform efforts beginning with the Thompson administration's first waiver initiative in 1987. He analyzes caseload data, unemployment rates, manufacturing employment, and benefit and eligibility levels in the context of each policy initiative requiring a waiver in order to test a variety of reform experiments. We have had many of these experiments. Let me just mention the variety.

These experiments include:

Learnfare, which requires teenage children of AFDC recipients and teen parents to regularly attend school or the family losses benefits;

JOBS 20-hour requirement, which allows the State to require more than 20 hours of JOBS participation for mothers with preschool children;

Allowing lower benefits to be paid in the first 4 months after a job is taken;

Continuation of Medicaid benefits for 1 year;

Suspension of the 100-hour rule, which denies benefits if the principal earner works more than 100 hours in a month;

Bridefare, which allows welfare applicants under age 20, if they live together, to enjoy liberalized benefit and eligibility standards, but reduces benefits if a second child is born;

So-called two-tier benefits allow the State to pay the benefit level of the

sending State for new residents—I would add, this is currently being challenged in the Federal courts as unconstitutional;

Prohibit ownership of a vehicle valued at more than $2,500; allow recipients to save up to $10,000 for education/training;

A program called Work, not Welfare, which provides intensive job preparaton before requiring the recipient to work within 2 years or lose all benefits;

Family Caps, which denies additional benefits for additional children;

Work First, which requires participation in job search/preparation for 30 days before benefits can be received; and

Pay for Performance, which reduces the JOBS benefit for every hour of JOBS participation not completed.

The Wiseman study points out that Wisconsin's welfare caseload declined by 22.5 percent between December 1986 and December 1994. The study states that the decline is primarily associated with restrictions in eligibility and benefits, a strong State economy. Our State unemployment rate still hovers between 4 and 4.5 percent. And finally this is mostly correlated with large expenditures on welfare to work programs.

Wiseman goes on to state that continued reduction of welfare utilization is jeopardized by proposed changes in Federal cost sharing because the Republican plan requires no State match. Wiseman concludes that the special circumstances enjoyed by Wisconsin are unlike to be duplicated elsewhere.

He cautions that other States and the Federal Government should not assume that expanded State discretion alone will produce comparable gains unless accompanied by major outlays for employment and training programs, reductions in benefits, and tightening of eligibility requirements. He further cautions that the first policy is expensive to taxpayers, the second and third policies harm recipients.

Finally, just this past Thursday Governor Thompson unveiled a new statewide welfare program that replaces AFDC. This follows the recent State budget action, which transfers responsibility for administering welfare programs to the State's labor department. The new ''W–2'' Program places participants into four categories depending on their job readiness.

Those with the highest job skills will receive assistance from program staff to obtain full time private sector jobs. Those participants would also continue to receive food stamps and the EITC.

Second, participants with less proficient job skills will be placed in full-time private sector jobs on a trial basis, on-the-job training subsidized by the State, with food stamp and EITC eligibility.

Third, those who cannot secure private sector jobs or placed in trial jobs must perform community service for less than minimum wage with food stamp eligibility.

Finally, the fourth category would be for people who are unable to obtain or hold a job, and who would be required to work in sheltered workshops, volunteer and participate in job preparation programs.

What comes through with this latest proposal is the notion of high level investment throughout the Wisconsin plan. The notion that work comes first is another key element. It is sounding more and more like Governor Thompson is adopting the Work First strategy put forward in the minority leader's plan.

In conclusion, Mr. President, Work First will be effective, because it adopts an attitude of uplift rather than put down, it requires investment by the States, not the cut and run strategy of the Republican plan. It develops and preserves families, rather than providing incentives to disintegrate them. It aggressively addresses teen pregnancy first through prevention, and by requiring teens to live in supportive home, or second chance home environments.

So there is a very viable plan before us. It is a plan that brings together the best lessons we have learned in Wisconsin and that can actually be transferred to many other States. In that spirit I again thank the senior Senator from New York and yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I would like first to thank the Senator from Wisconsin and draw particular attention to the idea of second-chance homes. This is an idea that has been around for some while. It received very strong support from persons such as James Q. Wilson, of the University of California at Los Angeles, as one possible intervention in the reproductive cycle of young persons in situations where they are overwhelmed by the single-parent culture in which they find themselves living. Not 3 miles from this Capitol you will find such neighborhoods, such settings.

It is a deeply humane idea. It is an old idea—a maternity home. It may yet find a place in our response to the questions of illegitimacy—nonmarital births, if you like.

I am going to take just one moment, pending the Senator from Nebraska, to call attention to a matter in this regard. On the 1st of August, Mr. President, the Bureau of the Census put out its annual compilation called ''Population Profile of the United States, 1995.'' In that summary there is a statement that, ''26 percent of children born in 1994 were out-of-wedlock births.''

That is discouraging, because it is not so. And the Bureau of the Census needs to know it is not so. They take this information from sample surveys, and survey responses in this regard are simply not dependable for reasons that do not have to be explained. Respondents are asked whether a child born to the family was out of wedlock. Some will say otherwise.

The actual number for 1992 from the National Center for Health Statistics, which counts every birth, it does not take samples—the number for 1992 was 30.1 percent. That is an exact count. I have estimated that it will have reached 32 percent by 1994. What 1995 will be—we are on that ascent. Nothing indicates it has changed. It may have moderated.

But, for the Bureau of the Census to say otherwise when it so easily could have left this matter to the National Center for Health Statistics, is a bit disappointing. The Bureau of the Census is a glorious institution and it makes mistakes. We all do. I just want to make that point.

I see my friend, the formidable and indomitable Senator from Nebraska, is on the floor. It is going to be an honor to hear from him.

I do not see any Senator from the other side of the aisle, and my friend from Iowa indicates he does not either, in which event, Mr. President, I hope the Senator from Nebraska might be recognized.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, I rise this afternoon to respond to a speech made yesterday by the senior Senator from Texas.

Mr. MOYNIHAN. Will the Senator yield for just one moment?

Mr. KERREY. I will be glad to.

UNANIMOUS-CONSENT AGREEMENT

Mr. MOYNIHAN. Mr. President, I ask unanimous consent we might continue in session under the understanding that no amendments will be offered for such time as is required for the Senators who are now on the floor who would like to make statements. That includes Members on the floor who would like to make statements. Is that agreeable to the Senator from Iowa?

Mr. GRASSLEY. As long as, if we have Republicans come, they share time.

Mr. MOYNIHAN. Yes, of course.

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

The Senator from Nebraska.

Mr. KERREY. Mr. President, my purpose in rising today is to discuss the statement that was made yesterday by the senior Senator from Texas who was here, among other things, to criticize the majority leader's welfare proposal for being too soft on illegitimacy.

Mr. President, at the start of my own comments about the welfare system—and I hope and expect to have several opportunities to come and discuss this issue—I would like to stipulate that I do not know a single welfare recipient. That is to say, I do not know a single welfare recipient on a first-name basis. Perhaps some of my colleagues do, but I do not. Perhaps some of those who argue so confidently about what works and what does not work have poor friends who are on welfare and thus speak from experience.

I do know and have friends who receive corporate welfare, and I know and I have friends who have argued with me forcefully about the urgent need for various tax incentives which will create jobs, promote homeownership, provide for investment in technology or stimulate exports.

I am on a first-name basis with lots of people who receive something for nothing but none of them are poor. And none of them appears to have become lazy or sexually promiscuous as a result of a taxpayer subsidy.

Mr. President, many of us are debating something about which we have little recent firsthand experience—poverty. In such circumstances, it would serve us well to acquire an attitude of humility as well as a little gratitude for the circumstances of our own births.

As our colleagues know, the Senator from Texas is an economist by training, and as such his thoughts ought to be respected. But they ought to be recognized for what they are—an economic analysis. As we examine this analysis and the proposal that springs from it, we should ask one question: Are teenagers and single mothers having babies as a consequence of a rational economic decision?

The Senator remarked on a television program over the weekend that the problem with welfare is that we punish work and family while rewarding people for not working and for breaking up families.

As far as this analysis goes, I agree with it. Our system of incentives is sending the wrong signal. We should reward behavior we want and discourage behavior we dislike. The Senator from Texas correctly notes that our welfare system has perverse incentives.

Unfortunately, his analysis causes him not to propose positive incentives for things we believe are right and negative for those we believe are wrong. Instead, he proposes to basically wipe the slate clean and punish everything. God help us if we wrote campaign finance laws with such an attitude.

Mr. President, the issue of teenage or out-of-wedlock birth is an emotional issue. We need to be certain as we discuss this issue that we calmly and rationally answer some basic questions before we begin our consideration of what our laws should say. The first of those questions is: Why are teenagers and single women having children? The Senator from Texas answers this question with an economic analysis. We are paying them to do it. For a teenager, he argues, a baby is a free ride out of a parent's home and a permanent meal ticket.

Research does not support this conclusion. Economic circumstances are not high on the list of reasons why our babies are having babies. While it sounds true, unfortunately, it is not. Such arguments make it seem that some Americans are poor because welfare benefits are too attractive.

Mr. President, I ask unanimous consent that an editorial that appeared yesterday in the Omaha World Herald be printed in the RECORD.

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

[From the Omaha World Herald, Aug. 7, 1995]

AN IGNORED LAW: STATUTORY RAPE

The results of a study done by the Alan Guttmacher Institute indicate that at least half of the babies born to teen-age girls are fathered by adults. Have these men no sense? Have they no shame?

Researchers said the study was the most comprehensive of its kind. Nearly 10,000 mothers between the ages of 15 and 49 were interviewed from 1989 to 1991. Researchers found that half of the babies born to mothers between ages 15 and 17 were fathered by men who were 20 or older. Generally, the younger a mother was, the greater the age difference between her and her baby's father.

In California, a survey of 47,000 births to teen-age mothers in 1993 indicated that two-thirds of the babies were fathered by men of post-high-school age.

Even disregarding the moral aspects of mature men sexually exploiting teen-age girls, there is a legal problem in some cases. It's known as statutory rape. The law wisely recognizes that young girls—and boys, for the matter—aren't as mature in their thinking and feelings as adults. Therefore, to seduce a person under a certain age when the seducer is above a certain age is a crime, whether the victim willingly participated or not. The ages vary from state to state. In many cases, a man 19 or older is guilty of statutory rape if he has sex with a girl 15 or younger.

The Guttmacher study has implications for the campaign to reduce the number of teen-age pregnancies. If so many teen-age girls' partners are adults, then some educational programs and anti-pregnancy campaigns are misdirected.

Moreover, stricter enforcement of the statutory rape laws may be needed. Certainly the Guttmacher study is a setback for the view that teen-age pregnancies are due mostly to teen-age hormones and immature kids who give in too easily to peer pressure or curiosity. The problem of youthful pregnancies, it turns out, is much more complex. And much more appalling.

Mr. KERREY. Mr. President, the Omaha World Herald is a conservative newspaper, one that all of us in Nebraska at least are familiar with if not read on a regular basis, and in yesterday's editorial they discussed an issue that is very relevant to the question of why are teenagers having children.

The headline for the editorial is ''An Ignored Law: Statutory Rape,'' and the first paragraph references a study done by the Alan Guttmacher Institute which indicated that at least half of the babies born to teenaged girls are fathered by adults.

It goes on to describe that 10,000 mothers between the ages of 15 and 49 were interviewed between 1989 and 1991, and researchers found that half the babies born to mothers between ages 15 and 17 were fathered by men who were 20 or older, and generally the younger a mother was the greater the age differences between her and her baby's father. And the editorial goes on to describe, I think correctly, the need for increased vigilance by law enforcement people on the situation of statutory rape, I think a quite relevant and appropriate response given the analysis done by the Guttmacher Institute.

The Guttmacher Institute did not say that these young girls were having babies as a consequence of seeing a financial incentive.

Quite simply, teenagers are not examining Government benefits in general and making a rational economic choice when they decide to have babies, to the extent that this is a conscious decision at all.

If this was the case, we might solve the whole problem by investing a little extra training in basic mathematics for whomever it is who thinks having a baby on welfare is a clever financial planning strategy. The truth is that if you could count on teenagers to see far enough ahead and understand enough home economics to respond rationally to the carrots and sticks the Senator from Texas proposes, or in this case mostly sticks, then the solution to this problem would get pretty easy. The problem is that most of us do not know any teenagers who can manage their lunch money from day to day much less engage in a detailed analysis of welfare benefits and decide whether or not to have a child based upon it.

I do not know why children are having children; I do not have an easy, quick answer, nor can I in a simple fashion explain the terrifying breakdown in the American family in the last couple of generations. Senator MOYNIHAN, who knows more about this subject probably than anybody in this body and maybe perhaps anybody in this country, displayed some disturbing charts yesterday that reveal a frightening social trend. I did not look at them and envision a sea of poor Americans making a series of rational economic decisions to have children out of wedlock.

The Senator from Texas accuses the Democratic leadership of believing that having spent billions upon billions of dollars we can just handle poverty if we only spend a little bit more. I do not know anyone in the Democratic leadership who espouses this view. But let me say I do not consider it any more rational to say we can solve the problem just by spending more than it is to say, as the Senator from Texas does, that we can solve it just by spending less.

The fact is that ending poverty will in the end likely cost us money. This is an inconvenient fact, to be sure, but it is a fact nonetheless. We are overlooking it these days because we have gone chasing after a rhetorical refrain about ''ending welfare as we know it,'' which, as I indicated at the start, is relatively easy for an awful lot of us since we do not know much about welfare. What we really mean, or should mean in my judgment is attempting to perhaps not end poverty but at least end the misery many still suffer as a consequence of it.

Ending welfare as we know it is a simple legislative transaction. Just get rid of it, which is the strategy reflected in much of what the Senator from

Texas proposes. Ending poverty is much more difficult. It requires us to commit time and resources, which has become at least in some circles a political taboo in an age in which we seem to be competing against one another to see who can be the toughest.

Mr. President, I look forward to coming back to the floor to address this subject in more detail, but I thought a response to the senior Senator from Texas was in order. No one doubts his expertise as an economist, but before we get carried away with economic solutions we ought to be asking whether we are dealing with an economic problem. To some extent, we are. But to a very large extent we are not. It is helpful to make the distinction.

To close my first statement on welfare, Mr. President, I should declare that while I do not know on a first name basis one person who receives AFDC or AFDC child care support, I do know what it means to be on welfare. I do know what it is like to have the bottom drop out of your life, and while you are falling, to be caught in the net of American generosity.

Like many Americans who are wounded in wars and receive benefits that were earned in combat, I know that benefits given by our Nation do not have to make you lazy. They can make you grateful. I am forever grateful that I live in a country where people do care enough to try to help those who are suffering.

Mr. President, I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. May I simply say for one moment, I thank the gallant Senator from Nebraska for an extraordinary statement with such candor and accuracy. But I add to the preface, just one point: Ending poverty is nothing so difficult as ending dependency. And that is perhaps what we are mostly talking about here.

There are few Members, if any, in this Chamber who could meet a welfare mother and recognize her and call her by her first name. I think there are even fewer who know that kind of dependency in which you could have the city of Detroit with 72 percent of the children on welfare. None of us live in those neighborhoods. And we do well to have the courage of a man of servitude to say so.

Thank you, Mr. President.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. I believe we are alternating. And I believe the Senator has——

Does someone wish to speak?

Mr. MOYNIHAN. 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. EXON. Mr. President, I ask unanimous consent that the quorum call be dispensed with.

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

Mr. EXON addressed the Chair.

Mr. THOMAS. Mr. President, if I may say this, we went through this yesterday when I was presiding. We decided we would go back and forth. Is that still the arrangement?

The PRESIDING OFFICER. That is the arrangement. But in order to go back and forth, individuals on either side of the aisle have to ask for recognition from the Chair.

Mr. THOMAS. I would like to do that.

Mr. EXON. The only reason the Senator from Nebraska intervened was not because I want to interrupt the order, but when a quorum call was suggested, when this Senator waited last night and again this morning, I thought I might move ahead.

Mr. President, in order to go back to the usual procedure, I yield the floor.

The PRESIDING OFFICER. The Chair thanks the Senator from Nebraska.

Does the Senator from Wyoming wish to get recognition?

Mr. THOMAS. Yes, sir. Thank you very much. I am sorry we had this confusion. As I said, we went through that yesterday.

I will be brief, but I did want to use this opportunity to rise to support the leadership's bill. I support it, at least partially, because I think it has the best chance for success in the Congress, that it has the best chance to be the vehicle for doing something about change, something that I think we need to do. We have a monumental, historic opportunity now to overhaul a program that has been in place for a very long time, one that by almost any measure has not succeeded in producing the results that most of us want. It is not perfect, of course. None is perfect. On the other hand, they can be changed and should indeed be changed when we find that portions of it are not perfect.

The point of welfare, of course, is to put in place a program that provides the opportunity to assist people who need help and to assist folks to get back into the workplace. And that, it seems to me, has to be the measure. If that, indeed, is the measure, we have not succeeded. And there are those on the floor who simply want to continue to put more money into the program. But I suggest to you that there is little reason to expect change if we continue to do the same thing. So we do have a great opportunity.

I want to compliment the Senator from New York and the chairman of the committee for the intense effort that has gone into this. I think there has been a rational and reasonable debate. There will continue to be. There will be substantial differences of view, both philosophically and practically, as to how we go about this. But I hope we do keep before us the notion that there is a goal and a purpose that most of us can share; and that is to be compassionate, to be helpful, to help those who need help, but not to make it a career opportunity.

I was frankly surprised yesterday when the Senator from New York, in his numbers, showed that the median time on welfare was nearly 13 years. That is not the purpose of this program, and we need to do something about that. I believe strongly—and there will be disagreement about this—that the States are the best laboratory to do something. The States are the best place to devise programs and to deliver services that meet the needs of that particular State. My State of Wyoming has different kinds of needs than does New York State or Pennsylvania. And we need to have the flexibility to be able to do that.

There are those who will say, ''Oh, no, the States don't have the compassion to do that. The States won't do this job.''

I do not agree with that. I do not think there is any evidence at all to show that there is more compassion in Washington, that there are better ideas in Washington than there are in the States. I believe strongly in moving government closer to the people who are governed. And I have great confidence there.

Mr. President, there are a number of issues. Of course, one of them will be the block grants and how much authority we give to the States. Let me just check in on the side of giving them as much authority as we can, making it as available to the States to put together several programs and then administer them as they believe it is best.

I think there will be discussion about work opportunities. Let me tell you that we have had a program of work opportunities in our State, started by the last Governor, a Democrat as a matter of fact, but it has been limited to relatively few counties because we cannot get a waiver to go forward with it. It has worked.

Wyoming wants to do that. We want to help people to be trained and to be able to work. It requires 35 hours of work a week. It is a good program. We have worked with the Smart Card Program in terms of food stamps that we cannot get a waiver to move it on. And it does work. It helps with fraud and abuse.

So, Mr. President, in general I think that is one of the issues here. We ought to give the States as much authority to do what they want to do. The question, of course, of limiting payments to unwed mothers is one that will also be of great conflict here. I have to tell you that I do not favor that idea. But I do favor giving States the opportunity to do what they think is best. I do favor the notion that we ought to get away from cash payments and provide an opportunity for young unwed mothers to either stay at home or stay in a supervised living arrangement where they can go on and be trained and be useful members of society. I think we all agree with that.

So, I am not going to take a great deal of time, but I again want to say

that I think this is one of the issues that is really a pivotal issue in whether or not this Congress lives up to the expectations that people put on us this year. I know it is not a simple issue, but I do know that we ought to find and resolve it and come to closure. We ought not to find ourselves in the position of continuing to extend and avoid a decision by having endless amendments.

Now, I suppose some will say, well, this is a deliberative body. There ought to be no limit. I have a little trouble with that. We ought to really seek to come to closure and seek to find some solutions. And there are some that we can find. And they are not partisan. Not all of the right answers are on this side of the aisle. They are not all on the other side. But I can tell you one of the answers that is not acceptable, and that is to continue to do what we have been doing and expect there will be changes simply because we say, well, we are going to just put some more money into it. It does not work. We have had plenty of experience on that. So I think we did receive a message.

I think we are serious about breaking the cycle of welfare. I think we are serious about continuing to provide help to people who need it and serious about helping people to get off of that cycle so they can get into the system. I think we are serious about reducing the role of the central Government and strengthening the role of State governments. And the votes we cast in the next few days will give us some answers to these questions.

So, again, Mr. President, I want to congratulate our leaders on the floor on this. They have done an excellent job, and continue to do so. And it is not easy.

All I urge is that we do come to some closure, we make some decisions, and move forward in the area that we think is best.

Mr. President, I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, if I can resume for just a moment to thank the Senator from Wyoming for his statements, to share his sentiments and, particularly, to address this matter of a second-chance home for very young mothers in settings where they can live independently, and neither should they be in the setting from which they came, from which many of them are, in fact, fleeing. It is an old idea whose time may have come round once again.

I appreciate the Senator's statements in that regard.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I want to add my thanks to those that have been said by many of my colleagues on both sides of the aisle this morning for the good leadership that we, obviously, have in the forefront of the U.S. Senate as we face this very, very difficult but must-do task of reforming welfare.

Certainly, my colleague and friend from New York, the former chairman of the Finance Committee, has been trying to get this reformed for years and years and years. I say to the Senator from New York, Senator MOYNIHAN, his dream is about to come true, I think. I appreciate the thoughtful leadership that he has provided over the years, the thoughtful bipartisan leadership that he has provided, and his counterparts on the other side of the aisle, as we move forward on this important matter.

I have brief remarks, comparatively speaking, with regard to the welfare matter before us. Before I go into that, I warn all, I suspect we are not going to complete action on the welfare reform matter before we finally get to our shortened recess. During that time, there are going to be lots of wars going on, financed by special interests, on the radio and television.

In that regard, I will simply advise all Senators, but more importantly, the public at large, that they should have seen the ''Nightline'' show last evening. The ''Nightline'' show last evening went to the heart of what I suspect will be foremost on our airwaves during the recess, particularly with regard to the welfare reform bill.

The ''Nightline'' program last evening went into great detail with regard to the totally unprincipled lobbying that is being done by certain high-minded interests with regard to the telecommunications bill we wrestled with in the Senate not long ago and which passed the House of Representatives last week.

The House Members were deluged in the last few days of that debate by stacks and stacks of mail from their constituents. We all want to get mail from our constituents. We are here to represent them. But, clearly, I think with the investigation that is now being promised by prominent leaders of the House of Representatives, we may begin to get to the bottom of some of the problems that we have with the democratic processes today that are being perverted by money and moneyed interests.

The ''Nightline'' show last night went into great detail about the mountains of mail that was being received, supposedly from constituents on a voluntary basis. There is an alarming trend developed with regard to the brief investigation that has so far been done on the amount of mail being received by House Members from their constituents that their constituents were not writing to them at all, but their constituents' names were on the bottom of preprepared mailings. They had several instances of people live on the ''Nightline'' show last night whose names and addresses were signed to memorandums or lobbying or constituent letters, depending on how you want to describe them, people who never sent the letters. Letters were signed by dead people. Letters were signed by one person who knew nothing about it. In fact, he was bicycling in Europe someplace during this time.

So I hope that the House of Representatives will pursue their investigation to see how moneyed interests, with highly paid expert lobbyists, cannot fool the public all of the time but sometimes they can fool Members of the Congress by totally fraudulent avalanches of mail sent in for a specific purpose, to vote one way or another on a bill when the constituent had no knowledge of it whatsoever.

Certainly, the new modern revelations and revolutions that we are having in communications today has given a new power into the hands of the manipulators, the highly paid manipulators that dwell inside the beltway. The ''Nightline'' program showed some of that last night.

This is simply a forerunner to say that at the present time, there are highly paid advertising schemes going on on television. I say, again, that the majority of the people cannot be fooled all of the time, to partially quote Abraham Lincoln, but it is clear to me that a substantial portion of the public can be fooled, temporarily at least, and can be led into writing their Members of Congress on something with a key phrase or two. The key television phrase that is being used against Democrats in five States today, Democrats up for reelection, is to ''Write your Democratic Senators and tell them to support workfare.'' Boy, that is a catchy phrase. There is an untold amount of millions of dollars spent today, first, to see what catchword or phrase rings with people and ''workfare,'' of course, is something that most people would like to see.

So thousands and hundreds of thousands of dollars will be spent by money groups and political parties during this recess to bombard the Members of the House and the Members of the Senate. I emphasize once again and I invite, I encourage, and I have a significant staff that works with me in responding to constituent suggestions. I want legitimate input from my constituents. I do not want my constituents or my office or this Senator to be taken advantage of by the high-price money that has invaded the political system.

We, in the House and Senate, are partially to blame for this ourselves because we are the first ones who started to divert the political system with high-paid, efficient attack ads—attack, attack, attack—and maybe I can win whether I should or not. There is nothing shameful that millions of dollars cannot overcome and at least temporarily justify. It is wrong. Therefore, I hope that the welfare reform bill we are talking about today will not be unduly influenced by money through television and radio advertising that is intended to mislead the public rather than inform it.

I think we all remember very well that key television ad of last year that

made it impossible, because the people were misled temporarily, that ad where Lucille and her live-in boyfriend were sitting at the table in the kitchen saying—it was the most effective television ad I had ever seen. They were talking about the problems that Americans have meeting their medical expenses. And then they talked about the President's plan. They said, ''He is trying to do something about it,'' but the key line at the end was, ''But there must be a better way.''

That is the old technique that the trial lawyer used in trying to plant doubt in the minds of the jurors. If you can plant a doubt, then you are not going to get a conviction. There are lots of things wrong today, but I think things are right when we are tearing into the matter of welfare.

I rise in support of the amendment to be offered by the distinguished minority leader and Senator BREAUX, the Work First welfare plan, the only one of its kind that I know about today.

The Work First welfare reform plan is a step in the right direction and should be the rallying cry around which we can all gather, Democrats and Republicans, to get something constructively done with regard to welfare reform. The Daschle-Breaux plan attacks welfare reform head on. It helps turn welfare recipients into productive breadwinners. It weaves a safety net that protects the children of welfare parents. It allows the States greater flexibility to administer their welfare plans and to make positive changes.

If I were to summarize this amendment in one word, it would be: responsibility. It requires the responsibility of those currently receiving welfare to take charge of their lives and find work. Responsibility is a two-way street. The amendment requires the Federal Government to act responsibly by making sure that the States will have sufficient funding and oversight to do the job properly.

Mr. President, the current welfare system has veered off course. Senator MOYNIHAN has demonstrated and talked about this time and time again. There is no doubt about that. Not enough welfare recipients are making the leap from support to gainful employment. The well-beaten path of welfare has become a dangerous rut that grows deeper and deeper with the years. For many, welfare has become a permanent state of existence.

Welfare's failings did not develop overnight, nor will they be solved in a day and a night. However, in the past decade, we have taken constructive steps to reform the system and we build on these reforms with this amendment. In 1988, I vigorously supported the Family Security Act, which was signed into law by President Reagan. That bipartisan legislation, passed by a vote of 96 to 1, provided States with the flexibility to establish programs to assist with job skills, education, and child care.

The philosophy behind the Family Security Act is as sound today as it was 7 years ago. We best help people in need by giving them the tools to get off of welfare and onto the job rolls once and for all.

Unfortunately, while some States showed modest success in implementing their reform programs, the Family Security Act never achieved its full potential. Welfare reform continues unabated, however, in many States, including my State of Nebraska. And the Democratic amendment provides the States with the flexibility and funding to carry out and administer those reform plans. Let me briefly explain how.

First, the Daschle-Breaux plan replaces the unconditional, unlimited AFDC aid with conditional benefits over a limited period of time. I believe that most Americans would agree that there has to be an endpoint to benefits for able-bodied adults. Otherwise, we find ourselves still saddled with a welfare system that is self-perpetuating.

Second, the Democratic leadership amendment emphasizes work. Let me repeat that. The Democratic leadership amendment emphasizes, above all else, work. Welfare reform without work is but a hollow promise. For States the plan establishes the Work First block grant, giving them the resources and flexibility to assist welfare recipients to obtain work. By the year 2000, States will be required to put 50 percent of eligible recipients into jobs. In addition, the States will be penalized for missing the target and rewarded for surpassing it.

The Democratic plan emphasizes a partnership between parents and the States through the parent empowerment contract. Parents must engage in an intensive job search, or have their benefits reduced. Moreover, the plan provides incentives to stay in the work force by adding an additional 12 months of child care and Medicaid for those who go to work.

Third, the Democratic plan is sensitive to the consequences of welfare reform—especially as to how it affects children. Children should not be pawns in this debate. I would never hold children hostage merely to satisfy some ideological itch. Rationing assistance to innocent children is not only heartless, it is terribly shortsighted. The Democratic plan protects the well-being of children above all else. They are not left to the vagaries and whims of local conditions and officials. They are not pitted against competing interests. They are not shortchanged on services. If a mother loses her benefits after a 5-year time limit, her children will still be eligible to receive assistance for housing, food, and clothing.

Fourth, the Democratic leadership plan cuts and invests. It cuts spending by reducing the welfare rolls and invests those savings to provide even greater rewards for the American taxpayers. This is fiscal responsibility.

Mr. President, I am fearful, however, that other well-intentioned proposals essentially bundle up the problem and shuffle it off to the States. As a former Governor, I see concerns here. We must not just pass the welfare problem on to the States without some assurance that it can be financed. You simply cannot, in my opinion, pass the buck without passing the bucks.

In conclusion, Mr. President, I want to remind all that earlier this year, I was one of four original cosponsors of the unfunded mandate bill. We passed that legislation, and the President signed it into law. This is one of the greatest accomplishments of the 104th Congress. We had bipartisan support for the unfunded mandates bill, and for good reason. From town councils to the Governor's mansion, we heard the cry for relief from unfunded mandates. For too long Congress shifted the costs of regulations and mandates to the States. Their ledgers bled from red being forced to comply with the unfunded mandates.

The Republican formula for block grants is troubling, especially to States like Nebraska that have a growing poverty population. Under the new formula, Nebraska will receive no additional funding above the 1994 level. However, in the early 1990's, my State's AFDC population grew by 18 percent. We also have experienced a 24-percent increase in the number of children living in poverty over the last 3 years. So I am very concerned that my State might not have the resources that it needs for a safety net for our poor children.

Mr. President, the Republican claim that they put welfare recipients to work is not a valid one. One of my Republican colleagues has said on countless occasions that folks should get out of the wagon and start to pull. That may be an appealing sound bite, but despite the modification made by the majority leader yesterday, this Republican initiative does little to ensure that goal. The Republican bill is not tough love, it is just tough luck.

If we are truly sincere about welfare reform, we have to help people get and keep jobs and keep them off of welfare. If we want to put people back to work, we have to help them with training and job placement. Our society and our world has changed dramatically from the days when a high school diploma could alone still land you a good job. We are in an economy that puts a premium on education and training. Yet, other plans provide no incentive or resources for either the States or individuals to get welfare recipients into the workplace and keep them there.

We can do better, and we must do better, with the likes of the Daschle-Breaux amendment.

There are now plans underway to tighten the provisions being considered to the Democratic proposal. We offer an open invitation to come join us, to work constructively together with suggestions.

It is my hope that we can move ahead on this matter in a true bipartisan fashion and carefully consider a consensus. But let me emphasize, Mr. President, unreasoned haste can clearly make matters worse on this measure, which is of great import and great magnitude. Mr. President, we should work together.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent the unanimous-consent order be extended until 1:15.

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

Mr. MOYNIHAN. I thank the Senator from Nebraska not only for the generosity of his remarks, the clarity of his concern, the depth of his concern, but to connect his opening remarks to the closing remarks.

I do not think the Senator will receive many letters from welfare recipients. I do not think many of those children will be writing postcards. No one, certainly, will be paying them.

That, Mr. President, is the nub of the issue. We are talking of people who have but little voice in this land and less real influence in the end. We are seeing it all about us now.

Mr. President, the Census Bureau has just released the ''Population Profile of the United States: 1995'' which reports that ''26 percent of children born in 1994 were out-of-wedlock births.''

However, according to the National Center for Health Statistics figures which I have frequently cited, the illegitimacy ratio was 30.1 percent in 1992, and I estimate that it will have reached 32 percent in 1994.

According to Martin O'Connell, Chief of the Fertility Statistics Branch of the Census Bureau, ''The higher figures are correct. The 'Population Profile' seriously undercounts the number of children born out of wedlock as the figures it reports are based on a small sample and incomplete information. Senator MOYNIHAN is right.''

This is one area where precision of fact is imperative. In order to understand a problem, we must first be able to accurately measure it, and few problems are of such enormous consequence as this unrelenting rise in illegitimacy.

RECESS UNTIL 2:15

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until the hour of 2:15 p.m.

Thereupon, the Senate, at 1:12 p.m., recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. COATS].

THE FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SHELBY. Mr. President, no one disagrees that the current welfare system is in shambles. Since the beginning of President Lyndon Johnson's War on Poverty, government, at all levels, has spent more than $5.4 trillion on welfare programs in America. To understand the magnitude of $5.4 trillion, consider what could be bought for it.

For $5.4 trillion, one could purchase every factory, all the manufacturing equipment, and every office building in the United States. With the leftover funds, one could go on to buy every airline, every railroad, every trucking firm, the entire commercial maritime fleet, every telephone, television, and radio company, every power company, every hotel, and every retail and wholesale store in the entire Nation.

While many Americans may not know the exact dollar amount of the War on Poverty, there is a public understanding that more and more taxdollars are coming to Washington and being funnelled into programs that are having little effect. Despite a $5.4 trillion transfer of resources, the poverty rate has actually increased over the past 28 years. During this same period, the out of wedlock birthrate skyrocketed from 7 to 32 percent, and currently one in seven children in America is raised on welfare. Moreover, this massive spending has done nothing to alleviate drug use, child abuse or violent crime—all of which have sharply increased during this period. In short, our current welfare system has failed miserably. It has exacerbated the very problems it was created to solve, and it should be dramatically overhauled now.

The first priority of reform should be to change the incentives in the current system which undermine the traditional family structure. Today, the Government pays individuals, including teenagers, up to $15,000 per year in cash and in-kind benefits on the condition that they have a child out of wedlock, do not work and do not marry an employed male. That is a cruel system, since we know that work and marriage are two of the most promising avenues out of poverty. We should not be surprised that years after this policy was instituted, the out of wedlock birthrate has reached 80 percent in many low-income communities. That means that 8 out of 10 children born in many neighborhoods in America do not know what it means to have a father. The results of this condition are devastating, not only to the children, but to the parents, and to society as a whole.

I believe the time has come that Congress should end the practice of mailing checks to teenagers who have children out of wedlock. Teenagers themselves are still children, and to simply mail them a check and forget about them is a cruel form of so-called assistance. I know of no private charity which assists people in this manner. We should continue to provide for these young mothers and their children, through adoption assistance, vouchers for child care supplies, food and nutrition assistance, and health care assistance. But, this Nation should no longer dole out cash to unwed teenage recipients. Several amendments will be offered during the course of the debate on welfare reform to accomplish this, and I intend to support them.

The second priority of reform is to reinstill the value of work into our welfare system. No civilization can successfully sustain itself over a long period of time by paying a large segment of its population to remain idle. The current system discourages work, because nothing is required from those who receive assistance, and in many instances, welfare pays better than a normal job. I support the efforts of the chairman of the Finance Committee to change that by requiring welfare recipients to work in exchange for their benefits. Under this legislation, welfare will no longer be free. Taxpayers have to work hard everyday, and those receiving public assistance should do the same.

Finally, true welfare reform means saving money. In the past, welfare reform has meant digging a little deeper into the taxpayers' pockets for more money to transfer into ineffective Federal programs. Federal, State, and local governments spent $324 billion on more than 80 different welfare programs in 1993—that is an average of $3,357 from each household that paid Federal income tax in 1993. We must reject the idea that somehow, $324 billion is not enough. Real welfare reform should result in fewer people needing welfare and generate savings to be returned to the taxpayers. The Work Opportunity Act will save more than $60 billion over the next 5 years by returning control over welfare programs to State and local officials with a fixed dollar amount from Washington. This will give State and local officials the ability to improve their services to poor people without waiting on the dilatory approval of Washington bureaucrats.

The American people have demanded welfare reform not because they are stingy or spiteful toward the poor and needy. Rather, they have demanded reform because they have seen a system which has destroyed the hope and dreams of millions of Americans by trapping them in cycles of dependency and encouraging self-defeating behavior. Welfare has been fertile soil for child abuse, neglect, homelessness, and crime. By strengthening the traditional family, requiring work in exchange for benefits, and bringing financial discipline to our current welfare system, we can change welfare from a system of hopelessness to one of hope, from a system of dependency to one of responsibility. We owe it to welfare recipients, their children, and society, to do no less.

Ms. MIKULSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Mr. PACKWOOD. Mr. President, will the Senator yield for a unanimous-consent request that has been agreed to?

Ms. MIKULSKI. Yes.

Mr. PACKWOOD. I ask unanimous consent that the Senate continue with debate on H.R. 4, the welfare reform bill, until the hour of 4 o'clock today without any amendments.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. PACKWOOD. I thank the Senator.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. I thank the Chair.

It is with great enthusiasm that I rise to support the Work First Act, the Democratic alternative on welfare reform. I support it with enthusiasm because it is firm on work, provides a safety net for children, brings men back into the family for both child support and child rearing, and at the same time provides State flexibility and administrative simplification.

Mr. President, I am the Senate's only professionally trained social worker. Before elected to public office, my life's work was moving people from welfare to work, one step at a time, each step leading to the next step, practicing the principles of tough love.

This is the eighth version of welfare reform that I have been through—as a foster care worker, as a child abuse and neglect worker, a city councilwoman, a Congresswoman, and now a U.S. Senator. Each of those previous efforts in times have failed both under Democratic Presidents and under Republican Presidents. It failed for two reasons. One, each reform effort was based on old economic realities, and, second, reform did not provide tools for people to move from welfare to work—to help them get off welfare and stay off welfare.

I believe that welfare should be not a way of life, but a way to a better life. Everyone agrees that today's welfare system is a mess. The people who are on welfare say it is a mess. The people who pay for welfare say it is a mess. It is time we fix the system.

Middle-class Americans want the poor to work as hard at getting off welfare as they themselves do at staying middle class. The American people want real reform that promotes work, two-parent families and personal responsibility.

That is what the Democratic Work First alternative is all about. We give help to those who practice self-help. Democrats have been the party of sweat equity and in our Work First bill have a real plan for work. Republicans have a plan that only talks about work, but does not really achieve it.

Democrats have produced a welfare plan that is about real work, not make work. That's why we call our bill ''Work First,'' because it does put work first. At the same time, it does not make children second class.

Under our plan, from the day someone comes into a welfare office, they must focus on getting a job and keeping it, and work at raising their family.

How do we do this under the Work First plan?

First, we abolish AFDC. In its place, we create a program of temporary employment assistance.

Second, we change the culture of welfare offices—moving welfare workers from eligibility workers to being empowerment workers. Social workers are now forced to fussbudget over eligibility rules. Under the Work First Act, social workers now become empowerment workers. They sit down on day one with welfare applicants to do a job readiness assessment. So they can find out what it takes to move a person to a job, stay on a job, and ensure that their children's education and health needs are being met.

Third, everyone must sign a parent empowerment contract within 2 weeks of entering the welfare system. It is an individualized plan to get a job. The failure of individuals to sign that contract means they cannot get benefits.

Fourth, everyone must undertake an immediate and intensive job search once they have signed that contract. We believe the best job training is on the job. Your first job leads you to the next job. Each time you climb a little bit further out of poverty, up the ladder of opportunity, and at the same time we reward that effort.

Yes, this is a tough plan with tough requirements. It expects responsibility from welfare recipients. Everyone must do something for benefits. If you do not sign the contract, you lose your benefits. If you refuse to accept a job that is offered, you lose benefits. If, after 2 years of assistance, you do not have a job in the private sector, then one must be provided for you in the public sector.

No adult can get benefits for more than 5 years in their adult lifetime. If you are a minor, the 5-year limit does not apply, so long as you are able to stay in school and receive benefits.

So, yes, we Democrats are very tough on work. Everyone must work. Assistance is time limited and everyone must do something for benefits. If you do not abide by the contract, then you lose your benefits.

What else do we do under the Work First plan? We provide a safety net for children. We not only want you to be job ready and work-force ready, we want you to be a responsible parent. That's why we require parents, as a condition of receiving benefits, that you make sure your children are in school and that they are receiving proper health care.

Once you do go to work, under the Work First plan we will not abandon you. We want to make sure that a dollar's worth of work is worth a dollar's worth of welfare. While you are working at a minimum wage, trying to better yourself, we will provide a safety net—child care for your children, continued nutritional benefits, and health care. We want to be sure that while you are trying to help yourself, we are helping your children grow into responsible adults.

I do not mind telling people that they must work. Because in asking them to take that step, our Work First plan makes sure they have the tools to go to work and that there will be a safety net for their children.

Unfortunately, the proposed Republican welfare bill does none of these things. It does not look at the day-to-day lives of real people and ask what is needed to get that person into a job. The people we are telling to go to work are not going to be in high-paid, high-tech jobs. We know that mother who wants to sign a contract that requires her to work will be on the edge when it comes to paying the bills. We know that she will have serious problems with finding affordable and quality child care unless she has a mother or an aunt or a next door neighbor to watch her kids.

The Republican bill does not provide enough money to pay for real child care. Suppose that mother lives in suburban Maryland or Baltimore City or the rural parts of my State? She does the right thing; she gets an entry-level, minimum-wage job. She is going to make about $9,000 a year, but will have no benefits. She might take home, after Social Security taxes, $175 a week. But if her child care costs her $125 a week, that leaves her $50 a week for rent, food, and clothing. How do we expect this woman to support a family on $50 a week? There would be no incentive to do that.

So that means, under the Republican welfare bill, she must jump off of a cliff into the abyss of further and further poverty. Where moving to work puts her at an economic disadvantage. The Democratic bill wants to help people move to a better life. The Republican bill will push them into poverty through its harsh, punitive approach.

Welfare reform is about ending the cycle of poverty and the culture of poverty. And the Democratic Work First plan will tackle both.

Ending the cycle of poverty is an economic challenge. It means helping create jobs in this country and then making sure that our country is work-force ready and that welfare recipients are ready to be part of our new economy.

But welfare reform must also end the culture of poverty, and that is about personal responsibility. It is about bringing men back into the picture. It is about tough child support, saying that if you have got the stuff to have a child, you should have the stuff to support that child and rear that child.

We believe that the way families will move out of poverty is the way families move to the middle class—by bringing men back into the picture, having two-parent households, ensuring that there are no penalties to marriage, or to families going to work.

So, Mr. President, Democrats in this debate are firm on work and personal

responsibility. We believe that the Democratic welfare reform alternative will bring about these results. That is why I support it with the enthusiasm that I do.

I yield back the floor.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. I may state a different tack. I am sincere when I say this. I do not care which party straightens out this country just so one of them does. I have felt that way for a long time.

For the benefit of those looking in on C–SPAN, the distinguished Parliamentarian was having a discussion with the Presiding Officer. I was wondering whether he was talking about some rule that I may have unwittingly violated.

Anyway, I am pleased that debate in the Senate has finally begun on the issue of the fundamental reform of America's welfare system. There are all sorts of plans floating around. And my view is, let us get one that has a minimal amount of Government in it and proceed with a sensible welfare plan. Efforts to move away from the disastrous welfare state—some call it the dependency state—is long overdue. We have seen the bitter fruits of what has followed this business of trying to socialize welfare.

We must pray that the Nation can somehow recover from the destruction of the basic fundamental precepts and principles, the moral and spiritual principles, if you will, laid down by our Founding Fathers. And a lot of damage has been done to all of those by the effort to have the Government provide for everybody, causing so many to decide that it is better not to work and just to sit back and get a welfare check.

Now, that will cause screams in some quarters, but most Americans know it is so. Welfare as it now exists is a clear example of a Government program intended to be compassionate, but which, in fact, is demonstrably destructive, even to people to whom the political system gives benefits financed by citizens who work for a living.

The welfare system has discouraged work. It encourages dependency. It encourages single motherhood and the breakup of families. Look at statistics. It is all there for people to perceive.

Mr. President, a clear signal has been sent to the American people that the liberal policies of the past are and have been an abject failure. Congress must cease its sorry practice of cranking up more and more giveaway programs for the purpose of buying votes in the next election. It is time to stop throwing the taxpayers' money at pie-in-the-sky Federal programs instead of working to get to the root of the problem.

So, here we are. The Senate now confronts the responsibility of deciding how significantly the Congress will reform the welfare system if some Senators will let the consideration proceed.

Mr. President, it is not a matter of being for or against helping those in need. It is a matter of setting the parameters of welfare so that every able-bodied citizen will feel obliged to go to work instead of sitting back to receive free sustenance from the working taxpayers. Past policies of dumping that burden entirely on the shoulders of the American taxpayers has never worked, and it never will.

There are many citizens across the country who are working to restore personal responsibility in this regard. I have a couple of remarkable ladies in mind when I say that. First, there is Mattie Hill Brown, of Wilson, NC. Now, we call her ''Miss Mattie.'' She was recently awarded the prestigious Jefferson Award for Outstanding Community Service.

Mr. President, you know what she does? Do you know why she was given this award? This remarkable lady gives freely of her limited income—and it is limited—to prepare and deliver meals to truly needy people. Her generosity is direct and it is personal. It is independent of all administrative agencies, public and private. She wants to do it because it is a desire of her heart and from her heart to help others.

And then there is another lady. She is from Texas, Houston, TX. Her name is Carol Porter. Mrs. Porter is a remarkable lady who founded Kid-Care, Inc., a nonprofit group that helps feed some of Houston's neediest children. And Kid-Care will accept no government funding, not a penny. ''I'm against people saying, 'Let the government do it,'' Mrs. Porter once said. Then she added, ''It's time for Americans to feed needy Americans''—not the Government, but individual Americans out of the compassion of their hearts.

Oh, we can sit up here in the U.S. Senate and spend other people's money and we can say how generous we are. But until we do it ourselves and sacrifice ourselves, it does not mean a thing. Mr. President, history shows clearly that efforts to shift the responsibility of welfare from individuals and communities to the Federal Government have failed. You can see that failure all around you, you can see it within three blocks of this U.S. Capitol.

Now, since Lyndon Johnson led the Nation down the road to what he called the Great Society in the middle 1960's, the predictable result has been massive Federal spending, mushrooming Federal debt.

By the way, the Federal debt is going to cross $5 trillion within the next 30 days. Watch it.

It has led to increased poverty and, unfortunately, millions of Americans are locked into the welfare cycle. In 1988, Congress enacted the Family Security Act, which ostensibly reformed welfare to reverse the errors that were apparent, the errors of the past.

They were continued, of course. But supporters of that legislation boasted at the time that it would ''revise the AFDC program to emphasize work and child support and family benefits * * * encourage and assist needy children and parents under the new program to obtain the education, training and employment needed to avoid long-term welfare dependence.''

If that is not a political declaration, I do not know what it is. And it was not so, and that bill failed.

It is encouraging to note that neither Democrats nor Republicans now propose to perpetuate the JOBS Program, which is an entitlement to education and job training for AFDC recipients. It was created in the 1988 act. By the way, that one act in 1988—this business of Congress giving away other people's money—has run the Federal debt up $8 billion since 1988. It has increased the Federal debt for our children and grandchildren to pay by $8 billion.

One reason for its failure is the large number of exemptions from participation in the JOBS Program. Currently, 57 percent of AFDC recipients are exempt from JOBS for one reason or another. Of the nonexempt only 11 percent are currently participating and all the rest—all the rest—are living off the taxpayers.

These policies have not helped to end poverty in America. Just the opposite. As of 1993, there were 15.1 percent of Americans in poverty as compared to 13 percent when that reform took place. That is a 2-percent growth in the number of people in poverty.

Yet, Senators agreed that this legislation would end welfare as we know it. We must not make that mistake on this welfare reform.

In addition, Mr. President, 76 percent of AFDC recipients receive cash benefits for 5 years or more. That is certainly not the intended effect of the 1988 legislation.

The point is, we must not miss the opportunity now to institute real reform of the welfare system. No longer should the taxpayers be forced to subsidize able-bodied people who just prefer not to work. We must provide individual responsibility and stop turning to the State and Federal treasuries for millions of borrowed dollars, the tab for which will be passed along to our children and grandchildren.

Opinions differ as to what aspect of America's welfare system has been the greatest failure, in terms of principle. The fraudulent Food Stamp Program or the failed JOBS Program or the bloated bureaucracy—the list is endless. The one segment of Federal Government control that is in most need of reform, however, is welfare.

This past April, at Elon College, NC, the Right Honorable Margaret Thatcher, former Prime Minister of Great Britain and a close personal friend of Dot Helms and me, came down to speak to a convocation. She encouraged Americans, especially the young people in the audience, to take another look at our welfare system, which she explained that day fosters what we call dependency, dependency on Government welfare.

Margaret Thatcher said: ''Of course you have to help people out of poverty. The Good Samaritan was the first.''

But then she said: ''What happens when the system you have for getting people out of poverty produces more people in poverty, generation after generation after generation?''

Maggie Thatcher, of course, was right. She had been repeatedly right in her challenges to Government socialism and in her defense of the free enterprise system.

But there is another authority who is a favorite of mine. His name is Paul, the Apostle Paul who, in his Second Epistle to the Thessalonians, chapter 23, verses 7 through 10, and I am going to quote the modern version, had a thought or two about this issue which we call today welfare. Paul wrote to the Thessalonians and said this:

> We were not idle when we were with you, nor did we eat anyone's food without paying for it. On the contrary, we worked night and day, laboring and toiling so that we would not be a burden to any of you.

And then the Apostle Paul said:

> We did this, not because we do not have the right to such help, but in order to make ourselves a model for you to follow. For even when we were with you, we gave you this rule. If a man will not work, he shall not eat.

Whether we like it or not, and I happen to like it very, very much, the Apostle Paul was exactly right when he wrote his Second Epistle to the Thessalonians. Margaret Thatcher is right in what she says. All the others down through history who have sounded the same tocsin in various ways, they have been right, they have been telling us, ''Watch out.''

Mr. President, political hi-jinks in this matter should be laid aside so that the Senate can have a meaningful welfare reform bill considered and enacted and sent to the President of the United States for his signature. The people have made clear that this is what they want. They have made clear that if we do not deliver, they will not forget it.

Mr. President, I yield the floor.

Mrs. FEINSTEIN addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mrs. FEINSTEIN. I thank the Chair. Mr. President, I have been listening very carefully to this debate; this discussion. I think it is fair to say that there are some who believe this debate is a battle for the Nation's soul. There are others who believe it is a battle for the Nation's heart. And there are some, I among them, who believe that it is a battle for the Nation's future.

At its best, welfare reform can contribute to the work ethic and upward mobility of large numbers of people. At its worst, it can fuel poverty and desperation, and it can take us back to those days best characterized by Charles Dickens in some of his novels.

The results of our actions here will be evaluated by generations to come. I truly believe that the ultimate test of a civilization is, as Albert Schweitzer once stated, a civilization is known by how that civilization treats the least among them.

So I sincerely hope that one day we will be judged as having met the challenge of welfare reform with light rather than heat and with practical solutions.

I know there are many who believe they have all the answers, but the ultimate test of whether we succeed in what we do here is whether more people will be working tomorrow than today, and whether more people will be able to support themselves than today, and whether children will be better off or worse off.

Any bill for welfare reform, I think, because of the gravity of the situation in the largest State in the Union—California, must be looked at by how it impacts that State. California today comprises 12.3 percent of our Nation's population, with more than 32 million residents. It has 18.6 percent of the country's welfare caseload. It is home to 38 percent of all legal immigrants, including 42 percent of the Nation's immigrants who receive SSI. It has one-third of the Nation's drug- or alcohol-addicted SSI caseload, and almost one-fifth of the national AFDC caseload.

So I believe it is fair to say that any successful welfare bill will have a major and dramatic impact on virtually every walk of life in the State of California.

Let me begin by laying out what I think are the necessary components of any successful welfare reform bill and how it relates to California. The first issue is entitlements. I believe that the consensus is broad that the time has come to eliminate the entitlement status of welfare. Our system of entitlements has reached a point where there are more people entitled to benefits than there are people willing to provide them. That is a major difficulty.

I have had people, particularly young people, tell me that they believe they have a right to welfare. They interpret the entitlement status as giving them a basic right to this program. I do not agree, and I believe that the notion that welfare is a right has, in a sense, contributed to the collapse of the system. People in need should have temporary assistance, but they are not entitled to a lifelong grant.

Anyone who has ever had responsibility for running a welfare system knows the challenges, but one of the biggest challenges is the welfare bureaucracy itself. I remember somebody bringing to the floor a pile of documents that it took to qualify somebody into a categorical aid program and the documents were quite high. The more top down our welfare system has become, the less effectively it has served its purpose.

As a former mayor and a county supervisor, and now a Senator, I have dealt with every conceivable layer of bureaucracy in the administration of public benefit programs. But I truly believe it is at the local level, the counties, where welfare has seen some of its most innovative and successful reforms. For example, and it has been mentioned here earlier, specifically with one county, several California counties have instituted a program called GAIN. Everybody is familiar with it: Greater Avenues for Independence. One county, Riverside, has returned $2.84 to the taxpayers for every $1 spent on its GAIN Program. In Los Angeles, the results from the GAIN Program have been equally impressive. Working with 30,000 long-time welfare recipients who have been employed for more than 3 years, the Los Angeles GAIN Program has a current placement rate of 34 percent, which is very high as these things go.

Followup studies in Los Angeles reveal a 60 percent retention rate, indicating that the majority have not cycled back to welfare.

San Mateo and San Diego Counties have each created successful job search programs, cutting administrative costs and moving people into private-sector employment. San Mateo last year put an unprecedented 85 percent of the people in the program to work.

Enforcement of child support obligations, I believe, is the single most important welfare reform measure from the California perspective, because one of the principal causes of poverty in my State is the absence of child support, the last time I looked at this.

Almost 3 million people in California receive AFDC [Aid to Families with Dependent Children]. Now, that is a caseload larger than the entire populations of many of the States represented in this body. Currently, the combined annual cost to Federal, State, and local government is $7 billion for the AFDC Program.

Since 1980, the total AFDC costs for California have tripled, from $1.9 billion in 1980 to $5.6 billion in 1993.

During that same period, births to unmarried teen mothers rose by 76 percent. Now, it is true that this is not a large portion of the caseload. However, mothers who had their first child as teenagers comprise more than half of our entire AFDC caseload. So while teen mothers may be a small number, but the finding of the California experience is that once teenagers enter welfare, it is difficult to get them to leave the program.

I believe it takes two people to bring a child into this world, and as a society we must demand that both parents be responsible for supporting the child. So strong child support must be an essential component of welfare reform.

Of course, as has also been said by many in this debate, child care remains the linchpin to a successful transition from welfare to work. In the California experience, the shortage of affordable child care is a critical and overwhelming problem for the State and for local communities. Our State spends $840 million annually on child care. Another $200 million of Federal funds goes into this. That is more than $1 billion

for child care, and we still meet the needs of less than 30 percent of the families who are eligible for child care. This is the catch-22 of the Dole-Packwood bill for California.

In San Diego, Federal funds provide a total of 1,636 child care positions. Yet, there are 11,663 eligible families on the waiting list. The odds of getting a child care spot in the present system are 1 in 14. In San Francisco, with combined State and Federal funds, there are 8,000 child care spaces. But, there are 6,000 eligible families on the waiting list.

So this is one simple issue of common sense. You cannot move millions of mothers into the work force if there are not enough child care options available for them.

Let me talk for a moment about welfare fraud, because it is a real problem and it must be addressed, particularly in the Food Stamp Program. My understanding is that an investigation by the Secret Service last year estimated that food stamp fraud alone costs taxpayers at least $2 billion a year. I am very pleased that both bills—the Dole-Packwood bill, as well as the Democratic leadership bill—have built in legislation which I introduced last week to enact strong provisions to permanently disqualify merchants who knowingly submit fraudulent claims, and to double the penalties for recipient fraud. But we also must remove Federal obstacles to an electronic benefit system, so that we can eliminate paper coupons and replace them with the counterfeit-proof debit card. I will certainly support efforts to do so.

I think it is fair to say that under the Dole-Packwood bill, my State is the biggest loser. And I cannot vote for the bill in its present form for that reason. First of all, I was surprised to see that the bill does not consider California a growth State. No State grows more than California. Yet, in this bill, California is not a growth State.

I was pleased when I learned that there would be a new growth fund in the bill, but I might say that the growth fund excludes one of the fastest growing States in the Nation—that is California—so it is not much of a growth fund.

For my State this bill is an enormous unfunded mandate. It requires California to achieve levels of work participation five times higher than the present. Yet, it freezes funding at the 1994 level.

The Department of Health and Human Services has estimated that to operate the work program plus related child care will cost my State more than $4 billion over 5 years. Yet, funding is frozen at the 1994 level.

Meeting the work requirements in this bill will result in a need for an 894 percent increase in AFDC-related child care needs. Yet, funding is frozen at the 1994 level.

California, as I mentioned, is home to 38 percent of all legal immigrants. But it is also home to more than half, 52 percent, of all legal immigrants who receive Federal welfare. Fifty-two percent of all legal immigrants who receive Federal welfare are in the State of California. I am one who believes immigrants should not come to this country to go on welfare. But this bill takes a problem created by the Federal Government and simply dumps it on the States.

It would deny SSI and Medicaid benefits to almost 300,000 legal immigrants who reside in California, resulting in a $6.3 billion cost shift to my State over 5 years. Los Angeles County alone has estimated a loss of $530 million annually under the Republican bill.

We cannot just shift the problem. The impact on States and counties must also be addressed. I have already stated that many of the innovations currently under discussion have been pioneered by California counties. I want them to have the ability to continue the work they have begun. Counties—not the State—are on the front lines in California.

The Dole-Packwood bill falls far short for States like mine where responsibility for administering welfare has been delegated to the counties. If we are serious about devolving authority to local communities, I see no reason to sustain a two-tiered welfare bureaucracy where the State simply passes the responsibility through to the counties but keeps some of the funding for its own purposes. I want to see the people closest to the problem—the counties—have full control of the Federal funds being allocated to implement this mandate.

In conclusion, the legislation currently before the Senate, I believe, fails to reform welfare in a way which will help California or, I believe, the Nation. I believe the alternative proposal by the Democratic leadership is a more cost-effective vehicle for change in my State.

The Daschle bill addresses California's concern in the following ways. It accommodates growth; it provides adequate child-care funding; it allows for local government control; it does not dump a huge unfunded mandate on the States with regard to immigrant benefits.

For 60 years now, this Nation has been generous to poor families with dependent children. Originally conceived during the Great Depression, AFDC was designed to keep widows at home with their children at a time when women were not valued in the work force.

The 1930's were a time when women and children were accorded respect and compassion if they were poor, because they were economically vulnerable. It seems that time has passed. But our goal in these times has not changed. We still need a plan to assist the economically vulnerable, assist them to work and to be independent. So we must do so with training, with child care, and with incentives to work. Surely a nation which could reach for the stars could also eliminate poverty.

I have been very fortunate in my life. I have not known poverty, and I have not known hunger. But I have known failure. To me, there are few human experiences that are worse.

Yet, our welfare system has rewarded failure and punished success. In the process, we have created not only a dependency on welfare but a dependency on failure. It is overcoming failure which is the challenge before the Senate.

I very much hope that in reform we do not throw the baby out with the bath water, and that we also recognize that the American people are no less generous than they were in 1935. Today, perhaps, they are much more practical. They want to know that their tax-paying dollars are going for good, solid, practical programs.

I do not believe there are Americans that really want to see youngsters starving in the streets of our communities. They are still willing to help those in need, provided they are willing to help themselves.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER (Mr. GORTON). The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I wanted to rise today to continue discussing welfare with a little different tack on it than yesterday. I want to talk about what is going on on the other side of the aisle, and how the President and the Senators on the Democratic side are participating, or, in some cases, not participating, in this debate.

I have been on the floor on many occasions over the past several months to talk about the President's abdication of responsibility in dealing with the most important issue that we have to deal with here in this session of the Congress and one of the most important issues we deal with in every sense of the Congress, and that is passing a budget—passing a reconciliation bill. In this case, a very important reconciliation bill, because it is one that will bring our budget into balance.

I got up on the floor of the Senate on many occasions and suggested that the President has not come to the table in that respect in offering a balanced budget. I have not been to the floor in recent weeks because the President has not really been talking about his budget—the one that he proposed, the 10-year balanced budget that he proposed.

I am not going about espousing how this brings us into balance, but yesterday he did an interview on NPR talking about how irresponsible the Republican budget was, how irresponsible the Republicans were on Medicare, how irresponsible the Republicans are being on welfare, and I thought it was time to bring to the Senate floor and remind people of how many days it has been since we put up a responsible Republican balanced budget over a period of 7 years, and how long it has been since the President has refused to come to the table and do so.

He gets away with a lot in the national media. I am not surprised with NPR, but I would be surprised with any

other mainstream media that he gets away with saying he lived up to his responsibility. He says, ''My responsibility was fulfilled when I offered them an alternative balanced budget and a willingness to discuss it.''

When did he offer such an alternative budget? He did not. The Congressional Budget Office scored the President's balanced budget over 10 years as producing annual deficits of $200 billion a year as far as the eye can see. There is no balanced budget.

Standing here and wishing it were so, saying that because you can cook the numbers at the White House and change all the economic assumptions, assume faster growth, lower interest rates, that there will not be any other problems out there, that does not make it a balanced budget.

The President himself said that he would stick with the Congressional Budget Office because they have been the most accurate in assessing whether a budget comes into balance or not and what the provisions cost that we pass here in Washington. But he has abandoned that, and he has gone with the Office of Management and Budget—his own internal recordkeeping to come up with this phony budget that he trots around the country suggesting that he has come forward with a balanced budget. He has not. It is absolutely amazing to me that the members of the press corps continue to publish this as if he has actually come forward with a balanced budget when he has not.

But this should be no surprise. It is 83 days since the President has refused to come forward with a balanced budget after the Republicans have. It has been an equal number of days since he has been unwilling to come forward with a specific Medicare proposal, to tell us how he is going to get savings. In his 10-year balanced budget, he does call for a reduction in Medicare spending. That is interesting to note, because he is running around the country saying how the Republicans are going to gut Medicare because they are going to cut Medicare. I know the esteemed chairman of the Finance Committee has said on many occasions, as has the Budget Committee chairman from New Mexico, Medicare is going to grow under the Republican budget at 6.4 percent per year. What does it grow under the President's budget? At 7.1 percent. What does it grow if we do nothing? At 10.5 percent.

You can say the Republicans are reducing the rate of spending, of growth in Medicare. But you also have to say the President is doing the same thing. In fact, there is only about $11 billion a year difference between the Republicans' and Democrats' number. That is, by the way, out of a program that is roughly a $200-billion-a-year program. So to suggest the Republicans are slashing when the President is not, that is just not living up to the realities of what is going on here. The President goes after Medicare as much as we do, almost. He does not consider that a cut. We do not consider ours a cut. We consider it strengthening the program because otherwise it would go bankrupt. He knows that as well as we do. So, let us own up to what the problem is on Medicare.

The reason I started with these two is now we are at the third major issue of the day, of the times, and that is welfare reform. And where is the President? Where is the President who ran as a moderate Democrat on one issue, welfare? It was the defining issue, in the American public's eye, that made him different from Michael Dukakis or Walter Mondale. He was for ending welfare as we know it. He was the moderate Democrat, the new Democrat who was going to come forward and change the system.

Where is he? Where is the proposal? Oh, he trotted out something late last year, 19, 20 months into his term, that was dismissed by both sides as an irrelevant welfare bill—an irrelevant welfare bill. Even in comparison to what the Democratic leader has put up here, it was modest. It was truly rearranging the deck chairs on the *Titanic*.

Where is he this year on an issue that he says is the most important issue to face this country? Where is he? Where is the welfare reform proposal that really takes us in a new direction, that really reaches into the communities where poverty is at its worst and gives the people in those communities a chance, that changes the whole dynamic of the system? Where is that proposal? It is nonexistent. It is more than 83 days. Hundreds of days have gone by without the President being relevant.

Oh, that does not mean he cannot sit in the Oval Office and throw darts at the Republican plan. We will see lots of that; of how this is cruel and how it does not solve the problem. But where is his answer? Where is the leadership on the budget, with real numbers, with real choices and decisions? Where is the leadership on Medicare, that everyone in this Chamber knows will be bankrupt in 7 years? Where is the leadership? Where is the leadership on welfare, his defining issue?

Oh, it is political season down on Pennsylvania Avenue. It is time just to criticize what the Congress is doing and hope the voters do not notice that you do not have anything to offer yourself.

One thing I will say, the minority leader, the Democratic leader and others on the Democratic side, have actually come up with a proposal. They have actually put forward a proposal on welfare. I will add, just to be consistent in comparison, that the Democratic leader offered no balanced budget. No balanced budget, no substitute budget was offered. There were no ideas on how they would get to a balanced budget.

Oh, there were plenty of criticisms, plenty of amendments, but no Democratic budget to get this country into balance. Medicare—I have not seen any program offered on the other side of the aisle on how we are going to solve the Medicare problem. I have not seen anything, not even a discussion of a discussion. Not even a possible meeting on the subject.

Again, there is plenty of criticism on what the Republicans want to do and the fact we are even thinking of doing it. But not one solution on the other side of the aisle, not one discussion on how they would solve the problem that everyone in this Chamber knows exists.

But now we move to welfare, and so they are 0 for 2 and they have decided maybe this time, instead of watching the strikes go past, they are going to take a swing at it. They are going to take a swing and see if we can put forward a welfare plan that can attract some support among the American public. Unfortunately, they swung and they missed and missed badly. This is a strikeout. This is a strikeout. It is a strike against the people who are in the system who need the help. It is a strike against those who have to pay for this system.

The Daschle bill tinkers with welfare. In fact, I would even add that it may make things worse rather than improve them. It, in fact, spends more money. It eliminates AFDC—that is the big claim, they eliminate AFDC. Again, it is changing the name of the program. But there is still an entitlement program there for mothers and children. It is called now the Temporary Employment Assistance Program. It replaces the AFDC Program but it is still a Federal program with Federal guidelines administered in Washington, run by bureaucrats here in Washington, administered through the State. It costs $16 billion more than the current AFDC Program. No, it does not spend less, it spends more on AFDC—now called TEAP—but $16 billion more over the next 7 years.

They say it puts time limits in. Remember, the President ran saying we are going to put a 2-year limit on welfare and at some point we are going to cut people off of welfare if they refuse to work? The minority leader would have you believe his bill puts time limits on welfare. It does not. It puts a 5-year limit on the—and this is in the bill, they do not use the word ''person,'' they use the word ''client.''

Mrs. BOXER. Will the Senator yield for a question on his chart?

Mr. SANTORUM. I will be happy to.

Mrs. BOXER. Thank you so much.

Are you referring to the President of the United States, when you use the name ''Bill''? Or are you referring to a bill, as in a Senate bill?

Mr. SANTORUM. I am sorry, the Senator from California has not been here for the many occasions that I have been questioned on this chart. On each one of those occasions I have been asked a question about who am I referring to. This is referring to the President's lack of a balanced budget.

Mrs. BOXER. So you when you say ''Bill'' you mean the President of the United States?

I would say to my friend, if I had asked you to yield and I said, ''Will RICKY yield for a question?'' I would think that would not be appropriate and I would not do that. I would say ''Will the Senator yield?''

I think, when we refer to the President of the United States on the Senate floor, be it in verbiage or on a chart, we ought to be respectful.

Thank you.

Mr. SANTORUM. I appreciate that. That is a common voice that I hear from the other side every time I have this chart up. So I appreciate the Senator being added to the chorus of people who do not like my chart. But I am glad people are paying attention. Maybe the White House will pay attention and actually come forward with a budget.

It is easy for me. I do not have to come here and do this. I can actually put this chart away, file it away for another day. All the President has to do is put a budget forward.

I would say to the Senator from California, who hopefully is listening in the Cloakroom, on a couple of occasions I came to the floor and noted example after example how Members on her side of the aisle refer to the President of the United States by his first name, terms like, ''Where is George?'' ''Bushwhack,'' ''Reaganomics.'' I can go on down the list. So to be indignant in this case is just further evidence of the fact that maybe people are uncomfortable with the fact that the President has not put forward his budget, and since you cannot argue the substance, let us argue the chart.

Getting back to the Democratic bill on this subject of welfare reform, they say they impose a 5-year limit, but in fact they do not because there are in this bill—here is the substitute, and we have pages 8 through 11, four pages of exceptions, of people who do not have to live by the 5-year time limit.

So there are a whole host of exceptions to people who are limited to 5 years, and I will go through some of them. There is a hardship exception. That is the first one on here. A hardship exception is people who are on AFDC, or now this new program, who live in high unemployment areas. So if you are on unemployment—high in this case is defined as 7½ percent—if you are in a high unemployment area, 7½ percent or higher, you do not have to worry about the time limit.

Just to give you an idea, in 1994, people who lived in these cities would not have 5-year time limits: Los Angeles, Washington, New York, Philadelphia, Miami, Detroit, and the list goes on. None of those people would have time limits. I do not know what percentage of the people on AFDC are in those cities, but I would suggest a pretty good percentage of them are.

All of them are now off the list. They do not count toward the State's participation rate. So you have large groups of folks who will never be time limited, particularly in the major cities of this country. One huge loophole. And there are a lot of suburban areas and rural areas that also qualify with these high unemployment areas.

I know that in several counties, rural counties in Pennsylvania that have had difficult times, the unemployment rate is well in excess of 7 percent.

In New Jersey, there are 99 areas for computing unemployment. Of the 99, 35 had rates in excess of 7½ percent in 1994. So you can see that this is a major loophole to this 5-year requirement.

What else? Well, teenagers are exempt. Anybody who is a teenager does not have a 5-year limit. If you have a child while you are a teenager, you do not have a 5-year limitation. Your limitation does not kick in until you become the age of maturity and beyond. So you can get a much longer period of time if you have children when you are a teen.

It does not apply to mothers who are having children. You get a year exemption. If you have a child, you have a 1-year exemption. It extends your 5-year limit another year. And it goes on and on.

There are literally pages of exemptions for people to the 5 years. All I would suggest is it is a phony 5 years. And remember, this only applies, to begin with, to 20 percent of the caseload; 20 percent of the people who go into the system have to go into this kind of program with all of these exemptions in place. That is 20 percent of the remaining caseload—not 20 percent of everybody but 20 percent of the people who are not exempt.

So you take the people who are exempt out first and then you say you have to have 20 percent. To give you an idea how that compares with the Republican bill, the Republican bill is 20 percent of everybody, whether they are exempt or not. In fact, there are no exemptions in the Republican plan. The State can figure out who is exempt if they want to. It goes up to 50 percent in the Republican bill; in the Democratic bill, over a period of 5 years, but again the Democrats have this huge exempt group out here that never has to participate in this program. So it is a phony 5 years and a phony number of people who are going to be in this kind of program.

Under the Dole-Packwood bill, the savings in the welfare program over the next 7 years are $70 billion. That is less than the House bill. The House bill is $60 some billion but it is over 5 years. The Senate bill is $70 billion over 7 years, and, of course, the House bill will be much more over 7 years. The Democratic bill, $21 billion over 7 years—$21 billion over 7 years in programs that spend over $100 billion a year.

Take in one case the child support enforcement provision. Very important. The Senator from California, Senator FEINSTEIN, was absolutely correct that this is a very important aspect of the bill, to track down deadbeat dads—and 98 percent of the folks who owe back child support are fathers—to track down deadbeat dads and get them to pay the back child support. We are talking about over $50 billion in back child support owed in this country.

So this is a very important provision in this bill. You would think that when tracking down deadbeat dads and getting them to pay the child support, as we do in this bill, that part of the child support paid back would go to the State, because it would offset the welfare payments that are being made to mom. In other words, if the mother and children get child support, they no longer get welfare. This would actually be a cost savings to the Federal Government. And, in fact, in the Dole bill it saves $155 million a year, $1.2 billion over 7 years. The Democratic bill costs $261 million over the next 3 years. That is the only estimate we have at this point. So it costs money over those 3 years.

What does this bill do for State flexibility? You are hearing a lot about getting the bill and the program back to the States, back to the localities where they solve the problems the best, giving State flexibility. You will hear, as I have on some shows with some Members of the other side talking about welfare, the term ''partnership.'' What the Democratic bill does is create a partnership between the Federal Government and the State government, and that this partnership will be forged where they work together to solve the problems of poverty. It sounds so nice, except it is not true.

A partnership is where each party has a say in the decision; that they work together to come to a decision jointly. That is exactly what happens under the Republican bill. Some decisions are made predominantly in Washington, other decisions are made predominantly in the State. Most of them in fact are made by the State.

Under the Democratic bill, all the decisions are still made in Washington. You want to do something different in your State? You have to ask Washington for permission. I do not know too many people who are going to get involved in the partnership where the one partner basically can tell the other partner no all the time and go ahead and do whatever they want to do without asking them. But that is this partnership that they would have you believe is a partnership. That is the current system. The current system already allows for waivers. This does not change it any. It just says we will be nicer and give you more. But that is up to the President to decide.

You can see there is even some little special interest things in the Democratic bill that remind you what constituency they are really serving here, and it is not the poor. This is not the poor. There is a provision in this bill that has to do with the Work First program, the program that they get people in to get to work immediately upon getting on welfare.

Participants in the Daschle bill program would be forbidden to fill any unfilled vacancy—in other words, ''participants'' meaning employers—employers would be prohibited from filling any unfilled vacancy at their place of employment or to perform any activities that would supplant the hiring of employed workers not funded under the program.

What does this mean? This means if you have a vacancy and you are in a unionized job—most of these participants would be governed—that you not fill a job slot with a welfare employee; you have to hire the union person first. So unions do not lose any positions under this. The Government has to fill the job created in the bureaucracy with another unionized person. They cannot take a slot and fill it with a welfare recipient who wants to get the job opportunity. Oh, no. We have to bow to the AFL–CIO here on the floor and make sure that any jobs we create for this new work-force program are basically new—probably in many cases make-work jobs—because you cannot even supplant the hiring of employed workers. You cannot even supplant the hiring of employed workers.

This is one big bout to the AFL–CIO and one big ''Who cares?'' to the poor. We do not want to give you good job opportunities and opportunities where you can, in effect, learn some skills in jobs that are needed. We want to make jobs for you and keep you on the dole.

That is where this program goes. It keeps the gravy train running. It keeps the entitlements and keeps the control, and it keeps everything decided here in Washington and spends more money in the process.

I know a lot of people in this country are looking for welfare reform. But you have not found it here. It does not exist in this proposal. I do not know if I need to start another chart of how many days it will be since Democrats have come up with a welfare reform proposal, because this is not it. If you want to get serious about welfare reform, let us talk about working together on a bipartisan basis for something real, something that fundamentally changes things, not playing around with the existing programs, spending more money and paying off your constituencies that help you get elected.

Mr. President, I yield the floor.

Mr. LIEBERMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. LIEBERMAN. I thank the Chair.

Mr. President, first, I would like to ask unanimous consent that Cindy Baldwin, who is a fellow in my office this year, be granted the privileges of the floor for the remainder of the debate on welfare reform.

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

Mr. LIEBERMAN. Which may be a substantial period of time.

I thank the Chair.

Mr. President, I have some remarks that I would like to make on the work components of the two major bills, the Dole-Packwood bill and the Daschle-Mikulski-Breaux bill. But the twist of fate has put me in the position to be looking across the Chamber at my good friend and partner in some other good causes. And the question of, Where is the President? And I do, in fairness, want to respond to that question.

The Senator from Pennsylvania has discussed the role that the President's discussion of welfare reform had in the 1992 campaign. And I agree with the Senator from Pennsylvania; it was a pivotal role. It was the defining element of the campaign. And may I say, as a Democrat, how proud I was that we had a Presidential candidate in 1992 who broke with the past, who was not defensive about the status quo, who was prepared to take on some interest groups, frankly, within the Democratic Party who had always said, ''Do not touch welfare.'' I mean, if you touch welfare you are really talking about beating up on welfare recipients. For your own political advantage—In this case, I think the President stood up and stood out and said very clearly, welfare as we know it has to change. Welfare as we know it has to change. And I really believe that, had the President not taken that leadership stand, we would not be in the process of considering and having a genuine opportunity to adopt welfare reform. We may disagree—obviously we do disagree on some of the specifics. But I think that the President's position in 1992, and his following of that position since then, has created a bipartisan consensus in favor of welfare reform. And his principles as enunciated in the campaign were to create time limits, to require work, to give the States flexibility, to deal with teenage pregnancy and to increase the child support enforcement role.

Mr. President, last summer the President introduced a bill, proposed legislation, that would follow through, implement those principles that he enunciated in the campaign. I want to say to my friend, and my colleagues, that the President has worked very closely with the Democratic Senate leadership, and I believe the House leadership, to fashion the proposal that is before the Senate now or will be when introduced as a substitute by Senator DASCHLE and Senator BREAUX and Senator MIKULSKI, which is the so-called Work First proposal.

The President has joined forces in that sense with the Senate Democratic leadership. He has unequivocally endorsed the proposal. His endorsement is part of the reason why there is a remarkable unity among Senate Democrats. I remember the old Will Rogers line, ''I belong to no organized political party. I am a Democrat.'' That is true. Often that is the case. But in this case it is not true. That is to say, the Democrats are united behind the principles that the President enunciated in 1992.

I will say one thing concerning the question that continues to resonate toward me in those luminescent colors of blue and yellow across the Chamber, which is this: that President Clinton has not just spoken on this issue, he has acted. He has used the authority that the law gives him as President to grant waivers to the States, more waivers, granted more rapidly, than any President before him. More than half the States now have waivers.

And the truth is that in the midst of all of the discussion and rhetoric and contests going on here, the real work of welfare reform in the midst of the parameters that we set at the Federal level is going on at the State level. They are experimenting. And one of the things I hope we will show in this debate is some sense of humility when we are dealing with the lives of millions of people in a system that we agree has gone wrong, to understand that while we know what is wrong with the system, we, in most cases, do not have a great reason to have a great sense of confidence about exactly what will make it better. The States, in their experiments, are going to help us do that. And the President has encouraged that. And this proposal builds on that.

So I do not know that I have totally satisfied the interrogatory alleged by the Senator from Pennsylvania, but I feel very, very secure in saying that on this issue President Clinton was out in front early, formed a consensus, and has been directly involved in the work that brings us, hopefully in the near future, to the adoption of genuine welfare reform.

Mr. President, this is an important debate. There have been some very thoughtful statements made in the first couple of days of the debate which showed that the people really thought about this issue and understand the importance of it to those who are on welfare, to those of us who pay for welfare, and really to the country, and to the people's attitude toward Government, because the fact is welfare has become a symbol, in some senses a caricature, of all that has gone wrong with our Government, a well-intentioned program created in the 1930's, as we all know, to help widows, particularly widows of coal miners, then becomes an enormous program that takes basic American values—work, reward for work, family, loyalty to family, and personal responsibility—and turns them on their head. And in doing so, builds up an enormous bureaucracy, a kind of institutionalization of a lot of values gone astray.

So the debate here has been a good one. There is obviously a very, very broad consensus supporting reform. There are winds in the willows here. There are echoes in the Chamber that suggest it may not be possible to finish this debate this week. I am not surprised at that. And I do not think it is a bad sign.

Mr. President, it took us 60 years—60 years—for our welfare system to become the mess it is. We are not going to solve it in 6 days. We are not going to solve it right in 6 days. So, I hope that we will begin the debate, lay down some basic proposals, and then continue when we come back to do it the right way.

We all agree, I think, that the current system fails to demand responsibility and provide work opportunities. It financially rewards parents who do not work, who do not marry, but who do have children out of wedlock. By doing so, our current welfare system demeans our most cherished values and really deepens society's worst problems, including the problem of violent crime which has cut at the fabric of trust that used to underlay the sense of community that was so basically part of American life. Gone, the victim of violent crime.

Mr. President, there is, as I say, this broad agreement that our system must change, and I believe that there is also bipartisan agreement that one can see through the discussion on the goals of welfare reform. Democrats and Republicans agree that the welfare system should focus first and foremost on moving people into the work force.

A reform system, obviously, should also combat the causes of welfare dependency, particularly the growth in out-of-wedlock pregnancies among teenagers. I hope to return to the floor on some other occasion to talk about this epidemic problem the Senator from New York has foreseen, has documented, has spoken of with such insight.

May I just say the obvious, which is that if we can deal effectively with out-of-wedlock pregnancies, if we can create a national effort to try to cut down the number of pregnancies, this problem that has gone wild, we will thereby cut down the welfare rolls.

The welfare rolls are composed of children in great part who were born out of wedlock. They are, therefore, dependent children. It is a child or children living with the mother and no father, or at least no father who has assumed responsibility and gone through marriage and lives legally in the house.

So I hope we will act on this shared impulse of reaction to this terrible problem. The system reform should reinforce, not undermine, our shared values and a reformed system should fulfill our national commitment, in the midst of all the changes, that we try to provide protections for our poorest children, remembering that they are the innocent victims of the errors, misdeeds, irresponsibility, very often, of their parents.

So when we say ''entitlement,'' there is no entitlement, as the Senator from New York has pointed out. It is up to the States whether they want to deal with the problems of the poorest.

Mr. MOYNIHAN. Will the Senator from Connecticut yield for a question?

Mr. LIEBERMAN. I will be proud to yield.

Mr. MOYNIHAN. Mr. President, is the Senator from Connecticut aware that he is the first Senator, other than the Senator from New York, to make that point in this now 2-day debate? There is no entitlement. I am profoundly grateful to him, for at least he has heard that voice.

Mr. LIEBERMAN. I thank the Senator from New York. I am proud to be in his company. That is the truth. It is up to the States to decide that they wish to enter this system the Federal Government has created. It is really the choice of the State. There is no coercion here. But once they decide, they have to play by the rules, and one of the rules—it certainly seems like a good one, and I would guess it is a rule that would be accepted in principle by a great majority of people in America—and that is we care for the children.

I hope whatever system we adopt provides that level of guarantee for a decent life for our children in this country.

The pending legislation, as amended by S. 1120, the Republican leader's bill, will create a welfare system that I believe will fail ultimately to meet its primary objective, which is to put people to work in great numbers, to get them off of welfare. It fails to give the States the right incentives and resources to put people to work, and I am afraid that it ignores a lot of what we have learned about what works and what does not in getting people off welfare.

Finally, I do not think it holds States accountable for their success, that is I do not think that it gives them incentives appropriately to succeed or that it creates standards to measure in a fair and reasonable, rational way what success really means.

Mr. President, for the remainder of the time speaking this afternoon, I want to focus in on the work requirements.

We know a lot about what it takes to get people to work. In 1988, Congress passed the Family Support Act under the skilled and, may I say, unique leadership of Senator MOYNIHAN. The Job Opportunities Basic Skills Program, which has come to be known as JOBS, established by the act, sought to provide training to people on welfare to prepare them for work. Evaluations of the JOBS Program that have been conducted have shown that the programs have had some success; they have begun to make a difference.

Obviously, they have suffered from a lack of funding in some substantial degree, but welfare-to-work programs have increased work participation. The Government education and training programs have not yet moved large numbers of welfare recipients permanently into the work force, and so we hope in this bill to try to do better.

But I do want to stress that it is critically important that we do not dismiss the JOBS Program in that sense, but that we build on what we have learned from the JOBS Program. Our experience with that program has taught us several important lessons, one of which is that programs that are focused on education and training, on investing in human capital, have had some results. Programs that have, however, emphasized the immediate work experience along with education and training have seemed to be more successful.

What research is showing us is that providing an initial connection to the work force, a step on the first rung on the ladder of work, then to be combined with training and education, seems to be an approach that gives us some hope of making a welfare recipient find a way off welfare and into work.

What we have learned from the Family Support Act is that education and training are critical to continue to climb up the ladder to self-sufficiency. But it is Work First, which is the title of the Democratic bill, that will spur a recipient on and improve her life—it seems obvious, but it is important in this area of human frailty and profound human problems to test what seems obvious. It means that a recipient should, whenever possible, first take a job—any job—that is offered her to discover what her abilities are and then to be helped to learn the basic skills that most employers value, some of them very basic but critically important skills, like showing up to work on time, having good work habits, working hard, notifying employers of absences, communicating well with coworkers.

The traditional education system has failed most of our welfare recipients. Education and training, therefore, must play a critical role in helping them succeed in the work force. But we have to connect recipients to work and then help them succeed once they are in that work environment. And that is what this bill, which Senators DASCHLE, BREAUX, and MIKULSKI have introduced, and many of us have cosponsored, has focused on.

Employers—and we have to listen to the people who are going to give these welfare recipients jobs—employers say over and over again that it is not necessarily formally trained workers that they need, but dependable workers, workers that they can help to train along with Government-supported training programs.

As one employer said to me, ''I can train an employee to take apart and reassemble a widget, but I cannot train her to show up to work on time.''

So programs that have taken a work-first approach, we think, have had the most encouraging results. There has been a lot of discussion here, and I need not go on at length about the GAIN program in Riverside County, CA, which is one such positive example. The program focuses on quickly placing people in private-sector jobs and

emphasizes low-paying jobs are an opportunity to start up a career ladder and should not be turned down.

Mr. President, the Manpower Demonstration Research Corp. evaluated the program and found a percentage of the recipients employed was 13.6 percent higher than in a control group. The JOBS programs run in Atlanta, Grand Rapids, and other places, provide additional evidence of the importance of this strategy that emphasizes rapid job entry.

Mr. President, we have also learned that private investment in support agencies can effectively move welfare recipients into the work force. So I would say that the three characteristics that we find from successful programs are, first, that each assesses the needs and skills of each of its clients individually and assumes that they want to work.

Second, each program bypasses traditional education and training and, instead, puts its clients to work as quickly as possible. But then, obviously, it has to supplement that with the education and training.

Third, successful programs do form strong links with local employers and work hard to maintain those links with the local employers, who are the source of the jobs.

Another example of the private sector agency that has done some successful work is America Works, which has been working in Connecticut for a period of time. It is a for-profit placement and support organization that has helped over 5,000 welfare recipients find full-time private sector jobs in New York, Connecticut, and Indianapolis. It places 60 percent of those in the program into jobs, and of that percent, 68 percent are hired permanently at an average wage of $15,000 per year, including benefits; 75 percent are still off of welfare 18 months later, at a cost to the Government of $5,400 per placement. America Works is cost effective, especially when compared to other public sector only programs.

Mr. President, we have to be honest here and say that successful programs are still the exception and not the rule. That is the difficult challenge that we face. States need more incentives to move recipients into the labor market. We have to move the system away as we all want to, I am sure, from one that focuses on writing checks to one that focuses on getting people into employment and providing the necessary backup and education and training to keep them there. We need to change the incentives in the current system and to reward States, administrators, and caseworkers for placing recipients in work.

There is simply not enough incentive in the current system, or may I say in the Republican leadership bill, that rewards States directly for meeting the most important goal of all, which is to place and keep a welfare recipient in a job—a private sector, unsubsidized job.

Mr. President, the Republican leadership bill does take one important step, I think, in the right direction. That is, to give States the flexibility to design innovative work-based programs. But flexibility is not synonymous with reform, and therein lies the fundamental flaw of the Republican leadership bill. The problem with S. 1120 is that it gives States flexibility, but without the proper incentives to do the right thing, without the resources, without the accountability, without the measurement of success. The bill sets States up, I am afraid, to fail to meet the fundamental goal that the bill establishes, which is to help establish self-sufficiency through work. Then it lets States off the hook when they fail.

Mr. President, S. 1120 looks tough on work, but ultimately I am afraid it will not deliver on that toughness, because it does not give the States the resources they need to help put welfare recipients to work.

There are some similarities, which is encouraging, to the Democratic Work First proposal. One is that it requires States to ensure that an increasingly high percentage of their welfare caseload is involved in work activities. By the year 2000, States must ensure that 50 percent of people receiving welfare are working in a private sector job for at least 30 hours a week, or are participating in vocational education.

But I am afraid when you look closely at S. 1120, the Republican bill, you have to conclude that the States are going to have a very hard time meeting those work requirements, that 50 percent goal, 50 percent of welfare recipients to work, because the States simply cannot afford to meet them. States will not have the money they need to pay for child care and other support for single parents participating in part-time work.

The Republican leadership block grant proposal freezes Federal support for cash assistance in child care at $16.8 billion—actually, less than what we are spending now, even as it requires States to move more than three times as many individuals into work activities.

Mr. President, we all want to save money on welfare. But it seems to me that we should learn the lessons of business. In so many cases, you do not save money, you do not turn out a better service, unless you invest a little bit. That is exactly what we have to do to achieve longer range savings for a better service, a better program.

Today, as required by the Family Support Act, about 400,000 people are participating in mandatory training or work programs for at least 20 hours a week. That is no small accomplishment. Under the Republican leadership bill, by the year 2000, 1.3 million individuals would have to be in work activities for not 20, but at least 30 hours per week. So the Republican leadership proposal triples the number of people who will need child care, for instance, but adds no new funds; it basically triples the number of people who will have to be in these mandatory work programs for 10 more hours a week, but asks the States to do it with effectively less and less money.

The unfunded costs, as estimated by the Department of HHS, and roughly, I gather, confirmed by CBO, the unfunded cost of these work requirements in S. 1120 is a whopping $23 billion over 7 years. The State of Connecticut, my State, alone would have to spend an additional $300 million.

Mr. President, I ask, where will the States get that money? I am going to suggest on this chart that they have four choices to satisfy the goal of getting 50 percent of welfare recipients into work. One is to raise State and local taxes. That is not a very pleasant prospect for the Governors and State legislators, and I doubt they will do it.

Second is to deny assistance to needy families, either to make the welfare eligibility requirements more restrictive or to cut down the benefit level.

Third is to cut back on child care support, meager as it may be in most places, and, therefore, force people to go to work, but to do so at the cost of leaving their children home alone, unattended.

The fourth choice is not to go ahead with reform, not to achieve the 50 percent welfare-to-work goal that is set out in S. 1120, and the punishment is a 5-percent reduction of the block grant.

Well, it seems to me, we talk a lot about market incentives in this Chamber, and I am all for them. We are going to give the States—speaking in macro terms—a choice here. The choice is to spend the $23 billion-plus over the 7 years for what I would call the ''unfunded mandate,'' or to lose what amounts to $6 billion, which is the cumulative total of a 5-percent reduction for no reform.

I am afraid that just on the basis of fiscal incentive, the system set up in S. 1120 will encourage States not to achieve the work goals in their proposal and, therefore, to take the relatively more attractive $6 billion hit.

Mr. President, let me offer one final chart and then I will close because I see my friend from Missouri here.

By contrast, I think the Work First proposal of Senators DASCHLE, BREAUX, and others of us, really does do the job and understands that you have to spend some money to save some money here. It funds the work requirement through spending cuts within existing welfare programs. It understands that you are not going to get people to go to work—and these are people who need some special help to get out there and go to work—without some money.

Second, Mr. President, the Senate Democratic leadership proposal, which really is welfare reform, builds on a successful experience in the State of Iowa—and a few other States have tried it—which is when welfare recipients come in to apply, from day one, they undergo a work assessment profile, a work assessment test that is done on them. And they are asked to sign a contract.

In other words, we are not just going to give them a check: Come in, show you meet the basic requirements, write a check, and that is that. The check is no longer unconditional. The check requires something of the recipient to meet her part of what we call the parent empowerment contract.

That goes from day one. Part of that contract is to accept any job offer. Sometimes you have a situation where people say that is not good enough for me, that is a minimum wage job. The point is, we found if you start with a minimum wage job, you work your way up.

Third, as others have said, the Democratic proposal provides child care.

Fourth, an important part that Senator BREAUX and I may build on in an amendment later in the debate, the Democratic proposal provides bonuses to States for private-sector job placements. The amendment to the Republican leadership bill will take 3, 4, 5 percent successively from the $16.8 billion in the bill and put it into a special fund that will be redistributed to the States based on the number of people they get off of welfare and into private-sector jobs. I think that is the kind of incentive that can make these work requirements really work.

Finally, Mr. President, it is important to remember that welfare as we have known it for 60 years is first and foremost a program to protect the lives of children. Nine million of the 14 million welfare recipients are kids—9 million.

Helping parents receive self-sufficiency through work will help kids. Children growing up in a home with a working parent have a much more positive environment, positive role model, and less poverty. Requiring work breaks the vicious cycle that is creating such—for want of a better term—an underclass in our society. That is why Senator DASCHLE's Work First proposal demands that people who are receiving benefits work.

I hope that the proposal that I have described will assist the debate and, in whole or in part, draw bipartisan support. I think it deserves it. I hope my colleagues will agree with me that it is really through holding States accountable for their record at placing people in private-sector jobs that we will genuinely achieve welfare reform and improve the plight of these millions of children who are born to poverty with the odds stacked against them as they go forward in life.

The greatest barrier to equal opportunity in our society today is poverty. Too often, that barrier has been made even more rigid by a welfare system that sends all the wrong messages to people in our society.

I hope we together, Republicans and Democrats, side by side as this debate goes forward, can finally and effectively reform that system.

I thank the Chair. I yield the floor.

Mr. KENNEDY. Will the Senator yield for a brief question?

Mr. LIEBERMAN. Yes.

Mr. KENNEDY. I want to commend the Senator for an excellent presentation and statement, and in particular his emphasis on the child care and the work provisions.

I think the Senator has made the case that unless you are going to have a good training program in terms of moving people off of welfare, unless you have the day care—of the 10 million children today on welfare, only 400,000 actually get any kind of day care; the other children do not—unless we are going to manage that, we are not going to be able to get the kind of results we want.

We are also going to have to at least provide the assurance of some health benefits for those children under the Medicaid Program.

Is it the sense of the Senator that folding into the majority leader's program effectively all of the training programs which were out there for working families—the dislocated worker programs, or workers that lose their jobs because of either trade agreements like NAFTA or GATT, or coal miners or timber industry workers or displaced defense workers, men and women who have worked generally a lifetime, all they need is an upgrading of their skills—those programs have been effective in helping and assisting these workers, particularly through the community college program, which we are all familiar with and which is in all of our States, the good work and the training programs; that it really does not make any sense to take away those programs and take all of that money, the $30 billion and put it into the other pot; effectively, the workfare program, which has been suggested or actually more than suggested, included in the majority leader's program?

Is the Senator concerned about what we would be doing to working families who have lost their jobs through no action of their own, and who need that kind of upgrading and training so they can get additional jobs in the future, and that effectively we have just taken all of the training programs and put it in here to workfare, in too many instances, dead-end jobs that do not do the kind of reform that I know the Senator and others and the Senator from New York are committed to?

Mr. LIEBERMAN. Mr. President, responding to the Senator from Massachusetts, and I thank him for his kind words and for his question which I think puts a finger on something I am very concerned about, the answer to his question is yes, I am concerned.

It seems to me there are two great problems pressing in our society today. One is the problem of people caught in the cycle of poverty—usually people on welfare for whom the current system has failed. We want to change that. We want to give those people incentives, training, and a reason to go to work.

Second, we have a whole group of people in our society who are working-class, middle-class families who have been dislocated for one reason or another—defense downsizing, changes in the economy, the economy becoming more high tech, more information-age oriented—and they are profoundly unsettled and worried about their ability to provide for their families in the future.

There are a whole set of programs that we have built up, this Congress has built up, over succeeding administrations, supported by both parties, to try to provide essential assistance to those working middle-class families to help retrain them and to get them back to work.

What we are trying to do here in the welfare reform proposal is to create a new effective program to help people at the bottom, to help them up from the bottom and get them into the work force.

It seems to me to take from the working family program and to combine it with trying to get the welfare people to work will mean that both programs are ultimately going to be underfunded and each group will suffer. Each group really needs not to suffer but to be helped.

I hope as this debate goes on, I say to my friend from Massachusetts, we can work together across the aisle to make sure there is enough money here to make the promise of work and the requirement of work real.

Mr. KENNEDY. I see others on the floor. I welcome the statement of the majority leader indicating that there might be some additional opportunity to do some corrective action on the child care program.

I hope that we will also have an opportunity to do it in the work training program. These are two extremely important features of it. That will take some debate and some discussion. I know the Senator from Connecticut wants to do it.

I welcome the opportunity of working with others in those areas. Perhaps if we had more time, we could really make sure we get a bill that is worthy of its name.

I thank the Senator.

Mr. LIEBERMAN. I thank the Senator from Massachusetts. I yield the floor.

Mr. LUGAR. Mr. President, the welfare reform legislation before the Senate insists on more individual responsibility. It penalizes destructive behavior and it promotes work. The legislation provides new authority to the States, affirming federalism and allowing Governors to make bold reforms. This bill will reduce the Federal deficit.

Nutrition assistance is a major part of our Nation's system of social programs. The legislation before us contains a modified form of an original bill approved by the Senate Agriculture Committee on June 14. All Republican members of the committee voted for the bill, along with one Democratic member.

That bill, now part of the leadership proposal we are considering, makes

dramatic changes in the food stamp program. These changes reflect the three goals of individual responsibility, State empowerment, and deficit reduction.

First, the Agriculture Committee bill reduces the Federal deficit by $19.1 billion over the next 5 years, and $30.1 billion over 7 years. Part of these savings are obtained through a crackdown on fraud and food stamp trafficking. The majority of savings, however, result from benefit cutbacks, tighter eligibility rules, and policy reforms. The standard deduction that is used to calculate food stamp benefits will be lower under this bill than under current law. Similarly, the bill will pay food stamp benefits based on the thrifty food plan, and not 103 percent of that plan as is the case today.

Second, this bill requires individuals to take more responsibility for their actions. The legislation withdraws benefits from able-bodied childless adults who do not work. It disqualifies any individual who voluntarily quits a job or reduces the number of hours worked. It denies benefits to anyone who violates an AFDC work requirement, and bars food stamps from increasing when a family's welfare check is cut because they failed to comply with other welfare program requirements, such as making sure children stay in school or receive immunization shots.

This important policy change puts an end to the mixed message that our welfare system sends to recipients. Up to now, when a welfare recipient's cash benefits have been reduced as a penalty, his or her food stamps have automatically increased, partly offsetting the loss of income.

For food stamp work requirements, the bill establishes new mandatory minimum disqualification periods for violators. States will have the authority to disqualify for longer periods. In sharp contrast to current law, this legislation will allow States to permanently disqualify three-time repeat violators.

The bill will discourage teen pregnancy by requiring that minor parents living at home apply for benefits with their parents. In addition, the bill will place new responsibilities on anyone sponsoring a legal alien who then applies for food stamps.

Third, the legislation before us will empower the States. States will have a broad range of new authorities to design simplified food stamp programs and conform procedures and rules for AFDC households. The bill will allow States to obtain waivers for welfare demonstration projects that reduce food stamp benefits or restrict eligibility. The bill also compels the U.S. Department of Agriculture to be more responsive to State waiver requests by imposing a strict turnaround time for initial responses to these requests, with automatic approval if USDA misses its deadline.

Under this legislation, States will be able to pay wage subsidies in lieu of food stamps—innovative programs in which the amount of the food stamp benefit is paid to an employer who hires a recipient. The employer then passes the benefit along as a wage.

Finally, the legislation allows States to choose an optional block grant instead of the regular food stamp program. States would be eligible for an amount equal to the higher of their 1994 food stamp funding level or the 1992–94 average. Seventy-five percent of the amount expended would have to be spent on food assistance, with the remainder to be spent on payments in return for work, work supplementation programs, other work-related initiatives, and administrative costs.

The bill approved by the Agriculture Committee did not include the block grant option. Although several Senators on the committee supported block grants, a majority did not.

I believe that the optional block grant that has been developed over the past several weeks gives States a fair choice. If they are concerned about the possibility of a demographic change or a large, recession-induced increase in their caseload, they may continue to participate in the Federal food stamp program, and benefit from all the flexibility provided in this bill. But if States prefer, they now have the ability to make a one-time choice of block-granted benefits. It is their decision.

Mr. President, we should give States the opportunity to try new approaches. We must make it clear to recipients of public assistance that more will be expected of them. And we should spend less money on welfare.

The legislation before us passes all three of these tests. I hope all Senators will support it.

The PRESIDING OFFICER (Mr. THOMPSON). The majority leader.

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, I thank the Senator from Missouri for waiting just a few more moments. I think the Senator from Washington also wanted to speak, Senator MURRAY.

Let me just sort of lay out where we are and where we are going. I discovered a lot of people want to go home, which has some impact on what we are doing.

I think it is fair to say we have had almost 2 solid days of debate on welfare reform, plus statements by the two leaders on Saturday. And I think, without exception, we have had good debate. We have had different points of view, different philosophical approaches. But overall it has been steady, and we have had very few quorum calls.

But it is also clear to me—and I am not criticizing anybody, I just know how this place works—we are not going to finish the bill this week. We could stay all night every night. So the question is, let us do it next week. But I know from counting on this side there would be a number of absentees, and I assume the same would be true on the other side, because people can make commitments.

There was an August recess. So I was faced with the reality of what we can do and what we cannot do and knowing we cannot finish this this week. I have talked to the Democratic leader about it. We had a good visit. We were not going back and forth blaming each other. I think the conclusion was, the signals were, there was no way we could do it. There were too many amendments, too many people had not been heard.

But I would say on this side, today Governor Thompson, who is chairman of the National Governors Association, was kind enough to come to Washington from Wisconsin, and we met with about, I would say, 18, 20, 22 Republican Senators. And we heard from a Governor who has cut his welfare caseload 27 percent and a Governor who is saving $17 million a month. Half of that is Federal money and half of that is State. And somebody who knows about child care, health care, transportation, and other things he says are so important to welfare reform.

He tried to make the point—and did make the point very effectively with a number of my colleagues on different sides of the spectrum here—that Governors get elected by the same people we do. Do you not trust your Governors? Then he went on to say what he had done in Wisconsin.

So, I think we are a little closer together, I would say, on the Republican side, than we were 6 or 7 hours ago. So, today and tomorrow and Friday we will be going back to Republicans who had different views on the so-called leadership bill, the Work Opportunity Act of 1995, and perhaps the leaders would reserve the right to modify their bills before we go out on Friday. I think at that point we would be, hopefully, very, very close to having every Republican on board. I think maybe Senator DASCHLE can say the same.

These negotiations are going on now. They are going to continue. So I have to make a judgment whether I want the negotiations to go on and make some headway and then bring all that to the floor on Friday, or should we go ahead today and finish three very important appropriations bills: Transportation, Interior, Defense appropriations and the Defense authorization bill. That is a lot to do in 3 days. It may spill into Saturday. But I have learned from the past that when you have a deadline, things do go more quickly. Suddenly speeches that could have been made for hours are 10 minutes, and they are better. People actually listen to 10-minute speeches. So we hope that is the case.

It is my intent to go to the Interior bill, if it is satisfactory with the Democratic leader, and try to finish that, hopefully, tonight. We have had consultations with managers on each side. There are some contentious amendments, but I do hope we can have cooperation of all Members on each side as far as amendments—give us time agreements, give the managers time

agreements. And I think the question is—I think I already know the answer because I have talked to the Democratic leader—I think we have agreed to cooperate on this, to work on both sides of the aisle, try to get Members to cooperate with us. When we finish these bills, the recess starts. So it is automatic. It is automatic.

It is up to every Member when he or she stands up to address an issue—and certainly some of these should not be addressed in a—Do not misunderstand this. They are very serious. But I think we can make the case in fairly rapid order.

So I ask the Democratic leader if he concurs in this statement, and, if so, it would then be the intention of the leader to move to the Interior appropriations bill.

The PRESIDING OFFICER. The minority leader.

Mr. DASCHLE. Mr. President, I do concur. I also want to commend the majority leader for making the decision he has.

I think there are three reasons why this makes sense. First, as the distinguished majority leader said, negotiations are continuing. I hope to lay the Work First amendment down prior to the time we go to the Interior bill for the opportunity it presents all Members to compare and to pick apart and critically review both the bill offered by the Republican leadership and the bill offered by the Democratic leadership. So the next 3 days could be very helpful in bringing to refinement what we hope are legislative proposals that will unite not only our caucuses but, hopefully, the Senate, ultimately.

Second, I think it is also helpful, as the distinguished majority leader said, to involve the Governors in a way that they have not yet had the opportunity to be involved. I think the next 3 weeks could be the most meaningful in terms of asking people outside of Washington what they think. They are the ones ultimately, when this legislation passes, who are going to be confronted with the responsibility for not only implementing but administering what it is we are doing here. So, having their input, having their review, having their ideas will even better prepare us to come back and conclude the work on this very important piece of legislation in September.

Third, as the distinguished leader said, we have a lot of work to do on appropriations. I recognize the very difficult decisions that have to be made on a number of these bills. I may, personally, vote against a couple of these bills, but that ought not preclude us from considering them in a timeframe that will allow us to accommodate this schedule in a way that will meet the schedule laid out by the majority leader.

I hope as many problems and as many difficulties as we may have with this legislation—that is, these appropriations bills —that we agree to short time limits, that we do the best we can to resolve what differences there are, be as willing to confront these bills with time limits to amendments and ultimately, perhaps, even a time agreement in consideration of the legislation itself.

I believe we can accommodate not only the welfare reform schedule in that manner but also the rigorous schedule we will have with regard to appropriations bills when we return in September.

So, for those three reasons I think this makes a good deal of sense, and I hope we could get unanimity here in the Senate with regard to this schedule and the appropriateness with which we will take up each of these bills and, hopefully, welfare reform when we come back.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, I want to underscore a point made by the Democratic leader because I had forgotten Governor Thompson indicated they would like a little time, too, the Governors.

We sort of unveiled our bill in Burlington, VT, I guess, a week ago Monday. The President talked about welfare that same day. The Governors broke up the next day, and they have had one meeting. They are about to send us a letter in general terms saying they support a lot of things in different proposals.

The Governor made the point this would give them some time in the next 3 weeks to try to bring Governors together—Governors, I am talking about Democrats, Republicans—to see if there is some common ground. There may not be. So I want to underscore the point made by the Democratic leader.

Second, to indicate that when we come back, with the appropriations bills out of the way, there has been a lot of talk about a train wreck in this town on October 1. When we finish the appropriations bills, we will have finished everything that has been reported out by the Appropriations Committee. There is nothing else left to take up.

So when we come back on September 5, we will be back on the welfare bill, which will give the appropriators time to report out the other bills. We want all these bills, if we can possibly do it, down to the President before October 1. You have to go to conference; you have to do a lot of things. We may have to negotiate with the White House and others. So I think that is very important. We want to try to avoid that. We want the President to understand that the Congress has done its work on time, and completing these three appropriations bills will be a big step in that direction.

Finally to indicate—not just to indicate, just a fact— we will bring up welfare again on the 5th of September, unless something unforeseen happens. That would be Tuesday, Wednesday, Thursday, Friday of that week, maybe even slip into the next week, into Monday. If we cannot finish it in a reasonable time, then I think the Democratic leader understands and others understand, we will probably have to put it in reconciliation. But first we want to give everybody an opportunity.

I would rather pass a freestanding welfare reform bill where everybody has a right to offer amendments, we have votes on the amendments—and I think there are going to be dozens of amendments, legitimate amendments. But I would make that statement. And that date is September 27, sort of the drop-dead day for that process. So we do not have a lot of time. I think this makes the best use of our time, and it also permits our colleagues to start the recess either Friday or Saturday of this week.

I thank my colleague, the Democratic leader.

AMENDMENT NO. 2282 TO AMENDMENT NO. 2280

Mr. DASCHLE. Mr. President, with that understanding, I would like to lay down the Democratic substitute at this time and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from South Dakota [Mr. DASCHLE] proposes an amendment numbered 2282 to amendment No. 2280.

Mr. DASCHLE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

(The amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. DASCHLE. Mr. President, I would also ask unanimous consent that Timothy Prinz, a congressional fellow in my office, be granted privileges of the floor during the debate on welfare reform and the appropriations bills to which it would refer.

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

Mr. DASCHLE. Mr. President, I have had a number of opportunities to discuss this legislation. I did again last night. I probably will throughout the remainder of the week. In the interest of time and certainly appreciation of the long wait that the distinguished Senator from Missouri has had already, I will make no further statements regarding the amendment and save that for a later date.

Mr. DOLE. Mr. President, we will probably be making comments on the bill, too, on this side of the aisle. A lot of comments have been about our bill, so I assume we will probably make a few comments about this bill before the recess.

Mr. DASCHLE. If I could just ask the majority leader for a clarification on the opportunity both leaders will have to modify our legislation prior to the end of the week. I think there is an understanding we will be able to do that.

Mr. DOLE. That is an understanding we have.

Because I assume the Senator is meeting with his colleagues; we are meeting with our colleagues. We are working out problems, and we would like, where we can, to accommodate different views to those changes. It might save a lot of amendments.

Mr. DASCHLE. That is right.

Mr. DOLE. So I ask unanimous consent now that we turn to the consideration of H.R. 1977, the Interior appropriations bill.

The PRESIDING OFFICER. Is there objection?

Mr. DOLE. First, before we do that, I understand the Senator from Missouri would like about 8 minutes and the Senator from Washington about 8 minutes.

Mr. KENNEDY. Mr. Leader, I need about 4 minutes.

Mr. DOLE. And the Senator from Massachusetts, 4 minutes. So that gives the appropriators 20 minutes.

Mrs. KASSEBAUM. Mr. President, I hate to——

Mr. DOLE. Excuse me.

Mrs. KASSEBAUM. I hate to delay this, but I have some things I wish to say in answer to the Senator from Massachusetts, and it would seem to me important to kind of set the record straight on some of the job training aspects of this. If I could have just 5 minutes, that would be fine.

Mr. DOLE. So the appropriators have 25 minutes to arrive.

The PRESIDING OFFICER. Without objection, the Senate will proceed to H.R. 1977, at the conclusion of the remarks of the Senators.

The Senator from Missouri.

Mr. BOND. Mr. President, I thank the Chair. I am most grateful to the leaders. I will accept the admonition to make it brief and do it within 8 minutes.

Mr. President, I know there is an old saying that a good sermon in a house of worship wins no souls after 20 minutes. I think we have probably gotten to the point in the debate over welfare where even the most compelling statement on welfare does not win too many votes after about 10 minutes, and I will accept the challenge to summarize some of the things that I think are very important.

Mr. DASCHLE. Will the Senator from Missouri yield for a short unanimous-consent request?

Mr. BOND. I will be happy to yield to my colleague from South Dakota.

Mr. DASCHLE. The Senator from Missouri has mentioned the need for 10 minutes, and I think that was the understanding. I think under the unanimous-consent agreement, it was just 8 minutes. I ask unanimous consent that the Senator from Missouri and the Senator from Washington have 10 minutes.

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

Mr. BOND. Mr. President, I am most grateful to my friend from South Dakota, the minority leader. I will try not to use the full 10 minutes.

I wish to say based on what we have heard here today that there may be differences among us. We do have some questions about the Democratic leadership amendment that has been introduced, but I gain a great deal of encouragement from hearing the comments of my friend from Connecticut, who was talking about work and the emphasis we must place on work.

I personally am pleased to be an original cosponsor of the welfare bill the majority leader and the chairman of the Finance Committee have introduced. I think that after 30 years of ever more expensive and less effective approaches to poverty, we are on the threshold of developing a plan that will reform welfare in a meaningful way.

We have heard from a lot of our colleagues who spent the last 2 days describing the problems of the current system. I agree with that. There are problems. We all recognize the current system is a disaster and it does not well serve those down and out in society who need a hand up, and it does not serve the taxpayers of the country who fund it. If any of us have questions about that, I think we can just go home and ask the folks in our home State. We are going to hear that clearly.

I would like to describe in brief some of the reasons I think the Dole-Packwood approach will work in that it strikes a fair balance between the role of the Federal Government in providing a safety net and giving States increased responsibility. I think it is a sound approach in fixing the system and clearly the best alternative to those who would completely dismantle public assistance and those who would simply tinker around the edges.

We have heard some very eloquent statements in the last hour about how important all the individual programs are and how great they are and what wonderful things they have done and how much better they would be if we spent more money.

I do not think that is the real world. I hope we can come together on a bipartisan basis to say more and more individual Federal programs with more and more money is not getting us out of the hole.

I have been working on welfare reform 8 years as Governor and longer than that in this Congress in past legislative sessions. I have been very pleased to work on a bipartisan basis with my colleague from Iowa, Senator HARKIN, over the last 2 years, and I am delighted that some of the ideas we have worked on are included in the bill before us. The centerpiece of the bill that we included on a bipartisan basis was a personal responsibility contract.

This is a fundamental change in the way we would approach public assistance. Since the creation of aid to families with dependent children, public aid has been regarded as an entitlement. If you meet the requirements, if you have the problems and if you have the lack of money for eligibility and you have the children, you get the cash with no strings attached. That just does not work.

The current system has rightly been condemned by persons from all walks of life: researchers, advocates, pastors, politicians, even the recipients themselves. The system is impersonal. It is inefficient, and it encourages continued dependency. Recipients continue to get cash month after month after month without thinking about their future and without giving any help or any encouragement or any prod to become self-sufficient.

Treating public assistance as a contractual relationship such as is being done in Iowa, Missouri, Utah, and elsewhere where both parties have responsibility for changes, both parties need to do something, recipients themselves have to work or perform for their benefits, is the way out of the trap.

I believe a large reason for the stagnation in the welfare programs today is that we have not required anything in return for benefits. It is a one-way street. The lack of reciprocity has bred an ethic of dependence rather than a work ethic. The only way we can turn this around is to require something in return for what the taxpayers are paying out.

Most Americans believe our Government has a responsibility to help families in need, and certainly we are going to pursue that. But we also know that individuals have a responsibility to help themselves if they can. I believe that this approach will do a better job of helping people to create a better life for themselves and their families. I am concerned that if we do not require recipients of public assistance to work or behave responsibly, then our efforts at reform will fail.

The principle should be, public assistance is a two-way street. You want benefits? You have got to work and behave responsibly in return. The Dole-Packwood bill has a real work requirement. We have, I think, in this measure, since we last took on welfare reform in 1988, learned that the States are moving well ahead of the Federal Government. That is why we are going to look to the States to lead the way in finding new ways and better ways to get out of welfare dependency.

We have tinkered with the problem. We have tinkered with eligibility. But we have not come close to solving the problem of poverty. I am pleased that we take steps to move responsibility back to the States. I think we are doing an excellent job in reforming the supplemental security income program, which has grown out of control and has brought real outrage. I think that we need to change the system with respect to noncitizens. These elements are all in the bill.

The Dole-Packwood plan has a real work requirement, unlike the existing system. There would be no automatic exemption from work requirements. Currently, over half the caseload on average in every State is exempt from participation in work and job training

programs. No wonder the American people think the system is a sham.

Since we last took on the welfare reform issue in 1988, we learned that our Nation's Governors are far ahead of Washington in generating reform ideas and in implementing them. Currently States must undertake a lengthy and cumbersome waiver process in order to obtain permission to implement commonsense reforms. States that want to require welfare recipients to obtain preventive health care for their children, or to ensure that their children stay in school, or wish to allow recipients to keep more of their earnings from a parttime job—good ideas all—must now obtain a waiver from HHS. This is costly, time consuming, and silly. Dole-Packwood permits States to try a variety of ideas to move people into meaningful work and off public assistance, without permission from the Feds.

Senator HARKIN and I had also proposed that recipients be permitted to keep more income earned on the job, that teens be allowed to work without counting against family income, and that States be permitted to subsidize private sector jobs for welfare recipients on a trial basis. We also proposed that benefits be denied to those who fail to behave rsponsibly—those who fail to have their children immunized or to attend school. Under the system set up by the Dole-Packwood plan, States would be able to try any combination of these ideas, and many more we have not even thought of yet, without permission from Washington bureaucrats.

Mr. President, in past attempts to reform welfare we have erred on the side of caution. We have tinkered with the programs and generally expanded eligibility. We have not come close to solving the problem of poverty; in fact, there are more children living in poverty now than 30 years ago. So we do not want to be overly cautious in our approach to this issue. But neither do we want to throw the problems back to the States. Some of my colleagues propose a mega-block grant which would encompass virtually all means-tested assistance. I would argue that just because we no longer have to deal with the issue on the Federal level does not mean that there is no longer a problem. While their plan has the appeal of simplicity, I do not believe it is workable.

I have tried to work with those in my State who have the responsibility of running these programs to determine what reform efforts make sense. I have come to the conclusion that we should not include certain programs in this bill, particularly child welfare and foster care programs, and public housing reform. Children who are abused and neglected and who become wards of the State are our society's most vulnerable, and their needs should be addressed separately. And I am pleased that the majority leader and the Chairman of the Finance Committee have left these programs out of this bill.

Another highlight of this plan, in my view, is its reform of the Supplemental Security Income [SSI] Program, which provides benefits to low-income disabled individuals. SSI is one of the fastest growing welfare programs in the Federal budget, costing $22 billion per year, and without the reforms in this bill, projected to grow 50 percent by the year 2000. SSI provides perhaps the best example of what happens when the Federal Government provides cash and asks for nothing in return. Over the last 2 years, we have investigated abuses in the program. We have discovered that many drug addicts and alcoholics are using the cash payments to subsidize their addictions, that children are being coached by their parents to fake a disability, and that new immigrants are being coached to fake disabilities to qualify for benefits.

Dole-Packwood would reform the SSI Program without denying benefits to those who truly need them. The bill would no longer treat drug addiction and alcoholism as disabilities or purposes of qualifying for SSI. Noncitizens would only be eligible after working and paying taxes for 5 years. And only children who were diagnosed with a real disability, rather than being said to behave inappropriately for their age level, would qualify for benefits.

Mr. President, the bill before us is not perfect. No legislative document ever is. Over the course of this week I hope we will make improvements in the area of child care and job training. Certainly there are a number of loose threads. But I am throwing my support behind this plan because I believe it is fundamentally sound from a philosophical and practical standpoint. It recognizes that the Federal Government cannot possibly provide the innovation and compassion necessary to solve the problem of poverty. It permits States, private organizations, and individuals to assume more responsibility in caring for our neighbors. And it recognizes that persons in need of assistance in our society will not become self-sufficient unless they are required to give of themselves in return.

I yield the floor.

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, the Senate has jumped into the welfare reform debate with both feet. I want to pose a question to the body now, as we enter the process: What is this debate about?

I will make it very simple: it is about families. It think all my colleagues will agree that in this country, there can be no substitute for healthy families; they are the bedrock of our society.

I hear so much from my constituents about their fears for the American family. In the modern world, the family faces more challenges than ever before, from economic opportunity, to education, to child care. We live in a world where more and more both parents must work to make ends meet. We have also seen an increase in single-parent homes where the challenge to balance work and family can be overwhelming. In my own family, my brothers, sisters, and cousins all share these fears.

With this in mind, there is one question I urge my colleagues to keep in mind throughout this debate: what can the Government do—or not do—to build, and rebuild, families in this country?

What can the Government do to ensure economic opportunity? What can the Government do to create a healthy environment for children? What can the Government do to open doors and prevent dependency?

What can the Government do—or not do—to foster a sense of security, hope, and confidence for families?

During this debate, we will hear a lot about failure. In fact, we already have. We have heard about bad actors who abuse the system. We have heard about systemic failure, about substance abuse, crime, spousal abuse, child abuse, and everything that plagues a family stuck in poverty.

We have heard about addicts awaiting the day their checks come in the mail. We have heard about mothers who stay on welfare, rather than accepting work. And we are going to keep hearing these things used to justify radical overhaul of the current welfare system.

We may hear about these failures, and we may all agree the current system needs improvement. But let's not lose sight of what this debate is about: families and children. America's children.

Mr. President, I bring a unique perspective to this debate on the Senate floor. I am a mother with school-age children. I have been a preschool teacher, dealing with kids from all economic classes. I have taught parent education classes, counseling young parents to help them develop their skills as mothers and fathers in the modern world.

I can personally tell you what it is like to take a desperate phone call from a young single mom at the end of her rope. She is burning the candle at both ends, trying to work, worrying all day long about her kids. For school age kids, they face a tough environment at school; for toddlers, access to quality day care is a constant problem.

When this mom gets home, the kids need attention, but she is out of energy. They need love, they need nourishment, and she has to summon everything she has got to meet their needs. Take my word for it: in today's world this is hard for any parent.

To succeed in reforming welfare, we cannot talk in vagaries about accountability and responsibility, though these concepts are important. We have to understand the everyday challenges of everyday parents.

Only by knowing and understanding these challenges can we begin to design

a welfare reform proposal that truly gives struggling families a boost to economic stability.

Mr. President, shortly after I was elected to the Senate, I decided I needed a better perspective on the challenges faced by young kids in our cities. I asked friends from Washington State social service agencies, from the juvenile justice system, from the public school system, and kids themselves to come together in a series of forums across my State.

In all three cases, I heard the same message over and over again. Kids today feel like adults do not care about them, or their problems. They come home to an empty house because one parent is absentee, or both parents have to work to cover expenses. Or they have dysfunctional parents.

They wake up each morning scared, and all they can think about is survival. They do not see anything getting better for themselves, and to them, it adds up to a world in which adults just do not care.

More recently, Mr. President, I have tried to learn more about the perspective of typical welfare recipients. I participated in a unique program called Walk-a-Mile which started in Washington State and pairs a welfare recipient with an elected official, and the two speak frequently on the telephone about each others' experiences. I was lucky enough to be paired with June, a single mother of two from a Seattle suburb who survived an abusive relationship.

During her time on welfare, June attended school and earned a degree from Evergreen State College. Her classroom time was frequently interrupted, however, because her 6-year-old son Jonathan suffers from attention deficit order, a side effect of the abuse suffered in their previous home.

June has been told by six different day care providers that her son could not be cared for, because of his explosive and erratic behavior. During this time June has lived in fear she would lose her credits at school, or have to drop out, because Jonathan could not stay in day care, or in school.

Since earning her degree, June has divided her time between looking for work and looking for childcare. Her dilemma is a familiar one: in the absence of child care, she cannot work; yet she is qualified to willing to work today.

Mr. President, I know what scared single parents, and I know what scares the kids. I have seen it firsthand, and I have studied it closely over the past 2 years.

These are the fears of moms and their children. This is why moms get trapped in dependency, and why their kids look for their solutions on the streets. And unless we do something to remove these fears, we will not accomplish reform.

I am concerned about what the Dole plan means for the State of Washington that has quality programs based on current Federal resources. I am concerned about parents and families—like June—who are currently participating in programs that will move them off welfare and into the work force.

The Dole plan limits funding to States, and stipulates 2 years of benefits and then you are cut off. This amounts to nothing more than passing one of our biggest headaches off to the States for them to deal with. As a former state legislator, I can tell you that is something my State does not relish.

The Senate has already passed a budget proposing to cut Medicare and Medicaid over the next 7 years. Under the dole welfare plan, the same working families will lose another $500 million over the next 7 years.

Over 60 percent of my State's budget is public education: There is no way it can maintain any kind of excellence in public education if Congress forces new responsibilities and under-funded block-grants down to the State level.

What does this mean in personal terms for June, my Walk-a-Mile partner? Under the Dole plan, there is no certainty she and her son Jonathan will have access to quality child care. In fact, there is a strong possibility they would not, because overall funding is being reduced.

This plan will not do anything to improve June's situation, and it will certainly add to the message we send to our kids that we do not care about them.

The Daschle bill offers credible reform. It proposes to move welfare recipients into the work force swiftly and decisively. It provides guidance on how to equip recipients to make this move. And, most importantly, it ensures quality childcare will be available during the transition.

For people like June, this means they will have the stability and peace of mind to invest themselves in education or training programs that will equip them to move into the work force, without worrying about whether their kids will be looked after during the day.

Mr. President, as a preschool teacher, and parent education counselor, I can tell you based on firsthand experience, give the choice between work and kids, the parent, with limited options, will stay at home.

I can also tell you that unless we neutralize the fears and challenges of poor families, single parents, and their kids, we will not succeed in reforming welfare. We will simply infuse the underclass with a big new group of have-nots.

I will conclude my statement where I began this statement. Welfare reform should be—must be—about rebuilding families in America. In America, we have always taken care of our own.

We built the farm program to preserve the family farms. We establish Social Security to make sure Americans live well in retirement. We passed a GI bill to give our men and women in uniform ready access to education.

Welfare reform should be no different. The central goal of welfare reform should be to make sure American families at all economic levels have equal access to economic opportunity in the modern world.

We cannot legislate morality. Nor can we legislate family values. But we must promote family values. These are intangibles that are up to every family to address in their own homes. All we can do is provide opportunity and a stable environment to let it happen.

If we can move people into the work force and create self-sufficiency, we will have succeeded. To do this, we must remove parents' fears about access to child care, and we must remove kids' fears about the future, and we must make skills training and education available; and we must be very firm about our end goals. If we do these things, we will create a stable environment in which families can success in their own right, on their own merits.

I thank the Chair, and I yield my time.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I want to commend the majority leader for his decision to postpone further action on the welfare reform bill.

Clearly, the pending Republican bill needs more work. Governors, mayors, business leaders, workers should all take a close look at what is being proposed. As this debate has proceeded, it has become clear that the bill is deeply flawed in two major respects: Its failure to include adequate provisions on child care, and its grossly defective treatment of job training.

No welfare reform bill that fails to deal effectively with child care and job training deserves to pass. Without adequate job training, the goal of welfare reform is a charade, since those on welfare will not be able to work even if they are willing to work. To raid existing job training and job education programs in order to solve this problem, as the bill proposes to do, is an unacceptable assault on dislocated workers and all families in all parts of the country struggling to hold on to their current jobs or to improve their skills to find new jobs.

Without adequate child care, this bill is a sham. It makes no sense to force mothers on welfare to work and then deny child care for their children left at home. The last thing the Senate should do in the name of welfare reform is pass a ''Home Alone'' bill that jeopardizes millions of children and their chance for a brighter future.

Finally, it is clear that the Republican bill is also under assault from many Republican Senators who think this bill should be even more punitive on people on welfare.

It is no surprise, therefore, that this defective legislation is being recalled for further repairs. As President Clinton and Democrats have made clear, we are ready to support responsible and

far-reaching welfare reform. But it must be more than bumper-sticker slogans. It must be genuine reform that makes welfare a hand up, not a handout. This bill flunked that basic test, and it deserves the failing grade it has now received.

I yield the floor.

Mrs. KASSEBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, let me say before I start that the majority leader has yielded me his leadership time if I should need more time than the 5 minutes I believe was in the agreement.

Mr. President, I would like to answer several accusations that have been made about the welfare reform bill. First of all, the bill is neither marginal nor is it a sham. The bill that has been put forward by the majority leader is an important step forward and makes good progress in dealing with a most difficult problem.

There may be some major philosophical differences, and that we would all recognize. But the bill addresses three areas that I think are important to any significant and major welfare reform legislation. One, it ends the entitlement for welfare; two, it makes substantial reforms in the Food Stamp Program; and three, it provides major and constructive reform of our job training programs.

It is job training, Mr. President, that I would like to address specifically. If we are ultimately going to be successful in reforming welfare, we must be realistic about what it takes to do so. We have to separate rhetoric from the reality of what is out there, and we must determine how we can be supportive while making changes that are absolutely necessary.

Effective welfare reform is not simply a matter of increasing flexibility or changing incentives, but also of recognizing that obtaining and holding a job does not occur in a vacuum. That is why quality child care is important and why job training—realistic job training—is important.

This morning, my colleague, the Senator from Massachusetts, who is the ranking member of the Labor and Human Resources Committee, said in a press conference: ''This is a cynical scheme to pit welfare beneficiaries against laid-off factory workers, unemployed defense workers and millions of other Americans.''

Mr. President, that is just not true, and there has been a misunderstanding about what the job training portion of this program does. Because it was approved by the Labor and Human Resources Committee, I would like to spend a little bit of time going through that title of the bill.

Mr. KENNEDY. Will the Senator yield on that point?

Mrs. KASSEBAUM. I will be happy to yield.

Mr. KENNEDY. I welcome the Senator's clarification. I just mention, in the Senator's bill, as the Senator knows, in listing the various provisions of permissible activities, on page 67, those effectively are identical to what is in the Dole bill, with the exception of one word. The Senator may be familiar with this, and that is on page 337, under paragraph O and line 20, which adds the word ''workfare.''

So essentially all of the provisions of the Senator's bill were in there. We had other kinds of differences about the construct, but not in this area.

Then there was the addition of the word ''workfare.'' Just the workfare under permissible activities, at least the way the bill was designed or appeared to this Senator, would open up the utilization of those funds for the welfare training programs. That is a reason for the observation.

I welcome the clarification. I had a chance to read the Senator's statement a minute or two before, but I welcome at least what she intended. I certainly welcome the chance to work with her and try and remedy it.

Mrs. KASSEBAUM. Mr. President, yes, I will clarify the workfare addition to the permissible activities section. But first let me speak more generally about the Workforce Development Act, a measure which provides a substantial and dramatic reform of our current work force training and work force education systems. The linkage it provides between our training and education systems is, I think, enormously important.

The Workforce Development Act was a separate bill, S. 143, that has been incorporated in the legislation that is before us; that is, the welfare reform legislation or, as it is called, the Work Opportunity Act.

I want to emphasize from the outset that the Workforce Development Act is not a welfare program. It is a comprehensive effort to bring together myriad Federal programs—about 90 in all—serving everyone from high school vocational students to dislocated workers in America. These programs are brought together in a way that is going to help everyone. The new system will be far more beneficial to individuals in terms of offering realistic help in finding jobs that suit them and in identifying the market opportunities that actually exist.

Several question whether these provisions should be included in a measure that focuses on welfare reform, and I understand the concern that misconceptions could occur. At the same time, because the relevant training activities for welfare and food stamp recipients must be provided by the single system created by the Workforce Development Act, this welfare bill provides the opportunity to consider, what I believe to be, a very important initiative. I will, therefore, strongly oppose any efforts to remove these titles from the bill.

Our current patchwork system is ill-equipped to deal effectively with today's work force needs. The proliferation of training programs has instead resulted in duplication of effort and is the source of confusion for both employers and job seekers.

Moreover, there is little evidence available to tell us what we have actually achieved in return for the $20-some billion we spend annually on all of these programs. The purpose of the Workforce Development Act of 1995 is to develop a single, unified system of job training and training-related education activities designed to ensure that:

One, there is a logical relationship among formal education, job-specific training, and the jobs available in our economy.

Two, individuals who need assistance in obtaining employment are easily able to identify the resources available for that purpose.

Three, there is a clear accountability for Federal dollars. To achieve this goal, Mr. President, the Workforce Development Act repeals all or a major portion of nearly a dozen Federal education employment and training statutes and some 90 programs that they authorize. The funds would be combined into a single authorization and distributed to States as block grants, but with accountability measures that ensure there indeed will be a means of monitoring what is to be achieved.

Maximum flexibility will be provided to the States to design their own work force development systems, based on the following principles: One-stop delivery of job training services; support for school-to-work activities for youth; the development of benchmarks by which to measure results.

In addition, private sector employers will be involved at all levels of the training system, including the Federal, State, and local levels.

Finally, the legislation provides for a transition period during which States may be granted broad waivers from current regulations to begin consolidation.

I think this legislation takes bold steps to reform our training and education programs. I think it is a valuable part of any welfare reform effort. More importantly, it is important for us as a country to be able to address in a far more realistic and effective way, how to help States design the programs that best fit their individual needs.

At this point, I would like to speak specifically to the question that was raised in the press conference where Senator KENNEDY indicated we were trying to pit welfare beneficiaries against laid-off factory workers and unemployed defense workers. I think it is important to clarify the provision which has been the source of a serious misunderstanding.

The Workforce Development Act contains a section on activities for which work force training funds may be used. It is the same list as included in the committee-passed bill, but with one addition. That addition—workfare—is the source of the current confusion.

It has been represented that this term was added to create a loophole, whereby all work force training funds could ultimately be diverted to welfare payments. That is simply not the case.

I, too, would oppose the diversion of work force training funds to welfare payments. It was for that reason that I strongly opposed provisions included in an earlier draft of the Work Opportunity Act which would have permitted up to 30 percent of the work force development funds to be used for other activities in the bill. That transferability provision was deleted.

So let me be very clear. Under no circumstances, may funds be taken out of State job training systems to be used to pay for welfare benefits or food stamps.

On the contrary, any training activities conducted under a State's welfare or food stamp program must be carried out through the State job training system. That preserves the concept that training activities within a State will be carried out through a single system.

The reason ''workfare'' was added to the list of permissible activities was to link a very specific existing food stamp employment and training program into the statewide job training system.

Six States currently carry out workfare programs as a component under their food stamp employment and training program. The purpose of workfare is to improve the employability of individuals not working by providing work experience to assist them to move into regular public or private employment. In essence, it is another form of on-the-job training.

The sole reason that this activity was added to the bill was to ensure that those States that currently conduct the food stamp workfare program can continue to do so through the statewide workforce development system established under title VII.

In general, the overall food stamp employment and training program has not been a very effective job training program, Mr. President. Nevertheless, it remains a part of the food stamp initiative—an initiative which I believe is important.

I am prepared to add clarifying language to assure that the intent of this language is completely clear. I hope, Mr. President, that my explanation clears up any misunderstandings about this issue.

Before I yield the floor, I just want to say that I regret at this late hour to take such a long time on an issue to which we will return in September. But I am convinced, Mr. President, that there is an opportunity for both sides of the aisle to come together in a significant way to address welfare reform.

I think it is an important issue. I, in no way, believe that the legislation that has been put forward by the Republican leader, Senator DOLE, is one that minimizes or ruins our support system for those in need. I think, as a matter of fact, it strengthens it; it shows that there is an ability to work through some issues that are of concern on both sides of the aisle. At the end of the day, we are going to have a stronger, more effective, and more constructive program.

I think that is an opportunity and we should seize it. I think we will when we come back in early September and address the issue.

Mr. KENNEDY. Will the Senator be good enough to yield for a question?

Mrs. KASSEBAUM. I do not know how much time I have.

The PRESIDING OFFICER (Mr. ABRAHAM). The Senator has 3 minutes.

Mrs. KASSEBAUM. I am happy to yield.

Mr. KENNEDY. First of all, I want all of our colleagues to know—and I believe they know already—the respect that all of us on our committee, Human Resource Committee have for the work Senator KASSEBAUM has done in working through the job training and consolidation. We have certain areas that remain that we hope to be able to work through. I appreciate very much the clarification of the workfare provision because, as the Senator knows, nowhere in the legislation is workfare designed.

So her explanation certainly gives us the legislative history about what the reason was for including it, because nowhere in the legislation is it defined. Generally, Governors have defined workfare whatever way they desired to do it, as an augmenting and supplementing way of providing assistance or jobs to welfare recipients. It has not been defined. And being included where it was could, at least under permissible activities, open up a range of different possibilities.

Clearly, the Senator did not support it. I want to say that I look forward to working with the Senator not just on this issue, but on the other issues, to try and see if we cannot find common ground. We had some areas of difference. The Senator has been a strong supporter of the child care feature and programs, and also in the consolidation of training programs. So it is certainly our desire to try and find ways, and maybe this period of time will permit us the opportunity to do so.

I thank the Senator.

Mrs. KASSEBAUM. Mr. President, I certainly would welcome the support of the Senator from Massachusetts for this legislation. I look forward to seeing if we cannot work these things out in September.

Mr. GRAMM. Mr. President, I ask unanimous consent to have 5 minutes to speak on welfare.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. GRAMM. Mr. President, Senator DOLE has pulled down the welfare bill and, therefore, the amendments that I and others had prepared will not be offered today, tomorrow, or at any time during the remainder of the week. So I thought it was very important to outline what I see the issues to be and to make the point that some progress has been made, even though the bill was only on the floor for 2 days, with no formal amendments, other than a change that the leader himself sent to the desk and was approved.

When we started this debate, there was a lot of common ground between Senator DOLE's position and the position that I and other conservative Republicans have taken. But there were also some fundamental differences:

First, I felt very strongly that we needed a binding work requirement which said, in no uncertain terms, that able-bodied men and women riding in the welfare wagon were going to be required to get out of the wagon and help the rest of us pull. I had concerns about the original Dole-Packwood bill that came out of committee because it did not contain a binding work requirement and because there was no enforcement mechanism to guarantee that people who refused to work would actually be dropped from the welfare rolls.

I am very proud of the fact that yesterday Senator DOLE decided, in what I viewed as a gesture toward consensus, to send a modification of his amendment to the desk to add the pay-for-performance provision that was part of both the House bill and the bill that I had proposed with 24 other Republican Senators. This modification simply says that welfare should operate like any other process in America: if you do not show up for work, you will not get paid. This work requirement was added, I think it was a change in the right direction, and I think that as a result we are closer to a consensus today than we were 2 days ago.

I want to see this bill changed to deal with illegitimacy. Under the current program, the illegitimacy rate has risen from 5 percent in 1960 to almost 30 percent in 1990. Last year, roughly half of all the children born in the big cities in America and almost a third of all children born in the entire country were born out of wedlock.

It is clear to me that a program which continues to give people more and more money to have more and more children while on welfare has got to be changed. I have agreed today, in talking to the majority leader, to sit down with him, to have our staffs sit down together, and to see if we can find an agreement to deal with illegitimacy. I think it is clearly necessary not just to pass a bill, but to change the welfare system in America.

I feel very strongly that we should not continue to have immigrants coming to America, looking for a hand out rather than with their sleeves rolled up ready to go to work. I do not believe people ought to be able to come to America just to get welfare. We have room in America for people who want to come and work, for people who want to come here to realize their own American dream.

We have children of immigrants in the U.S. Senate. Most of us are grandchildren or great-grandchildren of immigrants. We want people to come to America to build their dream, to build our dream, but we ought to end this practice of letting people come to America and immediately go on welfare.

Senator DOLE has agreed today—in fact, our staffs at this moment are meeting—to try to see if we can find language in this area that we can agree on, both to settle this issue and to make a fundamental change in this bill. I think if we can do that, then we are making progress toward a consensus.

I want a smaller Federal bureaucracy. If we are going to give AFDC to the States, if we are going to let States run this building block of the welfare system, it seems to me we should not be keeping 70 percent of the program's Government employees at the Federal level with nothing to run. What are these people going to do other than to get in the way of States that are trying to reform the system?

In working with Senator ASHCROFT, I have proposed that we give those Federal programs which are going to be block granted to the States no more than 10 percent of the Government positions they have now, so that they can monitor what the States are doing. Although I would rather have audits by independent firms, I cannot see any logic in giving AFDC, a program which we are eliminating at the Federal level, the ability to keep 70 percent of their Government employees in place. Is a Government job the only immortal thing in the temporal world? I would answer no, but Congress continually says yes.

Finally, I would like to expand the number of programs that we are giving to the States. We will try to block grant food stamps and I believe that there will be a cross section of Senators voting together in favor of this proposal.

The point is that although some progress has been made, we need to continue to work. In the past, we have reformed welfare many times, but we have never truly changed it. I want this bill to be different.

I yield the floor.

DEPARTMENT OF THE INTERIOR APPROPRIATIONS, 1996

The PRESIDING OFFICER. The clerk will report the bill.

The legislative clerk read as follows:

A bill (H.R. 1977) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1996, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations, with amendments; as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets and the parts of the bill intended to be inserted are shown in italic.)

H.R. 1977

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Department of the Interior and related agencies for the fiscal year ending September 30, 1996, and for other purposes, namely:

TITLE I—DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

MANAGEMENT OF LANDS AND RESOURCES

For expenses necessary for protection, use, improvement, development, disposal, cadastral surveying, classification, acquisition of easements and other interests in lands, and performance of other functions, including maintenance of facilities, as authorized by law, in the management of lands and their resources under the jurisdiction of the Bureau of Land Management, including the general administration of the Bureau [$570,017,000] *$565,936,000,* to remain available until expended[, of which not more than $599,999 shall be available to the Needles Resources Area for the management of the East Mojave National Scenic Area, as defined by the Bureau of Land Management prior to October 1, 1994, in the California Desert District of the Bureau of Land Management,] and of which $4,000,000 shall be derived from the special receipt account established by section 4 of the Land and Water Conservation Fund Act of 1965, as amended (16 U.S.C. 460l–6a(i)): *Provided,* That appropriations herein made shall not be available for the destruction of healthy, unadopted, wild horses and burros in the care of the Bureau or its contractors; and in addition, $27,650,000 for Mining Law Administration program operations, to remain available until expended, to be reduced by amounts collected by the Bureau of Land Management and credited to this appropriation from annual mining claim fees so as to result in a final appropriation estimated at not more than [$570,017,000] *$565,936,000*: *Provided further,* That in addition to funds otherwise available, and to remain available until expended, not to exceed $5,000,000 from annual mining claim fees shall be credited to this account for the costs of administering the mining claim fee program, and $2,000,000 from communication site rental fees established by the Bureau.

WILDLAND FIRE MANAGEMENT

For necessary expenses for fire use and management, fire preparedness, emergency presuppression, suppression operations, emergency rehabilitation, and renovation or construction of fire facilities in the Department of the Interior, [$235,924,000] *$242,159,000,* to remain available until expended, of which not to exceed $5,025,000, shall be available for the renovation or construction of fire facilities: *Provided,* That notwithstanding any other provision of law, persons hired pursuant to 43 U.S.C. 1469 may be furnished subsistence and lodging without cost from funds available from this appropriation: *Provided further,* That such funds are also available for repayment of advances to other appropriation accounts from which funds were previously transferred for such purposes: *Provided further,* That unobligated balances of amounts previously appropriated to the Fire Protection and Emergency Department of the Interior Firefighting Fund may be transferred or merged with this appropriation.

CENTRAL HAZARDOUS MATERIALS FUND

For expenses necessary for use by the Department of the Interior and any of its component offices and bureaus for the remedial action, including associated activities, of hazardous waste substances, pollutants, or contaminants pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. 9601 et seq.), $10,000,000, to remain available until expended: *Provided,* That, notwithstanding 31 U.S.C. 3302, sums recovered from or paid by a party in advance of or as reimbursement for remedial action or response activities conducted by the Department pursuant to sections 107 or 113(f) of the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. 9607 or 9613(f)), shall be credited to this account and shall be available without further appropriation and shall remain available until expended: *Provided further,* That such sums recovered from or paid by any party are not limited to monetary payments and may include stocks, bonds or other personal or real property, which may be retained, liquidated, or otherwise disposed of by the Secretary of the Interior and which shall be credited to this account.

CONSTRUCTION AND ACCESS

For acquisition of lands and interests therein, and construction of buildings, recreation facilities, roads, trails, and appurtenant facilities, [$2,515,000] *$2,615,000,* to remain available until expended.

PAYMENTS IN LIEU OF TAXES

For expenses necessary to implement the Act of October 20, 1976, as amended (31 U.S.C. 6901–07), [$111,409,000] *$100,000,000,* of which not to exceed $400,000 shall be available for administrative expenses.

LAND ACQUISITION

For expenses necessary to carry out the provisions of sections 205, 206, and 318(d) of Public Law 94–579 including administrative expenses and acquisition of lands or waters, or interests therein, [$8,500,000] *$10,550,000* to be derived from the Land and Water Conservation Fund, to remain available until expended.

OREGON AND CALIFORNIA GRANT LANDS

For expenses necessary for management, protection, and development of resources and for construction, operation, and maintenance of access roads, reforestation, and other improvements on the revested Oregon and California Railroad grant lands, on other Federal lands in the Oregon and California land-grant counties of Oregon, and on adjacent rights-of-way; and acquisition of lands or interests therein including existing connecting roads on or adjacent to such grant lands; [$91,387,000] *$95,364,000,* to remain available until expended: *Provided,* That 25 per centum of the aggregate of all receipts during the current fiscal year from the revested Oregon and California Railroad grant lands is hereby made a charge against the Oregon and California land-grant fund and shall be transferred to the General Fund in the Treasury in accordance with the provisions of the second paragraph of subsection (b) of title II of the Act of August 28, 1937 (50 Stat. 876).

RANGE IMPROVEMENTS

For rehabilitation, protection, and acquisition of lands and interests therein, and improvement of Federal rangelands pursuant to section 401 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701), notwithstanding any other Act, sums equal to 50 per centum of all moneys received during the prior fiscal year under sections 3 and 15 of the Taylor Grazing Act (43 U.S.C. 315 et seq.) and the amount designated for range improvements from grazing fees and mineral leasing receipts from Bankhead-Jones lands transferred to the Department of the Interior pursuant to law, but not less than $9,113,000, to remain available until expended: *Provided,* That not to exceed $600,000

shall be available for administrative expenses.

SERVICE CHARGES, DEPOSITS, AND FORFEITURES

For administrative expenses and other costs related to processing application documents and other authorizations for use and disposal of public lands and resources, for costs of providing copies of official public land documents, for monitoring construction, operation, and termination of facilities in conjunction with use authorizations, and for rehabilitation of damaged property, such amounts as may be collected under sections 209(b), 304(a), 304(b), 305(a), and 504(g) of the Act approved October 21, 1976 (43 U.S.C. 1701), and sections 101 and 203 of Public Law 93–153, to be immediately available until expended: *Provided,* That notwithstanding any provision to the contrary of section 305(a) of the Act of October 21, 1976 (43 U.S.C. 1735(a)), any moneys that have been or will be received pursuant to that section, whether as a result of forfeiture, compromise, or settlement, if not appropriate for refund pursuant to section 305(c) of that Act (43 U.S.C. 1735(c)), shall be available and may be expended under the authority of this or subsequent appropriations Acts by the Secretary to improve, protect, or rehabilitate any public lands administered through the Bureau of Land Management which have been damaged by the action of a resource developer, purchaser, permittee, or any unauthorized person, without regard to whether all moneys collected from each such forfeiture, compromise, or settlement are used on the exact lands damage to which led to the forfeiture, compromise, or settlement: *Provided further,* That such moneys are in excess of amounts needed to repair damage to the exact land for which collected.

MISCELLANEOUS TRUST FUNDS

In addition to amounts authorized to be expended under existing law, there is hereby appropriated such amounts as may be contributed under section 307 of the Act of October 21, 1976 (43 U.S.C. 1701), and such amounts as may be advanced for administrative costs, surveys, appraisals, and costs of making conveyances of omitted lands under section 211(b) of that Act, to remain available until expended.

ADMINISTRATIVE PROVISIONS

Appropriations for the Bureau of Land Management shall be available for purchase, erection, and dismantlement of temporary structures, and alteration and maintenance of necessary buildings and appurtenant facilities to which the United States has title; up to $100,000 for payments, at the discretion of the Secretary, for information or evidence concerning violations of laws administered by the Bureau of Land Management; miscellaneous and emergency expenses of enforcement activities authorized or approved by the Secretary and to be accounted for solely on his certificate, not to exceed $10,000: *Provided,* That notwithstanding 44 U.S.C. 501, the Bureau may, under cooperative cost-sharing and partnership arrangements authorized by law, procure printing services from cooperators in connection with jointly-produced publications for which the cooperators share the cost of printing either in cash or in services, and the Bureau determines the cooperator is capable of meeting accepted quality standards.

UNITED STATES FISH AND WILDLIFE SERVICE

RESOURCE MANAGEMENT

For expenses necessary for scientific and economic studies, conservation, management, investigations, protection, and utilization of fishery and wildlife resources, except whales, seals, and sea lions, and for the performance of other authorized functions related to such resources; for the general administration of the United States Fish and Wildlife Service; and for maintenance of the herd of long-horned cattle on the Wichita Mountains Wildlife Refuge; and not less than $1,000,000 for high priority projects within the scope of the approved budget which shall be carried out by the Youth Conservation Corps as authorized by the Act of August 13, 1970, as amended by Public Law 93–408, [$498,035,000 (less $885,000)] *$496,978,000,* to remain available for obligation until September 30, 1997, of which $11,557,000 shall be *available until expended* for operation and maintenance of fishery mitigation facilities constructed by the Corps of Engineers under the Lower Snake River Compensation Plan, authorized by the Water Resources Development Act of 1976 (90 Stat. 2921), to compensate for loss of fishery resources from water development projects on the Lower Snake River: *Provided,* That unobligated and unexpended balances in the Resource Management account at the end of fiscal year 1995, shall be merged with and made a part of the fiscal year 1996 Resource Management appropriation, and shall remain available for obligation until September 30, 1997*: Provided further, That no monies appropriated under this Act or any other law shall be used to implement subsections (a), (b), (c), (e), (g), or (i) of section 4 of the Endangered Species Act until such time as legislation reauthorizing the Act is enacted, except that monies appropriated under this Act may be used to delist or reclassify species pursuant to subsections 4(a)(2)(B), 4(c)(2)(B)(i), and 4(c)(2)(B)(ii) of the Act.*

CONSTRUCTION

For construction and acquisition of buildings and other facilities required in the conservation, management, investigation, protection, and utilization of fishery and wildlife resources, and the acquisition of lands and interests therein; [$26,355,000] *$38,775,000,* to remain available until expended.

NATURAL RESOURCE DAMAGE ASSESSMENT FUND

To conduct natural resource damage assessment activities by the Department of the Interior necessary to carry out the provisions of the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. 9601, et seq.), Federal Water Pollution Control Act, as amended (33 U.S.C. 1251, et seq.), the Oil Pollution Act of 1990 (Public Law 101–380), and the Act of July 27, 1990 (Public Law 101–337); [$6,019,000] *$4,000,000,* to remain available until expended: *Provided,* That sums provided by any party in fiscal year 1996 and thereafter are not limited to monetary payments and may include stocks, bonds or other personal or real property, which may be retained, liquidated or otherwise disposed of by the Secretary and such sums or properties shall be utilized for the restoration of injured resources, and to conduct new damage assessment activities.

LAND ACQUISITION

For expenses necessary to carry out the provisions of the Land and Water Conservation Fund Act of 1965, as amended (16 U.S.C. 460l–4–11), including administrative expenses, and for acquisition of land or waters, or interest therein, in accordance with statutory authority applicable to the United States Fish and Wildlife Service, [$14,100,000] *$32,031,000,* to be derived from the Land and Water Conservation Fund, to remain available until expended.

COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND

For expenses necessary to carry out the provisions of the Endangered Species Act of 1973 (16 U.S.C. 1531–1543), as amended by Public Law 100–478, $8,085,000 for grants to States, to be derived from the Cooperative Endangered Species Conservation Fund, and to remain available until expended.

NATIONAL WILDLIFE REFUGE FUND

For expenses necessary to implement the Act of October 17, 1978 (16 U.S.C. 715s), $10,779,000.

REWARDS AND OPERATIONS

For expenses necessary to carry out the provisions of the African Elephant Conservation Act (16 U.S.C. 4201–4203, 4211–4213, 4221–4225, 4241–4245, and 1538), $600,000, to remain available until expended.

NORTH AMERICAN WETLANDS CONSERVATION FUND

For expenses necessary to carry out the provisions of the North American Wetlands Conservation Act, Public Law 101–233, [$4,500,000] *$6,750,000,* to remain available until expended.

LAHONTAN VALLEY AND PYRAMID LAKE FISH AND WILDLIFE FUND

For carrying out section 206(f) of Public Law 101–618, such sums as have previously been credited or may be credited hereafter to the Lahontan Valley and Pyramid Lake Fish and Wildlife Fund, to be available until expended without further appropriation.

RHINOCEROS AND TIGER CONSERVATION FUND

For deposit to the Rhinoceros and Tiger Conservation Fund, $200,000, to remain available until expended, to be available to carry out the provisions of the Rhinoceros and Tiger Conservation Act of 1994 (P.L. 103–391).

WILDLIFE CONSERVATION AND APPRECIATION FUND

For deposit to the Wildlife Conservation and Appreciation Fund, [$998,000] *$800,000,* to remain available until expended[, to be available for carrying out the Partnerships for Wildlife Act only to the extent such funds are matched as provided in section 7105 of said Act].

ADMINISTRATIVE PROVISIONS

Appropriations and funds available to the United States Fish and Wildlife Service shall be available for purchase of not to exceed [54 passenger] *113* motor vehicles[, none of which are for police-type use]; not to exceed $400,000 for payment, at the discretion of the Secretary, for information, rewards, or evidence concerning violations of laws administered by the United States Fish and Wildlife Service, and miscellaneous and emergency expenses of enforcement activities, authorized or approved by the Secretary and to be accounted for solely on his certificate; repair of damage to public roads within and adjacent to reservation areas caused by operations of the United States Fish and Wildlife Service; options for the purchase of land at not to exceed $1 for each option; facilities incident to such public recreational uses on conservation areas as are consistent with their primary purpose; and the maintenance and improvement of aquaria, buildings, and other facilities under the jurisdiction of the United States Fish and Wildlife Service and to which the United States has title, and which are utilized pursuant to law in connection with management and investigation of fish and wildlife resources: *Provided,* That notwithstanding 44 U.S.C. 501, the Service may, under cooperative cost sharing and partnership arrangements authorized by law, procure printing services from cooperators in connection with jointly-produced publications for which the cooperators share at least one-half the cost of printing either in cash or services and the Service determines the cooperator is capable of meeting accepted quality standards*: Provided further, That the United States Fish and Wildlife Service may accept donated aircraft as replacements for existing aircraft*: *Provided further,* That notwithstanding any other provision of law, the Secretary of the Interior may not spend any of

the funds appropriated in this Act for the purchase of lands or interests in lands to be used in the establishment of any new unit of the National Wildlife Refuge System unless the purchase is approved in advance by the House and Senate Committees on Appropriations in compliance with the reprogramming procedures contained in House Report 103–551[: *Provided further,* That none of the funds made available in this Act may be used by the U.S. Fish and Wildlife Service to impede or delay the issuance of a wetlands permit by the U.S. Army Corps of Engineers to the City of Lake Jackson, Texas, for the development of a public golf course west of Buffalo Camp Bayou between the Brazos River and Highway 332]*: Provided further, That notwithstanding the Emergency Wetlands Resources Act of 1986 (16 U.S.C. 3911), amounts collected from the sale of admissions permits and from fees collected at units of the Fish and Wildlife Service for fiscal year 1996 shall be available for use by the Fish and Wildlife Service pursuant to paragraph (c)(4) of section 315 of this Act: Provided further, That, with respect to lands leased for farming pursuant to Public Law 88–567, none of the funds in this Act may be used to develop, implement, or enforce regulations or policies (including pesticide use proposals) related to the use of chemicals and pest management that are more restrictive than the requirements of applicable State and Federal laws related to the use of chemicals and pest management practices on non-Federal lands.*

NATURAL RESOURCES SCIENCE AGENCY

RESEARCH, INVENTORIES, AND SURVEYS

For authorized expenses necessary for scientific research relating to species biology, population dynamics, and ecosystems; inventory and monitoring activities; technology development and transfer; the operation of Cooperative Research Units; for the purchase of not to exceed 61 passenger motor vehicles, of which 55 are for replacement only; and for the general administration of the National Biological Service, $145,965,000, of which $145,915,000 shall remain available until September 30, 1997, and of which $50,000 shall remain available until expended for construction: Provided, That none of the funds under this head shall be used to conduct new surveys on private property unless specifically authorized in writing by the property owner: Provided further, That none of the funds provided herein for resource research may be used to administer a volunteer program when it is made known to the Federal official having authority to obligate or expend such funds that the volunteers are not properly trained or that information gathered by the volunteers is not carefully verified: Provided further, That no later than April 1, 1996, the Assistant Secretary for Water and Science shall issue agency guidelines for resource research that ensure that scientific and technical peer review is used as fully as possible in selection of projects for funding and ensure the validity and reliability of research and data collection on Federal lands: Provided further, That no funds available for resource research may be used for any activity that was not authorized prior to the establishment of the National Biological Survey: Provided further, That once every five years the National Academy of Sciences shall review and report on the resource research activities of the agency: Provided further, That if specific authorizing legislation is enacted during or before the start of fiscal year 1996, the agency should comply with the provisions of that legislation.

NATIONAL PARK SERVICE

OPERATION OF THE NATIONAL PARK SYSTEM

For expenses necessary for the management, operation, and maintenance of areas and facilities administered by the National Park Service (including special road maintenance service to trucking permittees on a reimbursable basis), and for the general administration of the National Park Service, including not to exceed $1,593,000 for the Volunteers-in-Parks program, and not less than $1,000,000 for high priority projects within the scope of the approved budget which shall be carried out by the Youth Conservation Corps as authorized by the Act of August 13, 1970, as amended by Public Law 93–408, [$1,088,249,000] *$1,092,265,000,* without regard to the Act of August 24, 1912, as amended (16 U.S.C. 451), of which not to exceed $72,000,000, to remain available until expended is to be derived from the special fee account established pursuant to title V, section 5201, of Public Law 100–203[, and of which not more than $1 shall be available for activies of the National Park Service at the Mojave National Preserve].

NATIONAL RECREATION AND PRESERVATION

For expenses necessary to carry out recreation programs, natural programs, cultural programs, environmental compliance and review, international park affairs, statutory or contractual aid for other activities, and grant administration, not otherwise provided for, [$35,725,000] *$38,051,000*: *Provided,* That [$248,000] *$236,000* of the funds provided herein are for the William O. Douglas Outdoor Education Center, subject to authorization.

HISTORIC PRESERVATION FUND

For expenses necessary in carrying out the provisions of the Historic Preservation Act of 1966 (80 Stat. 915), as amended (16 U.S.C. 470), [$37,934,000] *$38,312,000,* to be derived from the Historic Preservation Fund, established by section 108 of that Act, as amended, to remain available for obligation until September 30, 1997.

CONSTRUCTION

For construction, improvements, repair or replacement of physical facilities, [$114,868,000] *$116,480,000,* to remain available until expended: *Provided,* That not to exceed [$6,000,000] *$4,500,000* shall be paid to the Army Corps of Engineers for modifications authorized by section 104 of the Everglades National Park Protection and Expansion Act of 1989*: Provided further, That up to $1,500,000 of the funds provided under this head, to be derived from the Historic Preservation Fund, established by the Historic Preservation Act of 1966 (80 Stat. 915), as amended (16 U.S.C. 470), shall be available until expended to render the site safe for visitors and to continue building stabilization of the Kennicott, Alaska copper mine.*

LAND AND WATER CONSERVATION FUND

(RESCISSION)

The contract authority provided for fiscal year 1996 by 16 U.S.C. 460l–10a is rescinded.

LAND ACQUISITION AND STATE ASSISTANCE

For expenses necessary to carry out the provisions of the Land and Water Conservation Fund Act of 1965, as amended (16 U.S.C. 460l–4–11), including administrative expenses, and for acquisition of lands or waters, or interest therein, in accordance with statutory authority applicable to the National Park Service, [$14,300,000] *$43,230,000,* to be derived from the Land and Water Conservation Fund, to remain available until expended[, of which $4,800,000 is provided for Federal assistance to the State of Florida pursuant to Public Law 103–219,] and of which $1,500,000 is to administer the State assistance program*: Provided, That funds appropriated herein for the purpose of acquisition of the Elwha and Glines dams shall be used solely for acquisition, and shall not be expended until the full purchase amount has been appropriated by the Congress.*

ADMINISTRATIVE PROVISIONS

Appropriations for the National Park Service shall be available for the purchase of not to exceed 518 passenger motor vehicles, of which 323 shall be for replacement only, including not to exceed 411 for police-type use, 12 buses, and 5 ambulances: *Provided,* That none of the funds appropriated to the National Park Service may be used to process any grant or contract documents which do not include the text of 18 U.S.C. 1913: *Provided further,* That none of the funds appropriated to the National Park Service may be used to implement an agreement for the redevelopment of the southern end of Ellis Island *until such agreement has been submitted to the Congress and shall not be implemented prior to the expiration of 30 calendar days (not including any day in which either House of Congress is not in session because of adjournment of more than three calendar days to a day certain) from the receipt by the Speaker of the House of Representatives and the President of the Senate of a full and comprehensive report on the development of the southern end of Ellis Island, including the facts and circumstances relied upon in support of the proposed project.*

None of the funds in this Act may be spent by the National Park Service for a United Nations Biodiversity Initiative in the United States.

UNITED STATES GEOLOGICAL SURVEY

SURVEYS, INVESTIGATIONS, AND RESEARCH

For expenses necessary for the United States Geological Survey to perform surveys, investigations, and research covering topography, geology, hydrology, and the mineral and water resources of the United States, its Territories and possessions, and other areas as authorized by law (43 U.S.C. 31, 1332 and 1340); classify lands as to their mineral and water resources; give engineering supervision to power permittees and Federal Energy Regulatory Commission licensees; administer the minerals exploration program (30 U.S.C. 641); and publish and disseminate data relative to the foregoing activities; [$686,944,000] *$577,503,000,* of which $62,130,000 shall be available for cooperation with States or municipalities for water resources investigations[, and of which $112,888,000 for resource research and the operations of Cooperative Research Units shall remain available until September 30, 1997]: *Provided,* That no part of this appropriation shall be used to pay more than one-half the cost of any topographic mapping or water resources investigations carried on in cooperation with any State or municipality[: *Provided further,* That funds available herein for resource research may be used for the purchase of not to exceed 61 passenger motor vehicles, of which 55 are for replacement only: *Provided further,* That none of the funds available under this head for resource research shall be used to conduct new surveys on private property except when it is made known to the Federal official having authority to obligate or expend such funds that the survey or research has been requested and authorized in writing by the property owner or the owner's authorized representative: *Provided further,* That none of the funds provided herein for resource research may be used to administer a volunteer program when it is made known to the Federal official having authority to obligate or expend such funds that the volunteers are not properly trained or that information gathered by the volunteers is not carefully verified: *Provided further,* That no later than April 1, 1996, the Director of the United States Geological Survey shall issue agency guidelines for resource research that ensure that scientific and technical peer review is utilized as fully as possible in selection of projects for funding and ensure the validity and reliability of research and data collection on Federal lands: *Provided further,* That no funds available for resource research may be used for any activity that was not authorized prior to the establishment of the

National Biological Survey: *Provided further,* That once every five years the National Academy of Sciences shall review and report on the resource research activities of the Survey: *Provided further,* That if specific authorizing legislation is enacted during or before the start of fiscal year 1996, the resource research component of the Survey should comply with the provisions of that legislation: *Provided further,* That unobligated and unexpended balances in the National Biological Survey, Research, inventories and surveys account at the end of fiscal year 1995, shall be merged with and made a part of the United States Geological Survey, Surveys, investigations, and research account and shall remain available for obligation until September 30, 1996**]**.

ADMINISTRATIVE PROVISIONS

The amount appropriated for the United States Geological Survey shall be available for purchase of not to exceed 22 passenger motor vehicles, for replacement only; reimbursement to the General Services Administration for security guard services; contracting for the furnishing of topographic maps and for the making of geophysical or other specialized surveys when it is administratively determined that such procedures are in the public interest; construction and maintenance of necessary buildings and appurtenant facilities; acquisition of lands for gauging stations and observation wells; expenses of the United States National Committee on Geology; and payment of compensation and expenses of persons on the rolls of the United States Geological Survey appointed, as authorized by law, to represent the United States in the negotiation and administration of interstate compacts: *Provided,* That activities funded by appropriations herein made may be accomplished through the use of contracts, grants, or cooperative agreements as defined in 31 U.S.C. 6302, et seq.

MINERALS MANAGEMENT SERVICE

ROYALTY AND OFFSHORE MINERALS MANAGEMENT

For expenses necessary for minerals leasing and environmental studies, regulation of industry operations, and collection of royalties, as authorized by law; for enforcing laws and regulations applicable to oil, gas, and other minerals leases, permits, licenses and operating contracts; and for matching grants or cooperative agreements; including the purchase of not to exceed eight passenger motor vehicles for replacement only; **[**$186,556,000**]** *$182,169,000,* of which not less than $70,105,000 shall be available for royalty management activities; and an amount not to exceed **[**$12,400,000**]** *$15,400,000* for the Technical Information Management System **[**of**]** *and Related Activities of the* Outer Continental Shelf (OCS) Lands Activity, to be credited to this appropriation and to remain available until expended, from additions to receipts resulting from increases to rates in effect on August 5, 1993, from rate increases to fee collections for OCS administrative activities performed by the Minerals Management Service over and above the rates in effect on September 30, 1993, and from additional fees for OCS administrative activities established after September 30, 1993: *Provided,* That beginning in fiscal year 1996 and thereafter, fees for royalty rate relief applications shall be established (and revised as needed) in Notices to Lessees, and shall be credited to this account in the program areas performing the function, and remain available until expended for the costs of administering the royalty rate relief authorized by 43 U.S.C. 1337(a)(3): *Provided further,* That $1,500,000 for computer acquisitions shall remain available until September 30, 1997: *Provided further,* That funds appropriated under this Act shall be available for the payment of interest in accordance with 30 U.S.C. 1721 (b) and (d): *Provided further,* That not to exceed $3,000 shall be available for reasonable expenses related to promoting volunteer beach and marine cleanup activities: *Provided further,* That notwithstanding any other provision of law, $15,000 under this head shall be available for refunds of overpayments in connection with certain Indian leases in which the Director of the Minerals Management Service concurred with the claimed refund due, to pay amounts owed to Indian allottees or Tribes, or to correct prior unrecoverable erroneous payments: *Provided further,* That beginning in fiscal year 1996 and thereafter, the Secretary shall take appropriate action to collect unpaid and underpaid royalties and late payment interest owed by Federal and Indian mineral lessees and other royalty payors on amounts received in settlement or other resolution of disputes under, and for partial or complete termination of, sales agreements for minerals from Federal and Indian leases.

OIL SPILL RESEARCH

For necessary expenses to carry out the purposes of title I, section 1016, title IV, sections 4202 and 4303, title VII, and title VIII, section 8201 of the Oil Pollution Act of 1990, $6,440,000, which shall be derived from the Oil Spill Liability Trust Fund, to remain available until expended.

BUREAU OF MINES

MINES AND MINERALS

[For expenses necessary for the orderly closure of the Bureau of Mines, $87,000,000**]** *For expenses necessary for conducting inquiries, technological investigations, and research concerning the extraction, processing, use, and disposal of mineral substances without objectionable social and environmental costs; to foster and encourage private enterprise in the development of mineral resources and the prevention of waste in the mining, minerals, metal, and mineral reclamation industries; to inquire into the economic conditions affecting those industries; to promote health and safety in mines and the mineral industry through research; and for other related purposes as authorized by law, $132,507,000, of which $111,192,000 shall remain available until expended.*

ADMINISTRATIVE PROVISIONS

The Secretary is authorized to accept lands, buildings, equipment, other contributions, and fees from public and private sources, and to prosecute projects using such contributions and fees in cooperation with other Federal, State or private agencies: *Provided,* That the Bureau of Mines is authorized, during the current fiscal year, to sell directly or through any Government agency, including corporations, any metal or mineral products that may be manufactured in pilot plants operated by the Bureau of Mines, and the proceeds of such sales shall be covered into the Treasury as miscellaneous receipts: *Provided further,* That notwithstanding any other provision of law, the Secretary is authorized to convey, without reimbursement, title and all interest of the United States in property and facilities of the United States Bureau of Mines in Juneau, Alaska to the City and Borough of Juneau, Alaska; in Tuscaloosa, Alabama, to The University of Alabama; in Rolla, Missouri, to the University of Missouri-Rolla; and in other localities to such university or government entities as the Secretary deems appropriate.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

REGULATION AND TECHNOLOGY

For necessary expenses to carry out the provisions of the Surface Mining Control and Reclamation Act of 1977, Public Law 95–87, as amended, including the purchase of not to exceed 15 passenger motor vehicles for replacement only; **[**$92,751,000**]** *$95,470,000,* and notwithstanding 31 U.S.C. 3302, an additional amount shall be credited to this account, to remain available until expended, from performance bond forfeitures in fiscal year 1996: *Provided,* That notwithstanding any other provision of law, the Secretary of the Interior, pursuant to regulations, may utilize directly or through grants to States, moneys collected in fiscal year 1996 pursuant to the assessment of civil penalties under section 518 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1268), to reclaim lands adversely affected by coal mining practices after August 3, 1977, to remain available until expended: *Provided further,* That notwithstanding any other provision of law, appropriations for the Office of Surface Mining Reclamation and Enforcement may provide for the travel and per diem expenses of State and tribal personnel attending Office of Surface Mining Reclamation and Enforcement sponsored training.

ABANDONED MINE RECLAMATION FUND

For necessary expenses to carry out the provisions of title IV of the Surface Mining Control and Reclamation Act of 1977, Public Law 95–87, as amended, including the purchase of not more than 22 passenger motor vehicles for replacement only, **[**$176,327,000**]** *$170,441,000,* to be derived from receipts of the Abandoned Mine Reclamation Fund and to remain available until expended**[**, of which $5,000,000 shall be used for supplemental grants to States for the reclamation of abandoned sites with acid mine rock drainage from coal mines through the Appalachian Clean Streams Initiative**]**: *Provided,* That grants to minimum program States will be $1,500,000 per State in fiscal year 1996: *Provided further,* That of the funds herein provided up to $18,000,000 may be used for the emergency program authorized by section 410 of Public Law 95–87, as amended, of which no more than 25 per centum shall be used for emergency reclamation projects in any one State and funds for Federally-administered emergency reclamation projects under this proviso shall not exceed $11,000,000**[**: *Provided further,* That donations credited to the Abandoned Mine Reclamation Fund, pursuant to section 401(b)(3) of Public Law 95–87, are hereby appropriated and shall be available until expended to support projects under the Appalachian Clean Streams Initiative, directly, through agreements with other Federal agencies, as otherwise authorized, or through grants to States or local governments, or tax-exempt private entities**]**: *Provided further,* That prior year unobligated funds appropriated for the emergency reclamation program shall not be subject to the 25 per centum limitation per State and may be used without fiscal year limitation for emergency projects: *Provided further,* That pursuant to Public Law 97–365, the Department of the Interior is authorized to utilize up to 20 per centum from the recovery of the delinquent debt owed to the United States Government to pay for contracts to collect these debts.

BUREAU OF INDIAN AFFAIRS

OPERATION OF INDIAN PROGRAMS

For operation of Indian programs by direct expenditure, contracts, cooperative agreements, compacts, and grants including expenses necessary to provide education and welfare services for Indians, either directly or in cooperation with States and other organizations, including payment of care, tuition, assistance, and other expenses of Indians in boarding homes, or institutions, or schools; grants and other assistance to needy

Indians; maintenance of law and order[; management, development, improvement, and protection of resources and appurtenant facilities under the jurisdiction of the Bureau of Indian Affairs, including payment of irrigation assessments and charges; acquisition of water rights]; advances for Indian industrial and business enterprises; operation of Indian arts and crafts shops and museums; development of Indian arts and crafts, as authorized by law; for the general administration of the Bureau of Indian Affairs, including such expenses in field offices; maintaining of Indian reservation roads as defined in section 101 of title 23, United States Code; and construction, repair, and improvement of Indian housing, [$1,508,777,000 (plus $851,000)] *$997,221,000*, of which not to exceed [$106,126,000] *$104,626,000* shall be for payments to tribes and tribal organizations for contract support costs associated with ongoing contracts or grants or compacts entered into with the Bureau of Indian Affairs prior to fiscal year 1996, as authorized by the Indian Self-Determination Act of 1975, as amended, and [$5,000,000] *up to $5,000,000* shall be for the Indian Self-Determination Fund, which shall be available for the transitional cost of initial or expanded tribal contracts, grants, compacts, or cooperative agreements with the Bureau of Indian Affairs under the provisions of the Indian Self-Determination Act; and of which not to exceed [$330,711,000] *$330,991,000* for school operations costs of Bureau-funded schools and other education programs shall become available for obligation on July 1, 1996, and shall remain available for obligation until September 30, 1997; and of which not to exceed [$67,138,000] *$69,477,000* for higher education scholarships, adult vocational training, and assistance to public schools under the [Johnson O'Malley Act] *Act of April 16, 1934 (48 Stat. 596), as amended (25 U.S.C. 452 et seq.)*, shall remain available for obligation until September 30, 1997; and of which not to exceed [$74,814,000] *$35,331,000* shall remain available until expended for [trust funds management,] housing improvement, road maintenance, [attorney fees, litigation support,] self-governance grants, *and* the Indian Self-Determination Fund[, and the Navajo-Hopi Settlement Program]: *Provided*, That tribes and tribal contractors may use their tribal priority allocations for unmet indirect costs of ongoing contracts, grants or compact agreements: *Provided further*, That funds made available to tribes and tribal organizations through contracts or grants obligated during fiscal year 1996, as authorized by the Indian Self-Determination Act of 1975 (88 Stat. 2203; 25 U.S.C. 450 et seq.), or grants authorized by the Indian Education Amendments of 1988 (25 U.S.C. 2001 and 2008A) shall remain available until expended by the contractor or grantee[: *Provided further*, That notwithstanding any other provision of law, the statute of limitations shall not commence to run on any claim, including any claim in litigation pending on the date of this Act, concerning losses to or mismanagement of trust funds, until the affected tribe or individual Indian has been furnished with the accounting of such funds from which the beneficiary can determine whether there has been a loss]: *Provided further*, That to provide funding uniformity within a Self-Governance Compact, any funds provided in this Act with availability for more than one year may be reprogrammed to one year availability but shall remain available within the Compact until expended: *Provided further*, That notwithstanding any other provision of law, Indian tribal governments may, by appropriate changes in eligibility criteria or by other means, change eligibility for general assistance or change the amount of general assistance payments for individuals within the service area of such tribe who are otherwise deemed eligible for general assistance payments so long as such changes are applied in a consistent manner to individuals similarly situated: *Provided further*, That any savings realized by such changes shall be available for use in meeting other priorities of the tribes: *Provided further*, That any net increase in costs to the Federal Government which result solely from tribally increased payment levels for general assistance shall be met exclusively from funds available to the tribe from within its tribal priority allocation[: *Provided further*, That any forestry funds allocated to a tribe which remain unobligated as of September 30, 1996, may be transferred during fiscal year 1997 to an Indian forest land assistance account established for the benefit of such tribe within the tribe's trust fund account: *Provided further*, That any such unobligated balances not so transferred shall expire on September 30, 1997]: *Provided further*, That notwithstanding any other provision of law, no funds available to the Bureau of Indian Affairs, other than the amounts provided herein for assistance to public schools under the Act of April 16, 1934 (48 Stat. 596), as amended (25 U.S.C. 452 et seq.), shall be available to support the operation of any elementary or secondary school in the State of Alaska in fiscal year 1996: *Provided further*, That funds made available in this or any other Act for expenditure through September 30, 1997 for schools funded by the Bureau of Indian Affairs shall be available only to the schools which are in the Bureau of Indian Affairs school system as of September 1, 1995: *Provided further*, That no funds available to the Bureau of Indian Affairs shall be used to support expanded grades for any school beyond the grade structure in place at each school in the Bureau of Indian Affairs school system as of October 1, 1995: *Provided further*, That notwithstanding the provisions of 25 U.S.C. 2011(h)(1)(B) and (c), upon the recommendation of a local school board for a Bureau of Indian Affairs operated school, the Secretary shall establish rates of basic compensation or annual salary rates for the positions of teachers and counselors (including dormitory and homeliving counselors) at the school at a level not less than that for comparable positions in public school districts in the same geographic area*: Provided further, That notwithstanding any other provision of law, no funds available to the Bureau of Indian Affairs for central office operations or pooled overhead general administration shall be available for tribal contracts, grants, compacts, or cooperative agreements with the Bureau of Indian Affairs under the provisions of the Indian Self-Determination Act or the Tribal Self-Governance Act of 1994 (Public Law 103–413), unless a proposal for amounts to be available for such tribal contracts, grants, compacts, or cooperative agreements has been submitted to and approved by the Committees on Appropriations: Provided further, That of the funds available only through September 30, 1995, not to exceed $8,000,000 in unobligated and unexpended balances in the Operation of Indian Programs account shall be merged with and made a part of the fiscal year 1996 Operation of Indian Programs appropriation, and shall remain available for obligation for employee severance, relocation, and related expenses, until March 31, 1996.*

CONSTRUCTION

For construction, major repair, and improvement of [irrigation and power systems,] buildings, utilities, and other facilities, including architectural and engineering services by contract[; acquisition of lands and interests in lands; and preparation of lands for farming, $98,033,000] *$60,088,000*, to remain available until expended: *Provided*, [That such amounts as may be available for the construction of the Navajo Indian Irrigation Project and for other water resource development activities related to the Southern Arizona Water Rights Settlement Act may be transferred to the Bureau of Reclamation: *Provided further*,] That not to exceed 6 per centum of contract authority available to the Bureau of Indian Affairs from the Federal Highway Trust Fund may be used to cover the road program management costs of the Bureau of Indian Affairs[: *Provided further*, That any funds provided for the Safety of Dams program pursuant to 25 U.S.C. 13 shall be made available on a non-reimbursable basis]: *Provided further*, That for the fiscal year ending September 30, 1996, in implementing new construction or facilities improvement and repair project grants in excess of $100,000 that are provided to tribally controlled grant schools under Public Law 100–297, as amended, the Secretary of the Interior shall use the Administrative and Audit Requirements and Cost Principles for Assistance Programs contained in 43 CFR part 12 as the regulatory requirements: *Provided further*, That such grants shall not be subject to section 12.61 of 43 CFR; the Secretary and the grantee shall negotiate and determine a schedule of payments for the work to be performed: *Provided further*, That in considering applications, the Secretary shall consider whether the Indian tribe or tribal organization would be deficient in assuring that the construction projects conform to applicable building standards and codes and Federal, tribal, or State health and safety standards as required by 25 U.S.C. 2005(a), with respect to organizational and financial management capabilities: *Provided further*, That if the Secretary declines an application, the Secretary shall follow the requirements contained in 25 U.S.C. 2505(f): *Provided further*, That any disputes between the Secretary and any grantee concerning a grant shall be subject to the disputes provision in 25 U.S.C. 2508(e).

[INDIAN LAND AND WATER CLAIM SETTLEMENTS AND MISCELLANEOUS PAYMENTS TO INDIANS

[For miscellaneous payments to Indian tribes and individuals and for necessary administrative expenses, $75,145,000, to remain available until expended; of which $73,100,000 shall be available for implementation of enacted Indian land and water claim settlements pursuant to Public Laws 87–483, 97–293, 101–618, 102–374, 102–441, 102–575, and 103–116, and for implementation of other enacted water rights settlements, including not to exceed $8,000,000, which shall be for the Federal share of the Catawba Indian Tribe of South Carolina Claims Settlement, as authorized by section 5(a) of Public Law 103–116; and of which $1,045,000 shall be available pursuant to Public Laws 98–500, 99–264, and 100–580; and of which $1,000,000 shall be available (1) to liquidate obligations owed tribal and individual Indian payees of any checks canceled pursuant to section 1003 of the Competitive Equality Banking Act of 1987 (Public Law 100–86 (101 Stat. 659)), 31 U.S.C. 3334(b), (2) to restore to Individual Indian Monies trust funds, Indian Irrigation Systems, and Indian Power Systems accounts amounts invested in credit unions or defaulted savings and loan associations and which were not Federally insured, and (3) to reimburse Indian trust fund account holders for losses to their respective accounts where the claim for said loss(es) has been reduced to a judgment or settlement agreement approved by the Department of Justice.]

TECHNICAL ASSISTANCE OF INDIAN ENTERPRISES

For payment of management and technical assistance requests associated with loans and grants approved under the Indian Financing Act of 1974, as amended, $900,000.

INDIAN GUARANTEED LOAN PROGRAM ACCOUNT

For the cost of guaranteed loans $7,000,000, as authorized by the Indian Financing Act of 1974, as amended: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: Provided further, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed $50,680,000.

In addition, for administrative expenses necessary to carry out the guaranteed loan program, $700,000.

ADMINISTRATIVE PROVISIONS

Appropriations for the Bureau of Indian Affairs shall be available for expenses of exhibits, and purchase of not to exceed 275 passenger carrying motor vehicles, of which not to exceed 215 shall be for replacement only.

TERRITORIAL AND INTERNATIONAL AFFAIRS

ASSISTANCE TO TERRITORIES

For expenses necessary for assistance to territories under the jurisdiction of the Department of the Interior, [$52,405,000, to remain available until expended for brown tree snake control and research] *$68,188,000, of which (1) $64,661,000 shall be available until expended for technical assistance, including maintenance assistance, disaster assistance, insular management controls, and brown tree snake control and research*; grants to the judiciary in American Samoa for compensation and expenses, as authorized by law (48 U.S.C. 1661(c)); grants to the Government of American Samoa, in addition to current local revenues, for construction and support of governmental functions; grants to the Government of the Virgin Islands as authorized by law; grants to the Government of Guam, as authorized by law; and grants to the Government of the Northern Mariana Islands as authorized by law (Public Law 94–241; 90 Stat. 272)*; and (2) $3,527,000 shall be available for salaries and expenses of the Office of Insular Affairs*: *Provided,* That all financial transactions of the territorial and local governments herein provided for, including such transactions of all agencies or instrumentalities established or utilized by such governments, may be audited by the General Accounting Office, at its discretion, in accordance with chapter 35 of title 31, United States Code: *Provided further,* That Northern Mariana Islands Covenant grant funding shall be provided according to those terms of the Agreement of the Special Representatives on Future United States Financial Assistance for the Northern Mariana Islands approved by Public Law 99–396, or any subsequent legislation related to Commonwealth of the Northern Mariana Islands Covenant grant funding*: Provided further, That of the amounts provided for technical assistance, sufficient funding shall be made available for a grant to the Close Up Foundation: Provided further, That the funds for the program of operations and maintenance improvement are appropriated to institutionalize routine operations and maintenance of capital infrastructure in American Samoa, Guam, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of Palau, the Republic of the Marshall Islands, and the Federated States of Micronesia through assessments of long-range operations and maintenance needs, improved capability of local operations and maintenance institutions and agencies (including management and vocational education training), and project-specific maintenance (with territorial participation and cost sharing to be determined by the Secretary based on the individual territory's commitment to timely maintenance of its capital assets): Provided further, That any appropriation for disaster assistance under this head in this Act or previous appropriations Acts may be used as non-Federal matching funds for the purpose of hazard mitigation grants provided pursuant to section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170c).*

COMPACT OF FREE ASSOCIATION

For economic assistance and necessary expenses for the Federated States of Micronesia and the Republic of the Marshall Islands as provided for in sections 122, 221, 223, 232, and 233 of the Compacts of Free Association, and for economic assistance and necessary expenses for the Republic of Palau as provided for in sections 122, 221, 223, 232, and 233 of the Compact of Free Association, $24,938,000, to remain available until expended, as authorized by Public Law 99–239 and Public Law 99–658[, and $4,580,000 for impact aid for Guam under section 104(e)(6) of Public Law 99–239]: *Provided,* That notwithstanding section 112 of Public Law 101–219 (103 Stat. 1873), the Secretary of the Interior may agree to technical changes in the specifications for the project described in the subsidiary agreement negotiated under section 212(a) of the Compact of Free Association, Public Law 99–658, or its annex, if the changes do not result in increased costs to the United States.

DEPARTMENTAL OFFICES

[OFFICE OF THE SECRETARY]

DEPARTMENTAL MANAGEMENT

SALARIES AND EXPENSES

For necessary expenses [of the Office of the Secretary] *for management of the Department* of the Interior, [$53,919,000] *$58,109,000,* of which not to exceed $7,500 may be for official reception and representation expenses*: Provided, That none of the funds provided herein for official reception and representation expenses shall be available until the Charter for the Advisory Commission referred to in Title 30 of Public Law 102–575 has been filed and the Members of such Commission appointed.*

OFFICE OF THE SOLICITOR

SALARIES AND EXPENSES

For necessary expenses of the Office of the Solicitor, $34,608,000.

OFFICE OF INSPECTOR GENERAL

SALARIES AND EXPENSES

For necessary expenses of the Office of Inspector General, $23,939,000.

CONSTRUCTION MANAGEMENT

SALARIES AND EXPENSES

For necessary expenses of the Office of Construction Management, $500,000.

NATIONAL INDIAN GAMING COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the National Indian Gaming Commission, pursuant to Public Law 100–497, $1,000,000*: Provided, That on October 1, 1995, the Chairman shall submit to the Secretary a report detailing those Indian tribes or tribal organizations with gaming operations that are in full compliance, partial compliance, or non-compliance with the provisions of the Indian Gaming Regulatory Act (25 U.S.C. 2701, et seq.): Provided further, That the information contained in the report shall be updated on a continuing basis.*

OFFICE OF SPECIAL TRUSTEE FOR AMERICAN INDIANS

FEDERAL TRUST PROGRAMS

For operation of trust programs for Indians by direct expenditure, contracts, cooperative agreements, compacts, and grants including expenses necessary to provide for management, development, improvement, and protection of resources and appurtenant facilities formerly under the jurisdiction of the Bureau of Indian Affairs, including payment of irrigation assessments and charges and acquisition of water rights, $280,038,000, of which $15,964,000 shall remain available until expended for trust funds management, attorney fees, litigation support, and the Navajo-Hopi Settlement Program: Provided, That funds made available to tribes and tribal organizations through contracts or grants obligated during fiscal year 1996, as authorized by the Indian Self-Determination Act of 1975 (88 Stat. 2203; 25 U.S.C. 450 et seq.), shall remain available until expended by the contractor or grantee: Provided further, That notwithstanding any other provision of law, the statute of limitations shall not commence to run on any claim, including any claim in litigation pending on the date of this Act, concerning losses to or mismanagement of trust funds, until the affected tribe or individual Indian has been furnished with the accounting of such funds from which the beneficiary can determine whether there has been a loss: Provided further, That notwithstanding any other provision of law, the reconciliation report to be submitted pursuant to Public Law 103–412 shall be submitted by November 30, 1997: Provided further, That any forestry funds allocated to a tribe which remain unobligated as of September 30, 1996, may be transferred during fiscal year 1997 to an Indian forest land assistance account established for the benefit of such tribe within the tribe's fund account: Provided further, That any such obligated balances not so transferred shall expire on September 30, 1997: Provided further, That obligated and unobligated balances provided for trust funds management, attorney fees, litigation support, and the Navajo-Hopi Settlement Program within ''Operation of Indian programs,'' Bureau of Indian Affairs are hereby transferred to and merged with this appropriation.

CONSTRUCTION

For construction, major repair, and improvement of irrigation and power systems; acquisition of lands and interest in lands; and preparation of lands for farming, $47,245,000, to remain available until expended: Provided, That such amounts as may be available for the construction of the Navajo Indian Irrigation Project and for other water resource development activities related to the Southern Arizona Water Rights Settlement Act may be transferred to the Bureau of Reclamation: Provided further, That any funds provided for the Safety of Dams program pursuant to 25 U.S.C. 13 shall be made available on a non-reimbursable basis: Provided further, That all irrigation and power projects and dams under the jurisdiction of the Bureau of Indian Affairs on the date of enactment of this Act are hereby transferred to the jurisdiction of the Special Trustee for American Indians: Provided further, That the obligated and unobligated balances of the resources management activity within ''Construction,'' Bureau of Indian Affairs, are hereby transferred to and merged with this appropriation.

INDIAN LAND AND WATER CLAIM SETTLEMENTS AND MISCELLANEOUS PAYMENTS TO INDIANS

For miscellaneous payments to Indian tribes and individuals and for necessary administrative expenses, $82,745,000, to remain available until expended; of which $78,600,000 shall be available for implementation of enacted Indian land and water claim settlements pursuant to Public Laws 87–483, 97–293, 101–618, 102–374, 102–441, 102–575, and 103–116, and for implementation of other enacted water rights settlements, including not to exceed $8,000,000, which shall be for the Federal share of the Catawba Indian Tribe of South Carolina Claims Settlement, as authorized by section 5(a) of Public Law 103–116; and of which $1,045,000 shall be available pursuant to Public Laws 98–500, 99–264, and 100–580; and of which $3,100,000 shall be available (1) to liquidate obligations owed tribal and individual Indian payees of any checks canceled pursuant to section 1003 of the Competitive Equality Banking Act of 1987 (Public Law 100–86 (101 Stat. 659)), 31 U.S.C. 3334(b), (2) to restore to Individual Indian Monies trust funds,

Indian Irrigation Systems, and Indian Power Systems accounts amounts invested in credit unions or defaulted savings and loan associations and which were not Federally insured, and (3) to reimburse Indian trust fund account holders for losses to their respective accounts where the claim for said loss(es) has been reduced to a judgment or settlement agreement approved by the Department of Justice: Provided, That the obligated and unobligated balances of ''Indian land and water claim settlements and miscellaneous payments to Indians,'' Bureau of Indian Affairs, are hereby transferred to and merged with this appropriation.

TRANSFERS OF BALANCES OF APPROPRIATIONS

Under the terms and conditions of the original appropriations, the obligated and unobligated balances of the following appropriations are hereby transferred from the Bureau of Indian Affairs to the Office of the Special Trustee for American Indians: Navajo Rehabilitation Trust Fund, Claims and Treaty Obligations, O&M Indian Irrigation Systems, Cooperative Fund (Papago), Tribal Trust Funds, Funds Contributed for the Advancement of the Indian Race, Bequest of George C. Edgeter, Northern Cheyenne, Payment to Tribal Economic Recovery Fund, Crow Boundary Settlement Act, and Tribal Economic Recovery Fund.

ADMINISTRATIVE PROVISIONS

There is hereby authorized for acquisition from available resources within the Working Capital Fund, 15 aircraft, 10 of which shall be for replacement and which may be obtained by donation, purchase or through available excess surplus property: *Provided,* That notwithstanding any other provision of law, existing aircraft being replaced may be sold, with proceeds derived or trade-in value used to offset the purchase price for the replacement aircraft: *Provided further,* That no programs funded with appropriated funds in [the ''Office of the Secretary''] *''Departmental Management'',* ''Office of the Solicitor'', and ''Office of Inspector General'' may be augmented through the Working Capital Fund or the Consolidated Working Fund.

GENERAL PROVISIONS, DEPARTMENT OF THE INTERIOR

SEC. 101. Appropriations made in this title shall be available for expenditure or transfer (within each bureau or office), with the approval of the Secretary, for the emergency reconstruction, replacement, or repair of aircraft, buildings, utilities, or other facilities or equipment damaged or destroyed by fire, flood, storm, or other unavoidable causes: *Provided,* That no funds shall be made available under this authority until funds specifically made available to the Department of the Interior for emergencies shall have been exhausted: *Provided further,* That all funds used pursuant to this section are hereby designated by Congress to be ''emergency requirements'' pursuant to section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985 and [must,] *must* be replenished by a supplemental appropriation which must be requested as promptly as possible.

SEC. 102. The Secretary may authorize the expenditure or transfer of any no year appropriation in this title, in addition to the amounts included in the budget programs of the several agencies, for the suppression or emergency prevention of forest or range fires on or threatening lands under the jurisdiction of the Department of the Interior; for the emergency rehabilitation of burned-over lands under its jurisdiction; for emergency actions related to potential or actual earthquakes, floods, volcanoes, storms, or other unavoidable causes; for contingency planning subsequent to actual oilspills; response and natural resource damage assessment activities related to actual oilspills; for the prevention, suppression, and control of actual or potential grasshopper and Mormon cricket outbreaks on lands under the jurisdiction of the Secretary, pursuant to the authority in section 1773(b) of Public Law 99–198 (99 Stat. 1658); for emergency reclamation projects under section 410 of Public Law 95–87; and shall transfer, from any no year funds available to the Office of Surface Mining Reclamation and Enforcement, such funds as may be necessary to permit assumption of regulatory authority in the event a primacy State is not carrying out the regulatory provisions of the Surface Mining Act: *Provided,* That appropriations made in this title for fire suppression purposes shall be available for the payment of obligations incurred during the preceding fiscal year, and for reimbursement to other Federal agencies for destruction of vehicles, aircraft, or other equipment in connection with their use for fire suppression purposes, such reimbursement to be credited to appropriations currently available at the time of receipt thereof: *Provided further,* That for emergency rehabilitation and wildfire suppression activities, no funds shall be made available under this authority until funds appropriated to the ''Emergency Department of the Interior Firefighting Fund'' shall have been exhausted: *Provided further,* That all funds used pursuant to this section are hereby designated by Congress to be ''emergency requirements'' pursuant to section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985 and must be replenished by a supplemental appropriation which must be requested as promptly as possible: *Provided further,* That such replenishment funds shall be used to reimburse, on a pro rata basis, accounts from which emergency funds were transferred.

SEC. 103. Appropriations made in this title shall be available for operation of warehouses, garages, shops, and similar facilities, wherever consolidation of activities will contribute to efficiency or economy, and said appropriations shall be reimbursed for services rendered to any other activity in the same manner as authorized by sections 1535 and 1536 of title 31, U.S.C.: *Provided,* That reimbursements for costs and supplies, materials, equipment, and for services rendered may be credited to the appropriation current at the time such reimbursements are received.

SEC. 104. Appropriations made to the Department of the Interior in this title shall be available for services as authorized by 5 U.S.C. 3109, when authorized by the Secretary, in total amount not to exceed $500,000; hire, maintenance, and operation of aircraft; hire of passenger motor vehicles; purchase of reprints; payment for telephone service in private residences in the field, when authorized under regulations approved by the Secretary; and the payment of dues, when authorized by the Secretary, for library membership in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members.

SEC. 105. Appropriations available to the Department of the Interior for salaries and expenses shall be available for uniforms or allowances therefor, as authorized by law (5 U.S.C. 5901–5902 and D.C. Code 4–204).

SEC. 106. Appropriations made in this title shall be available for obligation in connection with contracts issued for services or rentals for periods not in excess of twelve months beginning at any time during the fiscal year.

[SEC. 107. Appropriations made in this title from the Land and Water Conservation Fund for acquisition of lands and waters, or interests therein, shall be available for transfer, with the approval of the Secretary, between the following accounts: Bureau of Land Management, Land acquisition, United States Fish and Wildlife Service, Land acquisition, and National Park Service, Land acquisition and State assistance. Use of such funds are subject to the reprogramming guidelines of the House and Senate Committees on Appropriations.

[SEC. 108. Amounts appropriated in this Act for the Presidio which are not obligated as of the date on which the Presidio Trust is established by an Act of Congress shall be transferred to and available only for the Presidio Trust.

[SEC. 109. Section 6003 of Public Law 101–380 is hereby repealed.]

SEC. 110. None of the funds appropriated or otherwise made available by this Act may be obligated or expended by the Secretary of the Interior for developing, promulgating, and thereafter implementing a rule concerning rights-of-way under section 2477 of the Revised Statutes.

SEC. 111. No funds provided in this title may be expended by the Department of the Interior for the conduct of offshore leasing and related activities placed under restriction in the President's moratorium statement of June 26, 1990, in the areas of Northern, Central, and Southern California; the North Atlantic; Washington and Oregon; and the Eastern Gulf of Mexico south of 26 degrees north latitude and east of 86 degrees west longitude.

SEC. 112. No funds provided in this title may be expended by the Department of the Interior for the conduct of leasing, or the approval or permitting of any drilling or other exploration activity, on lands within the North Aleutian Basin planning area.

SEC. 113. No funds provided in this title may be expended by the Department of the Interior for the conduct of preleasing and leasing activities in the Eastern Gulf of Mexico for Outer Continental Shelf Lease Sale 151 in the Outer Continental Shelf Natural Gas and Oil Resource Management Comprehensive Program, 1992–1997.

SEC. 114. No funds provided in this title may be expended by the Department of the Interior for the conduct of preleasing and leasing activities in the Atlantic for Outer Continental Shelf Lease Sale 164 in the Outer Continental Shelf Natural Gas and Oil Resource Management Comprehensive Program, 1992–1997.

SEC. 115. (a) Of the funds appropriated by this Act or any subsequent Act providing for appropriations in fiscal years 1996 and 1997, not more than 50 percent of any self-governance funds that would otherwise be allocated to each Indian tribe in the State of Washington shall actually be paid to or on account of such Indian tribe from and after the time at which such tribe shall—

(1) take unilateral action that adversely impacts the existing rights to and/or customary uses of, nontribal member owners of fee simple land within the exterior boundary of the tribe's reservation to water, electricity, or any other similar utility or necessity for the nontribal members' residential use of such land; or

(2) restrict or threaten to restrict said owners use of or access to publicly maintained rights of way necessary or desirable in carrying the utilities or necessities described above.

(b) Such penalty shall attach to the initiation of any legal action with respect to such rights or the enforcement of any final judgment, appeals from which has been exhausted, with respect thereto.

SEC. 116. Within 30 days after the enactment of this Act, the Department of the Interior shall issue a specific schedule for the completion of the Lake Cushman Land Exchange Act (Public Law 102–436) and shall complete the exchange not later than September 30, 1996.

SEC. 117. Notwithstanding Public Law 90–544, as amended, the National Park Service is authorized to expend appropriated funds for maintenance and repair of the Company Creek Road in the Lake Chelan National Recreation Area: Provided, That appropriated funds shall not be expended for the purpose of improving the property of private individuals unless specifically authorized by law.

SEC. 118. INSULAR DEVELOPMENT.—

Section 1. Territorial and Freely Associated State Infrastructure Assistance

Section 4(b) of Public Law 94–241 (90 Stat. 263) as added by section 10 of Public Law 99–396 (99 Stat. 837, 841) is amended by deleting ''until Congress otherwise provides by law.'' and inserting in lieu thereof: ''except that, for fiscal years 1996 and thereafter, payments to the Commonwealth of the Northern Mariana Islands pursuant to the multi-year funding agreements contemplated under the Covenant shall be limited to the amounts set forth in the Agreement of the Special Representatives on Future Federal Financial Assistance of the Northern Mariana Islands, executed on December 17, 1992 between the special representative of the President of the United States and special representatives of the Governor of the Northern Mariana Islands and shall be subject to all the requirements of such Agreement with any additional amounts otherwise made available under this section in any fiscal year and not required to meet the schedule of payments set forth in the Agreement to be provided as set forth in subsection (c) until Congress otherwise provides by law.

''(c) The additional amounts referred to in subsection (b) shall be made available to the Secretary for obligation as follows:

''(1) for fiscal year 1996, all such amounts shall be provided for capital infrastructure projects in American Samoa; and

''(2) for fiscal years 1997 and thereafter, all such amounts shall be available solely for capital infrastructure projects in Guam, the Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of Palau, the Federated States of Micronesia and the Republic of the Marshall Islands: Provided, That, in fiscal year 1997, $3,000,000 of such amounts shall be made available to the College of the Northern Marianas and beginning in fiscal year 1997, and in each year thereafter, not to exceed $3,000,000 may be allocated, as provided in Appropriation Acts, to the Secretary of the Interior for use by Federal agencies or the Commonwealth of the Northern Mariana Islands to address immigration, labor, and law enforcement issues in the Northern Mariana Islands, including, but not limited to detention and corrections needs. The specific projects to be funded shall be set forth in a five-year plan for infrastructure assistance developed by the Secretary of the Interior in consultation with each of the island governments and updated annually and submitted to the Congress concurrent with the budget justifications for the Department of the Interior. In developing and updating the five year plan for capital infrastructure needs, the Secretary shall indicate the highest priority projects, consider the extent to which particular projects are part of an overall master plan, whether such project has been reviewed by the Corps of Engineers and any recommendations made as a result of such review, the extent to which a set-aside for maintenance would enhance the life of the project, the degree to which a local cost-share requirement would be consistent with local economic and fiscal capabilities, and may propose an incremental set-aside, not to exceed $2,000,000 per year, to remain available without fiscal year limitation, as an emergency fund in the event of natural or other disasters to supplement other assistance in the repair, replacement, or hardening of essential facilities: Provided further, That the cumulative amount set aside for such emergency fund may not exceed $10,000,000 at any time.

''(d) Within the amounts allocated for infrastructure pursuant to this section, and subject to the specific allocations made in subsection (c), additional contributions may be made, as set forth in Appropriation Acts, to assist in the resettlement of Rongelap Atoll: Provided, That the total of all contributions from any Federal source after January 1, 1996 may not exceed $32,000,000 and shall be contingent upon an agreement, satisfactory to the President, that such contributions are a full and final settlement of all obligations of the United States to assist in the resettlement of Rongelap Atoll and that such funds will be expended solely on resettlement activities and will be property audited and accounted for. In order to provide such contributions in a timely manner, each Federal agency providing assistance or services, or conducting activities, in the Republic of the Marshall Islands, is authorized to make funds available, through the Secretary of the Interior, to assist in the resettlement of Rongelap. Nothing in this subsection shall be construed to limit the provision of ex gratia assistance pursuant to section 105(c)(2) of the Compact of Free Association Act of 1985 (Public Law 99–239, 99 Stat. 1770, 1792) including for individuals choosing not to resettle at Rongelap, except that no such assistance for such individuals may be provided until the Secretary notifies the Congress that the full amount of all funds necessary for resettlement at Rongelap has been provided.''.

Sec. 2. Federal Minimum Wage

Effective thirty days after the date of enactment of this Act, the minimum wage provisions, including, but not limited to, the coverage and exemptions provisions, of section 6 of the Fair Labor Standards Act of June 25, 1938 (52 Stat. 1062), as amended, shall apply to the Commonwealth of the Northern Mariana Islands, except—

(a) on the effective date, the minimum wage rate applicable to the Commonwealth of the Northern Mariana Islands shall be $2.75 per hour;

(b) effective January 1, 1996, the minimum wage rate applicable to the Commonwealth of the Northern Mariana Islands shall be $3.05 per hour;

(c) effective January 1, 1997 and every January 1 thereafter, the minimum wage rate shall be raised by thirty cents per hour or the amount necessary to raise the minimum wage rate to the wage rate set forth in section 6(a)(1) of the Fair Labor Standards Act, whichever is less; and

(d) once the minimum wage rate is equal to the wage rate set forth in section 6(a)(1) of the Fair Labor Standards Act, the minimum wage rate applicable to the Commonwealth of the Northern Mariana Islands shall thereafter be the wage rate set forth in section 6(a)(1) of the Fair Labor Standards Act.

Sec. 3. Report

The Secretary of the Interior, in consultation with the Attorney General and Secretaries of Treasury, Labor, and State, shall report to the Congress by the March 15 following each fiscal year for which funds are allocated pursuant to section 4(c) of Public Law 94–241 for use by Federal agencies or the Commonwealth to address immigration, labor or law enforcement activities. The report shall include but not be limited to—

(1) pertinent immigration information provided by the Immigration and Naturalization Service, including the number of non-United States citizen contract workers in the CNMI, based on data the Immigration and Naturalization Service may require of the Commonwealth of the Northern Mariana Islands on a semi-annual basis, or more often if deemed necessary by the Immigration and Naturalization Service.

(2) the treatment and conditions of non-United States citizen contract workers, including foreign government interference with workers' ability to assert their rights under United States law.

(3) the effect of laws of the Northern Mariana Islands on Federal interests.

(4) the adequacy of detention facilities in the Northern Mariana Islands.

(5) the accuracy and reliability of the computerized alien identification and tracking system and its compatibility with the system of the Immigration and Naturalization Service, and

(6) the reasons why Federal agencies are unable or unwilling to fully and effectively enforce Federal laws applicable within the Commonwealth of the Northern Mariana Islands unless such activities are funded by the Secretary of the Interior.

Sec. 4. Immigration Cooperation

The Commonwealth of the Northern Mariana Islands and the Immigration and Naturalization Service shall cooperate in the identification and, if necessary, exclusion or deportation from the Commonwealth of the Northern Mariana Islands of persons who represent security or law enforcement risks to the Commonwealth of the Northern Mariana Islands or the United States.

Sec. 5. Clarification of Local Employment in the Marianas

(a) Section 8103(i) of title 46 of the United States Code is amended by renumbering paragraph (3) as paragraph (4) and by adding a new paragraph (3) as follows:

''(3) Notwithstanding any other provision of this subsection, any alien allowed to be employed under the immigration laws of the Commonwealth of the Northern Mariana Islands (CNMI) may serve as an unlicensed seaman on a fishing, fish processing, or fish tender vessel that is operated exclusively from a port within the CNMI and within the navigable waters and exclusive economic zone of the United States surrounding the CNMI. Purusant to 46 U.S.C. 8704, such persons are deemed to be employed in the United States and are considered to have the permission of the Attorney General of the United States to accept such employment: Provided, That paragraph (2) of this subsection shall not apply to persons allowed to be employed under this paragraph.''.

(b) Section 8103(i)(1) of title 46 of the United States Code is amended by deleting ''paragraph (3) of this subsection'' and inserting in lieu thereof ''paragraph (4) of this subsection''.

Sec. 6. Clarification of Ownership of Submerged Lands in the Commonwealth of the Northern Mariana Islands

Public Law 93–435 (88 Stat 1210), as amended, is further amended by—

(a) striking ''Guam, the Virgin Islands'' in section 1 and inserting in lieu thereof ''Guam, the Commonwealth of the Northern Mariana Islands, the Virgin Islands'' each place the words appear;

(b) striking ''Guam, American Samoa'' in section 2 and inserting in lieu thereof ''Guam, the Commonwealth of the Northern Mariana Islands, American Samoa''; and

(c) striking ''Guam, the Virgin Islands'' in section 2 and inserting in lieu thereof ''Guam, the Commonwealth of the Northern Mariana Islands, the Virgin Islands.''.

With respect to the Commonwealth of the Northern Mariana Islands, references to ''the date of enactment of this Act'' or ''date of enactment of this subsection'' contained in Public Law 93–435, as amended, shall mean the date of enactment of this section.

Sec. 7. Annual State of the Islands Report

The Secretary of the Interior shall submit to the Congress, annually, a ''State of the Islands'' report on American Samoa, Guam, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of Palau, the Republic of the Marshall Islands, and the Federated States of Micronesia that includes basic economic development information, data on direct and indirect Federal assistance, local revenues and expenditures, employment and unemployment, the adequacy of essential infrastructure and maintenance thereof, and an assessment of local financial management and

administrative capabilities, and Federal efforts to improve those capabilities.

Sec. 8. Technical correction

Section 501 of Public Law 95–134 (91 Stat. 1159, 1164), as amended, is further amended by deleting ''the Trust Territory of the Pacific Islands,'' and inserting in lieu thereof ''the Republic of Palau, the Republic of the Marshall Islands, the Federated States of Micronesia,''.

TITLE II—RELATED AGENCIES

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

FOREST RESEARCH

For necessary expenses of forest research as authorized by law, [$182,000,000] *$177,000,000,* to remain available until September 30, 1997.

STATE AND PRIVATE FORESTRY

For necessary expenses of cooperating with, and providing technical and financial assistance to States, Territories, possessions, and others and for forest pest management activities, cooperative forestry and education and land conservation activities, [$129,551,000] *$128,294,000,* to remain available until expended, as authorized by law.

NATIONAL FOREST SYSTEM

For necessary expenses of the Forest Service, not otherwise provided for, for management, protection, improvement, and utilization of the National Forest System, for ecosystem planning, inventory, and monitoring, and for administrative expenses associated with the management of funds provided under the heads ''Forest Research'', ''State and Private Forestry'', ''National Forest System'', ''Construction'', ''Fire Protection and Emergency Suppression'', and ''Land Acquisition'', [$1,266,688,000] *$1,256,043,000,* to remain available for obligation until September 30, 1997, and including 65 per centum of all monies received during the prior fiscal year as fees collected under the Land and Water Conservation Fund Act of 1965, as amended, in accordance with section 4 of the Act (16 U.S.C. 460l–6a(i)): *Provided,* That unobligated and unexpended balances in the National Forest System account at the end of fiscal year 1995, shall be merged with and made a part of the fiscal year 1996 National Forest System appropriation, and shall remain available for obligation until September 30, 1997: *Provided further,* That up to $5,000,000 of the funds provided herein for road maintenance shall be available for the planned obliteration of roads which are no longer needed.

FIRE PROTECTION AND EMERGENCY SUPPRESSION

WILDLAND FIRE MANAGEMENT

For necessary expenses for forest fire presuppression activities on National Forest System lands, for emergency fire suppression on or adjacent to National Forest System lands or other lands under fire protection agreement, and for emergency rehabilitation of burned over National Forest System lands, [$385,485,000] *$385,485,000,* to remain available until expended: *Provided,* That unexpended balances of amounts previously appropriated under any other headings for Forest Service fire activities may be transferred to and merged with this appropriation: *Provided further,* That such funds are available for repayment of advances from other appropriations accounts previously transferred for such purposes.

CONSTRUCTION

For necessary expenses of the Forest Service, not otherwise provided for, [$120,000,000] *$186,888,000,* to remain available until expended, for construction and acquisition of buildings and other facilities, and for construction and repair of forest roads and trails by the Forest Service as authorized by 16 U.S.C. 532–538 and 23 U.S.C. 101 and 205: *Provided,* That funds becoming available in fiscal year 1996 under the Act of March 4, 1913 (16 U.S.C. 501) shall be transferred to the General Fund of the Treasury of the United States: *Provided further,* That not to exceed $50,000,000, to remain available until expended, may be obligated for the construction of forest roads by timber purchasers: *Provided further, That $2,500,000 of the funds appropriated herein shall be available for a grant to the ''Non-Profit Citizens for the Columbia Gorge Discovery Center'' for the construction of the Columbia Gorge Discovery Center: Provided further, That the Forest Service is authorized to grant the unobligated balance of funds appropriated in fiscal year 1995 for the construction of the Columbia Gorge Discovery Center to the ''Non-Profit Citizens for the Columbia Gorge Discovery Center'' to be used for the same purpose: Provided further, That the Forest Service is authorized to convey the land needed for the construction of the Columbia Gorge Discovery Center without cost to the ''Non-Profit Citizens for the Columbia Gorge Discovery Center'': Provided further, That notwithstanding any other provision of law, funds originally appropriated under this head in Public Law 101–512 for the Forest Service share of a new research facility at the University of Missouri, Columbia, shall be available for a grant to the University of Missouri, as the Federal share in the construction of the new facility: Provided further, That agreed upon lease of space in the new facility shall be provided to the Forest Service without charge for the life of the building.*

LAND ACQUISITION

For expenses necessary to carry out the provisions of the Land and Water Conservation Fund Act of 1965, as amended (16 U.S.C. 460l–4–11), including administrative expenses, and for acquisition of land or waters, or interest therein, in accordance with statutory authority applicable to the Forest Service, [$14,600,000] *$41,167,000,* to be derived from the Land and Water Conservation Fund, to remain available until expended.

ACQUISITION OF LANDS FOR NATIONAL FORESTS SPECIAL ACTS

For acquisition of lands within the exterior boundaries of the Cache, Uinta, and Wasatch National Forests, Utah; the Toiyabe National Forest, Nevada; and the Angeles, San Bernardino, Sequoia, and Cleveland National Forests, California, as authorized by law, $1,069,000, to be derived from forest receipts.

ACQUISITION OF LANDS TO COMPLETE LAND EXCHANGES

For acquisition of lands, to be derived from funds deposited by State, county, or municipal governments, public school districts, or other public school authorities pursuant to the Act of December 4, 1967, as amended (16 U.S.C. 484a), to remain available until expended.

RANGE BETTERMENT FUND

For necessary expenses of range rehabilitation, protection, and improvement, 50 per centum of all moneys received during the prior fiscal year, as fees for grazing domestic livestock on lands in National Forests in the sixteen Western States, pursuant to section 401(b)(1) of Public Law 94–579, as amended, to remain available until expended, of which not to exceed 6 per centum shall be available for administrative expenses associated with on-the-ground range rehabilitation, protection, and improvements.

GIFTS, DONATIONS AND BEQUESTS FOR FOREST AND RANGELAND RESEARCH

For expenses authorized by 16 U.S.C. 1643(b), $92,000, to remain available until expended, to be derived from the fund established pursuant to the above Act.

ADMINISTRATIVE PROVISIONS, FOREST SERVICE

Appropriations to the Forest Service for the current fiscal year shall be available for: (a) purchase of not to exceed 183 passenger motor vehicles of which 32 will be used primarily for law enforcement purposes and of which 151 shall be for replacement; acquisition of 22 passenger motor vehicles from excess sources, and hire of such vehicles; operation and maintenance of aircraft, the purchase of not to exceed two for replacement only, and acquisition of 20 aircraft from excess sources; notwithstanding other provisions of law, existing aircraft being replaced may be sold, with proceeds derived or trade-in value used to offset the purchase price for the replacement aircraft; (b) services pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $100,000 for employment under 5 U.S.C. 3109; (c) purchase, erection, and alteration of buildings and other public improvements (7 U.S.C. 2250); (d) acquisition of land, waters, and interests therein, pursuant to the Act of August 3, 1956 (7 U.S.C. 428a); (e) for expenses pursuant to the Volunteers in the National Forest Act of 1972 (16 U.S.C. 558a, 558d, 558a note); and (f) for debt collection contracts in accordance with 31 U.S.C. 3718(c).

None of the funds made available under this Act shall be obligated or expended to change the boundaries of any region, to abolish any region, to move or close any regional office for research, State and private forestry, or National Forest System administration of the Forest Service, Department of Agriculture, *or to implement any reorganization, ''reinvention'' or other type of organizational restructuring of the Forest Service,* without the consent of the House and Senate Committees on Appropriations and the Committee on Agriculture, Nutrition, and Forestry *and the Committee on Energy and Natural Resources* in the United States Senate and the Committee on Agriculture *and the Committee on Resources* in the United States House of Representatives.

Any appropriations or funds available to the Forest Service may be advanced to the Fire and Emergency Suppression appropriation and may be used for forest firefighting and the emergency rehabilitation of burned-over lands under its jurisdiction: *Provided,* That no funds shall be made available under this authority until funds appropriated to the ''Emergency Forest Service Firefighting Fund'' shall have been exhausted.

The appropriation structure for the Forest Service may not be altered without advance approval of the House and Senate Committee on Appropriations.

Funds appropriated to the Forest Service shall be available for assistance to or through the Agency for International Development and the Foreign Agricultural Service in connection with forest and rangeland research, technical information, and assistance in foreign countries, and shall be available to support forestry and related natural resource activities outside the United States and its territories and possessions, including technical assistance, education and training, and cooperation with United States and international organizations.

None of the funds made available to the Forest Service under this Act shall be subject to transfer under the provisions of section 702(b) of the Department of Agriculture Organic Act of 1944 (7 U.S.C. 2257) or 7 U.S.C. 147b unless the proposed transfer is approved in advance by the House and Senate Committees on Appropriations in compliance with the reprogramming procedures contained in House Report 103–551.

No funds appropriated to the Forest Service shall be transferred to the Working Capital Fund of the Department of Agriculture

without the approval of the Chief of the Forest Service.

Notwithstanding any other provision of law, any appropriations or funds available to the Forest Service may be used to disseminate program information to private and public individuals and organizations through the use of nonmonetary items of nominal value and to provide nonmonetary awards of nominal value and to incur necessary expenses for the nonmonetary recognition of private individuals and organizations that make contributions to Forest Service programs.

Notwithstanding any other provision of law, money collected, in advance or otherwise, by the Forest Service under authority of section 101 of Public Law 93–153 (30 U.S.C. 185(1)) as reimbursement of administrative and other costs incurred in processing pipeline right-of-way or permit applications and for costs incurred in monitoring the construction, operation, maintenance, and termination of any pipeline and related facilities, may be used to reimburse the applicable appropriation to which such costs were originally charged.

Funds available to the Forest Service shall be available to conduct a program of not less than $1,000,000 for high priority projects within the scope of the approved budget which shall be carried out by the Youth Conservation Corps as authorized by the Act of August 13, 1970, as amended by Public Law 93–408.

None of the funds available in this Act shall be used for timber sale preparation using clearcutting in hardwood stands in excess of 25 percent of the fiscal year 1989 harvested volume in the Wayne National Forest, Ohio: *Provided,* That this limitation shall not apply to hardwood stands damaged by natural disaster: *Provided further,* That landscape architects shall be used to maintain a visually pleasing forest.

Any money collected from the States for fire suppression assistance rendered by the Forest Service on non-Federal lands not in the vicinity of National Forest System lands shall be used to reimburse the applicable appropriation and shall remain available until expended as the Secretary may direct in conducting activities authorized by 16 U.S.C. 2101 (note), 2101–2110, 1606, and 2111.

Of the funds available to the Forest Service, $1,500 is available to the Chief of the Forest Service for official reception and representation expenses.

Notwithstanding any other provision of law, the Forest Service is authorized to employ or otherwise contract with persons at regular rates of pay, as determined by the Service, to perform work occasioned by emergencies such as fires, storms, floods, earthquakes or any other unavoidable cause without regard to Sundays, Federal holidays, and the regular workweek.

To the greatest extent possible, and in accordance with the Final Amendment to the Shawnee National Forest Plan, none of the funds available in this Act shall be used for preparation of timber sales using clearcutting or other forms of even aged management in hardwood stands in the Shawnee National Forest, Illinois.

Funds appropriated to the Forest Service shall be available for interactions with and providing technical assistance to rural communities for sustainable rural development purposes.

[Notwithstanding any other provision of law, eighty percent of the funds appropriated to the Forest Service in the National Forest System and Construction accounts and planned to be allocated to activities under the ''Jobs in the Woods'' program for projects on National Forest land in the State of Washington may be granted directly to the Washington State Department of Fish and Wildlife for accomplishment of planned projects. Twenty percent of said funds shall be retained by the Forest Service for planning and administering projects. Project selection and prioritization shall be accomplished by the Forest Service with such consultation with the State of Washington as the Forest Service deems appropriate.

[None of the funds available in this Act shall be used for any activity that directly or indirectly causes harm to songbirds within the boundaries of the Shawnee National Forest.]

None of the funds provided by this Act shall be used to revise or implement a new Tongass Land Management Plan (TLMP).

None of the funds provided in this or any other Appropriations Act may be used on the Tongass National Forest except in compliance with Alternative P, identified in the Tongass Land Management Plan Revision Supplement to the Draft Environmental Impact Statement dated August 1991.

DEPARTMENT OF ENERGY

FOSSIL ENERGY RESEARCH AND DEVELOPMENT

For necessary expenses in carrying out fossil energy research and development activities, under the authority of the Department of Energy Organization Act (Public Law 95–91), including the acquisition of interest, including defeasible and equitable interests in any real property or any facility or for plant or facility acquisition or expansion, [$379,524,000] *$376,181,000,* to remain available until expended: *Provided,* That no part of the sum herein made available shall be used for the field testing of nuclear explosives in the recovery of oil and gas.

ALTERNATIVE FUELS PRODUCTION

(INCLUDING TRANSFER OF FUNDS)

Monies received as investment income on the principal amount in the Great Plains Project Trust at the Norwest Bank of North Dakota, in such sums as are earned as of October 1, 1995, shall be deposited in this account and immediately transferred to the General Fund of the Treasury. Monies received as revenue sharing from the operation of the Great Plains Gasification Plant shall be immediately transferred to the General Fund of the Treasury.

NAVAL PETROLEUM AND OIL SHALE RESERVES

For necessary expenses in carrying out naval petroleum and oil shale reserve activities, $136,028,000, to remain available until expended: Provided, That the requirements of 10 U.S.C. 7430(b)(2)(B) shall not apply to fiscal year 1996*: Provided further, That section 501 of Public Law 101–45 is hereby repealed.*

ENERGY CONSERVATION

For necessary expenses in carrying out energy conservation activities, [$556,371,000] *$576,976,000,* to remain available until expended, including, notwithstanding any other provision of law, the excess amount for fiscal year 1996 determined under the provisions of section 3003(d) of Public Law 99–509 (15 U.S.C. 4502), and of which $16,000,000 shall be derived from available unobligated balances in the Biomass Energy Development account: *Provided,* That [$148,946,000] *$168,946,000* shall be for use in energy conservation programs as defined in section 3008(3) of Public Law 99–509 (15 U.S.C. 4507) and shall not be available until excess amounts are determined under the provisions of section 3003(d) of Public Law 99–509 (15 U.S.C. 4502): *Provided further,* That notwithstanding section 3003(d)(2) of Public Law 99–509 such sums shall be allocated to the eligible programs as follows: [$110,946,000] *$137,446,000* for the weatherization assistance program and [$26,500,000] *$31,500,000* for the State energy conservation program.

ECONOMIC REGULATION

For necessary expenses in carrying out the activities of the Economic Regulatory Administration and the Office of Hearings and Appeals, [$6,297,000] *$8,038,000,* to remain available until expended.

STRATEGIC PETROLEUM RESERVE

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses for Strategic Petroleum Reserve facility development and operations and program management activities pursuant to the Energy Policy and Conservation Act of 1975, as amended (42 U.S.C. 6201 et seq.), $287,000,000, to remain available until expended, of which $187,000,000 shall be derived by transfer of unobligated balances from the ''SPR petroleum account'' and $100,000,000 shall be derived by transfer from the ''SPR Decommissioning Fund'': *Provided,* That notwithstanding section 161 of the Energy Policy and Conservation Act, the Secretary shall draw down and sell up to seven million barrels of oil from the Strategic Petroleum Reserve: *Provided further,* That the proceeds from the sale shall be deposited into a special account in the Treasury, to be established and known as the ''SPR Decommissioning Fund'', and shall be available for the purpose of removal of oil from and decommissioning of the Weeks Island site and for other purposes related to the operations of the Strategic Petroleum Reserve.

SPR PETROLEUM ACCOUNT

[Notwithstanding 42 U.S.C. 6240(d) the United States share of crude oil in Naval Petroleum Reserve Numbered 1 (Elk Hills) may be sold or otherwise disposed of to other than the Strategic Petroleum Reserve: *Provided,* That outlays in fiscal year 1996 resulting from the use of funds in this account shall not exceed $5,000,000.]

Notwithstanding 42 U.S.C. 6240(d) the United States share of crude oil in Naval Petroleum Reserve Numbered 1 may be sold or otherwise disposed of to other than the Strategic Petroleum Reserve: Provided, That outlays in fiscal year 1996 resulting from the use of funds in this account shall not exceed $5,000,000.

ENERGY INFORMATION ADMINISTRATION

For necessary expenses in carrying out the activities of the Energy Information Administration, [$79,766,000] *$64,766,000,* to remain available until expended: *Provided,* That notwithstanding Section 4(d) of the Service Contract Act of 1965 (41 U.S.C. 353(d)) or any other provision of law, funds appropriated under this heading hereafter may be used to enter into a contract for end use consumption surveys for a term not to exceed eight years: *Provided further,* That notwithstanding any other provision of law, hereafter the Manufacturing Energy Consumption Survey shall be conducted on a triennial basis.

ADMINISTRATIVE PROVISIONS, DEPARTMENT OF ENERGY

Appropriations under this Act for the current fiscal year shall be available for hire of passenger motor vehicles; hire, maintenance, and operation of aircraft; purchase, repair, and cleaning of uniforms; and reimbursement to the General Services Administration for security guard services.

From appropriations under this Act, transfers of sums may be made to other agencies of the Government for the performance of work for which the appropriation is made.

None of the funds made available to the Department of Energy under this Act shall be used to implement or finance authorized price support or loan guarantee programs unless specific provision is made for such programs in an appropriations Act.

The Secretary is authorized to accept lands, buildings, equipment, and other contributions from public and private sources

and to prosecute projects in cooperation with other agencies, Federal, State, private, or foreign: *Provided,* That revenues and other moneys received by or for the account of the Department of Energy or otherwise generated by sale of products in connection with projects of the Department appropriated under this Act may be retained by the Secretary of Energy, to be available until expended, and used only for plant construction, operation, costs, and payments to cost-sharing entities as provided in appropriate cost-sharing contracts or agreements: *Provided further,* That the remainder of revenues after the making of such payments shall be covered into the Treasury as miscellaneous receipts: *Provided further,* That any contract, agreement, or provision thereof entered into by the Secretary pursuant to this authority shall not be executed prior to the expiration of 30 calendar days (not including any day in which either House of Congress is not in session because of adjournment of more than three calendar days to a day certain) from the receipt by the Speaker of the House of Representatives and the President of the Senate of a full comprehensive report on such project, including the facts and circumstances relied upon in support of the proposed project.

No funds provided in this Act may be expended by the Department of Energy to prepare, issue, or process procurement documents for programs or projects for which appropriations have not been made.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

INDIAN HEALTH SERVICE

INDIAN HEALTH SERVICES

For expenses necessary to carry out the Act of August 5, 1954 (68 Stat. 674), the Indian Self-Determination Act, the Indian Health Care Improvement Act, and titles II and III of the Public Health Service Act with respect to the Indian Health Service, [$1,725,792,000] *$1,815,373,000* together with payments received during the fiscal year pursuant to 42 U.S.C. 300aaa–2 for services furnished by the Indian Health Service: *Provided,* That funds made available to tribes and tribal organizations through contracts, grant agreements, or any other agreements or compacts authorized by the Indian Self-Determination and Education Assistance Act of 1975 (88 Stat. 2203; 25 U.S.C. 450), shall be deemed to be obligated at the time of the grant or contract award and thereafter shall remain available to the tribe or tribal organization without fiscal year limitation: *Provided further,* That $12,000,000 shall remain available until expended, for the Indian Catastrophic Health Emergency Fund: *Provided further,* That [$351,258,000] *$350,564,000* for contract medical care shall remain available for obligation until September 30, 1997: *Provided further,* That of the funds provided, not less than $11,306,000 shall be used to carry out the loan repayment program under section 108 of the Indian Health Care Improvement Act, as amended: *Provided further,* That funds provided in this Act may be used for one-year contracts and grants which are to be performed in two fiscal years, so long as the total obligation is recorded in the year for which the funds are appropriated: *Provided further,* That the amounts collected by the Secretary of Health and Human Services under the authority of title IV of the Indian Health Care Improvement Act shall be available for two fiscal years after the fiscal year in which they were collected, for the purpose of achieving compliance with the applicable conditions and requirements of titles XVIII and XIX of the Social Security Act (exclusive of planning, design, or construction of new facilities): *Provided further,* That of the funds provided, $7,500,000 shall remain available until expended, for the Indian Self-Determination Fund, which shall be available for the transitional costs of initial or expanded tribal contracts, grants or cooperative agreements with the Indian Health Service under the provisions of the Indian Self-Determination Act: *Provided further,* That funding contained herein, and in any earlier appropriations Acts for scholarship programs under the Indian Health Care Improvement Act (25 U.S.C. 1613) shall remain available for obligation until September 30, 1997: *Provided further,* That amounts received by tribes and tribal organizations under title IV of the Indian Health Care Improvement Act, as amended, shall be reported and accounted for and available to the receiving tribes and tribal organizations until expended.

INDIAN HEALTH FACILITIES

For construction, repair, maintenance, improvement, and equipment of health and related auxiliary facilities, including quarters for personnel; preparation of plans, specifications, and drawings; acquisition of sites, purchase and erection of modular buildings, and purchases of trailers; and for provision of domestic and community sanitation facilities for Indians, as authorized by section 7 of the Act of August 5, 1954 (42 U.S.C. 2004a), the Indian Self-Determination Act and the Indian Health Care Improvement Act, and for expenses necessary to carry out the Act of August 5, 1954 (68 Stat. 674), the Indian Self-Determination Act, the Indian Health Care Improvement Act, and titles II and III of the Public Health Service Act with respect to environmental health and facilities support activities of the Indian Health Service, [$236,975,000] *$151,227,000,* to remain available until expended: *Provided,* That notwithstanding any other provision of law, funds appropriated for the planning, design, construction or renovation of health facilities for the benefit of an Indian tribe or tribes may be used to purchase land for sites to construct, improve, or enlarge health or related facilities.

ADMINISTRATIVE PROVISIONS, INDIAN HEALTH SERVICE

Appropriations in this Act to the Indian Health Service shall be available for services as authorized by 5 U.S.C. 3109 but at rates not to exceed the per diem rate equivalent to the maximum rate payable for senior-level positions under 5 U.S.C. 5376; hire of passenger motor vehicles and aircraft; purchase of medical equipment; purchase of reprints; purchase, renovation and erection of modular buildings and renovation of existing facilities; payments for telephone service in private residences in the field, when authorized under regulations approved by the Secretary; and for uniforms or allowances therefor as authorized by law (5 U.S.C. 5901–5902); and for expenses of attendance at meetings which are concerned with the functions or activities for which the appropriation is made or which will contribute to improved conduct, supervision, or management of those functions or activities: *Provided,* That in accordance with the provisions of the Indian Health Care Improvement Act, non-Indian patients may be extended health care at all tribally administered or Indian Health Service facilities, subject to charges, and the proceeds along with funds recovered under the Federal Medical Care Recovery Act (42 U.S.C. 2651–53) shall be credited to the account of the facility providing the service and shall be available without fiscal year limitation: *Provided further,* That notwithstanding any other law or regulation, funds transferred from the Department of Housing and Urban Development to the Indian Health Service shall be administered under Public Law 86–121 (the Indian Sanitation Facilities Act) and Public Law 93–638, as amended: *Provided further,* That funds appropriated to the Indian Health Service in this Act, except those used for administrative and program direction purposes, shall not be subject to limitations directed at curtailing Federal travel and transportation: *Provided further,* That the Indian Health Service shall neither bill nor charge those Indians who may have the economic means to pay unless and until such time as Congress has agreed upon a specific policy to do so and has directed the Indian Health Service to implement such a policy: *Provided further,* That, notwithstanding any other provision of law, funds previously or herein made available to a tribe or tribal organization through a contract, grant or agreement authorized by Title I of the Indian Self-Determination and Education Assistance Act of 1975 (88 Stat. 2203; 25 U.S.C. 450), may be deobligated and reobligated to a self-governance funding agreement under Title III of the Indian Self-Determination and Education Assistance Act of 1975 and thereafter shall remain available to the tribe or tribal organization without fiscal year limitation: *Provided further,* That none of the funds made available to the Indian Health Service in this Act shall be used to implement the final rule published in the Federal Register on September 16, 1987, by the Department of Health and Human Services, relating to eligibility for the health care services of the Indian Health Service until the Indian Health Service has submitted a budget request reflecting the increased costs associated with the proposed final rule, and such request has been included in an appropriations Act and enacted into law: *Provided further,* That funds made available in this Act are to be apportioned to the Indian Health Service as appropriated in this Act, and accounted for in the appropriation structure set forth in this Act: *Provided further,* That the appropriation structure for the Indian Health Service may not be altered without advance approval of the House and Senate Committees on Appropriations.

DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

INDIAN EDUCATION

For necessary expenses to carry out, to the extent not otherwise provided, title IX, part A, subpart 1 of the Elementary and Secondary Education Act of 1965, as amended, and section 215 of the Department of Education Organization Act, [$52,500,000] *$54,660,000.*

OTHER RELATED AGENCIES

OFFICE OF NAVAJO AND HOPI INDIAN RELOCATION

SALARIES AND EXPENSES

For necessary expenses of the Office of Navajo and Hopi Indian Relocation as authorized by Public Law 93–531, [$21,345,000] *$20,345,000,* to remain available until expended: *Provided,* That funds provided in this or any other appropriations Act are to be used to relocate eligible individuals and groups including evictees from District 6, Hopi-partitioned lands residents, those in significantly substandard housing, and all others certified as eligible and not included in the preceding categories: *Provided further,* That none of the funds contained in this or any other Act may be used by the Office of Navajo and Hopi Indian Relocation to evict any single Navajo or Navajo family who, as of November 30, 1985, was physically domiciled on the lands partitioned to the Hopi Tribe unless a new or replacement home is provided for such household: *Provided further,* That no relocatee will be provided with more than one new or replacement home: *Provided further,* That the Office shall relocate any certified eligible relocatees who have selected and received an approved homesite on

the Navajo reservation or selected a replacement residence off the Navajo reservation or on the land acquired pursuant to 25 U.S.C. 640d–10.

INSTITUTE OF AMERICAN INDIAN AND ALASKA NATIVE CULTURE AND ARTS DEVELOPMENT

PAYMENT TO THE INSTITUTE

For payment to the Institute of American Indian and Alaska Native Culture and Arts Development, as authorized by title XV of Public Law 99–498 (20 U.S.C. 4401 et seq.), $5,500,000.

SMITHSONIAN INSTITUTION

SALARIES AND EXPENSES

For necessary expenses of the Smithsonian Institution, as authorized by law, including research in the fields of art, science, and history; development, preservation, and documentation of the National Collections; presentation of public exhibits and performances; collection, preparation, dissemination, and exchange of information and publications; conduct of education, training, and museum assistance programs; maintenance, alteration, operation, lease (for terms not to exceed thirty years), and protection of buildings, facilities, and approaches; not to exceed $100,000 for services as authorized by 5 U.S.C. 3109; up to 5 replacement passenger vehicles; purchase, rental, repair, and cleaning of uniforms for employees; [$309,471,000] *$307,988,000*, of which not to exceed [$32,000,000] *$30,472,000* for the instrumentation program, collections acquisition, Museum Support Center equipment and move, exhibition reinstallation, the National Museum of the American Indian, the repatriation of skeletal remains program, research equipment, information management, and Latino programming shall remain available until expended and, including such funds as may be necessary to support American overseas research centers and a total of $125,000 for the Council of American Overseas Research Centers: *Provided*, That funds appropriated herein are available for advance payments to independent contractors performing research services or participating in official Smithsonian presentations.

CONSTRUCTION AND IMPROVEMENTS, NATIONAL ZOOLOGICAL PARK

For necessary expenses of planning, construction, remodeling, and equipping of buildings and facilities at the National Zoological Park, by contract or otherwise, [$3,000,000] *$3,250,000*, to remain available until expended.

REPAIR AND RESTORATION OF BUILDINGS

For necessary expenses of repair and restoration of buildings owned or occupied by the Smithsonian Institution, by contract or otherwise, as authorized by section 2 of the Act of August 22, 1949 (63 Stat. 623), including not to exceed $10,000 for services as authorized by 5 U.S.C. 3109, [$24,954,000] *$33,954,000*, to remain available until expended: *Provided*, That contracts awarded for environmental systems, protection systems, and exterior repair or restoration of buildings of the Smithsonian Institution may be negotiated with selected contractors and awarded on the basis of contractor qualifications as well as price.

CONSTRUCTION

For necessary expenses for construction, [$12,950,000] *$27,700,000*, to remain available until expended[. *Provided*, That notwithstanding any other provision of law, a single procurement for the construction of the National Museum of the American Indian Cultural Resources Center may be issued which includes the full scope of the project: *Provided further*, That the solicitation and the contract shall contain the clause ''availability of funds'' found at 48 CFR 52.232.18].

NATIONAL GALLERY OF ART

SALARIES AND EXPENSES

For the upkeep and operations of the National Gallery of Art, the protection and care of the works of art therein, and administrative expenses incident thereto, as authorized by the Act of March 24, 1937 (50 Stat. 51), as amended by the public resolution of April 13, 1939 (Public Resolution 9, Seventy-sixth Congress), including services as authorized by 5 U.S.C. 3109; payment in advance when authorized by the treasurer of the Gallery for membership in library, museum, and art associations or societies whose publications or services are available to members only, or to members at a price lower than to the general public; purchase, repair, and cleaning of uniforms for guards, and uniforms, or allowances therefor, for other employees as authorized by law (5 U.S.C. 5901–5902); purchase or rental of devices and services for protecting buildings and contents thereof, and maintenance, alteration, improvement, and repair of buildings, approaches, and grounds; and purchase of services for restoration and repair of works of art for the National Gallery of Art by contracts made, without advertising, with individuals, firms, or organizations at such rates or prices and under such terms and conditions as the Gallery may deem proper, [$51,315,000] *$51,844,000*, of which not to exceed $3,026,000 for the special exhibition program shall remain available until expended.

REPAIR, RESTORATION AND RENOVATION OF BUILDINGS

For necessary expenses of repair, restoration and renovation of buildings, grounds and facilities owned or occupied by the National Gallery of Art, by contract or otherwise, as authorized [$5,500,000] *$7,385,000*, to remain available until expended: *Provided*, That contracts awarded for environmental systems, protection systems, and exterior repair or renovation of buildings of the National Gallery of Art may be negotiated with selected contractors and awarded on the basis of contractor qualifications as well as price.

JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS

OPERATIONS AND MAINTENANCE

For necessary expenses for the operation, maintenance and security of the John F. Kennedy Center for the Performing Arts, [$9,800,000] *$10,323,000: Provided, That 40 U.S.C. 193n is hereby amended by striking the word ''and'' after the word ''Institution'' and inserting in lieu thereof a comma, and by inserting ''and the Trustees of the John F. Kennedy Center for the Performing Arts,'' after the word ''Art,''.*

CONSTRUCTION

For necessary expenses of capital repair and rehabilitation of the existing features of the building and site of the John F. Kennedy Center for the Performing Arts, $8,983,000, to remain available until expended.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

SALARIES AND EXPENSES

For expenses necessary in carrying out the provisions of the Woodrow Wilson Memorial Act of 1968 (82 Stat. 1356) including hire of passenger vehicles and services as authorized by 5 U.S.C. 3109, [$5,140,100] *$6,537,000*.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

NATIONAL ENDOWMENT FOR THE ARTS

GRANTS AND ADMINISTRATION

For necessary expenses to carry out the National Foundation on the Arts and Humanities Act of 1965, as amended, $82,259,000[, subject to passage by the House of Representatives of a bill authorizing such appropriation,] shall be available to the National Endowment for the Arts for the support of projects and productions in the arts through assistance to groups and individuals pursuant to section 5(c) of the Act, and for administering the functions of the Act, to remain available until September 30, 1997.

MATCHING GRANTS

To carry out the provisions of section 10(a)(2) of the National Foundation on the Arts and the Humanities Act of 1965, as amended, $17,235,000[, subject to passage by the House of Representatives of a bill authorizing such appropriation,] to remain available until September 30, 1997, to the National Endowment for the Arts, of which $7,500,000 shall be available for purposes of section 5(p)(1): *Provided*, That this appropriation shall be available for obligation only in such amounts as may be equal to the total amounts of gifts, bequests, and devises of money, and other property accepted by the Chairman or by grantees of the Endowment under the provisions of section 10(a)(2), subsections 11(a)(2)(A) and 11(a)(3)(A) during the current and preceding fiscal years for which equal amounts have not previously been appropriated.

NATIONAL ENDOWMENT FOR THE HUMANITIES

GRANTS AND ADMINISTRATION

For necessary expenses to carry out the National Foundation on the Arts and the Humanities Act of 1965, as amended, [$82,469,000] *$96,494,000* shall be available to the National Endowment for the Humanities for support of activities in the humanities, pursuant to section 7(c) of the Act, and for administering the functions of the Act, to remain available until September 30, 1997.

MATCHING GRANTS

To carry out the provisions of section 10(a)(2) of the National Foundation on the Arts and the Humanities Act of 1965, as amended, [$17,025,000] *$18,000,000*, to remain available until September 30, 1997, of which [$9,180,000] *$10,000,000* shall be available to the National Endowment for the Humanities for the purposes of section 7(h): *Provided*, That this appropriation shall be available for obligation only in such amounts as may be equal to the total amounts of gifts, bequests, and devises of money, and other property accepted by the Chairman or by grantees of the Endowment under the provisions of subsections 11(a)(2)(B) and 11(a)(3)(B) during the current and preceding fiscal years for which equal amounts have not previously been appropriated.

INSTITUTE OF MUSEUM SERVICES

GRANTS AND ADMINISTRATION

For carrying out title II of the Arts, Humanities, and Cultural Affairs Act of 1976, as amended, $21,000,000, to remain available until September 30, 1997.

ADMINISTRATIVE PROVISIONS

None of the funds appropriated to the National Foundation on the Arts and the Humanities may be used to process any grant or contract documents which do not include the text of 18 U.S.C. 1913: *Provided*, That none of the funds appropriated to the National Foundation on the Arts and the Humanities may be used for official reception and representation expenses.

COMMISSION OF FINE ARTS

SALARIES AND EXPENSES

For expenses made necessary by the Act establishing a Commission of Fine Arts (40 U.S.C. 104), $834,000.

NATIONAL CAPITAL ARTS AND CULTURAL AFFAIRS

For necessary expenses as authorized by Public Law 99–190 (99 Stat. 1261; 20 U.S.C. 956(a)), as amended, $6,000,000.

ADVISORY COUNCIL ON HISTORIC PRESERVATION

SALARIES AND EXPENSES

For expenses necessary for the Advisory Council on Historic Preservation, [$3,063,000] *$2,500,000*.

NATIONAL CAPITAL PLANNING COMMISSION

SALARIES AND EXPENSES

For necessary expenses, as authorized by the National Capital Planning Act of 1952 (40 U.S.C. 71–71i), including services as authorized by 5 U.S.C. 3109, $5,090,000: *Provided*, That all appointed members will be compensated at a rate not to exceed the rate for Executive Schedule Level IV.

FRANKLIN DELANO ROOSEVELT MEMORIAL COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Franklin Delano Roosevelt Memorial Commission, established by the Act of August 11, 1955 (69 Stat. 694), as amended by Public Law 92–332 (86 Stat. 401), [$48,000] *$147,000*, to remain available until September 30, 1997.

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

[SALARIES AND EXPENSES

[For necessary expenses for the orderly closure of the Pennsylvania Avenue Development Corporation, $2,000,000.]

PUBLIC DEVELOPMENT

Funds made available under this heading in prior years shall be available for operating and administrative expenses of the Corporation.

UNITED STATES HOLOCAUST MEMORIAL COUNCIL

HOLOCAUST MEMORIAL COUNCIL

For expenses of the Holocaust Memorial Council, as authorized by Public Law 96–388, as amended, [$28,707,000] *$26,609,000*; of which $1,575,000 for the Museum's repair and rehabilitation program [and $1,264,000 for the Museum's exhibition program] shall remain available until expended.

TITLE III—GENERAL PROVISIONS

SEC. 301. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to 5 U.S.C. 3109, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.

SEC. 302. No part of any appropriation under this Act shall be available to the Secretary of the Interior or the Secretary of Agriculture for the leasing of oil and natural gas by noncompetitive bidding on publicly owned lands within the boundaries of the Shawnee National Forest, Illinois: *Provided*, That nothing herein is intended to inhibit or otherwise affect the sale, lease, or right to access to minerals owned by private individuals.

SEC. 303. No part of any appropriation contained in this Act shall be available for any activity or the publication or distribution of literature that in any way tends to promote public support or opposition to any legislative proposal on which congressional action is not complete.

SEC. 304. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 305. None of the funds provided in this Act to any department or agency shall be obligated or expended to provide a personal cook, chauffeur, or other personal servants to any officer or employee of such department or agency except as otherwise provided by law.

SEC. 306. No assessments may be levied against any program, budget activity, subactivity, or project funded by this Act unless notice of such assessments and the basis therefor are presented to the Committees on Appropriations and are approved by such Committees.

SEC. 307. (a) COMPLIANCE WITH BUY AMERICAN ACT.—None of the funds made available in this Act may be expended by an entity unless the entity agrees that in expending the funds the entity will comply with sections 2 through 4 of the Act of March 3, 1933 (41 U.S.C. 10a–10c; popularly known as the ''Buy American Act'').

(b) SENSE OF CONGRESS; REQUIREMENT REGARDING NOTICE.—

(1) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—In the case of any equipment or product that may be authorized to be purchased with financial assistance provided using funds made available in this Act, it is the sense of the Congress that entities receiving the assistance should, in expending the assistance, purchase only American-made equipment and products.

(2) NOTICE TO RECIPIENTS OF ASSISTANCE.—In providing financial assistance using funds made available in this Act, the head of each Federal agency shall provide to each recipient of the assistance a notice describing the statement made in paragraph (1) by the Congress.

(c) PROHIBITION OF CONTRACTS WITH PERSONS FALSELY LABELING PRODUCTS AS MADE IN AMERICA.—If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a ''Made in America'' inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds made available in this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

SEC. 308. None of the funds in this Act may be used to plan, prepare, or offer for sale timber from trees classified as giant sequoia (sequoiadendron giganteum) which are located on National Forest System or Bureau of Land Management lands in a manner different than such sales were conducted in fiscal year 1995.

SEC. 309. None of the funds made available by this Act may be obligated or expended by the National Park Service to enter into or implement a concession contract which permits or requires the removal of the underground lunchroom at the Carlsbad Caverns National Park.

SEC. 310. Where the actual costs of construction projects under self-determination contracts, compacts, or grants, pursuant to Public Laws 93–638, [100–413] *103–413*, or 100–297, are less than the estimated costs thereof, use of the resulting excess funds shall be determined by the appropriate Secretary after consultation with the tribes.

SEC. 311. Notwithstanding Public Law 103–413, quarterly payments of funds to tribes and tribal organizations under annual funding agreements pursuant to section 108 of Public Law 93–638, as amended, may be made on the first business day following the first day of a fiscal quarter.

[SEC. 312. None of funds in this Act may be used for the Americorps program.]

SEC. 312. None of the funds appropriated or otherwise made available by this Act may be used for the AmeriCorps program.

[SEC. 313. (a) On or before April 1, 1996, the Pennsylvania Avenue Development Corporation shall—

[(1) transfer and assign in accordance with this section all of its rights, title, and interest in and to all of the leases, covenants, agreements, and easements it has executed or will execute by March 31, 1996, in carrying out its powers and duties under the Pennsylvania Avenue Development Corporation Act (40 U.S.C. 871–885) and the Federal Triangle Development Act (40 U.S.C. 1101–1109) to the General Services Administration, National Capital Planning Commission, or the National Park Service; and

[(2) except as provided by subsection (d), transfer all rights, title, and interest in and to all property, both real and personal, held in the name of the Pennsylvania Avenue Development Corporation to the General Services Administration.

[(b) The responsibilities of the Pennsylvania Avenue Development Corporation transferred to the General Services Administration under subsection (a) include, but are not limited to, the following:

[(1) Collection of revenue owed the Federal Government as a result of real estate sales or lease agreements entered into by the Pennsylvania Avenue Development Corporation and private parties, including, at a minimum, with respect to the following projects:

[(A) The Willard Hotel property on Square 225.

[(B) The Gallery Row project on Square 457.

[(C) The Lansburgh's project on Square 431.

[(D) The Market Square North project on Square 407.

[(2) Collection of sale or lease revenue owed the Federal Government (if any) in the event two undeveloped sites owned by the Pennsylvania Avenue Development Corporation on Squares 457 and 406 are sold or leased prior to April 1, 1996.

[(3) Application of collected revenue to repay United States Treasury debt incurred by the Pennsylvania Avenue Development Corporation in the course of acquiring real estate.

[(4) Performing financial audits for projects in which the Pennsylvania Avenue Development Corporation has actual or potential revenue expectation, as identified in paragraphs (1) and (2), in accordance with procedures describe in applicable sale or lease agreements.

[(5) Disposition of real estate properties which are or become available for sale and lease or other uses.

[(6) Payment of benefits in accordance with the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970 to which persons in the project area squares are entitled as a result of the Pennsylvania Avenue Development Corporation's acquisition of real estate.

[(7) Carrying out the responsibilities of the Pennsylvania Avenue Development Corporation under the Federal Triangle Development Act (40 U.S.C. 1101–1109), including responsibilities for managing assets and liabilities of the Corporation under such Act.

[(c) In carrying out the responsibilities of the Pennsylvania Avenue Development Corporation transferred under this section, the Administrator of the General Services Administration shall have the following powers:

[(1) To acquire lands, improvements, and properties by purchase, lease or exchange, and to sell, lease, or otherwise dispose of real or personal property as necessary to complete the development plan developed under section 5 of the Pennsylvania Avenue Development Corporation Act of 1972 (40 U.S.C. 874) if a notice of intention to carry out such acquisition or disposal is first transmitted to the Committee on Transportation and Infrastructure and the Committee on Appropriations of the House of Representatives and the Committee on Environment and Public

Works and the Committee on Appropriations of the Senate and at least 60 days elapse after the date of such transmission.

[(2) To modify from time to time the plan referred to in paragraph (1) if such modification is first transmitted to the Committee on Transportation and Infrastructure and the Committee on Appropriations of the House of Representatives and the Committee on Environment and Public Works and the Committee on Appropriations of the Senate and at least 60 days elapse after the date of such transmission.

[(3) To maintain any existing Pennsylvania Avenue Development Corporation insurance programs.

[(4) To enter into and perform such leases, contracts, or other transactions with any agency or instrumentality of the United States, the several States, or the District of Columbia or with any person, firm, association, or corporation as may be necessary to carry out the responsibilities of the Pennsylvania Avenue Development Corporation under the Federal Triangle Development Act (40 U.S.C. 1101–1109).

[(5) To request the Council of the District of Columbia to close any alleys necessary for the completion of development in Square 457.

[(6) To use all of the funds transferred from the Pennsylvania Avenue Development Corporation or income earned on Pennsylvania Avenue Development Corporation property to complete any pending development projects.

[(d)(1)(A) On or before April 1, 1996, the Pennsylvania Avenue Development Corporation shall transfer all its right, title, and interest in and to the property described in subparagraph (B) to the National Park Service, Department of the Interior.

[(B) The property referred to in subparagraph (A) is the property located within the Pennsylvania Avenue National Historic Site depicted on a map entitled ''Pennsylvania Avenue National Historic Park'', dated June 1, 1995, and numbered 840–82441, which shall be on file and available for public inspection in the offices of the National Park Service, Department of the Interior. The Pennsylvania Avenue National Historic Site includes the parks, plazas, sidewalks, special lighting, trees, sculpture, and memorials.

[(2) Jurisdiction of Pennsylvania Avenue and all other roadways from curb to curb shall remain with the District of Columbia but vendors shall not be permitted to occupy street space except during temporary special events.

[(3) The National Park Service shall be responsible for management, administration, maintenance, law enforcement, visitor services, resource protection, interpretation, and historic preservation at the Pennsylvania Avenue National Historic Site.

[(4) The National Park Service may enter into contracts, cooperative agreements, or other transactions with any agency or instrumentality of the United States, the several States, or the District of Columbia or with any person, firm, association, or corporation as may be deemed necessary or appropriate for the conduct of special events, festivals, concerts, or other art and cultural programs at the Pennsylvania Avenue National Historic Site or may establish a nonprofit foundation to solicit funds for such activities.

[(e) Notwithstanding any other provision of law, the responsibility for ensuring that development or redevelopment in the Pennsylvania Avenue area is carried out in accordance with the Pennsylvania Avenue Development Corporation Plan—1974, as amended, is transferred to the National Capital Planning Commission or its successor commencing April 1, 1996.

[(f) SAVINGS PROVISIONS.—

[(1) REGULATIONS.—Any regulations prescribed by the Corporation in connection with the Pennsylvania Avenue Development Corporation Act of 1972 (40 U.S.C. 871–885) and the Federal Triangle Development Act (40 U.S.C. 1101–1109) shall continue in effect until suspended by regulations prescribed by the Administrator of the General Services Administration.

[(2) EXISTING RIGHTS, DUTIES, AND OBLIGATIONS NOT AFFECTED.—Subsection (a) shall not be construed as affecting the validity of any right, duty, or obligation of the United States or any other person arising under or pursuant to any contract, loan, or other instrument or agreement which was in effect on the day before the date of the transfers under subsection (a).

[(3) CONTINUATION OF SUITS.—No action or other proceeding commenced by or against the Corporation in connection with administration of the Pennsylvania Avenue Development Corporation Act of 1972 (40 U.S.C. 871–885) and the Federal Triangle Development Act (40 U.S.C. 1101–1109) shall abate by reason of enactment and implementation of this Act, except that the General Services Administration shall be substituted for the Corporation as a party to any such action or proceeding.

[(g) Section 3(b) of the Pennsylvania Avenue Development Corporation Act of 1972 (40 U.S.C. 872(b)) is amended as follows:

[''(b) The Corporation shall be dissolved on April 1, 1996. Upon dissolution, assets, obligations, and indebtedness of the Corporation shall be transferred in accordance with the Department of the Interior and Related Agencies Appropriations Act, 1996.''.

[SEC. 314. (a) Except as provided in subsection (b), no part of any appropriation contained in this Act or any other Act shall be obligated or expended for the operation or implementation of the Interior Columbia River Basin Ecoregion Assessment Project (hereinafter ''Project'').

[(b) From the funds appropriated to the Forest Service and the Bureau of Land Management, $600,000 is made available to publish by January 1, 1996, for peer review and public comment, the scientific information collected, and analysis undertaken, by the Project prior to the date of enactment of this Act concerning forest health conditions and forest management needs related to those conditions.

[(c)(1) From the funds appropriated to the Forest Service, the Secretary of Agriculture (hereinafter ''Secretary'') shall—

[(A) review the land and resource management plan (hereinafter ''plan'') for each national forest within the area encompassed by the Project and any policy which is applicable to such plan (whether or not such policy is final or draft, or has been added to such plan by amendment), which is or is intended to be of limited duration, and which the Project was tasked to address; and

[(B) determine whether such policy modified to meet the specific conditions of such national forest, or another policy which serves the purpose of such policy, should be adopted for such national forest.

[(2) If the Secretary makes a decision that such a modified or alternative policy should be adopted for such national forest, the Secretary shall prepare and adopt for the plan for such national forest an amendment which contains such policy, which is directed solely to and affects only such plan, and which addresses the specific conditions of the national forest and the relationship of such policy to such conditions.

[(3) To the maximum extent practicable, any amendment prepared pursuant to paragraph (2) shall establish procedures to develop site-specific standards in lieu of imposing general standards applicable to multiple sites. Any amendment which would result in any change in land allocations within the plan or reduce the likelihood of achievement of the goals and objectives of the plan (prior to any previous amendment incorporating in the plan any policy referred to in paragraph (1)(A)) shall be deemed a significant plan amendment pursuant to section 6(f)(4) of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1604(f)(4)).

[(4) Any amendment prepared pursuant to paragraph (2) which adopts a modified or alternative policy to substitute for a policy referred to in paragraph (1)(A) which has undergone consultation pursuant to section 7 of the Endangered Species Act of 1973 shall not again be subject to the consultation provisions of such section 7. No further consultation shall be undertaken on any policy referred to in paragraph (1)(A).

[(5) Any amendment prepared pursuant to paragraph (2) shall be adopted on or before March 31, 1996: *Provided,* That any amendment deemed a significant amendment pursuant to paragraph (3) shall be adopted on or before June 30, 1996.

[(6) No policy referred to in paragraph (1)(A) shall be effective on or after April 1, 1996.]

SEC. 314. (a) Except as provided in subsection (b), no part of any appropriation contained in this Act or any other Act shall be obligated or expended for the operation or implementation of the Interior Columbia Basin Ecosystem Management Project (hereinafter ''Project'').

(b) From the funds appropriated to the Forest Service and Bureau of Land Management, a sum of $1,600,000 is made available for the appropriate line officers assigned to the Walla Walla office and the Boise office of the Project to publish by April 30, 1996, an eastside final environmental impact statement, without a record of decision, for the Federal lands subject to the Project in Oregon and Washington and an Upper Columbia Basin final environmental impact statement, without a record of decision, for the Federal lands subject to the Project in Idaho and Montana and other affected States, respectively. Among other matters, the final environmental impact statements shall contain the scientific information collected and analysis undertaken by the Project on landscape dynamics and forest health conditions and the implications of such dynamics and conditions for forest management, including the management of forest vegetation structure, composition, and density.

(c)(1) From the funds appropriated to the Forest Service and the Bureau of Land Management, the Secretary of Agriculture or the Secretary of the Interior as the case may be, shall—

(A) review the resource management plan (hereinafter ''plan'') for each national forest and unit of lands administered by the Bureau of Land Management (hereinafter ''forest'') within the area encompassed by the Project, the analysis in the relevant draft environmental impact statement prepared pursuant to subsection (b) which is applicable to such plan, and any policy which is applicable to such plan (whether or not such policy is final or draft, or has been added to such plan by amendment), which is or is intended to be of limited duration, and which the Project addresses; and

(B) based on such review, determine whether such policy modified to meet the specific conditions of such forest, or an alternative policy which serves the purpose of such policy, should be adopted for such forest.

(2) If the Secretary concerned makes a decision that such a modified or alternative policy should be adopted for such forest, the Secretary concerned shall prepare and adopt for the resource management plan for such forest an amendment which contains such policy, which is directed solely to and affects only such plan, and which addresses the specific conditions of the forest and the relationship of such policy to

such conditions. The Secretary shall consult with the Governor of the State, and the Commissioner of the county or counties, in which the forest is situated prior to such decision and, if the decision is to prepare an amendment, during the preparation thereof.

(3) To the maximum extent practicable, any amendment prepared pursuant to paragraph (2) shall establish procedures to develop site-specific standards in lieu of imposing general standards applicable to multiple sites. Any amendment which would result in any change in land allocations within the land management plan or reduce the likelihood of achievement of the goals and objectives of the plan (prior to any previous amendment incorporating in the plan any policy referred to in paragraph (1)(A)) shall be deemed a significant plan amendment, or equivalent, pursuant to section 6(f)(4) of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1604(f)(4)) or section 202 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1712).

(4)(A) Any amendment prepared pursuant to paragraph (2) which adopts a policy that is a modification of or alternative to a policy referred to in paragraph (1)(A) upon which consultation or conferencing has occurred pursuant to section 7 of the Endangered Species Act of 1973 (16 U.S.C. 1536) shall not again be subject to the consultation or conferencing provisions of such section 7.

(B) If required by such section 7, the Secretary concerned shall consult or conference separately on each amendment prepared pursuant to paragraph (2) which is not subject to subparagraph (A).

(C) No further consultation other than the consultation specified in subparagraph (B) shall be undertaken on any amendments prepared pursuant to paragraph (2), on any project or activity which is consistent with an applicable amendment, on any policy referred to in paragraph (1)(A), or on any portion of any resource management plan related to such policy or the species to which such policy applies.

(5) Any amendment prepared pursuant to paragraph (2) shall be adopted on or before July 31, 1996: Provided, That any amendment deemed a significant amendment pursuant to paragraph (3) shall be adopted on or before December 31, 1996.

(6) No policy referred to in paragraph (1)(A), or any provision of a resource management plan or other planning document incorporating such policy, shall be effective on or after December 31, 1996, or after an amendment is promulgated subject to the provisions of this section, whichever occurs first.

(d) The documents prepared under the authority of this section shall not be applied or used to regulate non-Federal lands in the affected States.

[SEC. 315. (a) The Secretary of the Interior (acting through the Bureau of Land Management, the National Park Service and the United States Fish and Wildlife Service) and the Secretary of Agriculture (acting through the Forest Service) shall each implement a fee program to demonstrate the feasibility of user-generated cost recovery for the operation and maintenance of recreation sites and habitat enhancement projects on Federal lands.

[(b) In carrying out the pilot program established pursuant to this section, the appropriate Secretary shall select from areas under the jurisdiction of each of the four agencies referred to in subsection (a) no fewer than 10, but as many as 30, sites or projects for fee demonstration. For each such demonstration, the Secretary, notwithstanding any other provision of law—

[(1) shall charge and collect fees for admission to the area or for the use of outdoor recreation sites, facilities, visitor centers, equipment, and services by individuals and groups, or any combination thereof;

[(2) shall establish fees under this section based upon a variety of cost recovery and fair market valuation methods to provide a broad basis for feasibility testing;

[(3) may contract with any public or private entity to provide visitor services, including reservations and information, and may accept services of volunteers to collect fees charged pursuant to paragraph (1); and

[(4) may encourage private investment and partnerships to enhance the delivery of quality customer services and resource enhancement, and provide appropriate recognition to such partners or investors.

[(c)(1) Amounts collected at each fee demonstration site in excess of 104 percent of that site's total collections during the previous fiscal year shall be distributed as follows:

[(i) Eighty percent of the amounts collected at the demonstration site shall be deposited in a special account in the Treasury established for the administrative unit in which the project is located and shall remain available for expenditure in accordance with paragraph (3) for further activities of the site or project.

[(ii) Twenty percent of the amounts collected at the demonstration site shall be deposited in a special account in the Treasury for each agency and shall remain available for expenditure in accordance with paragraph (3) for use on an agencywide basis.

[(2) For purposes of this subsection, ''total collections'' for each site shall be defined as gross collections before any reduction for amounts attributable to collection costs.

[(3) Expenditures from the special funds shall be accounted for separately.

[(4) In order to increase the quality of the visitor experience at public recreational areas and enhance the protection of resources, amounts available for expenditure under paragraph (1) may only be used for the site or project concerned, for backlogged repair and maintenance projects (including projects relating to health and safety) and for interpretation, signage, habitat or facility enhancement, resource preservation, annual operation, maintenance, and law enforcement relating to public use. The agencywide accounts may be used for the same purposes set forth in the preceding sentence, but for sites or projects selected at the discretion of the respective agency head.

[(d)(1) Amounts collected under this section shall not be taken into account for the purposes of the Act of May 23, 1908 and the Act of March 1, 1911 (16 U.S.C. 500), the Act of March 4, 1913 (16 U.S.C. 501), the Act of July 22, 1937 (7 U.S.C. 1012), the Act of August 8, 1937 and the Act of May 24, 1939 (43 U.S.C. 1181f et seq.), the Act of June 14, 1926 (43 U.S.C. 869–4), chapter 69 of title 31, United States Code, section 401 of the Act of June 15, 1935 (16 U.S.C. 715s), the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l), and any other provision of law relating to revenue allocation.

[(2) Fees charged pursuant to this section shall be in lieu of fees charged under any other provision of law.

[(e) The Secretary of the Interior and the Secretary of Agriculture shall carry out this section without promulgating regulations.

[(f) The authority to collect fees under this section shall commence on October 1, 1995, and end on September 30, 1996. Funds in accounts established shall remain available through September 30, 1997.]

SEC. 315. (a) The Secretary of the Interior (acting through the Bureau of Land Management, the National Park Service and the United States Fish and Wildlife Service) and the Secretary of Agriculture (acting through the Forest Service) shall each implement a fee program to demonstrate the feasibility of user-generated cost recovery for the operation and maintenance of recreation areas or sites and habitat enhancement projects on Federal lands.

(b) In carrying out the pilot program established pursuant to this section, the appropriate Secretary shall select from areas under the jurisdiction of each of the four agencies referred to in subsection (a) no fewer than 10, but as many as 50, areas, sites or projects for fee demonstration. For each such demonstration, the Secretary, notwithstanding any other provision of law—

(1) shall charge and collect fees for admission to the area or for the use of outdoor recreation sites, facilities, visitor centers, equipment, and services by individuals and groups, or any combination thereof;

(2) shall establish fees under this section based upon a variety of cost recovery and fair market valuation methods to provide a broad basis for feasibility testing;

(3) may contract, including provisions for reasonable commissions, with any public or private entity to provide visitor services, including reservations and information, and may accept services of volunteers to collect fees charged pursuant to paragraph (1);

(4) may encourage private investment and partnerships to enhance the delivery of quality customer services and resource enhancement, and provide appropriate recognition to such partners or investors; and

(5) may assess a fine of not more than $100 for any violation of the authority to collect fees for admission to the area or for the use of outdoor recreation sites, facilities, visitor centers, equipment, and services.

(c)(1) Amounts collected at each fee demonstration site shall be distributed as follows:

(A) Of the amount in excess of 104 percent of the amount collected in fiscal year 1995, and thereafter annually adjusted upward by 4 percent, 80 percent to a special account in the Treasury for use by the agency which administers the site, to remain available for expenditures in accordance with paragraph (3)(A).

(B) Of the amount in excess of 104 percent of the amount collected in fiscal year 1995, and thereafter annually adjusted upward by 4 percent, 20 percent to a special account in the Treasury for use by the agency which administers the site, to remain available for expenditure in accordance with paragraph (3)(B).

(C) For agencies other than the Fish and Wildlife Service, up to 15 percent of current year collections at each site, but not greater than fee collection costs for that fiscal year, to remain available for expenditure in accordance with paragraph (3)(C).

(D) For agencies other than the Fish and Wildlife Service, the balance to the special account established pursuant to subparagraph (A) of section 4(i)(1) of the Land and Water Conservation Act as amended.

(E) For the Fish and Wildlife Service, the balance shall be distributed in accordance with the Fish and Wildlife Service Administrative Provisions of this Act.

(2) For purposes of the subsection, ''total collections'' for each site shall be defined as gross collections before any reduction for amounts attributable to collection costs.

(3)(A) Expenditures from site specific special funds shall be for further activities of each site, and shall be accounted for separately. Expenditures for each site shall be in proportion to total collections from the demonstration sites administered by an agency.

(B) Expenditures from agency specific special funds shall be for use on an agency-wide basis and shall be accounted for separately.

(C) Expenditures from the fee collection support fund shall be used to cover fee collection costs in accordance with section 4(i)(1)(B) of the Land and Water Conservation Act as amended.

(4) In order to increase the quality of the visitor experience at public recreational areas and enhance the protection of resources, amounts available for expenditure under paragraph (1)

may only be used for the site or project concerned, for backlogged repair and maintenance projects (including projects relating to health and safety) and for interpretation, signage, habitat or facility enhancement, resource preservation, annual operation (including fee collection), maintenance, and law enforcement relating to public use. The agencywide accounts may be used for the same purposes set forth in the preceding sentence, but for sites or projects selected at the discretion of the respective agency head.

(d)(1) Amounts collected under this section shall not be taken into account for the purposes of the Act of May 23, 1908 and the Act of March 1, 1911 (16 U.S.C. 500), the Act of March 4, 1913 (16 U.S.C. 501), the Act of July 22, 1937 (7 U.S.C. 1012), the Act of August 8, 1937 and the Act of May 24, 1939 (43 U.S.C. 1181f et seq.), the Act of June 14, 1926 (43 U.S.C. 869–4), chapter 69 of title 31, United States Code, section 401 of the Act of June 15, 1935 (16 U.S.C. 715s), the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l), and any other provision of law relating to revenue allocation.

(2) Fees charged pursuant to this section shall be in lieu of fees charged under any other provision of law.

(e) The Secretary of the Interior and the Secretary of Agriculture shall carry out this section without promulgating regulations.

(f) The authority to collect fees under this section shall commence on October 1, 1995, and end on September 30, 1998. Funds in accounts established shall remain available through September 30, 2001.

[SEC. 316. The Forest Service and Bureau of Land Management may offer for sale salvageable timber in the Pacific Northwest in fiscal year 1996: *Provided,* That for public lands known to contain the Northern spotted owl, such salvage sales may be offered as long as the offering of such sale will not render the area unsuitable as habitat for the Northern spotted owl: *Provided further,* That timber salvage activity in spotted owl habitat is to be done in full compliance with all existing environmental and forest management laws.]

SEC. 317. None of the funds made available in this Act may be used for any program, project, or activity when it is made known to the Federal entity or official to which the funds are made available that the program, project, or activity is not in compliance with any applicable Federal law relating to risk assessment, the protection of private property rights, or unfunded mandates.

[SEC. 318. None of the funds provided in this Act may be made available for the Mississippi River Corridor Heritage Commission.

[SEC. 319. (a) LIMITATION ON USE OF FUNDS.—None of the funds made available in this Act may be used by the Department of Energy in implementing the Codes and Standards Program to plan, propose, issue, or prescribe any new or amended standard.

[(b) CORRESPONDING REDUCTION IN FUNDS.—The aggregate amount otherwise provided in this Act for ''DEPARTMENT OF ENERGY—Energy Conservation'' is hereby reduced by $12,799,000.

[SEC. 320. None of the funds made available in this Act may be used by the Department of Energy in implementing the Codes and Standards Program to plan, propose, issue, or prescribe any new or amended standard—

[(1) when it is made known to the Federal official having authority to obligate or expend such funds that the Attorney General, in accordance with section 325(o)(2)(B) of the Energy Policy and Conservation Act (42 U.S.C. 6295(o)(2)(B)), determined that the standard is likely to cause significant anticompetitive effects;

[(2) that the Secretary of Energy, in accordance with such section 325(o)(2)(B), has determined that the benefits of the standard do not exceed its burdens; or

[(3) that is for fluorescent lamps ballasts.]

SEC. 320. None of the funds made available in this Act may be used by the Department of Energy in implementing the Codes and Standards Program to plan, propose, issue, or prescribe any new or amended standard for fluorescent lamps ballasts.

SEC. 321. None of the funds made available in this Act may be used (1) to demolish the bridge between Jersey City, New Jersey, and Ellis Island; or (2) to prevent pedestrian use of such bridge, when it is made known to the Federal official having authority to obligate or expend such funds that such pedestrian use is consistent with generally accepted safety standards.

[SEC. 322. No funds appropriated or otherwise made available pursuant to this Act in fiscal year 1996 shall be obligated or expended to accept or process applications for a patent for any mining or mill site claim located under the general mining laws or to issue a patent for any such claim.]

SEC. 323. None of the funds appropriated or otherwise made available by this Act may be used for the purposes of acquiring lands in the counties of Lawrence, Monroe, or Washington, Ohio, for the Wayne National Forest.

SEC. 324. No part of any appropriation contained in this Act or any other Act shall be expended or obligated to fund the activities of the Office of Forestry and Economic Development after December 31, 1995.

SEC. 325. No part of any appropriation contained in this Act or any other Act shall be expended or obligated to: (a) redefine the definition of an area in which a marbled murrelet is ''known to be nesting''; or (b) to modify the protocol for surveying for marbled murrelets in effect on July 21, 1995.

SEC. 326. (a) LAND EXCHANGE.—The Secretary of the Interior (hereinafter referred to as the ''Secretary'') is authorized to convey to the Boise Cascade Corporation (hereinafter referred to as the ''Corporation''), a corporation formed under the statutes of the State of Delaware, with its principal place of business at Boise, Idaho, title to approximately seven acres of land, more or less, located in sections 14 and 23, township 36 north, range 37 east, Willamette Meridian, Stevens County, Washington, further identified in the records of the Bureau of Reclamation, Department of the Interior, as Tract No. GC–19860, and to accept from the Corporation in exchange therefor, title to approximately one hundred and thirty-six acres of land located in section 19, township 37 north, range 38 east and section 33, township 38 north, range 37 east, Willamette Meridian, Stevens County, Washington, and further identified in the records of the Bureau of Reclamation, Department of the Interior, as Tract No. GC–19858 and Tract No. GC–19859, respectively.

(b) APPRAISAL.—The properties so exchanged either shall be approximately equal in fair market value or if they are not approximately equal, shall be equalized by the payment of cash to the Corporation or to the Secretary as required or in the event the value of the Corporation's lands is greater, the acreage may be reduced so that the fair market value is approximately equal: Provided, That the Secretary shall order appraisals made of the fair market value of each tract of land included in the exchange without consideration for improvements thereon: Provided further, That any cash payment received by the Secretary shall be covered in the Reclamation Fund and credited to the Columbia Basin project.

(c) ADMINISTRATIVE COSTS.—Costs of conducting the necessary land surveys, preparing the legal descriptions of the lands to be conveyed, performing the appraisals, and administrative costs incurred in completing the exchange shall be borne by the Corporation.

(d) LIABILITY FOR HAZARDOUS SUBSTANCES.—(1) The Secretary shall not acquire any lands under this Act if the Secretary determines that such lands, or any portion thereof, have become contaminated with hazardous substances (as defined in the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. 9601)).

(2) Notwithstanding any other provision of law, the United States shall have no responsibility or liability with respect to any hazardous wastes or other substances placed on any of the lands covered by this Act after their transfer to the ownership of any party, but nothing in this Act shall be construed as either diminishing or increasing any responsibility or liability of the United States based on the condition of such lands on the date of their transfer to the ownership of another party. The Corporation shall indemnify the United States for liabilities arising under the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. 9601), and the Resource Conservation Recovery Act (42 U.S.C. 6901 et seq.).

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

SEC. 327. TIMBER SALES PIPELINE RESTORATION FUNDS.—(a) The Secretary of Agriculture and the Secretary of the Interior shall each establish a Timber Sales Pipeline Restoration Fund (hereinafter ''Agriculture Fund'' and ''Interior Fund'' or ''Funds''). Any revenues received from sales released under section 2001(k) of the Fiscal Year 1995 Supplemental Appropriations for Disaster Assistance and Rescissions Act, minus the funds necessary to make payments to States or local governments under other law concerning the distribution of revenues derived from the affected lands, which are in excess of $37,500,000 (hereinafter ''excess revenues'') shall be deposited into the Funds. The distribution of excess revenues between the Agriculture Fund and Interior Fund shall be calculated by multiplying the total of excess revenues times a fraction with a denominator of the total revenues received from all sales released under such section 2001(k) and numerators of the total revenues received from such sales on lands within the National Forest System and the total revenues received from such sales on lands administered by the Bureau of Land Management, respectively: Provided, That revenues or portions thereof from sales released under such section 2001(k), minus the amounts necessary for State and local government payments and other necessary deposits, may be deposited into the Funds immediately upon receipt thereof and subsequently redistributed between the Funds or paid into the United States Treasury as miscellaneous receipts as may be required when the calculation of excess revenues is made.

(b)(1) From the funds deposited into the Agriculture Fund and into the Interior Fund pursuant to subsection (a)—

(A) seventy-five percent shall be available, without fiscal year limitation or further appropriation, for preparation of timber sales, other than salvage sales as defined in section 2001(a)(3) of the fiscal year 1995 Supplemental Appropriations for Disaster Assistance and Rescissions Act, which—

(i) are situated on lands within the National Forest System and lands administered by the Bureau of Land Management, respectively; and

(ii) are in addition to timber sales for which funds are otherwise available in this Act or other appropriations acts.

(B) twenty-five percent shall be available, without fiscal year limitation or further appropriation, to expend on the backlog of recreation projects on lands within the National Forest System and lands administered by the Bureau of Land Management, respectively.

(2) Expenditures under this subsection for preparation of timber sales may include expenditures for Forest Service activities within the forest land management budget line item and associated timber roads, and Bureau of Land Management activities within the Oregon and

California grant lands account and the forestry management area account, as determined by the Secretary concerned.

(c) Revenues received from any timber sale prepared under subsection (b) or under this subsection, minus the amounts necessary for State and local government payments and other necessary deposits, shall be deposited into the Fund from which funds were expended on such sale. Such deposited revenues shall be available for preparation of additional timber sales and completion of additional recreation projects in accordance with the requirements set forth in subsection (b).

(d) The Secretary concerned shall terminate all payments into the Agriculture Fund or the Interior Fund, and pay any unobligated funds in the affected Fund into the United States Treasury as miscellaneous receipts, whenever the Secretary concerned makes a finding, published in the Federal Register, that sales sufficient to achieve the total allowable sales quantity of the national forest system for the Forest Service or the allowable sales level for the Oregon and California grant lands for the Bureau of Land Management, respectively, have been prepared.

(e) Any timber sales prepared and recreation projects completed under this section shall comply with all applicable environmental and natural resource laws and regulations.

(f) The Secretary concerned shall report annually to the Committees on Appropriations of the U.S. Senate and the House of Representatives on expenditures made from the Fund for timber sales and recreation projects, revenues received into the Fund from timber sales, and timber sale preparation and recreation project work undertaken during the previous year and projected for the next year under the Fund. Such information shall be provided for each Forest Service region and Bureau of Land Management State office.

(g) The authority of this section shall terminate upon the termination of both Funds in accordance with the provisions of subsection (d).

SEC. 328. Notwithstanding any other provision of law, none of the funds provided in this or any other act shall be available for travel and training expenses for the Bureau of Indian Affairs or the Office of Indian Education for education conferences or training activities.

SEC. 329. Of the funds provided to the National Endowment for the Arts:

(a) The Chairperson shall only award a grant to an individual if such grant is awarded to such individual for a literature fellowship.

(b) The Chairperson shall establish procedures to ensure that no funding provided through a grant, except a grant made to a State or regional group, may be used to make a grant to any other organization or individual to conduct activity independent of the direct grant recipient. Nothing in this subsection shall prohibit payments made in exchange for goods and services.

(c) No grant shall be used for seasonal support to a group, unless the application is specific to the contents of the season, including identified programs and/or projects.

This Act may be cited as the ''Department of the Interior and Related Agencies Appropriations Act, 1996''.

Mr. GORTON. Mr. President, I lay before the Senate this afternoon the fiscal year 1996 Department of the Interior and related agencies appropriations bill.

This bill, as reported by the Appropriations Committee, totals $12,122,927,000 in discretionary budget authority, $73,000 below the subcommittee's 602(b) allocation. The outlay scoring totals $13,167,502,000, $6,498,000 below allocation. The bill is $1,777,000,000 less than the President's budget request for budget authority and $991 million below the President's budget request for outlays.

Mr. President, the bill before the Senate represents intensely difficult choices and real cuts in spending of $1.5 billion below the fiscal year 1995 level or a reduction of 11 percent.

Mr. President, I want to repeat that last statement. There is $1.5 billion less in this bill than there was in the bill passed by the Congress, signed by the President, covering the current 1995 fiscal year. That is 11 percent less money from that 1995 base.

As a consequence, in crafting this bill, we have had to engage in the process of distributing poverty or distributing reductions. For all practical purposes, there are no programs of any significant size that are increased in this bill and very, very few which we have been able to keep even.

Members will be frustrated—and I think perhaps rightly frustrated—by the fact that some of their important priorities have suffered reductions and can only effectively deal with those reductions when they compare them with the overall reductions in the bill as a whole.

Now, agencies covered by this bill primarily in the Department of the Interior do not share equally in the 11-percent reduction. For instance, the land management agencies are reduced by 4 percent, cultural activities by 15 percent, Indian programs by 8 percent, and Department of Energy programs by 10 percent.

Other Members have raised concerns about the sensitivity to the budget resolution recommendations. This proposal reflects the meshing of the budget resolution, the bill priorities of the subcommittee which wrote this bill, and of members of the full Appropriations Committee together with concerns of individual Members and the administration's own priorities.

In fact, as another aside, Mr. President, I can say that the allocations out of which this bill were built are slightly higher than those that were considered and passed by this body in the budget resolution.

If we had followed the budget resolution to the exclusion of all other considerations, the total amount spent would have been even lower. For instance, members of the administration in the broadest possible sense have placed a high priority on the preservation and enhancement of the National Park Service. As a consequence, the Park Service was reduced by only 6 percent overall, with no reduction for Park Service operations.

In the budget resolution, a moratorium on land acquisition was assumed. Member interest, however, necessitated funding to some land acquisitions even though they are at drastically reduced levels.

Also, an item, which seems to have been lost when considering the budget committee recommendations, is the $379 million reduction for unidentified Interior bill overhead. I remind Members that overhead costs exist in all agencies. We faced the question of how that should be dealt with. If applied to some of the smaller agencies, such a reduction would have had a devastating and unacceptable effect.

As has been the practice in past years, the bill before us today was formulated in a bipartisan manner. I wish to thank Senator BYRD and his staff for their assistance and cooperation in drafting the Interior bill

Again, Mr. President, off of my prepared text here, I should like to express my deep admiration for Senator BYRD, the ranking member of this subcommittee. I am brand new to this responsibility. He has held more offices in this Senate, including majority leader and President pro tempore, than has any other individual in its history. He was, last year, in addition to being chairman of the overall Appropriations Committee, chairman of the Subcommittee on Interior and Related Agencies. It, obviously, has to be very difficult to give up that position and that authority to someone who is new to these responsibilities entirely, but Senator BYRD has been not only gracious and cooperative, but has provided me with a wonderful education in the priorities and responsibilities that fall to me as chairman of the subcommittee and as manager of this bill. I want to thank him for that graciousness, and for that education.

Now, Mr. President, I should like to report that the subcommittee received more than 1,400 requests for amendments to the bill, or for projects within the bill. Even that represents a major step forward from what Senator BYRD faced last year, which, if my memory serves me correctly, was more than 3,000 such requests. Perhaps that reduction does reflect the fact that most Members understand that we have this major cut. But they have made it difficult to honor more than a relatively few of them.

Many of those 1,400 requests, which total up to $2.1 billion, presumed the enactment of amounts contained in the President's budget and then proposed to add something beyond that number. With the budget constraints that we faced, our starting point had to be the fiscal year 1995 budget, with extensive review and attention to the President's budget proposals, but with the necessity to reduce significantly below that 1995 level.

There are, obviously, many programs which individual Senators would like to see funded at higher levels. In many cases I agree. I do have to emphasize, and remind these Senators, however, of the funding constraints that the subcommittee faced and the difficult choices that had to be made.

Any amendments to increase any program area must be offset by reductions elsewhere to remain within our allocations in the Appropriations Committee and, of course, within the budget resolution overall. Now, let me turn

briefly to the recommendations that are before you today. These are only highlights.

Programs for Native Americans and Alaska Natives are funded at $3,532,042,000 within the bill, almost 30 percent of its entire amount. Within the funding constraints faced by the committee, efforts were made to protect basic health care services provided through the Indian Health Service, and the education, trust, and natural resources programs within the Interior Department.

Funding has been provided for the Office of Special Trustee for American Indians, by transferring funding for natural resources management, trust services, resource management construction, and miscellaneous payments for Indian land and water settlements from BIA to the office. The activities that remain within the BIA are primarily services that are typically provided through local governments.

Concerns have been raised by the chairman and ranking member of the Indian Affairs Committee concerning potential impacts of the committee's proposal on the confirmation of the special trustee. As a result, I plan to offer an amendment that will transfer the most of the activities proposed for the Office of Special Trustee for American Indians back to the Bureau of Indian Affairs. Only the financial trust management functions and the immediate office of the special trustee will remain. I hope that the merits of the committee's proposal will be considered as the Indian Affairs Committee considers legislation reorganizing the BIA. In any event, this is properly its responsibility.

LAND MANAGEMENT

On the next subject, the subcommittee has attempted to protect the operational base of the land management agencies as much as possible. I have already spoken to the fact there are no such reductions for the National Park Service, the Fish and Wildlife Service has a 3-percent reduction, the Bureau of Land Management and Forest Service each 5-percent reduction.

To assist with the growing recreation demands on the agencies in this bill, a pilot recreation fee proposal is included in the bill after consultation with the Committee on Energy and Natural Resources.

The construction accounts for the land management agencies have decreased $88 million in total—20 percent. The majority of the construction projects involve the completion of ongoing projects and the restoration or rehabilitation of existing facilities. No new starts for visitor centers are provided.

Overall funding for land acquisition for the land management agencies totals $127 million which is about halfway between last year's level and the outright moratorium included in the budget resolution. The committee has identified specific projects, while the House bill did not. Priority is given to completing ongoing acquisitions and avoiding new starts that will increase outyear demands.

NATURAL RESOURCES SCIENCE AGENCY (FORMERLY NBS)

The committee has recommended retaining the Department of the Interior's biological research as a separate entity. Direction is provided to refocus the agency's work on issues most critical to the land managers, but language is included to protect private property owners.

MINING AGENCIES

The committee has not included a moratorium on accepting and processing applications for mining patents, and that will be subject to, perhaps, an amendment that will be proposed very, very soon.

The mining and minerals related agencies are collectively funded at 8 percent below the fiscal year 1995 level. The committee mark funds the Bureau of Mines at the request level of $132.5 million, a decrease of $20 million from fiscal year 1995. Field facilities proposed for closure in the budget will be maintained at lower staffing levels.

The mark also includes OCS moratoria language covering the same areas covered by last year's bill.

DEPARTMENT OF ENERGY

The Energy Conservation Program is funded at $577 million. The low-income Weatherization Program is funded at $137 million, or about $26.5 million above the House-passed level. The State energy block grants are funded at $31.5 million, $5 million above the House level. Bill language has been included to prohibit DOE from proposing or issuing any new or amended standards for fluorescent lamps ballasts.

Fossil energy research and development is a decrease of 11 percent below the fiscal year 1995 level. Similar reductions are expected over the next several fiscal years.

CULTURAL AGENCIES

Within the constraints of our bill, we have made a concerted effort to address the critical repair and renovation needs of the cultural organizations, such as the National Gallery of Art, the Smithsonian Institution, and the Kennedy Center, for which we have the primary responsibility in order to protect collections and structures of importance to the American people. Reductions to operating accounts, while unavoidable, have been kept relatively small in recognition of the wide array of public services which in part define the mission of these agencies.

As a result, more significant reductions have been necessarily taken to the budgets of the Endowments, whose mandates are fulfilled in varying degrees based on the availability of funds, but whose beneficiaries, of course, have many other sources of support. We make no assumptions with respect to the continuation or termination of the Endowments, believing that to be the function of the authorizing committee.

In short, we have done the best we can with severely limited resources, concentrating our efforts on those agencies that rely on the Congress for all, or about all, of their support.

Mr. BYRD. Mr. President, I am pleased to support the introductory remarks of the chairman.

May I say at the outset that this chairman is one of the finest subcommittee chairman that I have seen in my years here. He has shown a very studious approach and has in my judgment mastered this very complex bill. It is a bill that funds 40 agencies, and I salute him without envy by stating that he has come to grips with this bill and I think has understood its complexities more in this 1 year than I have been able to understand in the several years I have been chairman and ranking member, back and forth from time to time. I have found him to be very fair and reasonable. He is sharp and he is dedicated. I think he is a man who is molded for this particular subcommittee.

It is a subcommittee that I would have to say is probably far more western in its orientation than others. He comes from the West and he is familiar with those issues that are of such interest to the West. It has been a pleasure to work with him, and I have learned from him.

I will not engage in a lengthy summary of the bill because I believe the major issues confronting the subcommittee have already been laid out.

This is not an easy bill to put together. The interests are competing, and the policy issues are of great importance to many Senators. As I have said, Senator GORTON has grasped the ramifications of these issues quickly, and has been very thoughtful in his approach to this bill. He has tried to make the best out of a very difficult situation. The cuts in this bill are very real, but the chairman was left with little choice because of the dictates of the budget resolution. Members should remember that in total, this appropriations bill is $1.1 billion, or 11 percent, below the fiscal year 1995 level.

In general, this bill protects the operating accounts of the agencies, and constrains construction and land acquisition funding below prior year levels. Despite these efforts to protect the core programs that deliver services to the American public, the Interior Department has estimated that it may have to reduce its current work force by 4,000 positions. Some of these reductions will occur in Washington, DC, but the vast majority of them will occur where the programs are conducted—in places like Pittsburgh, Denver, Sacramento, Portland, Billings, Tuscon, Gainesville, Charleston, and the like. This bill is evidence that when the Appropriations Committee has to distribute spending cuts of the magnitude imposed by the budget resolution, programs will be reduced, and so will the number of people who deliver them. As one agency director reminded me, we

are beyond the point of doing more with less—we are now having to do less with less.

Despite these constraints, Mr. President, the programs of this bill are endorsed warmly when it comes to specific requests for individual projects, especially for more land acquisition and construction. Even after the budget resolution recommended a moratorium on land acquisition and cuts in construction, the subcommittee was besieged by requests from both sides of the aisle for these types of projects. The chairman and subcommittee have sought to accommodate the most critical projects, while still reducing the overall program.

The committee has not concurred with some of the program terminations proposed by the House. The subcommittee has recommended a reduced, yet responsible, level for natural resources research within the Interior Department. Funding is also provided to ensure that critical health and safety, mineral information, and pollution abatement activities of the Bureau of Mines are addressed, although at a level $20 million below last year.

Mr. President, there will be an amendment offered to this bill to reduce funding in various operating accounts in order to put more money into the programs of the Bureau of Indian Affairs. Senator GORTON and I will join together in opposition to this effort to undo the carefully crafted compromise we bring to the Senate today.

Mr. President, this bill is right at its 602(b) allocation, so amendments will need to be offset. Nearly all of the accounts in the bill are funded well below last year's level, the exceptions being the National Park Service operating account and the Indian Health services account, which are essentially frozen at the current level, with no allowances for the effects of fixed cost increases, pay, inflation, and the costs of new facilities.

I encourage Senators who may have amendments to this bill to come to the floor, and let us begin to address the amendments. This bill faces a difficult conference, and the sooner we finish our work in the Senate, the better the chances are of completing action on this bill prior to the beginning of the new fiscal year on October 1. Many of the potential amendments to which the subcommittee has been alerted have been debated previously on this bill, and I hope Senators will be cooperative and willing to enter into time agreements so that we can complete this bill as expeditiously as possible.

Lastly, I wish to thank Senator GORTON and his staff for the cooperative working relationship we have had in this bill.

In particular, I thank Sue Masica, my own very competent and dedicated staff person, for the excellent work that she consistently performs and has performed over the years she has been with the committee.

I also thank Cherie Cooper for her fine work and pleasant way of dealing with all of us and her very cooperative and congenial manner.

The choices are difficult in this bill, but the task has been made easier by the fair manner in which this bill has been handled by the chairman and by his staff as well as by my own staff.

Mr. President, I yield the floor.

Mr. GORTON. Mr. President, I thank my distinguished colleague from West Virginia for those comments and for that support.

Nevertheless, he and I both realize from our past history that this is a bill which attracts a great deal of interest, a certain degree of controversy and a significant number of amendments.

I am personally gratified by the fact that we have Members already willing to propose those amendments. I just have a couple of other announcements and I hope a motion.

Normally, we would now adopt committee amendments. I had hoped to adopt the committee amendments en bloc and have the bill in condition to be further amended. But first there were three objections to particular committee amendments which Members wished to amend themselves. And then the senior Senator from Texas [Mr. GRAMM], desired to read all of the committee amendments to determine which he wished to amend first. So I am not going to move to adopt any committee amendments now.

We have worked as diligently as we can with Members who have relatively noncontroversial amendments and two that are very large but nonetheless are agreed to.

AMENDMENTS NOS. 2283 THROUGH 2291

Mr. GORTON. Mr. President, I would propose at this point to send a set of en bloc amendments to the desk and ask that they be considered. I will explain them. If any Member wishes to object to any one of them, that Member is free to do so. But I trust there will be no such objections.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will report the amendments en bloc.

The assistant legislative clerk read as follows:

The Senator from Washington [Mr. GORTON] proposes en bloc amendments numbered 2283 through 2291.

Mr. GORTON. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

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

The amendments are as follows:

AMENDMENT NO. 2283

(Purpose: To direct the Secretary of the Interior to conduct a study concerning the equity regarding entrance, tourism, and recreational fees for the use of Federal lands and facilities, and for other purposes)

Insert at page 126, between line 7 and line 8:

''(g)(1) It is the policy of the Congress that entrance, tourism, and recreational use fees for the use of Federal lands and facilities not discriminate against any State or any region of the country.

''(2) Not later than October 1, 1996, the Secretary of the Interior, in cooperation with the heads of other affected agencies shall prepare and submit to the Senate and House Appropriations Committees a report that—

''(A) identifies all Federal lands and facilities that provide tourism or recreational use; and

''(B) analyzes by State and region any fees charged for entrance to or for tourism or recreational use of Federal lands and facilities in a State or region, individually and collectively.

''(3) Not later than October 1, 1997, the Secretary of the Interior, in cooperation with the heads of other affected agencies, shall prepare and submit to the Senate and House Appropriations Committees any recommendations that the Secretary may have for implementing the policy stated in subsection (1).''

AMENDMENT NO. 2284

(Purpose: To make explicit that certain prohibitions contained in the bill regarding activities under Section 4 of the Endangered Species Act are not to extend beyond the end of fiscal year 1996)

On page 10, line 16 of the bill, strike ''enacted,'' and insert ''enacted or until the end of fiscal year 1996, whichever is earlier,''.

AMENDMENT NO. 2285

(Purpose: Technical correction to change draft environmental statement to final environmental statement in order to make the Sec. 314 consistent throughout)

On page 115, line 10, strike ''draft'' and insert in lieu thereof ''final''.

AMENDMENT NO. 2286

(Purpose: Technical amendment to vitiate previous technical correction)

On page 80, lines 5 through 16, vitiate the Committee amendment and restore the House text.

AMENDMENT NO. 2287

(Purpose: Technical correction to include proper statutory citation within bill)

On page 10, line 15 of the bill, strike ''Endangered Species Act'' and insert ''Endangered Species Act of 1973, (16 U.S.C. 1533)''.

AMENDMENT NO. 2288

(Purpose: To make technical corrections to Section 115 concerning Washington State Indian Tribes

On page 55, line 14, insert ''not'' after ''shall''.

On page 55, line 15, delete ''action'' and insert ''actions''.

On page 55, line 16, delete ''judgment'' and insert ''judgments''.

On page 55, line 16, delete ''has'' and insert ''have''.

AMENDMENT NO. 2289

(Purpose: To prohibit the Forest Service from applying paint to rocks)

On page 76, after line 23, insert the following: None of the funds appropriated under this Act for the Forest Service shall be made available for the purpose of applying paint to rocks, or rock colorization: Provided, That notwithstanding any other provision of law, the Forest Service shall not require of any individual or entity, as part of any permitting process under its authority, or as a requirement of compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4231 et seq), the painting or colorization of rocks.

AMENDMENT NO. 2290

(Purpose: To transfer all funding from the Office of Special Trustee except for financial trust management funding to the Bureau of Indian Affairs, including funding for resources management, trust activities, resources management construction, and Indian Land and Water Claim Settlements and Miscellaneous Payments to Indians)

On page 31, lines 3 through 7, delete the Committee amendment.

On page 31, line 15, delete ''$997,221,000'' and insert ''$1,260,921,000''.

On page 32, line 13, delete ''$35,331,000'' and insert ''$62,328,000''.

On page 32, lines 15 through 17, delete the Committee amendments.

On page 34, lines 4 through 11, delete the Committee amendment.

On page 36, line 7, delete the Committee amendment.

On page 36, lines 9 through 10, restore ''; acquisition of lands and interests in lands; and preparation of lands for farming''.

On page 36, line 11, delete ''$60,088,000'' and insert ''$107,333,000''.

On page 36, lines 12 through 16, delete the Committee amendment.

On page 36, lines 20 through 23, delete the Committee amendment.

On page 37, lines 22 through page 38, line 23, delete the Committee amendment.

On page 37, line 26, of the matter restored, strike ''$75,145,000'' and insert ''$82,745,000''.

On page 38, line 1 of the matter restored, strike ''$73,100,000'' and insert ''$78,600,000''.

On page 38, line 11 of the matter restored, strike ''$1,000,000'' and insert ''$3,100,000''.

On page 44, lines 11 through 16, delete the following: '' including expenses necessary to provide for management, development, improvement and protection of resources and appurtenant facilities formerly under the jurisdiction of the Bureau of Indian Affairs, including payment of irrigation assessments and charges and acquisition of water rights''.

On page 44, line 16, delete ''$280,038,000'' and insert ''$15,338,000'' in lieu thereof.

On page 44, line 16, delete ''$15,964,000'' and insert ''$15,891,000'' in lieu thereof.

On page 44, lines 18 through 19, delete '', attorney fees, litigation support, and the Navajo-Hopi Settlement Program''.

On page 45, lines 7 through 16, delete beginning with '': *Provided*'' on line 7 and ending with ''1997'' on line 16.

On page 45, lines 18 through 19, delete '', attorney fees, litigation support, and the Navajo-Hopi Settlement Program''.

Delete the Committee amendment beginning on page 45 line 23 through page 48 line 8.

AMENDMENT NO. 2291

(Purpose: To delete a provision relating to the Bureau of Indian Affairs)

On page 35, beginning on line 11, delete after the word ''area'' (beginning with '': *Provided*'') and all that follows through ''Appropriations'' on line 22,

Mr. GORTON. The first of these amendments, No. 2283, is the amendment by the Senator from Colorado, [Mr. BROWN] on a Department of the Interior study of recreation fees.

The second, No. 2284, is an amendment from Senator CHAFEE on the Endangered Species Act to clarify that the listing moratorium lasts only during the pendency of this bill, that is to say, through September 30, 1996. That is what we had intended to do and meant the bill to do. It was unclear. And just to make certain, it lasts only for that period of time at the longest and will also terminate as and when the Endangered Species Act itself is reauthorized.

The next, amendment No. 2285, is one by myself which substitutes the word ''final'' for the word ''draft'' in section 314.

The fourth, No. 2286, is a technical amendment of mine on the petroleum reserve.

The next, No. 2287, is a technical correction making the proper citation to a statute.

Amendment No. 2288 is a technical correction which inserts the word ''not'' in a phrase relating to various Indian tribes in the State of Washington, which was the original desired meaning of the language.

Amendment No. 2289 is one on mandatory rock painting required by various Federal agencies when highways are built.

And then there are two that are not technical amendments that are agreed to: Amendment No. 2290 for myself, the Senator from Arizona, the Senator from Hawaii [Mr. INOUYE], and the Senator from New Mexico [Mr. DOMENICI] which will retain trust fund management and special trustee funding within the Office of Special Trustees for American Indians but transfer all of the other major funding accounts that were included in this bill back to the Bureau of Indian Affairs.

The special trustees office was authorized last year. I think we anticipated greater powers for it than the authorizing committee, the Bureau of Indian Affairs, is prepared to grant to it at the present time. And the subject is properly a matter for that committee to consider. So this places only those clear trustee responsibilities in the trustee and returns the rest to BIA.

The amendment transfers back to the Bureau of Indian Affairs all funds and FTE's for the Office of Special Trustee for American Indians, except for $15,891,000 for Financial Trust Management activities and $447,000 for the immediate Office of the Special Trustee.

A total of $393,690,000 is transferred back to the Bureau of Indian Affairs, including $263,700,000 to the Operation of Indian Programs account, $47,245,000 to the Construction account, and $82,745,000 to the Indian Land and Water Claims Settlements and Miscellaneous Payments to Indians account. The Indian Land and Water Claims Settlements and Miscellaneous Payments to Indians account is transferred in its entirety.

Within the funds transferred to the Operation of Indian Programs account, a total of $73,784,000 is transferred from Trust Asset Management and Protection in the Office of Special Trustee to the Other Trust Services activities, including $28,692,000 for Tribal Priority Allocations, $30,227,000 for Non-recurring Programs, $9,935,000 to Area Office Operations, and $4,930,000 to Central Office Operations.

Within the net amount transferred for Trust Services for Tribal Priority Allocations, a reduction of $1,605,000 has been taken that includes: $846,000 for pay costs; $527,000 for general trust services and $231,000 to real estate services to eliminate increases above the FY 1995 level; and $1,000 to other trust services. For Non-recurring Programs, a reduction of $237,000 for pay costs has been included and $13,472,000 has been transferred for water rights negotiation/litigation. For Area Office Operations, there is a total reduction of $591,000, including a reduction of $291,000 for pay costs, and a reduction of $300,00 for land records improvement. For Central Office Operations, a total reduction of $58,000 has been taken for pay costs and $2,900,000 for land records improvement.

A total of $142,471,000 is transferred from Resource Management and Protection in the Office of Special Trustee to the Resources Management activities in the BIA's OIP account, including $65,357,000 to Tribal Priority Allocations, $35,556,000 to Other Recurring Programs, $31,395,000 to Non-recurring Programs, $3,996,000 to Area Office Operations, $1,470,000 to Special Programs and Pooled Overhead, and $4,697,000 to Central Office Operations. Any committee direction for the programs to be transferred still applies once the programs are transferred to the Bureau of Indian Affairs.

Within the net amount transferred for Resources Management, a reduction of $3,020,000 for Tribal Priority Allocations has been taken that includes $1,635,000 for pay costs, $620,000 to maintain Wildlife and Parks at the fiscal year 1995 level, and $765,000 to maintain Other Resources Management at the fiscal year 1995 level. For Non-recurring Programs, there is a total reduction of $428,000 for pay costs. For Area Office Operations, a total reduction of $505,000 includes $90,000 for pay costs, $90,000 for Forestry, $50,000 for Water Resources, $200,000 for Wildlife and Parks, and $75,000 for Minerals and Mining. For Central Office Operations, $80,000 was reduced for pay costs.

A total of $1,045,000 is transferred from Executive Direction in the Office of Special Trustee to Central Office Operations within OIP, including $795,000 to the Assistant Secretary of Indian Affairs for the Office of American Indian Trust, and $250,000 to Other General Administration.

A total of $46,400,000 is transferred from Administrative Support in the Office of Special Trustee to Operations of Indian Programs in BIA, including $40,000,000 to Tribal Government within Tribal Priority Allocations and $6,400,000 to Other General Administration within Central Office Operations.

A total of $47,245,000 is transferred from the Office of Special Trustee to the Construction account of the Bureau of Indian Affairs for Resource Construction Management. Reductions include $139,000 for pay costs, $500,000 for Engineering and Supervision, and $12,024,000 for Safety of Dams. For the Navajo Indian Irrigation Project,

$25,500,000 is provided and $1,500,000 is provided for the southern Arizona project.

The last one, Amendment No. 2291, is by the same four Senators has to do with tribal shares within the central office of the Bureau of Indian Affairs.

The amendment deletes the committee amendment pertaining to distribution of tribal share from Central Office Operations and Special Programs and Pooled Overhead. The usual reprogramming guidelines of the Interior Appropriations Subcommittee should apply to any amount negotiated to be transferred as tribal shares to tribes or tribal organizations under Public Law 93–638, as amended.

AMENDMENT NO. 2283

Mr. BROWN. Mr. President, today I offer an amendment to the Interior appropriation bill, based on a bill I introduced earlier this year, S. 340, Public Facilities Fees Equity Act of 1995. This amendment is similar to an amendment accepted by the Senate on the California Desert Act last year. This amendment involves three parts. One is a simple statement of policy, It is to suggest there should not be discrimination in the kind of fees we levy across this country; discrimination among the States and discrimination between the various regions of the country. In other words, we ought to be working toward a uniform policy that affects the Nation fairly and evenly.

Second, it calls for a study of the fees we charge for entrance to public facilities, whether they involve tourism or other public facilities.

Third, it calls for recommendations to achieve the policy statement that is for even and fair treatment. It relates specifically to this amendment because it is not beyond the realm of possibility that fees will relate, but its ramifications are broader than that. I think it moves us toward a position of equity for the whole Nation.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Reserving the right to object. On the amendment by Senator CHAFEE, I think I heard you say this but I was watching on television, not here on the floor. I heard you say that it would be extended during this next fiscal year and/or when the Endangered Species Act is reauthorized?

Mr. GORTON. Whichever is earlier.

The Senator from Arizona is here. I do not know whether he wanted to comment on the trust fund or not or is ready to accept these amendments en bloc.

Mr. McCAIN. I am prepared to accept the amendments en bloc and then comment on that amendment as part of some general remarks I would like to make and some questions I have for the distinguished chairman.

Mr. GORTON. Fine. Then, Mr. President, I urge the adoption of the amendments en bloc.

The PRESIDING OFFICER. The question is on agreeing to the amendments en bloc.

So the amendments (Nos. 2283 through 2291), en bloc were agreed to.

Mr. McCAIN. I move to reconsider the vote.

Mr. GORTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GORTON. In attempting expeditiously and efficiently to organize the debate, I asked the Senator from Arkansas, Mr. BUMPERS, whether or not he would put up his annual amendment on mining patents, and he has agreed to do so. I understand he is on the way to the floor. When he does that, I will move the committee amendment to which that would be an amendment.

In the meantime, I would yield the floor for any remarks the Senator from Arizona would like to make.

Mr. McCAIN. Mr. President, first I would like to congratulate both the manager of the bill and the distinguished Democratic leader on the very difficult decisions that have been made in overall reductions in spending over last year.

I do have several concerns I would like to raise with the manager of the bill, and perhaps I can discuss them with him. First of all, when the committee amendments are proposed—I have already discussed this with the Senator from Washington—I would seek an amendment to authorize the funding for the National Endowment for the Arts by both Houses.

Mr. GORTON. Will the Senator yield?

Does he mean that he would authorize them in this bill or would condition the appropriations——

Mr. McCAIN. Would condition the appropriations with the authorization by both Houses.

And I have already discussed that with the distinguished chairman. I would say to the chairman, on page 19, there is a provision that states:

> $1,500,000 of the funds provided under this head, to be derived from the Historic Preservation Fund, established by the Historic Preservation Act of 1966 * * * shall be available until expended to render the site safe for visitors and to continue building stabilization of the Kennecott, Alaska copper mine.

I believe I have reached an agreement with the Senator from Alaska on this particular part of the bill. And I think that we will be ready soon to propose an amendment that basically says that the changes in the language says that ''it may be available until expended to render sites safe for visitors.'' I think that is an appropriate correction to that part of it.

Mr. GORTON. I note the presence of the Senator from Alaska.

Mr. McCAIN. I note his presence also. And I think he might be ready in just a few minutes. Let me just go on because I have some questions for the distinguished chairman.

On page 27 of the bill, line 23, it says:

> *Provided further*, That notwithstanding any other provision of law, the Secretary is authorized to convey, without reimbursement, title and all interest of the United States in property and facilities of the United States Bureau of Mines in Juneau, Alaska to the City and Borough of Juneau, Alaska; in Tuscaloosa, Alabama, to The University of Alabama; in Rolla, Missouri, to the University of Missouri-Rolla; and in other localities to such university or government entities as the Secretary deems appropriate.

Am I correct in assuming that that transfer has not gone through the appropriate GSA screening process?

Mr. GORTON. I would assume that to be the case.

Mr. McCAIN. On page 68, beginning at line 6, it says—I am requesting information on this portion of the bill:

> *Provided further*, That $2,500,000 of the funds appropriated herein shall be available for a grant to the ''Non-Profit Citizens for the Columbia Gorge Discovery Center'' for the construction of the Columbia Gorge Discovery Center: Provided further, That the Forest Service is authorized to grant the unobligated balance of funds appropriated in fiscal year 1995 for the construction of the Columbia Gorge Discovery Center * * *

Et cetera, et cetera. Then it goes down further:

> notwithstanding any other provision of law, funds originally appropriated under this head * * * for the Forest Service share of a new research facility at the University of Missouri, Columbia, shall be available for a grant to the University of Missouri, as the Federal share in the construction of the new facility: Provided further, That agreed upon lease of space in the new facility shall be provided to the Forest Service without charge for the life of the building.

Can the distinguished chairman illuminate me on what the meaning of that portion of the bill is?

Mr. GORTON. The chairman can do so with respect to the Columbia Gorge provisions, which are a part of an ongoing project that was involved in the creation of the Columbia Gorge National Scenic Area in, I believe, the year 1986, which at that time authorized various visitors centers and the like on both the Washington and Oregon sides of the Columbia River within that area, which is almost a form of national park.

All moneys, to the best of my knowledge, have been appropriated for facilities on the Washington side of the river. This is either the end or close to the end of the appropriations that had been authorized for centers on the Oregon side of the river.

I suspect when the chairman of the Appropriations Committee, Senator HATFIELD, is on the floor, he may be able to provide more details. But to the best of my knowledge, this is the culmination of projects authorized by a bill in 1986 and passed then in connection with the Columbia Gorge.

In connection with the Missouri facility—I may have to supplement my answer to this, but I cannot give an answer that is much better than the text itself—that funds have already been appropriated for the Forest Service's share of the research facility at the University of Missouri, and this simply turns whatever that original appropriation was into a grant, provided that the Forest Service will have room in the building when it is completed.

Mr. MCCAIN. I want to thank my colleague for his explanation. Obviously, I will seek an additional explanation on both of those since it has the appearance of earmarking, but I will withhold judgment until I am able to receive an explanation on that issue.

I repeat my concern about the conveyance without reimbursement of various facilities without going through the proper screening process.

As I mentioned, at the appropriate time, I will seek an amendment requiring authorization funding for the National Endowment for the Arts.

But in the meantime, I see my friend from Alaska who has, I believe, very kindly agreed to change the wording of the language on page 19. I am prepared to propose that amendment at the convenience of the manager of the bill and the Senator from Alaska. I will be glad to yield to the Senator from Alaska.

Mr. STEVENS. Mr. President, I thank the Senator. I was typing up the amendment. Does he have it already prepared?

Mr. MCCAIN. I believe momentarily.

Mr. STEVENS. I think it is coming. I might say to my friend from Arizona, Mr. President, it accomplishes the same result. We know that that money is earmarked. It merely confirms earmarking, and the language puts it on the basis of a permissive action but gives attention to the fact that action should be taken.

I am happy to accept that. I know we will go forward and want it to be noted by the Department that it has high congressional priority.

Mr. MCCAIN. I thank my friend from Alaska. I am sure it is a very worthwhile project. The Senator from Alaska and I have discussed many times my view on this kind of bill language. I believe that this language will now allow the Corps of Engineers to make the kind of judgment necessary to carry out the work and complete the task as envisioned by the Senator from Alaska.

Mr. President, I do not have the amendment ready at this moment. As soon as I receive it, I will propose it, hopefully before the Senator from Arkansas begins since I suspect he has a fairly lengthy exposition and I perhaps would like to get this done. Here it is.

Mr. MCCAIN. I send an amendment to the desk and ask for its——

Mr. GORTON. Will the Senator withhold? Does the Senator now have the amendment he was speaking about with the Senator from Alaska?

Mr. STEVENS. Yes.

COMMITTEE AMENDMENT ON PAGE 19, LINES 8 THROUGH 14

Mr. GORTON. Mr. President, I believe I should offer the committee amendment found on page 19, lines 8 through 14, as I suspect this is an amendment to that committee amendment. Mr. President, I call up the committee amendment on page 19, lines 8 to 14.

The PRESIDING OFFICER. Without objection, the clerk will report.

The assistant legislative clerk read as follows:

Committee amendment on page 19, lines 8 through 14.

AMENDMENT NO. 2292 TO THE COMMITTEE AMENDMENT ON PAGE 19, LINES 8 THROUGH 14

Mr. MCCAIN. Mr. President, I want to thank my colleague from Alaska for his attention to my amendment. I send the amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arizona [Mr. MCCAIN] proposes an amendment numbered 2292 to the committee amendment on page 19, lines 8 through 14.

Mr. MCCAIN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

Strike all in the committee amendment on page 19, lines 8–14, and insert in lieu thereof the following: ''*Provided further,* That funds provided under this head, derived from the Historic Preservation Fund, established by the Historic Preservation Act of 1966 (80 Stat. 915), as amended (16 U.S.C. 470), may be available until expended to render sites safe for visitors and for building stabilization''.

Mr. MCCAIN. Mr. President, I want to thank my colleague from Alaska. I believe this is appropriate, and I have no more remarks on the amendment. I yield the floor.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment.

The amendment (No. 2292) was agreed to.

Mr. GORTON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MCCAIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 19, lines 8 through 14, as amended.

So the committee amendment, as amended, was agreed to.

Mr. GORTON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MCCAIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

COMMITTEE AMENDMENT ON PAGE 128, LINES 16 THROUGH 21

Mr. GORTON. Mr. President, I ask unanimous consent to be able to call up, out of order, the committee amendment on page 128, lines 16 to 21, to which the amendment of the Senator from Arkansas will be a second-degree amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

Committee amendment on page 128, lines 16 through 21.

The PRESIDING OFFICER. The Senator from Arkansas.

AMENDMENT NO. 2293 TO THE COMMITTEE AMENDMENT ON PAGE 128, LINES 16 THROUGH 21

Mr. BUMPERS. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS], for himself, Mr. LAUTENBERG, Mr. LEVIN, Mr. BRADLEY and Mr. FEINGOLD, proposes an amendment numbered 2293 to the committee amendment on page 128, lines 16 through 21.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

Add the following at the end of the language on lines 16–21 on page 128 proposed to be stricken by the Committee amendment:

''The provisions of this section shall not apply if the Secretary of Interior determines that, for the claim concerned: (1) a patent application was filed with the Secretary on or before the date of enactment of the fiscal year 1995 Interior Appropriations Act, and (2) all requirements established under Sections 2325 and 2326 of Revised Statutes (30 U.S.C. 29 and 30) for vein or lode claims and Sections 2329, 2330, 2331 and 2333 of the Revised Statutes (30 U.S.C. 35, 36 and 37) for placer claims, and Section 2337 of the Revised Statutes (30 U.S.C. 42) for mill site claims, as the case may be, were fully complied with by the applicant by that date.''

Mr. GORTON. Mr. President, before he begins, will the Senator from Arkansas yield for a question?

Mr. BUMPERS. I will be happy to.

Mr. GORTON. Does the Senator have any idea how long he wishes? Can we enter into a unanimous consent agreement on the time?

Mr. BUMPERS. Mr. President, I promise you, this is a fairly narrow issue. This is not mining law reform. I promise you, while I will not unduly delay it, I would like to make my opening argument and see how much time we use, and we can use that as a judge as to how much time it will take.

Mr. GORTON. I thank the Senator from Arkansas.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas has the floor.

Mr. REID. Mr. President, as the Senator from Arkansas starts the debate, I have tried to work with my colleagues on the other side, and it appears at this stage what we probably will do after we finish the Senator's debate and say a few words in opposition to it, is move to table it at the appropriate time.

The PRESIDING OFFICER (Ms. SNOWE). The Senator from Arkansas has the floor.

Mr. BUMPERS. Madam President, in a sense, I hate to stand here and make this argument. This is the eighth consecutive year that I have tried to bring some sanity and reason to an 1872 law which can only be described not as an anachronism, but a scandalous anachronism. People who do not understand this issue can be easily deceived by what we are talking about. But here

are the simple, basic facts. I have called a few of the freshman Senators, and it is very difficult for anybody to believe that the practice I am trying to stop is actually going on.

In 1872, Ulysses Grant signed the 1872 Mining Law. Under that bill, people were encouraged to go west and settle. The West was still pretty wild. And Congress said, essentially, if you will move out to the West, we will let you file claims for hard rock minerals in 20-acre increments. You put down four stakes anywhere you want for 20 acres, and put down as many as you want. If you want 100 acres, put down claims on five 20-acre tracts. If you want 500 acres, put down 25 20-acre plots. And today, 124 years after Ulysses Grant signed the bill, it is still law.

Do not everybody bolt for the door to rush out west and file claims. But if you want to, you can. You just find yourself any one of the 550 million acres of land that the Federal Government still has open for mining and you put your stakes down, and it is yours. You have to pay $100 a year if you have more than 25 claims. If you do not, you do not pay anything.

But here is the real kicker: If you find any hard rock minerals—gold, silver, palladium, platinum—if you can convince the Bureau of Land Management that you have any of those hard rock minerals in commercial quantities under this land, you can demand a deed. You say, I want a deed to this 500 acres. You know something else? They cannot refuse you. They have to give you a deed to it.

So in the last 124 years, we have given away more than 3.2 million acres. That is acreage the size of the State of Connecticut. For how much? Mr. President, $2.50 an acre. Sometimes, $5 an acre. That is the maximum. In that same period of time, $241 billion worth of minerals have been taken off that land. And what do you think ''Uncle Sucker'' got? He got somewhere between $30 billion and $70 billion in reclamation costs to clean up the thousands of mining sites that are abandoned and, you guessed it, not a dime in royalties.

The taxpayers of this country gave away 3.2 million acres of land for $2.50 an acre. The mining companies took $241 billion worth of gold and silver, and we got the shaft. Now, every time I tell that story to somebody, they say you know that could not be true. I have heard a lot about corporate welfare. But I have never heard anything even approaching this.

Madam President, do you know what else? Once you get a deed, you do not even have to mine it. Do you know what you can do with it? You can sell it to somebody for a ski resort. You can sell it to somebody to build condominiums on. It is yours, you have a deed to it. Do you know something else? Every time we give somebody a deed to that land, that means it is theirs, and we can never again charge them a royalty on the land.

What is it about the mining companies that gives them such a stranglehold over this body? Last year, for the first time, the Interior Appropriations Conference finally included a moratorium and said, no more, do not process any more patent applications. We grandfathered-in 393 patent applications that were pending. But at least that was a step in the right direction. For the first time in history, Congress agreed to put a moratorium and say no more patents.

This year, I am saying let us renew it, let us put this moratorium on this year and next year, until we get some kind of reform law through here.

Last year Senator JOHNSTON from Louisiana, the chairman of the Energy Committee, negotiated for 18 months—really 2 years —with everybody in sight, to try to reach a deal on reform. He gave, he compromised, he conciliated, he did everything in the world to try to accommodate everybody's concern, but to pass a law that had some sense of sanity to it.

Let me ask every Member of this body, do you think it is fair for a new mining company to pay an 18 percent royalty on their lands in Nevada? And a few miles away mine gold off Federal lands and not pay one red cent? And then argue that if they had to pay a royalty on Federal lands the mining companies will all go broke and everybody will be without a job? If they mine on private lands, they are happy to pay a royalty of 18 percent, and they go like gangbusters. But if you even suggest charging them a royalty on Federal lands, or that they not be allowed to mine in every national park and wilderness area in the United States, they go broke.

Why is it that the mining companies have such a stranglehold on this body? If you want to mine coal on Federal land, that is fine, but you pay ''Uncle Sugar'' a 12.5 percent royalty if you take coal off the taxpayers' land. On underground mines, some of them a mile deep, think of the cost of extracting coal from a mile down. They pay an 8 percent royalty. No questions asked. You pay it, or you do not mine. Natural gas, 12.5 percent. Oil 12.5 percent. Goal, silver, platinum, palladium, all the rest of them, zero. What is the difference? Why is that? Mr. President, you need not look any further than the 1872 Mining Law.

Since the Senate first defeated the patent moratorium in the fiscal year 1991 appropriations bill, we have had 468 patent applications covering 159,000 acres, 346 first-half final certificates have been granted; 79 patents granted covering 11,365 acres; the taxpayers have received the handsome sum, for all those patents—''Uncle Sugar's'' taxpayers have received the magnificent sum of $56,000, and we have given away on those lands $11 billion worth of gold, silver, platinum and palladium, and we received not one red cent in royalties.

Madam President, this amendment is the same one that the Interior Appropriations Conference unanimously agreed-to last year. We do not disturb the 393 patent applications that we grandfathered-in last year. But there are 233 more that are subject to the moratorium. If my amendment fails, Madam President, listen to this, all you people who are voting to cut Medicare, Medicaid, school lunches, earned income tax credits, National Endowment for the Arts and Humanities, Public Broadcasting, and all you people voting to eliminate those things or cut them very severely, you vote against my amendment and you are giving away $11 billion to the biggest corporations in America.

Go home and defend that one. It must not be tough. I have been working on mining law reform for 7 years now. All the news magazines have done a segment on this outrageous law. One Senator called me after a particularly harsh show on ''Prime Time Live'' and said, ''For God's sakes put me on as a cosponsor.'' Two months later when we voted, he voted against it. He said his phone was ringing off the wall, and well it should be.

We have the opportunity here to give away $15.5 billion in minerals that belong to the taxpayers of this country, while we are trying to balance the budget by the year 2002, and cutting dramatically the most vulnerable people in America, and giving $15.5 billion to the biggest corporations in America.

Last year, Madam President, on May 16, 1994, the Secretary of the Interior was forced to give a Canadian corporation—not even an American corporation—a deed to 1,800 acres of land for the princely sum of $9,000. That 1,800 acres had 11 billion dollars' worth of gold under it.

People who may be listening to this say two things: No. 1, you know he is embellishing that, that could not possibly be true. As bad as it is, the Government would never do a thing like that.

Then they will hear people get up and answer this. They say, ''We have offered to pay fair market value.''

Really? For what?

''For the surface.''

Oh, the surface. ''You are willing to pay fair market value for the surface?''

''Yes, sir.''

On that 1,800 acres, the fair market value is about $100 an acre, and it has 11 billion dollars' worth of gold under it. Do not fall for that fair market value argument. I will give you 100 times more than fair market value. Bring me a deed and I will pay you right now, give you 100 times more than the fair market value of the surface.

We are not talking about surface. We are talking about what is under the surface. The Stillwater Mining Co. is owned by Chevron Resources and the Manville Corp., a couple of local paupers. This mine is located in the Custer and Gallatin National Forest in Montana, 35 miles north of Yellowstone.

In 1990, I came within two votes of getting a moratorium exactly like the

one I am proposing today. I came within two votes in 1990 of getting that moratorium put on. Four days later, the Stillwater Mining Co. filed an application for patents on 2,036 acres—scared to death because I came within two votes of stopping these outrageous practices. Do you know what is under that 2,036 acres? This is their figure, not mine—this is what they say—225 million ounces of platinum and palladium worth $38 billion. For the princely sum of $5 an acre, Stillwater will pay to Uncle Sugar, a total of $10,180, and we will deed the Stillwater Mining Co. 225 million ounces of palladium and platinum worth $38 billion.

I do not know how you explain this to your constituents. You do not, because it never comes up. My father used to say: ''Everybody's business is nobody's business,'' and this is where it comes in. Very few people outside the roughly 11 Western States even know about the issue.

This is not an antiwestern issue. It is not antianything. It is simple justice for the taxpayers of this country.

A family in Oregon got a deed under this process for 780 acres of land of sand—believe this—sand. They wanted the sand, so they bought it for $1,950, 780 acres of sand. Guess where it was? It was in the National Dunes Recreation area of Oregon, and they paid $1,950 for it. There was a hue and cry about selling this sand in a national recreation area. So we started negotiating to get it back. The family had paid $1,950 for the land. What do you think they want for it back, Senator? Somewhere between $11 million and $12 million.

Now, this is not only not collecting royalty, this is having to give somebody $11 million to $12 million back because we should not have sold it to them in the first place.

In 1983, a speculator demanded a deed for 160 acres of Forest Service land near the Keystone Ski Resort. He got it for $400. He sold 44 acres for $500,000. I do not know why anybody stays in the Senate. We ought to be all out West with our pickaxes. If you do not have a pickax, just send your application in.

In 1987, while DOE was examining Yucca Mountain as a possible nuclear waste site, a man went in and filed for 27 claims for $135, and DOE paid him $249,000, almost immediately, for the land. We gave him the land for $400 and turned right around and paid him back $249,500.

Have you had enough? I will give you one more.

In 1987 the Government sold land just outside the city of Phoenix to a miner for $2.50 an acre, and 10 years later, 10 years later he sold the land to a resort developer for $400,000 plus an 11 percent interest in the resort.

When I first started discussing this subject, a Senator on the other side, a man who is not here anymore, a fine Senator, a man I respected greatly and I thought if there was anyone over there who would like to join me on this, he would be it, I gave him the pitch you just heard me give, ''How about joining with me as a sponsor?''

He said, ''No, I am heading for Nevada so I can file a claim.'' I applauded his honesty.

Mr. President, I wish every Member of the body were here because I would really like to see 100 Senators sitting in their seats and ask this question:

How many times have you told the Chamber of Commerce about how terrible the deficit is? How many times have you told them you are going to do everything you can to get the deficit down? How many times have you told them and the Rotary club, ''I will treat your money like it were my own''?

Really?

I used to own a farm. I sold it about a year ago and it broke my heart. I suddenly realized I was not going to build that dream home overlooking the lake on my farm. I never made any money. Made enough to pay the taxes and keep the fences up, but I loved it. And under that farm was some natural gas. If somebody had come to me and said, ''Senator BUMPERS, we are going to set up a well over here; we are going to take this gas out from under your land.''

''Now wait, just a minute.''

''No. The Government gave us a deed to it, so we want to set up shop here and we are going to take your gas.''

What would you say, Senator? If you had a 12-gauge handy, you would order them off your land.

Do you know what the landowner out in Nevada said to Newmont Mining Company? ''Sure, come in here and mine this gold. Just give us 18 percent of anything you sell it for.''

I do not want to belabor this. I want to talk about it long enough that people have some semblance of an idea of what an outrageous scandal it is to continue giving away the Federal domain for $2.50 an acre. Three years ago, in talking about this, some of the Senators from the West said they would consider paying a 3 percent royalty on the net profits. I had always held out for 8 percent of the gross income, or a net smelter return, which is the common practice for royalties on private land. Eight percent probably—certainly not in this climate—is not realistic. At the time we discussed this 3 years ago, when the industry said a royalty would bankrupt them, gold was $333 an ounce. Today it is exactly $50 higher than that, $383 an ounce. Platinum has gone from $354 to $422, $68 dollars more per ounce than it was at the beginning of the 103rd Congress.

But today—you see, they could have paid an 8 percent gross royalty and just think how much more they would still have than they had then. But today you suggest a 3 or 4 percent royalty: ''Oh, it will bankrupt us. It will put us out of business.''

Let me refresh your memory on what this amendment does and what it does not do. You make up your own mind. If you want to go home and defend this, be my guest. All I ask of you is just be honest when you are defending it.

My amendment reinstates the moratorium against the Interior Department processing any new patent applications. Bear in mind, there are 393 patent applications that were grandfathered-in last year. When the Conference agreed to this, I knew that mining law reform would not be enacted.

The Senator from Louisiana [Mr. JOHNSTON] worked his heart out last year to try to enact reform. And at the last minute, when everybody knew it was too late—''Sorry, we just do not have time to do it this year.''

All I am trying to do is reinstate exactly what we did last year, put a moratorium on patenting, let the 393 applicants go forward. But for God's sake, do not add any more.

And finally, on a more pathetic note, I have always admitted to be a social liberal and a fiscal conservative. I have stood behind that desk and shouted to the rooftops, just as I have tonight, trying to warn people about what the deficits are doing to this Nation, and it often fell on deaf ears.

Let me ask you this. If you can explain to people why you are going to do this, also explain to them how you had to cut education by 30 percent over the next 7 years. Explain to them why you had to cut Medicare by $270 billion. Explain to them why you had to cut Medicaid $170 billion.

Explain to them why you had to cut Earned Income Tax Credits, the best program the Nation ever had to keep people off welfare. Explain to them why the only civilized thing their children get a chance to see is on PBS, and they want to torpedo that—cannot afford it.

Explain to them why you want to cut the Endowment for the Humanities, which trains 3,500 teachers every year in civilized conduct, and they go back home and they pass their lessons, what they learned, on to 500,000 students—you have to cut that out. The National Endowment for the Arts—it is not all pornography, you know. It is ''The Civil War,'' it is ''Baseball,'' it is the Arkansas Symphony—we have to cut all those things out.

At the same time Senators, go home to your constituents and try to explain how you voted to continue to give away public land and billions of dollars worth of minerals. Houdini could not perform that trick and get away with it.

I yield the floor.

Mr. JOHNSTON. Madam President, I hope we will support the Bumpers amendment. As Senator BUMPERS indicated, we worked in the last Congress very hard to get a mining law reform bill. There was a lot of good-faith work by a lot of people on both sides of the issue. But, Madam President, at no point was it ever seriously considered that we give away the public land by patenting for $2.50 an acre. The companies know better than that. They know

that this is a giveaway program. They are not even trying for that when it comes to serious negotiations on the mining law reform bill.

Madam President, if we give away the public land for $2.50 an acre, it does not pass the straight-face test. There is nobody who can stand here on the floor of this Senate and say that is seriously what we ought to do, because we all know better. The companies no better.

Madam President, we have still some chance in this Congress to get a mining law reform bill. The bigger companies—I have talked to them—really understand the dynamic. They understand, first of all, the political dynamic. They understand that the people of this country are getting a rising tide of disgust at what we are giving away with the mining law bill. The 1879 mining law bill needs reform. They know it. They are willing to do it.

Frankly, it is many of the smaller companies which are not willing to join in a coalition to get a mining law reform bill. It is only a matter of time. I have counseled with those bigger companies and have told them that, in my judgment, it is in their interest to get a mining law reform bill this year. They know the general outlines of that bill. And the general outlines are you have to end patenting because the people of the country can understand this. There are many things that the people of this country cannot understand, such as complicated formulas, tax provisions, corporate provisions. Some of these laws that we put here, they cannot understand. They can understand patenting. They can understand getting the public domain at $2.50 an acre, and they know that is wrong. It is simple. It is clear. It is understandable, and it is, in the minds of the people of this country, outrageous.

So I hope we will vote for the Bumpers amendment. Then I hope that we will work in the rest of this Congress to get a fair and good mining law reform bill.

As I told my colleagues from the West last year as we were trying to perfect a mining law reform bill, I believe we can put together a fair mining law reform bill that does not cost one single job in the West—not one; that does not break or bankrupt any company—not one company; but which gets for the American taxpayer, gets for Americans across this country, a fair return on what is theirs, what belongs to all Americans, that is, the public domain.

So, Madam President, I hope we will support the Bumpers amendment. It is fair. If this amendment should fail to pass, and we patent for $2.50 an acre all those amounts of the public domain, it will not set well with the American public. It will not set well with the American public. And that, believe me, is something they can understand. I hope we will vote for the BUMPERS amendment.

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. Madam President, I thank the Chair.

This is not the first time that we have debated the Bumpers amendment on appropriations with regard to the mining bill and the patent issue, specifically. I rise today in opposition to the amendment offered by the Senator from Arkansas.

There are lots of arguments that have been used and a lot of generalizations that have been made. But what we all agree on is that mining law reform should be done appropriately in the authorizing committee. We all agree further that there is a need for substantial reform, and we have initiated a bill. We have had considerable discussion in the Energy and Natural Resources Committee. The realization is that every Member agrees that we need this reform.

But the question today is, are we going to pass mining law legislation as part of an appropriations bill? Most Members would say, no, we should not do that.

I am chairman of the Senate Energy and Natural Resources Committee, and I can assure each Member of the Senate that we have made extensive progress on comprehensive reform.

This is a difficult domestic issue. It is an issue ultimately of whether we are going to depend on imported minerals coming into this country and export our dollars and export our jobs, or are going to be able to continue to sustain a mining industry that provides high-paying jobs in this country.

Make no mistake about it. One of the interesting reflections we hear all of the time from the labor community is, What is happening to the high-paying jobs in this country? We have more people employed, but the job pay range is lower. It is quite obvious; we are not developing our resources in mining, in oil and gas, and in timber. We are simply importing those resources and exporting our dollars.

We have held hearings on mining law legislation before the Energy and Natural Resources Committee. We are getting closer to reaching an agreement. There is no question in my mind as chairman that we have enough votes currently to report out a bill. A mining claim patent moratorium is going to delay that process. Moratoriums, such as the one offered by the Senator from Arkansas, become the means by which Congress avoids its responsibility under the law and to make changes in statutes such as the mining laws.

The moratorium is going to slow it down. It is going to perhaps kill any incentive that exists at the present time to complete action on this comprehensive bill. And I am sure my friend from Arkansas would agree.

We have heard these horror stories from Senator BUMPERS each year—they get better each year—about the Federal land giveaway. Yet, when given the opportunity, he apparently wants to take away the very incentives which should drive Members to enact comprehensive reform. It is not a giveaway. He does not address the investment that goes into exploration and the realization that in many cases when you are looking for reserves which you do not find, or if you do find them, you do not find enough of them, or you may find an ore body and it dribbles out and it is lost, and, as a consequence, the ability for the investment to make a recovery is a relatively high-risk prospect.

Maintaining the status quo—what effect does it have on the mining industry? It certainly has none. If we are proceeding with a bill with which we want to enact true reform, then it is the authorizing committee that has the responsibility to complete action on a comprehensive bill. And that is what we are doing.

The rules for patent application are steeped with longstanding agreements and legal history in accordance with Federal law. Compliance is costly. Compliance is time consuming. Many people fail to recognize that. They think one goes out and simply picks up and sells the minerals. By the time a miner has filed a patent application—in many cases, they have invested tens of thousands of dollars, in some cases, millions of dollars—in proving the discovery of a valuable mineral deposit. You do not locate it without a significant investment of time. You have to prove it up. It has to be able to sustain the investment necessary to bring about a return on the investment.

There are some claims that have been discovered that are rich, and apparently the risk associated with the investment has provided a handsome return. But there are hundreds of thousands that have been expended in what constitutes dry holes in the sense of an oil reference, but in minerals that simply have been petered out because they have not been able to sustain either the quantity or quality necessary to develop it.

A moratorium is a kind of misguided Federal policy that simply creates confusion and distrust among the American people and tramples on their inherent rights. And those rights involve private property. We have an obligation here under the sanctity of private property, and the mining law created a system by which citizens of this country are awarded real property rights in mineral lands in return for developing a valuable mineral deposit.

The generalization is, well, this is a giveaway.

How is it a giveaway? They go out; they make expenditures; they do exploration. And if, indeed, they develop that property, they provide employment; they pay taxes; and they generate a return. I can show you each year mines that shut down. They do not shut down because they did not find ore. The ore is not rich enough to

sustain the investment and as a consequence they have to shut down and lay people off work.

The Supreme Court has held that the right conveyed in a patent is a property right in the highest sense of the term. The Senator from Arkansas wants to do away with that. Senator BUMPERS' amendment grandfathers a few patent applications currently pending at the Interior Department but his amendment also tramples on numerous pending patent applications.

There is already a de facto moratorium on processing patents, and that is as a consequence of the prevailing attitude at the Department of Interior. Secretary Babbitt has made no secret of the fact that he strongly opposes the patent system under current law. The Secretary has taken numerous actions designed to indefinitely delay processing of pending mining mill site claim patent applications.

In fact, for the first 2 years of Babbitt's tenure the Department of Interior did not issue a single, not a single mining or mill site claim under existing law except what the Court ordered the Secretary to do.

Now, two Federal courts have ruled that the delays caused by the Secretary's action have been unreasonable and unfounded. As a result of the Secretary's de facto moratorium, we have seen a huge backlog of patent applications develop. We all know that even if the amendment of the Senator from Arkansas fails, the Secretary of the Interior is going to continue his de facto moratorium, so in essence Senator BUMPERS' amendment is more politics than substance.

In reality, Madam President, the amendment offered by Senator BUMPERS is unnecessary and we should defeat the Bumpers amendment. Let the Energy Committee complete its action on comprehensive reform, debate that bill in the Chamber of the Senate, because as I have indicated before we do have the votes to vote it out of committee, and not fool with a piecemeal moratorium on appropriations bills.

Now, Madam President, by defeating the Bumpers amendment, I think we can send a strong message, a message that needs to be sent, to the authorizing committee to enact comprehensive reform.

Let us talk about that comprehensive reform because it has been addressed by the Senator from Arkansas and others. Make no mistake, Madam President, on the issue of patents miners should be required to pay fair market value for the surface estate. That is what we propose in our legislation, fair market value for the surface estate.

So do not tell me this is a giveaway. It is not a giveaway. We are talking about fair market value. Some people have a way of generalizing and seeing what they want to see and not listening and not understanding what the intent of this reform is. They would pay fair market value for the surface estates.

Now, we have heard a lot of conversation about speculation or using patents for nonmining purposes. That has happened in the past, but it will not happen again. The National Mining Association supports this legislation. They agree that miners should be prohibited from using future patented lands for anything but good-faith mining purposes. If the land is used for other purposes, Madam President, we should require the land to revert back to the Federal Government.

Now, let us make sure we understand the reforms we are talking about. You pay fair market value for the patent, unlike the characterization of my friend from Arkansas, who says this is a giant giveaway.

Speculation or using patents for nonmining purposes would end under the proposed legislation. You could not use it for anything other than good-faith mining purposes. If you use it for anything else or attempt to, it goes back in the Federal domain.

Now, the issue of royalty, talking about what is a return to the Federal Government. We should assure that the Federal Government receives a fair return on all minerals production by imposing a net royalty.

Some Members of this body have suggested that true mining reform must impose the same concept of gross royalty on hard rock minerals as applies to the oil and gas industry. But those who suggest that fail to understand the difference between the two industries and that both the net royalty and gross royalty basically achieve the same results. It depends on how they are structured.

Mineral production and oil and gas extraction are fundamentally different operations. Oil and gas are removed in almost a marketable condition. Very little has to be done. Gas comes out and you condition the gas. The oil comes out and you take some of the residue out of it. But you basically have, when you take it out of the ground, a salable product at that point. But gold, silver, copper, hard rock minerals are extracted in a raw form. When you roll that mineral out of the mine, you have basically a big rock in front of the mine. What is it worth? Nothing. It may have gold in it, copper in it, silver in it. But in that form it is a rock-like material. Raw ore is almost valueless until a mining company has added the significant value to the product. That means transporting it to a mill. That means crushing it. That means recovering the ore. That means disposing of the rock. That means the reclamation process back in the mine.

Recognizing that these costs are necessary, to put the hard rock mining royalty on a par with the oil and gas industry is simply not applicable. You have these steps that have to be taken—concentrating, smelting. When you take the mineral out of the mill, then you have it in a powder form. You have to take it to smelting, put it in the furnace. These are all unlike the availability of a product that is salable when it comes out of an oil or gas well.

Now, on the issue of reclamation, the mining law should give the States the primacy for assuring that surface effects from mineral activities are reclaimed. We have reclamation in the bill. We have the Western Governors Association which opposes restrictive Federal standards that many believe can be seen as another unfunded mandate from Washington. We have had enough of unfunded mandates. In addition, let us not forget the position of the National Academy of Sciences. It has concluded that uniform reclamation standards similar to those applicable to reclamation of coal mine lands are not appropriate for hard rock mining. So we have a difference.

In short, mining law reform should protect the U.S. mining industry, protect U.S. jobs, protect the environment, and provide a fair return to the U.S. Treasury. That is just what we are attempting to do with my comprehensive mining law reform legislation.

Now, Senator BUMPERS has been at this a lot longer than I have relative to his efforts to terminate the mining industry in the United States as we know it today. Under the direction of my good friend from Arkansas you would have prescribed a royalty that would simply drive the industry out of the United States.

We have seen the experiments in Mexico and Canada where they have developed a royalty system very similar to that which was proposed by the Senator from Arkansas, and they have revised it because it simply has not worked. It has resulted in the industry moving out of both Mexico and Canada.

We ought to learn something by experience around here. The Bumpers amendment may look good on the surface, but like any book, when one begins to read the text, one quickly learns that one should not judge a book by its cover.

Mining law reform belongs in the Energy Committee, not in the fiscal year 1996 Interior appropriations bill. Some of the senior Members who have argued long and fast for legislation on appropriations should be sensitive to authorizing legislation on an appropriations bill. Senator BUMPERS has offered similar amendments in the past. Each time this body has opposed his proposal based on the same logic that I am proposing that you consider here today.

So I would urge my colleagues to defeat the Bumpers amendment, resolve mining law reform through the legislative process, not the appropriations process.

Mr. JOHNSTON addressed the Chair.

Mr. MURKOWSKI. I promise, Madam President, to yield the floor to Senator CRAIG.

Mr. JOHNSTON. Would the Senator yield for a question?

Mr. MURKOWSKI. I would be happy to.

Mr. JOHNSTON. As my chairman knows, I have sent him a letter to the

effect that I believe we could pass mining law reform based on three principles. First, an end of patenting; second, what we call a net smelt royalty of 2.5 percent; and, third, an assurance that we give away no powers that are presently held by the Secretary of the Interior with respect to the ability to regulate mines. Those three principles, as I said in my letter to the distinguished chairman from Alaska, I believe would get us a bill that would not only have strong bipartisan support, but could be signed by the President.

Does the Senator acknowledge that that offer is out on the table now in effect from those of us on this side of the aisle?

Mr. MURKOWSKI. I would be happy to respond to my good friend from Louisiana relative to his points on the net smelt or the end of patenting.

The concern that we have expressed time and time again is relative to value. And we are proposing that the patent reflect a fair market value. We further propose that there be a mandate that would eliminate the use of that land for anything other than its intended mining purposes.

Now, there is a concern in the committee relative to the authority of the Secretary of the Interior. There is a certain sensitivity about not duplicating oversight, not taking away from the States the inherent right that they would have, say, to control and have authority over water issues, which obviously the States are very sensitive to.

So, I think we are very close to accommodating most of these concerns. But the devil is in the details.

Again, the Senator from Arkansas wants to eliminate patenting. We are suggesting that we pay a fair market value, that the small miners have an assurance that they have the right to patent. It is not so much an issue for the larger corporations that have the sophistication internally to have the assurance that their interests are protected.

We have also proposed that there be a reverter back to the Federal Government upon a determination that either the mine has been worked out—then the land could go back to the Federal Government.

So on many issues the Senator from Louisiana, as former chairman and ranking member of the Energy Committee, and others, have worked together and I think have made accommodations. As I have indicated—the Senator, I think he is aware of this—that the Secretary of the Interior—he and I have had conversations about a willingness to try and work out something to resolve this issue. But clearly the position of the Bumpers amendment, with a moratorium, circumvents that effort. I think it puts us substantially behind our goals of reaching accommodation.

Mr. JOHNSTON. Would the Senator from Alaska agree with me that the offer which I made on behalf of this side of the aisle and this administration is still on the table? That is, any time we want to get a reform of the 1879 mining law reform bill, based upon an end of patenting, 2.5 percent smelt royalty and giving away no present powers, that bill can be put together at—I will not say on a moment's notice—but I think very quickly.

I just wanted to assure my colleague that that offer is still in existence.

Mr. MURKOWSKI. I thank my friend from Louisiana. Again, I do not think we are that far apart in the legislative language. That is why I would urge all of my friends to vote against the Bumpers amendment and recognize the advancements that we are making and the fact that we will have a bill before this body in the near future.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

AMENDMENT NO. 2294 TO AMENDMENT NO. 2293

Mr. CRAIG. Let me join with my colleague from Alaska who is chairman of the full Energy and Natural Resources Committee and the argument I think he has so clearly just placed before this Senate as it relates to a Senate bill that I introduced some months ago, S. 506, which reforms the 1872 mining law, and deals with the very issue that the Senator from Arkansas is attempting to deal with this evening.

It recognizes the patenting process which those of us who I think understand mining on public lands recognize as a clear and necessary part of causing private industry, be it a small miner or a large miner, to gain access to those properties for the purpose of mining.

Now, there have been a variety of other approaches argued over the years. But none of them seem to work in the sense of being able to allow that person to have title to the property and the surface of that property so they can begin to develop a mining operation. There is no question that there are those like the Senator from Arkansas who view the ability to block patents as a way to block access to the resources of our public lands.

The thing that I think most of us recognize, and clearly I recognize in S. 506, is that patenting was an important process. But the 1872 mining law bestowed that property right on an individual who had brought forth a valid claim. That property right was bestowed for $2.50 an acre. That is obsolete.

And it is the $2.50-an-acre clause, if you will, provision within the law, that most people have been able to hang their hat on as an effective argument for saying for some reason we are simply giving away the public domain, failing to recognize the millions and millions of dollars that has to be put on that $2.50 land for that property and that resource to become productive, and as a productive resource to employ people, to pay taxes, and to do the very kinds of things that those of us who are guardians, if you will, of the public domain believe to be a responsible use of that resources estate.

So historically the surface of the land was of little value, not of no value, but a very limited value. And the Government in 1872—the Government today should not use the value of the land as a barrier to gain access to the resource below it, the mineral estate for that mineral being used in the economy of our country to employ people, to serve our industrial base, and to do all that we have always expected our minerals and our natural resources to do for us.

So, in S. 506, what I say in proposing that legislation that is before the committee is that we do fair market value. Let us take that issue away. Let us do not offer that argument anymore of $2.50 an acre. Let us deal with fair market value.

Well, how do we arrive at it? There is really no magical process at all. It is simply the standard appraisal process that the BLM would use in this instance of equivalent values of acreage during the patenting process to allow that title to pass for value, in this case, fair market value.

Now, in some Western States that might be as low as $100 an acre because that is what the surface value would go for of like lands in the immediate area. And most of these lands we recognize oftentimes are a long ways away from any private property of value to use as a comparative in the appraisal process. So I think that is not a difficult thing to arrive at. That is exactly what we have been trying to arrive at.

We have offered legislation in good faith. We have held a hearing. We have been in negotiations. And yet this administration wants something substantially different. In most instances, they have already argued they would like to prohibit mining on public lands. They no longer view it as a compatible use of our natural resources and, in many instances, they have proposed ideas that would be so restrictive that the mining industry that operates in our country today would choose not to mine anymore, and they would go as they are now going: Offshore to foreign countries to invest their money where they can receive a much higher rate of return with much fewer Federal regulations with which to comply.

I believe, and I think many Senators do believe, that public policy says that mining of public resources for the value of our country, our mineral estate, our industrial base and for employment is a good public policy. So then let us be allowed in a reasonable fashion to move through authorizing legislation to assure that that public policy exists.

We have tried to now for 4 years, and the Senator from Louisiana, when he chaired that committee last year, in good faith tried. But you cannot please everyone and, in many instances, those accommodations were tried and simply failed, and today we believe we have a good bill.

We have sat down in good faith with the Senator from Louisiana to negotiate, and I believe he has attempted to negotiate in good faith. Yet, we have not arrived at anything, largely. Yes, the offer is still on the table, but I can tell you in all fairness, I am tremendously disappointed that the kind of offer back that we get is so penalizing and so restrictive to the ability to produce a viable industry on the public land resource that we are trying to, in a responsible way, offer out to the public simply disallows us from moving forward.

As a result of that deleterious kind of amendment, as that offered by the Senator from Arkansas, that says no more patenting, a patent moratorium—in other words, shut the industry down until the Congress can function, but the Congress cannot function because the Congress cannot agree.

So when you put a moratorium on patenting, you have really put a moratorium on future mining, and if there is no future in future mining in this country, then the industrial base, the mining base of that base begins to move offshore, because the resources that are being mined today in the mines that are operating today, like all mines, some day will wither away, the resource is used, it is completely depleted, and that mine has to close.

To maintain a successful industrial base and viable mining industry, there always has to be a future, there has to be the ability to explore, the ability to discover, the ability to claim, and the ability to patent, to gain the fee title to that property so that the mining operation can continue.

It is with those concerns this evening that I approach this amendment, as we have in the past, from the Senator from Arkansas. And I must say in all fairness, the arguments we have heard tonight are not new arguments. The arguments the Senator from Arkansas has used have been used year after year. If you cannot find new arguments, where is the problem?

Most of us recognize that the problem did exist, the problem was there, but the problem no longer exists today, largely because of this Senate's responsibility and concern about the environment and the putting of the environmental laws in place that has made the modern mining industry of today substantially different than it was 30 years ago.

But the 30-year-old arguments still get drawn to the public eye. The straw person, if you will, of this is the past and not the present. So not only do we have to argue about the future, we have to convince many of us that the current situation is OK. I believe it is, and I believe the mining industry of this country is a responsible industry that performs in an environmentally sound way, complying with the Clean Water Act and complying with the Clean Air Act and doing what they must do inside the regulatory structure that our Government, through public policy formulated by this Senate, has provided. That is not at issue.

Then what is the problem? Why is this amendment deleterious? Why would it shut down the industry? For the simple reason that it forecloses the opportunity of a future; it forecloses the ability of the industry to go out and explore and gain patent and be able to have the assurance of future resource for future development as the current resource grows progressively depleted.

It is with those concerns that tonight I offer a second-degree amendment, and I send that to the desk.

The PRESIDING OFFICER. The clerk will report.

Mr. CRAIG. A second-degree amendment to the Bumpers amendment that would require a fair market value.

Mr. BUMPERS. Madam President, can we have the amendment read?

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Idaho [Mr. CRAIG] for himself, Mr. REID, and Mr. BRYAN, proposes an amendment numbered 2294 to amendment No. 2293.

Mr. BUMPERS. Madam President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

Strike all the language in the amendment and insert in lieu thereof the following:

"SEC. (a). FAIR MARKET VALUE FOR MINERAL PATENTS.

''Except as provided in subsection (c), any patent issued by the United States under the general mining laws after the date of enactment of this Act shall be issued only upon payment by the owner of the claim of the fair market value for the interest in the land owned by the United States exclusive of and without regard to the mineral deposits in the land or the use of the land. For the purposes of this section. ''general mining laws'' means those Acts which generally comprise chapters 2, 11, 12, 12A, 15, and 16, and sections 161 and 162, of Title 30 of the United States Code, all Acts heretofore enacted which are amendatory of or supplementary to any of the foregoing Acts, and the judicial and administrative decisions interpreting such Acts.

"SEC. (b). RIGHT OF REENTRY.

''(1) IN GENERAL.—Except as provided in subsection (c), and notwithstanding any other provision of law, a patent issued under subsection (a) shall be subject to a right of reentry by the United States if it is used by the patentee for any purpose other than for conducting mineral activities in good faith and such unauthorized use is not discontinued as provided in subsection (b)(2). For the purpose of this section, the term ''mineral activities'' means any activity related to, or incidental to, exploration for or development, mining, production, beneficiation, or processing of any locatable mineral or mineral that would be locatable if it were on Federal land, or reclamation of the impacts of such activities.

''(2) NOTICE BY THE SECRETARY.—If the patented estate is used by the patentee for any purpose other than for conducting mineral activities in good faith, the Secretary of the Interior shall serve on all owners of interests in such patented estate, in the manner prescribed for service of a summons and complaint under the Federal Rules of Civil Procedure, notice specifying such unauthorized use and providing not more than 90 days in which such unauthorized use must be terminated. The giving of such notice shall constitute final agency action appealable by any owner of an interest in such patented estate. The Secretary may exercise the right of reentry as provided in subsection (b)(3) if such unauthorized use has not been terminated in the time provided in this paragraph, and only after all appeal rights have expired and any appeals of such notice have been finally determined.

''(3) RIGHT OF REENTRY.—The Secretary may exercise the right of the United States to reenter such patented estate by filing a declaration of reentry in the office of the Bureau of Land Management designated by the Secretary and recording such declaration where the notice or certificate of location for the patented claim or site is recorded under State law. Upon the filing and recording of such declaration, all right, title and interest in such patented estate shall revert to the United States. Lands and interests in lands for which the United States exercises its right of reentry under this section shall remain open to the location of mining claims and mill sites, unless withdrawn under other applicable law.

"SEC. (c). PATENTS EXCEPTED FROM REQUIREMENTS.

''The requirements of subsections (a) and (b) of this Act shall not apply to the issuance of those patents whose applications were excepted under section 113 of Pub. L. No. 103–322, 108 Stat. 2499, 2519 (1994), from the prohibition on funding contained in Section 112 of that Act. Such patents shall be issued under the general mining laws in effect prior to the date of enactment of this Act.

"SEC. (d). PROCESSING OF PENDING PATENT APPLICATIONS.

''(1) PROCESSING SCHEDULE.—For those applications for patent under the general mining laws which are pending at the date of enactment of this Act, or any amendments to or resubmittals of such patent applications, the Secretary of the Interior shall—

''(A) Within three months of the enactment of this Act, file with the House and Senate Committees on Appropriations and the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the United States Senate a plan which details how the Department of the Interior will take final action on all such applications within two years of the enactment of this Act and file reports annually thereafter with the same committees detailing actions taken by the Department of the Interior to carry out such plan; and

''(B) Take such actions as may be necessary to carry out such plan.

''(2) MINERAL EXAMINATIONS.—Upon the request of a patent applicant, the Secretary of the Interior shall allow the applicant to fund the retention by the Bureau of Land Management of a qualified third-party contractor to conduct a mineral examination of the mining claims or mill sites contained in a patent application. All such third-party mineral examinations shall be conducted in accordance with standard procedures and criteria followed by the Bureau of Land Management, and the retention and compensation of such third-party contractors shall be conducted in accordance with procedures employed by the Bureau of Land Management in the retention of third-party contractors for the preparation of environmental analyses under the National Environmental Policy Act (42 U.S.C. §§4321–4370d) to the maximum extent practicable.''.

Mr. CRAIG. Madam President, I retain the floor.

The PRESIDING OFFICER. The Senator from Idaho has the time.

Mr. BUMPERS. Madam President, was my request to stop reading the amendment granted?

The PRESIDING OFFICER. Yes.

Several Senators addressed the Chair.

COMMITTEE AMENDMENT ON PAGE 128, LINES 16 THROUGH 21

Mr. BUMPERS. Madam President, I move to table the underlying amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. BUMPERS. The underlying committee amendment.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The underlying amendment is not before us.

Mr. REID. I object.

Mr. BUMPERS. Madam President, he cannot object to the request for a quorum call.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

Mr. CRAIG. I object.

The PRESIDING OFFICER (Mr. SANTORUM). Objection is heard.

The clerk will call the roll.

The bill clerk continued calling the roll.

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

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

Mr. GORTON. What is the pending business?

The PRESIDING OFFICER. The pending question is the motion to table the committee amendment.

Mr. GORTON. Parliamentary inquiry. Will that motion to table, if it is accepted, take not only the committee amendment but the Bumpers amendment and the Craig second-degree amendment with it?

The PRESIDING OFFICER. The motion to table will only take down the committee amendment. It would not take down the Bumpers and Craig amendments. They would be pending after the motion to table.

Mr. BUMPERS. Mr. President, were the yeas and nays ordered?

The PRESIDING OFFICER. They were not ordered.

Mr. BUMPERS. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The clerk will call the roll.

Mr. LOTT. I announce that the Senator from North Carolina [Mr. HELMS] and the Senator from Florida [Mr. MACK] are necessarily absent.

Mr. FORD. I announce that the Senator from Louisiana [Mr. BREAUX] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 46, nays 51, as follows:

[Rollcall Vote No. 372 Leg.]

YEAS—46

Akaka	Glenn	Mikulski
Biden	Graham	Moseley-Braun
Boxer	Gregg	Moynihan
Bradley	Harkin	Murray
Bumpers	Hollings	Nunn
Byrd	Jeffords	Pell
Coats	Johnston	Pryor
Cohen	Kassebaum	Robb
Conrad	Kennedy	Rockefeller
Daschle	Kerrey	Roth
DeWine	Kerry	Sarbanes
Dodd	Kohl	Simon
Dorgan	Lautenberg	Snowe
Exon	Leahy	Wellstone
Feingold	Levin	
Feinstein	Lieberman	

NAYS—51

Abraham	Faircloth	McCain
Ashcroft	Ford	McConnell
Baucus	Frist	Murkowski
Bennett	Gorton	Nickles
Bingaman	Gramm	Packwood
Bond	Grams	Pressler
Brown	Grassley	Reid
Bryan	Hatch	Santorum
Burns	Hatfield	Shelby
Campbell	Heflin	Simpson
Chafee	Hutchison	Smith
Cochran	Inhofe	Specter
Coverdell	Inouye	Stevens
Craig	Kempthorne	Thomas
D'Amato	Kyl	Thompson
Dole	Lott	Thurmond
Domenici	Lugar	Warner

NOT VOTING—3

Breaux	Helms	Mack

So the motion to lay on the table the committee amendment on page 128, lines 16 through 21, was rejected.

Mr. GORTON. Mr. President, I move to reconsider the vote by which the motion was rejected.

Mr. BRYAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GORTON. Mr. President, what is now the pending business?

AMENDMENT NO 2294

The PRESIDING OFFICER. The question occurs on the Craig amendment number 2294.

Mr. GORTON. Mr. President, we have had a fairly extensive debate on this general issue of mining patents. We now have a second-degree amendment before us in behalf of Senator CRAIG.

I wonder if I could ask the principals whether or not we could have a relatively short time agreement on the second-degree amendment.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, if I could respond to the manager of the bill, perhaps 30 minutes evenly divided. I would agree to a reasonable time limit as long as there is agreement on the Bumpers amendment, which has already been extensively debated. So I think we should have a time agreement on both rather than just the Craig amendment.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, I ask unanimous consent there be 30 minutes equally divided on the Craig amendment.

The PRESIDING OFFICER. Is there objection?

Mr. REID. Mr. President, I reserve the right to object.

Mr. KERRY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. GORTON. Mr. President, I would like to know whether we cannot deal with the entire issue now. After the disposition of the Craig amendment, I ask the Senator from Arkansas, does there need to be further time?

Mr. BUMPERS. I have no further amendments. As I understand it, Mr. President, the parliamentary situation is that my amendment is pending; is that not correct?

The PRESIDING OFFICER. The amendment of the Senator from Idaho is pending.

Mr. BUMPERS. Let me rephrase it. The second degree amendment of the Senator from Idaho to my amendment is pending.

The PRESIDING OFFICER. That is correct.

Mr. BUMPERS. Once his amendment is disposed of, then my amendment will be pending; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. I direct the question to the manager of the bill.

Will the manager of the bill then explain to the membership of the Senate what the parliamentary procedure would be if in fact the Craig amendment is adopted?

Mr. GORTON. The manager of the bill is not certain he can provide that explanation and will ask the Chair to correct him.

As the manager understands it, if the Craig amendment is passed, the Bumpers amendment is then identical to the Craig amendment, and one would presume that that would be able to pass by a voice vote. But then in order to have the Craig language be the language of the bill, I ask the Chair, I believe the Craig amendment would then have to be further changed or turned into a different form in order to be the judgment of the Senate with respect to mining patents? May I make that parliamentary inquiry of the Chair.

The PRESIDING OFFICER. If the Senate wants to go to conference on the Craig amendment, a subsequent amendment would have to be offered because the Craig amendment would fall with a motion to strike.

Mr. GORTON. But the subsequent amendment would be identical to the present Craig amendment in its language?

The PRESIDING OFFICER. That is correct.

Mr. GORTON. It is the hope of the manager of the bill that a single vote

on the Craig amendment will settle this issue and that by voice votes we could, if it were to succeed, move to have it as a part of the bill. So under those circumstances, I would hope that the unanimous consent request for 30 minutes equally divided on the Craig amendment will settle this issue.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, I am agreeable to that, and I think that is almost automatic anyway, because if the Craig amendment prevails, then that becomes my amendment and so we could voice vote it.

I wonder if the Senator from Nevada is now willing to enter into a time agreement on the Craig amendment.

Mr. REID. Mr. President, I would be willing to enter into an agreement on the Craig amendment. I have been here all evening listening to the remarks of the Senator from Arkansas and the Senator from Alaska.

Mr. BUMPERS. Why on Earth did the Senator vote no if he listened?

Mr. REID. I would ask, of the 15 minutes, I be allotted 5 minutes.

Mr. GORTON. There has been an objection, so I will ask unanimous consent that there be 30 minutes equally divided on the Craig amendment, with 5 minutes of the proponents' time to be allocated the Senator from Nevada [Mr. REID].

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Who yields time?

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. I would ask that the Senator from Idaho yield the Senator from Nevada 5 minutes.

Mr. CRAIG. Mr. President, I yield the Senator from Nevada 5 minutes of our time.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, first of all, let us talk about patents. We have argued this issue before time and time again.

This matter has been debated numerous times. For example, in 1992, I, along with Senators DOMENICI, BRYAN, and DECONCINI, offered an amendment which passed this body that would have established fair market value on this land that is seeking to be patented; a reversionary clause, meaning that if it was used for some purpose other than mining, it would revert back to the Government; there was also a reclamation clause in the bill that passed the Senate, and a holding fee that passed the Senate.

We have tried to work this out on numerous occasions. This was killed in conference because they wanted to keep the issue.

Mr. President, let me also make sure this body understands that patenting is hard to obtain. It is not easy to get to the point where you obtain a patent. The $2.50 is blown out of proportion, and that is a gross understatement.

For example, a mining company in Nevada just announced that it was giving up the land it had patented after having spent $33 million in attempting to arrive at a point where they could obtain that patent—$33 million.

Sometimes, Mr. President, these explorations are successful. Near the town where I was raised, Searchlight, NV, Viceroy Gold, after 8 years, was able to start a patent mining operation. To arrive at that point, where they could take the first shovel full of dirt out of the ground, cost them $80 million. I repeat, $80 million.

This, Mr. President, is why the Senator from Arkansas is wrong in saying that patents are giveaways. If you are talking about finding out how much money is under the ground in the way of minerals, you would have to be some kind of a genius—which does not exist in the world. No one knows what is under the ground, as exemplified by the company in Nevada which just last week gave up after having spent $33 million. And the company near the town of Searchlight, NV, which, before they could take a single shovel full of dirt out of the ground in their operation, spent $80 million.

Mr. President, we need to keep the mining operations going throughout the country. It is one of the few industries that has a favorable balance of trade. We now have a favorable balance of trade in gold. But what we are doing here is we are driving them offshore like we are driving many companies offshore because they are afraid of the efforts of people like Senator BUMPERS and others that they are not going to be able to do business in the United States.

This amendment of Senator CRAIG is fair; it is reasonable, and it also establishes that the patents now in the pipeline will have to be processed.

Secretary Babbitt has purposely refused to go forward with the work on these patents. He has one person in Nevada working part time issuing these patents. Therefore, none of them are issued. Judges throughout the United States have said it is shameful what Secretary Babbitt is doing with these patents. It is shameful. That is the word from a Federal judge.

We need to move forward with this amendment. No. 1, it would process the patents that are in the chain. It would also establish a fair method on the patents that are issued. There would be a reversionary clause, and you would pay fair market value.

The Members of this Senate should vote to support a viable, strong mining industry to make sure it stays that way.

The PRESIDING OFFICER. Who yields time?

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, my second-degree amendment sets forth a variety of solutions to a problem that has plagued this Senate and this Congress for several years as we have debated changing the 1872 mining law.

If we have heard it once, we have heard it many times from the Senator from Arkansas saying, ''Isn't it a crime that we are giving Federal land away for $2.50 an acre under this old law?''

Mr. President, I think we all recognize that there was, on the surface of that issue and that argument, a problem. That was a fair market value for the surface of the land in 1872. It is not today. My second-degree amendment is very clear. It says that that $2.50 an acre now changes to a charge of fair market value.

And what is that? That is a value established by the Federal agency in charge, the BLM in this instance, by a general appraisal method that they now use to establish land values. According to a recent study conducted by the University of Nevada Natural Resource Industry Institute, a fair market value in Nevada would range—we are talking surface value now—anywhere from $100 to $250 an acre, instead of the $2.50 an acre.

The fair market value for the surface estate is not a solution to the total problem of reform that all of us have tried to achieve over the course of the last good number of years. But I would like to suggest to the Senators this evening, and encourage their support for this second degree, that it is a major step forward, that we are beginning to solve the problem of the 1872 mining law by offering this.

Now, those who would argue that we ought not allow Federal land to continue to be owned in private ownership, we have provided a reverter clause in here that says when that property is used up, when it is no longer being mined, when there is no longer a mining value or a mining practice going on, that land reverts back to the Government. That is a strange idea. We are giving title. We are making the private individual pay for the title. But we are doing that only for the purpose of mining. No more of the arguments of condominiums and no more the arguments over development outside of the intent of the public policy to mine.

So, we have addressed that. And we have said that land would revert back. And that is, I think, a great achievement if this Senate can pass that through to the conference and cause the Congress to deal with that important issue.

And then in the end we assist the Secretary, as the Senator from Nevada spoke, in resolving his problems by giving him the extra resources to solve the patenting stalemate that he has currently got going on in the Department of the Interior. The Secretary today at breakfast agreed that first-part patents were a property right, and he had to proceed. But he was handicapped by no staff or the inability to

deal with that issue. And the third portion of this amendment would offer him that opportunity.

With that, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. With the utmost respect to my friend—he is my friend; we have an excellent relationship on and off the floor—but, honestly, I do not know how anybody could make a statement about fair market value, this kind of fair market value, and keep a straight face.

You know what we are talking about here? We are talking about fair market value of the surface. We are talking about fair market value of that 1,850 acres that Barrick paid about $9,000 for. Barrick paid $9,000 for 1,850 acres. That was $5 an acre, I guess. And the Senator from Idaho says he wants them to pay fair market value. Fair market value in that case would have been probably somewhere between $100,000 and $200,000. Big deal. There is still 11 billion dollars' worth of gold under the 1,850 acres.

A Senator came up to me a while ago and said, ''How about this Craig amendment? He says they ought to pay fair market value.'' The only scam I can think of that is worse than what has been going on is to try to make the Senators believe that they are paying fair market value. If they were paying fair market value, they would be paying about $2 billion, not $100,000—$100 an acre. Most of it is probably worth $100 an acre, $200 at the most.

You know what the western land looks like when you have grazing? They tell you it is not worth anything. But now they say, fair market value, and never bother to tell you that is just the surface. They are not talking about the 11 billion dollars' worth of gold underneath that surface. That is free. You do not pay for that.

Then they say, ''We have got a reverter clause in this amendment. We will give you the mine back when we are finished with it.'' Please, for Pete's sakes. You have already given us 59 Superfund sites back, as well as thousands of other mines that are not on the Superfund list. Do not, for Pete's sake, give us any more. We are liable for up to $40 billion to clean up the ones we have got. And the Senator from Idaho said, ''We are going to give them all back to you when we get through with them.'' Please, do not give them back to us. We cannot afford any more gifts like that.

Unhappily, there are very few people in this body that know the issue. I do not know that we would do much better if they all knew it. We all know what is going on here. There are people who are voting against this moratorium because they have a mining industry in their State. I can almost understand that. But there are a lot of Senators over there who do not have any mines in their State.

I cannot understand it. The National Taxpayers Union, the Citizens Against Government Waste—they all say this is the biggest scam going on in America. They are all opposed to continuing this outrageous giveaway of the public domain.

The mining industry argues that we are going to put somebody out of work. Really? Why is it that Montana can charge at least 5 percent of the fair market value for raw metallic minerals on State lands, but if we tried to charge 1 percent on Federal lands, they are all going to shut down and put everybody out of work?

How is it that Arizona can charge 2 percent of gross value on State lands, but if you charge them 0.5 percent on Federal lands, they are going to shut down and put everybody out of work?

How is it that Utah can charge 4 percent of gross value on nonfissionable metalliferous minerals on Utah State lands and a 2.6 percent taxable value severance tax, but if you charge 1 percent for mining on Federal lands, they are going to shut down and put everybody out of work?

Wyoming, 5 percent of gross sales value on gold, silver and trona on State lands, plus a 2 percent of the minemouth value severance tax. If you charge them one red cent on Federal lands, they are going to take their marbles and go home.

Oh, my, such cynicism, such hypocrisy while the American taxpayers plead for relief. We do not mind cutting Medicare $270 billion to provide a tax cut. But 16 of the biggest 25 mining companies in America are even foreign owned. I would like to go to England and start putting claims down on British-owned land and say, ''I think I will mine all the minerals off this land.'' You would be in the slammer in about 3 minutes.

But here, simply because they have the political clout—everybody knows precisely what this debate is about. And I do not mind people voting up or down and just saying, ''I don't care. I'm not going to vote to stop it.'' But for Pete's sakes, do not put this sham out there about fair market value.

There is a lot of natural gas production in my State. Do you think that they get a break when they mine on Federal, State, or private land? Of course not. They pay royalties to the landowner.

Look at this chart one more time: Coal, natural gas, oil, they all pay 12.5 percent, except for underground coal, which is 8 percent. The mining companies, because they have the clout and control over Senators where they have operations, continue to pay nothing.

For 7 long, agonizing years, I have listened to that argument about how we are going to work this out, we need mining law reform, but if you adopt the Bumpers amendment, it is just going to thwart our efforts. I looked at a colleague letter that went out to every Senator here, saying, ''Senator BUMPERS is going to offer that old amendment again and you are going to oppose it. If you adopt that old terrible Bumpers amendment, we will never get mining law reform.''

I have heard that argument for 7 long, agonizing years. And we will hear it again next year and the next year and the next year and the next year—anything to put it off. They will also continue to use ploys, such as charging for the fair market value for the surface, to avoid the issue. Anything to give these guys something to hang their hat on and go home and say to the unsophisticated voter: ''Yes, I voted to make them pay fair market value.'' You will never hear anything about just for the surface, which is worthless.

Few understand the issue, one of the reasons why Congress has such a high approval rating in this country. There are a few people who know what is going on. There are a few people who will know that we are cutting programs for the most vulnerable, helpless people in America and providing corporate welfare for the biggest corporations in America.

Now, if those are the kind of values you want to go home and tell your folks about, be my guest. We know the die is cast. Three Senators who voted with me in the past did not vote with me tonight or we would have won. I do not know why they changed.

All I know is, I did not lose. It is nothing personal to me. The people of this country lost a lot. I yield the floor.

Mr. CRAIG. Mr. President, I yield 3 minutes to the Senator from Nevada.

The PRESIDING OFFICER (Mr. ASHCROFT). The Senator from Nevada.

Mr. BRYAN. Mr. President, I thank the distinguished Senator from Idaho.

I am proud to endorse the amendment offered by my friend and colleague, the distinguished senior Senator from Idaho. The issue of mining law has been before us each and every year since I have come to the U.S. Senate, and each and every year, the industry is subject to the usual criticism: You are not for changing the mining law of 1872. This is an act of Congress that was enacted at the time that Ulysses S. Grant was President, and you all just simply do not want to change.

Mr. President, for my colleagues who are listening, there are four issues involved in mining law reform: Fair market value for the surface estate, a reasonable royalty, reclamation provisions, and a provision that the land shall revert back to the Federal Government if it is no longer used for mineral exploration and development purposes.

We agree with those changes. In the last session of the Congress, the Senate passed out such a bill authored by the senior Senator from Idaho and which I was proud to cosponsor.

What is at issue in this debate is jobs, good jobs for us in Nevada which

produces more gold than all of the other States combined. It is 12,000 jobs. The average salary is $43,000 a year.

What is at issue for America is the loss of an industry that last year recorded a 13-percent decline in mineral development and exploration and, correspondingly, so many of these companies are now moving to Latin America where mineral exploration has more than doubled in the past year.

So what we are seeking is reason and fairness.

Mr. President, I say to my colleagues, there are some whose unstated agenda is to prevent mineral development and exploration on the public lands, and it is with that unreasonable element we have been unable to reach an accord, even though we share a common agreement that fair market value, a reasonable royalty, reclamation and reversionary provisions ought to be part of the fundamental changes to the mining law of 1872.

Mr. President, I yield the remainder of my time to the floor manager of this issue, the distinguished Senator from Idaho.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. How much time do I have remaining?

The PRESIDING OFFICER. There are 4 minutes and 54 seconds left.

Mr. CRAIG. I yield 4 minutes to the Senator from Alaska, the chairman of the committee.

The PRESIDING OFFICER. The Senator in Alaska.

Mr. MURKOWSKI. Mr. President, I rise in support of the Craig amendment and in opposition to the Bumpers amendment. The Senate has rejected similar amendments in the past.

The amendment that we are offering, which I am proud to cosponsor, would require, make no mistake about it, patent applications to pay fair market value for the surface estate. It is not a giveaway. It requires patented land to revert back to the Federal Government if the land is used for anything but good-faith mining purposes. The balance is there; direct the Secretary of the Interior to clear all pending patent applications at the Department of the Interior within 2 years of enactment of the bill and restore the third-party mineral examination program at the Department of Interior so that the Secretary can process the pending backlog of patent applications within 2 years.

Mr. President, make no mistake about it, patents are almost impossible to get. On June 14, 1993, the BLM director, with Babbitt's approval, issued a BLM instruction memorandum which established an extremely convoluted procedure for processing patents. For example, the application must be reviewed by the local BLM staff, the BLM State director, the regional solicitor, the DOI solicitor, the BLM director, the Assistant Secretary of the Interior, the Secretary of the Interior and, after that process, the application must then go back to the BLM director and, finally, back to the State BLM director.

A mineral examination is then conducted by a mineral examiner who prepares a mineral report.

Is this what the administration calls streamlining the Federal bureaucracy?

Our amendment will end Mr. Babbitt's de facto moratorium by requiring the Secretary to move forward with processing pending patent applications.

In short, Mr. President, I believe we need to enact comprehensive reform. Unfortunately, Senator BUMPERS is forcing us to offer a solution to the patent issue on the Interior appropriations bill. We all know that is not where it belongs. It should be in the Energy Committee.

Currently, my committee is considering three—three—mining law reform bills: The one introduced by Senator BUMPERS, one introduced by Senators CRAIG and REID and myself and S. 639, introduced by Senator JOHNSTON.

The majority and minority have been negotiating on this issue in good faith, and I am hopeful that during the coming weeks we can reach an acceptable compromise that I can bring before this body; that we can debate fully on this floor where it belongs. Until then, as a result of Mr. BUMPERS' amendment, I believe the proper solution to the patent issue is to require miners to pay fair market value—fair market value—for the surface estates of future patented land.

Our amendment will achieve this goal, and I respectfully urge my colleagues to support the Craig amendment.

I yield the remainder of my time back to the floor manager, Senator CRAIG, and I thank the Chair.

Mr. CRAIG. Mr. President, does the Senator from Arkansas wish to complete his argument? Does he wish to yield back his time?

Mr. BUMPERS. I did not hear the Senator from Idaho.

Mr. CRAIG. I would offer the Senator from Arkansas the opportunity to complete his time before I close.

Mr. BUMPERS. How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 4 minutes 48 seconds remaining.

Mr. BUMPERS. I yield back 4 minutes of that.

Mr. CRAIG. If the Senator would wish to complete his statement, I will close out the debate on my second degree. Go ahead. You have yielded all time back?

Mr. BUMPERS. You first. I yielded all but 48 seconds.

Mr. CRAIG. Do you wish to use your 48 seconds at this time?

Mr. BUMPERS. No.

Mr. President, I ask unanimous consent that this time be charged equally to both sides.

The PRESIDING OFFICER. That is the regular order.

Mr. CRAIG. Mr. President, I had hoped the Senator from Arkansas, because this is my amendment, would allow me the respect of allowing me to close debate. But I will go ahead and close out the remainder of the time that I have left.

It is interesting that the Senator from Arkansas would choose to argue royalties. Royalties are not an issue before this Senate at this moment. We have used the authorizing committee to attempt to resolve that issue so that the Government could receive some return on the value of the subsurface asset, and we are still working on that. But what this amendment does—separate from that as a step and a process along the way—is that it asks those who are asking for a patent through the process of mining law to pay fair market value for the land—not $2.50 an acre, but whatever the appraisal process goes forward as. Once that is established, once the mine completed its work, the property reverts back to the Government.

This is not a total answer to the problem of reform of the 1872 mining law, but it is a step down the path toward arriving at that solution. I hope my colleagues will support us in this second-degree.

I yield the remainder of my time.

Mr. BUMPERS. Mr. President, if what the Senator from Idaho just said were true, I would be voting with him. He said the ''fair market value.'' He did not say the fair market value of a surface. There are several billion dollars difference between what he is offering and what the taxpayers of this country have a right to expect.

His amendment says fair market value of the surface. Well, on $50 billion of the gold, $30 billion, or whatever it is underneath the land, you do not get that at fair market value. You get that free. That comes free. His amendment gives you the surface, which is worth about $100 an acre, and with it comes the largess of anywhere from $15 billion to $30 billion from Uncle Sam and the taxpayers of America.

Do not be diluted by that fair market value language.

Mr. CRAIG. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. BUMPERS. Mr. President, I move to table the amendment of the Senator from Idaho and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the Craig amendment.

The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Florida [Mr. MACK] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 46, nays 53, as follows:

[Rollcall Vote No. 373 Leg.]

YEAS—46

Akaka	Glenn	Mikulski
Biden	Graham	Moseley-Braun
Boxer	Gregg	Moynihan
Bradley	Harkin	Murray
Breaux	Hollings	Nunn
Bumpers	Jeffords	Pell
Byrd	Johnston	Pryor
Coats	Kassebaum	Robb
Cohen	Kennedy	Rockefeller
Conrad	Kerrey	Roth
DeWine	Kerry	Sarbanes
Dodd	Kohl	Simon
Dorgan	Lautenberg	Snowe
Exon	Leahy	Wellstone
Feingold	Levin	
Feinstein	Lieberman	

NAYS—53

Abraham	Faircloth	McCain
Ashcroft	Ford	McConnell
Baucus	Frist	Murkowski
Bennett	Gorton	Nickles
Bingaman	Gramm	Packwood
Bond	Grams	Pressler
Brown	Grassley	Reid
Bryan	Hatch	Santorum
Burns	Hatfield	Shelby
Campbell	Heflin	Simpson
Chafee	Helms	Smith
Cochran	Hutchison	Specter
Coverdell	Inhofe	Stevens
Craig	Inouye	Thomas
D'Amato	Kempthorne	Thompson
Daschle	Kyl	Thurmond
Dole	Lott	Warner
Domenici	Lugar	

NOT VOTING—1

Mack

So the motion to lay on the table the amendment (No. 2294) was rejected.

Mr. REID. Mr. President, I move to reconsider the vote.

Mr. CRAIG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

AMENDMENT NO. 2293, AS AMENDED, AS MODIFIED

Mr. REID. Mr. President, I ask unanimous consent that the Bumpers amendment as amended be modified so that it is a substitute for the language proposed to be stricken.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, reserving the right to object—I have no objection.

Mr. REID. Mr. President, I urge adoption of the Bumpers amendment.

The PRESIDING OFFICER. The Senator will withhold.

The yeas and nays have been ordered on the Craig amendment.

Mr. REID. Mr. President, I move to vitiate the yeas and nays on the Craig amendment.

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

Mr. REID. I thank the Chair.

VOTE ON AMENDMENT NO. 2294

THE PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the Craig amendment (No. 2294).

The amendment (No. 2294) was agreed to.

Mr. REID. Mr. President, I move to reconsider the vote.

Mr. CRAIG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GORTON addressed the Chair.

VOTE ON AMENDMENT NO. 2293, AS AMENDED, AS MODIFIED

The PRESIDING OFFICER. The question now occurs on the Bumpers amendment (No. 2293), as amended, as modified.

If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 2293), as amended, as modified, was agreed to.

Mr. GORTON. Mr. President, I move to reconsider the vote.

Mr. CRAIG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PRIVILEGE OF THE FLOOR

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, I ask unanimous consent that Ted Milesnick, a Bureau of Land Management employee on detail to the Interior Subcommittee, be granted the privilege of the floor for the duration of the debate on the Interior appropriations bill.

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

Mr. GORTON. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc, with the exception of the amendment on page 95, lines 19 to 21; the amendment on page 9, line 23; the amendment on page 10, line 12; the amendment on page 16, line 4 through page 17, line 14; the amendment on page 21, line 24 through page 22, line 2; and the amendment on page 22, line 5 through page 23, line 19; and that the bill as thus amended be regarded for the purpose of amendment as original text, provided that no point of order shall have been considered to have been waived by agreeing to this request.

The PRESIDING OFFICER. Is there objection?

Mr. JEFFORDS. Reserving the right to object, I presume the amendment did not include the amendment relative to the National Endowment?

Mr. GORTON. That is correct. The Senator's ability to amend the National Endowment will remain intact.

Mr. JEFFORDS. And the museum?

Mr. GORTON. Yes.

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

AMENDMENT NO. 2295

(Purpose: To delay implementation of the Administration's rangeland reform program)

Mr. GORTON. Mr. President, I send an amendment to the desk on behalf of Senator Thomas and Senators CAMPBELL, BURNS, KEMPTHORNE, BENNETT, SIMPSON, MURKOWSKI, CRAIG, DOLE, PRESSLER, HATCH, BROWN, Kyl, and BAUCUS. I ask for its immediate consideration.

The PRESIDING OFFICER. If there is no objection, the pending committee amendment is set aside. The clerk will report.

The legislative clerk read as follows:

The Senator from Washington [Mr. GORTON], for Mr. THOMAS, for himself, Mr. CAMPBELL, Mr. BURNS, Mr. KEMPTHORNE, Mr. BENNETT, Mr. SIMPSON, Mr. MURKOWSKI, Mr. CRAIG, Mr. DOLE, Mr. PRESSLER, Mr. HATCH, Mr. BROWN, Mr. Kyl and Mr. BAUCUS, proposes an amendment numbered 2295.

Mr. GORTON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

At the end of the bill, add the following:

SEC. . DELAY IN IMPLEMENTATION OF THE ADMINISTRATION'S RANGELAND REFORM PROGRAM.

None of the funds made available under this or any other Act may be used to implement or enforce the final rule published by the Secretary of the Interior on February 22, 1995 (60 Fed. Reg. 9894), making amendments to parts 4, 1780, and 4100 of title 43, Code of Federal Regulations, to take effect August 21, 1995, until December 21, 1995. None of the funds made available under this or any other Act may be used to publish proposed or enforce final regulations governing the management of livestock grazing on lands administered by the Forest Service until November 21, 1995.

Mr. SIMPSON. Mr. President, here we go again. On the 21st of this month our country's western agricultural way of life will face an assault unlike anything that it has faced before. On that date the Department of the Interior's rangeland reform regulations are scheduled to become the ''law of the land.''

Originally, those regulations were to go into effect on February 21. However, at that time a 6-month moratorium on their effectiveness was granted. Then my good friends, Senators PETE DOMENICI and LARRY CRAIG began working on balanced legislation both to codify existing regulations and to incorporate parts of Interior's ''Rangeland Reform'' regulations into a more workable plan.

The sponsors have made a gallant effort to enact this legislation by the August deadline. However, the slow pace of Congress—we have such a heavy volume of legislation to consider this year—has prevented us from finishing this legislation in a timely manner.

In short, Mr. President, Congress needs more time—90 more days at least—to do the people's work on this vitally important issue. At a meeting this morning, Secretary Babbitt told me and a number of my colleagues that, in effect, regardless of the fact that we are trying to work on definitive legislation that addresses this issue, he will not grant another moratorium. So, we have no alternative but to acquire additional time through legislation.

During this debate we may hear the opponents of this pending legislation argue that additional time is not needed—that the Interior's regulations are

fair, and will adequately address all the problems so that we need worry about. All I suggest that any Senators who believe this should ask the majority of the people in my State—or virtually any other affected western State—who are familiar with these regulations whether they are fair. If you do, you will hear a resounding and unanimous ''no.''

If these regulations are indeed ''fair,'' then why has the Interior Department felt the need to embark on a mission to override public opinion, and to stall or even kill the Domenici legislation? As my fine colleague, Senator THOMAS, has pointed out, this seems to surely skirt the edge of the statutory prohibition on lobbying with appropriated funds. Perhaps this desperation arises out of the knowledge that they will not be able to run roughshod over yet another aspect of American life. Or perhaps they are concerned that their subtle but fully deliberate plan to totally drive the western rancher and his or her livestock off of public range lands is threatened by the Domenici bill.

Mr. President, I would urge my colleagues to give Congress a chance to at least debate this issue on a stage that is free from the outside pressures of an agency hell bent on the reckless enactment of unsound rules and regulations just to spite the Republican Congress. If, in the end, the legislation fails and the regulations go into effect, so be it. At least and we can then say that we have had a debate that was spirited, fair, and impartial and free from an agency attempting to further its own agenda.

Mr. President, I urge my colleagues to vote in favor of the Thomas amendment.

Mr. KEMPTHORNE. Mr. President, I do not know if I am the only one here with a sense of deja vu, but I for one am frustrated to find myself here with my western colleagues, fighting yet again to maintain the western way of life.

Two years ago we faced an amendment to the Interior Appropriations bill that would have raised grazing fees arbitrarily to a point that small ranchers would have been forced off the land. Today, we face regulations which will have that same effect. If unchecked, those regulations will go into effect in less than two weeks.

The Senate voted two years ago to stop those regulations. I urge my colleagues to do so again. A moratorium will give Congress an additional 90 days in which to assert its right to set the guidelines of federal policy.

Opponents will tell you that these regulations have had ample public input and participation. It is true that the Secretary has held hearings across the country in the time since he first made this proposal, and I commend him for dedicating so much effort and time.

But do the final regulations reflect the input he received? I am concerned that there are a few key points on which these regulations do not. The public called for flexible management with a local focus. These regulations allow States to chose, but from among federally dictated management plans.

The public called for clear and direct management processes, but instead the regulations propose a process weighted down with increased review and scrutiny. The final proposed regulations would have the effect of making the day to day operation on Federal land so cumbersome and costly that we might as well be talking about the arbitrary grazing fee from 2 years ago when you talk about the potential effects.

I asked the Secretary of the Interior just this morning whether or not he wanted to see grazing on Federal lands 20 years from now * * * or whether he even thought that grazing belonged on Federal lands.

He told me that he views grazing as an integral part of the biology of the range. The Secretary specifically pointed out that wild, open spaces evolved under the hand of wildfire and wildlife, roles which grazing now fills. But these regulations would stifle the individual initiative which gives the west its character, and smother the efforts of the stewards of those Federal lands. If we let our Federal lands become wastelands, not only will 27,000 ranching families, and hundreds of rural communities pay the price. We will all be the poorer. This must not happen.

Mr. GORTON. Mr. President, this amendment is on another issue which has from time to time been controversial with respect to grazing and grazing fees.

The amendment is a simple 90-day moratorium on the regulations of the Secretary of the Interior, designed to permit the committees to come up with an authorizing bill.

It has been agreed to and cleared on both sides.

THE PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 2295) was agreed to.

Mr. CRAIG. Mr. President, I move to reconsider the vote.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PRYOR. Mr. President, I rise to express to my colleagues in the Senate my concerns about a provision in this legislation that pertains to funding of our national system of fish hatcheries.

First, let me say that I am grateful for the actions of our distinguished Chairman, Senator GORTON, in the committee mark-up of this bill. The report calls for a moratorium on any possible closures of fish hatcheries until March of next year pending the report of a study group that will be convened by the U.S. Fish and Wildlife Service for the purpose of making recommendations on the future of the hatchery program.

Mr. President, recreational fishing is an incredible industry in our country, and in my home State of Arkansas in particular. The number of jobs created, the amount of State and Federal taxes collected from the sale of lures, boats, gasoline, hotel accommodations, food, etc., are enormous. It is absolutely perplexing to me that an agency of our Federal Government would ever propose to close hatcheries without an economic analysis of the impact, both to local economies and to the Federal treasury.

It is troublesome to me that an agency of our Government would consider eliminating hatcheries that mitigate for damages to fishery resources that Federal water projects caused.

This legislation contains a provision to either transfer ownership or close 11 Federal fish hatcheries. The Department of the Interior has intentions of closing additional hatcheries in fiscal year 1997. It is their intention of using the study group to define the criteria by which hatcheries would be chosen to be transferred or closed. I believe this premise is wrong.

I understand and support our President when he attempts to reduce Federal spending by eliminating unnecessary and wasteful programs. Federal fish hatcheries are neither. It is a burden to try to understand that on the one hand we have Federal agencies, such as the Economic Development Agency and the Department of Commerce, whose roles involve the creation of jobs and strengthening our economy. On the other hand, we have the Fish and Wildlife Service, which can take actions which harm or destroy jobs under the guise of budget reduction and mission redefinition.

Mr. President, I want my colleagues to know that I am going to stay involved in this issue. I do not accept the premise that some hatcheries have to be closed, that it is inevitable. If a hatchery is mitigating for damages to a fishery, if the tax revenues that result from economic activity generated by recreational fishing exceed the cost of operating and maintaining that hatchery, then I am going to take the attitude that the Federal Government has an interest in that hatchery. Our taxpayers paid for its construction and operation, and we should not be arbitrarily closing or giving it away. We have an obligation to those taxpayers.

Mr. KENNEDY. Mr. President, in conjunction with this bill, I note that the New England Holocaust Memorial Committee is building a memorial to the Holocaust adjacent to the Boston National Historical Park. The Memorial Committee will be entering an agreement with the Superintendent of the Park for maintenance of the Memorial and will be making a contribution to the Boston National Historical Park Donation Fund. This type of cooperation is contemplated by the Historic Sites Act of 1935. It is a good example of the Government working with

others on behalf of an important remembrance, and I welcome this opportunity to commend all those involved in this worthwhile project.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I have an amendment that I want to send to the desk. I am offering it in behalf of myself, Senator INOUYE, Senator MCCAIN, Senator CAMPBELL, Senator KYL, Senator SIMON, Senator DORGAN, and Senator CONRAD.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Will the manager of the bill yield for a question?

Mr. DOMENICI. Mr. President, I will yield in just a moment.

Mr. President, I understand that the amendment may hit the bill in more than one place. I ask unanimous consent that it nonetheless be in order.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. SARBANES. I inquire of the manager of the bill what he foresees the work program as we proceed into the evening. It would be helpful to know.

Mr. GORTON. That question could not possibly be more in order. I, in turn, was going to ask the sponsor of the amendment whether or not he and his cosponsors would agree to come to a time agreement on this amendment. The majority leader does want this amendment to be completed and disposed of, and it will require a rollcall vote before the evening is over.

So if we can find out how long it will take to debate the amendment, we can answer the question of the Senator from Maryland.

Mr. DOMENICI. Mr. President, let me say to Senators who are interested in the timing that we have a number of Senators on our side. And essentially we have three principal sponsors—not just this Senator, but Senator INOUYE, who used to be chairman of the Indian Affairs Committee, and Senator MCCAIN, who is now chairman of the Indian Affairs Committee, and myself.

We have talked about this, and we believe that we need 1 hour on this amendment.

Mr. GORTON. Mr. President, I then state that I doubt that the opponents will take an hour, but for the purpose of the amendment, I ask unanimous consent that there be 2 hours equally divided.

The PRESIDING OFFICER. Is there objection?

Mr. PRYOR. Mr. President, reserving the right to object, I am not going to, of course, argue with the majority leader. He stated he wants to dispose of this matter. But I wonder if he would consider reconsidering that in view of the fact that we are looking at something around 11 o'clock before our vote on this amendment. I wonder if the manager can speak for the majority leader in this area where we might have a vote actually in the morning.

Mr. DOMENICI. We will cut it down to 45 minutes, if that helps anyone.

Mr. President, if we are going over to the morning, I want some time in the morning.

Mr. GORTON. I do not believe we are going to go over to the morning. An hour and a half equally divided is appropriate. I would recommend it, and I gather the majority leader would agree that after we have disposed of this amendment, we may debate the next amendment, but we would not vote on that until the morning.

Mr. PRYOR. Is there any disadvantage to just debating the amendment tonight and voting in the morning?

Mr. GORTON. The disadvantage would be that no one would be here to hear the debate.

Mr. PRYOR. I promise I will go home and watch it on the monitor, Mr. President. [Laughter.]

AMENDMENT NO. 2296

(Purpose: To restore funding for programs within the Bureau of Indian Affairs)

The PRESIDING OFFICER. Will the Senator allow the clerk to report the amendment?

Mr. DOMENICI. I think we should do that.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI), for himself, Mr. INOUYE, Mr. MCCAIN, Mr. CAMPBELL, Mr. SIMON, Mr. DORGAN, Mr. CONRAD, and Mr. KYL, proposes an amendment numbered 2296.

Mr. GORTON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, line 11, strike ''$565,936,000'' and insert ''$519,436,000''.

On page 3, line 5, strike ''$565,936,000'' and insert ''$519,436,000''.

On page 9, line 23, strike ''$496,978,000'' and insert ''$466,978,000''.

On page 16, line 13, strike ''$145,965,000, of which $145,915,000'' and insert ''$100,965,000, of which $100,915,000''.

On page 21, line 22, strike ''$577,503,000'' and insert ''$531,003,000''.

On page 24, line 23, strike ''$182,169,000'' and insert ''$157,169,000''.

On page 31, line 15, before '', of'', insert the following: ''(plus $200,000,000)''.

On page 32, line 17, before '': *Provided,*'' insert the following: ''; and of which not to exceed $5,000,000 shall remain available until expended for the implementation of the Indian Tribal Justice Act (25 U.S.C. 3601 et seq.); and of which not to exceed $2,500,000 shall remain available until expended for the implementation of the Indian Child Protection and Family Violence Prevention Act (25 U.S.C. 3201 et seq.)''.

On page 43, line 1, strike ''$58,109,000'' and insert ''$51,109,000''.

Mr. GORTON. Mr. President, the majority leader is willing to accede to the evident desire of most of the Members, and I would state that under these circumstances, I guess we will ask for 1½ hours equally divided this evening on the amendment, and 30 minutes equally divided tomorrow morning before 9:30 and a vote to occur at 9:30 in the morning.

Mr. PRYOR. Thank you. In behalf of many of my colleagues, we want to thank the distinguished majority leader.

Mr. DOMENICI. Before you leave, I have not agreed to that yet. I just wanted everybody to understand this is a very important amendment. This has to do with the future of the Indian people in the United States and whether we are going to take care of them in an ordinary, reasonable way or whether we are going to give them an inordinate amount of budget cuts. So everybody knows, it is extremely important to many of us.

I will not object.

The PRESIDING OFFICER. Is there objection to the request? Without objection, it is so ordered.

Mr. GORTON. Let me, Mr. President, make my announcement in the form of a unanimous-consent agreement and add to that that no other amendments be in order.

Mr. MCCAIN. What is that request?

The PRESIDING OFFICER. It is the understanding of the Chair that there is a unanimous-consent request that there is 1½ hours of debate this evening equally divided between each side and that there will be 30 minutes of debate in the morning equally divided prior to the time of 9:30 a.m. and that no other amendments are in order during the pending of the amendment.

Is there objection? Without objection, it is so ordered.

Mr. GORTON. Mr. President, I am authorized by the majority leader to say there will be no further votes this evening and the first vote tomorrow will be at 9:30 in the morning.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, fellow Senators, I have been told more than one time as we move through a budget, as we move through appropriations, that we have a very important function as Senators, and that is to set priorities. When you are cutting budgets and restraining Government, it does not mean that you treat everything alike and that you say everything gets cut an equal amount. The purpose for our being here is to establish some kind of priority based upon either our commitments or what we think is most important.

Mr. President, I happen to come from a State—it is not a large one in terms of population. But 10 percent of the people in the State of New Mexico are native American Indians. We have 18 of the small groupings called Pueblo Indians. We have 19 Pueblos, two Apaches, and one-third of the Navajo Nation. So we have 10 percent of our population that are and have been directly related to and to a great extent dependent upon the Federal Government.

There are many who will say theyshould not be so dependent. But, Mr.

President, it is our law that says they are entitled to their tribal ways. We have treaties with them with reference to their ownership and what we are entrusted to do for them. And we have over a long period of time helped them with their government, the ordinary functions of Indian government. They do not levy any taxes. That is the way it has been for a long, long time.

We have decided only one time in modern history to try to change this relationship, one of trust and treaties. We tried for a little tiny piece of history—2 years—to say we do not want to have this kind of treaty relationship. Let us go ahead and assimilate the Indian people. After 2 years, we decided we had made a mistake, and we went back to treaties and the trust relationship between the National Government and the Indian people.

Now, I am not here saying that works perfectly well and that everything is great in Indian country. What I am suggesting is that my State is a perfect example of what is wrong with this bill that is before us. I will be the first to say Senator SLADE GORTON, as chairman of this subcommittee, with Senator BYRD as the ranking member, has done an excellent job with the resources they have. But I think they make one glaring mistake. Frankly, there may be some who will say the budget did not give us enough money. Well, that may be the case, but we did not assume in the budget resolution which passed this Senate that we were going to cut Indian programs. We said they are of the highest priority, and we assumed they would be funded at the 1995 level for many reasons. This Senate voted for that.

In my State, there are all those Indian governments that are entitled to a direct relationship as tribal governments to the U.S. Government. The State of New Mexico does not run the government in the Isleta Pueblo or Navajo country. The Indian people run it. We have a Bureau of Indian Affairs, and if ever we could find a way to make it more responsive, we ought to do that.

What happened in this bill—and I know my distinguished friend and colleague, the chairman of the subcommittee, will talk about Indian programs being reduced by 8 percent, and that is treating them as well as any other programs within the Interior Department of the United States.

The truth of the matter is that the only way you can get to that 8 percent is if you put the Indian Health Service and other Indian programs that are not within the Department of Interior into that mix.

Behind me is a chart, and it simply shows the Department of Interior—forget about Indian health which is another part of appropriations—which has the Bureau of Land Management, U.S. Fish and Wildlife, Natural Resources Science Agency, National Park Service, and so on. Just look at that, and what it will tell you very plain and simple is that the Bureau of Indian Affairs is 26.6 percent of the Department of Interior.

Mr. President, 26.6 percent of the Department of Interior is Indian affairs—27 percent. Now, just follow that line over a little bit and at what percent did they take of a cut in the Department of Interior? It is 45.6.

Let me repeat that. That is plain and simple. This is a colored pie chart. It is the Department of Interior—not Indian health, the entire Department of Interior, and the white is 27 percent Bureau of Indian Affairs. However, when it comes to cutting the Department of Interior, in this chart, it has been cut 45.6 percent.

Now, Mr. President, this part of Indian assistance and Indian programs that is being cut is all of Indian governance. It is how they govern their people on a daily basis. It is how they provide policemen and jails, how they provide juvenile courts, and all the things that an Indian government, like ours, should provide for its people.

We just cannot say, well, let them go raise taxes or do something else. It just does not happen that way. They will not have any money for these things. That is not an 8-percent cut. In the Department of Interior the Bureau of Indian Affairs is getting cut 45.6 percent when they only make up 27 percent of the Department of Interior budget. That is not right.

Now, there are only two ways to fix it. One is to say, well, let us have a lot more money for the Department of Interior, and then we will say ''and give some of that to the Indian people.''

But that is not going to happen, and I am not here asking that it happen. There is not going to be more money dropped in from Heaven, nor will the Appropriations Committee find it and send it over to this subcommittee.

So the only other thing we can do is say what are we going to put first. You prioritize. What are we going to put first? The Indian people and their daily lives and the ability to live a reasonably normal life with law enforcement, with some juvenile courts, with some of the things that you just have to have to stay alive. Or are we going to say to them you are just going to have to do without for the rest of this Department, made up of the Bureau of Land Management, U.S. Geological Survey, U.S. Fish and Wildlife Service, National Biological Service, Minerals Management Service, and the Office of the Secretary, to be funded. We must decide that we will put the Indian people on a higher priority than those Interior Department line agencies of the Federal Government.

You choose, Senators. Do you want to fund Fish and Wildlife at what we would suggest, $30 million less out of a $511 million budget, or do you want to cut the Indian programs 45.6 percent? Which do you want? Which is fair?

I submit what is fair is to put some money back into the Indian programs that I have described and take it out of

ment, which I believe under any stretch of the imagination should be second position to a primary responsibility to the Indian people and the trusts that we have with them.

So we have suggested plain and simple that we not put all the money back that was taken out because we cannot afford it. So we are suggesting that we put back $200 million and the budget authority that goes with that.

These programs that I am referring to here have actually been cut $270 million. We are going to put $200 million back, and we are taking it out of the agencies that I have just described.

We are going to hear that we just cannot do that to Fish and Wildlife; we cannot do that to the U.S. Geological Survey; and we are going to be told they have already been cut.

Mr. President, they have not been cut the amount that the Bureau of Indian Affairs programs for our Indian people have been cut.

So we are suggesting that when we are finished we take $46 million out of the Bureau of Land Management, leaving a total of $519 million; that we take $30 million out of the U.S. Fish and Wildlife, leaving $467 million; that we take $45 million out of the National Biological Service, leaving $100 million; Mineral Management Service, $55 million, leaving $157 million, and the Office of the Secretary, $7 million out of a total fund for his office, leaving $51 million.

What do we choose? Do we choose to cut those departments, those parts of the Department of Interior, or do we say to the Indian people you take the cuts; you take a 45.6-percent cut in these programs that affect the daily lives of the poorest people in America.

I am sure Senator MCCAIN will offer us a glimpse of the kind of people we are talking about, their status in life, what they are up against, what they cannot afford, what they do not have. I believe the Senate, in its ultimate wisdom and fairness, will say we had better take care of the treaty relationships, the trust relationships that we have with the Indian people across this land and the Indian people in my State. The Indian programs represent 27 percent of total Department of Interior funding. If the committee bill is adopted, BIA will suffer 45 percent of all of the Interior reductions in this bill. I do not think that is fair when many others are getting cut 8 percent, 9 percent, 7 percent, and even a couple are not getting cut at all.

I yield—how much time does Senator MCCAIN want?

Mr. MCCAIN. Fifteen minutes.

Mr. DOMENICI. I yield to Senator MCCAIN 15 minutes, then Senator INOUYE.

Mr. MCCAIN. I want to thank my friend from New Mexico for this amendment. It is a very important one. And I suggest to my colleagues that this amendment has more impact than any that I know of that we will address

this year or perhaps for years to come. Because if the Domenici amendment is rejected, it will reflect the words of the great Indian legal scholar, Felix S. Cohen, who wrote in 1953:

Like the miner's canary, the Indian marks the shift from fresh air to poison gas in our political atmosphere; and our treatment of Indians, even more than our treatment of other minorities, reflects the rise and fall in our democratic faith.

I suggest to you, Mr. President, that if we reject the Domenici amendment, it will reflect a fall in our democratic faith and an abrogation of our obligations, solemnly undertaken and solemnly violated throughout the history of this country.

Mr. President, Senator DOMENICI covered, I think, the appropriations situation. I have been doing a little research on our relations with the Indians. And I would like to quote from the CONGRESSIONAL RECORD of February 14, 1854, the remarks of Mr. Sam Houston, who represented the State of Texas. He talks about a visit of Cherokee Indians to our Nation's Capital. He says:

They presented themselves in Washington city under the auspices of the superintendent, and I was directed by the President of the United States, or by the Secretary of War, to attend at the Executive mansion upon a certain day—in 1818—I think, in March.

Upon the Indians presenting themselves to the President of the United States, he made a few remarks to them; told them he was desirous to hear what they had to say to him; that they had come a great distance to see their Great Father; that he had understood from the agent they had important communications to make and favors to ask, and that he was prepared to hear them with the greatest consideration. They represented in detail pretty much what I have given as the history of their tribes, and the circumstances under which they had become located in the far West. The President, after hearing all they had to say upon the subject, gave a reply, in which he assured them of the constancy, friendship, and protection of the Government of the United States; the consideration to which they were entitled from the fact of their having emigrated west of Arkansas at the suggestion of the President, and assured them that it entitled them to the most favorable consideration of this Government. He told them, you are now in a country where you can be happy; no white man shall ever again disturb you; the Arkansas will protect your southern boundary when you get there. You will be protected on either side; the white man shall never again encroach upon you, and you will have a great outlet to the West. As long as water flows, or glass grows upon the earth, or the sun rises to show your pathway, or you kindle your camp fires, so long shall you be protected by this Government, and never again removed from your present habitations.

Mr. President, Sam Houston went on to say:

I need not rehearse to gentlemen who are familiar with the past, the tragedies that followed, the sanguinary murders and massacres, the midnight conflagrations—these attest the inharmonious action which arose from this faithless conduct on the part of the Government or its agents. I know this may appear a very harsh assertion to make here, that our Government acts in bad faith with the Indians. I could ask one question that would excite reflection and reminiscences among gentlemen. When have they performed an honest act, or redeemed in good faith a pledge made to the Indians? Let but a single instance be shown, and I will be prepared to retract. I am not making a charge against the Government of the United States which is not applicable to all civilized Governments in relation to their aboriginal inhabitants. It is not with the intention to derogate from the purity of our national character or from the integrity of our institutions that I make the accusation; but it is because it is verified by history.

Mr. President, we made a treaty with the Apache in 1852.

Article 10:

Foreign consideration of the faithful performance over all the stipulations herein contained by the said Apache Indians, the government of the United States shall grant such Indians the donations, presents and implement and adopt such other liberal and human governors as said government may deem and meet proper. Apache Indians shall not be held responsible for the conduct of others and that the government of the United States shall so legislate an act to secure the permanent prosperity and happiness of said Indians.

That was an 1852 treaty.

Mr. President, there are lots of other treaties that I have read. So why do we not look for a minute at the condition of native Americans?

The chart, please, on tuberculosis, diabetes and alcoholism. American Indian families live below the poverty line at rates nearly three times the national average. Nearly one of every three native Americans lives below the poverty line. One-half of all Indian children on reservations under the age of 6 are living in poverty.

On average, Indian families earn less than two-thirds the incomes of non-Indian families. As these statistics indicate, poverty in Indian country is an everyday reality that pervades every aspect of Indian life. In this country we pride ourselves on our ability to provide homes for our loved ones. But in Indian country a good, safe home is a rare commodity.

There are approximately 90,000 Indian families in Indian country who are homeless or underhoused. Nearly one in five Indian homes on the reservation are classified as severely overcrowded. One-third are overcrowded. One out of every five Indian homes lacks adequate plumbing facilities. Simple conveniences that the rest of us take for granted remain out of the grasp of many Indian families.

Indians suffer from diabetes at 2½ times the national rate. Indian children suffer the awful effects of fetal alcohol syndrome at rates far exceeding the national average. Perhaps most shocking of all, Indian youth between the age of 5 and 14 years of age commit suicide at twice the national rate. The suicide rate for Indians between the ages of 15 and 24 is nearly three times the national rate.

Mr. President, I cannot justify those numbers. I cannot account for a lot of it. I would like to look at just this chart here that shows the percent of related children under 6 with income below the poverty line in 1989. In the United States it is about 20 percent; at the Pine Ridge Oglala Reservation, 73 percent. At the Quileute Reservation in the State of Washington, it was 81 percent. At San Carlos Apache—they were the best off—they were 69 percent.

Mr. President, these cuts are harsh. They are disproportionately deep, as the Senator from New Mexico has pointed out. Forty-seven percent of the cuts proposed are applied to Indian programs, Indian programs. Yet in fiscal year 1995, Indians account for 27 percent of the total Interior Department budget.

Mr. President, I want to point out another aspect here. The Senator from New Mexico, my dear friend from Hawaii, and I have worked on these issues of native Americans for many years. It does not get a lot of attention. I have never seen a headline about an Indian issue unless it was the tragedy at Wounded Knee. I have never seen people write or call particularly about native American issues, although since Indian gaming has been on the rise, it certainly has gotten a lot of attention.

But I have to say in all candor, Mr. President, I have not seen a lot of Americans who are concerned about the fact that 80 percent of the children at the Quileute Reservation are below the poverty line. And what the Senator from Hawaii, as chairman of the Indian Affairs Committee, and I and the Senator from New Mexico, the chairman of the Budget Committee, have tried to do, with help from others, is we have tried to emphasize that we believe the answer is Indian self-determination and Indian self-governance. Ten cents out of every dollar from the Bureau of Indian Affairs actually ends up in the pocket of an Indian.

Our entire effort literally has been to respect these treaties, these treaties that I just read that treat native Americans in a government-to-government relationship and give the money to the tribes to dispose of as they see best for the members of these tribes.

Where do the majority of these cuts come from? Exactly those programs. Exactly those programs that we have been trying to push all these years.

Mr. President, I do not know what is going to happen to native Americans if we implement these cuts. I guess they will survive. I guess there will be the kind of situations that we have seen throughout the last 200-some years of our Nation's history. I guess there will be higher fetal alcohol syndrome rates, higher suicide rates, more homelessness. There are places on reservations in my State where Indian people already live in holes in the ground. I am not sure that those holes could be much worse.

But I do know that over the last approximately 10 years, we have seen improvements in the Indian country. We

have seen it for a broad variety of reasons, including educated native Americans assuming positions in their government, including a better and perhaps more understanding treatment on the part of the Federal Government and the Congress.

But if these cuts are enacted, I have no doubt—and I speak from 12 years of dealing with native American issues—I have no doubt that conditions will rapidly become far more appalling and disgraceful than they are today.

Felix Cohen, I think, said it far better than I could: The gauge of how we view our society is directly related to our treatment of native Americans.

There is not a powerful lobby of native Americans in Washington. There is not a lot of impact of even the native American gaming tribes. People who come to Washington from time to time and visit Senator INOUYE, me, Senator DOMENICI, they cannot understand why it is that, when their forefathers signed a solemn treaty with our Government, that we find it impossible to find it in us to provide them with what we promised them.

Relations between the aboriginal tribes, as was stated by Sam Houston—although I would not use those words—but no doubt the relations between native Americans and non-Indians have been complex, and the reasons why some of the things have happened are not entirely the fault of the non-Indians.

But I suggest to you, Mr. President, that somewhere in our zeal to cut the budget, to reduce this $5 trillion debt that we have laid on future generations of Americans, I think we have forgotten our obligations. Should there be reductions in Indian programs? Yes, should it be to the tune of 28 percent of their programs? I do not think so.

I believe that what we do in our vote tomorrow around 9:30 will determine to a significant degree how history judges this Congress.

Mr. President, I hope that we will look at this amendment in that fashion and that we will support the amendment of the Senator from New Mexico.

I reserve the remainder of my time for the Senator from New Mexico.

The PRESIDING OFFICER (Mr. FRIST). Who yields time?

Mr. DOMENICI. Senator INOUYE wants 15 minutes.

Mr. INOUYE. Yes.

Mr. DOMENICI. I yield 15 minutes to Senator INOUYE.

The PRESIDING OFFICER. The Senator has 18 minutes remaining. The Senator from Hawaii.

Mr. INOUYE. Mr. President, 200 years ago when our Founding Fathers were engaged in the formation of this great Nation of ours, they gave much thought to the relationship of the new country and Indian Nations. And if one should read the debates of the Continental Congress and look at the Constitution, you will note that our Founding Fathers recognized the sovereignty of the Indian tribes and reserved for the Congress of the United States plenary authority over the conduct of relations with Indians.

Sometime later, following the so-called Indian wars, this Nation of ours entered into treaties with Indian Nations. We, Members of the U.S. Senate, are responsible for ratification of these treaties. History shows that there were 800 treaties entered into between the Presidents of the United States, representing our country, and the heads of the Nations of Indians.

Of the 800 treaties, Mr. President, history tells us that 430 were ignored by this body—they are still in the files—370 were ratified, and of those 370, every one was violated. We have a perfect score.

These treaties, as my colleagues from New Mexico and Arizona have stated, were eloquent documents. They spoke of the sun rising in the east and setting in the west, and when the waters flow from the mountains to the rivers, for as long as this happens, this land is yours. And these treaties promised the Indians 550 million acres. The circumstances of history now cause the remainder of 15. What happened to the 500 million acres?

But for these treaties, these Indians made a downpayment to our country. They paid for their health, education and their survival.

One would think that after such treatment that they would hate this country. To the contrary, Mr. President. In 25 days, the people of this Nation will pause briefly to observe the end of World War II. On September 2, 50 years ago, the Japanese surrendered. I think we should recall that in all the wars of this century, on a per capita basis, more native American Indians put on the uniform of the United States Government than any other ethnic group. More of them stood forward and said, ''We are willing to shed our blood and give up our lives for the people of the United States.''

So these people have paid their dues. The ceding to this Nation of their lands, this whole Nation, represents an unprecedented and still unequaled consideration for the obligations that this Government of ours assumed for the protection of lands and resources, provision of health care, education and the guarantee of permanent homelands.

It is this prepayment in the form of lands which present-day value far exceeds the national debt and the commitments that were made in exchange for these lands that are so easily either forgotten or discounted in contemporary times when there are competing priorities for diminishing resources.

But as my colleagues from New Mexico and Arizona have stated, ours is much more than a moral obligation, as the U.S. Supreme Court has repeatedly and consistently underscored over the years. Ours is no less than a legal obligation of the highest order, for their is no other group of American citizens for whom the United States has assumed a trust responsibility or legal relationship of this special nature. There is also no other group of Americans that have been forcibly removed from their aboriginal homelands and placed on reservations on some of the most desolate lands in the country. And there is probably no other group of Americans whose lives are more directly affected by the actions and inactions of our Government.

We are not here to undo the history of misery and deception. But we are hoping that, by the action of this Senate, we will not compound this history. I just hope that my colleagues will join my distinguished friends from Arizona and New Mexico to, in some small manner, undo some of the wrongs that we have committed.

Mr. President, my colleague from Arizona cited important statistics. The managers of this bill will undoubtedly tell the Senate that, overall, Indian programs were cut by only 8 percent. There are two major accounts. One is the Bureau of Indian Affairs, the other the Indian Health Service. In the Indian Health Service, for very good reason, they increase the amount not to the amount the administration recommended, which was much more, but nevertheless increased it, because the health statistics are such that even a Third World country would be embarrassed to repeat them.

As a U.S. Senator, I stand before you, Mr. President, embarrassed to recite these numbers. The mortality rate from tuberculosis among Indians is 400 times the national average; the mortality rate from alcoholism is 332 times the national average; the diabetes-associated mortality rates among the Indians are 139 times the national average; the mortality rate from pneumonia and influenza is 44 times the national average; and as my friend from Arizona indicated, the mortality rate from suicide exceeded the national average by 28 percent.

I had the opportunity to visit Alaska on three occasions. On two of these occasions, I went beyond the Arctic circle. There was one village that I was not able to visit because I was told by the authorities that this village was quarantined because 92 percent of the citizens of that village had hepatitis. This is in the United States, Mr. President. I was also told that, in Alaska, for young men between the ages of 20 and 23, the suicide rate was 14 times the national average.

Something is wrong. We must do something to bring down these statistics. Quite recently, as chairman of the Indian Affairs Committee, I visited Indian land, and I was horrified to see the health conditions. In a clinic, I saw an x ray machine. I looked at the machine, and this was a World War II vintage x ray machine. I called upon the U.S. Army to look around their inventory to see if they had any spare ones and, yes, they had a few spare ones, so they took it to this clinic. But then they called me back and said, ''We cannot install this because the room there

is not appropriately guarded by lead walls.'' In this clinic, an x ray machine was operating next to the dental clinic with just a one-inch wall separating the two rooms. I am just wondering how many children who got dental treatment there are now suffering from x ray radiation.

Mr. President, there are many more statistics, but I find it very difficult to go through them because it is painful. But I hope that in our vote we will try to undo some of this pain and misery. We owe the Indians. They paid for this.

My final thought: Anthropologists tell us that at the time of the coming of Columbus, there were approximately 50 million Indians living in what we now call the 48 States. At the end of the Indian wars, just prior to the treaty period, there remained in the 48 States approximately 250,000. We nearly succeeded in wiping out the Indians. If we do not amend this measure, we may succeed.

So, Mr. President, let us not compound the misery we have thrown upon the Indians. Let us, for once, do what is right and support this amendment.

Thank you very much.

Mr. KYL. Mr. President, as a cosponsor of this amendment, which was offered by the Senator from New Mexico, PETE DOMENICI, I rise in strong support of the effort to restore funding to critical tribal government accounts.

Mr. President, I want to refer for a moment to the Budget Committee's report on the budget resolution because I believe it goes directly to the heart of the issue at hand:

> The Committee recognizes the unique trust relationship between the U.S. government and the nation's Indian tribes and pueblos. That trust relationship is based upon a government-to-government principle embodied in treaties and subsequent actions by both the Executive and Legislative Branches of Government, and the courts. The Committee acknowledges this trust relationship, and assumes that programs serving Native Americans through the Bureau of Indian Affairs will be given priority consideration for ongoing federal support.

I want to emphasize a few points made by our Budget Committee, because we are not talking just about shifting priorities within an appropriations bill—although the Appropriations Committee has every right to do that. We are talking about something more fundamental: A trust relationship which finds its roots in treaties, and in actions taken by the President, the Congress, and the courts. It is a trust relationship that the Senate acknowledged when it passed the budget resolution back in May, and that did not go unnoticed among Indian people. Indian people looked to the budget resolution as an indication of Congress' commitment to their needs and concerns. We ought to affirm what we said just 3 months ago in the budget resolution and pass the Domenici amendment today.

Mr. President, the reductions the committee has proposed affect one of the most vulnerable populations in the country. The committee bill would cut funding for basic governmental and social service programs on Indian reservations, including child abuse prevention and tribal court enhancement programs. These are programs that should be funded first, not cut first.

The poverty rate on the Pascua Yaqui Reservation in Arizona is in excess of 62 percent. More than 33 percent are unemployed. The poverty rate on the Gila River Indian community is more than 64 percent. More than 30 percent are unemployed. On the Navajo Reservation, unemployment is more than 30 percent and 56 percent live in poverty. The figures are staggering and they go on and on.

These are communities that need more help, not less. At the very least, funding for essential services should not be reduced.

This amendment changes priorities; it does not add to the deficit or impede progress toward a balanced budget. The additional spending on Indian programs would be fully offset by cuts in our Interior Department accounts. All we are saying here is that Indian programs are of higher priority.

Mr. President, I urge my colleagues to support the Domenici amendment.

Mr. GORTON. Mr. President, how much time remains?

The PRESIDING OFFICER. There are 6 minutes, 42 seconds.

Mr. GORTON. And for the proponents of the bill?

The PRESIDING OFFICER. There are 45 minutes.

Mr. DOMENICI addressed the Chair.

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

Mr. DOMENICI. Mr. President, I will take 1 minute. I would be remiss if I did not thank Senator GORTON and Senator BYRD for the Indian health portion of this bill because, essentially, there is no other health care for the Indian people if it is not Indian health. They have at least seen to it that the Indian Health Service is not being cut. I thank them personally for that. We have had very serious problems with this administration about Indian health.

One final comment. If you look just at the Department of the Interior, not Indian health, just the Department of the Interior, you will find that the Indian programs therein were cut 45.6 percent, and that is the issue we are talking about. BIA represents 27 percent of the total funding within the Department of the Interior, but it was cut 45.6 percent in this bill. Overall, Indian programs were not cut that much when you include the Indian Health Service and other Indian programs in this bill. We are not even restoring all of that funding in this amendment.

I do not believe the Indian people are going to make it through the next winter and the next summer if they are cut this much in their daily programs for justice, juvenile homes, the day-to-day government that each of the tribes and pueblos have. For that reason, I am very worried, and that is why I brought the amendment to the Senate.

I yield the floor at this point.

The PRESIDING OFFICER. Who yields time?

Mr. GORTON. Mr. President?

The PRESIDING OFFICER. Does the Senator from Washington wish to use his time in opposition?

Mr. GORTON. Yes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. GORTON. Mr. President, I find much not only to commend but to agree with in the eloquent statements of my three colleagues from New Mexico, Arizona, and Hawaii. I most particularly want to agree with the opening statements of the Senator from New Mexico with respect to the fact that this bill, as is the case with every other bill, must set priorities, and that it would be entirely inappropriate simply to take every program funded in 1995 and reduce it by an identical percentage.

This is particularly difficult in connection with the appropriations for the Department of the Interior, because more, perhaps, than most others, we, the Congress, are the sole source of moneys—or almost the sole source of moneys for many of the programs which are included within the Department.

Because this Department, together with the Forest Service, owns and must manage for all practical purposes, all of the real property of the United States. We are not dealing with a responsibility that we can lightly brush off or abandon.

However, I part company with my friend from New Mexico and my other opponents on this side when they paint the type of picture that they presented about reductions in the appropriations for the Bureau of Indian Affairs.

The appropriations for that Bureau amount, Mr. President, to only one-third of all of the moneys devoted to Indian programs in this country. It is almost as if during the debate earlier today on welfare one of these Senators had said, ''You are reducing aid to those most needy in our society by cutting AFDC by a given percent,'' and ignoring Medicaid, other forms of health care, food stamps, and all of the other panoply of social programs.

It is almost like saying if we cut the appropriations for the U.S. Army by one-third we would be reducing the defense budget by one-third. That simply, Mr. President, is not the picture.

The Senator from New Mexico has pointed out that we did not only not reduce or cut the Indian Health Service, in fact, it is, I believe, the only program of significant size in this entire budget bill that has an increase as modest as it is, and that the education programs which fall within the jurisdiction of this committee are kept almost dead even.

When we deal with the Indian programs that are within the jurisdiction

of this committee, the reduction is 8 percent from what was appropriated after the rescissions bill for Indian programs, a smaller reduction, Mr. President, than the overall loss in the bill, which is 11 percent. With few exceptions, every other program in this bill already has a greater reduction than the Indian programs covered by this bill.

Mr. President, even that does not approach the amount of money appropriated for Indian or for Native American affairs, because this bill itself accounts for only two-thirds of those moneys.

If we look at the President's budget, because these other appropriations bills have not yet passed, the President's budget includes $356 million in the Department of Agriculture, $20 million in the Army Corps of Engineers, $5 million in the Department of Commerce, $470 million in the Department of Education, $214 million in the Department of Health and Human Services, $485 million in the Department of Housing and Urban Development, $4 million in the Department of Justice, $200 million in the Department of Transportation, and $85 million in the Environmental Protection Agency, for a total of $1.842 billion.

Now, if you were to add that figure, even discounted to the total in the Department of Interior, we would end up with an overall reduction for Indian programs of approximately 5 percent.

Mr. President, there are going to be few, if any, other proposals on the domestic side of this budget this year which are not hit harder than this one hits.

Mr. President, we can deal with this question as a matter of internal priorities or I suppose we can deal with this question from a deeper philosophical level of the impact of all of these programs.

The Senator from Arizona spoke of the goals of Indian policy as being self-determination and self-governance.

Now, nothing in this bill undercuts the right of self-determination or of self-governance.

The third phrase that the Senator from Arizona missed was independence—an ending of a dependency more than a century long on programs of this nature.

Mr. DOMENICI. Mr. President, will the Senator yield?

Mr. GORTON. I am happy to yield to the Senator.

Mr. DOMENICI. Senator, I heard you say nothing in this bill in any way infringes upon Indian self-determination and governance; do you remember your exact words?

Mr. GORTON. Yes.

Mr. DOMENICI. Senator, would it not strike you if you take 27 percent of the money that is used to run the Indian governments day by day, that whether you have substantively or policywise changed the relationship or not you have made it so they cannot function?

Mr. GORTON. My answer to that question is a very simple answer.

The Senator from New Mexico as the chairman of the Budget Committee does not feel that by reducing the President's budget for all of the activities of the Federal Government by many billions of dollars, he reduces the ability of the American people to self-government or self-determination.

The ability of these tribes to govern themselves is not affected by the amount of money they are given by us.

Continuing, the third self which the Senator from Arizona omitted and the Senator from New Mexico omitted, is self-sufficiency. Other local governments in the United States are primarily responsible for financing the activities in which they engage.

As the Senator from New Mexico so eloquently said, Indian tribes do not levy taxes on their Members. This is not a function of poverty. They do not levy taxes on those who are doing well. These programs, the other programs which I have outlined, provide housing—not provided to most other Americans —provide health care without any contribution—not provided to most other Americans. This entire panoply of activities. I know because I have heard these debates before, and a major goal of these policies is to create a degree of self-sufficiency.

Yet, earlier in the debate over this bill when we asked that there be some kind of means testing for the distribution of money from the Bureau of Indian Affairs to tribes that would reflect the fact that some have incomes from natural resources and some have income from gambling, that proposition was anathema to those on the Committee on Indian Affairs. Because that was a substantive decision, we abandoned it.

Mr. President, if there is one thing on which we all agree, it can certainly be the proposition that the policies so eloquently defended here by my three colleagues have clearly not even begun us on the road to self-sufficiency.

It is strange how many different hats we can wear and not relate those subjects to one another. Until 4 o'clock this afternoon we were debating welfare reform. While there are profound differences among Members on both sides of the aisle, I think within the membership on each side of the aisle, one of the areas on which I heard no differences between the two parties even was the proposition that welfare should be temporary; that for many or most people there should not be more than 5 years, with certain exceptions during which individuals were entitled to welfare programs. And yet these programs, these programs are all forever. They are all forever. The psychology that people should be encouraged to engage in individual self-determination and self-sufficiency is absolutely absent.

While it really is not an appropriate part of this debate, which is only on an appropriations bill and not on substance, it would seem to me that, as we are required to examine what a national welfare system has done to the people who are its supposed beneficiaries, it is long past time that we should examine whether or not a system of permanent dependency on the Federal Government—what kind of effect it has had on its so-called beneficiaries and whether or not many of these pathologies are not contributed to by the very programs that are being defended here.

But, as I say, that is not necessarily appropriate for this debate. What is appropriate for this debate are really two factors. One, Indian programs taken as a whole have not only not been singled out for discriminatory treatment, they have been treated considerably more generously than other programs within this appropriations bill. And when we add to them appropriations which will inevitably come through other appropriations bills not dealt with so far, they will end up overall being fairly close to even.

So, to concentrate on one line in this proposal, for one significant but not overwhelming part of the way in which this Government subsidizes Indian individuals and Indian tribes, is to be disingenuous if we are to look at the degree of support which is being provided to this group of citizens in the United States. It is, in comparison with the budget which has been provided for us by the Senator from New Mexico, extremely generous.

Now, where does the money come from? This is a big amendment in this bill. This is $200 million to be placed back in the Bureau of Indian Affairs so that, overall, Indian activities within this bill are almost held even while everything else goes down very, very significantly.

Mr. President, if we ended up with a bill that went to the President and was signed by the President with these reductions in it, what would happen to the responsibilities we have for the property that is held, effectively, in trust for all of the people of the United States, in our National Park System and our wildlife refuges, by our Bureau of Land Management?

Mr. President, I do not have to guess as to that. These organizations have told us what will take place. I can simply read with respect to the Fish and Wildlife Service. Our bill includes $41 million less for the Fish and Wildlife Service than the President's requested level. This $30 million reduction, according to the Service itself, would shut down or dramatically scale back major operating programs that benefit all Americans.

With a cut of this magnitude, Fish and Wildlife would have to close as many as 50 heavily visited national wildlife refuges: two in the State of Alaska, Kenai and Tetlin; one in Arizona, White River in Felsenthal, AR; Sacramento and San Francisco Bay, California; four in the State of Florida; Okefenokee in Georgia; Crab Orchard

in Illinois; Desoto on Walnut Creek in Iowa; Quivera and Kirwin in Kansas; Sabine and Cameron Prairie and Tensas, in Louisiana; Minnesota Valley in Minnesota; two in Mississippi; two in Missouri; two in Montana, two in Nevada; three in New Jersey; three in New Mexico, three in North Carolina; one in Oklahoma; three in Oregon; three in South Carolina; Hatchee in Tennessee; Mr. President, five in Texas; one in Utah, one in Virginia; four in Washington; one in Wyoming; and waterfowl production areas in five other upper Midwest States.

Recreation programs at other refuges, including hunting, fishing and outdoor education, would be reduced or eliminated to preserve funds for habitat protection or improvement. Closure of 20 hatcheries would impact the Fish and Wildlife ability to restore populations of sport and commercial fisheries in both the Atlantic and Pacific Northwest.

And so on. The total economic benefits generated from shipments of wildlife imported and exported from the United States are $800 million a year. The Bureau of Land Management has already been reduced by $50 million from the President's proposal. This, according to BLM, would force it to shut down services to a wide array of public land users, including mineral extraction—on which we had a long debate and votes earlier this evening—livestock, timber, recreational users, hunters and fishermen.

Mr. President, the list of closures of enterprises of the Geological Survey fall into the same category. There are more than a dozen such closures which would result. And in every case, these are responsibilities which are undertaken by the Federal Government on behalf of, not one group of Americans, but all Americans. And in the case of the two land management agencies, they are, in fact, areas in which we own and must manage the lands of the United States. And, very bluntly, they would be devastated by this amendment.

In fact, I am certain, if this amendment were agreed to, the Senator from West Virginia and I would not be able, in a conference committee—would not wish, in a conference committee—to keep these reductions. What we would have to do would be to spread them out over all of the other responsibilities through the National Park Service and the National Forest Service. Bluntly, it would include almost all of the construction and land acquisition projects which Members have asked and have received from the Senator from West Virginia and myself, most of which are not included in the House bill.

Mr. President, we do have a very real responsibility. We have a responsibility for all of the agencies of the Department of the Interior, for the Forest Service, part responsibility for the Department of Energy, and for the cultural institutions of the United States. It has been neither an easy nor a pleasant task to determine where and how we can reduce those appropriations by $1.5 billion.

I started my remarks this afternoon with the point that we have $1.5 billion less to spend in the next year than we do in this year. About 20 percent of that money, $300 million or so of that $1.5 billion, has been taken from Indian programs within this field of responsibility. That is a smaller share of what they are receiving this year than it is for the entire balance of this appropriations bill. This is not only not a discriminatory reduction, it is a less-than-average reduction.

It is a less than average reduction in an area in which we have protected the most important functions of health care and of education, and not impacted the rights of Indian tribes to make decisions for themselves but in effect has said what is absolutely inevitable. Again I find it curious in the debate with my friend—perhaps my closest friend in the U.S. Senate, the Senator from New Mexico, who chairs the Budget Committee, on which the Presiding Officer and I serve—who has told us, and caused us to pass a budget resolution which will call for reducing expenditures in all of these areas, not just for one year but for 7, which will inevitably result in reductions like this, and many feel that somehow or another we can protect this field, and only this field, from such reduction and not ask for even a quite proportional contribution from Indian groups and a beginning of a movement on their part from the dependency to independence, to self-support for at least the governmental functions which they carry out themselves.

This is a fair proposal, Mr. President, in its present form. It saves the most important Indian programs. It reflects the fact that Indian programs and other appropriations bills are likely to save even perhaps the increase. It reduces other elements in this bill by more than it does in Indian programs themselves. But it protects those functions from any cuts at all over which we have full 100 percent responsibility, such as the operations of the National Park Service and the cultural institutions of this city which are a part of the responsibility of this Congress. And those are the only areas other than Indian health which are not reduced in this bill.

Mr. President, to adopt this amendment is to breach a trust. It is to breach the trust which we have imposed on the Government of the United States properly to manage its millions of acres of public domain for all of the people to provide recreational activities, to provide scientific research, to provide for the use of our natural resources. And these reductions in this bill will gut our natural science through the biological service; through the geological service; will gut our ability to manage our wildlife refuges and our land management lands, and will severely impact on the ability of the American people to enjoy those lands and to use them for recreational purposes.

Mr. President, the amendment should be rejected.

Mr. BYRD. Mr. President, will the Senator yield 10 minutes?

Mr. GORTON. The Senator will yield whatever amount of time my colleague wishes.

The PRESIDING OFFICER. There are 19 minutes remaining in opposition.

The Senator from West Virginia.

Mr. BYRD. I thank my friend. I thank the Chair.

Mr. President, I fully support the case that has been so ably expressed against the amendment by the distinguished Senator from Washington [Mr. GORTON]. I cannot improve upon it. As a matter of fact, I could not equal it.

The amendment proposes to reduce over $200 million from various accounts in the Interior appropriations bill as reported by the Senate Appropriations Committee in order to put money into the Bureau of Indian Affairs.

The effect of this amendment is to impose greater reductions on programs in the bill which have already been introduced in order to restore funding to the Bureau of Indian Affairs. The intention of the amendment is to insulate the Bureau of Indian Affairs from the reductions necessitated by the budget resolution and the drive for a balanced budget.

I appreciate the concerns of the sponsors of this amendment about the effects of this Interior bill on the BIA programs. However, I must remind all Senators that the Indian programs consumed about 30 percent of the total resources of the Interior bill.

In the recommendations pending before the Senate today, the committee has protected the critical functions of education for Indian children, health care for Indian people, fulfillment of legislative payments due to settlement of land and water claims of Indian tribes, and protection of the core trust responsibilities for Native Americans.

The reductions in Indian programs are directed at tribal government. Just as we are expecting the Federal Government to downsize and do more with less, so too must tribal governments. This is not to suggest that what the tribes use their funds for is not important. Rather, it is yet another example of what gets affected when discretionary spending is reduced. And we have not seen anything yet. Just wait until next year.

As indicated when we began debate on this measure, this appropriations bill is funded $1.1 billion below the fiscal year 1995 enacted level. I will repeat—$1.1 billion below last year.

The only way to comply with the allocation assigned to this subcommittee was to engage in spending cuts. The subcommittee sought to be responsive to the variety of demands for the programs in this bill. There were well over 1,000 requests submitted by Senators for items to be funded in this bill. The

vast majority of these were for items in the natural resource accounts, particularly land acquisition and construction. It was not possible to protect any account fully and still advance many important projects brought to the subcommittee for consideration.

Mr. President, the types of reductions imposed by this bill are the consequence of the bottom line of the budget resolution. While the assumptions of the budget resolution are not binding on the Appropriations Committee, the bottom line for discretionary spending is very binding—very binding—unless 60 Senators wish to waive the Budget Act and allow an appropriations bill to exceed its 602(b) allocation.

In considering the allocation of the domestic discretionary spending category amongst the various appropriations subcommittees, the Interior subcommittee was fortunate in that the allocations from the full committee did not track the budget resolution dollar for dollar. Had that occurred the cuts in this bill would have been even greater. The budget resolution would have assigned an allocation to this subcommittee that would have been $443 million less than that currently in place for the Interior bill.

Mr. President, the sponsors of the amendment may contend that the budget resolution would not have imposed these types of reductions in the Bureau of Indian Affairs, and that may be true. But let me describe for Senators just some of the things that the budget resolution would have done that this subcommittee chose to handle differently.

The budget resolution assumptions rejected every single land acquisition project—not just for this year but for the outyears as well; not a reduced land acquisition program, but an outright termination of the program.

In response to Senators, Senator GORTON and I chose to fund a limited yet responsible land acquisition program. In order to do this we had to take cuts in other areas.

The budget resolution assumptions would have reduced energy programs in this bill in half, and this would mean even greater cuts than those recommended in areas such as grants for home energy weatherization for the low income and the elderly, energy efficiency improvements in buildings, natural gas research and development programs, including those for high-efficiency turbine systems and fuel cells, and development into alternative fuel systems for vehicles and other applications.

The committee opted to put all of these programs on a declining path but to do so in an orderly fashion so that investments would not be wasted, investments today.

For those who think that the bill has not done enough to stabilize the timber supply program and the natural forest system lands, the budget resolution would have imposed greater cuts on the Forest Service accounts than the 22 percent cut already taken in the committee's recommendation. The budget resolution assumptions would have imposed a reduction of $68 million on the National Biological Service, as compared to the $27 million cut recommended by the committee. The committee's action, however, preserves ongoing operations at longstanding facilities in Ann Arbor, MI; La Crosse, WI; Jamestown, ND; Lafayette, LA; Gainesville, FL; Columbia, Missouri; Anchorage, AK; and, yes, Leetown, WV; and Seattle, WA. At the funding level for NBS in the House bill, all of these facilities would be affected by closure.

So, Mr. President, the subcommittee opted to distribute the cuts mandated by the budget resolution in a different fashion. Had we exempted 30 percent of the bill from any consideration of spending cuts, the ramifications would have been even greater elsewhere.

The committee recommendations include an 8 percent reduction in Indian program funding. By comparison, natural resource programs for the land managing agencies are reduced by 14 percent. The Department of Energy, which makes up a far smaller portion of the bill than the Indian programs, was reduced by 10 percent. The cultural programs that make up just 6 percent of the bill are reduced by 15 percent. Thus, the 8 percent reduction for Indian programs is not disproportionate in the context of a declining budget.

Senators should remember that the committee's recommendations protect Indian health care services, education, and trust responsibilities. This bill funds recently authorized negotiated settlements at a time when many other authorizations for other programs are unable to be funded. Reductions are imposed on the Indian programs just as they are imposed on nearly every program in this bill.

Mr. President, I have listened to the words of my distinguished friends who are sponsors of this amendment. They make a good case. And I sympathize very much with what they have said. This is one of the disagreeable responsibilities that we have to fulfill in this body, opposing the Senators who are our friends, who make a good case for the cause which they are presenting.

It is a situation that we are going to find more and more disagreeable as we go along by virtue of the fact to a considerable degree we are being asked to increase military funding by $7 billion over and above the President's request. But it is going to come out of the hide of domestic discretionary spending. There is no way to divide this child between those, on the one hand, who make a justifiable plea for this or that or the other cause and, on the other hand, be fair, intemperate and respond favorably to those on the other side in a given situation.

I share 32 years with my friend, the Senator from Hawaii—32 years. Never have we had a disagreement, never have we had an angry or heated exchange on this floor or in any committee or subcommittee. I have many friends in this body on both sides of the aisle, and he is one of my very, very best and one whom I greatly admire. If there is a friend in this body of the American Indian—and there are many friends—the distinguished and able Senator from Hawaii [Mr. INOUYE] is that true friend. So I find it very disagreeable to myself to have to oppose his position on this amendment.

My friend, the Senator from New Mexico, is one of the brightest Senators in this body. His intellect I admire greatly. His effectiveness is unexcelled. He, too, is my friend, and I find it difficult to take a stand against the position he has proposed.

The distinguished Senator from Arizona is a true patriot, and his demonstration of patriotism is repeated many times and it is unassailable. He is a dedicated Senator. He does his homework well, and I have great admiration for him. But in closing, I must say that we do have to make a choice. I think the distinguished manager of this bill has been fair. He has been reasonable. He has done the best that he could do with what he has with which to do. I support him fully in taking the position in opposition to the amendment, and I do so, as I say, apologetically to my dear friends who have made their case, but I think we can only do so much with what we have.

The Senator from Washington has weighed the pros and cons in the balance, and when Senators consider what is in the bill and also what the committee has had with which to spread the funds among the various agencies—and there are 40 agencies involved in this bill—plus the fact that, as the distinguished Senator from Washington has said, when we add a little here for this amendment, we have to take a little away from somebody else, from some other Americans—I hope Senators will take a look at how their States will be affected if this amendment is adopted. I believe we will find that 12 States will gain in BIA funds while 38 States will lose to one degree or another. That is just the way we have to face up to this situation. And this is not the only time we are going to have to make this kind of choice. It is going to be thrust upon us repeatedly in the days ahead. We might as well kind of get used to it.

So I salute my friends for doing what they think is right. Senator GORTON and I, I am sure, would like nothing better than to be able to accede to this request, but we also have a responsibility toward other programs, toward other Americans as well as the Native Americans, and we have tried to discharge that responsibility to the best of our ability.

I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. What is the time situation?

The PRESIDING OFFICER. The Senator from New Mexico has 5 minutes and 13 seconds. And the Senator from Washington has 3 minutes, 9 seconds.

Mr. DOMENICI. Would Senator INOUYE like half the time?

Mr. President, we get 5 minutes each tomorrow. I am hopeful in this case that even though there are not so many Senators in the Chamber, that between this evening and tomorrow Senators will have had a chance to listen. I very much appreciate the arguments of those who are opposed to us and without using a lot of time, let me just suggest that they are both held in high esteem by this Senator.

But, Mr. President, it is too bad that the Indian people of the United States do not reside in cities like Seattle, WA, Albuquerque, NM, Milwaukee, WI and others. They really live in tiny places like Taos, Zia, Mescalero, San Juan, and hundreds of little places.

I say to Senators, if this is a case where you are going to look in your own back yard and say, ''If I'm going to lose a little bit of the fish and wildlife activities in my State, I am not going to help the Indian people.'' Or I regret to say, if the Senators choose to say, ''The Indian people are only in 12 States, therefore, if we give them anymore money, 38 States lose something.''

I know my friend did not mean that we ought to approach the Indian problems of America that way. I must say, however, that I cannot create demographics. All I do is represent the Indian people of my State and wherever they may be across the Nation. Native Americans just do not happen to be in every State.

I submit we are not going to spend anymore time on this. From this list the Fish and Wildlife Service gave you, I only wrote down one note, Senator GORTON. Given that one long list of wildlife refuges that they are going to close, do they do anything else? What does the rest of the money go for? Maybe they ought to leave the refuges open and cut something else. We get this every time we talk to the Department of Interior. Last time we talked about parks we had park rangers having press conferences, talking about how many parks were going to be closed. They could not know how many parks were going to be closed until this bill passes. They do not know if any parks are going to close at all. It happens there are not going to be any because of the way the bill was handled. Two months ago the national monument syndrome had spread to every national park with Federal officials holding meetings, calling people. I do not know how many hundreds of these parks were going to be closed according to the administration.

I admit, Mr. President, that when you take 46 percent out of the total Department of Interior reductions that will come out of local tribal programs, I cannot stand up here and tell you that it is a fish and wildlife refuge. I cannot even tell you that it is a fish hatchery. I can tell you that it is a small group of people and their local government. If somebody says here today, ''Well, government is getting cut everywhere.'' I do not know about that, but I can tell you in my State, the Indian Pueblos, and their government's money will get cut. Now for those who say America's narrowing down its government, making it smaller. Are we making it significantly smaller in one fell swoop? I cannot even tell you as eloquently as my friend, Senator GORTON did, what precisely will be affected.

But let me tell you, the programs are the government operations of Indian tribes and Indian reservations across America, general assistance to individuals and families whose incomes are below current State standards, child welfare programs run by the tribes that provide assistance to abandoned or neglected children, programs to prevent the separation of families, again run by the tribes, law enforcement run by the tribes to have some law and civility in these villages where so much crime is coming and so much drunkenness, and, yes, even suicide going rampant across Indian country, fire protection for the Indian villages, maintenance of 20 million miles of roads, most of which are not even good enough to travel on.

For each one of those governments across this land that is a pretty healthy cut.

Now, somebody might say, ''Would you cut some other Indian program and pay for these?'' Well, let me suggest tonight the issue is, do we send this bill out of this Chamber significantly reducing the Indian government money, the local tribal programs or do we not? That is the issue.

I submit we should not. And I submit—

I ask that I have one additional minute, Mr. President.

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

Mr. DOMENICI. I submit that if the line agencies of our Government have to be restrained in order to help the Indian people, who are in a state of crisis, so be it. I am ready to go home and say, ''Yes. We had to save Indian programs. Fish and Wildlife Service, you get less money.'' We had to say to the USGS, ''Yes. You get less money,'' and the others that I mentioned, the 6 agencies or so that we have to reduce.

Now, if they go to conference and want to reduce everything in this budget rather than just those five or six agencies, that is up to the conferees. Then it is up to the Senate and the House if they want to vote for that later on. The issue now is very, very simple. Return $200 million to the tribal programs to do what I have just described, and take it out of the line agencies of Federal Government that I have described here tonight. I, frankly, believe it is the right thing to do. What will come of it after that? We will just have to wait an see.

I yield the floor.

The PRESIDING OFFICER. The time is expired. The Senator from Washington has remaining 3 minutes, 9 seconds.

Mr. GORTON. Mr. President, the fact remains that Indian programs are reduced less by this budget than almost every other program within this appropriations bill. That is a fact. The fact is that one-third of all Indian programs are not even included in this bill and do include child care, violence prevention, and the like, and remained in bills yet undecided on this floor. The Senator from New Mexico asked but did not answer the question, are the programs which are reduced in this appropriations bill so important that restoration should come from other Indian programs?

This Senator, at least, would defer to the authorizing committee, to those who represent large groups of Indians, in a reallocation of priorities within Indian programs. What this Senator feels to be totally unfair, however, is to devastate the other land management activities of the Government of the United States, land management activities which are dedicated to the benefit of all Americans, including of course, Indians, in the preservation of wildlife, the provision of recreation, the restoration of our fisheries and of our forests.

These are programs that we cannot possibly abandon to anyone else. They are the sole function of the Government of the United States. Indians, who are self-governing, and at least partly self-sufficient, as inadequate as they may be, do have other sources. We discussed very briefly gaming activities which will be discussed more and more which have taken place only in the last handful of years. And yet no contributions, zero contributions is asked of the beneficiaries of those activities toward these vitally important questions.

This is an appropriations bill dealing with extremely difficult questions and the requirement of overall cuts of 11 percent, which has reduced Indian programs by markedly less than that amount and has reduced other programs already by considerably more than that amount. It is neither fair, Mr. President, nor good policy, nor appropriate stewardship, nor a discharge of our trust for the lands we all own as citizens in common to make these reductions, none of which affects any of the myriad of other Indian programs, simply in order to preserve the full dependency of these Indian governmental activities on funding not of their members but of the Federal Government itself.

The PRESIDING OFFICER. Time has expired.

AMENDMENT NOS. 2297 THROUGH 2301, EN BLOC

Mr. GORTON. Mr. President, I have five agreed-upon amendments. I ask unanimous consent that the pending amendment be set aside and that these five amendments be considered en bloc.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The clerk will report.

The legislative clerk read as follows:

The Senator from Washington [Mr. GORTON] proposes amendments numbered 2297 through 2301, en bloc.

Mr. GORTON. Mr. President, I ask unanimous consent that the reading of the amendments be dispensed with.

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

The amendments are as follows:

AMENDMENT NO. 2297

(Purpose: To allow the National Park Service's American Battlefield Protection Program to enter into cooperative agreements)

At the appropriate place, insert: ''Notwithstanding other provisions of law, the National Park Service's American Battlefield Protection Program may enter into cooperative agreements, grants, contracts, or other generally accepted means of financial assistance with federal, state, local, and tribal governments; other public entities; educational institutions; and private, non-profit organizations for the purpose of identifying, evaluating, and protecting historic battlefields and associated sites.''

AMENDMENT NO. 2298

On page 55, line 13 strike ''.'' and insert '', or''.

On page 55, line 14 insert the following:

''(3) fail to reach a mutual agreement that addresses the concerns of affected parties within 90 days after the date of enactment of this Act.''

AMENDMENT NO. 2299

On page 114, line 9, strike $1,600,000 and insert $4,000,000.

On page 115, line 1, after ''funds'' insert the word ''generally''.

AMENDMENT NO. 2300

On page 103, on line 25 strike ''.'' and insert the following: '', unless the relevant agencies of the Department of Interior and/or Agriculture follow appropriate reprogramming guidelines. Provided further: if no funds are provided for the AmeriCorps program by the VA–HUD and Independent Agencies fiscal year 1996 appropriations bill, then none of the funds appropriated or otherwise made available by this Act may be used for the AmeriCorps program.''

AMENDMENT NO. 2301

(Purpose: To require certain Federal agencies to prepare and submit to Congress rankings of the proposals of such agencies for land acquisition)

On page 136, between lines 12 and 13, insert the following:

SEC. 330. (a)(1) The head of each agency referred to in paragraph (2) shall submit to the President each year, through the head of the department having jurisdiction over the agency, a land acquisition ranking for the agency concerned for the fiscal year beginning after the date of the submittal of the report.

(2) The heads of agencies referred to in paragraph (1) are the following:

(A) The Director of the National Park Service in the case of the National Park Service.

(B) The Director of the Fish and Wildlife Service in the case of the Fish and Wildlife Service.

(C) The Director of the Bureau of Land Management in the case of the Bureau of Land Management.

(D) The Chief of the Forest Service in the case of the Forest Service.

(3) In this section, the term ''land acquisition ranking'', in the case of a Federal agency, means a statement of the order of precedence of the land acquisition proposals of the agency, including a statement of the order of precedence of such proposals for each organizational unit of the agency.

(b) The President shall include the land acquisition rankings for a fiscal year that are submitted to the President under subsection (a)(1) in the supporting information submitted to Congress with the budget for that fiscal year under section 1105 of title 31, United States Code.

(c)(1) The head of the agency concerned shall determine the order of precedence of land acquisitions proposals under subsection (a)(1) in accordance with criteria that the Secretary of the Department having jurisdiction over the agency shall prescribe.

(2) The criteria prescribed under paragraph (1) shall provide for a determination of the order of precedence of land acquisition proposals through consideration of—

(A) the natural resources located on the land covered by the acquisition proposals;

(B) the degree to which such resources are threatened;

(C) the length of time required for the acquisition of the land;

(D) the extend, if any, to which an increase in the cost of the land covered by the proposals makes timely completion of the acquisition advisable;

(E) the extent of public support for the acquisition of the land; and

(F) such other matters as the Secretary concerned shall prescribe.

Mr. GORTON. Mr. President, the first amendment, No. 2297, is presented on behalf of Senator JEFFORDS from Vermont. It has to do with the National Park Service, American Battlefield Protection Program, the use of cooperative agreements.

The next three amendments are offered on behalf of the other Senator from the State of Washington [Mrs. MURRAY], and myself: One, No. 2298, modifying Lummi Indian language; the second, No. 2299, modifying Columbia Basin Ecosystem Project language; the third, No. 2300, modifying AmeriCorps language modification; and the fifth amendment, No, 2301, is from the Senator from Arizona [Mr. MCCAIN], on land acquisition priority list requirement.

None of these amendments changes the total amounts of appropriations within the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendments, en bloc.

The amendments (Nos. 2297 through 2301) were agreed to, en bloc.

Mr. GORTON. Mr. President, I move to reconsider the vote by which the amendments were agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MORNING BUSINESS

Mr. GORTON. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business, with Senators permitted to speak for up to 5 minutes each.

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

TRIBUTE TO BILLY J. WILLIAMS

Mr HEFLIN. Mr. President, former Alabama State Representative Billy J. Williams passed away in Bridgeport, AL, on July 20.

He served as a representative in the State legislature from 1967 to 1974. He was also a former Jackson County Commissioner, chairman of the Jackson Economic Development Authority, chairman of the Bridgeport Utilities Board, a member of the Democratic Executive Committee, and a member of the board of directors of Colonial Bank. He was a member of the Rocky Springs Church of Christ, Bridgeport Lodge F and AM, the Scottish Rite, and Alhambra Shrine Temple.

Billy Williams was an outstanding public servant who made many contributions to his community and State over the years. He will be sorely missed by those fortunate enough to have known him. I extend my sincerest condolences to his wife Maurin and their entire family in the wake of this loss.

WELFARE REFORM: COMMON SENSE SOLUTIONS TO THE WELFARE CRISIS

Mr. KYL. Mr. President, when the Senate returns from recess, it will begin the process of fundamentally changing our Nation's welfare system. While this is one of the most important things we should do this year, I believe we must acknowledge, as Bill Bennett has said, that most of our problems are cultural, and ''cultural problems demand cultural solutions.'' In other words, the problems that we seek to influence at the margins with governmental programs can only be permanently and effectively dealt with by changing our culture.

After trillions of dollars spent on welfare, it is obvious that Federal dollars alone will not solve the problems. All over this country, people need to be involved on a personal level to make the kinds of changes that will reverse the devastating social trends that have taken hold of so much of our land. We desperately need to overhaul our Nation's welfare system, yes. But, change in Federal policy alone will not resolve the underlying causes of this crisis. It cannot be solved without individual commitment and personal responsibility. Everyone has to be willing to answer to his or her own behavior and decisions.

The challenge is to help those people with no hope to a new life of responsibility, productivity and happiness.

THE INEFFECTIVE, COSTLY FEDERAL WELFARE BUREAUCRACY MUST END

As we work toward effective welfare reform, I believe it would benefit the Senate to first recognize publicly the failure of the current system. We cannot expect different results if we continue to do the same things.

It has become painfully clear that we cannot solve our welfare problems by expanding the bloated and detached Federal bureaucracy or by increasing Federal dollars with entitlement status. Since President Johnson declared his ''War on Poverty,'' the Federal Government, under federally designed programs, has spent more than $5 trillion on welfare programs. But, during this time, the poverty rate has increased from 14.7 to 15.3 percent.

The average monthly number of children receiving Aid to Families with Dependent Children (AFDC) benefits has increased from 3 million in 1965 to over 9 million in 1992. That increase occurred as the total number of children in the United States decreased by 5.5 percent.

This means, at a minimum, the Great Society system has not worked; and, at worst, it has actually contributed to the problem by discouraging work, penalizing marriage, and destroying personal responsibility and, oftentimes, self-worth.

Limited success in reforming welfare has occurred when States and localities have been given the opportunity ''to go their own way.'' Under a State work-based initiative in Wisconsin, for example, individuals have been diverted from ever getting on welfare, and under a local initiative in Riverside, CA, individuals on welfare are staying in jobs permanently. In both Wisconsin and Riverside, welfare rolls have been reduced. Additionally, in Wisconsin, unemployed, non-custodial parents not meeting their child support obligations are required to actively look for work or work in a public or private sector job, or they are faced with jail time.

Since States are designing programs that work and since the Federal Government has clearly failed, the administration and design of most welfare related programs should fall under State and local control. Arizona's efforts at reform are a good example of why reform is needed. Arizona applied in July of last year to implement a new State welfare program, EMPOWER. It is based on work, responsibility, and accountability. It took the Department of Health and Human Services bureaucracy a full year to approve the waiver. What State wants to waste its time and resources preparing a waiver request knowing full well that the Federal Government might put up roadblocks or simply not act on it for years?

That is why block grants to States make sense. By allowing States to design their own programs, decisions will be more localized, and the costs of the Federal bureaucracy will be avoided. I support proposals to block grant AFDC, child care, and job training programs, and perhaps, to block grant additional programs, such as food stamps.

This having been said about block grants, there are two fundamental driving forces behind welfare dependency that require some Federal commitment: nonwork and nonmarriage.

While I am totally skeptical about Government's ability to legislate cultural solutions, I do believe that certain fundamental principles are worth reinforcing. In other words, as long as Federal tax funds are being used, they should be spent in a positive, not a negative way. For example, it is wrong for Federal policy to penalize work and marriage. Instead, work and marriage should be rewarded because they are integral to the fabric of our society.

Nonwork and illegitimacy are key underlying causes of our welfare crisis and, even with the effective elimination of the Federal welfare bureaucracy, they will remain as its legacy if we choose not to address them. Responsibility is integral to a successful life—so Federal tax funds should be given only to those willing to work and willing to raise children responsibly. People will never get out of the dependency cycle if Federal funds reinforce destructive behavior.

WORK

Everybody knows that incentives to work are one integral component of any successful welfare solution.

Let us deal with the facts: To escape poverty and get off welfare, able-bodied individuals must enter and stay in the workforce. As Teddy Roosevelt said, ''The first requisite of a good citizen in this Republic of ours is that he shall be able and willing to pull his own weight.''

Let us look at another cold, hard fact: The JOBS program that passed as a part of the Family Support Act of 1988 is not moving welfare recipients into work. Less than 10 percent of welfare recipients now participate in the JOBS Program. In fact, the JOBS Program does not require work, but simply participation in a job readiness program.

Once again: the Federal solution has been a failure. States can probably do better. States should be given the flexibility to determine how they will increase the number of welfare recipients engaged in work—and I mean real work. A number of studies, including a study recently released by the Manpower Demonstration Research Corporation (MDRC), indicate that getting a welfare recipient into work is more likely than any other factor—more than training or education for example—to result in the recipient leaving welfare for good.

And so, in my view, requiring States to adhere to tough definitions of work and to meet realistic, but tough, work participation rates will help States move toward what should be their primary goal: self-sufficiency among all their citizens.

S. 1120 provides a beginning toward these goals. Under S. 1120, welfare recipients must enter work no later than 2 years after receiving their first welfare payment. By the year 2000, 50 percent of a State's welfare caseload, with no exemptions, will be required to work. I am pleased that an agreement has been reached to add to S. 1120 a requirement that States must lower welfare benefits on a pro rata basis for individuals who fail to show up for required work. I will continue to work for a bill that will bring more individuals into the workforce.

ILLEGITIMACY

Our Nation's illegitimacy rate has increased from 10.7 percent in 1970 to nearly 30 percent in 1991. Eighty-nine percent of children receiving AFDC benefits now live in homes in which no father is present.

As the senior Senator from New York, who has worked on these issues for 30 years, said this week, if we do not do something to reverse this trend we may simply not make it as a society. And, as the senior Senator from Texas and others have said as well, to do anything less than radically change the system that has created this trend would be suicidal for our country. Clearly, the issue of illegitimacy is not a partisan issue, and it is one that demands immediate attention.

We must appreciate the role that the breakdown of the family, that fatherless families, have played in our societal and cultural decline. This is not really even a debatable point. The facts support the devastating reality. According to a 1995 U.S. Census Bureau report, the one-parent family is six times more likely to live in poverty than the two-parent family. And, according to a study conducted in 1990 by June O'Neill—now director of the Congressional Budget Office, a young male is twice as likely to engage in criminal behavior if he is raised without a father.

Robert Lerman of the Urban Institute stated it well in an op-ed in the Washington Post on Monday. He says that even the best set of employment and training programs will still leave children in one-parent families living ''near the edge.'' Mr. Lerman goes on to explain that growing up in a family with only one parent ''increases the child's risk of dropping out of school, becoming an unmarried parent and having trouble getting and holding a job.'' As the op-ed clearly states, the engagement of fathers in parenting is the most important factor in helping people leave the welfare rolls and escape poverty.

I will, therefore, support measures to combat illegitimacy, including an amendment to provide incentives to States for reducing illegitimacy rates. I will also support initiatives to limit increases in cash assistance for mothers having additional children while on welfare. If the rules of welfare are stated clearly to a mom from the beginning, and if allowances are made for noncash essentials like diapers and other items, then I do not believe such a welfare rule is unfair. In the end, if such a rule reduces out-of-wedlock births, it may turn out to be more fair than most other aspects of welfare.

PRIVATE SECTOR SOLUTIONS

Although most State solutions to welfare are more effective than Federal

solutions, no Government program can replace private sector charities and civic contributions. States can do it better than the Federal bureaucracy, but communities and individuals will ultimately have to solve this crisis. For instance, if given $10,000 to spend on a welfare programs of their choice, most Americans would choose to contribute to the local homeless shelter or Salvation Army over some Government welfare program because they know the private sector will be more effective.

During this welfare debate, it is my hope that we can discuss ways to end what John Goodman of the National Center for Policy Analysis has called, the ''Federal Government's monopoly on welfare tax dollars.'' I support the provision of S. 1120 that allows States to contract with private charitable organizations—including religious organizations—to meet the needs of recipients within their State.

I also believe that allowing taxpayers to claim a credit on their Federal tax returns for dollars or hours donated to a qualified charity will give taxpayers the opportunity to decide how their welfare tax dollars are spent and will promote private sector involvement. I will support efforts to establish such a tax credit; I will also support efforts to change sections of the Tax Code that provide disincentives to marriage.

Mr. President, I would ask my friends on both sides of the aisle to recognize the urgency of our task. I respect the intentions of those who disagree with our proposals for more fundamental reform. But the bureaucratic responses to the problem have failed. It is time for something else. The status quo of the past 30 years will no longer suffice. As candidate for President Clinton said, ''we must end welfare as we know it.''

The most compassionate thing we can do for those on welfare is to get them off of welfare. The measure of our success will not be by how many people we cover, but how few we need to cover. Our current system has the effect of enslaving human beings to lives of dependency. Mr. President, let us end the bureaucratic welfare state; let us create an opportunity society.

WAS CONGRESS IRRESPONSIBLE? CONSIDER THE ARITHMETIC

Mr. HELMS. Mr. President, on that November evening in 1972 when I first was elected to the Senate, I made a private commitment that I would never fail to see a young person, or a group of young people, who wanted to see me.

It has proved enormously beneficial to me because I have been inspired by the more than 60,000 young people with whom I have visited during the nearly 23 years I have been in the Senate.

Most of them have been concerned about the enormity of the Federal debt that Congress has run up for the coming generations to pay. These young people and I almost always discuss the fact that under the U.S. Constitution, no President can spend a dime of Federal money that has not first been authorized and appropriated by both the House and Senate of the United States.

That is why I began making these daily reports to the Senate on February 22, 1992. I wanted to make a matter of daily record of the precise size of the Federal debt which as of yesterday, Monday, August 7, stood at $4,946,673,660,276.63 or $18,777.66 for every man, woman, and child in America on a per capita basis.

THE STATE DEPARTMENT AUTHORIZATION BILL

Mr. THOMAS. Mr. President, I rise today as Chairman of the Subcommittee on East Asian and Pacific Affairs to express my great disappointment that the Senate was unable last week to complete work on S. 908, the State Department Authorization bill. Perhaps ''unable'' is not quite accurate, Mr. President; ''prevented'' is closer to the truth. We were prevented from voting on the bill—in fact, prevented even from reaching more than a handful of the ninety or so amendments to it—by the obstinacy of the Democrat minority in the Senate.

I strongly believe that S. 908 is more than just a simple authorization bill; it is a litmus test for our willingness to change, our willingness to heed the mandate we received last November to save money, cut bureaucracy, and make government more responsive to both the taxpayer and the times. S. 908 was the first authorization measure this Congress to reach the floor within required budget targets. Moreover, the bill proposed to reduce dramatically bureaucratic overlap and duplication of effort among several agencies by bringing those agencies and much of their personnel under one roof in the State Department. This reorganization of our foreign policy apparatus, a reorganization supported by five former Secretaries of State, would save over $3.66 billion over four years.

But despite the savings, despite the streamlining, despite the benefits to the exercise of our foreign policy, the forces arrayed against the bill joined to form an unholy alliance with one objective: stop the legislation. I think this fact was most clearly illustrated by this statement from an A.I.D. internal memo brought to light while the bill was still in its formulative stage:

> The strategy is ''delay, postpone, obfuscate, derail''—if we derail, we can kill the merger. . . . Official word is we don't care if there is a State authorization this year.

From the very beginning, despite repeated invitations from the Chairman, the administration refused to even meet to discuss the bill or participate in the drafting of it. There was no compromise, no constructive criticism, no alternatives—nothing. Instead, they stonewalled, obstructed, thwarted and delayed. Secretary Christopher, who had earlier championed a plan extremely similar to that envisioned by S. 908, was muzzled by the White House and suddenly opposed the idea. The only active interest they evinced was to engage in a distortion campaign. They claimed that folding the agencies into State would mean agency programs would be run by State employees with no experience in the fields, while failing to mention the fact that the bill also provided for the large-scale transfer of agency staff to ensure continuity. They labelled supporters of the cost-savings provisions in the bill ''isolationists,'' overlooking the fact that we've asked every other department and agency to tighten its belt. They contacted countless private groups that benefit directly (and monetarily) from AID programs and forecasted doom and gloom in an effort to generate lobbying against the bill. They said the President had an alternative plan far superior to the bill, but never produced one—the first time in my memory that the White House had failed to do so. It became clear that, like much of what this administration says, it is only paying lip service to his pledges to ''reinvent government.''

When it became clear that the bill was destined to leave the committee and go to the floor, the focus of the administration's efforts shifted to make sure that the Senators in the minority toed the administration line. Two attempts to invoke cloture—not to stop debate but to limit it to a manageable 30 hours—failed along strictly party lines. Only the distinguished ranking minority member, Senator PELL, indicated that getting a final vote, either up or down, was more important than obstructionism. Dozens of amendments materialized, many aimed at nothing less than delay.

Mr. President, I am amazed at how quickly the Democrats have forgotten their own words; how quick they are not to practice what they preach. For example, there was this statement in the last Congress from Senator HARKIN, who voted against cloture on S. 908:

> Well, it was obvious that after chewing up about 7 or 10 days of the August break that the Republicans simply were just going to talk it [the bill being debated] to death. They were going to offer amendments, talk on and on, and drag the whole process out and never reach any real, meaningful votes on [the] bill . . . the Republicans say no . . . [w]e will not take the keys that we hold to gridlock and unlock that padlock and open the door. . . .
>
> Madam President, I have served in the Congress now for 20 years. I have seen a lot of fights in the House and in the Senate, some pretty tough ones; I have seen some pretty tough debates and pretty tough issues. . .. But in my 20 years in this Congress I have never seen anything like exists today. This attitude of gridlock, of stopping everything . . . that we have to stop things because perhaps the only way to take over is to tear it down. . . .
>
> No, I have never seen anything like this in 20 years; the sort of the mean spiritedness, the antagonisms, the inability to give either side their proper due and to let legislation move. There is nothing wrong with people to want to amend and change, everyone should

have their viewpoint and they should be heard. When it gets to the point where people just adamantly block everything, then surely this Senate and this Congress has become something that our forefathers never envisioned. . . . But this is not what our forefathers envisioned. They envisioned a legislative body that, yes, would debate and discuss and amend, but would do something and get something through. We now have a situation where the minority side will not permit that to happen. 140 Congressional RECORD S–13262.

There was this from Senator LAUTENBURG, who also voted against cloture on S. 908:

In my view, Mr. President, the answer is simple: the Republican leadership simply did not want the Congress, as an institution, to demonstrate that it can do the business of the people. . . . In the past, I have encountered steady opposition by Republican Senators who stalled for months any serious consideration of the bill and asked for extremist changes that would destroy its reforms. . . . And unfortunately, in the Senate where the rules and filibusters give the minority the ability to paralyze, we can see very clearly the handwriting on the wall if we ask for a vote on [the bill]. 140 Congressional RECORD S–14221.

From Senator BOXER, another opponent of cloture on S. 908, we heard:

Madam President, I am very disappointed that a large majority of my Republican colleagues have decided that, outside of routine business, they really do not want to continue the work of this Congress. They want to stall and run the legislative clock down. They would rather talk on and on, even all through the night if that is necessary, to kill legislation that I believe is important to the American people. Madam President, the filibuster has a new best friend: The Republican Party. They embrace the filibuster. They love the filibuster. . . .

[W]e Democrats underst[and] that you [have] to get things done no matter which party [is] in control. We [do] not stop legislation. . . .

We did not come here to filibuster, we came here to work. We have a can-do spirit in this country . . . not a no-can-do yak-yak-yak through the night, stop the progress attitude. . . . We are supposed to do the work for the people; the operative word is ''work.'' 140 Congressional RECORD S–13400.

Finally, Mr. President, we heard this from Senator BIDEN, another opponent of cloture on S. 908:

I also find it fascinating to listen and hear about what gridlock is. Let us talk about what gridlock is—my definition of gridlock. My definition of gridlock is when you have a clear majority of the elected representatives of the American people who work in the U.S. Congress—Democrat and Republican, House and Senate—when a clear, undisputed majority want to do something and a minority repeatedly comes along and says we are not going to even let you vote on whether or not we are going to do that—that seems to me to be gridlock, or obstruction. . . . Now, that is gridlock. I am not taking issue with anybody's views on the floor. I am not taking issue with their views, if they believe them as a matter of principle and that is the only reason. There are a lot of crazy ideas that are reflected in the American public and the American psyche and the U.S. Senate. I have been the father of some of those crazy ideas. So, I respect that. . . . But the American people do not understand, nor should they have to understand, the technicalities—such as with the legal system and the complexities of the operation of the fifth amendment and the fourth amendment and the second amendment and the first amendment. They look at it and say, ''Wait a minute now, this is right and this is wrong. Why are we doing this?''

One of the things the American people, I think, also understand and view the same way is their Government. We all in this body know any Senator is within his rights to engage in a filibuster, to use the parliamentary rules to his or her advantage to keep a majority from prevailing—and there is an underlying, solid rationale for that having been put in the Senate rules. Notwithstanding that, I think the American people have had to wonder a little bit: Why is it that when repeatedly, time after time after time, an overwhelming majority of Members of both Houses of the U.S. Congress say they want to do something, our Republican friends stand up and say no. The party of no.

Maybe the Senator is correct, that the American people do not like the [bill]. I did not like it. So maybe I am with the American people. But I did not think the alternative was if I did not like that, we were not going to cooperate and not going to deal with the . . . problem in America. I thought that is what we were supposed to do. We disagree, we negotiate, we debate, we compromise and we act, when there is a majority that wishes to do that.

The truth, Madam President, is that the record is inescapable on what has happened to this Congress and this Senate because of filibusters, obstructionism, and gridlock. And I know that some of my colleagues on the other side of the aisle have raised this issue in caucuses and are nervous about the potential of this strategy because that is what it is—a conscious . . . strategy to benefit their party at the expense of the people. It is a strategy to forsake America just to impact the elections so that one political party can win; not so that America can win. . . . 140 Congressional RECORD S–14627.

Apparently my Democrat colleagues have very short and selective memories. The Senator from Iowa took us to task for offering countless nongermane amendments in an effort to slow bills down. Perhaps he would like to enquire of the senior Senator from Massachusetts why he took to the floor last week to offer an amendment on the minimum wage to S. 908—hardly a foreign policy issue. The Senator from California castigated us for preferring to talk on and on, into the night if necessary, to kill important legislation. Perhaps she would ask her colleagues why after two days of floor consideration on S. 908 we were unable to produce anything more than several pages of Democrat rhetoric in the Congressional RECORD. The Senator from Delaware noted a conscious plan on our part to block all major legislation in order to benefit our party. Well. Mr. President, I wonder if that Senator would not agree that his party's stalling to death of S. 908, the Defense Authorization bill, Regulatory Reform—among others—demonstrates a similarly conscious plan? The Senator from Delaware noted that in the entire 103rd Congress, there were 72 cloture motions filed and 41 recorded cloture votes, which he characterized as ''a proud, record-breaking amount of obstructionism.'' Well, in just the first 7 months of this Congress—7 month, Mr. President—we have had 32 cloture motions and 16 recorded cloture votes. I wonder what synonym for ''obstructionism'' the Senator from Delaware would choose to describe that tragic record.

Mr. President, Chairman HELMS has promised to bring the bill back to the floor in the near future. I hope that our Democrat friends will take that opportunity to prove me wrong, call an end to their unconstructive blockade, and get down to doing the business the American people sent us here to do.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

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

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. LUGAR, from the Committee on Agriculture, Nutrition, and Forestry:

Jill L. Long, of Indiana, to be Under Secretary of Agriculture for Rural Economic and Community Development.

Jill L. Long, of Indiana, to be Member of the Board of Directors of the Commodity Credit Corporation.

(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. BROWN (for himself, Mr. CRAIG, Mr. BURNS, and Mr. INHOFE):

S. 1130. A bill to provide for the establishment of uniform accounting systems, standards, and reporting systems in the Federal Government, and for other purposes; to the Committee on Governmental Affairs.

By Mr. ROCKEFELLER (for himself and Mr. AKAKA):

S. 1131. A bill to amend title 38, United States Code, to authorize the provision of financial assistance in order to ensure that financially needy veterans receive legal assistance in connection with proceedings before the United States Court of Veterans Appeals; to the Committee on Veterans' Affairs.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

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

By Mr. COCHRAN (for himself and Mr. LOTT):

S. Res. 161. A resolution to make available to the senior Senator from Mississippi, during his or her term of office, the use of the desk located in the Senate Chamber and used by Senator Jefferson Davis; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ROCKEFELLER (for himself and Mr.AKAKA):

S. 1131. A bill to amend title 38, United States Code, to authorize the provision of financial assistance in order to ensure that financially needy veterans receive legal assistance in connection with proceedings before the United States Court of Veterans Appeals; to the Committee on Veterans' Affairs.

U.S. COURTS LEGISLATION

• Mr. ROCKEFELLER. Mr. President, I am today introducing legislation that would provide statutory authorization for a program carried out by the Court of Veterans Appeals, pursuant to authority in appropriations acts, under which claimants before the court who would otherwise seek to prosecute their appeal without legal representation receive assistance in gaining such representation. I am pleased to be joined in introducing this bill by my good friend and fellow member of the Committee on Veterans' Affairs, Senator AKAKA.

Mr. President, the Court of Veterans Appeals pro se program was first set up in 1992 pursuant to an authorization in Public Law 102–229, the Fiscal Year 1992 Dire Emergency Supplemental Appropriations Act. The program has been continued by subsequent appropriations acts, but has never been otherwise authorized. The legislation we are introducing today would provide statutory authorization, thereby demonstrating the value of this program.

Mr. President, pursuant to the initial authorization in Public Law 102–229, the court transferred $950,000 to the Legal Services Corporation, which in turn made two types of grants in fiscal year 1993.

The first grant, a so-called A grant, was given to a consortium— made up of the American Legion, the Disabled American Veterans, the National Veterans Legal Services Project, and the Paralyzed Veterans of America—for the purposes of evaluating cases brought to the court by pro se claimants and recruiting and training volunteer attorneys to represent these individuals. The consortium is overseen by an advisory committee and has three operational components—one that conducts outreach to recruit volunteer attorneys to represent claimants before the court; one that provides an educational course for those attorneys who agree to represent claimants; and one that evaluates cases and assigns them to the volunteer attorneys.

The second type of grant, the so-called B grants, were given to four organizations—the Disabled American Veterans, jointly to the National Veterans Legal Services Project and the Paralyzed Veterans of America, and Swords to Plowshares—to allow those organizations to expand existing programs to provide pro bono legal representation to veterans.

This structure of the two types of grants continues, and the court was authorized in subsequent appropriations acts to transfer $790,000 in each of fiscal years 1994 and 1995.

Mr. President, by all accounts, this program has been a significant success. In testimony for the Committee on Veterans' Affairs' March 9, 1995, hearing on the fiscal year 1996 budget for veterans programs, the court's chief judge, Frank Q. Nebeker, made the following points about the program:

[F]ully two-thirds of eligible appellants who were pro se when filing appeals in the first two years of the Program's operation received some form of legal assistance. . . . [D]uring these first two years . . . , while only 19% of appellants were represented at the time of filing a notice of appeal to the Court, 42% were represented at case termination as a result of the Program's placement of cases with attorneys. . . . [R]ecruitment of volunteer attorneys has been highly successful. Through the end of calendar year 1994, 342 volunteer attorneys have been recruited and are participating in the Program. . . . Nearly 300 attorneys have received training in veterans law, either through the Program's day-long training sessions (261 attorneys) or through video training tapes (37 individuals or law firms). Of the 159 volunteer attorneys who have completed cases, over 80% have expressed willingness to take another case, and 51 appellants have already received representation by repeat pro bono attorneys. In FY 1994 the Program provided nearly $4.00 worth of volunteer-attorney services for every $1.00 of federal money spent on the Program.

In its annual report for 1994, the program discussed the impact of representation on a claimant's chance of success before the court, noting that of the 203 decisions made by the court through September 1994 in cases in which representation was provided through the program, nearly 80 percent were settled, reversed, or remanded to the Board of Veterans' Appeals. On the other hand, of the 272 pro se cases completed by the court where the eligibility requirements for the program were not met and pro bono representation not provided, only 14 cases resulted in a remand to the Board. Clearly, the opportunity to have qualified legal representation is a great benefit to claimants coming before the court, and the program has been instrumental in helping claimants secure such representation.

Mr. President, the bill we are introducing would amend chapter 72 of title 38, United States Code, the chapter relating to the Court of Veterans Appeals, by adding a new section 7287 which would authorize the court to provide funds to nonprofit organizations in order to allow such organizations to provide funding to appropriate entities to carry out a program to assist pro se claimants to secure representation. All of the provisions in the proposed new section are derived from the language in Public Law 102–229 and are intended to function in the same way, with the court having flexibility in how any available funds are used to support a program. Of course, in light of how well the existing program has functioned, I would anticipate that that effort would continue as long as appropriate. However, there is nothing in the proposed legislation which would mandate such a result, and I anticipate that the court will use whatever funding is provided in future appropriations acts in the way that will ensure that the greatest number of eligible claimants receive representation.

Mr. President, I look forward to working with the committee's chairman, Senator SIMPSON, and the other members of the committee on this legislation. 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. 1131

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

SECTION 1. LEGAL ASSISTANCE FOR FINANCIALLY NEEDY VETERANS IN CONNECTION WITH COURT OF VETERANS APPEALS PROCEEDINGS.

(a) IN GENERAL.—(1) Subchapter III of chapter 72 of title 38, United States Code, is amended by adding at the end the following:

"§ 7287. Legal assistance for certain veterans in Court proceedings; use of funds for assistance

''(a)(1) The Court may, in accordance with this section, provide funds (in advance or by way of reimbursement) to nonprofit organizations, under such terms and conditions consistent with this section as the Court considers appropriate, in order to permit such organizations to provide financial assistance by grant or contract to such legal assistance entities as the organizations consider appropriate for purposes of permitting such entities to carry out programs described in subsection (b).

''(2) Notwithstanding any other provision of law, if the Court determines that there exists no nonprofit organization that would be an appropriate recipient of funds under this section for the purposes referred to in paragraph (1) and that it is consistent with the mission of the Court, the Court may provide financial assistance, by grant or contract, directly to such legal assistance entities as the Court considers appropriate for purposes of permitting such entities to carry out programs described in subsection (b).

''(b)(1) A program referred to in subsection (a) is any program under which a legal assistance entity utilizes financial assistance under this section to provide assistance or carry out activities (including assistance, services, or activities referred to in paragraph (3)) in order to ensure that individuals described in paragraph (2) receive, without charge, legal assistance in connection with

decisions to which section 7252(a) of this title may apply or with other proceedings before the Court.

''(2) An individual referred to in paragraph (1) is any veteran or other person who—

''(A) is or seeks to be a party to an action before the Court; and

''(B) cannot, as determined by the Court or the entity concerned, afford the costs of legal advice and representation in connection with that action.

''(3) Assistance, services, and activities under a program described in this subsection may include the following for individuals described in paragraph (2) in connection with proceedings before the Court:

''(A) Financial assistance to defray the expenses of legal advice or representation (other than payment of attorney fees) by attorneys, clinical law programs of law schools, and veterans service organizations.

''(B) Case screening and referral services for purposes of referring cases to pro bono attorneys and such programs and organizations.

''(C) Education and training of attorneys and other legal personnel who may appear before the Court by attorneys and such programs and organizations.

''(D) Encouragement and facilitation of the pro bono representation by attorneys and such programs and organizations.

''(4) A legal assistance entity that receives financial assistance described in subsection (a) to carry out a program under this subsection shall make such contributions (including in-kind contributions) to the program as the nonprofit organization or the Court, as the case may be, shall specify when providing the assistance.

''(5) A legal assistance entity that receives financial assistance under subsection (a) to carry out a program described in this subsection may not require or request the payment of a charge or fee in connection with the program by or on behalf of any individual described in paragraph (2).

''(c)(1) The Court may, out of the funds appropriated to the Court for such purpose, provide funds to a nonprofit organization described in subsection (a)(1), in advance or by way of reimbursement, to cover some or all of the administrative costs of the organization in providing financial assistance to legal assistance entities carrying out programs described in subsection (b).

''(2) Funds shall be provided under this subsection pursuant to a written agreement entered into by the Court and the nonprofit organization receiving the funds.

''(d) Notwithstanding any other provision of law, a nonprofit organization may—

''(1) accept funds, in advance or by way of reimbursement, from the Court under subsection (a)(1) in order to provide the financial assistance referred to in that subsection;

''(2) provide financial assistance by grant or contract to legal assistance entities under this section for purposes of permitting such entities to carry out programs described in subsection (b);

''(3) administer any such grant or contract; and

''(4) accept funds, in advance or by way of reimbursement, from the Court under subsection (c) in order to cover the administrative costs referred to in that subsection.

''(e)(1) Not later than February 1 each year, the Court shall submit to Congress a report on the funds and financial assistance provided under this section during the preceding fiscal year. Based on the data provided the Court by entities receiving such funds and assistance, each report shall—

''(A) set forth the amount, if any, of funds provided to nonprofit organizations under paragraph (1) of subsection (a) during the fiscal year covered by the report;

''(B) set forth the amount, if any, of financial assistance provided to legal assistance entities pursuant to paragraph (1) of subsection (a) or under paragraph (2) of that subsection during that fiscal year;

''(C) set forth the amount, if any, of funds provided to nonprofit organizations under subsection (c) during that fiscal year; and

''(D) describe the programs carried out under this section during that fiscal year.

''(2) The Court may require that the nonprofit organization and legal assistance entities to which funds or financial assistance are provided under this section provide the Court with such data on the programs carried out under this section as the Court determines necessary to prepare a report under this subsection.

''(g) For the purposes of this section:

''(1) The term 'legal assistance entity' means a not-for-profit organization or veterans service organization capable of providing legal assistance to persons with respect to matters before the Court.

''(2) The term 'Legal Services Corporation' means the corporation established under section 1003(a) of the Legal Services Corporation Act (42 U.S.C. 2996b(a)).

''(3) The term 'nonprofit organization' means the Legal Services Corporation or any other similar not-for-profit organization that is involved with the provision of legal assistance to persons unable to afford such assistance.

''(4) The term 'veterans service organization' means an organization referred to in section 5902(a)(1) of this title, including an organization approved by the Secretary under that section.''.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 7286 the following new item:

''7287. Legal assistance for financially needy veterans in Court proceedings; use of funds for assistance.''.●

ADDITIONAL COSPONSORS

S. 304

At the request of Mr. SANTORUM, the name of the Senator from Missouri [Mr. ASHCROFT] was added as a cosponsor of S. 304, a bill to amend the Internal Revenue Code of 1986 to repeal the transportation fuels tax applicable to commercial aviation.

S. 833

At the request of Mr. HATCH, the name of the Senator from New Hampshire [Mr. SMITH] was added as a cosponsor of S. 833, a bill to amend the Internal Revenue Code of 1986 to more accurately codify the depreciable life of semiconductor manufacturing equipment.

S. 837

At the request of Mr. WARNER, the names of the Senator from Illinois [Mr. SIMON], and the Senator from Vermont [Mr. JEFFORDS] were added as cosponsors of S. 837, a bill to require the Secretary of the Treasury to mint coins in commemoration of the 250th anniversary of the birth of James Madison.

S. 957

At the request of Mr. BURNS, the names of the Senator from Mississippi [Mr. COCHRAN], and the Senator from North Carolina [Mr. FAIRCLOTH] were added as cosponsors of S. 957, a bill to terminate the Office of the Surgeon General of the Public Health Service.

S. 959

At the request of Mr. HATCH, the name of the Senator from South Carolina [Mr. THURMOND] was added as a cosponsor of S. 959, a bill to amend the Internal Revenue Code of 1986 to encourage capital formation through reductions in taxes on capital gains, and for other purposes.

S. 978

At the request of Mrs. HUTCHISON, the name of the Senator from Michigan [Mr. ABRAHAM] was added as a cosponsor of S. 978, a bill to facilitate contributions to charitable organizations by codifying certain exemptions from the Federal securities laws, to clarify the inapplicability of antitrust laws to charitable gift annuities, and for other purposes.

S. 1000

At the request of Mr. BURNS, the name of the Senator from Alabama [Mr. SHELBY] was added as a cosponsor of S. 1000, a bill to amend the Internal Revenue Code of 1986 to provide that the depreciation rules which apply for regular tax purposes shall also apply for alternative minimum tax purposes, to allow a portion of the tentative minimum tax to be offset by the minimum tax credit, and for other purposes.

S. 1115

At the request of Mr. THURMOND, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 1115, a bill to prohibit an award of costs, including attorney's fees, or injunctive relief, against a judicial officer for action taken in a judicial capacity.

SENATE RESOLUTION 149

At the request of Mr. AKAKA, the name of the Senator from Minnesota [Mr. WELLSTONE] was added as a cosponsor of Senate Resolution 149, a resolution expressing the sense of the Senate regarding the recent announcement by the Republic of France that it intends to conduct a series of underground nuclear test explosions despite the current international moratorium on nuclear testing.

SENATE RESOLUTION 161—RELATIVE TO A DESK IN THE SENATE CHAMBER

Mr. COCHRAN (for himself and Mr. LOTT) submitted the following resolution; which was considered and agreed to:

S. RES. 161

Resolved, That during the One hundred fourth Congress and each Congress thereafter, the desk located within the Senate Chamber and used by Senator Jefferson Davis shall, at the request of the senior Senator from the State of Mississippi, be assigned to such Senator, for use in carrying out his or her Senatorial duties during the Senator's term of office.

AMENDMENTS SUBMITTED

THE PERSONAL RESPONSIBILITY ACT OF 1995

DASCHLE AMENDMENT NO. 2282

Mr. DASCHLE proposed an amendment to amendment No. 2282 proposed by Mr. DOLE to the bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence; as follows:

This Act may be cited as the ''Work First Act of 1995''.

SEC. 2. TABLE OF CONTENTS.

The table of contents of this Act is as follows:

SEC. 3. AMENDMENT OF THE SOCIAL SECURITY ACT.

Except as otherwise expressly provided, wherever 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 Social Security Act.

TITLE I—TEMPORARY EMPLOYMENT ASSISTANCE

SEC. 101. STATE PLAN.

(a) IN GENERAL.—Title IV (42 U.S.C. 601 et seq.) is amended by striking part A and inserting the following:

"PART A—TEMPORARY EMPLOYMENT ASSISTANCE

"SEC. 400. APPROPRIATION.

''For the purpose of providing assistance to families with needy children and assisting parents of children in such families to obtain and retain private sector work to the extent possible, and public sector or volunteer work if necessary, through the Work First Employment Block Grant program (hereafter in this title referred to as the 'Work First program'), there is hereby authorized to be appropriated, and is hereby appropriated, for each fiscal year a sum sufficient to carry out the purposes of this part. The sums made available under this section shall be used for making payments to States which have approved State plans for temporary employment assistance.

"Subpart 1—State Plans for Temporary Employment Assistance

"SEC. 401. ELEMENTS OF STATE PLANS.

''A State plan for temporary employment assistance shall provide a description of the State program which carries out the purpose described in section 400 and shall meet the requirements of the following sections of this subpart.

"SEC. 402. FAMILY ELIGIBILITY FOR TEMPORARY EMPLOYMENT ASSISTANCE.

''(a) IN GENERAL.—The State plan shall provide that any family—

''(1) with 1 or more children (or any expectant family, at the option of the State), defined as needy by the State; and

''(2) which fulfills the conditions set forth in subsection (b),

shall be eligible for cash assistance under the plan, except as otherwise provided under this part.

''(b) PARENT EMPOWERMENT CONTRACT.—The State plan shall provide that not later than 10 days after the approval of the application for temporary employment assistance, a parent qualifying for assistance shall execute a parent empowerment contract as described in section 403. If a child otherwise eligible for assistance under this part is residing with a relative other than a parent, the State plan may require the relative to execute such an empowerment contract as a condition of the family receiving such assistance.

''(c) LIMITATIONS ON ELIGIBILITY.—

''(1) LENGTH OF TIME.—

''(A) IN GENERAL.—Except as provided in subparagraphs (B), (C), (D), and (E), the State plan shall provide that the family of an individual who, after attaining age 18 years (or age 19 years, at the option of the State), has received assistance under the plan for 60 months, shall no longer be eligible for cash assistance under the plan.

''(B) HARDSHIP EXCEPTION.—With respect to any family, the State plan shall not include in the determination of the 60-month period under subparagraph (A) any month in which—

''(i) at the option of the State, the family includes an individual working 20 hours per week (or more, at the option of the State);

''(ii) the family resides in an area with an unemployment rate exceeding 7.5 percent; or

''(iii) the family is experiencing other special hardship circumstances which make it appropriate for the State to provide an exemption for such month, except that the total number of exemptions under this clause for any month shall not exceed 15 percent of the number of families to which the State is providing assistance under the plan.

''(C) EXCEPTION FOR TEEN PARENTS.—With respect to any family, the State plan shall not include in the determination of the 60-month period under subparagraph (A) any month in which the parent—

''(i) is under age 18 (or age 19, at the option of the State); and

''(ii) is making satisfactory progress while attending high school or an alternative technical preparation school.

''(D) EXCEPTION FOR INDIVIDUALS EXEMPT FROM WORK REQUIREMENTS.—With respect to any family, the State plan shall not include in the determination of the 60-month period under subparagraph (A) any month in which 1 or each of the parents—

''(i) is seriously ill, incapacitated, or of advanced age;

''(ii)(I) except for a child described in subclause (II), is responsible for a child under age 1 year (or age 6 months, at the option of the State), or

''(II) in the case of a 2nd or subsequent child born during such period, is responsible for a child under age 3 months;

''(iii) is pregnant in the 3rd trimester; or

''(iv) is caring for a family member who is ill or incapacitated.

''(E) EXCEPTION FOR CHILD-ONLY CASES.—With respect to any child who has not attained age 18 (or age 19, at the option of the State) and who is eligible for assistance under this part, but not as a member of a family otherwise eligible for assistance under this part (determined without regard to this paragraph), the State plan shall not include in the determination of the 60-month period under subparagraph (A) any month in which such child has not attained such age.

''(F) OTHER PROGRAM ELIGIBILITY.—The State plan shall provide that if a family is no longer eligible for cash assistance under the plan solely due to the imposition of the 60-month period under subparagraph (A)—

''(i) for purposes of determining eligibility for any other Federal or federally assisted program based on need, such family shall continue to be considered eligible for such cash assistance;

''(ii) for purposes of determining the amount of assistance under any other Federal or federally assisted program based on need, such family shall continue to be considered receiving such cash assistance; and

''(iii) the State shall, after having assessed the needs of the child or children of the family, provide for such needs with a voucher for such family—

''(I) determined on the same basis as the State would provide assistance under the State plan to such a family with 1 less individual,

''(II) designed appropriately to pay third parties for shelter, goods, and services received by the child or children, and

''(III) payable directly to such third parties.

''(2) TREATMENT OF INTERSTATE MIGRANTS.—The State plan may apply to a category of families the rules for such category under a plan of another State approved under this part, if a family in such category has moved to the State from the other State and has resided in the State for less than 12 months.

''(3) INDIVIDUALS ON OLD-AGE ASSISTANCE OR SSI INELIGIBLE FOR TEMPORARY EMPLOYMENT ASSISTANCE.—The State plan shall provide that no assistance shall be furnished any individual under the plan with respect to any period with respect to which such individual is receiving old-age assistance under the State plan approved under section 102 of title I or supplemental security income under title XVI, and such individual's assistance or income shall be disregarded in determining the eligibility of the family of such individual for temporary employment assistance.

''(4) CHILDREN FOR WHOM FEDERAL, STATE, OR LOCAL FOSTER CARE MAINTENANCE OR ADOPTION ASSISTANCE PAYMENTS ARE MADE.—A child with respect to whom foster care maintenance payments or adoption assistance payments are made under part E or under State or local law shall not, for the period for which such payments are made, be regarded as a needy child under this part, and such child's income and resources shall be disregarded in determining the eligibility of the family of such child for temporary employment assistance.

''(5) DENIAL OF ASSISTANCE FOR 10 YEARS TO A PERSON FOUND TO HAVE FRAUDULENTLY MISREPRESENTED RESIDENCE IN ORDER TO OBTAIN ASSISTANCE IN 2 OR MORE STATES.—The State plan shall provide that no assistance will be furnished any individual under the plan during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made, a fraudulent statement or representation with respect to the place of residence of the individual in order to receive benefits or services simultaneously from 2 or more States under programs that are funded under this part, title XIX, or the Food Stamp Act of 1977, or benefits in 2 or more States under the supplemental security income program under title XVI.

''(6) DENIAL OF ASSISTANCE FOR FUGITIVE FELONS AND PROBATION AND PAROLE VIOLATORS.—

''(A) IN GENERAL.—The State plan shall provide that no assistance will be furnished any individual under the plan for any period if during such period the State agency has knowledge that such individual is—

''(i) fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

''(ii) violating a condition of probation or parole imposed under Federal or State law.

''(B) EXCHANGE OF INFORMATION WITH LAW ENFORCEMENT AGENCIES.—Notwithstanding any other provision of law, the State plan shall provide that the State shall furnish any Federal, State, or local law enforcement officer, upon the request of the officer, with the current address of any recipient of assistance under the plan, if the officer furnishes the agency with the name of the recipient and notifies the agency that—

''(i) such recipient—

''(I) is described in clause (i) or (ii) of subparagraph (A); or

''(II) has information that is necessary for the officer to conduct the officer's official duties; and

''(ii) the location or apprehension of the recipient is within such officer's official duties.

''(d) DETERMINATION OF ELIGIBILITY.—

''(1) DETERMINATION OF NEED.—The State plan shall provide that the State agency take into consideration any income and resources of any individual the State determines should be considered in determining the need of the child or relative claiming temporary employment assistance.

''(2) RESOURCE AND INCOME DETERMINATION.—In determining the total resources and income of the family of any needy child, the State plan shall provide the following:

''(A) RESOURCES.—The State's resource limit, including a description of the policy determined by the State regarding any exclusion allowed for vehicles owned by family members, resources set aside for future needs of a child, individual development accounts, or other policies established by the State to encourage savings.

''(B) FAMILY INCOME.—The extent to which earned or unearned income is disregarded in determining eligibility for, and amount of, assistance.

''(C) CHILD SUPPORT.—The State's policy, if any, for determining the extent to which child support received in excess of $50 per month on behalf of a member of the family is disregarded in determining eligibility for, and the amount of, assistance.

''(D) CHILD'S EARNINGS.—The treatment of earnings of a child living in the home.

''(E) EARNED INCOME TAX CREDIT.—The State agency shall disregard any refund of Federal income taxes made to a family receiving temporary employment assistance by reason of section 32 of the Internal Revenue Code of 1986 (relating to earned income tax credit) and any payment made to such a family by an employer under section 3507 of such Code (relating to advance payment of earned income credit).

''(3) VERIFICATION SYSTEM.—The State plan shall provide that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1137.

''SEC. 403. PARENT EMPOWERMENT CONTRACT.

''(a) ASSESSMENT.—The State plan shall provide that the State agency, through a case manager, shall make an initial assessment of the skills, prior work experience, and employability of each parent who is applying for temporary employment assistance under the plan.

''(b) PARENT EMPOWERMENT CONTRACTS.—On the basis of the assessment made under subsection (a) with respect to each parent, the case manager, in consultation with the parent or parents of a family (hereafter in this title referred to as the 'client'), shall develop a parent empowerment contract for the client, which meets the following requirements:

''(1) Sets forth the obligations of the client, including 1 or more of the following:

''(A) Search for a job.

''(B) Engage in work-related activities to help the client become and remain employed in the private sector.

''(C) Attend school, if necessary, and maintain certain grades and attendance.

''(D) Keep school age children of the client in school.

''(E) Immunize children of the client.

''(F) Attend parenting and money management classes.

''(G) Any other appropriate activity, at the option of the State.

''(2) To the greatest extent possible, is designed to move the client as quickly as possible into whatever type and amount of work as the client is capable of handling, and to increase the responsibility and amount of work over time until the client is able to work full-time.

''(3) Provides for participation by the client in job search activities for the first 2 months after the application for temporary employment assistance under the State plan, unless the client is already working at least 20 hours per week or is exempt from the work requirements under the State plan.

''(4) If necessary to provide the client with support and skills necessary to obtain and keep employment in the private sector, provides for job counseling or other services, and, if additionally necessary, education or training through the Work First program under part F.

''(5) Provides that the client shall accept any bona fide offer of unsubsidized full-time employment, unless the client has good cause for not doing so.

''(6) At the option of the State, provides that the client undergo appropriate substance abuse treatment.

''(7) Provides that the client—

''(A) assign to the State any rights to support from any other person the client may have in such client's own behalf or in behalf of any other family member for whom the client is applying for or receiving assistance; and

''(B) cooperate with the State—

''(i) in establishing the paternity of a child born out of wedlock with respect to whom assistance is claimed, and

''(ii) in obtaining support payments for such client and for a child with respect to whom such assistance is claimed, or in obtaining any other payments or property due such client or such child,

unless (in either case) such client is found to have good cause for refusing to cooperate as determined by the State agency in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the child on whose behalf assistance is claimed.

''(c) PENALTIES FOR NONCOMPLIANCE WITH PARENT EMPOWERMENT CONTRACT.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the following penalties shall apply:

''(A) PROGRESSIVE REDUCTIONS IN ASSISTANCE FOR 1ST AND 2ND ACTS OF NONCOMPLIANCE.—The State plan shall provide that the amount of temporary employment assistance otherwise payable under the plan to a family that includes a client who, with respect to a parent empowerment contract signed by the client, commits an act of noncompliance without good cause, shall be reduced by—

''(i) 33 percent for the 1st such act of noncompliance; or

''(ii) 66 percent for the 2nd such act of noncompliance.

''(B) DENIAL OF ASSISTANCE FOR 3RD AND SUBSEQUENT ACTS OF NONCOMPLIANCE.—The State plan shall provide that in the case of the 3rd or subsequent such act of noncompliance, the family of which the client is a member shall not thereafter be eligible for temporary employment assistance under the State plan.

''(C) LENGTH OF PENALTIES.—The penalty for an act of noncompliance shall not exceed the greater of—

''(i) in the case of—

''(I) the 1st act of noncompliance, 1 month,

''(II) the 2nd act of noncompliance, 3 months, or

''(III) the 3rd or subsequent act of noncompliance, 6 months; or

''(ii) the period ending with the cessation of such act of noncompliance.

''(D) DENIAL OF TEMPORARY EMPLOYMENT ASSISTANCE TO ADULTS REFUSING TO ACCEPT A BONA FIDE OFFER OF EMPLOYMENT.—The State plan shall provide that if an unemployed individual who has attained 18 years of age refuses to accept a bona fide offer of employment without good cause, such act of noncompliance shall be considered a 3rd or subsequent act of noncompliance.

''(2) STATE FLEXIBILITY.—The State plan may provide for different penalties than those specified in paragraph (1).

''SEC. 404. PAYMENT OF ASSISTANCE.

''(a) STANDARDS OF ASSISTANCE.—The State plan shall specify standards of assistance, including—

''(1) the composition of the unit for which assistance will be provided;

''(2) a standard, expressed in money amounts, to be used in determining the need of applicants and recipients;

''(3) a standard, expressed in money amounts, to be used in determining the amount of the assistance payment; and

''(4) the methodology to be used in determining the payment amount received by assistance units.

''(b) LEVEL OF ASSISTANCE.—The State plan shall provide that—

''(1) the determination of need and the amount of assistance for all applicants and recipients shall be made on an objective and equitable basis;

''(2) families of similar composition with similar needs and circumstances shall be treated similarly; and

''(3) the State shall not reduce or deny assistance for a needy child solely because such child was conceived or born during a period in which the parent was receiving temporary employment assistance.

''(c) CORRECTION OF PAYMENTS.—The State plan shall provide that the State agency will promptly take all necessary steps to correct any overpayment or underpayment of assistance under such plan, including the request for Federal tax refund intercepts as provided under section 417.

''SEC. 405. PROVISION OF PROGRAM AND EMPLOYMENT INFORMATION AND CHILD CARE.

''(a) INFORMATION.—The State plan shall provide for the dissemination of information to all applicants for and recipients of temporary employment assistance under the plan about all available services under the State plan for which such applicants and recipients are eligible.

''(b) CHILD CARE DURING JOB SEARCH, WORK, OR PARTICIPATION IN WORK FIRST.—The State plan shall provide that the State agency shall guarantee child care assistance for each family that is receiving temporary employment assistance and that has a needy

child requiring such care, to the extent that such care is determined by the State agency to be necessary for an individual in the family to participate in job search activities, to work, or to participate in the Work First program.

"SEC. 406. OTHER PROGRAMS.

''(a) WORK FIRST.—The State plan shall provide that the State has in effect and operation a Work First program that meets the requirements of part F.

''(b) STATE CHILD SUPPORT AGENCY.—The State plan shall—

''(1) provide that the State has in effect a plan approved under part D and operates a child support program in substantial compliance with such plan;

''(2) provide that the State agency administering the plan approved under this part shall be responsible for assuring that—

''(A) the benefits and services provided under plans approved under this part and part D are furnished in an integrated manner, including coordination of intake procedures with the agency administering the plan approved under part D;

''(B) all applicants for, and recipients of, temporary employment assistance are encouraged, assisted, and required (as provided under section 403(b)(7)(B)) to cooperate in the establishment and enforcement of paternity and child support obligations and are notified about the services available under the State plan approved under part D; and

''(C) procedures require referral of paternity and child support enforcement cases to the agency administering the plan approved under part D not later than 10 days after the application for temporary employment assistance; and

''(3) provide for prompt notice (including the transmittal of all relevant information) to the State child support collection agency established pursuant to part D of the furnishing of temporary employment assistance with respect to a child who has been deserted or abandoned by a parent (including a child born out-of-wedlock without regard to whether the paternity of such child has been established).

''(c) CHILD WELFARE SERVICES AND FOSTER CARE AND ADOPTION ASSISTANCE.—The State plan shall provide that the State has in effect—

''(1) a State plan for child welfare services approved under part B; and

''(2) a State plan for foster care and adoption assistance approved under part E,

and operates such plans in substantial compliance with the requirements of such parts.

''(d) REPORT OF CHILD ABUSE, ETC.—The State plan shall provide that the State agency will—

''(1) report to an appropriate agency or official, known or suspected instances of physical or mental injury, sexual abuse or exploitation, or negligent treatment or maltreatment of a child receiving assistance under the State plan under circumstances which indicate that the child's health or welfare is threatened thereby; and

''(2) provide such information with respect to a situation described in paragraph (1) as the State agency may have.

''(e) OUT-OF-WEDLOCK AND TEEN PREGNANCY PROGRAMS.—The State plan shall provide for the development of a program—

''(1) to reduce the incidence of out-of-wedlock pregnancies, which may include providing unmarried mothers and unmarried fathers with services which will help them—

''(A) avoid subsequent pregnancies, and

''(B) provide adequate care to their children; and

''(2) to reduce teenage pregnancy, which may include, at the option of the State, providing education and counseling to male and female teenagers.

''(f) AVAILABILITY OF ASSISTANCE IN RURAL AREAS OF STATE.—The State plan shall consider and address the needs of rural areas in the State to ensure that families in such areas receive assistance to become self-sufficient.

''(g) FAMILY PRESERVATION.—

''(1) IN GENERAL.—The State plan shall describe the efforts by the State to promote family preservation and stability, including efforts—

''(A) to encourage fathers to stay home and be a part of the family;

''(B) to keep families together to the extent possible; and

''(C) except to the extent provided in paragraph (2), to treat 2-parent families and 1-parent families equally with respect to eligibility for assistance.

''(2) MAINTENANCE OF TREATMENT.—The State may impose eligibility limitations relating specifically to 2-parent families to the extent such limitations are no more restrictive than such limitations in effect in the State plan in fiscal year 1995.

SEC. 407. ADMINISTRATIVE REQUIREMENTS FOR STATE PLAN.

''(a) STATEWIDE PLAN.—The State plan shall be in effect in all political subdivisions of the State, and, if administered by the subdivisions, be mandatory upon such subdivisions. If such plan is not administered uniformly throughout the State, the plan shall describe the administrative variations.

''(b) SINGLE ADMINISTRATING AGENCY.—The State plan shall provide for the establishment or designation of a single State agency to administer the plan or supervise the administration of the plan.

''(c) FINANCIAL PARTICIPATION.—The State plan shall provide for financial participation by the State in the same manner and amount as such State participates under title XIX, except that with respect to the sums expended for the administration of the State plan, the percentage shall be 50 percent.

''(d) REASONABLE PROMPTNESS.—The State plan shall provide that all individuals wishing to make application for temporary employment assistance shall have opportunity to do so, and that such assistance be furnished with reasonable promptness to all eligible individuals.

''(e) FAIR HEARING.—The State plan shall provide for granting an opportunity for a fair hearing before the State agency to any individual—

''(1) whose claim for temporary employment assistance is denied or is not acted upon with reasonable promptness; or

''(2) whose assistance is reduced or terminated.

''(f) AUTOMATED DATA PROCESSING SYSTEM.—The State plan shall, at the option of the State, provide for the establishment and operation of an automated statewide management information system designed effectively and efficiently, to assist management in the administration of the State plan approved under this part, so as—

''(1) to control and account for—

''(A) all the factors in the total eligibility determination process under such plan for assistance, and

''(B) the costs, quality, and delivery of payments and services furnished to applicants for and recipients of assistance; and

''(2) to notify the appropriate officials for child support, food stamp, and social service programs, and the medical assistance program approved under title XIX, whenever a recipient becomes ineligible for such assistance or the amount of assistance provided to a recipient under the State plan is changed.

''(g) DISCLOSURE OF INFORMATION.—The State plan shall provide for safeguards which restrict the use or disclosure of information concerning applicants or recipients.

''(h) DETECTION OF FRAUD.—The State plan shall provide, in accordance with regulations issued by the Secretary, for appropriate measures to detect fraudulent applications for temporary employment assistance before the establishment of eligibility for such assistance.

''Subpart 2—Administrative Provisions

''SEC. 411. APPROVAL OF PLAN.

''(a) IN GENERAL.—The Secretary shall approve a State plan which fulfills the requirements under subpart 1 within 120 days of the submission of the plan by the State to the Secretary.

''(b) DEEMED APPROVAL.—If a State plan has not been rejected by the Secretary during the period specified in subsection (a), the plan shall be deemed to have been approved.

''SEC. 412. COMPLIANCE.

In the case of any State plan for temporary employment assistance which has been approved under section 411, if the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by subpart 1 to be included in the plan, the Secretary shall notify such State agency that further payments will not be made to the State (or in the Secretary's discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure) until the Secretary is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until the Secretary is so satisfied the Secretary shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

''SEC. 413. PAYMENTS TO STATES.

''(a) COMPUTATION OF AMOUNT.—Subject to section 412, from the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for temporary employment assistance, for each quarter, beginning with the quarter commencing October 1, 1996, an amount equal to the Federal medical assistance percentage (as defined in section 1905(b)) of the expenditures by the State under such plan.

''(b) METHOD OF COMPUTATION AND PAYMENT.—The method of computing and paying such amounts shall be as follows:

''(1) The Secretary shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on—

''(A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived;

''(B) records showing the number of needy children in the State; and

''(C) such other information as the Secretary may find necessary.

''(2) The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services—

''(A) reduced or increased, as the case may be, by any sum by which the Secretary of Health and Human Services finds that the estimate for any prior quarter was greater or

less than the amount which should have been paid to the State for such quarter;

''(B) reduced by a sum equivalent to the pro rata share to which the Federal Government is equitably entitled, as determined by the Secretary of Health and Human Services, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to temporary employment assistance furnished under the State plan; and

''(C) reduced by such amount as is necessary to provide the appropriate reimbursement to the Federal Government that the State is required to make under section 457 out of that portion of child support collections retained by the State pursuant to such section,

except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Health and Human Services for such prior quarter.

''(c) METHOD OF PAYMENT.—The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Department of the Treasury and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

''SEC. 414. ATTRIBUTION OF INCOME AND RESOURCES OF SPONSOR AND SPOUSE TO ALIEN.

''(a) APPLICABILITY; TIME PERIOD.—For purposes of determining eligibility for and the amount of assistance under a State plan approved under this part for an individual who is an alien, the income and resources of any person who (as a sponsor of such individual's entry into the United States) executed an affidavit of support or similar agreement with respect to such individual, and the income and resources of the sponsor's spouse, shall be deemed to be the unearned income and resources of such individual (in accordance with subsections (b) and (c)) for a period ending with the date (if any) on which such individual becomes a citizen of the United States under chapter 2 of title III of the Immigration and Nationality Act, except that this section is not applicable if such individual is a needy child and such sponsor (or such sponsor's spouse) is the parent of such child.

''(b) COMPUTATION.—

''(1) INCOME.—The amount of income of a sponsor (and the sponsor's spouse) which shall be deemed to be the unearned income of an alien for any month shall be determined as follows:

''(A) The total amount of earned and unearned income of such sponsor and such sponsor's spouse (if such spouse is living with the sponsor) shall be determined for such month.

''(B) The amount determined under subparagraph (A) shall be reduced by an amount equal to the sum of—

''(i) the lesser of—

''(I) 20 percent of the total of any amounts received by the sponsor and the sponsor's spouse in such month as wages or salary or as net earnings from self-employment, plus the full amount of any costs incurred by them in producing self-employment income in such month, or

''(II) $175;

''(ii) the needs standard established by the State under its plan for a family of the same size and composition as the sponsor and those other individuals living in the same household as the sponsor who are claimed by the sponsor as dependents for purposes of determining the sponsor's Federal personal income tax liability;

''(iii) any amounts paid by the sponsor (or the sponsor's spouse) to individuals not living in such household who are claimed by the sponsor as dependents for purposes of determining the sponsor's Federal personal income tax liability; and

''(iv) any payments of alimony or child support with respect to individuals not living in such household.

''(2) RESOURCES.—The amount of resources of a sponsor (and the sponsor's spouse) which shall be deemed to be the resources of an alien for any month shall be determined as follows:

''(A) The total amount of the resources (determined as if the sponsor were applying for assistance under the State plan approved under this part) of such sponsor and such sponsor's spouse (if such spouse is living with the sponsor) shall be determined.

''(B) The amount determined under subparagraph (A) shall be reduced by $1,500.

''(c) PROVISION OF INFORMATION BY ALIEN CONCERNING SPONSOR; RECEIPT OF INFORMATION FROM DEPARTMENTS OF STATE AND JUSTICE.—

''(1) PROVISION OF INFORMATION BY ALIEN.—Any individual who is an alien and whose sponsor was a public or private agency shall be ineligible for assistance under a State plan approved under this part during the period beginning with the alien's entry into the United States and ending with the date (if any) on which such alien becomes a citizen of the United States under chapter 2 of title III of the Immigration and Nationality Act, unless the State agency administering such plan determines that such sponsor either no longer exists or has become unable to meet such individual's needs; and such determination shall be made by the State agency based upon such criteria as the State agency may specify in the State plan, and upon such documentary evidence as the State agency may therein require. Any such individual, and any other individual who is an alien (as a condition of the alien's eligibility for assistance under a State plan approved under this part during such period), shall be required to provide to the State agency administering such plan such information and documentation with respect to the alien's sponsor as may be necessary in order for the State agency to make any determination required under this section, and to obtain any cooperation from such sponsor necessary for any such determination. Such alien shall also be required to provide to the State agency such information and documentation as the State agency may request and which such alien or the alien's sponsor provided in support of such alien's immigration application.

''(2) PROVISION OF INFORMATION BY DEPARTMENTS.—The Secretary shall enter into agreements with the Secretary of State and the Attorney General whereby any information available to them and required in order to make any determination under this section will be provided by them to the Secretary (who may, in turn, make such information available, upon request, to a concerned State agency), and whereby the Secretary of State and Attorney General will inform any sponsor of an alien, at the time such sponsor executes an affidavit of support or similar agreement, of the requirements imposed by this section.

''(d) JOINT AND SEVERAL LIABILITY OF ALIEN AND SPONSOR FOR OVERPAYMENT OF ASSISTANCE DURING SPECIFIED PERIOD FOLLOWING ENTRY.—Any sponsor of an alien, and such alien, shall be jointly and severally liable for an amount equal to any overpayment of assistance under the State plan made to such alien during the period described in subsection (c)(1), on account of such sponsor's failure to provide correct information under the provisions of this section, except where such sponsor was without fault, or where good cause of such failure existed. Any such overpayment which is not repaid to the State or recovered in accordance with the procedures generally applicable under the State plan to the recoupment of overpayments shall be withheld from any subsequent payment to which such alien or such sponsor is entitled under any provision of this title.

''(e) DIVISION OF INCOME AND RESOURCES OF INDIVIDUAL SPONSORING 2 OR MORE ALIENS LIVING IN SAME HOME.—

''(1) IN GENERAL.—In any case where a person is the sponsor of 2 or more alien individuals who are living in the same home, the income and resources of such sponsor (and the sponsor's spouse), to the extent such income and resources would be deemed the income and resources of any 1 of such individuals under the preceding provisions of this section, shall be divided into 2 or more equal shares (the number of shares being the same as the number of such alien individuals) and the income and resources of each such individual shall be deemed to include 1 such share.

''(2) AVAILABILITY.—Income and resources of a sponsor (and the sponsor's spouse) which are deemed under this section to be the income and resources of any alien individual in a family shall not be considered in determining the need of other family members except to the extent such income or resources are actually available to such other members.

''(f) ALIENS NOT COVERED.—The provisions of this section shall not apply with respect to any alien who is—

''(1) admitted to the United States as a result of the application, prior to April 1, 1980, of the provisions of section 203(a)(7) of the Immigration and Nationality Act;

''(2) admitted to the United States as a result of the application, after March 31, 1980, of the provisions of section 207(c) of such Act;

''(3) paroled into the United States as a refugee under section 212(d)(5) of such Act;

''(4) granted political asylum by the Attorney General under section 208 of such Act; or

''(5) a Cuban and Haitian entrant, as defined in section 501(e) of the Refugee Education Assistance Act of 1980 (Public Law 96-422).

''SEC. 415. QUALITY ASSURANCE, DATA COLLECTION, AND REPORTING SYSTEM.

''(a) QUALITY ASSURANCE.—

''(1) IN GENERAL.—Under the State plan, a quality assurance system shall be developed based upon a collaborative effort involving the Secretary, the State, the political subdivisions of the State, and assistance recipients, and shall include quantifiable program outcomes related to self sufficiency in the categories of welfare-to-work, payment accuracy, and child support.

''(2) MODIFICATIONS TO SYSTEM.—As deemed necessary, but not more often than every 2 years, the Secretary, in consultation with the State, the political subdivisions of the State, and assistance recipients, shall make appropriate changes in the design and administration of the quality assurance system, including changes in benchmarks, measures, and data collection or sampling procedures.

''(b) DATA COLLECTION AND REPORTING.—

''(1) IN GENERAL.—The State plan shall provide for a quarterly report to the Secretary regarding the data described in paragraphs (2) and (3) and such additional data needed for the quality assurance system. The data collection and reporting system under this subsection shall promote accountability, continuous improvement, and integrity in the State plans for temporary employment assistance and Work First.

''(2) DISAGGREGATED DATA.—The State shall collect the following data items on a monthly basis from disaggregated case records of applicants for and recipients of temporary employment assistance from the previous month:

''(A) The age of adults and children (including pregnant women).

''(B) Marital or familial status of cases: married (2-parent family), widowed, divorced, separated, or never married; or child living with other adult relative.

''(C) The gender, race, educational attainment, work experience, disability status (whether the individual is seriously ill, incapacitated, or caring for a disabled or incapacitated child) of adults.

''(D) The amount of cash assistance and the amount and reason for any reduction in such assistance. Any other data necessary to determine the timeliness and accuracy of benefits and welfare diversions.

''(E) Whether any member of the family receives benefits under any of the following:

''(i) Any housing program.

''(ii) The food stamp program under the Food Stamp Act of 1977.

''(iii) The Head Start programs carried out under the Head Start Act.

''(iv) Any job training program.

''(F) The number of months since the most recent application for assistance under the plan.

''(G) The total number of months for which assistance has been provided to the families under the plan.

''(H) The employment status, hours worked, and earnings of individuals while receiving assistance, whether the case was closed due to employment, and other data needed to meet the work performance rate.

''(I) Status in Work First and workfare, including the number of hours an individual participated and the component in which the individual participated.

''(J) The number of persons in the assistance unit and their relationship to the youngest child. Nonrecipients in the household and their relationship to the youngest child.

''(K) Citizenship status.

''(L) Shelter arrangement.

''(M) Unearned income (not including temporary employment assistance), such as child support, and assets.

''(N) The number of children who have a parent who is deceased, incapacitated, or unemployed.

''(O) Geographic location.

''(3) AGGREGATED DATA.—The State shall collect the following data items on a monthly basis from aggregated case records of applicants for and recipients of temporary employment assistance from the previous month:

''(A) The number of adults receiving assistance.

''(B) The number of children receiving assistance.

''(C) The number of families receiving assistance.

''(D) The number of assistance units who had their grants reduced or terminated and the reason for the reduction or termination, including sanction, employment, and meeting the time limit for assistance).

''(E) The number of applications for assistance; the number approved and the number denied and the reason for denial.

''(4) LONGITUDINAL STUDIES.—The State shall submit selected data items for a cohort of individuals who are tracked over time. This longitudinal sample shall be used for selected data items described in paragraphs (2) and (3), as determined appropriate by the Secretary.

''(c) ADDITIONAL DATA.—The report required by subsection (b) for a fiscal year quarter shall also include the following:

''(1) REPORT ON USE OF FEDERAL FUNDS TO COVER ADMINISTRATIVE COSTS AND OVERHEAD.—A statement of—

''(A) the percentage of the Federal funds paid to the State under this part for the fiscal year quarter that are used to cover administrative costs or overhead; and

''(B) the total amount of State funds that are used to cover such costs or overhead.

''(2) REPORT ON STATE EXPENDITURES ON PROGRAMS FOR NEEDY FAMILIES.—A statement of the total amount expended by the State during the fiscal year quarter on programs for needy families, with the amount spent on the program under this part, and the purposes for which such amount was spent, separately stated.

''(3) REPORT ON NONCUSTODIAL PARENTS PARTICIPATING IN WORK ACTIVITIES.—The number of noncustodial parents in the State who participated in work activities during the fiscal year quarter.

''(4) REPORT ON CHILD SUPPORT COLLECTED.—The total amount of child support collected by the State agency administering the State plan under part D on behalf of a family receiving assistance under this part.

''(5) REPORT ON CHILD CARE.—The total amount expended by the State for child care under this part, along with a description of the types of child care provided, such as child care provided in the case of a family that has ceased to receive assistance under this part because of increased hours of, or increased income from, employment, or in the case of a family that is not receiving assistance under this part but would be at risk of becoming eligible for such assistance if child care was not provided.

''(6) REPORT ON TRANSITIONAL SERVICES.—The total amount expended by the State for providing transitional services to a family that has ceased to receive assistance under this part because of increased hours of, or increased income from, employment, along with a description of such services.

''(d) COLLECTION PROCEDURES.—The Secretary shall provide case sampling plans and data collection procedures as deemed necessary to make statistically valid estimates of plan performance.

''(e) VERIFICATION.—The Secretary shall develop and implement procedures for verifying the quality of the data submitted by the State, and shall provide technical assistance, funded by the compliance penalties imposed under section 412, if such data quality falls below acceptable standards.

''SEC. 416. COMPILATION AND REPORTING OF DATA.

''(a) CURRENT PROGRAMS.—The Secretary shall, on the basis of the Secretary's review of the reports received from the States under section 415, compile such data as the Secretary believes necessary, and from time to time, publish the findings as to the effectiveness of the programs developed and administered by the States under this part. The Secretary shall annually report to the Congress on the programs developed and administered by each State under this part.

''(b) RESEARCH, DEMONSTRATION AND EVALUATION.—Of the amount specified under section 413(a), an amount equal to .25 percent is authorized to be expended by the Secretary to support the following types of research, demonstrations, and evaluations:

''(1) STATE-INITIATED RESEARCH.—States may apply for grants to cover 90 percent of the costs of self-evaluations of programs under State plans approved under this part.

''(2) DEMONSTRATIONS.—

''(A) IN GENERAL.—The Secretary may implement and evaluate demonstrations of innovative and promising strategies to—

''(i) improve child well-being through reductions in illegitimacy, teen pregnancy, welfare dependency, homelessness, and poverty;

''(ii) test promising strategies by nonprofit and for-profit institutions to increase employment, earning, child support payments, and self-sufficiency with respect to temporary employment assistance clients under State plans; and

''(iii) foster the development of child care.

''(B) ADDITIONAL PARAMETERS.—Demonstrations implemented under this paragraph—

''(i) may provide one-time capital funds to establish, expand, or replicate programs;

''(ii) may test performance-based grant to loan financing in which programs meeting performance targets receive grants while programs not meeting such targets repay funding on a pro-rated basis; and

''(iii) should test stategies in multiple States and types of communities.

''(3) FEDERAL EVALUATIONS.—

''(A) IN GENERAL.—The Secretary shall conduct research on the effects, benefits, and costs of different approaches to operating welfare programs, including an implementation study based on a representative sample of States and localities, documenting what policies were adopted, how such policies were implemented, the types and mix of services provided, and other such factors as the Secretary deems appropriate.

''(B) RESEARCH ON RELATED ISSUES.—The Secretary shall also conduct research on issues related to the purposes of this part, such as strategies for moving welfare recipients into the workforce quickly, reducing teen pregnancies and out-of-wedlock births, and providing adequate child care.

''(C) STATE REIMBURSEMENT.—The Secretary may reimburse a State for any research-related costs incurred pursuant to research conducted under this paragraph.

''(D) USE OF RANDOM ASSIGNMENT.—Evaluations authorized under this paragraph should use random assignment to the maximum extent feasible and appropriate.

''(4) REGIONAL INFORMATION CENTERS.—

''(A) IN GENERAL.—The Secretary shall establish not less than 5, nor more than 7 regional information centers located at major research universities or consortiums of universities to ensure the effective implementation of welfare reform and the efficient dissemination of information about innovations, evaluation outcomes, and training initiatives.

''(B) CENTER RESPONSIBILITIES.—The Centers shall have the following functions:

''(i) Disseminate information about effective income support and related programs, along with suggestions for the replication of such programs.

''(ii) Research the factors that cause and sustain welfare dependency and poverty in the regions served by the respective centers.

''(iii) Assist the States in the region formulate and implement innovative programs and improvements in existing programs that help clients move off welfare and become productive citizens.

''(iv) Provide training as appropriate to staff of State agencies to enhance the ability of the agencies to successfully place Work First clients in productive employment or self-employment.

''(C) CENTER ELIGIBILITY TO PERFORM EVALUATIONS.—The Centers may compete for demonstration and evaluation contracts developed under this section.

''SEC. 417. COLLECTION OF OVERPAYMENTS FROM FEDERAL TAX REFUNDS.

''(a) IN GENERAL.—Upon receiving notice from a State agency administering a plan approved under this part that a named individual has been overpaid under the State plan

approved under this part, the Secretary of the Treasury shall determine whether any amounts as refunds of Federal taxes paid are payable to such individual, regardless of whether such individual filed a tax return as a married or unmarried individual. If the Secretary of the Treasury finds that any such amount is payable, the Secretary shall withhold from such refunds an amount equal to the overpayment sought to be collected by the State and pay such amount to the State agency.

''(b) REGULATIONS.—The Secretary of the Treasury shall issue regulations, approved by the Secretary of Health and Human Services, that provide—

''(1) that a State may only submit under subsection (a) requests for collection of overpayments with respect to individuals—

''(A) who are no longer receiving temporary employment assistance under the State plan approved under this part,

''(B) with respect to whom the State has already taken appropriate action under State law against the income or resources of the individuals or families involved; and

''(C) to whom the State agency has given notice of its intent to request withholding by the Secretary of the Treasury from the income tax refunds of such individuals;

''(2) that the Secretary of the Treasury will give a timely and appropriate notice to any other person filing a joint return with the individual whose refund is subject to withholding under subsection (a); and

''(3) the procedures that the State and the Secretary of the Treasury will follow in carrying out this section which, to the maximum extent feasible and consistent with the specific provisions of this section, will be the same as those issued pursuant to section 464(b) applicable to collection of past-due child support.''.

(b) PAYMENTS TO PUERTO RICO.—Section 1108(a)(1) (42 U.S.C. 1308(a)(1)) is amended—

(1) in subparagraph (F), by striking ''or''; and

(2) by striking subparagraph (G) and inserting the following:

''(G) $82,000,000 with respect to each of fiscal years 1989 through 1995, or

''(H) $102,500,000 with respect to the fiscal year 1996 and each fiscal year thereafter;''.

(c) CONFORMING AMENDMENTS RELATING TO COLLECTION OF OVERPAYMENTS.—

(1) Section 6402 of the Internal Revenue Code of 1986 (relating to authority to make credits or refunds), as amended by section 561(a), is amended—

(A) in subsection (a), by striking ''(c) and (d)'' and inserting ''(c), (d), and (e)'';

(B) by redesignating subsections (e) through (i) as subsections (f) through (j), respectively; and

(C) by inserting after subsection (d) the following:

''(g) COLLECTION OF OVERPAYMENTS UNDER TITLE IV–A OF THE SOCIAL SECURITY ACT.—The amount of any overpayment to be refunded to the person making the overpayment shall be reduced (after reductions pursuant to subsections (c) and (d), but before a credit against future liability for an internal revenue tax) in accordance with section 417 of the Social Security Act (concerning recovery of overpayments to individuals under State plans approved under part A of title IV of such Act).''.

(2) Section 552a(a)(8)(B)(iv)(III) of title 5, United States Code, is amended by striking ''section 464 or 1137 of the Social Security Act'' and inserting ''section 417, 464, or 1137 of the Social Security Act.''

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall be effective with respect to calendar quarters beginning on or after October 1, 1996.

(2) SPECIAL RULE.—In the case of a State that the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order to meet the requirements imposed by the amendment made by subsection (a), the State shall not be regarded as failing to comply with the requirements of such amendment before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of this paragraph, in the case of a State that has a 2-year legislative session, each year of the session shall be treated as a separate regular session of the State legislature.

TITLE II—WORK FIRST EMPLOYMENT BLOCK GRANT

SEC. 201. WORK FIRST EMPLOYMENT BLOCK GRANT.

(a) IN GENERAL.—Title IV (42 U.S.C. 601 et seq.) is amended by striking part F and inserting the following:

''Part F—Work First Employment Block Grant Program

''Subpart 1—Establishment and Operation of State Programs

''SEC. 481. GOALS OF THE WORK FIRST PROGRAM.

''The goals of a Work First program are as follows:

''(1) OBJECTIVE.—The objective of the program is for each adult receiving temporary employment assistance to find and hold full-time unsubsidized paid employment, and for this objective to be achieved in a cost-effective fashion.

''(2) STRATEGY.—The strategy of the program is to connect clients of temporary employment assistance with the private sector labor market as soon as possible and offer such clients the support and skills necessary to remain in the labor market. Each component of the program should emphasize employment and the understanding that minimum wage jobs are a stepping stone to more highly paid employment.

''(3) JOB CREATION.—The creation of jobs, with an emphasis on private sector jobs, through the options available under subpart 2, shall be a component of the block grant program and shall be a priority for each State office with responsibilities under the program.

''(4) FORMS OF ASSISTANCE.—The State shall provide assistance to clients in the program through a range of components, which may include job placement services (including vouchers for job placement services), work supplementation programs, temporary subsidized job creation, assistance in establishing microenterprises, job counseling services, or other work-related activities, to provide individuals with the support and skills necessary to obtain and keep employment in the private sector (including education and training, if necessary).

''SEC. 482. REQUIREMENT THAT RECIPIENTS ENTER THE WORK FIRST PROGRAM.

''(a) IN GENERAL.—Except as provided in subsection (b), the State may place in the Work First program—

''(1) clients of temporary employment assistance pursuant to the State plan approved under part A who have signed a parent empowerment contract as described in section 403(b); and

''(2) absent parents who are unemployed, on the condition that, once employed, such parents meet their child support obligations.

''(b) EXCEPTIONS.—A State may not require a client of temporary employment assistance to participate in the Work First program (although a client may volunteer), if the client—

''(1) is seriously ill, incapacitated, or of advanced age;

''(2)(A) except for a child described in subparagraph (B), is a parent with a child under age 1 year (or age 6 months, at the option of the State), or

''(B) in the case of a 2nd or subsequent child born after a parent has become a client, is a parent with a child under age 3 months;

''(3) is pregnant in the 3rd trimester;

''(4) is caring for a family member who is ill or incapacitated; or

''(5) is under age 18 (or age 19, at the option of the State).

''(c) NONDISPLACEMENT.—

''(1) IN GENERAL.—The Work First program shall not displace any employee or position (including partial displacement, such as a reduction in the hours of nonovertime work, wages, or employment benefits), fill any unfilled vacancy, impair existing contracts for services, be inconsistent with existing laws, regulations, or collective bargaining agreements, or infringe upon the recall rights or promotional opportunities of any worker. Work activities shall be in addition to activities that otherwise would be available and shall not supplant the hiring of employed workers not funded under the program.

''(2) ENFORCING ANTI-DISPLACEMENT PROTECTIONS.—The State shall establish and maintain an impartial grievance procedure to resolve any complaints alleging violations of the requirements of paragraph (1) within 60 days and, if a decision is adverse to the party who filed such grievance or no decision has been reached, provide for the completion of an arbitration procedure within 75 days. Appeals may be made to the Secretary who shall make a decision within 75 days. Remedies shall include termination or suspension of payments, prohibition of the placement of the participant, reinstatement of an employee, and other relief to make an aggrieved employee whole. If a grievance is filed regarding a proposed placement of a participant, such placement shall not be made unless such placement is consistent with the resolution of the grievance pursuant to this paragraph.

''Subpart 2—Program Performance

''SEC. 485. WORK PERFORMANCE RATES; PERFORMANCE-BASED BONUSES.

''(a) WORK PERFORMANCE RATES.—

''(1) REQUIREMENT.—A State that operates a program under this part shall achieve a work performance rate for the following fiscal years of not less than the following percentages:

''(A) 30 percent for fiscal year 1997.

''(B) 35 percent for fiscal year 1998.

''(C) 40 percent for fiscal year 1999.

''(D) 50 percent for fiscal year 2000 or thereafter.

''(2) WORK PERFORMANCE RATE DEFINED.—

''(A) IN GENERAL.—As used in this subsection, the term 'work performance rate' means, with respect to a State and a fiscal year, an amount equal to—

''(i) the sum of the average monthly number of individuals eligible for temporary employment assistance under the State plan approved under part A who, during the fiscal year—

''(I) obtain employment in an unsubsidized job and cease to receive such temporary employment assistance to the extent allowed under subparagraph (B);

''(II) work 20 or more hours per week (or 30 hours, at the option of the State) in an unsubsidized job while still receiving such temporary employment assistance;

''(III) work 20 or more hours per week (or 30 hours, at the option of the State) in a subsidized job through the Work First program

(other than through workfare or community service under section 493); or

''(IV) are parents under the age of 18 years (or 19 years, at the option of the State) in school and regularly attending classes obtaining the basic skills needed for work; divided by

''(ii) the average monthly number of families with parents eligible for such temporary employment assistance who, during the fiscal year, are not in groups described under section 482(b).

''(B) SPECIAL RULES.—

''(i) INDIVIDUALS IN UNSUBSIDIZED JOBS.—For purposes of subparagraph (A)(i)(I), an individual shall be considered to be participating under a State plan approved under part A for each of the 1st 12 months (without regard to fiscal year) after an individual ceases to receive temporary employment assistance under such plan as the result of employment in an unsubsidized job and during which such individual does not reapply for such assistance.

''(ii) INDIVIDUALS IN WORK FIRST SUBSIDIZED JOBS.—For purposes of subparagraph (A)(i)(III), individuals in workfare or community service (as defined in section 493) may be counted if such individuals reside in areas—

''(I) with an unemployment rate exceeding 7.5 percent; or

''(II) with other circumstances deemed sufficient by the Secretary.

''(iii) DEEMED COMPLIANCE.—A State shall be deemed to have met the requirement in paragraph (1) if its work performance rate in a given fiscal year exceeds that of the prior fiscal year by 10 percentage points.

''(3) EFFECT OF FAILURE TO MEET WORK PERFORMANCE RATES.—If a State fails to achieve the work performance rate required by paragraph (1) for any fiscal year—

''(A) in the case of the 1st failure, the Secretary shall make recommendations for changes in the State Work First program to achieve future required work performance rates; and

''(A) in the case of the 2nd or subsequent failure—

''(i) the Secretary shall reduce by 10 percentage points (or less, at the discretion of the Secretary based on the degree of failure) the rate of Federal payments for the administrative expenses for the State plan approved under part A for the subsequent fiscal year;

''(ii) the Secretary shall make further recommendations for changes in the State Work First program to achieve future required work performance rates which the State may elect to follow; and

''(iii) the State shall demonstrate to the Secretary how the State shall achieve the required work performance rate for the subsequent fiscal year.

''(b) PERFORMANCE-BASED BONUSES.—

''(1) IN GENERAL.—In addition to any other payment under section 495, each State, beginning in fiscal year 1997, which has achieved its work performance rate for the fiscal year (as determined under subsection (a)) shall be entitled to receive a bonus in the subsequent fiscal year for each individual eligible for temporary employment assistance under the State plan approved under part A who is described in subsection (a)(2)(A)(i) in excess of the number of such individuals necessary to meet such work performance rate, but the aggregate of such bonuses for any fiscal year in the case of any State may not exceed the limitation determined under paragraph (3) with respect to the State.

''(2) USE OF PAYMENTS.—Bonus payments under this subsection—

''(A) may be used to supplement, not supplant, State funding of Work First or child care activities; and

''(B) shall be used in a manner which rewards job retention.

''(3) LIMITATION.—

''(A) IN GENERAL.—The limitation determined under this paragraph with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in subparagraph (B) for such fiscal year as the average monthly number of adult recipients (as defined in section 495(a)(6)) in the State in the preceding fiscal year bears to the average monthly number of such recipients in all the States for such preceding year.

''(B) AMOUNT SPECIFIED.—The amount specified in this subparagraph is—

''(i) $100,000,000 for fiscal year 1997 rates payable in fiscal year 1998;

''(ii) $200,000,000 for fiscal year 1998 rates payable in fiscal year 1999;

''(iii) $300,000,000 for fiscal year 1999 rates payable in fiscal year 2000;

''(iv) $400,000,000 for fiscal year 2000 rates payable in fiscal year 2001; and

''(v) $500,000,000 for fiscal year 2001 rates payable in fiscal year 2002.

''Subpart 3—Program Components

''SEC. 486. PROGRAM COMPONENTS.

''(a) IN GENERAL.—Under the Work First program the State shall have the option to provide a wide variety of work-related activities to clients in the temporary employment assistance program under the State plan approved under part A, including job placement services (including vouchers for job placement services), work supplementation programs, temporary subsidized job creation, assistance in establishing microenterprises, and job counseling services described in this subpart.

''(b) JOB SEARCH ACTIVITIES.—Each client, who is not exempt from work requirements, shall begin Work First by participating in job search activities designed by the State for 2 months.

''(b) WORKFARE OR COMMUNITY SERVICE.—If, after 2 years, a client (who is not exempt from work requirements) who has signed a parent empowerment contract is not working at least 20 hours a week (within the meaning of section 485(a)(2)), then the State shall offer that client a workfare or community service position, with hours per week and tasks to be determined by the State.

''SEC. 487. JOB PLACEMENT; USE OF PLACEMENT COMPANIES.

''(a) IN GENERAL.—The State through the Work First program may operate its own job placement assistance program or may establish a job placement voucher program under subsection (b).

''(b) JOB PLACEMENT VOUCHER PROGRAM.—A job placement voucher program established by a State under this subsection shall include the following requirements:

''(1) LIST OF ORGANIZATIONS MAINTAINED.—The State shall identify, maintain, and make available to a client a list of State-approved job placement organizations that offer services in the area where the client resides and a description of the job placement and support services each such organization provides. Such organizations may be publicly or privately owned and operated.

''(2) EXECUTION OF CONTRACT.—A client shall, at the time the client becomes eligible for temporary employment assistance—

''(A) receive the list and description described in paragraph (1);

''(B) agree, in exchange for job placement and support services, to—

''(i) execute, within a period of time permitted by the State, a contract with a State-approved job placement organization which provides that the organization shall attempt to find employment for the client; and

''(ii) comply with the terms of the contract; and

''(C) receive a job placement voucher (in an amount to be determined by the State) for payment to a State-approved job placement organization.

''(3) USE OF VOUCHER.—At the time a client executes a contract with a State-approved job placement organization, the client shall provide the organization with the job placement voucher that the client received pursuant to paragraph (2)(C).

''(4) REDEMPTION.—A State-approved job placement organization may redeem for payment from the State not more than 25 percent of the value of a job placement voucher upon the initial receipt of the voucher for payment of costs incurred in finding and placing a client in an employment position. The remaining value of such voucher shall not be redeemed for payment from the State until the State-approved job placement organization—

''(A) finds an employment position (as determined by the State) for the client who provided the voucher; and

''(B) certifies to the State that the client remains employed with the employer that the organization originally placed the client with for the greater of—

''(i) 6 continuous months; or

''(ii) a period determined by the State.

''(5) PERFORMANCE-BASED STANDARDS.—

''(A) IN GENERAL.—The State shall establish performance-based standards to evaluate the success of the State job placement voucher program operated under this subsection in achieving employment for clients participating in such voucher program. Such standards shall take into account the economic conditions of the State in determining the rate of success.

''(B) ANNUAL EVALUATION.—The State shall, not less than once a fiscal year, evaluate the job placement voucher program operated under this subsection in accordance with the performance-based standards established under subparagraph (A).

''(C) ANNUAL REPORT.—The State shall submit a report containing the results of an evaluation conducted under subparagraph (B) to the Secretary and a description of the performance-based standards used to conduct the evaluation in such form and under such conditions as the Secretary shall require. The Secretary shall review each report submitted under this subparagraph and may require the State to revise the performance-based standards if the Secretary determines that the State is not achieving an adequate rate of success for such State.

''SEC. 488. REVAMPED JOBS PROGRAM.

''The State through the Work First program may operate a program similar to the program known as the 'GAIN Program' that has been operated by Riverside County, California, under Federal law as in effect immediately before the effective date of this subpart.

''SEC. 489. TEMPORARY SUBSIDIZED JOB CREATION.

''The State through the Work First program may establish a program similar to the program known as 'JOBS Plus' that has been operated by the State of Oregon under Federal law as in effect immediately before the effective date of this subpart.

''SEC. 490. FAMILY INVESTMENT PROGRAM.

''The State through the Work First program may establish a program similar to the program known as the 'Family Investment Program' that has been operated by the State of Iowa to move families off of welfare and into self-sufficient employment.

"SEC. 491. MICROENTERPRISE.

''(a) GRANTS AND LOANS TO NONPROFIT ORGANIZATIONS FOR THE PROVISION OF TECHNICAL ASSISTANCE, TRAINING, AND CREDIT TO LOW INCOME ENTREPRENEURS.—The State through the Work First program may make grants and loans to nonprofit organizations to provide technical assistance, training, and credit to low income entrepreneurs for the purpose of establishing microenterprises.

''(b) MICROENTERPRISE DEFINED.—For purposes of this section, the term 'microenterprise' means a commercial enterprise which has 5 or fewer employees, 1 or more of whom owns the enterprise.

"SEC. 492. WORK SUPPLEMENTATION PROGRAM.

''(a) IN GENERAL.—The State through the Work First program may institute a work supplementation program under which the State, to the extent it considers appropriate, may reserve the sums that would otherwise be payable to clients in the temporary employment assistance program under the State plan approved under part A and use the sums instead for the purpose of providing and subsidizing jobs for clients as an alternative to the temporary employment assistance that would otherwise be so payable to the clients.

''(b) SAMPLING METHODOLOGY PERMITTED.—In determining the amounts to be reserved and used for providing and subsidizing jobs under this section as described in subsection (a), the State may use a sampling methodology.

''(c) SUPPLEMENTED JOB.—For purposes of this section, a supplemented job is—

''(1) a job provided to an eligible client by the State or local agency administering the State plan under part A; or

''(2) a job provided to an eligible client by any other employer for which at least part of the wages are paid by the State or local agency.

A State may provide or subsidize under the program any job which the State determines to be appropriate.

''(d) COST LIMITATION.—The amount of the Federal payment to a State under section 413 for expenditures incurred in making payments to clients and employers under a work supplementation program under this section shall not exceed an amount equal to the amount which would otherwise be payable under such section 413 if the family of each client employed in the program established in the State under this section had received the maximum amount of temporary employment assistance payable under the State plan approved under part A to such a family with no income for the number of months in which the client was employed in the program.

''(e) RULES OF INTERPRETATION.—

''(1) NO EMPLOYEE STATUS REQUIRED.—This section shall not be construed as requiring the State or local agency administering the State plan approved under part A to provide employee status to an eligible client to whom the State or local agency provides a job under the work supplementation program (or with respect to whom the State or local agency provides all or part of the wages paid to the client by another entity under the program).

''(2) WAGES ARE CONSIDERED EARNED INCOME.—Wages paid under a work supplementation program shall be considered to be earned income for purposes of any provision of law.

''(f) PRESERVATION OF MEDICAID ELIGIBILITY.—Any State that chooses to operate a work supplementation program under this section shall provide that any client who participates in the program, and any child or relative of the client (or other individual living in the same household as the client) who would be eligible for temporary employment assistance under the State plan approved under part A if the State did not have a work supplementation program, shall be considered individuals receiving temporary employment assistance under the State plan approved under part A for purposes of eligibility for medical assistance under the State plan approved under title XIX.

"SEC. 493. WORKFARE AND COMMUNITY SERVICE.

''(a) IN GENERAL.—A State through the Work First program may establish and carry out a workfare or community service program that meets the requirements of this section.

''(b) WORKFARE DEFINED.—For purposes of this section, the term 'workfare' means a job provided to a client by the State administering the State plan under part A with respect to which the client works in return for assistance under such plan and receives no wages.

''(c) COMMUNITY SERVICE DEFINED.—For purposes of this section, the term 'community service' means work of benefit to the community, such as volunteer work in schools and community organizations.

''(d) ASSISTANCE NOT CONSIDERED EARNED INCOME.—Assistance paid under a workfare program shall not be considered to be earned income for purposes of any provision of law.

''(e) USE OF PLACEMENT COMPANIES.—A State that establishes a workfare or community service program under this section may enter into contracts with private companies (whether operated for profit or not for profit) for the placement of clients in the program in positions of full-time employment, preferably in the private sector, for wages sufficient to eliminate the need of such clients for temporary employment assistance.

"Subpart 4—Funding

"SEC. 495. FUNDING.

''(a) FUNDING FOR WORK FIRST.—

''(1) IN GENERAL.—Each State that is operating a program in accordance with this part shall be entitled to payments under subsection (b) for any fiscal year in an amount equal to the sum of the applicable percentages (specified in such subsection) of its expenditures to carry out such program (subject to limitations prescribed by or pursuant to this part or this section on expenditures that may be included for purposes of determining payments under subsection (b)), but such payments for any fiscal year in the case of any State may not exceed the limitation determined under paragraph (2) with respect to the State.

''(2) LIMITATION.—The limitation determined under this paragraph with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in paragraph (3) for such fiscal year as the average monthly number of adult recipients (as defined in paragraph (5)) in the State in the preceding fiscal year bears to the average monthly number of such recipients in all the States for such preceding year.

''(3) AMOUNT SPECIFIED.—Subject to paragraph (4), the amount specified in this paragraph is—

''(A) $1,700,000,000 for fiscal year 1997;

''(B) $1,900,000,000 for fiscal year 1998;

''(C) $2,200,000,000 for fiscal year 1999; and

''(D) $2,500,000,000 for fiscal years 2000, 2001, and 2002.

''(4) INDIAN TRIBAL GOVERNMENTS.—

''(A) APPLICATION.—

''(i) IN GENERAL.—An Indian tribe or Alaska Native organization may apply at any time to the Secretary (in such manner as the Secretary prescribes) to conduct a Work First program.

''(ii) PARTICIPATION.—If a tribe or organization chooses to apply and the application is approved, such tribe or organization shall be entitled to a direct payment in the amount determined in accordance with the provisions of subparagraph (B) for each fiscal year beginning after such approval.

''(iii) NO PARTICIPATION.—If a tribe or organization chooses not to apply, the amount that would otherwise be available to such tribe or organization for the fiscal year shall be payable to the State in which that tribe or organization is located. Such amount shall be used by that State to provide Work First program services to the recipients living within that tribe or organization's jurisdiction.

''(iv) NO MATCH REQUIRED.—Indian tribes and Alaska Native organizations shall not be required to submit a monetary match to receive a payment under this paragraph.

''(B) PAYMENT AMOUNT.—

''(i) IN GENERAL.—The Secretary shall pay directly to each Indian tribe or Alaska Native organization conducting a Work First program for a fiscal year an amount which bears the same ratio to 3 percent of the amount specified under paragraph (3) for such fiscal year as the adult Indian or Alaska Native population receiving temporary employment assistance residing within the area to be served by the tribe or organization bears to the total of such adults receiving such assistance residing within all areas which any such tribe or organization could serve.

''(ii) ADJUSTMENTS.—The Secretary shall from time to time review the components of the ratios established in clause (i) to determine whether the individual payments under this paragraph continue to reflect accurately the distribution of population among the grantees, and shall make adjustments necessary to maintain the correct distribution of funding.

''(C) USE IN SUCCEEDING FISCAL YEAR.—A grantee under this paragraph may use not to exceed 20 percent of the amount for the fiscal year under subparagraph (B) to carry out the Work First program in the succeeding fiscal year.

''(D) VOLUNTARY TERMINATION.—An Indian tribe or Alaska Native organization may voluntarily terminate its Work First program. The amount under subparagraph (B) with respect to such program for the fiscal year shall be payable to the State in which that tribe or organization is located. Such amount shall be used by that State to provide Work First program services to the recipients living within that tribe or organization's jurisdiction. If a voluntary termination of a Work First program occurs under this subparagraph, the tribe or organization shall not be eligible to submit an application under this paragraph before the 6th year following such termination.

''(E) JOINT PROGRAMS.—An Indian tribe or Alaska Native organization may also apply to the Secretary jointly with 1 or more such tribes or organizations to administer a Work First program as a consortium. The Secretary shall establish such terms and conditions for such consortium as are necessary.

''(5) JOB CREATION.—Of the amount specified under paragraph (3), 5 percent shall be set aside by the Secretary for the program described in section 203(b) of the Work First Act of 1995.

''(6) DEFINITION.—For purposes of this subsection, the term 'adult recipient' in the case of any State means an individual other than a needy child (unless such child is the custodial parent of another needy child) whose needs are met (in whole or in part) with payments of temporary employment assistance.

''(b) STATE ALLOCATIONS.—

''(1) IN GENERAL.—The Secretary shall pay to each State that is operating a program in accordance with part F, with respect to expenditures by the State to carry out such

program (including expenditures for child care under section 405(b), but only with respect to a State to which section 1108 applies), an amount equal to—

''(A) with respect to so much of such expenditures in a fiscal year as do not exceed the State's expenditures in the fiscal year 1987 with respect to which payments were made to such State from its allotment for such fiscal year pursuant to part C of this title as then in effect, 90 percent; and

''(B) with respect to so much of such expenditures in a fiscal year as exceed the amount described in subparagraph (A)—

''(i) 50 percent, in the case of expenditures for administrative costs (including costs of emergency assistance) made by a State in operating such program for such fiscal year (other than the costs of transportation and the personnel costs for case management staff employed full-time in the operation of such program); and

''(ii) 70 percent or the Federal medical assistance percentage (as defined in section 1905(b)) increased by 10 percentage points, whichever is the greater, in the case of expenditures made by a State in operating such program for such fiscal year (other than for costs described in clause (i)).

''(2) FORM OF PAYMENT.—With respect to the amount for which payment is made to a State under paragraph (1)(A), the State's expenditures for the costs of operating such program may be in cash or in kind, fairly evaluated.

''(3) USE OF FUNDS.—A State may use amounts allocated under this subsection for all costs deemed necessary to assist program clients obtain and retain jobs, including emergency day care assistance or sick day care assistance, uniforms, eyeglasses, transportation, wage subsidies, and other employment-related special needs, as defined by the State. Such assistance may be provided through contract with community-based family resource programs under title II of the Child Abuse Prevention and Treatment Act (42 U.S.C. 5116 et seq.).''.

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendment made by subsection (a) shall be effective with respect to calendar quarters beginning on or after October 1, 1996.

(2) SPECIAL RULE.—In the case of a State that the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order to meet the requirements imposed by the amendment made by subsection (a), the State shall not be regarded as failing to comply with the requirements of such amendment before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of this paragraph, in the case of a State that has a 2-year legislative session, each year of the session shall be treated as a separate regular session of the State legislature.

(3) STATE OPTION TO ACCELERATE APPLICABILITY.—If a State formally notifies the Secretary of Health and Human Services that the State desires to accelerate the applicability to the State of the amendment made by subsection (a), the amendment shall apply to the State on and after such earlier date as the State may select.

(4) AUTHORITY OF THE SECRETARY OF HEALTH AND HUMAN SERVICES TO DELAY APPLICABILITY TO A STATE.—If a State formally notifies the Secretary of Health and Human Services that the State desires to delay the applicability to the State of the amendment made by subsection (a), the amendment shall apply to the State on and after any later date agreed upon by the Secretary and the State.

SEC. 202. CONSOLIDATION AND STREAMLINING OF SERVICES.

(a) IN GENERAL.—Section 407, as added by section 101(a), is amended by adding at the end the following new subsections:

''(i) CHANGING THE WELFARE BUREAUCRACY.—

''(1) IN GENERAL.—The State plan may describe the State's efforts to streamline and consolidate activities to simplify the process of applying for a range of Federal and State assistance programs, including the use of—

''(A) 'one-stop offices' to coordinate the application process for individuals and families with low-incomes or limited resources and to ensure that applicants and recipients receive the information they need with regard to such range of programs; and

''(B) forms which are easy to read and understand or easily explained by State agency employees.

''(2) USE OF INCENTIVES.—The State plan may require the use of incentives (including Work First program funds) to change the culture of each State agency office with responsibilities under the State plan, to improve the performance of employees, and to ensure that the objective of each employee of each such State office is to find unsubsidized paid employment for each program client as efficiently and as quickly as possible.

''(3) CASEWORKER TRAINING AND RETRAINING.—The State plan may provide such training to caseworkers and related personnel as may be necessary to ensure successful job placements that result in full-time public or private employment (outside the State agencies with responsibilities under part A) for program clients.

''(j) COORDINATION OF SERVICES.—The State plan shall provide that the State agency may—

''(1) establish convenient locations in each community at which individuals and families with low-incomes or limited resources may apply for and (if appropriate) receive, directly or through referral to the appropriate provider, in appropriate languages and in a culturally sensitive manner—

''(A) temporary employment assistance under the State plan;

''(B) employment and education counseling;

''(C) job placement;

''(D) child care;

''(E) health care;

''(F) transportation assistance;

''(G) housing assistance;

''(H) child support services;

''(I) assistance under the National and Community Service Act of 1990 and the Domestic Volunteer Service Act of 1973;

''(J) unemployment insurance;

''(K) assistance under the Carl D. Perkins Vocational and Applied Technology Education Act;

''(L) assistance under the School-to-Work Opportunities Act of 1994;

''(M) assistance under Federal student loan programs;

''(N) assistance under the Job Training Partnership Act; and

''(O) other types of counseling and support services; and

''(2) assign to each recipient of assistance under the State plan, and to each applicant for such assistance, a case manager who—

''(A) is knowledgeable about community resources;

''(B) is qualified to refer the applicant or recipient to appropriate employment programs or education and training programs, or both, and needed health and social services; and

''(C) is required to coordinate the provision of benefits and services by the State to the applicant or recipient, until the applicant or recipient is no longer eligible for—

''(i) assistance under the State plan;

''(ii) child care guaranteed by the State in accordance with section 405(b); and

''(iii) medical assistance under the State plan approved under title XIX.''.

(b) TECHNICAL ASSISTANCE.—The Secretary of Health and Human Services shall provide technical assistance and training to States to assist the States in implementing effective management practices and strategies in order to make the operation of State offices described in section 407(i) of the Social Security Act (as added by subsection (a)) efficient and effective.

SEC. 203. JOB CREATION.

(a) GRANTS TO COMMUNITY-BASED ORGANIZATIONS.—

(1) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the ''Secretary'') may make grants in accordance with this subsection using funds described in paragraph (2), and, to the extent allowed by the States, Work First funds under part F of title IV of the Social Security Act, to community-based organizations that move clients of temporary employment assistance under a State plan approved under part A of title IV of the Social Security Act or under other public assistance programs into private sector work.

(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $25,000,000 for fiscal year 1996 and $50,000,000 for fiscal years 1997, 1998, 1999, 2000, 2001, and 2002.

(3) ELIGIBLE ORGANIZATIONS.—The Secretary shall award grants to community-based organizations that—

(A) may receive at least 5 percent of their funding from local government sources; and

(B) move clients referred to in paragraph (1) in the direction of unsubsidized private employment by integrating and co-locating at least 5 of the following services—

(i) case management;

(ii) job training;

(iii) child care;

(iv) housing;

(v) health care services;

(vi) nutrition programs;

(vii) life skills training; and

(viii) parenting skills.

(4) AWARDING OF GRANTS.—

(A) IN GENERAL.—The Secretary shall award grants based on the quality of applications, subject to subparagraphs (B) and (C).

(B) PREFERENCE IN AWARDING GRANTS.—In awarding grants under this subsection, the Secretary shall give preference to organizations which receive more than 50 percent of their funding from State government, local government or private sources.

(C) DISTRIBUTION OF GRANT.—The Secretary shall award at least 1 grant to each State from which the Secretary received an application.

(D) LIMITATION ON SIZE OF GRANT.—The Secretary shall not award any grants under this subsection of more than $1,000,000.

(5) ISSUANCE OF REGULATIONS.—Not less than 6 months after the date of the enactment of this subsection, the Secretary shall prescribe such regulations as may be necessary to implement this subsection.

(b) GRANTS TO EXPAND THE NUMBER OF JOB OPPORTUNITIES AVAILABLE TO CERTAIN LOW-INCOME INDIVIDUALS.—

(1) IN GENERAL.—The Secretary shall enter into agreements with nonprofit organizations (including community development corporations) submitting applications under this subsection for the purpose of conducting projects in accordance with paragraph (2) and funded under section 495(a)(5) to create employment opportunities for certain low-income individuals.

(2) NATURE OF PROJECT.—

(A) IN GENERAL.—Each nonprofit organization conducting a project under this subsection shall provide technical and financial assistance to private employers in the community to assist such employers in creating employment and business opportunities for those individuals eligible to participate in the projects as described in this paragraph.

(B) NONPROFIT ORGANIZATIONS.—For purposes of this subsection, a nonprofit organization is any organization (including a community development corporation) exempt from taxation under section 501(a) of the Internal Revenue Code of 1986 by reason of paragraph (3) or (4) of section 501(c) of such Code.

(C) ELIGIBLE LOW-INCOME INDIVIDUALS.—For purposes of this subsection, a low-income individual eligible to participate in a project conducted under this subsection is any individual eligible to receive temporary employment assistance under part A of title IV of the Social Security Act (as added by section 101 of this Act) and any other individual whose income level does not exceed 100 percent of the poverty line (as such term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section).

(3) CONTENT OF APPLICATIONS; SELECTION PRIORITY.—

(A) CONTENT OF APPLICATIONS.—Each nonprofit organization submitting an application under this subsection shall, as part of such application, describe—

(i) the technical and financial assistance that will be made available under the project conducted under this subsection;

(ii) the geographic area to be served by the project;

(iii) the percentage of low-income individuals (as described in paragraph (2)(C)) and individuals receiving temporary employment assistance under title IV of the Social Security Act (as so added) in the area to be served by the project; and

(iv) unemployment rates in the geographic areas to be served and (to the extent practicable) the jobs available and skills necessary to fill those vacancies in such areas.

(B) SELECTION PRIORITY.—In approving applications under this subsection, the Secretary shall give priority to applications proposing to serve those areas containing the highest percentage of individuals receiving temporary employment assistance under title IV of such Act (as so added).

(4) ADMINISTRATION.—Each nonprofit organization participating in a project conducted under this subsection shall provide assurances in its agreement with the Secretary that the organization has or will have a cooperative relationship with the agency responsible for administering the Work First program (as provided for under part F of title IV of the Social Security Act, as added by section 201 of this Act) in the area served by the project.

TITLE III—SUPPORTING WORK

SEC. 301. EXTENSION OF TRANSITIONAL MEDICAID BENEFITS.

(a) EXTENSION OF MEDICAID ENROLLMENT FOR FORMER TEMPORARY EMPLOYMENT ASSISTANCE RECIPIENTS FOR 1 ADDITIONAL YEAR.—

(1) IN GENERAL.—Section 1925(b)(1) (42 U.S.C. 1396r–6(b)(1)) is amended by striking the period at the end and inserting the following: '', and shall provide that the State shall offer to each such family the option of extending coverage under this subsection for an additional 2 succeeding 6-month periods in the same manner and under the same conditions as the option of extending coverage under this subsection for the first succeeding 6-month period.''.

(2) CONFORMING AMENDMENTS.—

(A) IN GENERAL.—Section 1925 (42 U.S.C. 1396r–6) is amended—

(i) in subsection (b)—

(I) in the heading, by striking ''EXTENSION'' and inserting ''EXTENSIONS'';

(II) in the heading of paragraph (1), by striking ''REQUIREMENT'' and inserting ''IN GENERAL'';

(III) in paragraph (2)(B)(ii)—

(aa) in the heading, by striking ''PERIOD'' and inserting ''PERIODS''; and

(bb) by striking ''in the period'' and inserting ''in each of the 6-month periods'';

(IV) in paragraph (3)(A), by striking ''the 6-month period'' and inserting ''any 6-month period'';

(V) in paragraph (4)(A), by striking ''the extension period'' and inserting ''any extension period''; and

(VI) in paragraph (5)(D)(i), by striking ''is a 3-month period'' and all that follows and inserting the following: ''is, with respect to a particular 6-month additional extension period provided under this subsection, a 3-month period beginning with the first or fourth month of such extension period.''; and

(ii) by striking subsection (f).

(B) FAMILY SUPPORT ACT.—Section 303(f)(2) of the Family Support Act of 1988 (42 U.S.C. 602 note) is amended—

(i) by striking ''(A)''; and

(ii) by striking subparagraphs (B) and (C).

(b) TRANSITIONAL ELIGIBILITY FOR MEDICAID.—Part A of title IV, as added by section 101(a) is amended by adding at the end the following new section:

''SEC. 417. TRANSITIONAL ELIGIBILITY FOR MEDICAID.

''Each needy child, and each relative with whom such a child is living (including the spouse of such relative), who becomes ineligible for temporary employment assistance as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of this title, and who has received such assistance in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, shall be deemed to be a recipient of temporary employment assistance for purposes of title XIX for an additional 4 calendar months beginning with the month in which such ineligibility begins.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to calendar quarters beginning on or after October 1, 1996, without regard to whether final regulations to carry out such amendments have been promulgated by such date.

(2) WHEN STATE LEGISLATION IS REQUIRED.—In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirements imposed by the amendments made by this section, the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

SEC. 302. CONSOLIDATED CHILD CARE DEVELOPMENT BLOCK GRANT.

(a) PURPOSE.—It is the purpose of this section to—

(1) eliminate program fragmentation and create a seamless system of high quality child care that allows for continuity of care for children as parents move from welfare to work;

(2) provide for parental choice among high quality child care programs; and

(3) increase the availability of high quality affordable child care in order to promote self sufficiency and support working families.

(b) AMENDMENTS TO CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990.—

(1) APPROPRIATIONS.—Section 658B of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858) is amended to read as follows:

''SEC. 658B. APPROPRIATION.

''(a) AUTHORIZATION OF APPROPRIATIONS OF BLOCK GRANT FUNDS.—For the purpose of providing child care services for eligible children through the awarding of grants to States under this subchapter (other than the grants awarded under subsection (b)) by the Secretary, there are authorized to be appropriated, $949,000,000 for each of the fiscal years 1996 through 2002.

''(b) APPROPRIATIONS OF FEDERAL MATCHING FUNDS.—For the purpose of providing child care services for eligible children through the awarding of matching grants to States under section 658J(d) by the Secretary, there are authorized to be appropriated and are hereby appropriated, $1,155,000,000 for fiscal year 1996, $1,900,000,000 for fiscal year 1997, $2,500,000,000 for fiscal year 1998, $3,200,000,000 for fiscal year 1999, $4,100,000,000 for fiscal year 2000, $4,600,000,000 for fiscal year 2001, and $4,900,000,000 for fiscal year 2002.''.

(2) USE OF FUNDS.—Section 658E(c)(3)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(3)(B)) is amended—

(A) in clause (i), by striking ''with very low family incomes (taking into consideration family size)'' and inserting ''described in clause (ii) (in the order so described)'';

(B) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively, and realigning the margins accordingly;

(C) by striking ''Subject'' and inserting the following:

''(i) IN GENERAL.—Subject''; and

(D) by adding at the end the following new clause:

''(ii) FAMILIES DESCRIBED.—The families described in this clause are the following:

''(I) Families containing an individual receiving temporary employment assistance under a State plan approved under part A of title IV of the Social Security Act and participating in job search, work, or Work First.

''(II) Families containing an individual who—

''(aa) no longer qualifies for child care assistance under section 405(b) of the Social Security Act because such individual has ceased to receive assistance under the temporary employment assistance program under part A of title IV of the Social Security Act as a result of increased hours of, or increased income from, employment; and

''(bb) the State determines requires such child care assistance in order to continue such employment (but only for the 1-year period beginning on the date that the individual no longer qualifies for child care assistance under section 405(b) of such Act, and, at the option of the State, for the additional 1-year period beginning after the conclusion of the first 1-year period).

''(III) Families containing an individual who—

''(aa) is not described in subclause (I) or (II); and

''(bb) has an annual income for a fiscal year below the poverty line.

For purposes of item (bb), a State may opt to provide child care services to families at or above the poverty line and below 75 percent of the State median income but only with respect to 10 percent of the State's grant under this subchapter or a greater percentage of the State's grant if such increased amount is necessary to provide child care to families who were receiving such care on the day before the date of the enactment of the Work First Act of 1995.

(3) SET-ASIDES FOR QUALITY AND EXPANSION.—Section 658E(c)(3) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(3))—

(A) in subparagraph (C), by striking ''25 percent'' and inserting ''10 percent''; and

(B) by adding at the end the following new subparagraph:

''(D) EXPANSION OF CHILD CARE.—The State shall reserve not less than 10 percent of the amount provided to the State and available for providing services under this subchapter, to provide for the expansion of child care facilities available to support working families residing in the State.''.

(4) SLIDING FEE SCALE.—Section 658E(c)(5) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(5)) is amended by inserting ''described in subclauses (II) and (III) of paragraph (3)(B)(ii)'' after ''families''.

(5) MATCHING REQUIREMENT FOR NEW FUNDS.—

(A) IN GENERAL.—Section 658J of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858h) is amended by adding at the end the following new subsections:

''(d) MATCHING REQUIREMENT FOR CERTAIN NEW FUNDS.—

''(1) AMOUNT OF FEDERAL PAYMENT.—Subject to paragraph (2), the Secretary shall make quarterly payments to each State that has an application approved under section 658E(d) in an amount equal to the greater of—

''(A) 70 percent; or

''(B) the Federal medical assistance percentage (as defined in section 1905(b)) increased by 10 percentage points,

of the total amount expended during the quarter under the State plan in excess of the State's quarterly allotment under section 658O.

''(2) LIMITATION.—

''(A) IN GENERAL.—Payments under this subsection to a State for any fiscal year may not exceed the limitation determined under subparagraph (B) with respect to the State.

''(B) LIMITATION DETERMINED.—The limitation determined under this subparagraph with respect to a State for any fiscal year is the amount that bears the same ratio to the amount specified in subparagraph (C) as the amount allotted to the State under 658O bears to the amount allotted to all States (after reserving the amount for Indian tribes required under section 658O(a)(2)).

''(C) AMOUNT SPECIFIED.—The amount specified in this subparagraph is the amount appropriated for such fiscal year under section 658B(b) reduced by the amount reserved for Indian tribes under subsection (e).

''(D) LIMITATION RAISED.—If the limitation determined under subparagraph (A) with respect a State for a fiscal year exceeds the amount paid to the State under this subsection for the fiscal year, the limitation determined under this paragraph with respect to the State for the immediately succeeding fiscal year shall be increased by the amount of such excess.

''(3) FORM OF PAYMENT.—With respect to the amount for which payment is made to a State under paragraph (1), the State's expenditures for the costs of operating such programs may be in cash or in kind, fairly evaluated.

''(4) METHOD OF COMPUTATION AND PAYMENT.—The method of computing and paying amounts under paragraph (1) shall be as follows:

''(A) AMOUNT BASED ON ESTIMATE.—The Secretary shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under paragraph (1), such estimate to be based on—

''(i) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such paragraph and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived; and

''(ii) such other information as the Secretary may find necessary.

''(B) REDUCTION OR INCREASE.—The Secretary shall reduce or increase the amount to be paid, as the case may be, by any sum by which the Secretary finds that the estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary for such prior quarter.

''(e) AMOUNTS RESERVED FOR INDIAN TRIBES.—The Secretary shall reserve not more than 3 percent of the amount appropriated under section 658B(b) in each fiscal year for payments to Indian tribes and tribal organizations with applications approved under section 658O(c). The amounts reserved under the prior sentence shall be available to make grants to or enter into contracts with Indian tribes or tribal organizations consistent with section 6580(c) without a requirement of matching funds by the Indian tribes or tribal organizations.

''(f) SAME TREATMENT AS ALLOTMENTS.—Amounts paid to a State or Indian tribe under subsections (d) and (e) shall be subject to the same requirements under this subchapter as amounts paid from the allotment under section 658O.''.

(B) CONFORMING AMENDMENTS.—Section 658O of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858m) is amended—

(i) in subsection (a)—

(I) in paragraph (1), by striking ''this subchapter'' and inserting section 658B(a); and

(II) in paragraph (2), by striking ''section 658B'' and inserting ''section 658B(a); and

(ii) in subsection (b)(1), by striking ''section 658B'' and inserting ''section 658B(a)''.

(6) IMPROVING QUALITY.—

(A) INCREASE IN REQUIRED FUNDING.—Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended by striking ''not less than 20 percent'' and inserting ''50 percent''.

(B) QUALITY IMPROVEMENT INCENTIVE INITIATIVE.—Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended—

(i) by striking ''A State'' and inserting ''(a) IN GENERAL.—A State''; and

(ii) by adding at the end the following new subsection:

''(b) QUALITY IMPROVEMENT INCENTIVE INITIATIVE.—

''(1) IN GENERAL.—The Secretary shall establish a child care quality improvement incentive initiative to make funds available to States that demonstrate progress in the implementation of—

''(A) innovative teacher training programs such as the Department of Defense staff development and compensation program for child care personnel; or

''(B) enhanced child care quality standards and licensing and monitoring procedures.

''(2) FUNDING.—From the amounts made available for each fiscal year under subsection (a), the Secretary shall reserve not to exceed $50,000,000 in each such fiscal year to carry out this subsection.''.

(7) PAYMENTS.—Section 658J(a) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858h) is amended by striking ''Subject to the availability of appropriation, a'' and inserting ''A''.

(8) DEFINITION OF ELIGIBLE CHILD.—Section 658P(4)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n(4)(B)) is amended to read as follows:

''(B) who is a member of a family described in section 658E(c)(3)(B)(ii); and''.

(9) DEFINITION OF POVERTY LINE.—Section 658P of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858n) is amended—

(A) by redesignating paragraphs (10) through (14) as paragraphs (11) through (15), respectively; and

(B) by inserting after paragraph (9), the following new paragraph:

''(10) POVERTY LINE.—The term 'poverty line' means the poverty line (as such term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section) that—

''(A) in the case of a family of less than 4 individuals, is applicable to a family of the size involved; and

''(B) in the case of a family of 4 or more individuals, is applicable to a family of 4 individuals.''.

(c) PROGRAM REPEALS.—

(1) STATE DEPENDENT CARE GRANTS.—Subchapter E of chapter 8 of subtitle A of title VI of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9871 et seq.) is repealed.

(2) CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ASSISTANCE ACT.—The Child Development Associate Scholarship Assistance Act of 1985 (42 U.S.C. 10901 et seq.) is repealed.

TITLE IV—ENDING THE CYCLE OF INTERGENERATIONAL DEPENDENCY

SEC. 401. SUPERVISED LIVING ARRANGEMENTS FOR MINORS.

Section 402(c), as added by section 101(a), is amended by adding at the end the following new paragraph:

''(7) SUPERVISED LIVING ARRANGEMENTS FOR MINORS.—The State plan shall provide that—

''(A) except as provided in subparagraph (B), in the case of any individual who is under age 18 and has never married, and who has a needy child in his or her care (or is pregnant and is eligible for temporary employment assistance under the State plan)—

''(i) such individual may receive such assistance for the individual and such child (or for herself in the case of a pregnant woman) only if such individual and child (or such pregnant woman) reside in a place of residence maintained by a parent, legal guardian, or other adult relative of such individual as such parent's, guardian's, or adult relative's own home; and

''(ii) such assistance (where possible) shall be provided to the parent, legal guardian, or other adult relative on behalf of such individual and child; and

''(B)(i) in the case of an individual described in clause (ii)—

''(I) the State agency shall assist such individual in locating an appropriate adult-supervised supportive living arrangement taking into consideration the needs and concerns of the individual, unless the State

agency determines that the individual's current living arrangement is appropriate, and thereafter shall require that the individual (and child, if any) reside in such living arrangement as a condition of the continued receipt of assistance under the plan (or in an alternative appropriate arrangement, should circumstances change and the current arrangement cease to be appropriate), or

''(II) if the State agency is unable, after making diligent efforts, to locate any such appropriate living arrangement, the State agency shall provide for comprehensive case management, monitoring, and other social services consistent with the best interests of the individual (and child) while living independently (as determined by the State agency); and

''(ii) for purposes of clause (i), an individual is described in this clause if—

''(I) such individual has no parent or legal guardian of his or her own who is living and whose whereabouts are known;

''(II) no living parent or legal guardian of such individual allows the individual to live in the home of such parent or guardian;

''(III) the State agency determines that the physical or emotional health of such individual or any needy child of the individual would be jeopardized if such individual and such needy child lived in the same residence with such individual's own parent or legal guardian; or

''(IV) the State agency otherwise determines (in accordance with regulations issued by the Secretary) that it is in the best interest of the needy child to waive the requirement of subparagraph (A) with respect to such individual.''.

SEC. 402. REINFORCING FAMILIES.

(a) IN GENERAL.—Title XX (42 U.S.C. 1397–1397e) is amended by adding at the end the following new section:

''SEC. 2008. ADULT-SUPERVISED GROUP HOMES.

''(a) ENTITLEMENT.—

''(1) IN GENERAL.—In addition to any payment under sections 2002 and 2007, beginning with fiscal year 1996, each State shall be entitled to funds under this section for each fiscal year for the establishment, operation, and support of adult-supervised group homes for custodial parents under age 18 (or age 19, at the option of the State) and their children.

''(2) PAYMENT TO STATES.—

''(A) IN GENERAL.—Each State shall be entitled to payment under this section for each fiscal year in an amount equal to its allotment (determined in accordance with subsection (b)) for such fiscal year, to be used by such State for the purposes set forth in paragraph (1).

''(B) TRANSFERS OF FUNDS.—The Secretary shall make payments in accordance with section 6503 of title 31, United States Code, to each State from its allotment for use under this title.

''(C) USE.—Payments to a State from its allotment for any fiscal year must be expended by the State in such fiscal year or in the succeeding fiscal year.

''(D) TECHNICAL ASSISTANCE.—A State may use a portion of the amounts described in subparagraph (A) for the purpose of purchasing technical assistance from public or private entities if the State determines that such assistance is required in developing, implementing, or administering the program funded under this section.

''(3) ADULT-SUPERVISED GROUP HOME.—For purposes of this section, the term 'adult-supervised group home' means an entity that provides custodial parents under age 18 (or age 19, at the option of the State) and their children with a supportive and supervised living arrangement in which such parents are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children. An adult-supervised group home may also serve as a network center for other supportive services that are available in the community.

''(b) ALLOTMENT.—

''(1) CERTAIN JURISDICTIONS.—The allotment for any fiscal year to each of the jurisdictions of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands shall be an amount which bears the same ratio to the amount specified under paragraph (3) as the allotment that the jurisdiction receives under section 2003(a) for the fiscal year bears to the total amount specified for such fiscal year under section 2003(c).

''(2) OTHER STATES.—The allotment for any fiscal year for each State other than the jurisdictions of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands shall be an amount which bears the same ratio to—

''(A) the amount specified under paragraph (3), reduced by

''(B) the total amount allotted to those jurisdictions for that fiscal year under paragraph (1),

as the allotment that the State receives under section 2003(b) for the fiscal year bears to the total amount specified for such fiscal year under section 2003(c).

''(3) AMOUNT SPECIFIED.—The amount specified for purposes of paragraphs (1) and (2) shall be $95,000,000 for fiscal year 1996 and each subsequent fiscal year.

''(c) LOCAL INVOLVEMENT.—Each State shall seek local involvement from the community in any area in which an adult-supervised group home receiving funds pursuant to this section is to be established. In determining criteria for targeting funds received under this section, each State shall evaluate the community's commitment to the establishment and planning of the home.

''(d) LIMITATIONS ON THE USE OF FUNDS.—

''(1) CONSTRUCTION.—Except as provided in paragraph (2), funds made available under this section may not be used by the State, or any other person with which the State makes arrangements to carry out the purposes of this section, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than minor remodeling) of any building or other facility.

''(2) WAIVER.—The Secretary may waive the limitation contained in paragraph (1) upon the State's request for such a waiver if the Secretary finds that the request describes extraordinary circumstances to justify the waiver and that permitting the waiver will contribute to the State's ability to carry out the purposes of this section.

''(e) TREATMENT OF INDIAN TRIBES.—

''(1) IN GENERAL.—An Indian tribe may apply to the Secretary to establish, operate, and support adult-supervised group homes for custodial parents under age 18 (or age 19, at the option of the State) and their children in accordance with an application procedure to be determined by the Secretary. Except as otherwise provided in this subsection, the provisions of this section shall apply to Indian tribes receiving funds under this subsection in the same manner and to the same extent as the other provisions of this section apply to States.

''(2) ALLOTMENT.—If the Secretary approves an Indian tribe's application, the Secretary shall allot to such tribe for a fiscal year an amount which the Secretary determines is the Indian tribe's fair and equitable share of the amount specified under paragraph (3) for all Indian tribes with applications approved under this subsection (based on allotment factors to be determined by the Secretary). The Secretary shall determine a minimum allotment amount for all Indian tribes with applications approved under this subsection. Each Indian tribe with an application approved under this subsection shall be entitled to such minimum allotment.

''(3) AMOUNT SPECIFIED.—The amount specified under this paragraph for all Indian tribes with applications approved under this subsection is $5,000,000 for fiscal year 1996 and each subsequent fiscal year.

''(4) INDIAN TRIBE DEFINED.—For purposes of this section, the term 'Indian tribe' means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native entity which is recognized as eligible for the special programs and services provided by the United States to Indian tribes because of their status as Indians.''.

(b) RECEIPT OF PAYMENTS BY ADULT-SUPERVISED GROUP HOMES.—Section 402(c)(7)(A)(ii), as added by section 401(a), is amended by striking ''or other adult relative'' and inserting ''other adult relative, or adult-supervised group home receiving funds under section 2008''.

(c) RECOMMENDATIONS ON USE OF GOVERNMENT SURPLUS PROPERTY.—Not later than 6 months after the date of the enactment of this Act, after consultation with the Secretary of Defense, the Secretary of Housing and Urban Development, and the Administrator of the General Services Administration, the Secretary of Health and Human Services shall submit recommendations to the Congress on the extent to which surplus properties of the United States Government may be used for the establishment of adult-supervised group homes receiving funds under section 2008 of the Social Security Act, as added by this section.

SEC. 403. REQUIRED COMPLETION OF HIGH SCHOOL OR OTHER TRAINING FOR TEENAGE PARENTS.

(a) IN GENERAL.—Section 403(b)(4), as added by section 101(a), is amended—

(1) by inserting ''(A)'' after ''(4)''; and

(2) by inserting at the end the following new subparagraph:

''(B) In the case of a client who is a custodial parent who is under age 18 (or age 19, at the option of the State), has not successfully completed a high-school education (or its equivalent), and is required to participate in the Work First program (including an individual who would otherwise be exempt from participation in the program), provides that—

''(i) such parent participate in—

''(I) educational activities directed toward the attainment of a high school diploma or its equivalent on a full-time (as defined by the educational provider) basis; or

''(II) an alternative educational or training program on a full-time (as defined by the provider) basis; and

''(ii) child care be provided in accordance with section 405(b) with respect to the family.''.

(b) STATE OPTION TO PROVIDE ADDITIONAL INCENTIVES AND PENALTIES TO ENCOURAGE TEEN PARENTS TO COMPLETE HIGH SCHOOL AND PARTICIPATE IN PARENTING ACTIVITIES.—

(1) STATE PLAN.—Section 403(b)(4), as amended by subsection (a), is amended by inserting after subparagraph (B) the following new subparagraph:

''(C) At the option of the State, provides that the client who is a custodial parent or pregnant woman who is under age 19 (or age 21, at the option of the State) participate in a program of monetary incentives and penalties which—

''(i) may, at the option of the State, require full-time participation by such custodial parent or pregnant woman in secondary school or equivalent educational activities, or participation in a course or program leading to a skills certificate found appropriate by the State agency or parenting education activities (or any combination of such activities and secondary education);

''(ii) shall require that the needs of such custodial parent or pregnant woman be reviewed and the program assure that, either in the initial development or revision of such individual's parent empowerment contract, there will be included a description of the services that will be provided to the client and the way in which the program and service providers will coordinate with the educational or skills training activities in which the client is participating;

''(iii) shall provide monetary incentives (to be treated as assistance under the State plan) for more than minimally acceptable performance of required educational activities;

''(iv) shall provide penalties (which may be those required by subsection (c) or, with the approval of the Secretary, other monetary penalties that the State finds will better achieve the objectives of the program) for less than minimally acceptable performance of required activities;

''(v) shall provide that when a monetary incentive is payable because of the more than minimally acceptable performance of required educational activities by a custodial parent, the incentive be paid directly to such parent, regardless of whether the State agency makes payment of assistance under the State plan directly to such parent; and

''(vi) for purposes of any other Federal or federally-assisted program based on need, shall not consider any monetary incentive paid under this subsection as income in determining a family's eligibility for or amount of benefits under such program, and if assistance is reduced by reason of a penalty under this subparagraph, such other program shall treat the family involved as if no such penalty has been applied.''.

SEC. 404. DRUG TREATMENT AND COUNSELING AS PART OF THE WORK FIRST PROGRAM.

Section 403(b)(6), as added by section 101(a), is amended—

(1) by inserting ''(A)'' after ''(6)''; and

(2) by inserting at the end the following new subparagraph:

''(B) In the case of a client who is a custodial parent and who is under age 18 (or age 19, at the option of the State) (including an individual who would otherwise be exempt from participation in the program), whose contract reflects the need for treatment for substance abuse, requires such individual to participate in substance abuse treatment if appropriate treatment is available.''.

SEC. 405. TARGETING YOUTH AT RISK OF TEENAGE PREGNANCY.

(a) IN GENERAL.—Section 406(e), as added by section 101(a), is amended to read as follows:

''(e) OUT-OF-WEDLOCK AND TEEN PREGNANCY PROGRAMS.—

''(1) OUT-OF-WEDLOCK PREGNANCIES.—The State plan shall provide for the development of a program to reduce the incidence of out-of-wedlock pregnancies, which may include providing unmarried mothers and unmarried fathers with services which will help them—

''(A) avoid subsequent pregnancies, and

''(B) provide adequate care to their children.

''(2) TEEN PREGNANCIES.—

''(A) IN GENERAL.—The State plan shall provide that the State agency may, to the extent it determines resources are available, provide for the operation of projects to reduce teenage pregnancy. Such projects shall be operated by eligible entities that have submitted applications described in subparagraph (C) that have been approved in accordance with subparagraph (D).

''(B) ELIGIBLE ENTITIES.—For purposes of this paragraph, the term 'eligible entity' includes State agencies, local agencies, publicly supported organizations, private nonprofit organizations, and consortia of such entities.

''(C) APPLICATIONS.—An application described in this subparagraph shall—

''(i) describe the project;

''(ii) include an endorsement of the project by the chief elected official of the jurisdiction in which the project is to be located;

''(iii) demonstrate strong local commitment and local involvement in the planning and implementation of the project; and

''(iv) be submitted in such manner and containing such information as the Secretary may require.

''(D) APPROVAL.—

''(i) IN GENERAL.—Subject to clause (ii), the chief executive officer of a State may approve an application under this subparagraph based on selection criteria (to be determined by the chief executive officer).

''(ii) PREFERENCES.—Preference in approving a project shall be accorded to be projects that target—

''(I) both young men and women;

''(II) areas with high teenage pregnancy rates; or

''(III) areas with a high incidence of individuals receiving temporary employment assistance.

''(E) INDIAN TRIBES.—

''(i) IN GENERAL.—An Indian tribe may apply to the Secretary to provide for the operation of projects to reduce teenage pregnancy in accordance with an application procedure to be determined by the Secretary. Except as otherwise provided in this subparagraph, the provisions of this paragraph shall apply to Indian tribes receiving funds under this paragraph in the same manner and to the same extent as the other provisions of this paragraph apply to States.

''(ii) LIMITATION.—The Secretary shall limit the number of applications approved under this subparagraph to ensure that payments under section 413(d) to Indian tribes with approved applications would not result in payments of less than a minimum payment amount (to be determined by the Secretary).

''(C) INDIAN TRIBE DEFINED.—For purposes of this subparagraph, the term 'Indian tribe' means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native entity which is recognized as eligible for the special programs and services provided by the United States to Indian tribes because of their status as Indians.

''(F) PROJECT LENGTH.—A project conducted under this paragraph shall be conducted for not less than 3 years.

''(G) STUDY.—

''(i) IN GENERAL.—The Secretary shall conduct a study in accordance with clause (ii) to determine the relative effectiveness of the different approaches for preventing teenage pregnancy utilized in the projects conducted under this paragraph.

''(ii) REQUIREMENTS.—The study required under clause (i) shall—

''(I) be based on data gathered from projects conducted in 5 States chosen by the Secretary from among the States in which projects under this paragraph are operated;

''(II) use specific outcome measures (determined by the Secretary) to test the effectiveness of the projects;

''(III) use experimental and control groups (to the extent possible) that are composed of a random sample of participants in the projects; and

''(IV) be conducted in accordance with an experimental design determined by the Secretary to result in a comparable design among all projects.

''(iii) INTERIM DATA.—Each eligible entity conducting a project under this paragraph shall provide to the Secretary in such form and with such frequency as the Secretary requires interim data from the projects conducted under this paragraph. The Secretary shall report to the Congress annually on the progress of such projects and shall, not later than January 1, 2003, submit to the Congress a final report on the study required under clause (i).

''(iv) AUTHORIZATION.—There are authorized to be appropriated $500,000 for each of fiscal years 1996 through 2002 for the purpose of conducting the study required under clause (i).''.

(b) PAYMENT.—Section 413, as added by section 101(a), is amended by adding at the end the following new subsection:

''(d) FUNDING FOR TEEN PREGNANCY PROJECTS.—

''(1) IN GENERAL.—In addition to any payment under subsection (a), each State shall be entitled to payment from the Secretary for each of fiscal years 1996 through 2002 of an amount equal to the lesser of—

''(A) 75 percent of the expenditures by the State in providing for the operation of the projects under section 406(e)(2), and in administering the projects under such section; or

''(B) the limitation determined under paragraph (2) with respect to the State for the fiscal year.

''(2) LIMITATION.—

''(A) IN GENERAL.—The limitation determined under this paragraph with respect to a State for any fiscal year is the amount that bears the same ratio to $71,250,000 as the population with an income below the poverty line (as such term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section) in the State in the second preceding fiscal year bears to such population residing in the United States in the second preceding fiscal year.

''(B) ADJUSTMENT.—If the limitation determined under subparagraph (A) with respect to a State for a fiscal year exceeds the amount paid to the State under this subsection for the fiscal year, the limitation determined under this paragraph with respect to the State for the immediately succeeding fiscal year shall be increased by the amount of such excess.

''(3) INDIAN TRIBES.—

''(A) IN GENERAL.—Notwithstanding any other provision of this title, for purposes of this subsection, an Indian tribe with an application approved under section 406(e)(2)(E) shall be entitled to payment from the Secretary for each of fiscal years 1996 through 2002 of an amount equal to the lesser of—

''(i) 75 percent of the expenditures by the Indian tribe in providing for the operation of the projects under section 406(e)(2)(E), and in administering the projects under such section; or

''(ii) the limitation determined under subparagraph (B) with respect to the Indian tribe for the fiscal year.

''(B) LIMITATION.—

''(i) IN GENERAL.—The limitation determined under this subparagraph with respect to an Indian tribe for any fiscal year is the amount that bears the same ratio to $3,750,000 as the population with an income below the poverty line (as such term is defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)),

including any revision required by such section) in the Indian tribe in the second preceding fiscal year bears to such population of all Indian tribes with applications approved under section 406(e)(2)(E) in the second preceding fiscal year.

''(ii) ADJUSTMENT.—If the limitation determined under clause (i) with respect to an Indian tribe for a fiscal year exceeds the amount paid to the Indian tribe under this paragraph for the fiscal year, the limitation determined under this subparagraph with respect to the Indian tribe for the immediately succeeding fiscal year shall be increased by the amount of such excess.

''(4) USE OF APPROPRIATIONS.—Amounts appropriated for a fiscal year to carry out this part shall be made available for payments under this subsection for such fiscal year.''.

SEC. 406. NATIONAL CLEARINGHOUSE ON TEENAGE PREGNANCY.

(a) ESTABLISHMENT.—The Secretary of Education, the Secretary of Health and Human Services, and the Chief Executive Officer of the Corporation for National and Community Service shall establish a national center for the collection and provision of information that relates to adolescent pregnancy prevention programs, to be known as the ''National Clearinghouse on Teenage Pregnancy Prevention Programs''.

(b) FUNCTIONS.—The national center established under subsection (a) shall serve as a national information and data clearinghouse, and as a material development source for adolescent pregnancy prevention programs. Such center shall—

(1) develop and maintain a system for disseminating information on all types of adolescent pregnancy prevention programs and on the state of adolescent pregnancy prevention program development, including information concerning the most effective model programs;

(2) identify model programs representing the various types of adolescent pregnancy prevention programs;

(3) develop networks of adolescent pregnancy prevention programs for the purpose of sharing and disseminating information;

(4) develop technical assistance materials to assist other entities in establishing and improving adolescent pregnancy prevention programs;

(5) participate in activities designed to encourage and enhance public media campaigns on the issue of adolescent pregnancy; and

(6) conduct such other activities as the responsible Federal officials find will assist in developing and carrying out programs or activities to reduce adolescent pregnancy.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

SEC. 407. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this title shall be effective with respect to calendar quarters beginning on or after October 1, 1996.

(b) SPECIAL RULE.—In the case of a State that the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order to meet the additional requirements imposed by the amendments made by this title, the State shall not be regarded as failing to comply with the requirements of such amendments before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act. For purposes of this subsection, in the case of a State that has a 2-year legislative session, each year of the session shall be treated as a separate regular session of the State legislature.

TITLE V—INTERSTATE CHILD SUPPORT RESPONSIBILITY

SEC. 500. SHORT TITLE.

This title may be cited as the ''Interstate Child Support Responsibility Act of 1995''.

Subtitle A—Improvements to the Child Support Collection System

PART I—ELIGIBILITY AND OTHER MATTERS CONCERNING TITLE IV–D PROGRAM CLIENTS

SEC. 501. STATE OBLIGATION TO PROVIDE PATERNITY ESTABLISHMENT AND CHILD SUPPORT ENFORCEMENT SERVICES.

(a) STATE LAW REQUIREMENTS.—Section 466(a) (42 U.S.C. 666(a)) is amended by adding at the end the following new paragraph:

''(12) Procedures under which—

''(A) every child support order established or modified in the State on or after October 1, 1998, is recorded in the central case registry established in accordance with section 454A(e); and

''(B) child support payments are collected through the centralized collections unit established in accordance with section 454B—

''(i) on and after October 1, 1998, under each order subject to wage withholding under section 466(b); and

''(ii) on and after October 1, 1999, under each other order required to be recorded in such central case registry under this paragraph or section 454A(e), if requested by either party subject to such order.''.

(b) STATE PLAN REQUIREMENTS.—Section 454 (42 U.S.C. 654) is amended—

(1) by striking paragraph (4) and inserting the following new paragraph:

''(4) provide that such State will undertake to provide appropriate services under this part to—

''(A) each child with respect to whom an assignment is effective under section 402(c), 471(a)(17), or 1912 (except in cases in which the State agency determines, in accordance with paragraph (25), that it is against the best interests of the child to do so); and

''(B) each child not described in subparagraph (A)—

''(i) with respect to whom an individual applies for such services; or

''(ii) on and after October 1, 1998, with respect to whom a support order is recorded in the central State case registry established under section 454A—

''(I) if application is made for services under this part; or

''(II) at the option of the State, unless such services are declined;'';

(2) in paragraph (6)—

(A) by striking ''(6) provide that'' and all that follows through subparagraph (A) and inserting the following:

''(6) provide that—

''(A) services under the State plan shall be made available to nonresidents on the same terms as to residents;'';

(B) in subparagraph (B)—

(i) by inserting ''on individuals other than indiviudals with respect to whom an assignment under parts A or E or title XIX is effective (except as provided in section 457(c))'' after ''such services shall be imposed''; and

(ii) by inserting ''but no fees or costs shall be imposed on any absent or custodial parent or other individual for inclusion in the central State registry maintained pursuant to section 454A(e),'' after ''(as determined by the State),''; and

(C) in each of subparagraphs (B), (C), (D), and (E), by indenting such subparagraph and aligning its left margin with the left margin of subparagraph (A); and

(D) in each of subparagraphs (B), (C), and (D), by striking the final comma and inserting a semicolon;

(3) in paragraph (23)—

(A) by striking ''the State will regularly'' and inserting ''the State will—

''(A) regularly'';

(B) by adding at the end the following new subparagraph:

''(B) have a plan for outreach to parents designed to disseminate information about and increase access to child support enforcement services, including plans responding to needs—

''(i) of working parents to obtain such services without taking time off work; and

''(ii) of parents with limited proficiency in English for elimination of language barriers to use of such services; and''; and

(4)(A) by striking ''and'' at the end of paragraph (23);

(B) by striking the period at the end of paragraph (24) and inserting ''; and''; and

(C) by inserting after paragraph (24) the following new paragraph:

''(25) provide that the State establish procedures for any absent parent owing child support arrearages to enter into a repayment plan with the State, engage in community service, or face imprisonment.''.

(c) CONFORMING AMENDMENTS.—

(1) PATERNITY ESTABLISHMENT PERCENTAGE.—Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended by striking ''454(6)'' each place it appears and inserting ''454(4)(A)(ii)''.

(2) STATE PLAN.—Section 454(23)(A) (42 U.S.C. 654(23)(A)), as amended by subsection (b)(3), is amended, effective October 1, 1998, by striking ''information as to any application fees for such services and''.

(3) PROCEDURES TO IMPROVE ENFORCEMENT.—Section 466(a)(3)(B) (42 U.S.C. 666(a)(3)(B)) is amended by striking ''in the case of overdue support which a State has agreed to collect under section 454(6)'' and inserting ''in any other case''.

(4) DEFINITION OF OVERDUE SUPPORT.—Section 466(e) (42 U.S.C. 666(e)) is amended by striking ''or (6)''.

SEC. 502. DISTRIBUTION OF PAYMENTS.

(a) DISTRIBUTIONS THROUGH STATE CHILD SUPPORT ENFORCEMENT AGENCY TO FORMER ASSISTANCE RECIPIENTS.—Section 454(5) (42 U.S.C. 654(5)) is amended—

(1) in subparagraph (A)—

(A) by striking section 402(a)(26) is effective,'' and inserting ''section 403(b)(7)(A) is effective, except as otherwise specifically provided in section 464 or 466(a)(3),''; and

(B) by striking ''except that'' and all that follows through the semicolon; and

(2) in subparagraph (B), by striking '', except'' and all that follows through ''medical assistance''.

(b) DISTRIBUTION TO A FAMILY CURRENTLY RECEIVING TEMPORARY EMPLOYMENT ASSISTANCE.—Section 457 (42 U.S.C. 657) is amended—

(1) by striking subsection (a) and redesignating subsection (b) as subsection (a);

(2) in subsection (a), as redesignated—

(A) in the matter preceding paragraph (2), to read as follows:

''(a) IN THE CASE OF A FAMILY RECEIVING TEA.—Amounts collected under this part during any month as support of a child who is receiving assistance under part A (or a parent or caretaker relative of such a child) shall (except in the case of a State exercising the option under subsection (b)) be distributed as follows:

''(1) an amount equal to the amount that will be disregarded pursuant to section 402(d)(2)(C) shall be taken from each of—

''(A) the amounts received in a month which represent payments for that month; and

''(B) the amounts received in a month which represent payments for a prior month which were made by the absent parent in that prior month;

and shall be paid to the family without affecting its eligibility for assistance or decreasing any amount otherwise payable as assistance to such family during such month;'';

(B) in paragraph (4), by striking ''or (B)'' and all that follows through the period and inserting ''; then (B) from any remainder, amounts equal to arrearages of such support obligations assigned, pursuant to part A, to any other State or States shall be paid to such other State or States and used to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing); and then (C) any remainder shall be paid to the family.''; and

(3) by inserting after subsection (a), as redesignated, the following new subsection:

''(b) ALTERNATIVE DISTRIBUTION IN CASE OF FAMILY RECEIVING TEA.—In the case of a State electing the option under this subsection, amounts collected as described in subsection (a) shall be distributed as follows:

''(1) an amount equal to the amount that will be disregarded pursuant to section 402(d)(2)(C) shall be taken from each of—

''(A) the amounts received in a month which represent payments for that month; and

''(B) the amounts received in a month which represent payments for a prior month which were made by the absent parent in that prior month;

and shall be paid to the family without affecting its eligibility for assistance or decreasing any amount otherwise payable as assistance to such family during such month;

''(2) second, from any remainder, amounts equal to the balance of support owed for the current month shall be paid to the family;

''(3) third, from any remainder, amounts equal to arrearages of such support obligations assigned, pursuant to part A, to the State making the collection shall be retained and used by such State to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

''(4) fourth, from any remainder, amounts equal to arrearages of such support obligations assigned, pursuant to part A, to any other State or States shall be paid to such other State or States and used to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing); and

''(5) fifth, any remainder shall be paid to the family.''.

(c) DISTRIBUTION TO A FAMILY NOT RECEIVING TEA.—Section 457(c) (42 U.S.C. 657(c)) is amended to read as follows:

''(c) DISTRIBUTIONS IN CASE OF FAMILY NOT RECEIVING TEA.—Amounts collected by a State agency under this part during any month as support of a child who is not receiving assistance under part A (or of a parent or caretaker relative of such a child) shall (subject to the remaining provisions of this section) be distributed as follows:

''(1) first, amounts equal to the total of such support owed for such month shall be paid to the family;

''(2) second, from any remainder, amounts equal to arrearages of such support obligations for months during which such child did not receive assistance under part A shall be paid to the family;

''(3) third, from any remainder, amounts equal to arrearages of such support obligations assigned to the State making the collection pursuant to part A shall be retained and used by such State to pay any such arrearages (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing); and

''(4) fourth, from any remainder, amounts equal to arrearages of such support obligations assigned to any other State pursuant to part A shall be paid to such other State or States, and used to pay such arrearages, in the order in which such arrearages accrued (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing).''.

(d) DISTRIBUTION TO A CHILD RECEIVING ASSISTANCE UNDER TITLE IV–E.—Section 457(d) (42 U.S.C. 657(d)) is amended, in the matter preceding paragraph (1), by striking ''Notwithstanding the preceding provisions of this section, amounts'' and inserting the following:

''(d) DISTRIBUTIONS IN CASE OF A CHILD RECEIVING ASSISTANCE UNDER TITLE IV–E.—Amounts''.

(e) REGULATIONS.—The Secretary of Health and Human Services shall promulgate regulations under part A of title IV of the Social Security Act, establishing standards applicable to States electing the alternative formula under section 457(b) of such Act for distribution of collections on behalf of families receiving temporary employment assistance, designed to minimize irregular monthly payments to such families.

(f) CLERICAL AMENDMENTS.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (11)—

(A) by striking ''(11)'' and inserting ''(11)(A)''; and

(B) by inserting after the semicolon ''and''; and

(2) by redesignating paragraph (12) as subparagraph (B) of paragraph (11).

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Execpt as otherwise provided in this subsection, the amendments made by this section shall become effective on October 1, 1996.

(2) FAMILY NOT RECEIVING TEA.—The amendment made by subsection (c) shall become effective on October 1, 1999.

(3) SPECIAL RULES.—

(A) APPLICABILITY.—A State may elect to have the amendments made by this section (other than subsection (c)) become effective only with respect to child support cases beginning on or after October 1, 1996.

(B) DELAYED IMPLEMENTATION.—A State may elect to have the amendments made by this section (other than subsection (c)) become effective on a date later than October 1, 1996, which date shall coincide with the operation of the single statewide automated data processing and information retrieval system required by section 454A of the Social Security Act (as added by section 515(a)(2) of this Act) and the State centralized collection unit required by section 454B of the Social Security Act (as added by section 522(b) of this Act).

SEC. 503. RIGHTS TO NOTIFICATION AND HEARINGS.

(a) IN GENERAL.—Section 454 (42 U.S.C. 654), as amended by section 502(f), is amended by inserting after paragraph (11) the following new paragraph:

''(12) establish procedures to provide that—

''(A) individuals who are applying for or receiving services under this part, or are parties to cases in which services are being provided under this part—

''(i) receive notice of all proceedings in which support obligations might be established or modified; and

''(ii) receive a copy of any order establishing or modifying a child support obligation, or (in the case of a petition for modification) a notice of determination that there should be no change in the amount of the child support award, within 14 days after issuance of such order or determination;

''(B) individuals applying for or receiving services under this part have access to a fair hearing or other formal complaint procedure that ensures prompt consideration and resolution of complaints (but the resort to such procedure shall not stay the enforcement of any support order); and

''(C) the State may not provide to any noncustodial parent of a child representation relating to the establishment or modification of an order for the payment of child support with respect to that child, unless the State makes provision for such representation outside the State agency;''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

SEC. 504. PRIVACY SAFEGUARDS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by section 501(b)(4), is amended—

(1) by striking ''and'' at the end of paragraph (24);

(2) by striking the period at the end of paragraph (25) and inserting ''; and''; and

(3) by adding after paragraph (25) the following:

''(26) provide that the State will have in effect safeguards applicable to all sensitive and confidential information handled by the State agency designed to protect the privacy rights of the parties, including—

''(A) safeguards against unauthorized use or disclosure of information relating to proceedings or actions to establish paternity, or to establish or enforce support;

''(B) prohibitions on the release of information on the whereabouts of 1 party to another party against whom a protective order with respect to the former party has been entered; and

''(C) prohibitions on the release of information on the whereabouts of 1 party to another party if the State has reason to believe that the release of the information may result in physical or emotional harm to the former party.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on October 1, 1997.

PART II—PROGRAM ADMINISTRATION AND FUNDING

SEC. 511. FEDERAL MATCHING PAYMENTS.

(a) INCREASED BASE MATCHING RATE.—Section 455(a)(2) (42 U.S.C. 655(a)(2)) is amended to read as follows:

''(2) The applicable percent for a quarter for purposes of paragraph (1)(A) is—

''(A) for fiscal years 1996, 1997, and 1998, 66 percent,

''(B) for fiscal year 1999, 69 percent,

''(C) for fiscal year 2000, 72 percent, and

''(D) for fiscal year 2001 and succeeding fiscal years, 75 percent.''.

(b) MAINTENANCE OF EFFORT.—Section 455 (42 U.S.C. 655) is amended—

(1) in subsection (a)(1), in the matter preceding subparagraph (A), by striking ''From'' and inserting ''Subject to subsection (c), from''; and

(2) by inserting after subsection (b) the following new subsection:

''(c) Notwithstanding the provisions of subsection (a), total expenditures for the State program under this part for fiscal year 1999 and each succeeding fiscal year (excluding 1-time capital expenditures for automation), reduced by the percentage specified for such fiscal year under subsection (a)(2) shall not be less than such total expenditures for fiscal year 1996, reduced by 66 percent.''.

SEC. 512. PERFORMANCE-BASED INCENTIVES AND PENALTIES.

(a) INCENTIVE ADJUSTMENTS TO FEDERAL MATCHING RATE.—Section 458 (42 U.S.C. 658) is amended to read as follows:

''INCENTIVE ADJUSTMENTS TO MATCHING RATE

''SEC. 458. (a) INCENTIVE ADJUSTMENT.—

''(1) IN GENERAL.—In order to encourage and reward State child support enforcement programs which perform in an effective manner, the Federal matching rate for payments to a State under section 455(a)(1)(A), for each fiscal year beginning on or after October 1, 1998, shall be increased by a factor reflecting the sum of the applicable incentive adjustments (if any) determined in accordance with regulations under this section with respect to Statewide paternity establishment and to overall performance in child support enforcement.

''(2) STANDARDS.—

''(A) IN GENERAL.—The Secretary shall specify in regulations—

''(i) the levels of accomplishment, and rates of improvement as alternatives to such levels, which States must attain to qualify for incentive adjustments under this section; and

''(ii) the amounts of incentive adjustment that shall be awarded to States achieving specified accomplishment or improvement levels, which amounts shall be graduated, ranging up to—

''(I) 5 percentage points, in connection with Statewide paternity establishment; and

''(II) 10 percentage points, in connection with overall performance in child support enforcement.

''(B) LIMITATION.—In setting performance standards pursuant to subparagraph (A)(i) and adjustment amounts pursuant to subparagraph (A)(ii), the Secretary shall ensure that the aggregate number of percentage point increases as incentive adjustments to all States do not exceed such aggregate increases as assumed by the Secretary in estimates of the cost of this section as of June 1995, unless the aggregate performance of all States exceeds the projected aggregate performance of all States in such cost estimates.

''(3) DETERMINATION OF INCENTIVE ADJUSTMENT.—The Secretary shall determine the amount (if any) of incentive adjustment due each State on the basis of the data submitted by the State pursuant to section 454(15)(B) concerning the levels of accomplishment (and rates of improvement) with respect to performance indicators specified by the Secretary pursuant to this section.

''(4) FISCAL YEAR SUBJECT TO INCENTIVE ADJUSTMENT.—The total percentage point increase determined pursuant to this section with respect to a State program in a fiscal year shall apply as an adjustment to the applicable percent under section 455(a)(2) for payments to such State for the succeeding fiscal year.

''(5) RECYCLING OF INCENTIVE ADJUSTMENT.—A State shall expend in the State program under this part all funds paid to the State by the Federal Government as a result of an incentive adjustment under this section.

''(b) MEANING OF TERMS.—

''(1) STATEWIDE PATERNITY ESTABLISHMENT PERCENTAGE.—

''(A) IN GENERAL.—For purposes of this section, the term 'Statewide paternity establishment percentage' means, with respect to a fiscal year, the ratio (expressed as a percentage) of—

''(i) the total number of out-of-wedlock children in the State under 1 year of age for whom paternity is established or acknowledged during the fiscal year, to

''(ii) the total number of children requiring paternity establishment born in the State during such fiscal year.

''(B) ALTERNATIVE MEASUREMENT.—The Secretary shall develop an alternate method of measurement for the Statewide paternity establishment percentage for any State that does not record the out-of-wedlock status of children on birth certificates.

''(2) OVERALL PERFORMANCE IN CHILD SUPPORT ENFORCEMENT.—The term 'overall performance in child support enforcement' means a measure or measures of the effectiveness of the State agency in a fiscal year which takes into account factors including—

''(A) the percentage of cases requiring a child support order in which such an order was established;

''(B) the percentage of cases in which child support is being paid;

''(C) the ratio of child support collected to child support due; and

''(D) the cost-effectiveness of the State program, as determined in accordance with standards established by the Secretary in regulations.''.

(b) ADJUSTMENT OF PAYMENTS UNDER PART D OF TITLE IV.—Section 455(a)(2) (42 U.S.C. 655(a)(2)), as amended by section 511(a), is amended—

(1) by striking the period at the end of subparagraph (C) and inserting a comma; and

(2) by adding after and below subparagraph (C), flush with the left margin of the paragraph, the following:

''increased by the incentive adjustment factor (if any) determined by the Secretary pursuant to section 458.''.

(c) CONFORMING AMENDMENTS.—Section 454(22) (42 U.S.C. 654(22)) is amended—

(1) by striking ''incentive payments'' the first place it appears and inserting ''incentive adjustments''; and

(2) by striking ''any such incentive payments made to the State for such period'' and inserting ''any increases in Federal payments to the State resulting from such incentive adjustments''.

(d) CALCULATION OF IV–D PATERNITY ESTABLISHMENT PERCENTAGE.—

(1) OVERALL PERFORMANCE.—Section 452(g)(1) (42 U.S.C. 652(g)(1)) is amended in the matter preceding subparagraph (A) by inserting ''its overall performance in child support enforcement is satisfactory (as defined in section 458(b) and regulations of the Secretary), and'' after ''1994,''.

(2) DEFINITION.—Section 452(g)(2)(A) (42 U.S.C. 652(g)(2)(A)) is amended, in the matter preceding clause (i)—

(A) by striking ''paternity establishment percentage'' and inserting ''IV–D paternity establishment percentage''; and

(B) by striking ''(or all States, as the case may be)''.

(3) MODIFICATION OF REQUIREMENTS.—Section 452(g)(3) (42 U.S.C. 652(g)(3)) is amended—

(A) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(B) in subparagraph (A), as redesignated, by striking ''the percentage of children born out-of-wedlock in the State'' and inserting ''the percentage of children in the State who are born out of wedlock or for whom support has not been established''; and

(C) in subparagraph (B), as redesignated—

(i) by inserting ''and overall performance in child support enforcement'' after ''paternity establishment percentages''; and

(ii) by inserting ''and securing support'' before the period.

(e) REDUCTION OF PAYMENTS UNDER PART D OF TITLE IV.—

(1) NEW REQUIREMENTS.—Section 455 (42 U.S.C. 655) is amended—

(A) by redesignating subsection (e) as subsection (f); and

(B) by inserting after subsection (d) the following new subsection:

''(e)(1) Notwithstanding any other provision of law, if the Secretary finds, with respect to a State program under this part in a fiscal year beginning on or after October 1, 1997—

''(A)(i) on the basis of data submitted by a State pursuant to section 454(15)(B), that the State program in such fiscal year failed to achieve the IV–D paternity establishment percentage (as defined in section 452(g)(2)(A)) or the appropriate level of overall performance in child support enforcement (as defined in section 458(b)(2)), or to meet other performance measures that may be established by the Secretary, or

''(ii) on the basis of an audit or audits of such State data conducted pursuant to section 452(a)(4)(C), that the State data submitted pursuant to section 454(15)(B) is incomplete or unreliable; and

''(B) that, with respect to the succeeding fiscal year—

''(i) the State failed to take sufficient corrective action to achieve the appropriate performance levels as described in subparagraph (A)(i) of this paragraph, or

''(ii) the data submitted by the State pursuant to section 454(15)(B) is incomplete or unreliable,

the amounts otherwise payable to the State under this part for quarters following the end of such succeeding fiscal year, prior to quarters following the end of the first quarter throughout which the State program is in compliance with such performance requirement, shall be reduced by the percentage specified in paragraph (2).

''(2) The reductions required under paragraph (1) shall be—

''(A) not less than 3 nor more than 5 percent, or

''(B) not less than 5 nor more than 7 percent, if the finding is the second consecutive finding made pursuant to paragraph (1), or

''(C) not less than 7 nor more than 10 percent, if the finding is the third or a subsequent consecutive such finding.

''(3) For purposes of this subsection, section 406(b), and section 452(a)(4), a State which is determined as a result of an audit to have submitted incomplete or unreliable data pursuant to section 454(15)(B), shall be determined to have submitted adequate data if the Secretary determines that the extent of the incompleteness or unreliability of the data is of a technical nature which does not adversely affect the determination of the level of the State's performance.''.

(2) CONFORMING AMENDMENTS.—Subsections (d)(3)(A), (g)(1), and (g)(3)(A) of section 452 (42 U.S.C. 652) are each amended by striking ''403(h)'' and inserting ''455(e)''.

(f) EFFECTIVE DATES.—

(1) INCENTIVE ADJUSTMENTS.—

(A) IN GENERAL.—The amendments made by subsections (a), (b), and (c) shall become effective on October 1, 1997, except to the extent provided in subparagraph (B).

(B) EXCEPTION.—Section 458 of the Social Security Act, as in effect prior to the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years prior to fiscal year 1999.

(2) PENALTY REDUCTIONS.—

(A) IN GENERAL.—The amendments made by subsection (d) shall become effective with respect to calendar quarters beginning on and after the date of the enactment of this Act.

(B) REDUCTIONS.—The amendments made by subsection (e) shall become effective with respect to calendar quarters beginning on and after the date 1 which is year after the date of the enactment of this Act.

SEC. 513. FEDERAL AND STATE REVIEWS AND AUDITS.

(a) STATE AGENCY ACTIVITIES.—Section 454 (42 U.S.C. 654) is amended—

(1) in paragraph (14)—

(A) by striking ''(14)'' and inserting ''(14)(A)''; and

(B) by inserting after the semicolon ''and'';

(2) by redesignating paragraph (15) as subparagraph (B) of paragraph (14); and

(3) by inserting after paragraph (14) the following new paragraph:

''(15) provide for—

''(A) a process for annual reviews of and reports to the Secretary on the State program under this part—

''(i) which shall include such information as may be necessary to measure State compliance with Federal requirements for expedited procedures and timely case processing, using such standards and procedures as are required by the Secretary; and

''(ii) under which the State agency will determine the extent to which such program is in conformity with applicable requirements with respect to the operation of State programs under this part (including the status of complaints filed under the procedure required under paragraph (12)(B)); and

''(B) a process of extracting from the State automated data processing system and transmitting to the Secretary data and calculations concerning the levels of accomplishment (and rates of improvement) with respect to applicable performance indicators (including IV–D paternity establishment percentages and overall performance in child support enforcement) to the extent necessary for purposes of sections 452(g) and 458.''.

(b) FEDERAL ACTIVITIES.—Section 452(a)(4) (42 U.S.C. 652(a)(4)) is amended to read as follows:

''(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of section 452(g) and 458, and determine the amount (if any) of penalty reductions pursuant to section 455(e) to be applied to the State;

''(B) review annual reports by State agencies pursuant to section 454(15)(A) on State program conformity with Federal requirements; evaluate any elements of a State program in which significant deficiencies are indicated by such report on the status of complaints under the State procedure under section 454(12)(B); and, as appropriate, provide to the State agency comments, recommendations for additional or alternative corrective actions, and technical assistance; and

''(C) conduct audits, in accordance with the government auditing standards of the United States Comptroller General—

''(i) at least once every 3 years (or more frequently, in the case of a State which fails to meet requirements of this part, or of regulations implementing such requirements, concerning performance standards and reliability of program data) to assess the completeness, reliability, and security of the data, and the accuracy of the reporting systems, used for the calculations of performance indicators specified in subsection (g) and section 458;

''(ii) of the adequacy of financial management of the State program, including assessments of—

''(I) whether Federal and other funds made available to carry out the State program under this part are being appropriately expended, and are properly and fully accounted for; and

''(II) whether collections and disbursements of support payments and program income are carried out correctly and are properly and fully accounted for; and

''(iii) for such other purposes as the Secretary may find necessary;''.

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to calendar quarters beginning on or after the date which is 1 year after the enactment of this section.

SEC. 514. REQUIRED REPORTING PROCEDURES.

(a) ESTABLISHMENT.—Section 452(a)(5) (42 U.S.C. 652(a)(5)) is amended by inserting '', and establish procedures to be followed by States for collecting and reporting information required to be provided under this part, and establish uniform definitions (including those necessary to enable the measurement of State compliance with the requirements of this part relating to expedited processes and timely case processing) to be applied in following such procedures'' before the semicolon.

(b) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 501(b)(4) and 504(a), is amended—

(1) by striking ''and'' at the end of paragraph (25);

(2) by striking the period at the end of paragraph (26) and inserting ''; and''; and

(3) by adding after paragraph (26) the following:

''(27) provide that the State shall use the definitions established under section 452(a)(5) in collecting and reporting information as required under this part.''.

SEC. 515. AUTOMATED DATA PROCESSING REQUIREMENTS.

(a) REVISED REQUIREMENTS.—

(1) STATE PLAN.—Section 454(16) (42 U.S.C. 654(16)) is amended—

(A) by striking '', at the option of the State,'';

(B) by inserting ''and operation by the State agency'' after ''for the establishment'';

(C) by inserting ''meeting the requirements of section 454A'' after ''information retrieval system'';

(D) by striking ''in the State and localities thereof, so as (A)'' and inserting ''so as'';

(E) by striking ''(i)''; and

(F) by striking ''(including, but not limited to,'' and all that follows and to the semicolon.

(2) AUTOMATED DATA PROCESSING.—Part D of title IV (42 U.S.C. 651–669) is amended by inserting after section 454 the following new section:

''AUTOMATED DATA PROCESSING

''SEC. 454A. (a) IN GENERAL.—In order to meet the requirements of this section, for purposes of the requirement of section 454(16), a State agency shall have in operation a single statewide automated data processing and information retrieval system which has the capability to perform the tasks specified in this section, and performs such tasks with the frequency and in the manner specified in this part or in regulations or guidelines of the Secretary.

''(b) PROGRAM MANAGEMENT.—The automated system required under this section shall perform such functions as the Secretary may specify relating to management of the program under this part, including—

''(1) controlling and accounting for use of Federal, State, and local funds to carry out such program; and

''(2) maintaining the data necessary to meet Federal reporting requirements on a timely basis.

''(c) CALCULATION OF PERFORMANCE INDICATORS.—In order to enable the Secretary to determine the incentive and penalty adjustments required by sections 452(g) and 458, the State agency shall—

''(1) use the automated system—

''(A) to maintain the requisite data on State performance with respect to paternity establishment and child support enforcement in the State; and

''(B) to calculate the IV–D paternity establishment percentage and overall performance in child support enforcement for the State for each fiscal year; and

''(2) have in place systems controls to ensure the completeness, and reliability of, and ready access to, the data described in paragraph (1)(A), and the accuracy of the calculations described in paragraph (1)(B).

''(d) INFORMATION INTEGRITY AND SECURITY.—The State agency shall have in effect safeguards on the integrity, accuracy, and completeness of, access to, and use of data in the automated system required under this section, which shall include the following (in addition to such other safeguards as the Secretary specifies in regulations):

''(1) POLICIES RESTRICTING ACCESS.—Written policies concerning access to data by State agency personnel, and sharing of data with other persons, which—

''(A) permit access to and use of data only to the extent necessary to carry out program responsibilities;

''(B) specify the data which may be used for particular program purposes, and the personnel permitted access to such data; and

''(C) ensure that data obtained or disclosed for a limited program purpose is not used or redisclosed for another, impermissible purpose.

''(2) SYSTEMS CONTROLS.—Systems controls (such as passwords or blocking of fields) to ensure strict adherence to the policies specified under paragraph (1).

''(3) MONITORING OF ACCESS.—Routine monitoring of access to and use of the automated system, through methods such as audit trails and feedback mechanisms, to guard against and promptly identify unauthorized access or use.

''(4) TRAINING AND INFORMATION.—The State agency shall have in effect procedures to ensure that all personnel (including State and local agency staff and contractors) who may have access to or be required to use sensitive or confidential program data are fully informed of applicable requirements and penalties, and are adequately trained in security procedures.

''(5) PENALTIES.—The State agency shall have in effect administrative penalties (up to and including dismissal from employment) for unauthorized access to, or disclosure or use of, confidential data.''.

(3) REGULATIONS.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following new subsection:

''(j) The Secretary shall prescribe final regulations for implementation of the requirements of section 454A not later than 2 years after the date of the enactment of this subsection.''.

(4) IMPLEMENTATION TIMETABLE.—Section 454(24) (42 U.S.C. 654(24)), as amended by sections 504(a)(2) and 514(b)(1), is amended to read as follows:

''(24) provide that the State will have in effect an automated data processing and information retrieval system—

''(A) by October 1, 1996, meeting all requirements of this part which were enacted on or before the date of the enactment of the Family Support Act of 1988; and

''(B) by October 1, 1999, meeting all requirements of this part enacted on or before the date of the enactment of the Interstate Child Support Responsibility Act of 1995 (but this provision shall not be construed to alter earlier deadlines specified for elements of such system), except that such deadline shall be extended by 1 day for each day (if any) by which the Secretary fails to meet the deadline imposed by section 452(j);''.

(b) SPECIAL FEDERAL MATCHING RATE FOR DEVELOPMENT COSTS OF AUTOMATED SYSTEMS.—

(1) IN GENERAL.—Section 455(a) (42 U.S.C. 655(a)) is amended—

(A) in paragraph (1)(B)—

(i) by striking ''90 percent'' and inserting ''the percent specified in paragraph (3)'';

(ii) by striking ''so much of''; and

(iii) by striking ''which the Secretary'' and all that follows through ''thereof''; and

(B) by adding at the end the following new paragraph:

''(3)(A) The Secretary shall pay to each State, for each quarter in fiscal year 1996, 90 percent of so much of State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16), or meeting such requirements without regard to subparagraph (D) thereof, but limited to the amount approved for the State in the advance planning document of such State submitted before May 1, 1995.

''(B)(i) The Secretary shall pay to each State, for each quarter in fiscal years 1997 through 2001, the percentage specified in clause (ii) of so much of State expenditures described in paragraph (1)(B) as the Secretary finds are for a system meeting the requirements specified in section 454(16) and 454A.

''(ii) The percentage specified in this clause, for purposes of clause (i), is the higher of—

''(I) 80 percent, or

''(II) the percentage otherwise applicable to Federal payments to the State under paragraph (1)(A) (as adjusted pursuant to section 458).''.

(2) TEMPORARY LIMITATION ON PAYMENTS UNDER SPECIAL FEDERAL MATCHING RATE.—

(A) IN GENERAL.—The Secretary of Health and Human Services may not pay more than $260,000,000 in the aggregate under section 455(a)(3) of the Social Security Act for fiscal years 1996, 1997, 1998, 1999, and 2000.

(B) ALLOCATION OF LIMITATION AMONG STATES.—The total amount payable to a State under section 455(a)(3) of such Act for fiscal years 1996, 1997, 1998, 1999, and 2000 shall not exceed the limitation determined for the State by the Secretary of Health and Human Services in regulations.

(C) ALLOCATION FORMULA.—The regulations referred to in subparagraph (B) shall prescribe a formula for allocating the amount specified in subparagraph (A) among States with plans approved under part D of title IV of the Social Security Act, which shall take into account—

(i) the relative size of State caseloads under such part; and

(ii) the level of automation needed to meet the automated data processing requirements of such part.

(c) CONFORMING AMENDMENT.—Section 123(c) of the Family Support Act of 1988 (102 Stat. 2352; Public Law 100–485) is repealed.

SEC. 516. DIRECTOR OF CSE PROGRAM; STAFFING STUDY.

(a) REPORTING TO SECRETARY.—Section 452(a) (42 U.S.C. 652(a)) is amended in the matter preceding paragraph (1) by striking ''directly''.

(b) STAFFING STUDIES.—

(1) SCOPE.—The Secretary of Health and Human Services (in this subsection referred to as the ''Secretary'') shall, directly or by contract, conduct studies of the staffing of each State child support enforcement program under part D of title IV of the Social Security Act. Such studies shall—

(A) include a review of the staffing needs created by requirements for automated data processing, maintenance of a central case registry and centralized collections of child support, and of changes in these needs resulting from changes in such requirements; and

(B) examine and report on effective staffing practices used by the States and on recommended staffing procedures.

(2) FREQUENCY OF STUDIES.—The Secretary shall complete the first staffing study required under paragraph (1) not later than October 1, 1997, and may conduct additional studies subsequently at appropriate intervals.

(3) REPORT TO THE CONGRESS.—The Secretary shall submit a report to the Congress stating the findings and conclusions of each study conducted under this subsection.

SEC. 517. FUNDING FOR ASSISTANCE TO STATE PROGRAMS.

Section 452 (42 U.S.C. 652), as amended by section 515(a)(3), is amended by adding at the end the following new subsection:

''(k)(1) There shall be available to the Secretary, from amounts appropriated for fiscal year 1996 and each succeeding fiscal year for payments to States under this part, the amount specified in paragraph (2) for the costs to the Secretary for—

''(A) information dissemination and technical assistance to States, training of State and Federal staff, staffing studies, and related activities needed to improve programs (including technical assistance concerning State automated systems);

''(B) research, demonstration, and special projects of regional or national significance relating to the operation of State programs under this part; and

''(C) operation of the Federal Parent Locator Service under section 453, to the extent such costs are not recovered through user fees.

''(2) The amount specified in this paragraph for a fiscal year is the amount equal to a percentage of the reduction in Federal payments to States under part A on account of child support (including arrearages) collected in the preceding fiscal year on behalf of children receiving assistance under such part A in such preceding fiscal year (as determined on the basis of the most recent reliable data available to the Secretary as of the end of the third calendar quarter following the end of such preceding fiscal year), equal to—

''(A) 1 percent, for the activities specified in subparagraphs (A) and (B) of paragraph (1); and

''(B) 2 percent, for the activities specified in subparagraph (C) of paragraph (1).''.

SEC. 518. DATA COLLECTION AND REPORTS BY THE SECRETARY.

(a) ANNUAL REPORT TO CONGRESS.—

(1) IN GENERAL.—Section 452(a)(10)(A) (42 U.S.C. 652(a)(10)(A)) is amended—

(A) by striking ''this part;'' and inserting ''this part, including—''; and

(B) by adding at the end the following indented clauses:

''(i) the total amount of child support payments collected as a result of services furnished during such fiscal year to individuals receiving services under this part;

''(ii) the cost to the States and to the Federal Government of furnishing such services to those individuals; and

''(iii) the number of cases involving families—

''(I) who became ineligible for assistance under part A during a month in such fiscal year; and

''(II) with respect to whom a child support payment was received in the same month;''.

(2) CERTAIN DATA.—Section 452(a)(10)(C) (42 U.S.C. 652(a)(10)(C)) is amended—

(A) in the matter preceding clause (i), by striking ''with the data required under each clause being separately stated for cases'' and all that follows through ''part:'' and inserting ''separately stated for cases where the family of the child is receiving temporary employment assistance (or foster care maintenance payments under part E), or formerly received such assistance or payments and the State is continuing to collect support assigned to it under section 402(c), 471(a)(17), or 1912, and all other cases under this part—'';

(B) in each of clauses (i) and (ii), by striking '', and the total amount of such obligations'';

(C) in clause (iii), by striking ''described in'' and all that follows through the semicolon and inserting ''in which support was collected during the fiscal year;'';

(D) by striking clause (iv); and

(E) by redesignating clause (v) as clause (vii), and inserting after clause (iii) the following new clauses:

''(iv) the total amount of support collected during such fiscal year and distributed as current support;

''(v) the total amount of support collected during such fiscal year and distributed as arrearages;

''(vi) the total amount of support due and unpaid for all fiscal years; and''.

(3) USE OF FEDERAL COURTS.—Section 452(a)(10)(G) (42 U.S.C. 652(a)(10)(G)) is amended by striking ''on the use of Federal courts and''.

(4) ADDITIONAL INFORMATION NOT NECESSARY.—Section 452(a)(10) (42 U.S.C. 652(a)(10)) is amended by striking all that follows subparagraph (I).

(b) DATA COLLECTION AND REPORTING.—Section 469 (42 U.S.C. 669) is amended—

(1) by striking subsections (a) and (b) and inserting the following:

''(a) The Secretary shall collect and maintain, on a fiscal year basis, up-to-date statistics, by State, with respect to services to establish paternity and services to establish child support obligations, the data specified in subsection (b), separately stated, in the case of each such service, with respect to—

''(1) families (or needy children) receiving assistance under plans approved under part A (or E); and

''(2) families not receiving such assistance.

''(b) The data referred to in subsection (a) are—

''(1) the number of cases in the caseload of the State agency administering the plan under this part in which such service is needed; and

''(2) the number of such cases in which the service has been provided.''; and

(2) in subsection (c), by striking ''(a)(2)'' and inserting ''(b)(2)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to fiscal year 1996 and succeeding fiscal years.

PART III—LOCATE AND CASE TRACKING

SEC. 521. CENTRAL STATE AND CASE REGISTRY.

Section 454A, as added by section 515(a)(2), is amended by adding at the end the following new subsections:

''(e) CENTRAL CASE REGISTRY.—

''(1) IN GENERAL.—The automated system required under this section shall perform the functions, in accordance with the provisions of this subsection, of a single central registry containing records with respect to each case in which services are being provided by the State agency (including, on and after October 1, 1998, each order specified in section 466(a)(12)), using such standardized data elements (such as names, social security numbers or other uniform identification numbers, dates of birth, and case identification numbers), and containing such other information (such as information on case status) as the Secretary may require.

''(2) PAYMENT RECORDS.—Each case record in the central registry shall include a record of—

''(A) the amount of monthly (or other periodic) support owed under the support order,

and other amounts due or overdue (including arrearages, interest or late payment penalties, and fees);

''(B) all child support and related amounts collected (including such amounts as fees, late payment penalties, and interest on arrearages);

''(C) the distribution of such amounts collected; and

''(D) the birth date of the child for whom the child support order is entered.

''(3) UPDATING AND MONITORING.—The State agency shall promptly establish and maintain, and regularly monitor, case records in the registry required by this subsection, on the basis of—

''(A) information on administrative actions and administrative and judicial proceedings and orders relating to paternity and support;

''(B) information obtained from matches with Federal, State, or local data sources;

''(C) information on support collections and distributions; and

''(D) any other relevant information.

''(f) DATA MATCHES AND OTHER DISCLOSURES OF INFORMATION.—The automated system required under this section shall have the capacity, and be used by the State agency, to extract data at such times, and in such standardized format or formats, as may be required by the Secretary, and to share and match data with, and receive data from, other data bases and data matching services, in order to obtain (or provide) information necessary to enable the State agency (or Secretary or other State or Federal agencies) to carry out responsibilities under this part. Data matching activities of the State agency shall include at least the following:

''(1) DATA BANK OF CHILD SUPPORT ORDERS.—Furnishing to the Data Bank of Child Support Orders established under section 453(h) (and updating as necessary, with information, including notice of expiration of orders) minimal information specified by the Secretary on each child support case in the central case registry.

''(2) FEDERAL PARENT LOCATOR SERVICE.—Exchanging data with the Federal Parent Locator Service for the purposes specified in section 453.

''(3) TEA AND MEDICAID AGENCIES.—Exchanging data with State agencies (of the State and of other States) administering the programs under part A and title XIX, as necessary for the performance of State agency responsibilities under this part and under such programs.

''(4) INTRASTATE AND INTERSTATE DATA MATCHES.—Exchanging data with other agencies of the State, agencies of other States, and interstate information networks, as necessary and appropriate to carry out (or assist other States to carry out) the purposes of this part.''.

SEC. 522. CENTRALIZED COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 501(b)(4), 504(a) and 514(b), is amended—

(1) by striking ''and'' at the end of paragraph (26);

(2) by striking the period at the end of paragraph (27) and inserting ''; and''; and

(3) by adding after paragraph (27) the following new paragraph:

''(28) provide that the State agency, on and after October 1, 1998—

''(A) will operate a centralized, automated unit for the collection and disbursement of child support under orders being enforced under this part, in accordance with section 454B; and

''(B) will have sufficient State staff (consisting of State employees), and, at State option, contractors reporting directly to the State agency to monitor and enforce support collections through such centralized unit, including carrying out the automated data processing responsibilities specified in section 454A(g) and to impose, as appropriate in particular cases, the administrative enforcement remedies specified in section 466(c)(1).''.

(b) ESTABLISHMENT OF CENTRALIZED COLLECTION UNIT.—Part D of title IV (42 U.S.C. 651–669) is amended by adding after section 454A the following new section:

''CENTRALIZED COLLECTION AND DISBURSEMENT OF SUPPORT PAYMENTS

''SEC. 454B. (a) IN GENERAL.—In order to meet the requirement of section 454(28), the State agency must operate a single, centralized, automated unit for the collection and disbursement of support payments, coordinated with the automated data system required under section 454A, in accordance with the provisions of this section, which shall be—

''(1) operated directly by the State agency (or by 2 or more State agencies under a regional cooperative agreement), or by a single contractor responsible directly to the State agency; and

''(2) used for the collection and disbursement (including interstate collection and disbursement) of payments under support orders in all cases being enforced by the State pursuant to section 454(4).

''(b) REQUIRED PROCEDURES.—The centralized collections unit shall use automated procedures, electronic processes, and computer-driven technology to the maximum extent feasible, efficient, and economical, for the collection and disbursement of support payments, including procedures—

''(1) for receipt of payments from parents, employers, and other States, and for disbursements to custodial parents and other obligees, the State agency, and the State agencies of other States;

''(2) for accurate identification of payments;

''(3) to ensure prompt disbursement of the custodial parent's share of any payment; and

''(4) to furnish to either parent, upon request, timely information on the current status of support payments.''.

(c) USE OF AUTOMATED SYSTEM.—Section 454A, as added by section 515(a)(2) and as amended by section 521, is amended by adding at the end the following new subsection:

''(g) CENTRALIZED COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS.—The automated system required under this section shall be used, to the maximum extent feasible, to assist and facilitate collections and disbursement of support payments through the centralized collections unit operated pursuant to section 454B, through the performance of functions including at a minimum—

''(1) generation of orders and notices to employers (and other debtors) for the withholding of wages (and other income)—

''(A) within 10 working days after receipt from a court, another State, an employer, the Federal Parent Locator Service, or any other source recognized by the State of notice of and the income source subject to such withholding; and

''(B) using uniform formats directed by the Secretary;

''(2) ongoing monitoring to promptly identify failures to make timely payment; and

''(3) automatic use of enforcement mechanisms (including mechanisms authorized pursuant to section 466(c)) where payments are not timely made.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 1998.

SEC. 523. AMENDMENTS CONCERNING INCOME WITHHOLDING.

(a) MANDATORY INCOME WITHHOLDING.—

(1) FROM WAGES.—Section 466(a)(1) (42 U.S.C. 666(a)(1)) is amended to read as follows:

''(1)(A) Procedures described in subsection (b) for the withholding from income of amounts payable as support in cases subject to enforcement under the State plan.

''(B) Procedures under which all child support orders issued (or modified) before October 1, 1996, and which are not otherwise subject to withholding under subsection (b), shall become subject to withholding from wages as provided in subsection (b) if arrearages occur.''.

(2) REPEAL OF CERTAIN PROVISIONS CONCERNING ARREARAGES.—Section 466(a)(8) (42 U.S.C. 666(a)(8)) is repealed.

(3) PROCEDURES DESCRIBED.—Section 466(b) (42 U.S.C. 666(b)) is amended—

(A) in the matter preceding paragraph (1), by striking ''subsection (a)(1)'' and inserting ''subsection (a)(1)(A)'';

(B) in paragraph (5), by striking ''a public agency'' and all that follows through the period and inserting ''the State through the centralized collections unit established pursuant to section 454B, in accordance with the requirements of such section 454B.'';

(C) in paragraph (6)(A)(i)—

(i) by inserting '', in accordance with timetables established by the Secretary,'' after ''must be required''; and

(ii) by striking ''to the appropriate agency'' and all that follows through the period and inserting ''to the State centralized collections unit within 5 working days after the date such amount would (but for this subsection) have been paid or credited to the employee, for distribution in accordance with this part.'';

(D) in paragraph (6)(A)(ii), by inserting ''be in a standard format prescribed by the Secretary, and'' after ''shall''; and

(E) in paragraph (6)(D) to read as follows:

''(D) Provision must be made for the imposition of a fine against any employer who—

''(i) discharges from employment, refuses to employ, or takes disciplinary action against any absent parent subject to wage withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer; or

''(ii) fails to withhold support from wages, or to pay such amounts to the State centralized collections unit in accordance with this subsection.''.

(b) CONFORMING AMENDMENT.—Section 466(c) (42 U.S.C. 666(c)) is repealed.

(c) DEFINITION OF TERMS.—The Secretary of Health and Human Services shall promulgate regulations providing definitions, for purposes of part D of title IV of the Social Security Act, for the term ''income'' and for such other terms relating to income withholding under section 466(b) of such Act as the Secretary may find it necessary or advisable to define.

SEC. 524. LOCATOR INFORMATION FROM INTERSTATE NETWORKS.

Section 466(a) (42 U.S.C. 666(a)), as amended by section 523(a)(2), is amended by inserting after paragraph (7) the following new paragraph:

''(8) Procedures ensuring that the State will neither provide funding for, nor use for any purpose (including any purpose unrelated to the purposes of this part), any automated interstate network or system used to locate individuals—

''(A) for purposes relating to the use of motor vehicles; or

''(B) providing information for law enforcement purposes (where child support enforcement agencies are otherwise allowed access by State and Federal law),

unless all Federal and State agencies administering programs under this part (including

the entities established under section 453) have access to information in such system or network to the same extent as any other user of such system or network.''.

SEC. 525. EXPANDED FEDERAL PARENT LOCATOR SERVICE.

(a) EXPANDED AUTHORITY TO LOCATE INDIVIDUALS AND ASSETS.—Section 453 (42 U.S.C. 653) is amended—

(1) in subsection (a), by striking ''information as to the whereabouts'' and all that follows through the period and inserting '', for the purpose of establishing parentage, establishing, setting the amount of, modifying, or enforcing child support obligations—

''(1) information on, or facilitating the discovery of, the location of any individual—

''(A) who is under an obligation to pay child support;

''(B) against whom such an obligation is sought; or

''(C) to whom such an obligation is owed,

including such individual's social security number (or numbers), most recent residential address, and the name, address, and employer identification number of such individual's employer; and

''(2) information on the individual's wages (or other income) from, and benefits of, employment (including rights to or enrollment in group health care coverage); and

''(3) information on the type, status, location, and amount of any assets of, or debts owed by or to, any such individual.'';

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking ''social security'' and all that follows through ''absent parent'' and inserting ''information specified in subsection (a)''; and

(B) in paragraph (2), by inserting before the period '', or from any consumer reporting agency (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f))''; and

(3) in subsection (e)(1), by inserting before the period '', or by consumer reporting agencies''.

(b) REIMBURSEMENT FOR DATA FROM FEDERAL AGENCIES.—Section 453(e)(2) (42 U.S.C. 653(e)(2)) is amended in the fourth sentence by inserting before the period ''in an amount which the Secretary determines to be reasonable payment for the data exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the data)''.

(c) ACCESS TO CONSUMER REPORTS UNDER FAIR CREDIT REPORTING ACT.—

(1) IN GENERAL.—Section 608 of the Fair Credit Reporting Act (15 U.S.C. 1681f) is amended—

(A) by striking '', limited to'' and inserting ''to a governmental agency (including the entire consumer report, in the case of a Federal, State, or local agency administering a program under part D of title IV of the Social Security Act, and limited to''; and

(B) by striking ''employment, to a governmental agency'' and inserting ''employment, in the case of any other governmental agency)''.

(2) REIMBURSEMENT FOR REPORTS BY STATE AGENCIES AND CREDIT BUREAUS.—Section 453 (42 U.S.C. 653) is amended by adding at the end the following new subsection:

''(g) The Secretary is authorized to reimburse to State agencies and consumer credit reporting agencies the costs incurred by such entities in furnishing information requested by the Secretary pursuant to this section in an amount which the Secretary determines to be reasonable payment for the data exchange (which amount shall not include payment for the costs of obtaining, compiling, or maintaining the data).''.

(d) DISCLOSURE OF TAX RETURN INFORMATION.—

(1) BY THE SECRETARY OF THE TREASURY.—Section 6103(*l*)(6)(A)(ii) of the Internal Revenue Code of 1986 (relating to disclosure of return information to Federal, State, and local child support enforcement agencies) is amended by striking '', but only if'' and all that follows to the period.

(2) BY THE SOCIAL SECURITY ADMINISTRATION.—Section 6103(*l*)(8) of the Internal Revenue Code of 1986 (relating to disclosure of certain return information by Social Security Administration to State and local child support enforcement agencies) is amended—

(A) in subparagraph (A), by striking ''State or local'' and inserting ''Federal, State, or local''; and

(B) in subparagraph (C), by inserting ''(including any entity under contract with such agency)'' after ''thereof''.

(e) TECHNICAL AMENDMENTS.—

(1) Sections 452(a)(9), 453(a), 453(b), 463(a), and 463(e) (42 U.S.C. 652(a)(9), 653(a), 653(b), 663(a), and 663(e)) are each amended by inserting ''Federal'' before ''Parent'' each place it appears.

(2) Section 453 (42 U.S.C. 653) is amended in the heading by inserting ''FEDERAL'' before ''PARENT''.

(f) NEW COMPONENTS.—Section 453 (42 U.S.C. 653), as amended by subsection (c)(2), is amended by adding at the end the following new subsections:

''(h) DATA BANK OF CHILD SUPPORT ORDERS.—

''(1) IN GENERAL.—Not later than October 1, 1998, in order to assist States in administering their State plans under this part and parts A and F, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated registry to be known as the Data Bank of Child Support Orders, which shall contain abstracts of child support orders and other information described in paragraph (2) on each case in each State central case registry maintained pursuant to section 454A(e), as furnished (and regularly updated), pursuant to section 454A(f), by State agencies administering programs under this part.

''(2) CASE INFORMATION.—The information referred to in paragraph (1), as specified by the Secretary, shall include sufficient information (including names, social security numbers or other uniform identification numbers, and State case identification numbers) to identify the individuals who owe or are owed support (or with respect to or on behalf of whom support obligations are sought to be established), and the State or States which have established or modified, or are enforcing or seeking to establish, such an order.

''(i) NATIONAL DIRECTORY OF NEW HIRES.—

''(1) IN GENERAL.—Not later than October 1, 1998, in order to assist States in administering their State plans under this part and parts A and F, and for the other purposes specified in this section, the Secretary shall establish and maintain in the Federal Parent Locator Service an automated directory to be known as the National Directory of New Hires, which shall contain the information supplied pursuant to section 453A(g)(2).

''(2) ENTRY OF DATA.—Information shall be entered into the data base maintained by the National Directory of New Hires within 2 business days of receipt pursuant to section 453A(g)(2).

''(j) DATA MATCHES AND OTHER DISCLOSURES.—

''(1) VERIFICATION BY SOCIAL SECURITY ADMINISTRATION.—

''(A) TRANSMISSION OF DATA.—The Secretary shall transmit data on individuals and employers in the registries maintained under this section to the Social Security Administration to the extent necessary for verification in accordance with subparagraph (B).

''(B) VERIFICATION.—The Commissioner of Social Security shall verify the accuracy of, correct or supply to the extent necessary and feasible, and report to the Secretary, the following information in data supplied by the Secretary pursuant to subparagraph (A):

''(i) the name, social security number, and birth date of each individual; and

''(ii) the employer identification number of each employer.

''(2) CHILD SUPPORT LOCATOR MATCHES.—For the purpose of locating individuals for purposes of paternity establishment and establishment and enforcement of child support, the Secretary shall—

''(A) match data in the National Directory of New Hires against the child support order abstracts in the Data Bank of Child Support Orders not less than every 5 working days; and

''(B) report information obtained from a match established under subparagraph (A) to concerned State agencies operating programs under this part not later than 2 working days after such match.

''(3) DATA MATCHES AND DISCLOSURES OF DATA IN ALL REGISTRIES.—

''(A) FOR TITLE IV PROGRAM PURPOSES.—The Secretary shall—

''(i) perform matches of data in each component of the Federal Parent Locator Service maintained under this section against data in each other such component (other than the matches required pursuant to paragraph (1)), and report information resulting from such matches to State agencies operating programs under this part and parts A and F; and

''(ii) disclose data in such registries to such State agencies,

to the extent, and with the frequency, that the Secretary determines to be effective in assisting such States to carry out their responsibilities under such programs.

''(B) TO SOCIAL SECURITY ADMINISTRATION.—The Secretary shall disclose data in the registries maintained under this section to the Social Security Administration—

''(i) for the purpose of determining the accuracy of payments under the supplemental security income program under title XVI; or

''(ii) for use in connection with benefits under title II.

''(4) OTHER DISCLOSURES OF NEW HIRE DATA.—The Secretary shall disclose data in the National Directory of New Hires—

''(A) to the Secretary of the Treasury for purposes directly connected with—

''(i) the administration of the earned income tax credit under section 32 of the Internal Revenue Code of 1986, or the advance payment of such credit under section 3507 of such Code; or

''(ii) verification of a claim with respect to employment in an individual tax return; and

''(B) to State agencies operating employment security and workers compensation programs, for the purpose of assisting such agencies to determine the allowability of claims for benefits under such programs.

''(k) FEES.—

''(1) FOR SSA VERIFICATION.—The Secretary shall reimburse the Commissioner of Social Security, at a rate negotiated between the Secretary and the Commissioner, the costs incurred by the Commissioner in performing the verification services specified in subsection (j).

''(2) FOR INFORMATION FURNISHED TO STATE AND FEDERAL AGENCIES.—State and Federal agencies receiving data or information from the Secretary pursuant to this section shall

reimburse the costs incurred by the Secretary in furnishing such data or information, at rates which the Secretary determines to be reasonable (which rates shall include payment for the costs of obtaining, verifying, maintaining, and matching such data or information).

''(l) RESTRICTION ON DISCLOSURE AND USE.—Data in the Federal Parent Locator Service, and information resulting from matches using such data, shall not be used or disclosed except as specifically provided in this section.

''(m) RETENTION OF DATA.—Data in the Federal Parent Locator Service, and data resulting from matches performed pursuant to this section, shall be retained for such period (determined by the Secretary) as appropriate for the data uses specified in this section.

''(n) INFORMATION INTEGRITY AND SECURITY.—The Secretary shall establish and implement safeguards with respect to the entities established under this section designed to—

''(1) ensure the accuracy and completeness of information in the Federal Parent Locator Service; and

''(2) restrict access to confidential information in the Federal Parent Locator Service to authorized persons, and restrict use of such information to authorized purposes.

''(o) LIMIT ON LIABILITY.—The Secretary shall not be liable to either a State or an individual for inaccurate information provided to a component of the Federal Parent Locator Service and disclosed by the Secretary in accordance with this section.''.

(g) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV OF THE SOCIAL SECURITY ACT.—Section 454(8)(B) (42 U.S.C. 654(8)(B)) is amended to read as follows:

''(B) the Federal Parent Locator Service established under section 453;''.

(2) TO FEDERAL UNEMPLOYMENT TAX ACT.—Section 3304(16) of the Internal Revenue Code of 1986 (relating to approval of State laws) is amended—

(A) by striking ''Secretary of Health, Education, and Welfare'' each place it appears and inserting ''Secretary of Health and Human Services'';

(B) in subparagraph (B), by striking ''such information'' and all that follows through the semicolon and inserting ''information furnished under subparagraph (A) or (B) is used only for the purposes authorized under such subparagraph;'';

(C) by striking ''and'' at the end of subparagraph (A);

(D) by redesignating subparagraph (B) as subparagraph (C); and

(E) by inserting after subparagraph (A) the following new subparagraph:

''(B) wage and unemployment compensation information contained in the records of such agency shall be furnished to the Secretary of Health and Human Services (in accordance with regulations promulgated by such Secretary) as necessary for the purposes of the National Directory of New Hires established under section 453(i) of the Social Security Act, and''.

(3) TO STATE GRANT PROGRAM UNDER TITLE III OF THE SOCIAL SECURITY ACT.—Section 303(a) (42 U.S.C. 503(a)) is amended—

(A) by striking ''and'' at the end of paragraph (8);

(B) by striking the period at the end of paragraph (9) and inserting ''; and''; and

(C) by adding after paragraph (9) the following new paragraph:

''(10) The making of quarterly electronic reports, at such dates, in such format, and containing such information, as required by the Secretary under section 453(i)(3), and compliance with such provisions as such Secretary may find necessary to ensure the correctness and verification of such reports.''.

SEC. 526. STATE DIRECTORY OF NEW HIRES.

(a) STATE PLAN REQUIREMENT.—Section 454 (42 U.S.C. 654), as amended by sections 501(b)(4), 504(a), 514(b), and 522(a) of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (27);

(2) by striking the period at the end of paragraph (28) and inserting ''; and''; and

(3) by adding after paragraph (28) the following new paragraph:

''(29) provide that, on and after October 1, 1997, the State will operate a State Directory of New Hires in accordance with section 453A.''.

(b) STATE DIRECTORY OF NEW HIRES.—Part D of title IV (42 U.S.C. 651–669) is amended by inserting after section 453 the following new section:

''SEC. 453A. STATE DIRECTORY OF NEW HIRES.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—Not later than October 1, 1997, each State shall establish an automated directory (to be known as the 'State Directory of New Hires') which shall contain information supplied in accordance with subsection (b) by employers on each newly hired employee.

''(2) DEFINITIONS.—As used in this section:

''(A) EMPLOYEE.—The term 'employee'—

''(i) means an individual who is an employee within the meaning of chapter 24 of the Internal Revenue Code of 1986; and

''(ii) does not include an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that reporting pursuant to paragraph (1) with respect to the employee could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.

''(B) EMPLOYER.—The term 'employer' includes—

''(i) any governmental entity, and

''(ii) any labor organization.

''(C) LABOR ORGANIZATION.—The term 'labor organization' shall have the meaning given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a 'hiring hall') which is used by the organization and an employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer.

''(b) EMPLOYER INFORMATION.—

''(1) REPORTING REQUIREMENT.—Each employer shall furnish to the Directory of New Hires of the State in which a newly hired employee works, a report that contains the name, address, and social security number of the employee, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

''(2) TIMING OF REPORT.—The report required by paragraph (1) with respect to an employee shall be made not later than the later of—

''(A) 15 days after the date the employer hires the employee; or

''(B) in the case of an employer that reports by magnetic or electronic means, the 1st business day of the week following the date on which the employee 1st receives wages or other compensation from the employer.

''(c) REPORTING FORMAT AND METHOD.—Each report required by subsection (b) shall be made on a W–4 form or the equivalent, and may be transmitted by 1st class mail, magnetically, or electronically.

''(d) CIVIL MONEY PENALTIES ON NONCOMPLYING EMPLOYERS.—

''(1) IN GENERAL.—An employer that fails to comply with subsection (b) with respect to an employee shall be subject to a civil money penalty of $250.

''(2) APPLICABILITY OF SECTION 1128.—Section 1128 (other than subsections (a) and (b) of such section) shall apply to a civil money penalty under paragraph (1) of this subsection in the same manner as such section applies to a civil money penalty or proceeding under section 1128A(a).

''(e) ENTRY OF EMPLOYER INFORMATION.—Information shall be entered into the data base maintained by the State Directory of New Hires within 5 business days of receipt from an employer pursuant to subsection (b).

''(f) INFORMATION COMPARISONS.—

''(1) IN GENERAL.—Not later than October 1, 1998, an agency designated by the State shall, directly or by contract, conduct automated comparisons of the social security numbers reported by employers pursuant to subsection (b) and the social security numbers appearing in the records of the State case registry for cases being enforced under the State plan.

''(2) NOTICE OF MATCH.—When an information comparison conducted under paragraph (1) reveals a match with respect to the social security number of an individual required to provide support under a support order, the State Directory of New Hires shall provide the agency administering the State plan approved under this part of the appropriate State with the name, address, and social security number of the employee to whom the social security number is assigned, and the name of, and identifying number assigned under section 6109 of the Internal Revenue Code of 1986 to, the employer.

''(g) TRANSMISSION OF INFORMATION.—

''(1) TRANSMISSION OF WAGE WITHHOLDING NOTICES TO EMPLOYERS.—Within 5 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State agency enforcing the employee's child support obligation shall transmit a notice to the employer of the employee directing the employer to withhold from the wages of the employee an amount equal to the monthly (or other periodic) child support obligation of the employee, unless the employee's wages are not subject to withholding pursuant to section 466(b)(3).

''(2) TRANSMISSIONS TO THE NATIONAL DIRECTORY OF NEW HIRES.—

''(A) NEW HIRE INFORMATION.—Within 5 business days after the date information regarding a newly hired employee is entered into the State Directory of New Hires, the State Directory of New Hires shall furnish the information to the National Directory of New Hires.

''(B) WAGE AND UNEMPLOYMENT COMPENSATION INFORMATION.—The State Directory of New Hires shall, on a quarterly basis, furnish to the National Directory of New Hires extracts of the reports required under section 303(a)(6) to be made to the Secretary of Labor concerning the wages and unemployment compensation paid to individuals, by such dates, in such format, and containing such information as the Secretary of Health and Human Services shall specify in regulations.

''(3) BUSINESS DAY DEFINED.—As used in this subsection, the term 'business day' means a day on which State offices are open for regular business.

''(h) OTHER USES OF NEW HIRE INFORMATION.—

''(1) LOCATION OF CHILD SUPPORT OBLIGORS.—The agency administering the State plan approved under this part shall use information received pursuant to subsection (f)(2) to locate individuals for purposes of establishing paternity and establishing, modifying, and enforcing child support obligations.

''(2) VERIFICATION OF ELIGIBILITY FOR CERTAIN PROGRAMS.—A State agency responsible

for administering a program specified in section 1137(b) shall have access to information reported by employers pursuant to subsection (b) of this section for purposes of verifying eligibility for the program.

''(3) ADMINISTRATION OF EMPLOYMENT SECURITY AND WORKERS' COMPENSATION.—State agencies operating employment security and workers' compensation programs shall have access to information reported by employers pursuant to subsection (b) for the purposes of administering such programs.''.

SEC. 527. USE OF SOCIAL SECURITY NUMBERS.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by section 501(a), is amended by adding at the end the following new paragraph:

''(13) Procedures requiring the recording of social security numbers—

''(A) of both parties on marriage licenses and divorce decrees;

''(B) of both parents, on birth records and child support and paternity orders; and

''(C) on all applications for motor vehicle licenses and professional licenses.''.

(b) CLARIFICATION OF FEDERAL POLICY.—Section 205(c)(2)(C)(ii) (42 U.S.C. 405(c)(2)(C)(ii)) is amended by striking the third sentence and inserting ''This clause shall not be considered to authorize disclosure of such numbers except as provided in the preceding sentence.''.

PART IV—STREAMLINING AND UNIFORMITY OF PROCEDURES

SEC. 531. ADOPTION OF UNIFORM STATE LAWS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 501(a) and 527(a), is amended by adding at the end the following new paragraph:

''(14)(A) Procedures under which the State adopts in its entirety (with the modifications and additions specified in this paragraph) not later than January 1, 1997, and uses on and after such date, the Uniform Interstate Family Support Act, as approved by the National Conference of Commissioners on Uniform State Laws in August 1992.

''(B) The State law adopted pursuant to subparagraph (A) shall be applied to any case—

''(i) involving an order established or modified in one State and for which a subsequent modification is sought in another State; or

''(ii) in which interstate activity is required to enforce an order.

''(C) The State law adopted pursuant to subparagraph (A) of this paragraph may, in lieu of section 501 of the Uniform Interstate Family Support Act described in such subparagraph (A), contain a provision which allows the State to collect and disburse income withholding for multiple income withholding orders and interstate withholding orders in the centralized collections unit described in section 454B.

''(D) The State law adopted pursuant to subparagraph (A) of this paragraph shall contain the following provision in lieu of section 611(a)(1) of the Uniform Interstate Family Support Act described in such subparagraph (A):

'''(1) the following requirements are met:

'''(i) the child, the individual obligee, and the obligor—

'''(I) do not reside in the issuing State; and

'''(II) either reside in this State or are subject to the jurisdiction of this State pursuant to section 201; and

'''(ii) in any case where another State is exercising or seeks to exercise jurisdiction to modify the order, the conditions of section 204 are met to the same extent as required for proceedings to establish orders; or'.

''(E) The State law adopted pursuant to subparagraph (A) shall recognize as valid, for purposes of any proceeding subject to such State law, service of process upon persons in the State (and proof of such service) by any means acceptable in another State which is the initiating or responding State in such proceeding.''.

SEC. 532. IMPROVEMENTS TO FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.

Section 1738B of title 28, United States Code, is amended—

(1) in subsection (a)(2), by striking ''subsection (e)'' and inserting ''subsections (e), (f), and (i)'';

(2) in subsection (b), by inserting after the first undesignated paragraph the following:

'''child's home State' means the State in which a child lived with a parent or a person acting as parent for at least 6 consecutive months immediately preceding the time of filing of a petition or comparable pleading for support and, if a child is less than 6 months old, the State in which the child lived from birth with any of them. A period of temporary absence of any of them is counted as part of the 6-month period.'';

(3) in subsection (c), by inserting ''by a court of a State'' before ''is made'';

(4) in subsection (c)(1), by inserting ''and subsections (e), (f), and (g)'' after ''located'';

(5) in subsection (d)—

(A) by inserting ''individual'' before ''contestant''; and

(B) by striking ''subsection (e)'' and inserting ''subsections (e) and (f)'';

(6) in subsection (e), by striking ''make a modification of a child support order with respect to a child that is made'' and inserting ''modify a child support order issued'';

(7) in subsection (e)(1), by inserting ''pursuant to subsection (i)'' before the semicolon;

(8) in subsection (e)(2)—

(A) by inserting ''individual'' before ''contestant'' each place such term appears; and

(B) by striking ''to that court's making the modification and assuming'' and inserting ''with the State of continuing, exclusive jurisdiction for a court of another State to modify the order and assume'';

(9) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively;

(10) by inserting after subsection (e) the following new subsection:

''(f) RECOGNITION OF CHILD SUPPORT ORDERS.—If 1 or more child support orders have been issued in this or another State with regard to an obligor and a child, a court shall apply the following rules in determining which order to recognize for purposes of continuing, exclusive jurisdiction and enforcement:

''(1) If only 1 court has issued a child support order, the order of that court must be recognized.

''(2) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, the order of that court must be recognized.

''(3) If 2 or more courts have issued child support orders for the same obligor and child, and only 1 of the courts would have continuing, exclusive jurisdiction under this section, an order issued by a court in the current home State of the child must be recognized, but if an order has not been issued in the current home State of the child, the order most recently issued must be recognized.

''(4) If 2 or more courts have issued child support orders for the same obligor and child, and none of the courts would have continuing, exclusive jurisdiction under this section, a court may issue a child support order, which must be recognized.

''(5) The court that has issued an order recognized under this subsection is the court having continuing, exclusive jurisdiction.'';

(11) in subsection (g) (as so redesignated)—

(A) by striking ''PRIOR'' and inserting ''MODIFIED''; and

(B) by striking ''subsection (e)'' and inserting ''subsections (e) and (f)''; and

(12) in subsection (h) (as so redesignated)—

(A) in paragraph (2), by inserting ''including the duration of current payments and other obligations of support'' before the comma; and

(B) in paragraph (3), by inserting ''arrears under'' after ''enforce''.

SEC. 533. STATE LAWS PROVIDING EXPEDITED PROCEDURES.

(a) STATE LAW REQUIREMENTS.—Section 466 (42 U.S.C. 666), as amended by section 523(b), is amended—

(1) in subsection (a)(2), in the first sentence, to read as follows: ''Expedited administrative and judicial procedures (including the procedures specified in subsection (c)) for establishing paternity and for establishing, modifying, and enforcing support obligations.''; and

(2) by adding after subsection (b) the following new subsection:

''(c) The procedures specified in this subsection are the following:

''(1) Procedures which give the State agency the authority (and recognize and enforce the authority of State agencies of other States), without the necessity of obtaining an order from any other judicial or administrative tribunal (but subject to due process safeguards, including (as appropriate) requirements for notice, opportunity to contest the action, and opportunity for an appeal on the record to an independent administrative or judicial tribunal), to take the following actions relating to establishment or enforcement of orders:

''(A) To order genetic testing for the purpose of paternity establishment as provided in section 466(a)(5).

''(B) To enter a default order, upon a showing of service of process and any additional showing required by State law—

''(i) establishing paternity, in the case of any putative father who refuses to submit to genetic testing; and

''(ii) establishing or modifying a support obligation, in the case of a parent (or other obligor or obligee) who fails to respond to notice to appear at a proceeding for such purpose.

''(C) To subpoena any financial or other information needed to establish, modify, or enforce an order, and to sanction failure to respond to any such subpoena.

''(D) To require all entities in the State (including for-profit, nonprofit, and governmental employers) to provide promptly, in response to a request by the State agency of that or any other State administering a program under this part, information on the employment, compensation, and benefits of any individual employed by such entity as an employee or contractor, and to sanction failure to respond to any such request.

''(E) To obtain access, subject to safeguards on privacy and information security, to the following records (including automated access, in the case of records maintained in automated data bases):

''(i) Records of other State and local government agencies, including—

''(I) vital statistics (including records of marriage, birth, and divorce);

''(II) State and local tax and revenue records (including information on residence address, employer, income and assets);

''(III) records concerning real and titled personal property;

''(IV) records of occupational and professional licenses, and records concerning the

ownership and control of corporations, partnerships, and other business entities;

''(V) employment security records;

''(VI) records of agencies administering public assistance programs;

''(VII) records of the motor vehicle department; and

''(VIII) corrections records.

''(ii) Certain records held by private entities, including—

''(I) customer records of public utilities and cable television companies; and

''(II) information (including information on assets and liabilities) on individuals who owe or are owed support (or against or with respect to whom a support obligation is sought) held by financial institutions (subject to limitations on liability of such entities arising from affording such access).

''(F) To order income withholding in accordance with subsection (a)(1) and (b) of section 466.

''(G) In cases where support is subject to an assignment under section 402(c), 471(a)(17), or 1912, or to a requirement to pay through the centralized collections unit under section 454B) upon providing notice to obligor and obligee, to direct the obligor or other payor to change the payee to the appropriate government entity.

''(H) For the purpose of securing overdue support—

''(i) to intercept and seize any periodic or lump-sum payment to the obligor by or through a State or local government agency, including—

''(I) unemployment compensation, workers' compensation, and other benefits;

''(II) judgments and settlements in cases under the jurisdiction of the State or local government; and

''(III) lottery winnings;

''(ii) to attach and seize assets of the obligor held by financial institutions;

''(iii) to attach public and private retirement funds in appropriate cases, as determined by the Secretary; and

''(iv) to impose liens in accordance with paragraph (a)(4) and, in appropriate cases, to force sale of property and distribution of proceeds.

''(I) For the purpose of securing overdue support, to increase the amount of monthly support payments to include amounts for arrearages (subject to such conditions or restrictions as the State may provide).

''(J) To suspend drivers' licenses of individuals owing past-due support, in accordance with subsection (a)(16).

''(2) The expedited procedures required under subsection (a)(2) shall include the following rules and authority, applicable with respect to all proceedings to establish paternity or to establish, modify, or enforce support orders:

''(A) Procedures under which—

''(i) the parties to any paternity or child support proceedings are required (subject to privacy safeguards) to file with the tribunal before entry of an order, and to update as appropriate, information on location and identity (including social security number, residential and mailing addresses, telephone number, driver's license number, and name, address, and telephone number of employer); and

''(ii) in any subsequent child support enforcement action between the same parties, the tribunal shall be authorized, upon sufficient showing that diligent effort has been made to ascertain such party's current location, to deem due process requirements for notice and service of process to be met, with respect to such party, by delivery to the most recent residential or employer address so filed pursuant to clause (i).

''(B) Procedures under which—

''(i) the State agency and any administrative or judicial tribunal with authority to hear child support and paternity cases exerts statewide jurisdiction over the parties, and orders issued in such cases have statewide effect; and

''(ii) in the case of a State in which orders in such cases are issued by local jurisdictions, a case may be transferred between jurisdictions in the State without need for any additional filing by the petitioner, or service of process upon the respondent, to retain jurisdiction over the parties.''.

(b) EXCEPTIONS FROM STATE LAW REQUIREMENTS.—Section 466(d) (42 U.S.C. 666(d)) is amended—

(1) by striking ''(d) If'' and inserting ''(d)(1) Subject to paragraph (2), if''; and

(2) by adding at the end the following new paragraph:

''(2) The Secretary shall not grant an exemption from the requirements of—

''(A) subsection (a)(5) (concerning procedures for paternity establishment);

''(B) subsection (a)(10) (concerning modification of orders);

''(C) subsection (a)(12) (concerning recording of orders in the central State case registry);

''(D) subsection (a)(13) (concerning recording of social security numbers);

''(E) subsection (a)(14) (concerning interstate enforcement); or

''(F) subsection (c) (concerning expedited procedures), other than paragraph (1)(A) thereof (concerning establishment or modification of support amount).''.

(c) AUTOMATION OF STATE AGENCY FUNCTIONS.—Section 454A, as added by section 515(a)(2) and as amended by sections 521 and 522(c), is amended by adding at the end the following new subsection:

''(h) EXPEDITED ADMINISTRATIVE PROCEDURES.—The automated system required under this section shall be used, to the maximum extent feasible, to implement any expedited administrative procedures required under section 466(c).''.

PART V—PATERNITY ESTABLISHMENT

SEC. 541. STATE LAWS CONCERNING PATERNITY ESTABLISHMENT.

(a) STATE LAWS REQUIRED.—Section 466(a)(5) (42 U.S.C. 666(a)(5)) is amended—

(1) in subparagraph (B)—

(A) by striking ''(B)'' and inserting ''(B)(i)'';

(B) in clause (i), as redesignated, by inserting before the period '', where such request is supported by a sworn statement—

''(I) by such party alleging paternity setting forth facts establishing a reasonable possibility of the requisite sexual contact of the parties; or

''(II) by such party denying paternity setting forth facts establishing a reasonable possibility of the nonexistence of sexual contact of the parties;''; and

(C) by inserting after clause (i) (as redesignated) the following new clause:

''(ii) Procedures which require the State agency, in any case in which such agency orders genetic testing—

''(I) to pay the costs of such tests, subject to recoupment (where the State so elects) from the putative father if paternity is established; and

''(II) to obtain additional testing in any case where an original test result is disputed, upon request and advance payment by the disputing party.'';

(2) by striking subparagraphs (C), (D), (E), and (F) and inserting the following:

''(C)(i) Procedures for a simple civil process for voluntarily acknowledging paternity under which the State must provide that, before a mother and a putative father can sign an acknowledgment of paternity, the putative father and the mother must be given notice, orally, in writing, and in a language that each can understand, of the alternatives to, the legal consequences of, and the rights (including, if 1 parent is a minor, any rights afforded due to minority status) and responsibilities that arise from, signing the acknowledgment.

''(ii) Such procedures must include a hospital-based program for the voluntary acknowledgment of paternity focusing on the period immediately before or after the birth of a child.

''(iii) Such procedures must require the State agency responsible for maintaining birth records to offer voluntary paternity establishment services.

''(iv) The Secretary shall prescribe regulations governing voluntary paternity establishment services offered by hospitals and birth record agencies. The Secretary shall prescribe regulations specifying the types of other entities that may offer voluntary paternity establishment services, and governing the provision of such services, which shall include a requirement that such an entity must use the same notice provisions used by, the same materials used by, provide the personnel providing such services with the same training provided by, and evaluate the provision of such services in the same manner as, voluntary paternity establishment programs of hospitals and birth record agencies.

''(D)(i) Procedures under which a signed acknowledgment of paternity is considered a legal finding of paternity.

''(ii)(I) Procedures under which a signed acknowledgment of paternity may be challenged in court only on the basis of fraud, duress, or material mistake of fact, with the burden of proof upon the challenger, and under which the legal responsibilities (including child support obligations) of any signatory arising from the acknowledgment may not be suspended during the challenge, except for good cause shown.

''(II) Procedures under which a minor who signs an acknowledgment of paternity other than in the presence of a parent or court-appointed guardian ad litem may rescind the acknowledgment in a judicial or administrative proceeding, until the earlier of—

''(aa) attaining the age of majority; or

''(bb) the date of the first judicial or administrative proceeding brought (after the signing) to establish a child support obligation, visitation rights, or custody rights with respect to the child whose paternity is the subject of the acknowledgment, and at which the minor is represented by a parent, guardian ad litem, or attorney.

''(E) Procedures under which no judicial or administrative proceedings are required or permitted to ratify an unchallenged acknowledgment of paternity.

''(F) Procedures requiring—

''(i) that the State admit into evidence, for purposes of establishing paternity, results of any genetic test that is—

''(I) of a type generally acknowledged, by accreditation bodies designated by the Secretary, as reliable evidence of paternity; and

''(II) performed by a laboratory approved by such an accreditation body;

''(ii) that any objection to genetic testing results must be made in writing not later than a specified number of days before any hearing at which such results may be introduced into evidence (or, at State option, not later than a specified number of days after receipt of such results); and

''(iii) that, if no objection is made, the test results are admissible as evidence of paternity without the need for foundation testimony or other proof of authenticity or accuracy.''; and

(3) by adding after subparagraph (H) the following new subparagraphs:

''(I) Procedures providing that the parties to an action to establish paternity are not entitled to a jury trial.

''(J) At the option of the State, procedures which require that a temporary order be issued, upon motion by a party, requiring the provision of child support pending an administrative or judicial determination of parentage, where there is clear and convincing evidence of paternity (on the basis of genetic tests or other evidence).

''(K) Procedures under which bills for pregnancy, childbirth, and genetic testing are admissible as evidence without requiring third-party foundation testimony, and shall constitute prima facie evidence of amounts incurred for such services and testing on behalf of the child.

''(L) At the option of the State, procedures under which the tribunal establishing paternity and support has discretion to waive rights to all or part of amounts owed to the State (but not to the mother) for costs related to pregnancy, childbirth, and genetic testing and for public assistance paid to the family where the father cooperates or acknowledges paternity before or after genetic testing.

''(M) Procedures ensuring that the putative father has a reasonable opportunity to initiate a paternity action.''.

(b) NATIONAL PATERNITY ACKNOWLEDGMENT AFFIDAVIT.—Section 452(a)(7) (42 U.S.C. 652(a)(7)) is amended by inserting '', and develop an affidavit to be used for the voluntary acknowledgment of paternity which shall include the social security number of each parent'' before the semicolon.

(c) TECHNICAL AMENDMENT.—Section 468 (42 U.S.C. 668) is amended by striking ''a simple civil process for voluntarily acknowledging paternity and''.

SEC. 542. OUTREACH FOR VOLUNTARY PATERNITY ESTABLISHMENT.

(a) STATE PLAN REQUIREMENT.—Section 454(23) (42 U.S.C. 654(23)), as amended by subsections (b)(3) and (c)(2) of section 501 and section 504(a)(1), is amended by striking ''and'' at the end of subparagraph (A), by inserting ''and'' at the end of subparagraph (B), and by adding at the end the following new subparagraph:

''(C) publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support through a variety of means, which—

''(i) include distribution of written materials at health care facilities (including hospitals and clinics), and other locations such as schools;

''(ii) may include pre-natal programs to educate expectant couples on individual and joint rights and responsibilities with respect to paternity (and may require all expectant recipients of assistance under part A to participate in such pre-natal programs, as an element of cooperation with efforts to establish paternity and child support);

''(iii) include, with respect to each child discharged from a hospital after birth for whom paternity or child support has not been established, reasonable follow-up efforts, providing—

''(I) in the case of a child for whom paternity has not been established, information on the benefits of and procedures for establishing paternity; and

''(II) in the case of a child for whom paternity has been established but child support has not been established, information on the benefits of and procedures for establishing a child support order, and an application for child support services;''.

(b) ENHANCED FEDERAL MATCHING.—Section 455(a)(1)(C) (42 U.S.C. 655(a)(1)(C)) is amended—

(1) by inserting ''(i)'' before ''laboratory costs'', and

(2) by inserting before the semicolon '', and (ii) costs of outreach programs designed to encourage voluntary acknowledgment of paternity''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsection (a) shall become effective October 1, 1997.

(2) EXCEPTION.—The amendments made by subsection (b) shall be effective with respect to calendar quarters beginning on and after October 1, 1996.

SEC. 543. COOPERATION REQUIREMENT AND GOOD CAUSE EXCEPTION.

(a) CHILD SUPPORT ENFORCEMENT REQUIREMENTS.—Section 454 (42 U.S.C. 654), as amended by sections 501(b)(4), 504(a), 514(b), 522(a), and 526(a) of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (28);

(2) by striking the period at the end of paragraph (29) and inserting ''; and''; and

(3) by adding after paragraph (29) the following new paragraph:

''(30) provide that the State agency administering the plan under this part—

''(A) will make the determination specified under subparagraph (D), as to whether an individual is cooperating with efforts to establish paternity and secure support (or has good cause not to cooperate with such efforts) for purposes of the requirements of sections 403(b)(7)(B) and 1912;

''(B) will advise individuals, both orally and in writing, of the grounds for good cause exceptions to the requirement to cooperate with such efforts;

''(C) will take the best interests of the child into consideration in making the determination whether such individual has good cause not to cooperate with such efforts;

''(D)(i) will make the initial determination as to whether an individual is cooperating (or has good cause not to cooperate) with efforts to establish paternity within 10 days after such individual is referred to such State agency by the State agency administering the program under part A of this title or part A of title XIX;

''(ii) will make redeterminations as to cooperation or good cause at appropriate intervals; and

''(iii) will promptly notify the individual, and the State agencies administering such programs, of each such determination and redetermination;

''(E) with respect to any child born on or after the date 10 months after the date of the enactment of this paragraph, will not determine (or redetermine) the mother (or other custodial relative) of such child to be cooperating with efforts to establish paternity unless such individual furnishes—

''(i) the name of the putative father (or fathers); and

''(ii) sufficient additional information to enable the State agency, if reasonable efforts were made, to verify the identity of the person named as the putative father (including such information as the putative father's present address, telephone number, date of birth, past or present place of employment, school previously or currently attended, and names and addresses of parents, friends, or relatives able to provide location information, or other information that could enable service of process on such person),

unless the State agency is satisfied that the mother (or other custodial relative) of such child is cooperating but lacks knowledge of the required information, and

''(F)(i) (in the case of a custodial parent who was initially determined not to be cooperating (or to have good cause not to cooperate) is later determined to be cooperating or to have good cause not to cooperate) will immediately notify the State agencies administering the programs under part A of this title and part A of title XIX that this eligibility condition has been met; and

''(ii) (in the case of a custodial parent was initially determined to be cooperating (or to have good cause not to cooperate)) will not later determine such individual not to be cooperating (or not to have good cause not to cooperate) until such individual has been afforded an opportunity for a hearing.''.

(b) MEDICAID AMENDMENTS.—Section 1912(a) (42 U.S.C. 1396k(a)) is amended—

(1) in paragraph (1)(B), by inserting ''(except as provided in paragraph (2))'' after ''to cooperate with the State'';

(2) in subparagraphs (B) and (C) of paragraph (1) by striking '', unless'' and all that follows and inserting a semicolon; and

(3) by redesignating paragraph (2) as paragraph (5), and inserting after paragraph (1) the following new paragraphs:

''(2) provide that the State agency will immediately refer each applicant or recipient requiring paternity establishment services to the State agency administering the program under part D of title IV;

''(3) provide that an individual will not be required to cooperate with the State, as provided under paragraph (1), if the individual is found to have good cause for refusing to cooperate, as determined in accordance with standards prescribed by the Secretary, which standards shall take into consideration the best interests of the individuals involved—

''(A) to the satisfaction of the State agency administering the program under part D, as determined in accordance with section 454(30), with respect to the requirements to cooperate with efforts to establish paternity and to obtain support (including medical support) from a parent; and

''(B) to the satisfaction of the State agency administering the program under this title, with respect to other requirements to cooperate under paragraph (1);

''(4) provide that (except as provided in paragraph (5)) an applicant requiring paternity establishment services (other than an individual eligible for emergency assistance under part A of title IV, or presumptively eligible pursuant to section 1920) shall not be eligible for medical assistance under this title until such applicant—

''(i) has furnished to the agency administering the State plan under part D of title IV the information specified in section 454(30)(E); or

''(ii) has been determined by such agency to have good cause not to cooperate; and

''(5) provide that the provisions of paragraph (4) shall not apply with respect to an applicant—

''(i) if such agency has not, within 10 days after such individual was referred to such agency, provided the notification required by section 454(30)(D)(iii), until such notification is received); and

''(ii) if such individual appeals a determination that the individual lacks good cause for noncooperation, until after such determination is affirmed after notice and opportunity for a hearing.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to applications filed in or after the first calendar quarter beginning 10 months or more after enactment of this amendment (or such earlier quarter as the State may select) for assistance under part A of title IV or the Social Security Act or for medical assistance under title XIX of such Act.

PART VI—ESTABLISHMENT AND MODIFICATION OF SUPPORT ORDERS

SEC. 551. NATIONAL CHILD SUPPORT GUIDELINES COMMISSION.

(a) ESTABLISHMENT.—There is hereby established a commission to be known as the ''National Child Support Guidelines Commission'' (in this section referred to as the ''Commission'').

(b) GENERAL DUTIES.—

(1) IN GENERAL.—The Commission shall determine—

(A) whether it is appropriate to develop a national child support guideline for consideration by the Congress or for adoption by individual States; or

(B) based on a study of various guideline models, the benefits and deficiencies of such models, and any needed improvements.

(2) DEVELOPMENT OF MODELS.—If the Commission determines under paragraph (1)(A) that a national child support guideline is needed or under paragraph (1)(B) that improvements to guideline models are needed, the Commission shall develop such national guideline or improvements.

(c) MATTERS FOR CONSIDERATION BY THE COMMISSION.—In making the recommendations concerning guidelines required under subsection (b), the Commission shall consider—

(1) the adequacy of State child support guidelines established pursuant to section 467 of the Social Security Act;

(2) matters generally applicable to all support orders, including—

(A) the feasibility of adopting uniform terms in all child support orders;

(B) how to define income and under what circumstances income should be imputed; and

(C) tax treatment of child support payments;

(3) the appropriate treatment of cases in which either or both parents have financial obligations to more than 1 family, including the effect (if any) to be given to—

(A) the income of either parent's spouse; and

(B) the financial responsibilities of either parent for other children or stepchildren;

(4) the appropriate treatment of expenses for child care (including care of the children of either parent, and work-related or job-training-related child care);

(5) the appropriate treatment of expenses for health care (including uninsured health care) and other extraordinary expenses for children with special needs;

(6) the appropriate duration of support by 1 or both parents, including

(A) support (including shared support) for post-secondary or vocational education; and

(B) support for disabled adult children;

(7) procedures to automatically adjust child support orders periodically to address changed economic circumstances, including changes in the consumer price index or either parent's income and expenses in particular cases;

(8) procedures to help non-custodial parents address grievances regarding visitation and custody orders to prevent such parents from withholding child support payments until such grievances are resolved; and

(9) whether, or to what extent, support levels should be adjusted in cases in which custody is shared or in which the noncustodial parent has extended visitation rights.

(d) MEMBERSHIP.—

(1) NUMBER; APPOINTMENT.—

(A) IN GENERAL.—The Commission shall be composed of 12 individuals appointed jointly by the Secretary of Health and Human Services and the Congress, not later than January 15, 1997, of which—

(i) 2 shall be appointed by the Majority Leader of the Senate, and 1 shall be appointed by the Minority Leader of the Senate;

(ii) 2 shall be appointed by the Majority Leader of the House of Representatives, and 1 shall be appointed by the Minority Leader of the House of Representatives; and

(iii) 6 shall be appointed by the Secretary of Health and Human Services.

(B) QUALIFICATIONS OF MEMBERS.—Members of the Commission shall have expertise and experience in the evaluation and development of child support guidelines. At least 1 member shall represent advocacy groups for custodial parents, at least 1 member shall represent advocacy groups for noncustodial parents, and at least 1 member shall be the director of a State program under part D of title IV of the Social Security Act.

(2) TERMS OF OFFICE.—Each member shall be appointed for a term of 2 years. A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) COMMISSION POWERS, COMPENSATION, ACCESS TO INFORMATION, AND SUPERVISION.—The first sentence of subparagraph (C), the first and third sentences of subparagraph (D), subparagraph (F) (except with respect to the conduct of medical studies), clauses (ii) and (iii) of subparagraph (G), and subparagraph (H) of section 1886(e)(6) of the Social Security Act shall apply to the Commission in the same manner in which such provisions apply to the Prospective Payment Assessment Commission.

(f) REPORT.—Not later than 2 years after the appointment of members, the Commission shall submit to the President, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, a recommended national child support guideline and a final assessment of issues relating to such a proposed national child support guideline.

(g) TERMINATION.—The Commission shall terminate 6 months after the submission of the report described in subsection (e).

SEC. 552. SIMPLIFIED PROCESS FOR REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS.

Section 466(a)(10) (42 U.S.C. 666(a)(10)) is amended to read as follows:

''(10)(A)(i) Procedures under which—

''(I) every 3 years, at the request of either parent subject to a child support order, the State shall review and, as appropriate, adjust the order in accordance with the guidelines established under section 467(a) if the amount of the child support award under the order differs from the amount that would be awarded in accordance with such guidelines, without a requirement for any other change in circumstances; and

''(II) upon request at any time of either parent subject to a child support order, the State shall review and, as appropriate, adjust the order in accordance with the guidelines established under section 467(a) based on a substantial change in the circumstances of either such parent.

''(ii) Such procedures shall require both parents subject to a child support order to be notified of their rights and responsibilities provided for under clause (i) at the time the order is issued and in the annual information exchange form provided under subparagraph (B).

''(B) Procedures under which each child support order issued or modified in the State after the effective date of this subparagraph shall require the parents subject to the order to provide each other with a complete statement of their respective financial condition annually on a form which shall be provided by the State. The Secretary shall establish regulations for the enforcement of such exchange of information.''.

PART VII—ENFORCEMENT OF SUPPORT ORDERS

SEC. 561. FEDERAL INCOME TAX REFUND OFFSET.

(a) CHANGED ORDER OF REFUND DISTRIBUTION UNDER INTERNAL REVENUE CODE.—

(1) IN GENERAL.—Section 6402(c) of the Internal Revenue Code of 1986 (relating to offset of past-due support against overpayments) is amended—

(A) by striking ''The amount'' and inserting

''(1) IN GENERAL.—The amount'';

(B) by striking ''paid to the State. A reduction'' and inserting ''paid to the State.

''(2) PRIORITIES FOR OFFSET.—A reduction'';

(C) by striking ''shall be applied first''and inserting ''shall be applied (after any reduction under subsection (d) on account of a debt owed to the Department of Education or Department of Health and Human Services with respect to a student loan) first'';

(D) by striking ''has been assigned'' and inserting ''has not been assigned''; and

(E) by striking ''and shall be applied'' and all that follows and inserting ''and shall thereafter be applied to satisfy any past-due support that has been so assigned.''.

(2) CONFORMING AMENDMENT.—Section 6402(d)(2) of such Code is amended by striking ''after such overpayment'' and all that follows through ''Social Security Act and'' and inserting ''(A) before such overpayment is reduced pursuant to subsection (c), in the case of a debt owed to the Department of Education or Department of Health and Human Services with respect to a student loan, (B) after such overpayment is reduced pursuant to subsection (c), in the case of any other debt, and (C) in either case,''.

(b) ELIMINATION OF DISPARITIES IN TREATMENT OF ASSIGNED AND NON-ASSIGNED ARREARAGES.—

(1) IN GENERAL.—Section 464(a) (42 U.S.C. 664(a)) is amended—

(A) in paragraph (1)—

(i) in the first sentence, by striking ''which has been assigned to such State pursuant to section 402(l) or section 471(a)(17)''; and

(ii) in the second sentence, by striking ''in accordance with section 457 (b)(4) or (d)(3)'' and inserting ''as provided in paragraph (2)'';

(B) in paragraph (2), to read as follows:

''(2) The State agency shall distribute amounts paid by the Secretary of the Treasury pursuant to paragraph (1)—

''(A) in accordance with subsection (a)(4) or (d)(3) of section 457, in the case of past-due support assigned to a State pursuant to section 402(c) or section 471(a)(17); and

''(B) to or on behalf of the child to whom the support was owed, in the case of past-due support not so assigned.'';

(C) in paragraph (3)—

(i) by striking ''or (2)'' each place it appears; and

(ii) in subparagraph (B), by striking ''under paragraph (2)'' and inserting ''on account of past-due support described in paragraph (2)(B)''.

(2) NOTICES OF PAST-DUE SUPPORT.—Section 464(b) (42 U.S.C. 664(b)) is amended—

(A) by striking ''(b)(1)'' and inserting ''(b)''; and

(B) by striking paragraph (2).

(3) DEFINITION OF PAST-DUE SUPPORT.—Section 464(c) (42 U.S.C. 664(c)) is amended—

(A) by striking ''(c)(1) Except as provided in paragraph (2), as'' and inserting ''(c) As''; and

(B) by striking paragraphs (2) and (3).

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1999.

SEC. 562. INTERNAL REVENUE SERVICE COLLECTION OF ARREARAGES.

(a) AMENDMENT TO INTERNAL REVENUE CODE.—Section 6305(a) of the Internal Revenue Code of 1986 (relating to collection of certain liability) is amended—

(1) in paragraph (1), by inserting ''except as provided in paragraph (5)'' after ''collected'';

(2) by striking ''and'' at the end of paragraph (3);

(3) by striking the period at the end of paragraph (4) and inserting '', and'';

(4) by adding at the end the following new paragraph:

''(5) no additional fee may be assessed for adjustments to an amount previously certified pursuant to such section 452(b) with respect to the same obligor.''; and

(5) by striking ''Secretary of Health, Education, and Welfare'' each place it appears and inserting ''Secretary of Health and Human Services''.

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1997.

SEC. 563. AUTHORITY TO COLLECT SUPPORT FROM FEDERAL EMPLOYEES.

(a) CONSOLIDATION AND STREAMLINING OF AUTHORITIES.—Section 459 (42 U.S.C. 659) is amended—

(1) in the heading, by inserting ''INCOME WITHHOLDING,'' before ''GARNISHMENT'';

(2) in subsection (a)—

(A) by striking ''section 207'' and inserting ''section 207 and section 5301 of title 38, United States Code''; and

(B) by striking ''to legal process'' and all that follows through the period and inserting ''to withholding in accordance with State law pursuant to subsections (a)(1) and (b) of section 466 and regulations of the Secretary thereunder, and to any other legal process brought, by a State agency administering a program under this part or by an individual obligee, to enforce the legal obligation of such individual to provide child support or alimony.'';

(3) by striking subsection (b) and inserting the following new subsection:

''(b) Except as otherwise provided herein, each entity specified in subsection (a) shall be subject, with respect to notice to withhold income pursuant to subsection (a)(1) or (b) of section 466, or to any other order or process to enforce support obligations against an individual (if such order or process contains or is accompanied by sufficient data to permit prompt identification of the individual and the moneys involved), to the same requirements as would apply if such entity were a private person.'';

(4) by striking subsections (c) and (d) and inserting the following new subsections:

''(c)(1) The head of each agency subject to the requirements of this section shall—

''(A) designate an agent or agents to receive orders and accept service of process; and

''(B) publish—

''(i) in the appendix of such regulations;

''(ii) in each subsequent republication of such regulations; and

''(iii) annually in the Federal Register,

the designation of such agent or agents, identified by title of position, mailing address, and telephone number.

''(2) Whenever an agent designated pursuant to paragraph (1) receives notice pursuant to subsection (a)(1) or (b) of section 466, or is effectively served with any order, process, or interrogatories, with respect to an individual's child support or alimony payment obligations, such agent shall—

''(A) as soon as possible (but not later than 15 days) thereafter, send written notice of such notice or service (together with a copy thereof) to such individual at his duty station or last-known home address;

''(B) not later than 30 days (or such longer period as may be prescribed by applicable State law) after receipt of a notice pursuant to subsection (a)(1) or (b) of section 466, comply with all applicable provisions of such section 466; and

''(C) not later than 30 days (or such longer period as may be prescribed by applicable State law) after effective service of any other such order, process, or interrogatories, respond thereto.

''(d) In the event that a governmental entity receives notice or is served with process, as provided in this section, concerning amounts owed by an individual to more than 1 person—

''(1) support collection under section 466(b) must be given priority over any other process, as provided in section 466(b)(7);

''(2) allocation of moneys due or payable to an individual among claimants under section 466(b) shall be governed by the provisions of such section 466(b) and regulations thereunder; and

''(3) such moneys as remain after compliance with subparagraphs (A) and (B) shall be available to satisfy any other such processes on a first-come, first-served basis, with any such process being satisfied out of such moneys as remain after the satisfaction of all such processes which have been previously served.'';

(5) in subsection (f)—

(A) by striking ''(f)'' and inserting ''(f)(1)''; and

(B) by adding at the end the following new paragraph:

''(2) No Federal employee whose duties include taking actions necessary to comply with the requirements of subsection (a) with regard to any individual shall be subject under any law to any disciplinary action or civil or criminal liability or penalty for, or on account of, any disclosure of information made by him in connection with the carrying out of such duties.''; and

(6) by adding at the end the following new subsections:

''(g) Authority to promulgate regulations for the implementation of the provisions of this section shall, insofar as the provisions of this section are applicable to moneys due from (or payable by)—

''(1) the executive branch of the Federal Government (including in such branch, for the purposes of this subsection, the territories and possessions of the United States, the United States Postal Service, the Postal Rate Commission, any wholly owned Federal corporation created by an Act of Congress, and the government of the District of Columbia), be vested in the President (or the President's designee);

''(2) the legislative branch of the Federal Government, be vested jointly in the President pro tempore of the Senate and the Speaker of the House of Representatives (or their designees); and

''(3) the judicial branch of the Federal Government, be vested in the Chief Justice of the United States (or the Chief Justice's designee).

''(h) Subject to subsection (i), moneys paid or payable to an individual which are considered to be based upon remuneration for employment, for purposes of this section—

''(1) consist of—

''(A) compensation paid or payable for personal services of such individual, whether such compensation is denominated as wages, salary, commission, bonus, pay, allowances, or otherwise (including severance pay, sick pay, and incentive pay);

''(B) periodic benefits (including a periodic benefit as defined in section 228(h)(3)) or other payments—

''(i) under the insurance system established by title II;

''(ii) under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual;

''(iii) as compensation for death under any Federal program;

''(iv) under any Federal program established to provide 'black lung' benefits; or

''(v) by the Secretary of Veterans Affairs as pension, or as compensation for a service-connected disability or death (except any compensation paid by such Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if such former member has waived a portion of his retired pay in order to receive such compensation); and

''(C) worker's compensation benefits paid under Federal or State law; but

''(2) do not include any payment—

''(A) by way of reimbursement or otherwise, to defray expenses incurred by such individual in carrying out duties associated with his employment; or

''(B) as allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty.

''(i) In determining the amount of any moneys due from, or payable by, the United States to any individual, there shall be excluded amounts which—

''(1) are owed by such individual to the United States;

''(2) are required by law to be, and are, deducted from the remuneration or other payment involved, including Federal employment taxes, and fines and forfeitures ordered by court-martial;

''(3) are properly withheld for Federal, State, or local income tax purposes, if the withholding of such amounts is authorized or required by law and if amounts withheld are not greater than would be the case if such individual claimed all the dependents that the individual was entitled to (the withholding of additional amounts pursuant to section 3402(i) of the Internal Revenue Code of 1986 may be permitted only when such individual presents evidence of a tax obligation which supports the additional withholding);

''(4) are deducted as health insurance premiums;

''(5) are deducted as normal retirement contributions (not including amounts deducted for supplementary coverage); or

''(6) are deducted as normal life insurance premiums from salary or other remuneration for employment (not including amounts deducted for supplementary coverage).

''(j) For purposes of this section—''.

(b) TRANSFER OF SUBSECTIONS.—Subsections (a) through (d) of section 462 (42 U.S.C. 662), are transferred and redesignated as paragraphs (1) through (4), respectively, of section 459(j) (as added by subsection (a)(6)), and the left margin of each of such paragraphs (1) through (4) is indented 2 ems to the right of the left margin of subsection (j) (as added by subsection (a)(6)).

(c) CONFORMING AMENDMENTS.—

(1) TO PART D OF TITLE IV.—Sections 461 and 462 (42 U.S.C. 661) are repealed.

(2) TO TITLE 5, UNITED STATES CODE.—Section 5520a of title 5, United States Code, is amended, in subsections (h)(2) and (i), by striking ''sections 459, 461, and 462 of the Social Security Act (42 U.S.C. 659, 661, and 662)'' each place it appears and inserting ''section 459 of the Social Security Act (42 U.S.C. 659)''.

(d) MILITARY RETIRED AND RETAINER PAY.—Section 1408 of title 10, United States Code, is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) in subparagraph (B), by striking ''and'';

(ii) in subparagraph (C), by striking the period and inserting ''; and''; and

(iii) by adding at the end the following new subparagraph:

''(D) any administrative or judicial tribunal of a State competent to enter orders for support or maintenance (including a State agency administering a State program under part D of title IV of the Social Security Act).'';

(B) in paragraph (2), by inserting ''or a court order for the payment of child support not included in or accompanied by such a decree or settlement,'' before ''which—'';

(2) in subsection (d)—

(A) in the heading, by inserting ''(OR FOR BENEFIT OF)'' after ''CONCERNED''; and

(B) in paragraph (1), in the first sentence, by inserting ''(or for the benefit of such spouse or former spouse to a State central collections unit or other public payee designated by a State, in accordance with part D of title IV of the Social Security Act, as directed by court order, or as otherwise directed in accordance with such part D)'' before ''in an amount sufficient''; and

(3) by adding at the end the following new subsection:

''(j) RELATIONSHIP TO OTHER LAWS.—In any case involving a child support order against a member who has never been married to the other parent of the child, the provisions of this section shall not apply, and the case shall be subject to the provisions of section 459 of the Social Security Act.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of the enactment of this Act.

SEC. 564. ENFORCEMENT OF CHILD SUPPORT OBLIGATIONS OF MEMBERS OF THE ARMED FORCES.

(a) AVAILABILITY OF LOCATOR INFORMATION.—

(1) MAINTENANCE OF ADDRESS INFORMATION.—The Secretary of Defense shall establish a centralized personnel locator service that includes the address of each member of the Armed Forces under the jurisdiction of the Secretary. Upon request of the Secretary of Transportation, addresses for members of the Coast Guard shall be included in the centralized personnel locator service.

(2) TYPE OF ADDRESS.—

(A) RESIDENTIAL ADDRESS.—Except as provided in subparagraph (B), the address for a member of the Armed Forces shown in the locator service shall be the residential address of that member.

(B) DUTY ADDRESS.—The address for a member of the Armed Forces shown in the locator service shall be the duty address of that member in the case of a member—

(i) who is permanently assigned overseas, to a vessel, or to a routinely deployable unit; or

(ii) with respect to whom the Secretary concerned makes a determination that the member's residential address should not be disclosed due to national security or safety concerns.

(3) UPDATING OF LOCATOR INFORMATION.—Not later than 30 days after a member listed in the locator service establishes a new residential address (or a new duty address, in the case of a member covered by paragraph (2)(B)), the Secretary concerned shall update the locator service to indicate the new address of the member.

(4) AVAILABILITY OF INFORMATION.—The Secretary of Defense shall make information regarding the address of a member of the Armed Forces listed in the locator service available, on request, to the Federal Parent Locator Service.

(b) FACILITATING GRANTING OF LEAVE FOR ATTENDANCE AT HEARINGS.—

(1) REGULATIONS.—The Secretary of each military department, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, shall prescribe regulations to facilitate the granting of leave to a member of the Armed Forces under the jurisdiction of that Secretary in a case in which—

(A) the leave is needed for the member to attend a hearing described in paragraph (2);

(B) the member is not serving in or with a unit deployed in a contingency operation (as defined in section 101 of title 10, United States Code); and

(C) the exigencies of military service (as determined by the Secretary concerned) do not otherwise require that such leave not be granted.

(2) COVERED HEARINGS.—Paragraph (1) applies to a hearing that is conducted by a court or pursuant to an administrative process established under State law, in connection with a civil action—

(A) to determine whether a member of the Armed Forces is a natural parent of a child; or

(B) to determine an obligation of a member of the Armed Forces to provide child support.

(3) DEFINITIONS.—For purposes of this subsection:

(A) The term ''court'' has the meaning given that term in section 1408(a) of title 10, United States Code.

(B) The term ''child support'' has the meaning given such term in section 462 of the Social Security Act (42 U.S.C. 662).

(c) PAYMENT OF MILITARY RETIRED PAY IN COMPLIANCE WITH CHILD SUPPORT ORDERS.—Section 1408 of title 10, United States Code, as amended by section 563(d)(3), is amended—

(1) by redesignating subsections (i) and (j) as subsections (j) and (k), respectively;

(2) by inserting after subsection (h) the following new subsection:

''(i) CERTIFICATION DATE.—It is not necessary that the date of a certification of the authenticity or completeness of a copy of a court order or an order of an administrative process established under State law for child support received by the Secretary concerned for the purposes of this section be recent in relation to the date of receipt by the Secretary.''; and

(3) in subsection (d)—

(A) in paragraph (1), by inserting after the first sentence the following: ''In the case of a spouse or former spouse who, pursuant to section 402(c) of the Social Security Act, assigns to a State the rights of the spouse or former spouse to receive support, the Secretary concerned may make the child support payments referred to in the preceding sentence to that State in amounts consistent with that assignment of rights.''; and

(B) by adding at the end the following new paragraph:

''(6) In the case of a court order or an order of an administrative process established under State law for which effective service is made on the Secretary concerned on or after the date of the enactment of this paragraph and which provides for payments from the disposable retired pay of a member to satisfy the amount of child support set forth in the order, the authority provided in paragraph (1) to make payments from the disposable retired pay of a member to satisfy the amount of child support set forth in a court order or an order of an administrative process established under State law shall apply to payment of any amount of child support arrearages set forth in that order as well as to amounts of child support that currently become due.''.

SEC. 565. MOTOR VEHICLE LIENS.

Section 466(a)(4) (42 U.S.C. 666(a)(4)) is amended—

(1) by striking ''(4)'' and inserting ''(4)(A)''; and

(2) by adding at the end the following new subparagraph:

''(B) Procedures for placing liens for arrearages of child support on motor vehicle titles of individuals owing such arrearages equal to or exceeding 1 month of support (or other minimum amount set by the State), under which—

''(i) any person owed such arrearages may place such a lien;

''(ii) the State agency administering the program under this part shall systematically place such liens;

''(iii) expedited methods are provided for—

''(I) ascertaining the amount of arrears;

''(II) affording the person owing the arrears or other titleholder to contest the amount of arrears or to obtain a release upon fulfilling the support obligation;

''(iv) such a lien has precedence over all other encumbrances on a vehicle title other than a purchase money security interest; and

''(v) the individual or State agency owed the arrears may execute on, seize, and sell the property in accordance with State law.''.

SEC. 566. VOIDING OF FRAUDULENT TRANSFERS.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 501(a), 527(a), and 531, is amended by adding at the end the following new paragraph:

''(15) Procedures under which—

''(A) the State has in effect—

''(i) the Uniform Fraudulent Conveyance Act of 1981,

''(ii) the Uniform Fraudulent Transfer Act of 1984, or

''(iii) another law, specifying indicia of fraud which create a prima facie case that a debtor transferred income or property to avoid payment to a child support creditor, which the Secretary finds affords comparable rights to child support creditors; and

''(B) in any case in which the State knows of a transfer by a child support debtor with respect to which such a prima facie case is established, the State must—

''(i) seek to void such transfer; or

''(ii) obtain a settlement in the best interests of the child support creditor.''.

SEC. 567. STATE LAW AUTHORIZING SUSPENSION OF LICENSES.

Section 466(a) (42 U.S.C. 666(a)), as amended by sections 501(a), 527(a), 531, and 566, is amended by adding at the end the following new paragraph:

''(16) Procedures under which the State has (and uses in appropriate cases) authority (subject to appropriate due process safeguards) to withhold or suspend, or to restrict the use of driver's licenses and professional and occupational licenses of individuals owing overdue child support or failing, after receiving appropriate notice, to comply with subpoenas or warrants relating to paternity or child support proceedings.''.

SEC. 568. REPORTING ARREARAGES TO CREDIT BUREAUS.

Section 466(a)(7) (42 U.S.C. 666(a)(7)) is amended to read as follows:

''(7)(A) Procedures (subject to safeguards pursuant to subparagraph (B)) requiring the State to report periodically to consumer reporting agencies (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) the name of any absent parent who is more than 30 days delinquent in the payment of at least $100 of support, and the amount of overdue support owed by such parent.

''(B) Procedures ensuring that, in carrying out subparagraph (A), information with respect to an absent parent is reported—

''(i) only after such parent has been afforded all due process required under State law, including notice and a reasonable opportunity to contest the accuracy of such information; and

''(ii) only to an entity that has furnished evidence satisfactory to the State that the entity is a consumer reporting agency.''.

SEC. 569. EXTENDED STATUTE OF LIMITATION FOR COLLECTION OF ARREARAGES.

(a) IN GENERAL.—Section 466(a)(9) (42 U.S.C. 666(a)(9)) is amended—

(1) by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively;

(2) by striking ''(9)'' and inserting ''(9)(A)''; and

(3) by adding at the end the following new subparagraph:

''(B) Procedures under which the statute of limitations on any arrearages of child support extends at least until the child owed such support is 30 years of age.''.

(b) APPLICATION OF REQUIREMENT.—The amendment made by this section shall not be interpreted to require any State law to revive any payment obligation which had lapsed prior to the effective date of such State law.

SEC. 570. CHARGES FOR ARREARAGES.

(a) STATE LAW REQUIREMENT.—Section 466(a) (42 U.S.C. 666(a)), as amended by sections 501(a), 527(a), 531, 566, and 567, is amended by adding at the end the following new paragraph:

''(17) Procedures providing for the calculation and collection of interest or penalties for arrearages of child support, and for distribution of such interest or penalties collected for the benefit of the child (except where the right to support has been assigned to the State).''.

(b) REGULATIONS.—The Secretary of Health and Human Services shall establish by regulation a rule to resolve choice of law conflicts arising in the implementation of the amendment made by subsection (a).

(c) CONFORMING AMENDMENT.—Section 454(21) (42 U.S.C. 654(21)) is repealed.

(d) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to arrearages accruing on or after October 1, 1998.

SEC. 571. DENIAL OF PASSPORTS FOR NONPAYMENT OF CHILD SUPPORT.

(a) HHS CERTIFICATION PROCEDURE.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 (42 U.S.C. 652), as amended by sections 515(a)(3) and 517, is amended by adding at the end the following new subsection:

''(l)(1) If the Secretary receives a certification by a State agency in accordance with the requirements of section 454(31) that an individual owes arrearages of child support in an amount exceeding $5,000 or in an amount exceeding 24 months' worth of child support, the Secretary shall transmit such certification to the Secretary of State for action (with respect to denial, revocation, or limitation of passports) pursuant to section 571(b) of the Interstate Child Support Responsibility Act of 1995.

''(2) The Secretary shall not be liable to an individual for any action with respect to a certification by a State agency under this section.''.

(2) STATE CSE AGENCY RESPONSIBILITY.—Section 454 (42 U.S.C. 654), as amended by sections 501(b)(4), 504(a), 514(b), 522(a), 526(a), and 543(a) is amended—

(A) by striking ''and'' at the end of paragraph (29);

(B) by striking the period at the end of paragraph (30) and inserting ''; and''; and

(C) by adding after paragraph (30) the following new paragraph:

''(31) provide that the State agency will have in effect a procedure (which may be combined with the procedure for tax refund offset under section 464) for certifying to the Secretary, for purposes of the procedure under section 452(l) (concerning denial of passports) determinations that individuals owe arrearages of child support in an amount exceeding $5,000 or in an amount exceeding 24 months' worth of child support, under which procedure—

''(A) each individual concerned is afforded notice of such determination and the consequences thereof, and an opportunity to contest the determination; and

''(B) the certification by the State agency is furnished to the Secretary in such format, and accompanied by such supporting documentation, as the Secretary may require.''.

(b) STATE DEPARTMENT PROCEDURE FOR DENIAL OF PASSPORTS.—

(1) IN GENERAL.—The Secretary of State, upon certification by the Secretary of Health and Human Services, in accordance with section 452(l) of the Social Security Act, that an individual owes arrearages of child support in excess of $5,000, shall refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

(2) LIMIT ON LIABILITY.—The Secretary of State shall not be liable to an individual for any action with respect to a certification by a State agency under this section.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall become effective October 1, 1996.

SEC. 572. INTERNATIONAL CHILD SUPPORT ENFORCEMENT.

(a) SENSE OF THE CONGRESS THAT THE UNITED STATES SHOULD RATIFY THE UNITED NATIONS CONVENTION OF 1956.—It is the sense of the Congress that the United States should ratify the United Nations Convention of 1956.

(b) TREATMENT OF INTERNATIONAL CHILD SUPPORT CASES AS INTERSTATE CASES.—Section 454 (42 U.S.C. 654), as amended by sections 501(b)(4), 504(a), 514(b), 522(a), 526(a), 543(a), and 571(a)(2) of this Act, is amended—

(1) by striking ''and'' at the end of paragraph (30);

(2) by striking the period at the end of paragraph (31) and inserting ''; and''; and

(3) by inserting after paragraph (31) the following new paragraph:

''(32) provide that the State must treat international child support cases in the same manner as the State treats interstate child support cases under the plan.''.

PART VIII—MEDICAL SUPPORT

SEC. 581. TECHNICAL CORRECTION TO ERISA DEFINITION OF MEDICAL CHILD SUPPORT ORDER.

(a) IN GENERAL.—Section 609(a)(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)(2)(B)) is amended—

(1) by striking ''issued by a court of competent jurisdiction'';

(2) in clause (ii) by striking the period and inserting a comma; and

(3) by adding after clause (ii), the following flush left language:

''if such judgment, decree, or order (I) is issued by a court of competent jurisdiction or (II) is issued by an administrative adjudicator and has the force and effect of law under applicable State law.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall become effective on the date of the enactment of this Act.

(2) PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1996.—

(A) IN GENERAL.—Any amendment to a plan required to be made by an amendment made by this section shall not be required to be made before the first plan year beginning on or after January 1, 1996, if—

(i) during the period after the date before the date of the enactment of this Act and before such first plan year, the plan is operated in accordance with the requirements of the amendments made by this section; and

(ii) such plan amendment applies retroactively to the period after the date before the date of the enactment of this Act and before such first plan year.

(B) NO FAILURE FOR COMPLIANCE WITH THIS PARAGRAPH.—A plan shall not be treated as failing to be operated in accordance with the provisions of the plan merely because it operates in accordance with this paragraph.

PART IX—VISITATION AND SUPPORT ASSURANCE PROJECTS

SEC. 591. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

Part D of title IV is amended by adding at the end the following new section:

''GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS

''SEC. 469A. (a) PURPOSES; AUTHORIZATION OF APPROPRIATIONS.—For purposes of enabling States to establish and administer programs to support and facilitate absent parents' access to and visitation of their children, by means of activities including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement (including monitoring, supervision, and neutral drop-off and pickup), and development of guidelines for visitation and alternative custody arrangements, there are authorized to be appropriated $5,000,000 for each of fiscal years 1996 and 1997, and $10,000,000 for each succeeding fiscal year.

''(b) PAYMENTS TO STATES.—

''(1) IN GENERAL.—Each State shall be entitled to payment under this section for each fiscal year in an amount equal to its allotment under subsection (c) for such fiscal year, to be used for payment of 90 percent of State expenditures for the purposes specified in subsection (a).

''(2) SUPPLEMENTARY USE.—Payments under this section shall be used by a State to supplement (and not to substitute for) expenditures by the State, for activities specified in subsection (a), at a level at least equal to the level of such expenditures for fiscal year 1994.

''(c) ALLOTMENTS TO STATES.—

''(1) IN GENERAL.—For purposes of subsection (b), each State shall be entitled (subject to paragraph (2)) to an amount for each fiscal year bearing the same ratio to the amount authorized to be appropriated pursuant to subsection (a) for such fiscal year as the number of children in the State living with only 1 biological parent bears to the total number of such children in all States.

''(2) MINIMUM ALLOTMENT.—Allotments to States under paragraph (1) shall be adjusted as necessary to ensure that no State is allotted less than $50,000 for fiscal year 1996 or 1997, or $100,000 for any succeeding fiscal year.

''(d) FEDERAL ADMINISTRATION.—The program under this section shall be administered by the Administration for Children and Families.

''(e) STATE PROGRAM ADMINISTRATION.—

''(1) IN GENERAL.—Each State may administer the program under this section directly or through grants to or contracts with courts, local public agencies, or nonprofit private entities.

''(2) STATEWIDE PLAN PERMISSIBLE.—State programs under this section may, but need not, be statewide.

''(3) EVALUATION.—States administering programs under this section shall monitor,

evaluate, and report on such programs in accordance with requirements established by the Secretary.''.

SEC. 592. CHILD SUPPORT ASSURANCE DEMONSTRATION PROJECTS

(a) IN GENERAL.—In order to encourage States to provide a guaranteed minimum level of child support for every eligible child not receiving such support, the Secretary of Health and Human Services is authorized to allow States to conduct demonstration projects in 1 or more political localities for the purpose of establishing or improving a system of assured minimum child support payments.

(b) SUBMISSIONS BY STATES.—Each State shall provide the Secretary of Health and Human Services with a complete description of the proposed demonstration project and allow for ongoing and retrospective evaluation of the project, providing such data and reports on an annual basis as are necessary to accomplish a thorough evaluation of such project.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $25,000,000 for each of fiscal years 1996, 1997, and 1998, to conduct the demonstration projects and evaluations required under this section.

Subtitle B—Effect of Enactment

SEC. 595. EFFECTIVE DATES.

(a) IN GENERAL.—Except as otherwise specifically provided (but subject to subsections (b) and (c))—

(1) provisions of subtitle A requiring enactment or amendment of State laws under section 466 of the Social Security Act, or revision of State plans under section 454 of such Act, shall be effective with respect to periods beginning on and after October 1, 1996; and

(2) all other provisions of subtitle A shall become effective upon the date of the enactment of this Act.

(b) GRACE PERIOD FOR STATE LAW CHANGES.—The provisions of subtitle A shall become effective with respect to a State on the later of—

(1) the date specified in subtitle A, or

(2) the effective date of laws enacted by the legislature of such State implementing such provisions,

but in no event later than the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

(c) GRACE PERIOD FOR STATE CONSTITUTIONAL AMENDMENT.—A State shall not be found out of compliance with any requirement enacted by subtitle A if it is unable to comply without amending the State constitution until the earlier of—

(1) the date which is 1 year after the effective date of the necessary State constitutional amendment, or

(2) the date which is 5 years after the date of the enactment of this Act.

SEC. 596. SEVERABILITY.

If any provision of subtitle A or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of subtitle A which can be given effect without regard to the invalid provision or application, and to this end the provisions of subtitle A shall be severable.

TITLE VI—SUPPLEMENTAL SECURITY INCOME REFORM

Subtitle A—Eligibility Restrictions

SEC. 601. DRUG ADDICTS AND ALCOHOLICS UNDER THE SUPPLEMENTAL SECURITY INCOME PROGRAM.

(a) TERMINATION OF SSI CASH BENEFITS FOR DRUG ADDICTS AND ALCOHOLICS.—Section 1611(e)(3) (42 U.S.C. 1382(e)(3)) is amended—

(1) by striking ''(B)'' and inserting ''(C)'';

(2) by striking ''(3)(A) and inserting ''(B)''; and

(3) by inserting before subparagraph (B) as redesignated by paragraph (2) the following new subparagraph:

''(3)(A) No cash benefits shall be payable under this title to any individual who is otherwise eligible for benefits under this title by reason of disability, if such individual's alcoholism or drug addiction is a contributing factor material to the Commissioner's determination that such individual is disabled.''.

(b) TREATMENT REQUIREMENTS.—

(1) Section 1611(e)(3)(B)(i)(I) (42 U.S.C. 1382(e)(3)(B)(i)(I)), as redesignated by subsection (a), is amended to read as follows:

''(B)(i)(I)(aa) Any individual who would be eligible for cash benefits under this title but for the application of subparagraph (A) may elect to comply with the provisions of this subparagraph.

''(bb) Any individual who is eligible for cash benefits under this title by reason of disability (or whose eligibility for such benefits is suspended) or is eligible for benefits pursuant to section 1619(b), and who was eligible for such benefits by reason of disability, for which such individual's alcoholism or drug addiction was a contributing factor material to the Commissioner's determination that such individual was disabled, for the month preceding the month in which section 601 of the Work First Act of 1995 takes effect, shall be required to comply with the provisions of this subparagraph.

(2) Section 1611(e)(3)(B)(i)(II) (42 U.S.C. 1382(e)(3)(B)(i)(II)), as so redesignated, is amended by striking ''who is required under subclause (I)'' and inserting ''described in division (bb) of subclause (I) who is required''.

(3) Subclauses (I) and (II) of section 1611(e)(3)(B)(ii) (42 U.S.C. 1382(e)(3)(B)(ii)), as so redesignated, are each amended by striking ''clause (i)'' and inserting ''clause (i)(I)''.

(4) Section 1611(e)(3)(B) (42 U.S.C. 1382(e)(3)(B)), as so redesignated, is amended by striking clause (v) and by redesignating clause (vi) as clause (v).

(5) Section 1611(e)(3)(B)(v) (42 U.S.C. 1382(e)(3)(B)(v)), as redesignated by paragraph (4), is amended—

(A) in subclause (I), by striking ''who is eligible'' and all that follows through ''is disabled'' and inserting ''described in clause (i)(I)''; and

(B) in subclause (V), by striking ''or v''.

(6) Section 1611(e)(3)(C)(i) (42 U.S.C. 1382(e)(3)(C)(i)), as redesignated by subsection (a), is amended by striking ''who are receiving benefits under this title and who as a condition of such benefits'' and inserting ''described in subparagraph (B)(i)(I)(aa) who elect to undergo treatment; and the monitoring and testing of all individuals described in subparagraph (B)(i)(I)(bb) who''.

(7) Section 1611(e)(3)(C)(iii)(II)(aa) (42 U.S.C. 1382(e)(3)(C)(iii)(II)(aa)), as so redesignated, is amended by striking ''residing in the State'' and all that follows through ''they are disabled'' and inserting ''described in subparagraph (B)(i)(I) residing in the State''.

(8) Section 1611(e)(3)(C)(iii) (42 U.S.C. 1382(e)(3)(C)(iii)), as so redesignated, is amended by adding at the end the following:

''(III) The monitoring requirements of subclause (II) shall not apply in the case of any individual described in subparagraph (B)(i)(I)(aa) who fails to comply with the requirements of subparagraph (B).''.

(9) Section 1611(e)(3) (42 U.S.C. 1382(e)(3)), as amended by subsection (a), is amended by adding at the end the following new subparagraphs:

''(D) The Commissioner shall provide appropriate notification to each individual subject to the limitation on cash benefits contained in subparagraph (A) and the treatment provisions contained in subparagraph (B).

''(E) The requirements of subparagraph (B) shall cease to apply to any individual if the Commissioner determines that such individual no longer needs treatment.''.

(c) Preservation of Medicaid Eligibility.—Section 1634(e) (42 U.S.C. 1382(e)) is amended—

(1) by striking ''clause (i) or (v) of section 1611(e)(3)(A)'' and inserting ''subparagraph (A) or subparagraph (B)(i)(II) of section 1611(e)(3)''; and

(2) by adding at the end the following: ''This subsection shall cease to apply to any such person if the Commissioner determines that such person no longer needs treatment.''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) APPLICATION TO CURRENT RECIPIENTS.—Notwithstanding any other provision of law, in the case of an individual who is receiving supplemental security income benefits under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits would terminate by reason of the amendments made by this section, such amendments shall apply with respect to the benefits of such individual for months beginning on or after January 1, 1997, and the Commissioner of Social Security shall so notify the individual not later than 90 days after the date of the enactment of this Act.

Subtitle B—Benefits for Disabled Children

SEC. 611. DEFINITION AND ELIGIBILITY RULES.

(a) DEFINITION OF CHILDHOOD DISABILITY.—Section 1614(a)(3) (42 U.S.C. 1382c(a)(3)) is amended—

(1) in subparagraph (A), by striking ''An individual'' and inserting ''Except as provided in subparagraph (C), an individual'';

(2) in subparagraph (A), by striking ''(or, in the case of an individual under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity)'';

(3) by redesignating subparagraphs (C) through (H) as subparagraphs (D) through (I), respectively;

(4) by inserting after subparagraph (B) the following new subparagraph:

''(C) An individual under the age of 18 shall be considered disabled for the purposes of this title if that individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.''; and

(5) in subparagraph (F), as redesignated by paragraph (3), by striking ''(D)'' and inserting ''(E)''.

(b) CHANGES TO CHILDHOOD SSI REGULATIONS.—

(1) MODIFICATION TO MEDICAL CRITERIA FOR EVALUATION OF MENTAL AND EMOTIONAL DISORDERS.—The Commissioner of Social Security shall modify sections 112.00C.2. and

112.02B.2.c.(2) of appendix 1 to subpart P of part 404 of title 20, Code of Federal Regulations, to eliminate references to maladaptive behavior in the domain of personal/behavorial function.

(2) DISCONTINUANCE OF INDIVIDUALIZED FUNCTIONAL ASSESSMENT.—The Commissioner of Social Security shall discontinue the individualized functional assessment for children set forth in sections 416.924d and 416.924e of title 20, Code of Federal Regulations.

(c) EFFECTIVE DATE; REGULATIONS; APPLICATION TO CURRENT RECIPIENTS.—

(1) IN GENERAL.—The amendments made by subsections (a) and (b) shall apply to applicants for benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

(2) REGULATIONS.—The Commissioner of Social Security shall issue such regulations as the Commissioner determines to be necessary to implement the amendments made by subsections (a) and (b) not later than 60 days after the date of the enactment of this Act.

(3) APPLICATION TO CURRENT RECIPIENTS.—

(A) ELIGIBILITY DETERMINATIONS.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall redetermine the eligibility of any individual under age 18 who is receiving supplemental security income benefits based on a disability under title XVI of the Social Security Act as of the date of the enactment of this Act and whose eligibility for such benefits may terminate by reason of the amendments made by subsection (a) or (b). With respect to redeterminations under this subparagraph—

(i) section 1614(a)(4) of the Social Security Act (42 U.S.C. 1382c(a)(4)) shall not apply;

(ii) the Commissioner of Social Security shall apply the eligibility criteria for new applicants for benefits under title XVI of such Act; and

(iii) the Commissioner shall give such redeterminations priority over all other reviews under such title.

(B) GRANDFATHER PROVISION.—The amendments made by subsections (a) and (b), and the redetermination under subparagraph (A), shall only apply with respect to the benefits of an individual described in subparagraph (A) for months beginning on or after January 1, 1997.

(C) NOTICE.—Not later than 90 days after the date of the enactment of this Act, the Commissioner of Social Security shall notify an individual described in subparagraph (A) of the provisions of this paragraph.

SEC. 612. ELIGIBILITY REDETERMINATIONS AND CONTINUING DISABILITY REVIEWS.

(a) CONTINUING DISABILITY REVIEWS RELATING TO CERTAIN CHILDREN.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as redesignated by section 611(a)(3), is amended—

(1) by inserting ''(i)'' after ''(H)''; and

(2) by adding at the end the following new clause:

''(ii)(I) Not less frequently than once every 3 years, the Commissioner shall review in accordance with paragraph (4) the continued eligibility for benefits under this title of each individual who has not attained 18 years of age and is eligible for such benefits by reason of an impairment (or combination of impairments) which may improve (or, which is unlikely to improve, at the option of the Commissioner).

''(II) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.''.

(b) DISABILITY ELIGIBILITY REDETERMINATIONS REQUIRED FOR SSI RECIPIENTS WHO ATTAIN 18 YEARS OF AGE.—

(1) IN GENERAL.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsection (a), is amended by adding at the end the following new clause:

''(iii) If an individual is eligible for benefits under this title by reason of disability for the month preceding the month in which the individual attains the age of 18 years, the Commissioner shall redetermine such eligibility—

''(I) during the 1-year period beginning on the individual's 18th birthday; and

''(II) by applying the criteria used in determining the initial eligibility for applicants who have attained the age of 18 years.

With respect to a redetermination under this clause, paragraph (4) shall not apply and such redetermination shall be considered a substitute for a review or redetermination otherwise required under any other provision of this subparagraph during that 1-year period.''.

(2) CONFORMING REPEAL.—Section 207 of the Social Security Independence and Program Improvements Act of 1994 (42 U.S.C. 1382 note; 108 Stat. 1516) is hereby repealed.

(c) CONTINUING DISABILITY REVIEW REQUIRED FOR LOW BIRTH WEIGHT BABIES.—Section 1614(a)(3)(H) (42 U.S.C. 1382c(a)(3)(H)), as amended by subsections (a) and (b), is amended by adding at the end the following new clause:

''(iv)(I) Not later than 12 months after the birth of an individual, the Commissioner shall review in accordance with paragraph (4) the continuing eligibility for benefits under this title by reason of disability of such individual whose low birth weight is a contributing factor material to the Commissioner's determination that the individual is disabled.

''(II) A review under subclause (I) shall be considered a substitute for a review otherwise required under any other provision of this subparagraph during that 12-month period.

''(III) A parent or guardian of a recipient whose case is reviewed under this clause shall present, at the time of review, evidence demonstrating that the recipient is, and has been, receiving treatment, to the extent considered medically necessary and available, of the condition which was the basis for providing benefits under this title.''.

(d) MEDICAID FOR CHILDREN SHOWING IMPROVEMENT.—Section 1634 (42 U.S.C. 1383c) is amended by adding at the end the following new subsection:

''(f) In the case of any individual who has not attained 18 years of age and who has been determined to be ineligible for benefits under this title—

''(1) because of medical improvement following a continuing disability review under section 1631(a)(3)(H), or

''(2) as the result of the application of section 611(b)(2) of the Work First Act of 1995,

such individual shall continue to be considered eligible for such benefits for purposes of determining eligibility under title XIX if such individual is not otherwise eligible for medical assistance under such title and, in the case of an individual described in paragraph (1), such assistance is needed to maintain functional gains, and, in the case of an individual described in paragraph (2), such assistance would be available if such section 611(b)(2) had not been enacted.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for months beginning on or after the date of the enactment of this Act, without regard to whether regulations have been issued to implement such amendments.

SEC. 613. ADDITIONAL ACCOUNTABILITY REQUIREMENTS.

(a) TIGHTENING OF REPRESENTATIVE PAYEE REQUIREMENTS.—

(1) CLARIFICATION OF ROLE.—Section 1631(a)(2)(B)(ii) (42 U.S.C. 1383(a)(2)(B)(ii)) is amended by striking ''and'' at the end of subclause (II), by striking the period at the end of subclause (IV) and inserting ''; and'', and by adding after subclause (IV) the following new subclause:

''(V) advise such person through the notice of award of benefits, and at such other times as the Commissioner of Social Security deems appropriate, of specific examples of appropriate expenditures of benefits under this title and the proper role of a representative payee.''.

(2) DOCUMENTATION OF EXPENDITURES REQUIRED.—

(A) IN GENERAL.—Subparagraph (C)(i) of section 1631(a)(2) (42 U.S.C. 1383(a)(2)) is amended to read as follows:

''(C)(i) In any case where payment is made to a representative payee of an individual or spouse, the Commissioner of Social Security shall—

''(I) require such representative payee to document expenditures and keep contemporaneous records of transactions made using such payment; and

''(II) implement statistically valid procedures for reviewing a sample of such contemporaneous records in order to identify instances in which such representative payee is not properly using such payment.''.

(B) CONFORMING AMENDMENT WITH RESPECT TO PARENT PAYEES.—Clause (ii) of section 1631(a)(2)(C) (42 U.S.C. 1383(a)(2)(C)) is amended by striking ''Clause (i)'' and inserting ''Subclauses (II) and (III) of clause (i)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to benefits paid after the date of the enactment of this Act.

(b) DEDICATED SAVINGS ACCOUNTS.—

(1) IN GENERAL.—Section 1631(a)(2)(B) (42 U.S.C. 1383(a)(2)(B)) is amended by adding at the end the following new clause:

''(xiv) Notwithstanding clause (x), the Commissioner of Social Security may, at the request of the representative payee, pay any lump sum payment for the benefit of a child into a dedicated savings account that could only be used to purchase for such child—

''(I) education and job skills training;

''(II) special equipment or housing modifications or both specifically related to, and required by the nature of, the child's disability; and

''(III) appropriate therapy and rehabilitation.''.

(2) DISREGARD OF TRUST FUNDS.—Section 1613(a) (42 U.S.C. 1382b) is amended—

(A) by striking ''and'' at the end of paragraph (9),

(B) by striking the period at the end of paragraph (10) the first place it appears and inserting a semicolon,

(C) by redesignating paragraph (10) the second place it appears as paragraph (11) and striking the period at the end of such paragraph and inserting ''; and'', and

(D) by inserting after paragraph (11), as so redesignated, the following new paragraph:

''(12) all amounts deposited in, or interest credited to, a dedicated savings account described in section 1631(a)(2)(B)(xiv).''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments made after the date of the enactment of this Act.

Subtitle C—Studies Regarding Supplemental Security Income Program

SEC. 621. ANNUAL REPORT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM.

Title XVI is amended by adding at the end the following new section:

"SEC. 1636. ANNUAL REPORT ON PROGRAM.

''(a) DESCRIPTION OF REPORT.—Not later than May 30 of each year, the Commissioner of Social Security shall prepare and deliver a report annually to the President and the Congress regarding the program under this title, including—

''(1) a comprehensive description of the program;

''(2) historical and current data on allowances and denials, including number of applications and allowance rates at initial determinations, reconsiderations, administrative law judge hearings, council of appeals hearings, and Federal court appeal hearings;

''(3) historical and current data on characteristics of recipients and program costs, by recipient group (aged, blind, work disabled adults, and children);

''(4) projections of future number of recipients and program costs, through at least 25 years;

''(5) number of redeterminations and continuing disability reviews, and the outcomes of such redeterminations and reviews;

''(6) data on the utilization of work incentives;

''(7) detailed information on administrative and other program operation costs;

''(8) summaries of relevant research undertaken by the Social Security Administration, or by other researchers;

''(9) State supplementation program operations;

''(10) a historical summary of statutory changes to this title; and

''(11) such other information as the Commissioner deems useful.

''(b) VIEWS OF CBO.—The annual report under this section shall include an analysis of its contents by the Congressional Budget Office.

''(c) VIEWS OF MEMBERS OF THE SOCIAL SECURITY ADVISORY COUNCIL.—Each member of the Social Security Advisory Council shall be permitted to provide an individual report, or a joint report if agreed, of views of the program under this title, to be included in the annual report under this section.

''(d) NOT SUBJECT TO PRIOR EXECUTIVE BRANCH REVIEW OR APPROVAL.—In preparing and transmitting the annual report under this section, the Commissioner shall provide the best and most accurate information, and shall not be required to submit such report to the Office of Management and Budget or to other review procedures.''.

SEC. 622. IMPROVEMENTS TO DISABILITY EVALUATION.

(a) REQUEST FOR COMMENTS.—

(1) IN GENERAL.—Not later than 60 days after the date of the enactment of this Act, the Commissioner of Social Security shall issue a request for comments in the Federal Register regarding improvements to the disability evaluation and determination procedures for individuals under age 18 to ensure the comprehensive assessment of such individuals, including—

(A) additions to conditions which should be presumptively disabling at birth or ages 0 through 3 years;

(B) specific changes in individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations;

(C) improvements in regulations regarding determinations based on regulations providing for medical and functional equivalence to such Listing of Impairments, and consideration of multiple impairments; and

(D) any other changes to the disability determination procedures.

(2) REVIEW AND REGULATORY ACTION.—The Commissioner of Social Security shall promptly review such comments and issue any regulations implementing any necessary changes not later than 18 months after the date of the enactment of this Act.

SEC. 623. STUDY OF DISABILITY DETERMINATION PROCESS.

(a) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, and from funds otherwise appropriated, the Commissioner of Social Security shall make arrangements with the National Academy of Sciences, or other independent entity, to conduct a study of the disability determination process under titles II and XVI of the Social Security Act. This study shall be undertaken in consultation with professionals representing appropriate disciplines.

(b) STUDY COMPONENTS.—The study described in subsection (a) shall include—

(1) an initial phase examining the appropriateness of, and making recommendations regarding—

(A) the definitions of disability in effect on the date of the enactment of this Act and the advantages and disadvantages of alternative definitions; and

(B) the operation of the disability determination process, including the appropriate method of performing comprehensive assessments of individuals under age 18 with physical and mental impairments;

(2) a second phase, which may be concurrent with the initial phase, examining the validity, reliability, and consistency with current scientific knowledge of the standards and individual listings in the Listing of Impairments set forth in appendix 1 of subpart P of part 404 of title 20, Code of Federal Regulations, and of related evaluation procedures as promulgated by the Commissioner of Social Security; and

(3) such other issues as the applicable entity considers appropriate.

(c) REPORTS AND REGULATIONS.—

(1) REPORTS.—The Commissioner of Social Security shall request the applicable entity, to submit an interim report and a final report of the findings and recommendations resulting from the study described in this section to the President and the Congress not later than 18 months and 24 months, respectively, from the date of the contract for such study, and such additional reports as the Commissioner deems appropriate after consultation with the applicable entity.

(2) REGULATIONS.—The Commissioner of Social Security shall review both the interim and final reports, and shall issue regulations implementing any necessary changes following each report.

SEC. 324. STUDY BY GENERAL ACCOUNTING OFFICE.

Not later than January 1, 1998, the Comptroller General of the United States shall study and report on the impact of the amendments made by, and the provisions of, this title on the supplemental security income program under title XVI of the Social Security Act.

Subtitle D—National Commission on the Future of Disability

SEC. 631. ESTABLISHMENT.

There is established a commission to be known as the National Commission on the Future of Disability (referred to in this subtitle as the ''Commission''), the expenses of which shall be paid from funds otherwise appropriated for the Social Security Administration.

SEC. 632. DUTIES OF THE COMMISSION.

(a) IN GENERAL.—The Commission shall develop and carry out a comprehensive study of all matters related to the nature, purpose, and adequacy of all Federal programs serving individuals with disabilities. In particular, the Commission shall study the disability insurance program under title II of the Social Security Act and the supplemental security income program under title XVI of such Act.

(b) MATTERS STUDIED.—The Commission shall prepare an inventory of Federal programs serving individuals with disabilities, and shall examine—

(1) trends and projections regarding the size and characteristics of the population of individuals with disabilities, and the implications of such analyses for program planning;

(2) the feasibility and design of performance standards for the Nation's disability programs;

(3) the adequacy of Federal efforts in rehabilitation research and training, and opportunities to improve the lives of individuals with disabilities through all manners of scientific and engineering research; and

(4) the adequacy of policy research available to the Federal Government, and what actions might be undertaken to improve the quality and scope of such research.

(c) RECOMMENDATIONS.—The Commission shall submit to the appropriate committees of the Congress and to the President recommendations and, as appropriate, proposals for legislation, regarding—

(1) which (if any) Federal disability programs should be eliminated or augmented;

(2) what new Federal disability programs (if any) should be established;

(3) the suitability of the organization and location of disability programs within the Federal Government;

(4) other actions the Federal Government should take to prevent disabilities and disadvantages associated with disabilities; and

(5) such other matters as the Commission considers appropriate.

SEC. 633. MEMBERSHIP.

(a) NUMBER AND APPOINTMENT.—

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

(A) five shall be appointed by the President, of whom not more than 3 shall be of the same major political party;

(B) three shall be appointed by the Majority Leader of the Senate;

(C) two shall be appointed by the Minority Leader of the Senate;

(D) three shall be appointed by the Speaker of the House of Representatives; and

(E) two shall be appointed by the Minority Leader of the House of Representatives.

(2) REPRESENTATION.—The Commission members shall be chosen based on their education, training, or experience. In appointing individuals as members of the Commission, the President and the Majority and Minority Leaders of the Senate and the Speaker and Minority Leader of the House of Representatives shall seek to ensure that the membership of the Commission reflects the diversity of individuals with disabilities in the United States.

(b) COMPTROLLER GENERAL.—The Comptroller General shall serve on the Commission as an ex officio member of the Commission to advise and oversee the methodology and approach of the study of the Commission.

(c) PROHIBITION AGAINST OFFICER OR EMPLOYEE.—No officer or employee of any government shall be appointed under subsection (a).

(d) DEADLINE FOR APPOINTMENT; TERM OF APPOINTMENT.—Members of the Commission shall be appointed not later than 60 days after the date of the enactment of this Act. The members shall serve on the Commission for the life of the Commission.

(e) MEETINGS.—The Commission shall locate its headquarters in the District of Columbia, and shall meet at the call of the Chairperson, but not less than 4 times each year during the life of the Commission.

(f) QUORUM.—Ten members of the Commission shall constitute a quorum, but a lesser number may hold hearings.

(g) CHAIRPERSON AND VICE CHAIRPERSON.—Not later than 15 days after the members of the Commission are appointed, such members shall designate a Chairperson and Vice Chairperson from among the members of the Commission.

(h) CONTINUATION OF MEMBERSHIP.—If a member of the Commission becomes an officer or employee of any government after appointment to the Commission, the individual may continue as a member until a successor member is appointed.

(i) VACANCIES.—A vacancy on the Commission shall be filled in the manner in which the original appointment was made not later than 30 days after the Commission is given notice of the vacancy.

(j) COMPENSATION.—Members of the Commission shall receive no additional pay, allowances, or benefits by reason of their service on the Commission.

(k) TRAVEL EXPENSES.—Each member of the Commission shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

SEC. 634. STAFF AND SUPPORT SERVICES.

(a) DIRECTOR.—

(1) APPOINTMENT.—Upon consultation with the members of the Commission, the Chairperson shall appoint a Director of the Commission.

(2) COMPENSATION.—The Director shall be paid the rate of basic pay for level V of the Executive Schedule.

(b) STAFF.—With the approval of the Commission, the Director may appoint such personnel as the Director considers appropriate.

(c) APPLICABILITY OF CIVIL SERVICE LAWS.—The staff of the Commission shall be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and 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.

(d) EXPERTS AND CONSULTANTS.—With the approval of the Commission, the Director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(e) STAFF OF FEDERAL AGENCIES.—Upon the request of the Commission, the head of any Federal agency may detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist in carrying out the duties of the Commission under this subtitle.

(f) OTHER RESOURCES.—The Commission shall have reasonable access to materials, resources, statistical data, and other information from the Library of Congress and agencies and elected representatives of the executive and legislative branches of the Federal Government. The Chairperson of the Commission shall make requests for such access in writing when necessary.

(g) PHYSICAL FACILITIES.—The Administrator of the General Services Administration shall locate suitable office space for the operation of the Commission. The facilities shall serve as the headquarters of the Commission and shall include all necessary equipment and incidentals required for proper functioning of the Commission.

SEC. 635. POWERS OF COMMISSION.

(a) HEARINGS.—The Commission may conduct public hearings or forums at the discretion of the Commission, at any time and place the Commission is able to secure facilities and witnesses, for the purpose of carrying out the duties of the Commission under this subtitle.

(b) DELEGATION OF AUTHORITY.—Any member or agent of the Commission may, if authorized by the Commission, take any action the Commission is authorized to take by this section.

(c) INFORMATION.—The Commission may secure directly from any Federal agency information necessary to enable the Commission to carry out its duties under this subtitle. Upon request of the Chairperson or Vice Chairperson of the Commission, the head of a Federal agency shall furnish the information to the Commission to the extent permitted by law.

(d) GIFTS, BEQUESTS, AND DEVISES.—The Commission may accept, use, and dispose of gifts, bequests, or devices of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Commission. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devices shall be deposited in the Treasury and shall be available for disbursement upon order of the Commission.

(e) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies.

SEC. 636. REPORTS.

(a) INTERIM REPORT.—Not later than 1 year prior to the date on which the Commission terminates pursuant to section 637, the Commission shall submit an interim report to the President and to the Congress. The interim report shall contain a detailed statement of the findings and conclusions of the Commission, together with the Commission's recommendations for legislative and administrative action, based on the activities of the Commission.

(b) FINAL REPORT.—Not later than the date on which the Commission terminates, the Commission shall submit to the Congress and to the President a final report containing—

(1) a detailed statement of final findings, conclusions, and recommendations; and

(2) an assessment of the extent to which recommendations of the Commission included in the interim report under subsection (a) have been implemented.

(c) PRINTING AND PUBLIC DISTRIBUTION.—Upon receipt of each report of the Commission under this section, the President shall—

(1) order the report to be printed; and

(2) make the report available to the public upon request.

SEC. 637. TERMINATION.

The Commission shall terminate on the date that is 2 years after the date on which the members of the Commission have met and designated a Chairperson and Vice Chairperson.

TITLE VII—PROVISIONS RELATING TO SPONSORS

SEC. 701. UNIFORM ALIEN ELIGIBILITY CRITERIA FOR PUBLIC ASSISTANCE PROGRAMS.

(a) FEDERAL AND FEDERALLY-ASSISTED PROGRAMS.—

(1) PROGRAM ELIGIBILITY CRITERIA.—

(A) TEMPORARY EMPLOYMENT ASSISTANCE.—

(i) IN GENERAL.—Section 402(c) of the Social Security Act, as added by section 101(a) and amended by section 401, is amended by redesignating paragraphs (2) through (7) as paragraphs (3) through (8), and by inserting after paragraph (1) the following new paragraph:

''(2) ALIEN STATUS.—In determining the eligibility of a family for assistance, the State plan shall provide that no assistance shall be furnished to any family member under the plan who is not—

''(A) a citizen or national of the United States, or

''(B) a qualified alien (as defined in section 1101(a)(10)), provided that such alien is not disqualified from receiving assistance under the State plan by or pursuant to section 210(f) or 245A(h) of the Immigration and Nationality Act or any other provision of law.''.

(ii) CONFORMING AMENDMENT.—Section 402(d)(1) of the Social Security Act, as added by section 101(a), is amended by striking ''any individual'' and inserting ''any individual (including any family member described in subsection (c)(2))''.

(B) SUPPLEMENTAL SECURITY INCOME.—Section 1614(a)(1)(B)(i) (42 U.S.C. 1382c(a)(1)(B)(i)) is amended to read as follows:

''(B)(i) is a resident of the United States, and is either (I) a citizen or national of the United States, or (II) a qualified alien (as defined in section 1101(a)(10)), or''.

(C) MEDICAID—

(i) IN GENERAL.—Section 1903(v)(1) (42 U.S.C. 1396b(v)(1)) is amended to read as follows:

''(v)(1) Notwithstanding the preceding provisions of this section—

''(A) no payment may be made to a State under this section for medical assistance furnished to an individual who is disqualified from receiving such assistance by or pursuant to section 210(f) or 245A(h) of the Immigration and Nationality Act or any other provision of law, and

''(B) except as provided in paragraph (2), no such payment may be made for medical assistance furnished to an individual who is not—

''(i) a citizen or national of the United States, or

''(ii) a qualified alien (as defined in section 1101(a)(10)).''.

(ii) CONFORMING AMENDMENTS.—

(I) Section 1903(v)(2) (42 U.S.C. 1396b(v)(2)) is amended by striking ''paragraph (1)'' and inserting ''paragraph (1)(B)'', and by striking ''alien'' each place it appears and inserting ''individual''.

(II) Section 1902(a) (42 U.S.C. 1396a(a)) is amended in the last sentence by striking ''alien'' and all that follows and inserting ''individual who is not (A) a citizen or national of the United States, or (B) a qualified alien (as defined in section 1101(a)(10)) only in accordance with section 1903(v).''.

(III) Section 1902(b)(3) (42 U.S.C. 1396a(b)(3)) is amended by inserting ''or national'' after ''citizen''.

(2) QUALIFIED ALIEN DEFINED.—Section 1101(a) (42 U.S.C. 1301(a)) is amended by adding at the end the following new paragraph:

''(10) The term 'qualified alien' means an alien—

''(A) who is lawfully admitted for permanent residence within the meaning of section 101(a)(20) of the Immigration and Nationality Act;

''(B) who is admitted as a refugee pursuant to section 207 of such Act;

''(C) who is granted asylum pursuant to section 208 of such Act;

''(D) whose deportation is withheld pursuant to section 243(h) of such Act;

''(E) whose deportation is suspended pursuant to section 244 of such Act;

''(F) who is granted conditional entry pursuant to section 203(a)(7) of such Act as in effect prior to April 1, 1980;

''(G) who is lawfully admitted for temporary residence pursuant to section 210 or 245A of such Act;

''(H) who is within a class of aliens lawfully present within the United States pursuant to any other provision of such Act, provided that—

''(i) the Attorney General determines that the continued presence of such class of aliens serves a humanitarian or other compelling public interest, and

''(ii) the Secretary determines that such interest would be further served by treating each alien within such class as a 'qualified alien' for purposes of this Act; or

''(I) who is the spouse or unmarried child under 21 years of age of a citizen of the United States, or the parent of such a citizen if the citizen is 21 years of age or older, and with respect to whom an application for adjustment to lawful permanent residence is pending;

such status not having changed.''.

(3) CONFORMING AMENDMENT.—Section 244A(f)(1) of the Immigration and Nationality Act (8 U.S.C. 1254a(f)(1)) is amended by inserting ''and shall not be considered to be a 'qualified alien' within the meaning of section 1101(a)(10) of the Social Security Act'' immediately before the semicolon.

(b) STATE AND LOCAL PROGRAMS.—A State or political subdivision therein may provide that an alien is not eligible for any program of assistance based on need that is furnished by such State or political subdivision unless such alien is a ''qualified alien'' within the meaning of section 1101(a)(10) of the Social Security Act (as added by subsection (a)(2) of this section).

(c) EFFECTIVE DATE.—

(1) The amendments made by subsection (a) shall apply with respect to benefits payable on the basis of any application filed after September 30, 1995.

(2) Subsection (b) shall take effect on October 1, 1995.

SEC. 702. EXTENSION OF DEEMING OF INCOME AND RESOURCES UNDER TEA, SSI, AND FOOD STAMP PROGRAMS.

(a) IN GENERAL.—Except as provided in subsections (b) and (c), in applying section 1621 of the Social Security Act and section 5(i) of the Food Stamp Act of 1977, the period in which each respective section otherwise applies with respect to an alien shall be extended through the date (if any) on which the alien becomes a citizen of the United States under chapter 2 of title III of the Immigration and Nationality Act.

(b) EXCLUSION.—Notwithstanding sections 414 and 1621 of the Social Security Act and section 5(i) of the Food Stamp Act of 1977, the income and resources of a sponsor or sponsor's spouse shall not be deemed to an alien if—

(1) the alien—

(A) is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge,

(B) is on active duty (other than active duty for training) in the Armed Forces of the United States, or

(C) is the spouse or unmarried dependent child of an individual described in subparagraph (A) or (B);

(2) the alien is the subject of domestic violence or has been battered or subjected to extreme cruelty by a family member in the United States; or

(3) there has been paid with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 20 different calendar quarters.

(c) HOLD HARMLESS FOR MEDICAID ELIGIBILITY.—Subsection (a) shall not apply with respect to determinations of eligibility for benefits under part A of title IV of the Social Security Act or under the supplemental income security program under title XVI of such Act but only insofar as such determinations provide for eligibility for medical assistance under title XIX of such Act.

(d) EFFECTIVE DATE.—This section shall take effect on October 1, 1995.

SEC. 703. REQUIREMENTS FOR SPONSOR'S AFFIDAVITS OF SUPPORT.

(a) IN GENERAL.—Title II of the Immigration and Nationality Act is amended by inserting after section 213 the following new section:

''REQUIREMENTS FOR SPONSOR'S AFFIDAVIT OF SUPPORT

''SEC. 213A. (a) ENFORCEABILITY.—

''(1) IN GENERAL.—No affidavit of support may be accepted by the Attorney General or by any consular officer to establish that an alien is not excludable under section 212(a)(4) unless such affidavit is executed as a contract—

''(A) which, for not more than 5 years after the date the alien last receives any such cash benefit, is legally enforceable against the sponsor by the Federal Government, by a State, or by any political subdivision of a State, providing cash benefits under a public cash assistance program (as defined in subsection (f)(2)); and

''(B) in which the sponsor agrees to submit to the jurisdiction of any Federal or State court for the purpose of actions brought under subsection (e)(2).

''(2) EXPIRATION OF LIABILITY.—Such contract shall only apply with respect to cash benefits described in paragraph (1)(A) provided to an alien before the earliest of the following:

''(A) CITIZENSHIP.—The date the alien becomes a citizen of the United States under chapter 2 of title III.

''(B) VETERAN.—The first date the alien is a veteran (as defined in section 101 of title 38, United States Code) with a discharge characterized as an honorable discharge.

''(C) PAYMENT OF SOCIAL SECURITY TAXES.—The first date as of which there has been paid with respect to the self-employment income or employment of the alien, or of a parent or spouse of the alien, taxes under chapter 2 or chapter 21 of the Internal Revenue Code of 1986 in each of 20 different calendar quarters.

''(3) NONAPPLICATION DURING CERTAIN PERIODS.—Such contract also shall not apply with respect to cash benefits described in paragraph (1)(A) provided during any period in which the alien is—

''(A) on active duty (other than active duty for training) in the Armed Forces of the United States, or

''(B) the spouse or unmarried dependent child of an individual described in paragraph (2)(A) or subparagraph (A) of this paragraph;

''(b) FORMS.—Not later than 90 days after the date of the enactment of this section, the Attorney General, in consultation with the Secretary of State and the Secretary of Health and Human Services, shall formulate an affidavit of support consistent with the provisions of this section.

''(c) NOTIFICATION OF CHANGE OF ADDRESS.—

''(1) REQUIREMENT.—The sponsor shall notify the Federal Government and the State in which the sponsored alien is currently resident within 30 days of any change of address of the sponsor during the period specified in subsection (a)(1)(A).

''(2) ENFORCEMENT.—Any person subject to the requirement of paragraph (1) who fails to satisfy such requirement shall be subject to a civil penalty of—

''(A) not less than $250 or more than $2,000, or

''(B) if such failure occurs with knowledge that the sponsored alien has received any benefit under any means-tested public benefits program, not less than $2,000 or more than $5,000.

''(d) REIMBURSEMENT OF GOVERNMENT EXPENSES.—

''(1) REQUEST FOR REIMBURSEMENT.—

''(A) IN GENERAL.—Upon notification that a sponsored alien has received any cash benefits described in subsection (a)(1)(A), the appropriate Federal, State, or local official shall request reimbursement by the sponsor in the amount of such cash benefits.

''(B) REGULATIONS.—The Attorney General, in consultation with the Secretary of Health and Human Services, shall prescribe such regulations as may be necessary to carry out subparagraph (A).

''(2) INITIATION OF ACTION.—If, not later than 45 days after requesting reimbursement, the appropriate Federal, State, or local agency has not received a response from the sponsor indicating a willingness to commence payments, an action may be brought against the sponsor pursuant to the affidavit of support.

''(3) FAILURE TO ABIDE BY REPAYMENT TERMS.—If the sponsor fails to abide by the repayment terms established by such agency, the agency may, not later than 60 days after such failure, bring an action against the sponsor pursuant to the affidavit of support.

''(4) LIMITATION ON ACTIONS.—No cause of action may be brought under this subsection later than 5 years after the date the alien last received any cash benefit described in subsection (a)(1)(A).

''(f) DEFINITIONS.—For the purposes of this section:

''(1) SPONSOR.—The term 'sponsor' means an individual who—

''(A) is a citizen or national of the United States or an alien who is lawfully admitted to the United States for permanent residence;

''(B) is 18 years of age or over; and

''(C) is domiciled in any State.

''(2) PUBLIC CASH ASSISTANCE PROGRAM.—The term 'public cash assistance program' means a program of the Federal Government or of a State or political subdivision of a State that provides direct cash assistance for the purpose of income maintenance and in which the eligibility of an individual, household, or family eligibility unit for cash benefits under the program, or the amount of such cash benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit. Such term does not include any program insofar as it provides medical, housing, education, job training, food, or in-kind assistance or social services.''.

(b) CLERICAL AMENDMENT.—The table of contents of such Act is amended by inserting after the item relating to section 213 the following:

''Sec. 213A. Requirements for sponsor's affidavit of support.''.

(c) EFFECTIVE DATE.—Subsection (a) of section 213A of the Immigration and Nationality Act, as added by subsection (a) of this section, shall apply to affidavits of support executed on or after a date specified by the Attorney General, which date shall be not earlier than 60 days (and not later than 90 days) after the date the Attorney General formulates the form for such affidavits under subsection (b) of such section 213A.

SEC. 704. EXTENDING REQUIREMENT FOR AFFIDAVITS OF SUPPORT TO FAMILY-RELATED AND DIVERSITY IMMIGRANTS.

(A) IN GENERAL.—Section 212(a)(4) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(4)) is amended to read as follows:

''(4) PUBLIC CHARGE AND AFFIDAVITS OF SUPPORT.—

''(A) PUBLIC CHARGE.—Any alien who, in the opinion of the consular officer at the time of application for a visa, or in the opinion of the Attorney General at the time of application for admission or adjustment of status, is likely at any time to become a public charge is excludable.

''(B) AFFIDAVITS OF SUPPORT.—Any immigrant who seeks admission or adjustment of status as any of the following is excludable unless there has been executed with respect to the immigrant an affidavit of support pursuant to section 213A:

''(i) As an immediate relative (under section 201(b)(2)).

''(ii) As a family-sponsored immigrant under section 203(a) (or as the spouse or child under section 203(d) of such an immigrant).

''(iii) As the spouse or child (under section 203(d)) of an employment-based immigrant under section 203(b).

''(iv) As a diversity immigrant under section 203(c) (or as the spouse or child under section 203(d) of such an immigrant).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to aliens with respect to whom an immigrant visa is issued (or adjustment of status is granted) after the date specified by the Attorney General under section 703(c).

TITLE VIII—FOOD STAMP PROGRAM INTEGRITY AND REFORM.

SEC. 801. REFERENCES TO THE FOOD STAMP ACT OF 1977.

Except as otherwise expressly provided, wherever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

SEC. 802. CERTIFICATION PERIOD.

(a) DEFINITION.—Section 3 (7 U.S.C. 2012(c)) is amended by striking subsection (c) and inserting the following:

''(c) CERTIFICATION PERIOD.—The term 'certification period' means the period specified by the State agency for which a household shall be eligible to receive an authorization card, except that the period shall be—

''(1) not more than 24 months for a household in which all adult members are elderly or disabled members; and

''(2) not more than 12 months for another household.''.

(b) REPORTING ON RESERVATIONS.—Section 6(c)(1)(C) (7 U.S.C. 2015(c)(1)(C)) is amended—

(1) in clause (ii), by adding ''and'' at the end;

(2) in clause (iii), by striking ''; and'' at the end and inserting a period; and

(3) by striking clause (iv).

SEC. 803. EXPANDED DEFINITION OF COUPON.

Section 3(d) (7 U.S.C. 2012(d)) is amended by striking ''or type of certificate'' and inserting ''type of certificate, authorization card, cash or check issued as a coupon, or an access device, including an electronic benefits transfer card or a personal identification number,''.

SEC. 804. TREATMENT OF MINORS.

The second sentence of section 3(i) (7 U.S.C. 2012(i)) is amended by striking ''(who are not themselves parents living with their children or married and living with their spouses)''.

SEC. 805. ADJUSTMENT TO THRIFTY FOOD PLAN.

The second sentence of section 3(o) (7 U.S.C. 2012(o)) is amended—

(1) by striking ''shall (1) make'' and inserting the following: ''shall—

''(1) make'';

(2) by striking ''scale, (2) make'' and inserting ''scale;

''(2) make'';

(3) by striking ''Alaska, (3) make'' and inserting the following: ''Alaska;

''(3) make''; and

(4) by striking ''Columbia, (4) through'' and all that follows through the end of the subsection and inserting the following: ''Columbia; and

''(4) on October 1, 1995, and each October 1 thereafter, adjust the cost of the diet to reflect the cost of the diet, in the preceding June, and round the result to the nearest lower dollar increment for each household size.''.

SEC. 806. EARNINGS OF CERTAIN HIGH SCHOOL STUDENTS COUNTED AS INCOME.

Section 5(d)(7) (7 U.S.C. 2014(d)(7)) is amended by striking ''21'' and inserting ''18''.

SEC. 807. ENERGY ASSISTANCE COUNTED AS INCOME.

(a) LIMITING EXCLUSION.—Section 5(d)(11) (7 U.S.C. 2014(d)(11)) is amended—

(1) by striking ''(A) under any Federal law, or (B)''; and

(2) by inserting before the comma at the end the following: '', except that no benefits provided under the State program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) shall be excluded under this clause''.

(b) CONFORMING AMENDMENTS.—

(1) Section 5(e) (7 U.S.C. 2014(e)) is amended by striking sentences nine through twelve.

(2) Section 5(k)(2) (7 U.S.C. 2014(k)(2)) is amended by striking subparagraph (C) and redesignating subparagraphs (D) through (H) as subparagraphs (C) through (G), respectively.

(3) Section 5(k) (7 U.S.C. 2014(k)) is amended by adding at the end the following new paragraph:

''(4) For purposes of subsection (d)(1), any payments or allowances made under any Federal or State law for the purposes of energy assistance shall be treated as money payable directly to the household.''.

(4) Section 2605(f) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8634(f)) is amended—

(A) in paragraph (1), by striking ''food stamps'';

(B) by striking ''(f)(1) Notwithstanding'' and inserting ''(f) Notwithstanding''; and

(C) by striking paragraph (2).

SEC. 808. EXCLUSION OF CERTAIN JTPA INCOME.

Section 5 (7 U.S.C. 2014) is amended—

(1) in subsection (d)—

(A) by striking ''and (16)'' and inserting ''(16)''; and

(B) by inserting before the period at the end the following: '', and (17) income received under the Job Training Partnership Act (29 U.S.C. 1501 et seq.) by a household member who is less than 19 years of age''; and

(2) in subsection (*l*), by striking ''under section 204(b)(1)(C)'' and all that follows and inserting ''shall be considered earned income for purposes of the food stamp program.''.

SEC. 809. 2-YEAR FREEZE OF STANDARD DEDUCTION.

The second sentence of section 5(e)(4) (7 U.S.C. 2014(e)(4)) is amended by inserting '', except October 1, 1995, and October 1, 1996'' after ''thereafter''.

SEC. 810. ELIMINATION OF HOUSEHOLD ENTITLEMENT TO SWITCH BETWEEN ACTUAL EXPENSES AND ALLOWANCES DURING CERTIFICATION PERIOD.

The fourteenth sentence of section 5(e) (7 U.S.C. 2014(e)) (as in effect before the amendment made by section 807) is amended by striking ''and up to one additional time during each twelve-month period''.

SEC. 811. EXCLUSION OF LIFE INSURANCE PROCEEDS.

Section 5(g) (7 U.S.C. 2014(g)) is amended by adding at the end the following:

''(6) LIFE INSURANCE POLICY.—The Secretary shall exclude from financial resources the cash value of any life insurance policy owned by a member of a household.''.

SEC. 812. VENDOR PAYMENTS FOR TRANSITIONAL HOUSING COUNTED AS INCOME.

Section 5(k)(2) (7 U.S.C. 2014(k)(2)), as amended by section 807(b)(2), is amended—

(1) by striking subparagraph (E); and

(2) by redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively.

SEC. 813. DOUBLED PENALTIES FOR VIOLATING FOOD STAMP PROGRAM REQUIREMENTS.

Section 6(b)(1) (7 U.S.C. 2015(b)(1)) is amended—

(1) in clause (i)—

(A) by striking ''six months upon'' and inserting ''1 year on''; and

(B) by adding ''and'' at the end; and

(2) striking clauses (ii) and (iii) and inserting the following:

''(ii) permanently on—

''(I) the second occasion of any such determination; or

''(II) the first occasion of a finding by a Federal, State, or local court of the trading for coupons of—

''(aa) a controlled substance (as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802)); or

''(bb) firearms, ammunition, or explosives.''.

SEC. 814. STRENGTHENED WORK REQUIREMENTS.

(a) IN GENERAL.—Section 6(d) (7 U.S.C. 2015(d)) is amended—

(1) by striking ''(d)(1) Unless otherwise exempted by the provisions'' and all that follows through the end of paragraph (1) and inserting the following:

''(d) CONDITIONS OF PARTICIPATION.—

''(1) WORK REQUIREMENTS.—

''(A) IN GENERAL.—No physically and mentally fit individual over the age of 15 and under the age of 60 shall be eligible to participate in the food stamp program if the individual—

''(i) refuses, at the time of application and every 12 months thereafter, to register for employment in a manner prescribed by the State agency;

''(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required under paragraph (4), including any reasonable employment requirements prescribed by the State agency under paragraph (4);

''(iii) refuses without good cause to accept an offer of employment, at a site or plant not subject to a strike or lockout at the time of the refusal, at a wage that is not less than the higher of—

''(I) the applicable Federal or State minimum wage; or

''(II) 80 percent of the wage that would have governed had the minimum hourly rate under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) been applicable to the offer of employment; or

''(iv) voluntarily quits a job without good cause.

''(B) HOUSEHOLD INELIGIBILITY.—If an individual who is the head of a household becomes ineligible to participate in the food stamp program under subparagraph (A), the household shall, at the option of the State agency, become ineligible to participate in the food stamp program for a period not to exceed the period of the individual's ineligibility.

''(C) DURATION OF INELIGIBILITY.—

''(i) FIRST REFUSAL.—The first time that an individual becomes ineligible to participate in the food stamp program under clause (i),

(ii), or (iii) of subparagraph (A), the individual shall remain ineligible until the individual becomes eligible under this Act (including subparagraph (A)).

''(ii) SECOND REFUSAL.—The second time that an individual becomes ineligible to participate in the food stamp program under clause (i), (ii), or (iii) of subparagraph (A), the individual shall remain ineligible until the later of—

''(I) the date the individual becomes eligible under this Act (including subparagraph (A)); or

''(II) the date that is 3 months after the date the individual became ineligible under subparagraph (A).

''(iii) THIRD OR SUBSEQUENT REFUSAL.—The third or subsequent time that an individual becomes ineligible to participate in the food stamp program under clause (i), (ii), or (iii) of subparagraph (A), the individual shall remain ineligible until the later of—

''(I) the date the individual becomes eligible under this Act (including subparagraph (A)); or

''(II) the date that is 6 months after the date the individual became ineligible under subparagraph (A).

''(iv) VOLUNTARY QUIT.—On the date that an individual becomes ineligible under subparagraph (A)(iv), the individual shall remain ineligible until—

''(I) in the case of the first time the individual becomes ineligible, the date that is 3 months after the date the individual became ineligible; and

''(II) in the case of the second or subsequent time the individual becomes ineligible, the date that is 6 months after the date the individual became ineligible.

''(D) ADMINISTRATION.—

''(i) BECOMING ELIGIBLE.—

''(I) WAITING PERIOD.—A State agency may consider an individual ineligible to participate in the food stamp program not earlier than 14 days after the date the individual becomes ineligible to participate under clause (i), (ii), or (iii) of subparagraph (A).

''(II) REMAINING ELIGIBLE.—If an individual remains eligible to participate in the food stamp program under this Act (including subparagraph (A)) at the end of the earliest date for ineligibility under subclause (I), the State agency shall consider the individual to have maintained eligibility during the period preceding the earliest date for ineligibility.

''(ii) GOOD CAUSE.—In this paragraph, the term 'good cause' includes the lack of adequate child care for a dependent child under the age of 12.

''(iii) STRIKE AGAINST THE GOVERNMENT.—For the purpose of subparagraph (A)(iv), an employee of the Federal Government, a State, or a political subdivision of a State, who is dismissed for participating in a strike against the Federal Government, the State, or the political subdivision of the State shall be considered to have voluntarily quit without good cause.

''(iv) SELECTING A HEAD OF HOUSEHOLD.—

''(I) IN GENERAL.—For the purpose of this paragraph, the State agency shall allow the household to select any adult parent of a child in the household as the head of the household if all adult members of the household making application under the food stamp program agree to the selection.

''(II) TIME FOR MAKING DESIGNATION.—A household may designate the head of the household under subclause (I) each time the household is certified for participation in the food stamp program. The household may not change the designation during a certification period unless there is a change in the composition of the household.

''(v) CHANGE IN HEAD OF HOUSEHOLD.—If the head of a household leaves the household during a period in which the household is ineligible to participate in the food stamp program under subparagraph (B)—

''(I) the household shall, if otherwise eligible, become eligible to participate in the food stamp program; and

''(II) if the head of the household becomes the head of another household, the household that becomes headed by the individual shall become ineligible to participate in the food stamp program for the remaining period of ineligibility.''; and

(2) in paragraph (4)(H)(i), by striking ''The Secretary'' and all that follows through ''State agency shall'' and inserting ''A State agency may''.

(b) WORKFARE.—Section 20(f) (7 U.S.C. 2029(f)) is amended by striking ''neither that'' and all that follows through ''shall be eligible'' and inserting ''the person and, at the option of a State agency, the household of which the person is a member, shall be ineligible''.

(c) CONFORMING AMENDMENT.—The second sentence of section 17(b)(2) (7 U.S.C. 2026(b)(2)) is amended by striking ''6(d)(1)(i)'' and inserting ''6(d)(1)(A)(i)''.

SEC. 815. WORK REQUIREMENT FOR ABLE-BODIED RECIPIENTS.

(a) IN GENERAL.—Section 6 (7 U.S.C. 2015) is amended by adding at the end the following:

''(i) WORK REQUIREMENT.—

''(1) DEFINITION OF WORK PROGRAM.—In this subsection, the term 'work program' means—

''(A) a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

''(B) a program under section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or

''(C) a program of employment or training operated or supervised by a State or local government, as determined appropriate by the Secretary.

''(2) WORK REQUIREMENT.—No individual shall be eligible to participate in the food stamp program as a member of any household if, during the preceding 12 months, the individual received food stamp benefits for not less than 6 months during which the individual did not—

''(A) work 20 hours or more per week, averaged monthly;

''(B) participate in a workfare program under section 20 or a comparable State or local workfare program;

''(C) participate in and comply with the requirements of an approved employment and training program under subsection (d)(4); or

''(D) participate in and comply with the requirements of a work program for 20 hours or more per week.

''(3) EXCEPTION.—Paragraph (2) shall not apply to an individual if the individual is—

''(A) under 18 or over 50 years of age;

''(B) medically certified as physically or mentally unfit for employment;

''(C) a parent or other member of a household with a dependent child under 18 years of age; or

''(D) otherwise exempt under subsection (d)(2).

''(4) WAIVER.—

''(A) IN GENERAL.—The Secretary may waive the applicability of paragraph (2) to any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside—

''(i) has an unemployment rate of over 7 percent; or

''(ii) does not have a sufficient number of jobs to provide employment for the individuals.

''(B) REPORT.—The Secretary shall report the basis for a waiver under subparagraph (A) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.''.

(b) WORK AND TRAINING PROGRAMS.—Section 6(d)(4) (7 U.S.C. 2015(d)(4)) is amended by adding at the end the following:

''(O) REQUIRED PARTICIPATION IN WORK AND TRAINING PROGRAMS.—A State agency shall provide an opportunity to participate in the employment and training program under this paragraph to any individual who would otherwise become subject to disqualification under subsection (i).

''(P) COORDINATING WORK REQUIREMENTS.—

''(i) IN GENERAL.—Notwithstanding any other provision of this paragraph, a State agency that meets the participation requirements of clause (ii) may operate the employment and training program of the State for individuals who are members of households receiving allotments under this Act as part of a program operated by the State under part F of title IV of the Social Security Act (42 U.S.C. 681 et seq.), subject to the requirements of the Act.

''(ii) PARTICIPATION REQUIREMENTS.—A State agency may exercise the option under clause (i) if the State agency provides an opportunity to participate in an approved employment and training program to an individual who is—

''(I) subject to subsection (i);

''(II) not employed at least an average of 20 hours per week;

''(III) not participating in a workfare program under section 20 (or a comparable State or local program); and

''(IV) not subject to a waiver under subsection (i)(4).''.

(c) ENHANCED EMPLOYMENT AND TRAINING PROGRAM.—Section 16(h)(1) (7 U.S.C. 2025(h)(1)) is amended—

(1) in subparagraph (A), by striking ''$75,000,000 for each of the fiscal years 1991 through 1995'' and inserting ''$150,000,000 for each of fiscal years 1996 through 2000'';

(2) by striking subparagraphs (B), (C), (E), and (F);

(3) by redesignating subparagraph (D) as subparagraph (B); and

(4) in subparagraph (B) (as redesignated by paragraph (3)), by striking ''for each'' and all that follows through ''of $60,000,000'' and inserting '', the Secretary shall allocate funding''.

SEC. 816. DISQUALIFICATION FOR PARTICIPATING IN 2 OR MORE STATES.

Section 6 (7 U.S.C. 2015) (as amended by section 815) is further amended by adding at the end the following:

''(j) DISQUALIFICATION FOR PARTICIPATING IN 2 OR MORE STATES.—An individual shall be ineligible to participate in the food stamp program as a member of any household during a 10-year period beginning on the date the individual is found by a State to have made, or is convicted in Federal or State court of having made, a fraudulent statement or representation with respect to the place of residence of the individual to receive benefits simultaneously from 2 or more States under—

''(1) the food stamp program;

''(2) a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or under title XIX of the Act (42 U.S.C. 1396 et seq.); or

''(3) the supplemental security income program under title XVI of the Act (42 U.S.C. 1381 et seq.).''.

SEC. 817. DISQUALIFICATION RELATING TO CHILD SUPPORT ARREARS.

Section 6 (7 U.S.C. 2015) (as amended by section 816) is further amended by adding at the end the following:

''(k) DISQUALIFICATION FOR CHILD SUPPORT ARREARS.—

''(1) IN GENERAL.—At the option of a State agency, except as provided in paragraph (2), no individual shall be eligible to participate

in the food stamp program as a member of any household during any month that the individual is delinquent in any payment due under a court order for the support of a child of the individual.

''(2) EXCEPTIONS.—Paragraph (1) shall not apply if—

''(A) a court is allowing the individual to delay payment; or

''(B) the individual is complying with a payment plan approved by a court or the State agency designated under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) to provide support for the child of the individual.''.

SEC. 818. FACILITATE IMPLEMENTATION OF A NATIONAL ELECTRONIC BENEFIT TRANSFER DELIVERY SYSTEM.

(a) IMPLEMENTATION OF NATIONAL ELECTRONIC BENEFITS TRANSFER SYSTEM.—Section 7 (7 U.S.C. 2016) is amended—

(1) in subsection (g)—

(A) by striking ''(1)'';

(B) by striking paragraph (2); and

(C) by striking ''(A)'' and ''(B)'' and inserting ''(1)'' and ''(2)'', respectively;

(2) in subsection (i)—

(A) in paragraph (2)—

(i) by striking ''issue final regulations effective no later than April 1, 1992, that'';

(ii) by striking subparagraph (A); and

(iii) by redesignating subparagraphs (B) through (H) as subparagraphs (A) through (G), respectively;

(B) in paragraph (3)(A), by inserting after ''minority language populations'' the following: ''and those stores a State agency has determined shall be provided the equipment necessary for participation by the store in an electronic benefit transfer delivery system''; and

(D) by striking paragraph (5) and redesignating paragraph (6) as paragraph (5); and

(3) by adding at the end the following:

''(j) ELECTRONIC BENEFIT TRANSFERS.—

''(1) APPLICABLE LAW.—

''(A) IN GENERAL.—Disclosures, protections, responsibilities, and remedies established by the Federal Reserve Board under section 904 of the Electronic Fund Transfer Act (15 U.S.C. 1693b) shall not apply to benefits under this Act delivered through any electronic benefit transfer system.

''(B) DEFINITION OF ELECTRONIC BENEFIT TRANSFER SYSTEM.—In this paragraph, the term 'electronic benefit transfer system' means a system under which a governmental entity distributes benefits under this Act or other benefits or payments by establishing accounts to be accessed by recipients of the benefits electronically, including through the use of an automated teller machine or an intelligent benefit card.

''(2) CHARGING FOR ELECTRONIC BENEFIT TRANSFER CARE REPLACEMENT.—''.

''(A) IN GENERAL.—A State agency may charge an individual for the cost of replacing a lost or stolen electronic benefit transfer card.

''(B) REDUCING ALLOTMENT.—A State agency may collect a charge imposed under subparagraph (A) by reducing the monthly allotment of the household of which the individual is a member.

''(3) OPTIONAL PHOTOGRAPHIC IDENTIFICATION.—

''(A) IN GENERAL.—A State agency may require that an electronic benefit card contain a photograph of 1 or more members of a household.

''(B) OTHER AUTHORIZED USERS.—If a State agency requires a photograph on an electronic benefit card under subparagraph (A), the State agency shall establish procedures to ensure that any other appropriate member of the household or any authorized representative of the household may utilize the card.''.

(b) CONFORMING AMENDMENTS.—

(1) The first sentence of section 10 (7 U.S.C. 2019) is amended by striking the period at the end and inserting the following: '', unless the center, organization, institution, shelter, group living arrangement, or establishment is equipped with a point-of-sale device for the purpose of participating in the electronic benefit transfer system.''.

(2) Section 16(a)(3) (7 U.S.C. 2025(a)(3)) is amended by inserting after ''households'' the following: '', including the cost of providing equipment necessary for retail food stores to participate in an electronic benefit transfer system''.

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective on the date that the Secretary of Agriculture implements a national electronic benefit transfer system in accordance with section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) (as amended by subsection (a)).

SEC. 819. LIMITING ADJUSTMENT OF MINIMUM BENEFIT.

Section 8(a) (7 U.S.C. 2017(a)) is amended by striking ''nearest $5'' and inserting ''nearest $10''.

SEC. 820. BENEFITS ON RECERTIFICATION.

Section 8(c)(2)(B) (7 U.S.C. 2017(c)(2)(B)) is amended by striking ''of more than one month''.

SEC. 821. STATE AUTHORIZATION TO SET REQUIREMENTS APPROPRIATE FOR HOUSEHOLDS.

(a) AGGREGATE ALLOTMENT.—Section 8(c)(3) (7 U.S.C. 2017(c)(3)) is amended—

(1) by striking ''agency—'' and all that follows through ''11(e)(9), may'' and inserting ''agency may''; and

(2) by striking ''; and'' and all that follows and inserting a period.

(b) STATE PLAN.—Section 11 (7 U.S.C. 2020) is amended—

(1) in subsection (e)—

(A) in paragraph (2)—

(i) by striking ''a simplified, uniform national'' and all that follows through ''such State forms are'' and inserting ''an application form for participation in the food stamp program that is'';

(ii) striking ''Each food stamp application form shall contain'' and all that follows through ''The State agency shall require'' and inserting ''The State agency shall require''; and

(iii) by striking the semicolon at the end and inserting the following: ''. An application shall be considered filed on the date the household submits an application that contains the name, address, and signature of the applicant;'';

(B) by striking paragraph (14) and inserting the following:

''(14) that the agency shall evaluate the access needs of special groups, including the elderly, disabled, rural poor, people who do not speak or read English, households that are homeless, and households that reside on an Indian reservation. The State plan of operation required under subsection (d) shall describe the procedures the State agency will follow to address the access needs of the special groups, the actions the State agency will take to provide timely and accurate service to all applicants and recipients, and the means the State agency will use to provide necessary information to applicants and recipients, including the rights and responsibilities of the applicants;'';

(C) by striking ''; and'' at the end of paragraph (24) and inserting a period; and

(D) by striking paragraph (25);

(2) in subsection (i)—

(A) by striking ''(1) a single'' and all that follows through ''; (2)''; and

(B) by striking ''; (3) households'' and all that follows through ''is available in such case file''; and

(3) in subsection (j), by adding at the end the following:

''(3) INDEPENDENT ELIGIBILITY DETERMINATION.—A State agency may not deny an application, nor terminate benefits, under the food stamp program, without a separate determination by the State agency that the household fails to satisfy the eligibility requirements for participation in the food stamp program, on the basis that an application to participate has been denied or benefits have been terminated under a program funded under the Social Security Act (42 U.S.C. 301 et seq.).''.

SEC. 822. COORDINATION OF EMPLOYMENT AND TRAINING PROGRAMS.

Section 8(d) (7 U.S.C. 2019(d)) is amended—

(1) by striking ''(d) A household'' and inserting the following:

''(d) NONCOMPLIANCE WITH OTHER WELFARE OR WORK PROGRAMS.—

''(1) IN GENERAL.—A household''; and

(2) by inserting ''or a work requirement under a welfare or public assistance program'' after ''assistance program''; and

(3) by adding at the end the following:

''(2) WORK REQUIREMENT.—If a household fails to comply with a work requirement under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), for the duration of the reduction—

''(A) the household may not receive an increased allotment as the result of a decrease in the income of the household to the extent that the decrease is the result of a penalty imposed for the failure to comply; and

''(B) the State agency may reduce the allotment of the household by not more than 25 percent.''.

SEC. 823. SIMPLIFICATION OF APPLICATION PROCEDURES AND STANDARDIZATION OF BENEFITS.

Section 8 (7 U.S.C. 2019) is amended by striking subsection (e) and inserting the following:

''(e) SIMPLIFICATION OF APPLICATION PROCEDURES AND STANDARDIZATION OF BENEFITS.—

''(1) IN GENERAL.—On the request of a State agency, the Secretary may approve Statewide, or for 1 or more project areas, procedures and standards consistent with this Act under which—

''(A) a household in which all members of the household are receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) may be considered to have satisfied the application, interview, and verification requirements under section 11(e);

''(B) the State agency may use income information obtained and used under a State program funded under part A of title IV of the Social Security Act to determine the gross nonexcluded income of the household under this Act;

''(C) the State agency may standardize the amount of the deductions under section 5(e), except that a deduction may not be allowed for dependent care costs or earned income if the State program funded under part A of title IV of the Social Security Act allows an income exclusion for the costs or income; and

''(D) the State agency may elect to apply different shelter standards to a household that receives a housing subsidy and a household that does not receive a housing subsidy.

''(2) INCOME INCLUDES ASSISTANCE.—The gross nonexcluded income of a household determined under paragraph (1)(B) shall include the assistance provided under a State program funded under part A of title IV of the Social Security Act.

''(3) HOUSEHOLD SIZE.—A State agency shall base the value of the allotment provided to a household under this paragraph on household size.

''(4) ALTERNATIVE PLAN.—The Secretary may approve an alternative plan submitted by a State agency that is consistent with this Act for simplifying application procedures or standardizing income or benefit determinations for a household in which all members of the household are receiving benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

''(5) NO INCREASED FEDERAL COSTS.—

''(A) APPLICATION.—On submission of a request for approval under paragraph (1) or (4), a State agency shall assure the Secretary that approval will not increase Federal costs.

''(B) REDUCTION OF COSTS.—If Federal costs are increased as a result of a State agency carrying out this subsection, the State agency shall take prompt action to reduce costs to the level that existed prior to carrying out this subsection.''.

SEC. 824. AUTHORITY TO ESTABLISH AUTHORIZATION PERIODS.

Section 9(a)(1) (7 U.S.C. 2018(a)(1)) is amended by adding at the end the following: ''The Secretary is authorized to issue regulations establishing specific time periods during which authorization to accept and redeem coupons under the food stamp program shall be valid.''.

SEC. 825. SPECIFIC PERIOD FOR PROHIBITING PARTICIPATION OF STORES BASED ON LACK OF BUSINESS INTEGRITY.

Section 9(a)(1) (7 U.S.C. 2018(a)(1)) (as amended by section 824) is further amended by adding at the end the following: ''The Secretary may issue regulations establishing specific time periods of not less than 6 months during which a retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied or that has an approval withdrawn on the basis of business integrity and reputation cannot submit a new application for approval. The periods shall reflect the severity of business integrity infractions that are the basis of the denials or withdrawals.''.

SEC. 826. INFORMATION FOR VERIFYING ELIGIBILITY FOR AUTHORIZATION.

Section 9(c) (7 U.S.C. 2018(c)) is amended—

(1) in the first sentence, by inserting '', which may include relevant income and sales tax filing documents,'' after ''submit information'' ; and

(2) by inserting after the first sentence the following: ''The regulations may require retail food stores and wholesale food concerns to provide written authorization for the Secretary to verify all relevant tax filings with appropriate agencies and to obtain corroborating documentation from other sources so that the accuracy of information provided by the stores and concerns may be verified.''.

SEC. 827. WAITING PERIOD FOR STORES THAT INITIALLY FAIL TO MEET AUTHORIZATION CRITERIA.

Section 9(d) (7 U.S.C. 2018(d)) is amended by adding at the end the following: ''A retail food store or wholesale food concern that has an application for approval to accept and redeem coupons denied because the store or concern does not meet criteria for approval established by the Secretary by regulation may not submit a new application for 6 months from the date of the denial.''.

SEC. 828. MANDATORY CLAIMS COLLECTION METHODS.

(a) DISCLOSURE OF INFORMATION.—Section 11(e)(8) (7 U.S.C. 2020(e)(8)) is amended by inserting before the semicolon at the end the following: ''or from refunds of Federal taxes under section 3720A of title 31, United States Code''.

(b) COLLECTION OF OVERISSUANCES.—Section 13 (7 U.S.C. 2022) is amended—

(1) in subsection (b)—

(A) by striking ''(b)(1)(A) In'' and all that follows through ''(2)(A) State agencies'' and inserting the following:

''(b) COLLECTION OF OVERISSUANCES.—

''(1) IN GENERAL.—A State agency'';

(B) by striking ''(B) State agencies'' and inserting the following:

''(2) OTHER MEANS OF COLLECTION.—A State agency'';

(C) in paragraph (1) (as amended by subparagraph (A))—

(i) by striking '', other than claims'' and all that follows through ''error of the State agency,'';

(ii) by striking '', except that the household shall'' and inserting ''. At the option of the State, the household may''; and

(iii) by adding at the end the following: ''A State agency may waive the use of an allotment reduction as a means of collecting a claim arising from an error of the State agency if the collection would cause a hardship (as defined by the State agency) on the household, except that the State agency shall continue to pursue all other lawful methods of collection of the claim.''; and

(D) in paragraph (2) (as amended by subparagraph (A))—

(i) by striking ''may collect'' and inserting ''shall collect''; and

(ii) by striking ''or subparagraph (A)''; and

(2) in subsection (d)—

(A) by striking ''and except for claims arising from an error of the State agency,'';

(B) by striking ''may be recovered'' and inserting ''shall be recovered''; and

(C) by inserting before the period at the end the following: ''or a refund of Federal taxes under section 3720A of title 31, United States Code.''.

(c) DISCLOSURE OF RETURN INFORMATION.—Section 6103(*l*) of the Internal Revenue Code of 1986 is amended by striking ''officers and employees'' each place it appears and inserting ''officers, employees, or agents, including State agencies,''.

(d) STATE AGENCY COLLECTION OF FEDERAL TAX REFUNDS.—Section 6402(d) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (1), by inserting after ''any Federal agency'' the following: ''(or any State agency that has the responsibility for the administration of the food stamp program operated pursuant to the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.))''; and

(2) in the second sentence of paragraph (2), by inserting after ''a Federal agency'' the following: ''(or a State agency that has the responsibility for the administration of the food stamp program operated pursuant to the Food Stamp Act of 1977)''.

SEC. 829. STATE AUTHORIZATION TO ASSIST LAW ENFORCEMENT OFFICERS IN LOCATING FUGITIVE FELONS.

Section 11(e)(8)(B) (7 U.S.C. 2020(e)(8)(B)) is amended by striking ''Act, and'' and inserting ''Act or of locating a fugitive felon (as defined by a State), and''.

SEC. 830. EXPEDITED SERVICE.

Section 11(e)(9) (7 U.S.C. 2020(e)(9)) is amended—

(1) in subparagraph (A)—

(A) by striking ''five days'' and inserting ''7 days''; and

(B) by inserting ''and'' at the end;

(2) by striking subparagraphs (B) and (C);

(3) by redesignating subparagraph (D) as subparagraph (B); and

(4) in subparagraph (B) (as redesignated by paragraph (3)), by striking '', (B), or (C)''.

SEC. 831. BASES FOR SUSPENSIONS AND DISQUALIFICATIONS.

Section 12(a) (7 U.S.C. 2021(a)) is amended by adding at the end the following: ''Regulations issued pursuant to this Act shall provide criteria for the finding of a violation, and the suspension or disqualification of a retail food store or wholesale food concern, on the basis of evidence that may include facts established through on-site investigations, inconsistent redemption data, or evidence obtained through transaction reports under electronic benefits transfer systems.''.

SEC. 832. AUTHORITY TO SUSPEND STORES VIOLATING PROGRAM REQUIREMENTS PENDING ADMINISTRATIVE AND JUDICIAL REVIEW.

(a) AUTHORITY.—Section 12(a) (7 U.S.C. 2021(a)) (as amended by section 834) is amended by adding at the end the following: ''The regulations may establish criteria under which the authorization of a retail food store or wholesale food concern to accept and redeem coupons may be suspended at the time the store or concern is initially found to have committed a violation of a requirement of the food stamp program. The suspension may coincide with the period of a review under section 14. The Secretary shall not be liable for the value of any sales lost during a suspension or disqualification period.''.

(b) REVIEW.—Section 14(a) (7 U.S.C. 2023(a)) is amended—

(1) in the first sentence, by striking ''disqualified or subjected'' and inserting ''suspended, disqualified, or subjected'';

(2) in the fifth sentence, by inserting before the period at the end the following: '', except that, in the case of the suspension of a retail food store or wholesale food concern under section 12(a), the suspension shall remain in effect pending any administrative or judicial review of the proposed disqualification action, and the period of suspension shall be deemed a part of any period of disqualification that is imposed''; and

(3) by striking the last sentence.

SEC. 833. DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.

Section 12 (7 U.S.C. 2021) is amended by adding at the end the following:

''(g) DISQUALIFICATION OF RETAILERS WHO ARE DISQUALIFIED UNDER THE WIC PROGRAM.—

''(1) IN GENERAL.—The Secretary shall issue regulations providing criteria for the disqualification of an approved retail food store and a wholesale food concern that is disqualified from accepting benefits under the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (7 U.S.C. 1786).

''(2) TERMS.—A disqualification under paragraph (1)—

''(A) shall be for the same period as the disqualification from the program referred to in paragraph (1);

''(B) may begin at a later date than the disqualification from the program referred to in paragraph (1); and

''(C) notwithstanding section 14, shall not be subject to administrative or judicial review.''.

SEC. 834. PERMANENT DEBARMENT OF RETAILERS WHO INTENTIONALLY SUBMIT FALSIFIED APPLICATIONS.

Section 12 (7 U.S.C. 2021) (as amended by section 833) is amended by adding at the end the following:

''(h) FALSIFIED APPLICATIONS.—

''(1) IN GENERAL.—The Secretary shall issue regulations providing for the permanent disqualification of a retail food store, or wholesale food concern, that knowingly submits an application for approval to accept and redeem coupons that contains false information about a substantive matter that was a basis for approving the application.

''(2) REVIEW.—A disqualification under paragraph (1) shall be subject to administrative and judicial review under section 14, except that the disqualification shall remain in effect pending the review.''.

SEC. 835. EXPANDED CIVIL AND CRIMINAL FORFEITURE FOR VIOLATIONS.

(a) FORFEITURE OF ITEMS EXCHANGED IN FOOD STAMP TRAFFICKING.—The first sentence of section 15(g) (7 U.S.C. 2024(g)) is amended by striking ''or intended to be furnished''.

(b) CIVIL AND CRIMINAL FORFEITURE.—Section 15 (7 U.S.C. 2024)) is amended by adding at the end the following:

''(h) CIVIL AND CRIMINAL FORFEITURE.—

''(1) CIVIL FORFEITURE.—

''(A) IN GENERAL.—Any food stamp benefits and any property, real or personal, constituting, derived from, or traceable to any proceeds obtained directly or indirectly from, or used, or intended to be used, to commit, or to facilitate, the commission of a violation of subsection (b) or (c) involving food stamp benefits having an aggregate value of not less than $5,000, shall be subject to forfeiture to the United States.

''(B) PROCEDURES.—Chapter 46 of title 18, United States Code, shall apply to a seizure or forfeiture under this subsection, if not inconsistent with this subsection, except that any duties imposed on the Secretary of the Treasury under chapter 46 may also be performed with respect to a seizure or forfeiture under this section by the Secretary of Agriculture.

''(C) CIVIL AND CRIMINAL.—Forfeitures imposed under this subsection shall be in addition to any criminal sanctions imposed against the owner of the forfeited property.

''(2) CRIMINAL FORFEITURE.—

''(A) IN GENERAL.—Any person convicted of violating subsection (b) or (c) involving food stamp benefits having an aggregate value of not less than $5,000, shall forfeit to the United States, irrespective of any State law—

''(i) any food stamp benefits and any property constituting, or derived from, or traceable to any proceeds the person obtained directly or indirectly as a result of the violation; and

''(ii) any food stamp benefits and any property of the person used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of the violation.

''(B) SENTENCE.—In imposing a sentence on a person under subparagraph (A), the court shall order that the person forfeit to the United States all property described in this subsection.

''(C) PROCEDURES.—Any food stamp benefits or property subject to forfeiture under this subsection, any seizure or disposition of the benefits or property, and any administrative or judicial proceeding relating to the benefits or property, shall be governed by subsections (b), (c), (e), and (g) through (p) of section 413 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853), if not inconsistent with this subsection.

''(3) EXCLUDED PROPERTY.—This subsection shall not apply to property referred to in subsection (g).

''(4) RESTRAINING ORDER.—A restraining order available under section 413(e) of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853(e)) shall apply to assets otherwise subject to forfeiture under section 413(p) of the Act (21 U.S.C. 853(p)).

''(5) RULES AND REGULATIONS.—The Secretary may prescribe such rules and regulations as are necessary to carry out this subsection.

''(i) RULES RELATING TO FORFEITURES.—With respect to property subject to forfeiture under subsections (g) and (h), the Secretary may allocate a division of such property, or the proceeds of the sale of such property, as the Secretary determines appropriate, between the Secretary of Agriculture under subsection (g) and the Secretary of the Treasury under subsection (h).''.

SEC. 836. EXTENDING CLAIMS RETENTION RATES.

The provisions of the first sentence of section 16(a) (7 U.S.C. 2025(a)) is amended by striking ''1995'' each place it appears and inserting ''2000''.

SEC. 837. NUTRITION ASSISTANCE FOR PUERTO RICO.

The first sentence of section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended by striking ''$974,000,000'' and all that follows through ''fiscal year 1995'' and inserting the following: ''$1,143,000,000 for each of fiscal years 1995 and 1996, $1,182,000,000 for fiscal year 1997, $1,223,000,000 for fiscal year 1998, $1,266,000,000 for fiscal year 1999, and $1,310,000,000 for fiscal year 2000''

SEC. 838. EXPANDED AUTHORITY FOR SHARING INFORMATION PROVIDED BY RETAILERS.

(a) SOCIAL SECURITY ACT.—Section 205(c)(2)(C)(iii) of the Social Security Act (42 U.S.C. 405(c)(2)(C)(iii)) is amended—

(1) in subclause (II)—

(A) in the first sentence, by inserting after ''instrumentality of the United States'' the following: '', a State government officer or employee with law enforcement or investigative responsibilities, or a State agency that has responsibility for administering the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (7 U.S.C. 1786),''; and

(B) in the last sentence, by inserting ''or State'' after ''other Federal''; and

(2) in subclause (III), by inserting ''or a State'' after ''United States''.

(b) INTERNAL REVENUE CODE.—Section 6109(f)(2) of the Internal Revenue Code of 1986 (26 U.S.C. 6109(f)(2)) (as added by section 316(b) of the Social Security Administrative Reform Act of 1994 (Public Law 103–296; 108 Stat. 1464)) is amended—

(1) in subparagraph (A), by inserting after ''instrumentality of the United States'' the following: '', a State government officer or employee with law enforcement or investigative responsibilities, or a State agency that has responsibility for administering the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (7 U.S.C. 1786),'';

(2) in the last sentence of subparagraph (A), by inserting ''or State'' after ''other Federal''; and

(3) in subparagraph (B), by inserting ''or a State'' after ''United States''.

SEC. 839. CHILD AND ADULT CARE FOOD PROGRAM.

(a) PAYMENTS TO SPONSOR EMPLOYEES.—Paragraph (2) of the last sentence of section 17(a) of the National School Lunch Act (42 U.S.C. 1766(a)) is amended—

(1) by striking ''and'' at the end of subparagraph (B);

(2) by striking the period at the end of subparagraph (C) and inserting ''; and''; and

(3) by adding at the end the following:

''(D) in the case of a family or group day care home sponsoring organization that employs more than 1 employee, the organization does not base payments to an employee of the organization on the number of family or group day care homes recruited, managed, or monitored.''.

(b) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—

(1) RESTRUCTURED DAY CARE HOME REIMBURSEMENTS.—Section 17(f)(3) of the Act is amended by striking ''(3)(A) Institutions'' and all that follows through the end of subparagraph (A) and inserting the following:

''(3) REIMBURSEMENT OF FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

''(A) REIMBURSEMENT FACTOR.—

''(i) IN GENERAL.—An institution that participates in the program under this section as a family or group day care home sponsoring organization shall be provided, for payment to a home of the organization, reimbursement factors in accordance with this subparagraph for the cost of obtaining and preparing food and prescribed labor costs involved in providing meals under this section.

''(ii) TIER I FAMILY OR GROUP DAY CARE HOMES.—

''(I) DEFINITION.—In this paragraph, the term 'tier I family or group day care home' means—

''(aa) a family or group day care home that is located in a geographic area, as defined by the Secretary based on census data, in which at least 50 percent of the children residing in the area are members of households whose incomes meet the eligibility standards for free or reduced price meals under section 9;

''(bb) a family or group day care home that is located in an area served by a school enrolling elementary students in which at least 50 percent of the total number of children enrolled are certified eligible to receive free or reduced price school meals under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.); or

''(cc) a family or group day care home that is operated by a provider whose household meets the eligibility standards for free or reduced price meals under section 9 and whose income is verified by a sponsoring organization under regulations established by the Secretary.

''(II) REIMBURSEMENT.—Except as provided in subclause (III), a tier I family or group day care home shall be provided reimbursement factors under this clause without a requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the eligibility standards for free or reduced price meals under section 9.

''(III) FACTORS.—Except as provided in subclause (IV), the reimbursement factors applied to a home referred to in subclause (II) shall be the factors in effect on the date of enactment of this subclause.

''(IV) ADJUSTMENTS.—The reimbursement factors under this subparagraph shall be adjusted on August 1, 1996, July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this subparagraph shall be rounded to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

''(iii) TIER II FAMILY OR GROUP DAY CARE HOMES.—

''(I) IN GENERAL.—

''(aa) FACTORS.—Except as provided in subclause (II), with respect to meals or supplements served under this clause by a family or group day care home that does not meet the criteria set forth in clause (ii)(I), the reimbursement factors shall be $1 for lunches and suppers, 40 cents for breakfasts, and 20 cents for supplements.

''(bb) ADJUSTMENTS.—The factors shall be adjusted on July 1, 1997, and each July 1 thereafter, to reflect changes in the Consumer Price Index for food at home for the most recent 12-month period for which the data are available. The reimbursement factors under this item shall be rounded down to the nearest lower cent increment and based on the unrounded adjustment for the preceding 12-month period.

''(cc) REIMBURSEMENT.—A family or group day care home shall be provided reimbursement factors under this subclause without a

requirement for documentation of the costs described in clause (i), except that reimbursement shall not be provided under this subclause for meals or supplements served to the children of a person acting as a family or group day care home provider unless the children meet the eligibility standards for free or reduced price meals under section 9.

''(II) OTHER FACTORS.—A family or group day care home that does not meet the criteria set forth in clause (ii)(I) may elect to be provided reimbursement factors determined in accordance with the following requirements:

''(aa) CHILDREN ELIGIBLE FOR FREE OR REDUCED PRICE MEALS.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes meet the eligibility standards for free or reduced price meals under section 9, the family or group day care home shall be provided reimbursement factors set by the Secretary in accordance with clause (ii)(III).

''(bb) INELIGIBLE CHILDREN.—In the case of meals or supplements served under this subsection to children who are members of households whose incomes do not meet the eligibility standards, the family or group day care home shall be provided reimbursement factors in accordance with subclause (I).

''(III) INFORMATION AND DETERMINATIONS.—

''(aa) IN GENERAL.—If a family or group day care home elects to claim the factors described in subclause (II), the family or group day care home sponsoring organization serving the home shall collect the necessary income information, as determined by the Secretary, from any parent or other caretaker to make the determinations specified in subclause (II) and shall make the determinations in accordance with rules prescribed by the Secretary.

''(bb) CATEGORICAL ELIGIBILITY.—In making a determination under item (aa), a family or group day care home sponsoring organization may consider a child participating in or subsidized under, or a child with a parent participating in or subsidized under, a federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the eligibility standard for free or reduced price meals under section 9 to be a child who is a member of a household whose income meets the eligibility standards under section 9.

''(cc) FACTORS FOR CHILDREN ONLY.—A family or group day care home may elect to receive the reimbursement factors prescribed under clause (ii)(III) solely for the children participating in a program referred to in item (bb) if the home elects not to have income statements collected from parents or other caretakers.

''(IV) SIMPLIFIED MEAL COUNTING AND REPORTING PROCEDURES.—The Secretary shall prescribe simplified meal counting and reporting procedures for use by a family or group day care home that elects to claim the factors under subclause (II) and by a family or group day care home sponsoring organization that serves the home. The procedures the Secretary prescribes may include 1 or more of the following:

''(aa) Setting an annual percentage for each home of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under clause (ii)(III) and an annual percentage of the number of meals served that are to be reimbursed in accordance with the reimbursement factors prescribed under subclause (I), based on the family income of children enrolled in the home in a specified month or other period.

''(bb) Placing a home into 1 of 2 or more reimbursement categories annually based on the percentage of children in the home whose households have incomes that meet the eligibility standards under section 9, with each such reimbursement category carrying a set of reimbursement factors such as the factors prescribed under clause (ii)(III) or subclause (I) or factors established within the range of factors prescribed under clause (ii)(III) and subclause (I).

''(cc) Such other simplified procedures as the Secretary may prescribe.

''(V) MINIMUM VERIFICATION REQUIREMENTS.—The Secretary may establish any necessary minimum verification requirements.''.

(2) SPONSOR PAYMENTS.—Section 17(f)(3)(B) of the Act is amended—

(A) by striking the period at the end of the second sentence and all that follows through the end of the subparagraph and inserting the following:'', except that the adjustment that otherwise would occur on July 1, 1996, shall be made on August 1, 1996. The maximum allowable levels for administrative expense payments shall be rounded to the nearest lower dollar increment and based on the unrounded adjustment for the preceding 12-month period.'';

(B) by striking ''(B)'' and inserting ''(B)(i)''; and

(C) by adding at the end the following new clause:

''(ii) The maximum allowable level of administrative expense payments shall be adjusted by the Secretary—

''(I) to increase by 7.5 percent the monthly payment to family or group day care home sponsoring organizations both for tier I family or group day care homes and for those tier II family or group day care homes for which the sponsoring organization administers a means test as provided under subparagraph (A)(iii); and

''(II) to decrease by 7.5 percent the monthly payment to family or group day care home sponsoring organizations for family or group day care homes that do not meet the criteria for tier I homes and for which a means test is not administered.''.

(3) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—Section 17(f)(3) of the Act is amended by adding at the end the following:

''(D) GRANTS TO STATES TO PROVIDE ASSISTANCE TO FAMILY OR GROUP DAY CARE HOMES.—

''(i) IN GENERAL.—

''(I) RESERVATION.—From amounts made available to carry out this section, the Secretary shall reserve $5,000,000 of the amount made available for fiscal year 1996.

''(II) PURPOSE.—The Secretary shall use the funds made available under subclause (I) to provide grants to States for the purpose of providing—

''(aa) assistance, including grants, to family and day care home sponsoring organizations and other appropriate organizations, in securing and providing training, materials, automated data processing assistance, and other assistance for the staff of the sponsoring organizations; and

''(bb) training and other assistance to family and group day care homes in the implementation of the amendments to subparagraph (A) made by section 574(b)(1) of the Family Self-Sufficiency Act of 1995.

''(ii) ALLOCATION.—The Secretary shall allocate from the funds reserved under clause (i)(II)—

''(I) $30,000 in base funding to each State; and

''(II) any remaining amount among the States, based on the number of family day care homes participating in the program in a State in 1994 as a percentage of the number of all family day care homes participating in the program in 1994.

''(iii) RETENTION OF FUNDS.—Of the amount of funds made available to a State for a fiscal year under clause (i), the State may retain not to exceed 30 percent of the amount to carry out this subparagraph.

''(iv) ADDITIONAL PAYMENTS.—Any payments received under this subparagraph shall be in addition to payments that a State receives under subparagraph (A) (as amended by section 134(b)(1) of the Family Self-Sufficiency Act of 1995).''.

(4) PROVISION OF DATA.—Section 17(f)(3) of the Act (as amended by paragraph (3)) is further amended by adding at the end the following:

''(E) PROVISION OF DATA TO FAMILY OR GROUP DAY CARE HOME SPONSORING ORGANIZATIONS.—

''(i) CENSUS DATA.—The Secretary shall provide to each State agency administering a child and adult care food program under this section data from the most recent decennial census survey or other appropriate census survey for which the data are available showing which areas in the State meet the requirements of subparagraph (A)(ii)(I)(aa). The State agency shall provide the data to family or group day care home sponsoring organizations located in the State.

''(ii) SCHOOL DATA.—

''(I) IN GENERAL.—A State agency administering the program under this section shall annually provide to a family or group day care home sponsoring organizations that request the data, a list of schools serving elementary school children in the State in which at least 50 percent of the children enrolled are certified to receive free or reduced price meals. State agencies administering the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall collect such data annually and provide such data on a timely basis to the State agency administering the program under this section.

''(II) USE OF DATA FROM PRECEDING SCHOOL YEAR.—In determining for a fiscal year or other annual period whether a home qualifies as a tier I family or group day care home under subparagraph (A)(ii)(I), the State agency administering the program under this section, and a family or group day care home sponsoring organization, shall use the most current available data at the time of the determination.

''(iii) DURATION OF DETERMINATION.—For purposes of this section, a determination that a family or group day care home is located in an area that qualifies the home as a tier I family or group day care home (as the term is defined in subparagraph (A)(ii)(I)), shall be in effect for 3 years (unless the determination is made on the basis of census data, in which case the determination shall remain in effect until more recent census data are available) unless the State agency determines that the area in which the home is located no longer qualifies the home as a tier I family or group day care home.''.

(5) CONFORMING AMENDMENTS.—Section 17(c) of the Act is amended by inserting ''except as provided in subsection (f)(3),'' after ''For purposes of this section,'' each place it appears in paragraphs (1), (2), and (3).

(c) DISALLOWING MEAL CLAIMS.—The fourth sentence of section 17(f)(4) of the Act is amended by inserting ''(including institutions that are not family or group day care home sponsoring organizations)'' after ''institutions''.

(d) ELIMINATION OF STATE PAPERWORK AND OUTREACH BURDEN.—Section 17 of the Act is amended by striking subsection (k) and inserting the following:

''(k) TRAINING AND TECHNICAL ASSISTANCE.—A State participating in the program established under this section shall provide sufficient training, technical assistance, and monitoring to facilitate effective operation

of the program. The Secretary shall assist the State in developing plans to fulfill the requirements of this subsection.''.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall become effective on the date of enactment of this Act.

(2) IMPROVED TARGETING OF DAY CARE HOME REIMBURSEMENTS.—The amendments made by paragraphs (1), (3), and (4) of subsection (b) shall become effective on August 1, 1996.

(3) IMPLEMENTATION.—The Secretary of Agriculture shall issue regulations to implement the amendments made by paragraphs (1), (2), (3), and (4) of subsection (b) and the provisions of section 17(f)(3)(C) of the National School Lunch Act (42 U.S.C. 1766(f)(3)(C)) not later than February 1, 1996. If such regulations are issued in interim form, final regulations shall be issued not later than August 1, 1996.

SEC. 840. RESUMPTION OF DISCRETIONARY FUNDING FOR NUTRITION EDUCATION AND TRAINING PROGRAM.

Section 19(i)(2)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(i)(2)(A)) is amended—

(1) by striking ''Out of'' and all that follows through ''and $10,000,000'' and inserting ''To carry out the provisions of this section, there is hereby authorized to be appropriated not to exceed $10,000,000''; and

(2) by striking the last sentence.

TITLE IX—EFFECTIVE DATE; MISCELLANEOUS PROVISIONS

SEC. 901. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this Act, this Act and the amendments made by this Act shall take effect on October 1, 1996.

(b) ONE YEAR EXTENSION OF JOBS PROGRAM.—The authorization for the JOBS program under part F of title IV of the Social Security Act, as in effect on the date of the enactment of this Act shall be extended through fiscal year 1996 for $1,000,000,000 and allocated to the States in the same manner as under section 495 of the Social Security Act, as added by section 201 of this Act, except that the participation rate under clause (vi) of section 403(l)(3)(A) of such Act, as so in effect, shall be applied by substituting ''25 percent'' for ''20 percent''.

SEC. 902. TREATMENT OF EXISTING WAIVERS.

(a) IN GENERAL.—If any waiver granted to a State under section 1115 of the Social Security Act (42 U.S.C. 1315) or otherwise which relates to the provision of assistance under a State plan approved under title IV of the such Act (42 U.S.C. 601 et seq.), is in effect or approved by the Secretary of Health and Human Services as of the date of the enactment of this Act, the amendments made by this Act, at the option of the State, shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver.

(b) FUNDING.—If the State elects the treatment described in subsection (a), the State—

(1) may use so much of the remainder of the Federal funds available for such waiver project as determined by the Secretary of Health and Human Services based on an evaluation of the budget of such waiver project; and

(2) may have any costs in excess of the cost neutrality requirements forgiven by the Secretary from funds not described in section 414(a)(2).

(c) REPORTS.—If the State does not elect the treatment described in subsection (a), and unless the Secretary of Health and Human Services determines that the waiver project is not of sufficient duration, the State shall submit a report on the operation and results of the waiver project, including any effects on employment and welfare receipt.

SEC. 903. EXPEDITED WAIVER PROCESS.

Notwithstanding any other provision of law, the Secretary of Health and Human Services shall approve or disapprove a waiver submitted under section 1115 of the Social Security Act (42 U.S.C. 1315) not later than 90 days after the date the completed application is received. In considering such an application, there shall be the presumption for approval in the case of a request for a waiver that is similar in substance and scale to a previously approved waiver.

SEC. 904. COUNTY WELFARE DEMONSTRATION PROJECT.

(a) IN GENERAL.—The Secretary of Health and Human Services and the Secretary of Agriculture may jointly enter into negotiations with any county having a population greater than 500,000 for the purpose of establishing appropriate rules to govern the establishment and operation of a 5-year welfare demonstration project. Under the demonstration project—

(1) the county shall have the authority and duty to administer the operation within the county of 1 or more of the programs established under title I or II of this Act as if the county were considered a State for purposes of such programs; and

(2) the State in which the county is located shall pass through directly to the county 100 percent of a proportion of the Federal funds received by the State under each of the programs described in paragraph (1) that is administered by the county under such paragraph, which proportion shall be separately calculated for each such program based (to the extent feasible and appropriate) on the formula used by the Federal government to allocate payments to the States under the program. Additionally, any State financial participation in these programs shall be no different for counties participating in the demonstration projects authorized by this section than for other counties within the State.

(b) COMMENCEMENT OF PROJECT.—After the conclusion of the negotiations described in subsection (a), the Secretary of Health and Human Services and the Secretary of Agriculture may authorize the county to conduct the demonstration project described in such subsection in accordance with the rules established under such subsection.

(c) REPORT.—The Secretary of Agriculture and the Secretary of Health and Human Services shall submit to the Congress a joint report on any demonstration project conducted under this section not later than 6 months after the termination of the project. Such report shall, at a minimum, describe the project, the rules negotiated with respect to the project under subsection (a), and the innovations (if any) that the county was able to initiate under the project.

SEC. 905. WORK REQUIREMENTS FOR STATE OF HAWAII.

Section 485(a)(2)(B) of the Social Security Act, as added by section 201(a), is amended by redesignating clause (iii) as clause (iv), and by inserting after clause (ii) the following new clause:

''(iii) DEEMED HOURS OF WORK.—For purposes of subclauses (II) and (III) of subparagraph (A)(i), '19 hours' shall be substituted for '20 hours' in determining the State of Hawaii's work performance rate.''.

SEC. 906. REQUIREMENT THAT DATA RELATING TO THE INCIDENCE OF POVERTY IN THE UNITED STATES BE PUBLISHED AT LEAST EVERY 2 YEARS.

(a) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the ''Secretary'') shall, to the extent feasible, produce and publish for each State, county, and local unit of general purpose government for which data have been compiled in the most recent census of population under section 141(a) of title 13, United States Code, and for each school district, data relating to the incidence of poverty. Such data may be produced by means of sampling, estimation, or any other method that the Secretary determines will produce current, comprehensive, and reliable data.

(b) CONTENT; FREQUENCY.—Data under this section—

(1) shall include—

(A) for each school district, the number of children age 5 to 17, inclusive, in families below the poverty level; and

(B) for each State and county referred to in subsection (a), the number of individuals age 65 or older below the poverty level; and

(2) shall be published—

(A) for each State, county, and local unit of general purpose government referred to in subsection (a), in 1996 and at least every 2nd year thereafter; and

(B) for each school district, in 1998 and at least every 2nd year thereafter.

(c) AUTHORITY TO AGGREGATE.—

(1) IN GENERAL.—If reliable data could not otherwise be produced, the Secretary may, for purposes of subsection (b)(1)(A), aggregate school districts, but only to the extent necessary to achieve reliability.

(2) INFORMATION RELATING TO USE OF AUTHORITY.—Any data produced under this subsection shall be appropriately identified and shall be accompanied by a detailed explanation as to how and why aggregation was used (including the measures taken to minimize any such aggregation).

(d) REPORT TO BE SUBMITTED WHENEVER DATA IS NOT TIMELY PUBLISHED.—If the Secretary is unable to produce and publish the data required under this section for any State, county, local unit of general purpose government, or school district in any year specified in subsection (b)(2), a report shall be submitted by the Secretary to the President of the Senate and the Speaker of the House of Representatives, not later than 90 days before the start of the following year, enumerating each government or school district excluded and giving the reasons for the exclusion.

(e) CRITERIA RELATING TO POVERTY.—In carrying out this section, the Secretary shall use the same criteria relating to poverty as were used in the most recent census of population under section 141(a) of title 13, United States Code (subject to such periodic adjustments as may be necessary to compensate for inflation and other similar factors).

(f) CONSULTATION.—The Secretary shall consult with the Secretary of Education in carrying out the requirements of this section relating to school districts.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $1,500,000 for each of fiscal years 1996 through 2000.

SEC. 907. STUDY BY THE CENSUS BUREAU.

(a) IN GENERAL.—The Bureau of the Census shall expand the Survey of Income and Program Participation as necessary to obtain such information as will enable interested persons to evaluate the impact of the amendments made by title I of the Work First Act of 1995 on a random national sample of recipients of assistance under State programs funded under part A of title IV of the Social Security Act and (as appropriate) other low income families, and in doing so, shall pay particular attention to the issues of out-of-wedlock birth, welfare dependency, the beginning and end of welfare spells, and the causes of repeat welfare spells.

(b) AUTHORIZATION OF APPROPRIATIONS.—Out of any money in the Treasury of the

United States not otherwise appropriated, the Secretary of the Treasury shall pay to the Bureau of the Census $10,000,000 for each of fiscal years 1996, 1997, 1998, 1999, and 2000 to carry out subsection (a).

SEC. 908. SECRETARIAL SUBMISSION OF LEGISLATIVE PROPOSAL FOR TECHNICAL AND CONFORMING AMENDMENTS.

Not later than 90 days after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the appropriate committees of the Congress a legislative proposal providing for such technical and conforming amendments in the law as are required by the provisions of this Act.

THE DEPARTMENT OF THE INTERIOR APPROPRIATIONS ACT FOR FISCAL YEAR 1996

BROWN AMENDMENT NO. 2283

Mr. GORTON (for Mr. BROWN) proposed an amendment to the bill (H.R. 1977) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1996, and for other purposes; as follows:

Insert at page 126, between line 7 and line 8:

''(g)(1) It is the policy of the Congress that entrance, tourism, and recreational use fees for the use of Federal lands and facilities not discriminate against any State of any region of the country.

''(2) Not later than October 1, 1996, the Secretary of the Interior, in cooperation with the heads of other affected agencies shall prepare and submit to the Senate and House Appropriations Committees a report that—

''(A) identifies all Federal lands and facilities that provide tourism or recreational use; and

''(B) analyzes by State and region any fees charged for entrance to or for tourism or recreational use of Federal lands and facilities in a State or region, individually and collectively.

''(3) Not later than October 1, 1997, the Secretary of the Interior, in cooperation with the heads of other affected agencies, shall prepare and submit to the Senate and House Appropriations Committees any recommendations that the Secretary may have for implementing the policy stated in subsection (1).''

CHAFEE AMENDMENT NO. 2284

Mr. GORTON (for Mr. CHAFEE) proposed an amendment to the bill H.R. 1977, supra; as follows:

On page 10, line 16 of the bill, strike ''enacted,'' and insert ''enacted or until the end of fiscal year 1996, whichever is earlier,''.

GORTON AMENDMENTS NOS. 2285–2289

Mr. GORTON proposed five amendments to the bill H.R. 1977, supra; as follows:

AMENDMENT NO. 2285

On page 115, line 10, strike ''draft'' and insert in lieu thereof ''final''.

AMENDMENT NO. 2286

On page 80, lines 5 through 16, vitiate the Committee amendment and restore the House text.

AMENDMENT NO. 2287

On page 10, line 15 of the bill, strike ''Endangered Species Act'' and insert ''Endangered Species Act of 1973, (16 U.S.C. 1533)''.

AMENDMENT NO. 2288

On page 55, line 14, insert ''not'' after ''shall''.

On page 55, line 15, delete ''action'' and insert ''actions''.

On page 55, line 16, delete ''judgment'' and insert ''judgments''.

On page 55, line 16, delete ''has'' and insert ''have''.

AMENDMENT NO. 2289

On page 76, after line 23, insert the following: None of the funds appropriated under this Act for the Forest Service shall be made available for the purpose of applying paint to rocks, or rock colorization; *Provided*, That notwithstanding any other provision of law, the Forest Service shall not require of any individual or entity, as part of any permitting process under its authority, or as a requirement of compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4231 et seq), the painting or colorization of rocks.

GORTON (AND OTHERS) AMENDMENTS NO. 2290–2291

Mr. GORTON (for himself, Mr. MCCAIN, Mr. INOUYE, and Mr. DOMENICI) proposed two amendments to the bill H.R. 1977, supra; as follows:

AMENDMENT NO. 2290

On page 31, lines 3 through 7, delete the Committee amendment.

On page 31, line 15, delete ''$997,221,000'' and insert ''$1,260,921,000''.

On page 32, line 13, delete ''$35,331,000'' and insert ''$62,328,000''.

On page 32, lines 15 through 17, delete the Committee amendments.

On page 34, lines 4 through 11, delete the Committee amendment.

On page 36, line 7, delete the Committee amendment.

On page 36, lines 9 through 10, restore ''; acquisition of lands and interests in lands; and preparation of lands for farming''.

On page 36, line 11, delete ''$60,088,000'' and insert ''$107,333,000''.

On page 36, lines 12 through 16, delete the Committee amendment.

On page 36, lines 20 through 23, delete the Committee amendment.

On page 37, lines 22 through page 38, line 23, delete the Committee amendment.

On page 37, line 26, of the matter restored, strike ''$75,145,000'' and insert ''$82,745,000''.

On page 38, line 1 of the matter restored, strike ''$73,100,000'' and insert ''$78,600,000''.

On page 38, line 11 of the matter restored, strike ''$1,000,000'' and insert ''$3,100,000''.

On page 44, lines 11 through 16, delete the following: ''including expenses necessary to provide for management, development, improvement, and protection of resources and appurtenant facilities formerly under the jurisdiction of the Bureau of Indian Affairs, including payment of irrigation assessments and charges and acquisition of water rights''.

On page 44, line 16, delete ''$280,038,000'' and insert ''$16,338,000'' in lieu thereof.

On page 44, line 16, delete ''$15,964,000'' and insert ''$15,891,000'' in lieu thereof.

On page 44, lines 18 through 19, delete '', attorney fees, litigation support, and the Navajo-Hopi Settlement Program''.

On page 45, lines 7 through 16, delete beginning with '': Provided'' on line 7 and ending with ''1997'' on line 16.

On page 45, lines 18 through 19, delete '', attorney fees, litigation support, and the Navajo-Hopi Settlement Program''.

Delete the Committee amendment beginning on page 45 line 23 through page 48 line 8.

AMENDMENT NO. 2291

On page 35, beginning on line 11, delete after the word ''area'' (beginning with '': *Provided*'') and all that follows through ''Appropriations'' on line 22.

MCCAIN AMENDMENT NO. 2292

Mr. MCCAIN proposed an amendment to the bill H.R. 1977, supra; as follows:

Strike all in the committee amendment on page 19, lines 8–14 and insert in lieu thereof he following: *''Provided further,* That funds provided under this head, derived from the Historic Preservation Fund, established by the Historic Preservation Act of 1966 (80 Stat. 915), as amended (16 U.S.C. 470). may be available until expended to render sites safe for visitors and for building stabilization''.

BUMPERS (AND OTHERS) AMENDMENT NO. 2293

Mr. BUMPERS (for himself, Mr. LAUTENBERG, Mr. LEVIN, Mr. BRADLEY, Mr. FEINGOLD, and Mr. ROBB) proposed an amendment to the bill H.R. 1977, supra; as follows:

Add the following at the end of the language on lines 16–21 on page 128 proposed to be stricken by the Committee amendment: ''The provisions of this section shall not apply if the Secretary of Interior determines that, for the claim concerned: (1) a patent application was filed with the Secretary on or before the date of enactment of the fiscal year 1995 Interior Appropriations Act, and (2) all requirements established under Sections 2325 and 2326 of Revised Statutes (30 U.S.C. 29 and 30) for vein or lode claims and Sections 2329, 2330, 2331 and 2333 of the Revised Statutes (30 U.S.C. 35, 36 and 37) for placer claims, and Section 2337 of the Revised Statutes (30 U.S.C. 42) for mill site claims, as the case may be, were fully complied with by the applicant by that date.''

CRAIG (AND OTHERS) AMENDMENT NO. 2294

Mr. CRAIG (for himself, Mr. REID, and Mr. BRYAN) proposed an amendment to the bill H.R. 1977, supra; as follows:

Strike all the language in the amendment and insert in lieu thereof the following:

''SEC. (a). FAIR MARKET VALUE FOR MINERAL PATENTS.

''Except as provided in subsection (c), any patent issued by the United States under the general mining laws after the date of enactment of this Act shall be issued only upon payment by the owner of the claim of the fair market value for the interest in the land owned by the United States exclusive of and without regard to the mineral deposits in the land or the use of the land. For the purposes of this section, ''general mining laws'' means those Acts which generally comprise chapters 2, 11, 12, 12A, 15, and 16, and sections 161 and 162, of Title 30 of the United States Code, all Acts heretofore enacted which are amendatory of or supplementary to any of the foregoing Acts, and the judicial and administrative decisions interpreting such Acts.

''SEC. (b). RIGHT OF REENTRY.

''(1) IN GENERAL.—Except as provided in subsection (c), and notwithstanding any other provision of law, a patent issued under subsection (a) shall be subject to a right of

reentry by the United States if it is used by the patentee for any purpose other than for conducting mineral activities in good faith and such unauthorized use is not discontinued as provided in subsection (b)(2). For the purposes of this section, the term ''mineral activities'' means any activity related to, or incidental to, exploration for or development, mining, production, beneficiation, or processing of any locatable mineral or mineral that would be locatable if it were on Federal land, or reclamation of the impacts of such activities.

''(2) NOTICE BY THE SECRETARY.—If the patented estate is used by the patentee for any purpose other than for conducting mineral activities in good faith, the Secretary of the Interior shall serve on all owners of interests in such patented estate, in the manner prescribed for service of a summons and complaint under the Federal Rules of Civil Procedure, notice specifying such unauthorized use and providing not more than 90 days in which such unauthorized use must be terminated. The giving of such notice shall constitute final agency action appealable by any owner of an interest in such patented estate. The Secretary may exercise the right of reentry as provided in subsection (b)(3) if such unauthorized use has not been terminated in the time provided in this paragraph, and only after all appeal rights have expired and any appeals of such notice have been finally determined.

''(3) RIGHT OF REENTRY.—The Secretary may exercise the right of the United States to reenter such patented estate by filing a declaration of reentry in the office of the Bureau of Land Management designated by the Secretary and recording such declaration where the notice or certificate of location for the patented claim or site is recorded under State law. Upon the filing and recording of such declaration, all right, title and interest in such patented estate shall revert to the United States. Lands and interests in lands for which the United States exercises its right of reentry under this section shall remain open to the location of mining claims and mill sites, unless withdrawn under other applicable law.

''SEC. (c). PATENTS EXCEPTED FROM REQUIREMENTS.

''The requirements of subsections (a) and (b) of this Act shall not apply to the issuance of those patents whose applications were excepted under section 113 of Pub. L. No. 103–322, 108 Stat. 2499, 2519 (1994), from the prohibition on funding contained in Section 112 of that Act. Such patents shall be issued under the general mining laws in effect prior to the date of enactment of this Act.

''SEC. (d). PROCESSING OF PENDING PATENT APPLICATIONS.

''(2) PROCESSING SCHEDULE.—For those applications for patent under the general mining laws which are pending at the date of enactment of this Act, or any amendments to or resubmittals of such patent applications, the Secretary of the Interior shall—

''(A) Within three months of the enactment of this Act, file with the House and Senate Committees on Appropriations and the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the United States Senate a plan which details how the Department of the Interior will take final action on all such applications within two years of the enactment of this Act and file reports annually thereafter with the same committees detailing actions taken by the Department of the Interior to carry out such plan; and

''(B) Take such actions as may be necessary to carry out such plan.

''(2) MINERAL EXAMINATIONS.—Upon the request of a patent applicant, the Secretary of the Interior shall allow the applicant to fund the retention by the Bureau of Land Management of a qualified third-party contractor to conduct a mineral examination of the mining claims or mill sites contained in a patent application. All such third-party mineral examinations shall be conducted in accordance with standard procedures and criteria followed by the Bureau of Land Management, and the retention and compensation of such third-party contractors shall be conducted in accordance with procedures employed by the Bureau of Land Management in the retention of third-party contractors for the preparation of environmental analyses under the National Environmental Policy Act (42 U.S.C. §§4321–437 0d) to the maximum extent practicable.''.

THOMAS (AND OTHERS) AMENDMENT NO. 2295

Mr. GORTON (for Mr. THOMAS for himself, Mr. CAMPBELL, Mr. BURNS, Mr. KEMPTHORNE, Mr. BENNETT, Mr. SIMPSON, Mr. MURKOWSKI, Mr. CRAIG, Mr. DOLE, Mr. PRESSLER, Mr. HATCH, Mr. BROWN, Mr. KYL, and Mr. BAUCUS) proposed an amendment to the bill H.R. 1977, supra; as follows:

At the end of the bill, add the following:

SEC. . DELAY IN IMPLEMENTATION OF THE ADMINISTRATION'S RANGELAND REFORM PROGRAM.

None of the funds made available under this or any other Act may be used to implement or enforce the final rule published by the Secretary of the Interior on February 22, 1995 (60 Fed. Reg. 9894), making amendments to parts 4, 1780, and 4100 of title 43, Code of Federal Regulations, to take effect August 21, 1995, until December 21, 1995. None of the funds made available under this or any other Act may be used to publish proposed or enforce final regulations governing the management of livestock grazing on lands administered by the Forest Service until November 21, 1995.

DOMENICI (AND OTHERS) AMENDMENT NO. 2296

Mr. DOMENICI (for himself, Mr. INOUYE, Mr. MCCAIN, Mr. SIMON, Mr. DORGAN, Mr. CONRAD, Mr. KYL, Mr. CAMPBELL, and Mr. BINGAMAN) proposed an amendment to the bill H.R. 1977, supra; as follows:

On page 2, line 11, strike ''$565,936,000'' and insert ''$519,436,000''.

On page 3, line 5, strike ''$565,936,000'' and insert ''$519,436,000''.

On page 9, line 23, strike ''$496,978,000'' and insert ''$466,978,000''.

On page 16, line 13, strike ''$145,965,000, of which $145,915,000'' and insert ''$100,965,000, of which $100,915,000''.

On page 21, line 22, strike ''$577,503,000'' and insert ''$531,003,000''.

On page 24, line 23, strike ''$182,169,000'' and insert ''$157,169,000''.

On page 31, line 15, before '', of'', insert the following: ''(plus $200,000,000)''.

On page 32, line 17, before '': *Provided,*'' insert the following: ''; and of which not to exceed $5,000,000 shall remain available until expended for the implementation of the Indian Tribal Justice Act (25 U.S.C. 3601 et seq.); and of which not to exceed $2,500,000 shall remain available until expended for the implementation of the Indian Child Protection and Family Violence Prevention Act (25 U.S.C. 3201 et seq.)''

On page 43, line 1 strike ''$58,109,000'' and insert ''$51,109,000''.

JEFFORDS AMENDMENT NO. 2297

Mr. GORTON (for Mr. JEFFORDS) proposed an amendment to the bill H.R. 1977, supra; as follows:

At the appropriate place, insert: ''Notwithstanding other provisions of law, the National Park Service's American Battlefield Protection Program may enter into cooperative agreements, grants, contracts, or other generally accepted means of financial assistance with federal, state, local, and tribal governments; other public entities; educational institutions; and private, non-profit organizations for the purpose of identifying, evaluating, and protecting historic battlefields and associated sites.''

GORTON (AND MURRAY) AMENDMENTS NOS. 2298–2299

Mr. GORTON (for himself and Mrs. MURRAY) proposed two amendments to the bill H.R. 1977, supra; as follows:

AMENDMENT NO. 2298

On page 55, line 13 strike ''.'' and insert '', or''.

On page 55, line 14 insert the following:

''(3) fail to reach a mutual agreement that addresses the concerns of affected parties within 90 days after the date of enactment of this Act.''

AMENDMENT NO. 2299

On page 114, line 9, strike $1,600,000 and insert ''$4,000,000''.

On page 115, line 1, after ''funds'' insert the word ''generally''.

GORTON AMENDMENT NO. 2300

Mr. GORTON proposed an amendment to the bill H.R. 1977, supra; as follows:

On page 103, on line 25 strike ''.'' and insert the following: '', unless the relevant agencies for the Department of Interior and/or Agriculture follow appropriate reprogramming guidelines. Provided further: if no funds are provided for the AmeriCorps program by the VA–HUD and Independent Agencies fiscal year 1996 appropriations bill, then none of the funds appropriated or otherwise made available by this Act may be used for the AmeriCorps programs.''

MCCAIN AMENDMENT NO. 2301

Mr. GORTON (Mr. MCCAIN) proposed an amendment to the bill H.R. 1977, supra; as follows:

On page 136, between lines 12 and 13, insert the following:

SEC. 330. (a)(1) The head of each agency referred to in paragraph (2) shall submit to the President each year, through the head of the department having jurisdiction over the agency, a land acquisition ranking for the agency concerned for the fiscal year beginning after the date of the submittal of the report.

(2) The heads of agencies referred to in paragraph (1) are the following:

(A) The Director of the National Park Service in the case of the National Park Service.

(B) The Director of the Fish and Wildlife Service in the case of the Fish and Wildlife Service.

(C) The Director of the Bureau of Land Management in the case of the Bureau of Land Management.

(D) The Chief of the Forest Service in the case of the Forest Service.

(3) In this section, the term ''land acquisition ranking'', in the case of a Federal agency, means a statement of the order of precedence of the land acquisition proposals of the

agency, including a statement of the order of precedence of such proposals for each organizational unit of the agency.

(b) The President shall include the land acquisition rankings for a fiscal year that are submitted to the President under subsection (a)(1) in the supporting information submitted to Congress with the budget for that fiscal year under section 1105 of title 31, United States Code.

(c)(1) The head of the agency concerned shall determine the order of precedence of land acquisition proposals under subsection (a)(1) in accordance with criteria that the Secretary of the Department having jurisdiction over the agency shall prescribe.

(2) The criteria prescribed under paragraph (1) shall provide for a determination of the order of precedence of land acquisition proposals through consideration of—

(A) the natural resources located on the land covered by the acquisition proposals;

(B) the degree to which such resources are threatened;

(C) the length of time required for the acquisition of the land;

(D) the extent, if any, to which an increase in the cost of the land covered by the proposals makes timely completion of the acquisition advisable;

(E) the extent of public support for the acquisition of the land; and

(F) such other matters as the Secretary concerned shall prescribe.

HATCH (AND FEINSTEIN) AMENDMENT NO. 2302

Mr. GORTON for Mr. HATCH for himself and Mrs. FEINSTEIN) proposed an amendment to the bill H.R. 1977, supra; as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Digital Performance Right in Sound Recordings Act of 1995''.

SEC. 2. EXCLUSIVE RIGHTS IN COPYRIGHTED WORKS.

Section 106 of title 17, United States Code, is amended—

(1) in paragraph (4) by striking ''and'' after the semicolon;

(2) in paragraph (5) by striking the period and inserting ''; and''; and

(3) by adding at the end the following:

''(6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.''.

SEC. 3. SCOPE OF EXCLUSIVE RIGHTS IN SOUND RECORDINGS.

Section 114 of title 17, United States Code, is amended—

(1) in subsection (a) by striking ''and (3)'' and inserting ''(3) and (6)'';

(2) in subsection (b) in the first sentence by striking ''phonorecords, or of copies of motion pictures and other audiovisual works,'' and inserting ''phonorecords or copies'';

(3) by striking subsection (d) and inserting:

''(d) LIMITATIONS ON EXCLUSIVE RIGHT.—Notwithstanding the provisions of section 106(6)—

''(1) EXEMPT TRANSMISSIONS AND RETRANSMISSIONS.—The performance of a sound recording publicly by means of a digital audio transmission, other than as a part of an interactive service, is not an infringement of section 106(6) if the performance is part of—

''(A)(i) a nonsubscription transmission other than a retransmission;

''(ii) an initial nonsubscription retransmission made for direct reception by members of the public of a prior or simultaneous incidental transmission that is not made for direct reception by members of the public; or

''(iii) a nonsubscription broadcast transmission;

''(B) a retransmission of a nonsubscription broadcast transmission: *Provided*, That, in the case of a retransmission of a radio station's broadcast transmission—

''(i) the radio station's broadcast transmission is not willfully or repeatedly retransmitted more than a radius of 150 miles from the site of the radio broadcast transmitter, however—

''(I) the 150 mile limitation under this clause shall not apply when a nonsubscription broadcast transmission by a radio station licensed by the Federal Communications Commission is retransmitted on a nonsubscription basis by a terrestrial broadcast station, terrestrial translator, or terrestrial repeater licensed by the Federal Communications Commission; and

''(II) in the case of a subscription retransmission of a nonsubscription broadcast retransmission covered by subclause (I), the 150 mile radius shall be measured from the transmitter site of such broadcast retransmitter;

''(ii) the retransmission is of radio station broadcast transmissions that are—

''(I) obtained by the retransmitter over the air;

''(II) not electronically processed by the retransmitter to deliver separate and discrete signals; and

''(III) retransmitted only within the local communities served by the retransmitter;

''(iii) the radio station's broadcast transmission was being retransmitted to cable systems (as defined in section 111(f)) by a satellite carrier on January 1, 1995, and that retransmission was being retransmitted by cable systems as a separate and discrete signal, and the satellite carrier obtains the radio station's broadcast transmission in an analog format: *Provided*, That the broadcast transmission being retransmitted may embody the programming of no more than one radio station; or

''(iv) the radio station's broadcast transmission is made by a noncommercial educational broadcast station funded on or after January 1, 1995, under section 396(k) of the Communications Act of 1934 (47 U.S.C. 396(k)), consists solely of noncommercial educational and cultural radio programs, and the retransmission, whether or not simultaneous, is a nonsubscription terrestrial broadcast retransmission; or

''(C) a transmission that comes within any of the following categories:

''(i) a prior or simultaneous transmission incidental to an exempt transmission, such as a feed received by and then retransmitted by an exempt transmitter: *Provided*, That such incidental transmissions do not include any subscription transmission directly for reception by members of the public;

''(ii) a transmission within a business establishment, confined to its premises or the immediately surrounding vicinity;

''(iii) a retransmission by any retransmitter, including a multichannel video programming distributor as defined in section 602(12) of the Communications Act of 1934 (47 U.S.C. 522(12)), of a transmission by a transmitter licensed to publicly perform the sound recording as a part of that transmission, if the retransmission is simultaneous with the licensed transmission and authorized by the transmitter; or

''(iv) a transmission to a business establishment for use in the ordinary course of its business: *Provided*, That the business recipient does not retransmit the transmission outside of its premises or the immediately surrounding vicinity, and that the transmission does not exceed the sound recording performance complement. Nothing in this clause shall limit the scope of the exemption in clause (ii).

''(2) SUBSCRIPTION TRANSMISSIONS.—In the case of a subscription transmission not exempt under subsection (d)(1), the performance of a sound recording publicly by means of a digital audio transmission shall be subject to statutory licensing, in accordance with subsection (f) of this section, if—

''(A) the transmission is not part of an interactive service;

''(B) the transmission does not exceed the sound recording performance complement;

''(C) the transmitting entity does not cause to be published by means of an advance program schedule or prior announcement the titles of the specific sound recordings or phonorecords embodying such sound recordings to be transmitted;

''(D) except in the case of transmission to a business establishment, the transmitting entity does not automatically and intentionally cause any device receiving the transmission to switch from one program channel to another; and

''(E) except as provided in section 1002(e) of this title, the transmission of the sound recording is accompanied by the information encoded in that sound recording, if any, by or under the authority of the copyright owner of that sound recording, that identifies the title of the sound recording, the featured recording artist who performs on the sound recording, and related information, including information concerning the underlying musical work and its writer.

''(3) LICENSES FOR TRANSMISSIONS BY INTERACTIVE SERVICES.—

''(A) No interactive service shall be granted an exclusive license under section 106(6) for the performance of a sound recording publicly by means of digital audio transmission for a period in excess of 12 months, except that with respect to an exclusive license granted to an interactive service by a licensor that holds the copyright to 1,000 or fewer sound recordings, the period of such license shall not exceed 24 months: *Provided, however*, That the grantee of such exclusive license shall be ineligible to receive another exclusive license for the performance of that sound recording for a period of 13 months from the expiration of the prior exclusive license.

''(B) The limitation set forth in subparagraph (A) of this paragraph shall not apply if—

''(i) the licensor has granted and there remain in effect licenses under section 106(6) for the public performance of sound recordings by means of digital audio transmission by at least 5 different interactive services: *Provided, however*, That each such license must be for a minimum of 10 percent of the copyrighted sound recordings owned by the licensor that have been licensed to interactive services, but in no event less than 50 sound recordings; or

''(ii) the exclusive license is granted to perform publicly up to 45 seconds of a sound recording and the sole purpose of the performance is to promote the distribution or performance of that sound recording.

''(C) Notwithstanding the grant of an exclusive or nonexclusive license of the right of public performance under section 106(6), an interactive service may not publicly perform a sound recording unless a license has been granted for the public performance of any copyrighted musical work contained in the sound recording, *Provided*, That such license to publicly perform the copyrighted musical work may be granted either by a performing rights society representing the copyright owner or by the copyright owner.

''(D) The performance of a sound recording by means of a retransmission of a digital audio transmission is not an infringement of section 106(6) if—

''(i) the retransmission is of a transmission by an interactive service licensed to publicly perform the sound recording to a particular member of the public as part of that transmission; and

''(ii) the retransmission is simultaneous with the licensed transmission, authorized by the transmitter, and limited to that particular member of the public intended by the interactive service to be the recipient of the transmission.

''(E) For the purposes of this paragraph—

''(i) a 'licensor' shall include the licensing entity and any other entity under any material degree of common ownership, management, or control that owns copyrights in sound recordings; and

''(ii) a 'performing rights society' is an association or corporation that licenses the public performance of nondramatic musical works on behalf of the copyright owner, such as the American Society of Composers, Authors and Publishers, Broadcast Music, Inc., and SESAC, Inc.

''(4) RIGHTS NOT OTHERWISE LIMITED.—

''(A) Except as expressly provided in this section, this section does not limit or impair the exclusive right to perform a sound recording publicly by means of a digital audio transmission under section 106(6).

''(B) Nothing in this section annuls or limits in any way—

''(i) the exclusive right to publicly perform a musical work, including by means of a digital audio transmission, under section 106(4);

''(ii) the exclusive rights in a sound recording or the musical work embodied therein under sections 106(1), 106(2) and 106(3); or

''(iii) any other rights under any other clause of section 106, or remedies available under this title, as such rights or remedies exist either before or after the date of enactment of the Digital Performance Right in Sound Recordings Act of 1995.

''(C) Any limitations in this section on the exclusive right under section 106(6) apply only to the exclusive right under section 106(6) and not to any other exclusive rights under section 106. Nothing in this section shall be construed to annul, limit, impair or otherwise affect in any way the ability of the owner of a copyright in a sound recording to exercise the rights under sections 106(1), 106(2) and 106(3), or to obtain the remedies available under this title pursuant to such rights, as such rights and remedies exist either before or after the date of enactment of the Digital Performance Right in Sound Recordings Act of 1995.''; and

(4) by adding after subsection (d) the following:

''(e) AUTHORITY FOR NEGOTIATIONS.—

''(1) Notwithstanding any provision of the antitrust laws, in negotiating statutory licenses in accordance with subsection (f), any copyright owners of sound recordings and any entities performing sound recordings affected by this section may negotiate and agree upon the royalty rates and license terms and conditions for the performance of such sound recordings and the proportionate division of fees paid among copyright owners, and may designate common agents on a nonexclusive basis to negotiate, agree to, pay, or receive payments.

''(2) For licenses granted under section 106(6), other than statutory licenses, such as for performances by interactive services or performances that exceed the sound recording performance complement—

''(A) copyright owners of sound recordings affected by this section may designate common agents to act on their behalf to grant licenses and receive and remit royalty payments, *Provided,* That each copyright owner shall establish the royalty rates and material license terms and conditions unilaterally, that is, not in agreement, combination, or concert with other copyright owners of sound recordings; and

''(B) entities performing sound recordings affected by this section may designate common agents to act on their behalf to obtain licenses and collect and pay royalty fees, *Provided,* That each entity performing sound recordings shall determine the royalty rates and material license terms and conditions unilaterally, that is, not in agreement, combination, or concert with other entities performing sound recordings.

''(f) LICENSES FOR NONEXEMPT SUBSCRIPTION TRANSMISSIONS.—

''(1) No later than 30 days after the enactment of the Digital Performance Right in Sound Recordings Act of 1995, the Librarian of Congress shall cause notice to be published in the Federal Register of the initiation of voluntary negotiation proceedings for the purpose of determining reasonable terms and rates of royalty payments for the activities specified by subsection (d)(2) of this section during the period beginning on the effective date of such Act and ending on December 31, 2000. Such terms and rates shall distinguish among the different types of digital audio transmission services then in operation. Any copyright owners of sound recordings or any entities performing sound recordings affected by this section may submit to the Librarian of Congress licenses covering such activities with respect to such sound recordings. The parties to each negotiation proceeding shall bear their own costs.

''(2) In the absence of license agreements negotiated under paragraph (1), during the 60-day period commencing 6 months after publication of the notice specified in paragraph (1), and upon the filing of a petition in accordance with section 803(a)(1), the Librarian of Congress shall, pursuant to chapter 8, convene a copyright arbitration royalty panel to determine and publish in the Federal Register a schedule of rates and terms which, subject to paragraph (3), shall be binding on all copyright owners of sound recordings and entities performing sound recordings. In addition to the objectives set forth in section 801(b)(1), in establishing such rates and terms, the copyright arbitration royalty panel may consider the rates and terms for comparable types of digital audio transmission services and comparable circumstances under voluntary license agreements negotiated as provided in paragraph (1). The Librarian of Congress shall also establish requirements by which copyright owners may receive reasonable notice of the use of their sound recordings under this section, and under which records of such use shall be kept and made available by entities performing sound recordings.

''(3) License agreements voluntarily negotiated at any time between one or more copyright owners of sound recordings and one or more entities performing sound recordings shall be given effect in lieu of any determination by a copyright arbitration royalty panel or decision by the Librarian of Congress.

''(4)(A) Publication of a notice of the initiation of voluntary negotiation proceedings as specified in paragraph (1) shall be repeated, in accordance with regulations that the Librarian of Congress shall prescribe—

''(i) no later than 30 days after a petition is filed by any copyright owners of sound recordings or any entities performing sound recordings affected by this section indicating that a new type of digital audio transmission service on which sound recordings are performed is or is about to become operational; and

''(ii) in the first week of January, 2000 and at 5-year intervals thereafter.

''(B)(i) The procedures specified in paragraph (2) shall be repeated, in accordance with regulations that the Librarian of Congress shall prescribe, upon the filing of a petition in accordance with section 803(a)(1) during a 60-day period commencing—

''(I) six months after publication of a notice of the initiation of voluntary negotiation proceedings under paragraph (1) pursuant to a petition under paragraph (4)(A)(i); or

''(II) on July 1, 2000 and at 5-year intervals thereafter.

''(ii) The procedures specified in paragraph (2) shall be concluded in accordance with section 802.

''(5)(A) Any person who wishes to perform a sound recording publicly by means of a nonexempt subscription transmission under this subsection may do so without infringing the exclusive right of the copyright owner of the sound recording—

''(i) by complying with such notice requirements as the Librarian of Congress shall prescribe by regulation and by paying royalty fees in accordance with this subsection; or

''(ii) if such royalty fees have not been set, by agreeing to pay such royalty fees as shall be determined in accordance with this subsection.

''(B) Any royalty payments in arrears shall be made on or before the twentieth day of the month next succeeding the month in which the royalty fees are set.

''(g) PROCEEDS FROM LICENSING OF SUBSCRIPTION TRANSMISSIONS.—

''(1) Except in the case of a subscription transmission licensed in accordance with subsection (f) of this section—

''(A) a featured recording artist who performs on a sound recording that has been licensed for a subscription transmission shall be entitled to receive payments from the copyright owner of the sound recording in accordance with the terms of the artist's contract; and

''(B) a nonfeatured recording artist who performs on a sound recording that has been licensed for a subscription transmission shall be entitled to receive payments from the copyright owner of the sound recording in accordance with the terms of the nonfeatured recording artist's applicable contract or other applicable agreement.

''(2) The copyright owner of the exclusive right under section 106(6) of this title to publicly perform a sound recording by means of a digital audio transmission shall allocate to recording artists in the following manner its receipts from the statutory licensing of subscription transmission performances of the sound recording in accordance with subsection (f) of this section:

''(A) 2½ percent of the receipts shall be deposited in an escrow account managed by an independent administrator jointly appointed by copyright owners of sound recordings and the American Federation of Musicians (or any successor entity) to be distributed to nonfeatured musicians (whether or not members of the American Federation of Musicians) who have performed on sound recordings.

''(B) 2½ percent of the receipts shall be deposited in an escrow account managed by an independent administrator jointly appointed by copyright owners of sound recordings and the American Federation of Television and Radio Artists (or any successor entity) to be distributed to nonfeatured vocalists (whether or not members of the American Federation of Television and Radio Artists) who have performed on sound recordings.

''(C) 45 percent of the receipts shall be allocated, on a per sound recording basis, to the recording artist or artists featured on such sound recording (or the persons conveying

rights in the artists' performance in the sound recordings).

''(h) LICENSING TO AFFILIATES.—

''(1) If the copyright owner of a sound recording licenses an affiliated entity the right to publicly perform a sound recording by means of a digital audio transmission under section 106(6), the copyright owner shall make the licensed sound recording available under section 106(6) on no less favorable terms and conditions to all bona fide entities that offer similar services, except that, if there are material differences in the scope of the requested license with respect to the type of service, the particular sound recordings licensed, the frequency of use, the number of subscribers served, or the duration, then the copyright owner may establish different terms and conditions for such other services.

''(2) The limitation set forth in paragraph (1) of this subsection shall not apply in the case where the copyright owner of a sound recording licenses—

''(A) an interactive service; or

''(B) an entity to perform publicly up to 45 seconds of the sound recording and the sole purpose of the performance is to promote the distribution or performance of that sound recording.

''(i) NO EFFECT ON ROYALTIES FOR UNDERLYING WORKS.—License fees payable for the public performance of sound recordings under section 106(6) shall not be taken into account in any administrative, judicial, or other governmental proceeding to set or adjust the royalties payable to copyright owners of musical works for the public performance of their works. It is the intent of Congress that royalties payable to copyright owners of musical works for the public performance of their works shall not be diminished in any respect as a result of the rights granted by section 106(6).

''(j) DEFINITIONS.—As used in this section, the following terms have the following meanings:

''(1) An 'affiliated entity' is an entity engaging in digital audio transmissions covered by section 106(6), other than an interactive service, in which the licensor has any direct or indirect partnership or any ownership interest amounting to 5 percent or more of the outstanding voting or non-voting stock.

''(2) A 'broadcast' transmission is a transmission made by a terrestrial broadcast station licensed as such by the Federal Communications Commission.

''(3) A 'digital audio transmission' is a digital transmission as defined in section 101, that embodies the transmission of a sound recording. This term does not include the transmission of any audiovisual work.

''(4) An 'interactive service' is one that enables a member of the public to receive, on request, a transmission of a particular sound recording chosen by or on behalf of the recipient. The ability of individuals to request that particular sound recordings be performed for reception by the public at large does not make a service interactive. If an entity offers both interactive and non-interactive services (either concurrently or at different times), the non-interactive component shall not be treated as part of an interactive service.

''(5) A 'nonsubscription' transmission is any transmission that is not a subscription transmission.

''(6) A 'retransmission' is a further transmission of an initial transmission, and includes any further retransmission of the same transmission. Except as provided in this section, a transmission qualifies as a 'retransmission' only if it is simultaneous with the initial transmission. Nothing in this definition shall be construed to exempt a transmission that fails to satisfy a separate element required to qualify for an exemption under section 114(d)(1).

''(7) The 'sound recording performance complement' is the transmission during any 3-hour period, on a particular channel used by a transmitting entity, of no more than—

''(A) 3 different selections of sound recordings from any one phonorecord lawfully distributed for public performance or sale in the United States, if no more than 2 such selections are transmitted consecutively; or

''(B) 4 different selections of sound recordings

''(i) by the same featured recording artist; or

''(ii) from any set or compilation of phonorecords lawfully distributed together as a unit for public performance or sale in the United States,

if no more than three such selections are transmitted consecutively:

Provided, That the transmission of selections in excess of the numerical limits provided for in clauses (A) and (B) from multiple phonorecords shall nonetheless qualify as a sound recording performance complement if the programming of the multiple phonorecords was not willfully intended to avoid the numerical limitations prescribed in such clauses.

''(8) A 'subscription' transmission is a transmission that is controlled and limited to particular recipients, and for which consideration is required to be paid or otherwise given by or on behalf of the recipient to receive the transmission or a package of transmissions including the transmission.

''(9) A 'transmission' includes both an initial transmission and a retransmission.''.

SEC. 4. MECHANICAL ROYALTIES IN DIGITAL PHONORECORD DELIVERIES.

Section 115 of title 17, United States Code, is amended—

(1) in subsection (a)(1)—

(A) in the first sentence by striking out ''any other person'' and inserting in lieu thereof ''any other person, including those who make phonorecords or digital phonorecord deliveries,''; and

(B) in the second sentence by inserting before the period '', including by means of a digital phonorecord delivery'';

(2) in subsection (c)(2) in the second sentence by inserting ''and other than as provided in paragraph (3),'' after ''For this purpose,'';

(3) by redesignating paragraphs (3), (4), and (5) of subsection (c) as paragraphs (4), (5), and (6), respectively, and by inserting after paragraph (2) the following new paragraph:

''(3)(A) A compulsory license under this section includes the right of the compulsory licensee to distribute or authorize the distribution of a phonorecord of a nondramatic musical work by means of a digital transmission which constitutes a digital phonorecord delivery, regardless of whether the digital transmission is also a public performance of the sound recording under section 106(6) of this title or of any nondramatic musical work embodied therein under section 106(4) of this title. For every digital phonorecord delivery by or under the authority of the compulsory licensee—

''(i) on or before December 31, 1997, the royalty payable by the compulsory licensee shall be the royalty prescribed under paragraph (2) and chapter 8 of this title; and

''(ii) on or after January 1, 1998, the royalty payable by the compulsory licensee shall be the royalty prescribed under subparagraphs (B) through (F) and chapter 8 of this title.

''(B) Notwithstanding any provision of the antitrust laws, any copyright owners of nondramatic musical works and any persons entitled to obtain a compulsory license under subsection (a)(1) may negotiate and agree upon the terms and rates of royalty payments under this paragraph and the proportionate division of fees paid among copyright owners, and may designate common agents to negotiate, agree to, pay or receive such royalty payments. Such authority to negotiate the terms and rates of royalty payments includes, but is not limited to, the authority to negotiate the year during which the royalty rates prescribed under subparagraphs (B) through (F) and chapter 8 of this title shall next be determined.

''(C) During the period of June 30, 1996, through December 31, 1996, the Librarian of Congress shall cause notice to be published in the Federal Register of the initiation of voluntary negotiation proceedings for the purpose of determining reasonable terms and rates of royalty payments for the activities specified by subparagraph (A) during the period beginning January 1, 1998, and ending on the effective date of any new terms and rates established pursuant to subparagraph (C), (D) or (F), or such other date (regarding digital phonorecord deliveries) as the parties may agree. Such terms and rates shall distinguish between (i) digital phonorecord deliveries where the reproduction or distribution of a phonorecord is incidental to the transmission which constitutes the digital phonorecord delivery, and (ii) digital phonorecord deliveries in general. Any copyright owners of nondramatic musical works and any persons entitled to obtain a compulsory license under subsection (a)(1) may submit to the Librarian of Congress licenses covering such activities. The parties to each negotiation proceeding shall bear their own costs.

''(D) In the absence of license agreements negotiated under subparagraphs (B) and (C), upon the filing of a petition in accordance with section 803(a)(1), the Librarian of Congress shall, pursuant to chapter 8, convene a copyright arbitration royalty panel to determine and publish in the Federal Register a schedule of rates and terms which, subject to subparagraph (E), shall be binding on all copyright owners of nondramatic musical works and persons entitled to obtain a compulsory license under subsection (a)(1) during the period beginning January 1, 1998, and ending on the effective date of any new terms and rates established pursuant to subparagraph (C), (D) or (F), or such other date (regarding digital phonorecord deliveries) as may be determined pursuant to subparagraphs (B) and (C). Such terms and rates shall distinguish between (i) digital phonorecord deliveries where the reproduction or distribution of a phonorecord is incidental to the transmission which constitutes the digital phonorecord delivery, and (ii) digital phonorecord deliveries in general. In addition to the objectives set forth in section 801(b)(1), in establishing such rates and terms, the copyright arbitration royalty panel may consider rates and terms under voluntary license agreements negotiated as provided in subparagraphs (B) and (C). The royalty rates payable for a compulsory license for a digital phonorecord delivery under this section shall be established de novo and no precedential effect shall be given to the amount of the royalty payable by a compulsory licensee for digital phonorecord deliveries on or before December 31, 1997. The Librarian of Congress shall also establish requirements by which copyright owners may receive reasonable notice of the use of their works under this section, and under which records of such use shall be kept and made available by persons making digital phonorecord deliveries.

''(E)(i) License agreements voluntarily negotiated at any time between one or more copyright owners of nondramatic musical works and one or more persons entitled to

obtain a compulsory license under subsection (a)(1) shall be given effect in lieu of any determination by the Librarian of Congress. Subject to clause (ii), the royalty rates determined pursuant to subparagraph (C), (D) or (F) shall be given effect in lieu of any contrary royalty rates specified in a contract pursuant to which a recording artist who is the author of a nondramatic musical work grants a license under that person's exclusive rights in the musical work under sections 106(1) and (3) or commits another person to grant a license in that musical work under sections 106(1) and (3), to a person desiring to fix in a tangible medium of expression a sound recording embodying the musical work.

''(ii) The second sentence of clause (i) shall not apply to—

''(I) a contract entered into on or before June 22, 1995, and not modified thereafter for the purpose of reducing the royalty rates determined pursuant to subparagraph (C), (D) or (F) or of increasing the number of musical works within the scope of the contract covered by the reduced rates, except if a contract entered into on or before June 22, 1995, is modified thereafter for the purpose of increasing the number of musical works within the scope of the contract, any contrary royalty rates specified in the contract shall be given effect in lieu of royalty rates determined pursuant to subparagraph (C), (D) or (F) for the number of musical works within the scope of the contract as of June 22, 1995; and

''(II) a contract entered into after the date that the sound recording is fixed in a tangible medium of expression substantially in a form intended for commercial release, if at the time the contract is entered into, the recording artist retains the right to grant licenses as to the musical work under sections 106(1) and 106(3).

''(F) The procedures specified in subparagraphs (C) and (D) shall be repeated and concluded, in accordance with regulations that the Librarian of Congress shall prescribe, in each fifth calendar year after 1997, except to the extent that different years for the repeating and concluding of such proceedings may be determined in accordance with subparagraphs (B) and (C).

''(G) Except as provided in section 1002(e) of this title, a digital phonorecord delivery licensed under this paragraph shall be accompanied by the information encoded in the sound recording, if any, by or under the authority of the copyright owner of that sound recording, that identifies the title of the sound recording, the featured recording artist who performs on the sound recording, and related information, including information concerning the underlying musical work and its writer.

''(H)(i) A digital phonorecord delivery of a sound recording is actionable as an act of infringement under section 501, and is fully subject to the remedies provided by sections 502 through 506 and section 509, unless—

''(I) the digital phonorecord delivery has been authorized by the copyright owner of the sound recording; and

''(II) the owner of the copyright in the sound recording or the entity making the digital phonorecord delivery has obtained a compulsory license under this section or has otherwise been authorized by the copyright owner of the musical work to distribute or authorize the distribution, by means of a digital phonorecord delivery, of each musical work embodied in the sound recording.

''(ii) Any cause of action under this subparagraph shall be in addition to those available to the owner of the copyright in the nondramatic musical work under subsection (c)(6) and section 106(4) and the owner of the copyright in the sound recording under section 106(6).

''(I) The liability of the copyright owner of a sound recording for infringement of the copyright in a nondramatic musical work embodied in the sound recording shall be determined in accordance with applicable law, except that the owner of a copyright in a sound recording shall not be liable for a digital phonorecord delivery by a third party if the owner of the copyright in the sound recording does not license the distribution of a phonorecord of the nondramatic musical work.

''(J) Nothing in section 1008 shall be construed to prevent the exercise of the rights and remedies allowed by this paragraph, paragraph (6), and chapter 5 in the event of a digital phonorecord delivery, except that no action alleging infringement of copyright may be brought under this title against a manufacturer, importer or distributor of a digital audio recording device, a digital audio recording medium, an analog recording device, or an analog recording medium, or against a consumer, based on the actions described in such section.

''(K) Nothing in this section annuls or limits (i) the exclusive right to publicly perform a sound recording or the musical work embodied therein, including by means of a digital transmission, under sections 106(4) and 106(6), (ii) except for compulsory licensing under the conditions specified by this section, the exclusive rights to reproduce and distribute the sound recording and the musical work embodied therein under sections 106(1) and 106(3), including by means of a digital phonorecord delivery, or (iii) any other rights under any other provision of section 106, or remedies available under this title, as such rights or remedies exist either before or after the date of enactment of the Digital Performance Right in Sound Recordings Act of 1995.

''(L) The provisions of this section concerning digital phonorecord deliveries shall not apply to any exempt transmissions or retransmissions under section 114(d)(1). The exemptions created in section 114(d)(1) do not expand or reduce the rights of copyright owners under section 106(1) through (5) with respect to such transmissions and retransmissions.''; and

(5) by adding after subsection (c) the following:

''(d) DEFINITION.—As used in this section, the following term has the following meaning: A 'digital phonorecord delivery' is each individual delivery of a phonorecord by digital transmission of a sound recording which results in a specifically identifiable reproduction by or for any transmission recipient of a phonorecord of that sound recording, regardless of whether the digital transmission is also a public performance of the sound recording or any nondramatic musical work embodied therein. A digital phonorecord delivery does not result from a real-time, noninteractive subscription transmission of a sound recording where no reproduction of the sound recording or the musical work embodied therein is made from the inception of the transmission through to its receipt by the transmission recipient in order to make the sound recording audible.''.

SEC. 5. CONFORMING AMENDMENTS.

(a) DEFINITIONS.—Section 101 of title 17, United States Code, is amended by inserting after the definition of ''device'', ''machine'', or ''process'' the following:

''A 'digital transmission' is a transmission in whole or in part in a digital or other nonanalog format.''.

(b) LIMITATIONS ON EXCLUSIVE RIGHTS: SECONDARY TRANSMISSIONS.—Section 111(c)(1) of title 17, United States Code, is amended in the first sentence by inserting ''and section 114(d)'' after ''of this subsection''.

(c) LIMITATIONS ON EXCLUSIVE RIGHTS: SECONDARY TRANSMISSIONS OF SUPERSTATIONS AND NETWORK STATIONS FOR PRIVATE HOME VIEWING.—

(1) Section 119(a)(1) of title 17, United States Code, is amended in the first sentence by inserting ''and section 114(d)'' after ''of this subsection''.

(2) Section 119(a)(2)(A) of title 17, United States Code, is amended in the first sentence by inserting ''and section 114(d)'' after ''of this subsection''.

(d) COPYRIGHT ARBITRATION ROYALTY PANELS.—

(1) Section 801(b)(1) of title 17, United States Code, is amended in the first and second sentences by striking ''115'' each place it appears and inserting ''114, 115,''.

(2) Section 802(c) of title 17, United States Code, is amended in the third sentence by striking ''section 111, 116, or 119,'' and inserting ''section 111, 114, 116, or 119, any person entitled to a compulsory license under section 114(d), any person entitled to a compulsory license under section 115,''.

(3) Section 802(g) of title 17, United States Code, is amended in the third sentence by inserting ''114,'' after ''111,''.

(4) Section 802(h)(2) of title 17, United States Code, is amended by inserting ''114,'' after ''111,''.

(5) Section 803(a)(1) of title 17, United States Code, is amended in the first sentence by striking ''115'' and inserting ''114, 115'' and by striking ''and (4)'' and inserting ''(4) and (5)''.

(6) Section 803(a)(3) of title 17, United States Code, is amended by inserting before the period ''or as prescribed in section 115(c)(3)(D)''.

(7) Section 803(a) of title 17, United States Code, is amended by inserting after paragraph (4) the following new paragraph:

''(5) With respect to proceedings under section 801(b)(1) concerning the determination of reasonable terms and rates of royalty payments as provided in section 114, the Librarian of Congress shall proceed when and as provided by that section.''.

SEC. 6. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect 3 months after the date of enactment of this Act, except that the provisions of sections 114(e) and 114(f) of title 17, United States Code (as added by section 3 of this Act) shall take effect immediately upon the date of enactment of this Act.

NOTICE OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES, SUBCOMMITTEE ON PARKS, HISTORIC PRESERVATION AND RECREATION

Mr. CAMPBELL. Mr. President, I would like to announce for the public that a joint oversight field hearing has been scheduled before the Subcommittee on Parks, Historic Preservation and Recreation and the Subcommittee on National Parks, Forests and Lands of the House Committee on Resources.

The hearing will take place Friday, August 18, 1995, beginning at 11 a.m. and ending at approximately 3 p.m., in the gymnasium of International Falls High School in International Falls, MN.

The purpose of this hearing is to review access and management issues at Voyageurs National Park and the Boundary Waters Canoe Area Wilderness.

The subcommittees will invite witnesses representing a cross-section of views and organizations to testify at the hearing. Witnesses invited to testify are requested to submit one copy of their testimony by 5 p.m. on Tuesday, August 15, 1995, to the House Subcommittee on National Parks, Forests and Lands, House Committee on Resources, 812 Tip O'Neill House Office Building, Washington, DC 20515, facsimile (202) 226–2301. In addition, witnesses are requested to bring 75 copies of their testimony with them to the hearing.

Statements will also be accepted for inclusion in the hearing record. Those wishing to submit written testimony should send two copies of their testimony to the Subcommittee on National Parks, Forests and Lands, House Committee on Resources, 812 Tip O'Neill House Office Building, Washington, DC 20515.

For further information, please call Jim O'Toole of the Senate subcommittee staff at (202) 224–5161.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON FOREIGN RELATIONS

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Tuesday, August 8, 1995, at 10 a.m.

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

SELECT COMMITTEE ON INTELLIGENCE

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Tuesday, August 8, 1995, at 2 p.m. to hold a closed hearing on intelligence matters.

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

ADDITIONAL STATEMENTS

BUDGET SCOREKEEPING REPORT

● Mr. DOMENICI. Mr. President, I hereby submit to the Senate the budget scorekeeping report prepared by the Congressional Budget Office under section 308(b) and in aid of section 311 of the Congressional Budget Act of 1974, as amended. This report meets the requirements for Senate scorekeeping of section 5 of Senate Concurrent Resolution 32, the first concurrent resolution on the budget for 1986.

This report shows the effects of congressional action on the budget through August 5, 1995. The estimates of budget authority, outlays, and revenues, which are consistent with the technical and economic assumptions of the concurrent resolution on the budget (H. Con. Res. 218), show that current level spending is below the budget resolution by $20.9 billion in budget authority and $2.0 billion in outlays. Current level is $0.5 billion over the revenue floor in 1995 and below by $9.5 billion over the 5 years 1995–1999. The current estimate of the deficit for purposes of calculating the maximum deficit amount is $237.4 billion, $3.7 billion below the maximum deficit amount for 1995 of $241.0 billion.

Since my last report, dated July 24, 1995, the President signed the 1995 Rescissions and Emergency Supplementals for Disaster Assistance Act—Public Law 104–19. This legislation changed current level of budget authority and outlays; the change was reflected in my report dated July 24, 1995.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 7, 1995.

Hon. PETE DOMENICI,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The attached report for fiscal year 1995 shows the effects of Congressional action on the 1995 budget and is current through August 5, 1995. The estimates of budget authority, outlays and revenues are consistent with the technical and economic assumptions of the 1995 Concurrent Resolution on the Budget (H. Con. Res. 218). This report is submitted under Section 308(b) and in aid of Section 311 of the Congressional Budget Act, as amended, and meets the requirements of Senate scorekeeping of Section 5 of S. Con. Res. 32, the 1986 First Concurrent Resolution on the Budget.

Since my last report, dated July 24, 1995, the President signed the 1995 Rescissions and Emergency Supplementals for Disaster Assistance Act (P.L. 104–19). This action did not change the current level of budget authority, outlays or revenues.

Sincerely,

JUNE E. O'NEILL,
Director.

THE CURRENT LEVEL REPORT FOR THE U.S. SENATE, FISCAL YEAR 1995, 104TH CONGRESS, 1ST SESSION, AS OF CLOSE OF BUSINESS AUGUST 5, 1995

[In billions of dollars]

	Budget resolution (H. Con. Res. 218)[1]	Current level[2]	Current level over/ under resolution
ON-BUDGET			
Budget Authority	1,238.7	1,217.8	−20.9
Outlays	1,217.6	1,215.6	−2.0
Revenues:			
1995	977.7	978.2	0.5
1995–99	5,415.2	5,405.7	−9.5
Deficit	241.0	237.4	−3.7
Debt Subject to Limit	4,965.1	4,885.4	−79.7
OFF-BUDGET			
Social Security Outlays:			
1995	287.6	287.5	−0.1
1995–99	1,562.6	1,562.6	(3)
Social Security Revenues:			
1995	360.5	360.3	−0.2
1995–99	1,998.4	1,998.2	−0.2

[1] Reflects revised allocation under section 9(g) of H. Con. Res. 64 for the Deficit-Neutral reserve fund.

[2] Current level represents the estimated revenue and direct spending effects of all legislation that Congress has enacted or sent to the President for his approval. In addition, full-year funding estimates under current law are included for entitlement and mandatory programs requiring annual appropriations even if the appropriations have not been made. The current level of debt subject to limit reflects the latest U.S. Treasury information on public debt transactions.

[3] Less than $50 million.

THE ON-BUDGET CURRENT LEVEL REPORT FOR THE U.S. SENATE, 104TH CONGRESS, 1ST SESSION, SENATE SUPPORTING DETAIL FOR FISCAL YEAR 1995, AS OF CLOSE OF BUSINESS AUGUST 5, 1995

[In millions of dollars]

	Budget authority	Outlays	Revenues
ENACTED IN PREVIOUS SESSIONS			
Revenues			978,466
Permanents and other spending legislation	750,307	706,236	
Appropriation legislation	738,096	757,783	
Offsetting receipts	−250,027	−250,027	
Total previously enacted	1,238,376	1,213,992	978,466
ENACTED THIS SESSION			
1995 Rescissions and Department of Defense Emergency Supplementals Act (P.L. 104–6)	−3,386	−1,008	
Self-Employed Health Insurance Act (P.L. 104–7)			−248
1995 Rescissions and Emergency Supplementals for Disaster Assistance Act (P.L. 104–19)	−15,286	−590	
Total enacted this session	−18,672	−1,598	−248
ENTITLEMENTS AND MANDATORIES			
Budget resolution baseline estimates of appropriated entitlements and other mandatory programs not yet enacted	−1,896	3,180	
Total current level[1]	1,217,807	1,215,574	978,218
Total budget resolution	1,238,744	1,217,605	977,700
Amount remaining:			
Under budget resolution	20,937	2,031	
Over budget resolution			518

[1] In accordance with the Budget Enforcement Act, the total does not include $7,663 million in budget authority and $7,958 million in outlays in funding for emergencies that have been designated as such by the President and the Congress, and $741 million in budget authority and $852 million in outlays for emergencies that would be available only upon an official budget request from the President designating the entire amount requested as an emergency requirement.●

REMARKS OF BISHOP WILLIAM SKYLSTAD ON THE FARM BILL

● Mr. LEAHY. Mr. President, I would like to submit for the RECORD the remarks of William Skylstad, the Roman Catholic bishop of Spokane, WA, on the subject of the 1995 farm bill. His remarks reflects the policies of the U.S. Catholic Conference, which represents the Nation's Roman Catholic bishops.

Bishop Skylstad's thoughtful remarks reflect the American bishops' desires to save the family farm, promote wise stewardship of the land, alleviate hunger here and abroad, and sustain rural economies—goal that I hope we all share. I urge each Senator to review carefully Bishop Skylstad's observations and recommendations.

The remarks follow:

TESTIMONY BY MOST REVEREND WILLIAM SKYLSTAD

I am William Skylstad, the Roman Catholic Bishop of Spokane, Washington. I serve a diocese which is mostly rural, and which has farms of all sizes and shapes. Formerly, I was Bishop of the Diocese of Yakima, Washington. The farming community there relied heavily on migrant labor for its fruit and vegetable harvests. The smaller cities in which I have served have experienced many of the same problems of hunger and poverty that many of our nation's large cities face. So I come today as a pastor with some knowledge of the rural and urban dimensions that this omnibus food and agriculture bill addresses.

My testimony also reflects the policies of the U.S. Catholic Conference, the policy agency of the U.S. Bishops. I also serve as Chairman of the National Catholic Rural Life Conference Board of Directors. The NCRLC is a national organization founded in 1923, that serves the rural church, and rural people in their communities.

Through our many national and international organizations including Catholic Charities, the Campaign for Human Development and Catholic Relief Services, we experience first hand the plight of the poor and as the farm bill covers domestic and international food programs as well as food marketing and distribution, we are in a position to bring our experience to bear on this important debate.

I submit these comments therefore, on behalf of the USCC, with the hope that Congress will produce farm policy that will be fair, equitable and resourceful. In a time of budget cutting, we urge the Agriculture Committee to pursue the common good and target scarce dollars to those most in need.

Our perspective begins with our belief in the dignity of all people as they are created in God's image. For people to live a dignified life, they must have an adequate and safe food supply. Food, for us, is not just another commodity in the grand economic scheme. We all can live without our car or our computer but cannot live without food. It is essential for life itself. How food is produced is also important since we need not only a bountiful harvest, but a safe one as well. Care for the land is as important to us as what it produces. The common good first requires a safe and affordable food supply.

These underlying principles, then, are what drives our policy analysis. The basic goal of the food system is to ensure an adequate supply of nutritious food to meet domestic and international need in an environmentally responsible way and to ensure the social health of our rural communities. To meet this goal, we believe four areas of the Farm Bill need particular attention: 1) Agriculture, 2) Hunger, 3) Rural Development and 4) Environment.

AGRICULTURE

Our bishops' Conference believes that a just farm system is one that supports the widespread ownership of farm land and the viability of the family farm. We urge you to be guided by a principle drawn from the Bishops' pastoral letter: Economic Justice for All; 1986. That:

''. . . moderate-sized farms operated by families on a full-time basis should be preserved and their economic viability protected. Similarly, small farms and part-time farming, particularly in areas close to cities, should be encouraged. There is genuine social and economic value in maintaining a wide distribution in the ownership of productive property. The democratization of decision making and control of the land resulting from wide distribution of farm ownership are protection against concentration of power and a consequent possible loss of responsiveness to public need in this crucial sector of the economy. Moreover, when those who work in an enterprise also share in its ownership, their active commitment to the purpose of the endeavor and their participation in it are enhanced. Ownership provides incentives for diligence and is a source of an increased sense that the work being done is one's own. This is particularly significant in a sector as vital to human well-being as agriculture.''

Widespread ownership of farm land is not currently being promoted by U.S. agriculture policy. In our judgement, current policies have resulted in a concentration of farmland ownership which is detrimental to the interests of farming and to the vitality of rural communities. Current public policy fosters an increasingly industrialized system of agriculture that requires large amounts of capital and rewards large farms far more than smaller and medium-sized farms. This is a matter of policy choice, not economic inevitability.

This concentration is a result of farm policy that rewards high production. As incentives to produce grow, the desire to use ever-increasing amounts of chemicals and petroleum for inputs, harvesting, and transportation likewise increases. Dependency on such a system could have serious results if, for example, our supply of petroleum was ever curtailed for any period of time. Another threat of the excess concentration of farmland could be manipulation of markets which can be very dangerous, especially where food is concerned.

I also believe that the low prices paid for farm commodities are in fact subsidies to the large grain traders and large hog and cattle feedlot operations. Deficiency payments and loan rates based on output create a drive to produce more and more. This favors larger farms which can afford high inputs: inputs which depend on the generous use of chemicals. This policy also creates a drive to buy up land thus accelerating concentration. In addition, the large grain traders received over $2 billion in direct export subsidies in 1993–94 through the Export Enhancement Program. In short, our nation's ''cheap food policy'' is a cheap grain policy which benefits these large agribusiness corporations at the expense of family farmers and rural communities.

We recognize the definition of ''family farm'' has taken on many meanings. Besides a definition based on gross sales, one helpful definition may be that the goal of the family farmer is to create resources to support a way of life. Typically, a family farmer/owner devotes a good portion of his or her time to the day-to-day management and operation of the farm. The goal of a corporate farm, by way of contrast, would be to make a profit to support its investors. Day-to-day management and operation of the farm is not necessarily by the owners.

How can we change policy to address the issue of support for family farms and begin to move away from increasing concentration of farm land? Congress needs to take a serious look at targeting farm program dollars to small and moderate-sized farmers and away from the large food corporations. A clear first step would be to close the payment limitation loopholes so that the largest farms can no longer subdivide into multiple legal entities to avoid payment limitations.

Another way to ensure broad-based ownership of land and to support family farmers would be to raise the ''non-recourse'' loan rate. This is also a matter of economic justice. Farmers cannot stay solvent when they are currently producing at, slightly above or, in many cases, below the cost of production. We must express alarm when we read that on the whole, farm sector profitability averaged only 2% over the past five years while the food industry profits averaged 18% over that same period. Setting the loan rate higher would decrease deficiency payments (which totaled $11 billion in 1994) and would result in more family farmers surviving to spend more of their money in rural communities.

Even if federal farm policy were changed to give farmers a fair price for their product, and to remove the disincentives to sustainable agriculture, it would do no good if farmers were not able to get loans to plant their crops. In March, bankers urged the Senate Agriculture Committee to privatize the servicing of USDA loans and replace direct lending with a guaranteed loan program. In the face of increasing debt load and decreasing cash flow among most farmers, bankers are using guaranteed loans to promote contract livestock operations and high equity loans that inhibit the participation of family farmers. In addition, the Consolidated Farm Services Agency currently has no credit sales allocations, which means that land in inventory is not being sold to priority purchasers. These developments are detrimental to family farmers and rural communities. Farming requires credit for the purchase of inputs and equipment. We urge Congress to make credit accessible to family farmers through USDA credit programs that have been proven effective over time.

Another important concern of family farmers is the increasing use of contract farming and the vertical integration of some commodities. This phenomenon has been seen most prevalently in the poultry industry—and increasingly in the hog industry. Rarely can independent poultry producers participate in this industry. Contracts between farmers and integrators offer substantial protections for integrators and very little for the heavily-invested contract grower. These contracts are often extremely unfavorable for the farmers, who have little legal recourse to force the integrators to bargain contracts in good faith. We urge you to support efforts that would result in good faith bargaining for contract farming.

Also of concern to the bishops is the decreasing opportunities for younger people to enter into farming. Efforts such as the ''Farm Link'' program, sponsored by the religious and public interest community, deserve more attention and support by the federal government. Additionally, current federal programs for beginning farmers, especially those developed in 1990 and 1992, ought to be continued and enhanced. The strategy of developing partnerships between government, lenders and beginning farmers is one we call on Congress to seriously consider as vital to the interest of maintaining a family farm system.

Part of the patchwork of family farms are minority farmers. Black farmers have lost land at an accelerating rate in recent years. Since 1954, the number of African-American owned farms has declined by over 95 percent and today their average income is only 65 percent of white farm operators. While many of these farms are small, they have been viable, they provide a sense of identity for the farmer and contribute to the economic security in the community. Special public policy measures are needed in the Farm Bill to stem the loss of these farms, as well as those among Hispanics and Native Americans. We recommend new policy initiatives to assist these farmers: increase outreach and enrollment of minorities in decision making bodies such as county committees; provide increased access to credit through adequate funding and enforcement under the Agriculture Credit Act of 1987 and the 1990 Farm Bill which provide for targeting of FmHA Farm Ownership and Operating Loans and sales of land in inventory to African American and other minority farmers; and adequately fund outreach programs such as was approved in Section 2501(a) of the 1990 Farm Bill.

Farm workers must receive more attention and protection in farm policy. They continue to be among the poorest people in our land yet they harvest so much of our table food. Opening eligibility and including the work experience of farmworkers for beginning and minority farmer programs would allow some farmworkers to become self-sufficient. The enforcement of existing labor laws and linking compliance with those laws to a farmers participation in program benefits would help

ensure that farmworkers are protected. Additionally, providing information to both farmers and farmworkers on alternative pesticides and herbicides or on new health concerns for existing chemicals is a matter of fairness and decency.

HUNGER

The system of food production is unlike any other system: it produces what is essential for life. In a world where there are hundreds of millions of starving and malnourished people, our faith and our social teaching calls us to speak on their behalf and recognize food is essential to a decent and dignified human life.

DOMESTIC HUNGER

In the area of domestic hunger, USCC's primary concerns are in the continuation of the goals of existing food, nutrition and anti-hunger programs to meet the nutrition needs of many pregnant women, poor children, families and the elderly. Food, nutrition and anti-hunger programs play a vital role in ending poverty, especially among our children. Due to declining overall incomes and the breakdown of the family, the overall child poverty rate increased by 49 percent from 1973–1992. The largest growth, 76 percent, occurred in the suburbs—the areas once considered most immune from the poverty crisis. Recent reports indicate clearly that our federal food and nutrition programs do make a difference especially for poor children.

As the bishops said in ''Putting Children and Families First'':

''The continuing reality of hungry children in our midst is a dismaying sign of failure. We see signs of this failure in our food pantries, soup kitchens, parishes, and schools. New investment and improvements are needed in basic nutritional programs, such as food stamps, to ensure that no child goes hungry in America. An urgent priority is the Women, Infant & Children (WIC) program, that still does not reach all expectant mothers, infants, and young children in need.'' (1991)

The USCC strongly recommends the continuation of Food Stamps, Women, Infants and Children Supplemental Program (WIC), The Emergency Food Assistance Program (TEFAP), the school lunch program and other child nutrition and elderly food programs that assist those in need. The proposed cuts appear to us to go too far and the nutritional safety net could be in jeopardy. Additionally, we believe it would be a mistake to pit farm programs against food and nutrition programs in a time of limited budget resources. Both programs are necessary and need support.

While not categorically opposed in principle to block grants, the USCC believes that block granting essential entitlement programs such as Food Stamps could be detrimental to uniform nutritional standards and create unnecessary hardship on children, families and individuals in times of economic difficulties. These programs are often the beginning point for people who wish to work themselves out of poverty. The USCC envisions policies that will move people from perpetual hunger and poverty to a more sustained system of nutritional value and self dependency.

Linkages between urban hunger and the development of urban edge agriculture should be fostered. Such linkages should be seen as a form of community development and empowerment which complements and extends the traditional approaches to addressing food and hunger issues. I encourage Congress to direct the USDA to adopt community food security as a mission of the agency and establish a community food security program. Support direct farmer-to-consumer marketing efforts by expanding the Farmer's Market Nutrition Program and the Federal-State Marketing Improvement Program. We encourage further expansions of government purchases of local agricultural products. These and other provisions are part of the Community Food Security Empowerment Act of 1995 which I urge you to support.

INTERNATIONAL HUNGER

While hunger in our own country remains a serious problem, we cannot turn our backs on the 800 million people all over the world (and over half of them children), who do not have enough to eat. Such hunger is shameful in a world where most believe we can produce enough food for everyone.

We believe that special efforts must be made to see food as more than just another commodity to be traded on the international market and that it not be used as a bargaining chip as the United States pursues its interest in various parts of the globe. In addition, we believe that food trade should be conducted with global food security and equity as its primary goals, not with raw competition as its driving engine. Finally, patterns of overproduction and overconsumption on the part of first world countries has a devastating impact on the development and sustainability of our third world neighbors. The question is: will US food aid help poor people in food deficient nations move toward food security, or will it foster an unhealthy dependence?

The Food for Peace Program (PL–480) needs to be re-authorized and expanded. But it also needs to have a clear and primary goal alleviating hunger and only secondarily the pursuit of commercial or strategic interests.

In the 1995 Farm Bill, the United States should reinforce its commitment to help hungry people through international food aid programs. Over the past two years, the total level of international food assistance provided by the United States has decreased by nearly 50 percent. Programs to assist those who suffer from chronic hunger, as well as U.S. commitments to provide assistance for disaster relief, have been scaled back.

Food assistance is truly ''Food for Peace.'' When there is significant hunger and poverty, a country cannot experience internal stability and economic growth. It will not develop into a U.S. trading partner until some of its food security problems are remedied. Food aid is not the only response, but it has saved millions of lives and helped to improve the quality of life for millions more. And it has provided markets for U.S. agricultural goods and built the foundation for future trade relations.

The limited funds available for food aid should be targeted to those whose need is greatest and where the food can be used most effectively to alleviate hunger now and contribute to long-term food security. More specifically, we recommend:

1. With the downsizing of government agencies, relying more heavily on the experience, recommendations and capabilities of private partners—PVOs and cooperatives—for developing and implementing title II programs.

2. Strengthening the Title II program requirements so that the minimal amount of food tonnage required for people-to-people development programs (conducted by private voluntary organizations (PVOs), cooperatives and the World Food Program) is maintained. These programs assist countries with chronic hunger. Raiding these programs to take care of emergency needs only creates additional emergency needs. A new mechanism to take care of emergency situations should be established.

3. Establishing mechanisms which assure that the U.S. can continue to play a leadership role in responding to emergency needs by providing food in a timely manner. Allow the Secretary of Agriculture to use the Commodity Credit Corporation funds to make up to 1 metric ton of commodities available each year for emergency needs abroad.

RURAL DEVELOPMENT

In the area of rural development, policies should be enacted to strengthen economic development, expansion of employment opportunities, and education in rural communities. The lack of farming opportunities, few quality jobs, and poor infrastructure is forcing many of our young people out of rural communities and into the cities. This creates a drain of talent vitally needed by our rural towns.

Some modest rural empowerment and enterprise zones have been enacted to address funding for housing and community facilities, business development, water and waste systems. However, some rural residents fear that business development projects through enterprise ''zones'' are not long term and many rural communities are left untouched by enterprise or empowerment zones. Policy needs to be developed to ensure that stability to rural communities can be assured through permanent business development.

Much needed infrastructure improvements could generate economic development opportunities that would enhance the overall quality of many American rural communities. Far too many rural communities still lack adequate housing, water access, safe roads, and public transportation which restrict rural residents from enjoying amenities that other communities have.

But more than infrastructure improvements are necessary. While many farmers are economically better off than the national average, 20 percent remain in poverty. Part of the problem is that money is flowing out of the rural community. Dependence on one or two key employers will be lessened if assistance in market diversification and in creating value-added ventures in the local town were to become a reality.

We believe the government has a continuing role in providing for the credit needs of farmers and especially beginning and minority farmers. Direct lending (i.e., being the ''lender of last resort''), and servicing loans should be part of government services to protect and promote the viability of family farms. The advantages of existing loan programs ought to be promoted including direct CFSA loans. Additionally, we urge support for both credit sales—so more beginning and minority farmers can enter farming—and education and outreach programs to minority farmers.

ENVIRONMENT

Our traditional concern for the environment flows from our teachings about creation and stewardship. In 1991, our bishops' Conference noted that:

''Sustainable economic policies, that is, practices that reduce current stresses on natural systems and are consistent with sound environmental policy in the long term, must be put into effect. At the same time, the world economy must come to include hundreds of millions of poor families who live at the edge of survival.'' (Renewing the Earth, 1991)

In this area we focus primarily on sustainable agriculture but also on the support for existing environmental and conservation programs of the federal government.

We define sustainable agriculture generally as substituting renewable resources generated on the farm for nonrenewable, purchased resources. Sustainable agriculture relies on modern, evolving and highly adaptable management technology. According to

an extensive study by the Northwest Area Foundation (an organization promoting economic revitalization for eight states—including my own state of Washington) entitled, A Better Row to Hoe, sustainable farmers are more diversified, plant less program commodities, use less fertilizer, pesticides, and energy, rotate crops, recycle plant nutrients and manure, plant more soil-building crops, use more cover crops, strip crops, contour grass waterways and field windbreaks than do conventional farmers. All of these techniques are consistent with our principles of careful stewardship of finite natural resources. Additionally, the new techniques of sustainable agriculture will increase small town business opportunities as the local community responds to the different production and market needs of these farmers. We see this as a positive development which corresponds to our call to value and support rural and small town life.

While the Northwest Area Foundation study concludes that there is general support for the concepts of sustainable agriculture, there is a great deal of reluctance on the part of many farmers to fully enter into these farming techniques because of the lack of governmental support. This is especially true in the areas of commodity program payments, research and extension services.

Environmental performance should be a hallmark of public farm policy. We urge the removal of penalties for converting to sustainable agriculture and an end to the discrimination against sustainable farmers who plant soil-conserving crops and have fewer acres in subsidized crops. Greater emphasis on sustainable agriculture in research and educational programs will strengthen the technology base and provide both beginning farmers and farmers who want to convert to sustainable agriculture with better technical support.

We support recent conservation legislation that would consolidate current conservation programs into a single entity; keep the current level of funding; extend the Conservation and Wetlands Reserve Programs (CRP and WRP) and focusing CRP on the most environmentally sensitive lands and encourage partial field enrollments; encourage conservation practices by giving priority to sustainable practices rather than wholesale land retirements; and encourage support for sustainable livestock management practices.

In addition to these proposals we would also recommend: Providing incentive payments to encourage whole farm planning; Encouraging local participation by farmers, ranchers, nonprofit organizations as well as federal, state and local natural resources staff in the new State Conservation Committees; Considering a grant program where a portion of federal conservation funds can draw down local funds for special conservation projects.

Finally, it is critical that Conservation Compliance, Sodbuster, and Swampbuster provisions be maintained. Though they have not been perfect programs, they have significantly slowed the wetland destruction, soil erosion and have improved water quality. These provisions are conditions of enrollment in a voluntary entitlement program and should not be viewed as regulatory ''takings'' of private property rights, as suggested in the House-passed ''Private Property Protection Act of 1995.''

CONCLUSION

I encourage you to continue to promote a broad-based ownership of the land and the means of agricultural production, to foster the family farm, support minority farmers and farmworkers and uphold the place of the land as a gift from God and for all generations.●

FAIRFIELD UNIVERSITY COMMENCEMENT ADDRESS OF AMBASSADOR JEAN KENNEDY SMITH

● Mr. DODD. Mr. President, at a time when deep budget cuts have forced us to focus more on the private sector's role in maintaining and improving society, volunteerism has become ever more important. The contributions made by volunteers, whether in the President's National Service Corps, charity groups, or religious institutions, every day serve to brighten the lives of people who need help.

That is why I was so heartened to hear of the remarks of Jean Kennedy Smith, my dear friend and our Ambassador to Ireland, to the graduating class of Fairfield University. In her commencement address, Ambassador Smith lauded the graduates for their deep faith and brilliant spirit of volunteerism. Indeed, she knows service to others when she sees it. Jean Kennedy Smith not only comes from a family whose faith underlies a deep commitment to community and public service, but is herself actively involved in both public service and in improving the lives of those who are less fortunate. Her exemplary work with the ''very special arts'' organization brings the joy of the arts to people with disabilities.

In this day and age, when most of the news about youth is gloom and doom it was refreshing to know that Fairfield University has cultivated such an outstanding group of young men and women. A group of young adults, as Jean Kennedy Smith explained, whose faith and commitment to service will not only bring personal fulfillment, but also ultimately advance goals such as peace in Ireland and the world over.

Mr. President, I wish to share Jean Kennedy Smith's uplifting remarks with my colleagues and with the American people, and ask that they be printed, as published June 17, 1995, in America Press, in the RECORD.

The remarks follow:

FAITH ABOVE ALL

(By Jean Kennedy Smith)

Since this is a day of celebration, it is a time to talk of those who love us and those whom we love—your parents, grandparents, your brothers and sisters, your friends—all those who have given so much for you and whose sacrifices have brought you to this threshold of the future. Although I never had the good fortune to attend a Jesuit school, I am certainly familiar with the value of a Jesuit education. My late husband, Steve, graduated from Georgetown, and my son attended medical school there. In my family, a Jesuit education has always been synonymous with excellence.

A noted college president once said that the reason that universities are such storehouses of knowledge is that every entering student brings a little knowledge in and no graduating student takes knowledge out. I'm sure that is not true at Fairfield. A good education is respected and cherished throughout the world, particularly in the United States and in Ireland. Ireland, in fact, boasts one of the most educated societies in the world. The Irish youth are the best educated in all of Europe.

But this should come as no surprise. When Europe descended into the Dark Ages, Ireland earned its reputation as a land of scholars and saints by preserving the traditions of learning and faith. Men and women of religious orders in those years committed themselves to the world of ideas and knowledge, and passed on this heritage in both written and oral form. Western civilization has benefitted from their wisdom ever since.

St. Ignatius Loyola, who founded the Society of Jesus in 1540, also extolled the importance of education. But he realized that it must be more than the mere accumulation of knowledge. Ignatius understood that a true education is one that is inspired by spiritual values. The motto of Fairfield University, ''Through Faith Toward the Fullness of Truth,'' reflects the spirit of St. Ignatius and the work of the Jesuits and lay men and women who teach at Fairfield.

My mother, Rose Fitzgerald Kennedy, shared this same high vision—that faith, above all things, brings fulfillment. She often said: ''The most important element in human life is faith. If God were to take away all his blessings, health, physical fitness, wealth, intelligence, and leave me but one gift, I would ask for faith.''

Our family was blessed with two wonderful parents. And while we were growing up, they always impressed upon us the responsibility to give something back to our country, which had been so good to us. As President Kennedy said on Inauguration Day in 1961, ''Ask not what your country can do for you, ask what you can do for your country.'' But too often in recent years, our country seems to have lost sight of that ideal. We ignore it at our peril.

Service to others takes many forms. It can be an act of kindness to a friend or neighbor, volunteering at a soup kitchen or local hospital, standing up for civil rights and against poverty and discrimination or working with others on the countless challenges that face society. Each of these acts is important—essential—to our well being. Each act expresses our morality, our commitment to the enduring values of peace, justice and truth. My brother Robert Kennedy told by students of Capetown in South Africa in the 1960's: ''Each time a man stands up for an idea, or acts to improve the lot of others, or strikes out against injustice, he sends forth a tiny ripple of hope. And crossing each other from a million different centers of energy and daring, those ripples build a mighty current that can sweep down the mightiest walls of oppression and resistance.''

I know that the spirit of volunteerism is alive and well as Fairfield. You have staffed the Head Start program in Bridgeport, teaching basic skills to disadvantaged children. Nursing students staff a health promotion center that also assists the poor. Some of you are active in Project Children, which has made a tremendous impact on the children of Northern Ireland, by giving them opportunities to visit the United States. Other have worked in third world countries like Belize, Ecuador, Mexico and Jamaica. And I am particularly delighted that Fairfield will host 520 athletes next month for the Special Olympics International World Games. I commend you for the example you have set, and I hope you will continue to find such opportunities for service throughout your lives.

Much of my own work has been with an organization called Very Special Arts, which tries to bring experience with the arts to people with disabilities. It is amazing, what men and women and children can achieve no matter how great their difficulties. Patients who can barely communicate can learn to write beautiful poetry. A deaf child can learn to dance, a paraplegic to play music by using

his toes or to paint with his mouth. The joy they discover in their achievements is indescribable. Every one, in a unique way, is a miracle of our common humanity and our care for one another.

In its own way, a miracle on a large scale is happening today in Northern Ireland. Peace, which had eluded the people for so long, has now been a faithful presence for many months. The guns and bombs are silent, and Protestants and Catholics alike are finding how much they can accomplish together when violence no longer oppresses their community. It makes me proud of my country to know that America is helping this dream of peace and reconciliation to come true.

I arrived in Ireland as ambassador 30 years after President Kennedy's famous visit in 1963. One of my first trips was to County Wexford, ''where our ancestors had lived. At the heritage center there, I type the name of my great-grandfather into a computer. The screen read: ''Patrick Joseph Kennedy, Age: 28. Literacy: None.''

This year, as we observe the 150th anniversary of the Great Famine, when millions were forced to leave Ireland, those words symbolize for me their courage, faith and determination. These immigrants came to this country penniless, without their families and without education, in order to build a better life for themselves and their children in the freedom and opportunity of this land. We are a nation of immigrants. And our diversity has helped make us strong. But our faith will keep us free.

You, the members of this graduating class, will make all the difference in maintaining these high ideals in the years ahead. The success of your neighborhood, your community and our country will depend on you. You will be asked to take chances, to take risks, to take action. The ripples of hope that you send forth will make America a better country in a better world.

As my brother Robert said, ''This world demands the qualities of youth: not a time of life, but a state of mind, a temper of the will, a quality of the imagination, predominance of courage over timidity—of the appetite for adventure over the love of ease.''

I wish you great adventure, happiness and fulfillment in all that you do—for yourselves and others.

APPOINTMENTS BY THE MAJORITY LEADER

The PRESIDING OFFICER. The Chair on behalf of the majority leader, after consultation with the Democratic leader, pursuant to Public Law 93–415, as amended by Public Law 102–586 announces the appointment of James L. Burgess of Kansas to the Coordinating Council on Juvenile Justice and Delinquency Prevention, effective July 5, 1995.

The Chair on behalf of the majority leader, in consultation with the Democratic leader, pursuant to Public Law 102–246, appoints the following individual to the Library of Congress Trust Fund Board: Adele C. Hall of Kansas to a 5 year term.

USE OF JEFFERSON DAVIS' DESK

Mr. GORTON. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Senate Resolution 161, submitted earlier today by Senators COCHRAN and LOTT.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 161) to make available to the senior Senator from Mississippi, during his or her term of office, the use of the desk located in the Senate Chamber and used by Senator Jefferson Davis.

Mr. GORTON. Mr. President, I ask unanimous consent that the resolution be considered and agreed to; that the motion to reconsider be laid upon the table; and that any statements relating to the resolution appear at the appropriate place in the RECORD.

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

So the resolution (S. Res. 161) was agreed to, as follows:

Resolved, That during the One hundred fourth Congress and each Congress thereafter, the desk located within the Senate Chamber and used by Senator Jefferson Davis shall, at the request of the senior Senator from the State of Mississippi, be assigned to such Senator, for use in carrying out his or her Senatorial duties during that Senator's term of office.

REVISED EDITION OF STANDING RULES OF THE SENATE

Mr. GORTON. Mr. President, I ask unanimous consent that the Committee on Rules and Administration be directed to prepare a revised edition of the Standing Rules of the Senate, and that such standing rules be printed as a Senate document.

I further ask unanimous consent that 2,500 additional copies of this document be printed for the use of the Committee on Rules and Administration.

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

DIGITAL PERFORMANCE RIGHT IN SOUND RECORDINGS

Mr. GORTON. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of calendar No. 165, S. 227.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (S. 227) to amend title 17, United States Code, to provide an exclusive right to perform sound recordings publicly by means of digital transmissions, and for other purposes, which had been reported from the Committee on the Judiciary, with an amendment to strike all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Digital Performance Right in Sound Recordings Act of 1995''.

SEC. 2. EXCLUSIVE RIGHTS IN COPYRIGHTED WORKS.

Section 106 of title 17, United States Code, is amended—

(1) in paragraph (4) by striking ''and'' after the semicolon;

(2) in paragraph (5) by striking the period and inserting ''; and''; and

(3) by adding at the end the following:

''(6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.''.

SEC. 3. SCOPE OF EXCLUSIVE RIGHTS IN SOUND RECORDINGS.

Section 114 of title 17, United States Code, is amended—

(1) in subsection (a) by striking ''and (3)'' and inserting ''(3) and (6)'';

(2) in subsection (b) in the first sentence by striking ''phonorecords, or of copies of motion pictures and other audiovisual works,'' and inserting ''phonorecords or copies'';

(3) by striking subsection (d) and inserting:

''(d) LIMITATIONS ON EXCLUSIVE RIGHT.—Notwithstanding the provisions of section 106(6)—

''(1) EXEMPT TRANSMISSIONS AND RETRANSMISSIONS.—The performance of a sound recording publicly by means of a digital audio transmission or retransmission, other than as a part of an interactive service, is not an infringement of section 106(6) if the performance is part of—

''(A) a nonsubscription transmission, such as a nonsubscription broadcast transmission;

''(B) a retransmission of a nonsubscription broadcast transmission: Provided, That, in the case of a retransmission of a radio station's broadcast transmission—

''(i) the radio station's broadcast transmission is not willfully or repeatedly retransmitted more than a radius of 150 miles from the site of the radio broadcast transmitter, however—

''(I) the 150 mile limitation under this clause shall not apply when a nonsubscription broadcast transmission by a radio station licensed by the Federal Communications Commission is retransmitted on a nonsubscription basis by a terrestrial broadcast station, terrestrial translator, or terrestrial repeater licensed by the Federal Communications Commission; and

''(II) in the case of a subscription retransmission of a nonsubscription broadcast retransmission covered by subclause (I), the 150 mile radius shall be measured from the transmitter site of such broadcast retransmitter;

''(ii) the retransmission is of radio station broadcast transmissions that are—

''(I) obtained by the retransmitter over the air;

''(II) not electronically processed by the retransmitter to deliver separate and discrete signals; and

''(III) retransmitted only within the local communities served by the retransmitter;

''(iii) the radio station's broadcast transmission was being retransmitted to cable systems (as defined in section 111(f)) by a satellite carrier on January 1, 1995, and that retransmission was being retransmitted by cable systems as a separate and discrete signal, and the satellite carrier obtains the radio station's broadcast transmission in an analog format: Provided, That the broadcast transmission being retransmitted may embody the programming of no more than one radio station; or

''(iv) the radio station's broadcast transmission is made by a noncommercial educational broadcast station funded on or after January 1, 1995, under section 396(k) of the Communications Act of 1934 (47 U.S.C. 396(k)), consists solely of noncommercial educational and cultural radio programs, and the retransmission, whether or not simultaneous, is a nonsubscription terrestrial broadcast retransmission; or

''(C) a transmission or retransmission that comes within any of the following categories:

''(i) a prior or simultaneous transmission or retransmission incidental to an exempt transmission or retransmission, such as a feed received by and then retransmitted by an exempt transmitter: Provided, That such incidental transmissions or retransmissions do not include any subscription transmission or retransmission directly for reception by members of the public;

''(ii) a transmission or retransmission within a business establishment, confined to its premises or the immediately surrounding vicinity;

''(iii) a retransmission by any retransmitter, including a multichannel video programming distributor as defined in section 522(12) of the Communications Act of 1934 (47 U.S.C. 522(12)), of a transmission by a transmitter licensed to publicly perform the sound recording as a part of that transmission, if the retransmission is simultaneous with the licensed transmission and authorized by the transmitter; or

''(iv) a transmission or retransmission to a business establishment for use in the ordinary course of its business: Provided, That the business recipient does not retransmit the transmission outside of its premises or the immediately surrounding vicinity, and that the transmission does not exceed the sound recording performance complement. Nothing in this clause shall limit the scope of the exemption in clause (ii).

''(2) SUBSCRIPTION TRANSMISSIONS.—In the case of a subscription transmission not exempt under subsection (d)(1), the performance of a sound recording publicly by means of a digital audio transmission shall be subject to statutory licensing, in accordance with subsection (f) of this section, if—

''(A) the transmission is not part of an interactive service;

''(B) the transmission does not exceed the sound recording performance complement;

''(C) the transmitting entity does not cause to be published by means of an advance program schedule or prior announcement the titles of the specific sound recordings or phonorecords embodying such sound recordings to be transmitted;

''(D) except in the case of transmission to a business establishment, the transmitting entity does not automatically and intentionally cause any device receiving the transmission to switch from one program channel to another; and

''(E) except as provided in section 1002(e) of this title, the transmission of the sound recording is accompanied by the information encoded in that sound recording, if any, by or under the authority of the copyright owner of that sound recording, that identifies the title of the sound recording, the featured recording artist who performs on the sound recording, and related information, including information concerning the underlying musical work and its writer.

''(3) LICENSES FOR TRANSMISSIONS BY INTERACTIVE SERVICES.—

''(A) No interactive service shall be granted an exclusive license under section 106(6) for the performance of a sound recording publicly by means of digital audio transmission for a period in excess of 12 months, except that with respect to an exclusive license granted to an interactive service by a licensor that holds the copyright to 1,000 or fewer sound recordings, the period of such license shall not exceed 24 months: Provided, however, That the grantee of such exclusive license shall be ineligible to receive another exclusive license for the performance of that sound recording for a period of 13 months from the expiration of the prior exclusive license.

''(B) The limitation set forth in subparagraph (A) of this paragraph shall not apply if—

''(i) the licensor has granted and there remain in effect licenses under section 106(6) for the public performance of sound recordings by means of digital audio transmission by at least 5 different interactive services: Provided, however, That each such license must be for a minimum of 10 percent of the copyrighted sound recordings owned by the licensor that have been licensed on an exclusive basis to interactive services, but in no event less than 50 sound recordings; or

''(ii) the exclusive license is granted to perform publicly up to 45 seconds of a sound recording and the sole purpose of the performance is to promote the distribution or performance of that sound recording.

''(C) Notwithstanding the grant of an exclusive or nonexclusive license of the right of public performance under section 106(6), an interactive service may not publicly perform a sound recording unless a license has been granted for the public performance of any copyrighted musical work contained in the sound recording, Provided, That such license to publicly perform the copyrighted musical work may be granted either by a performing rights society representing the copyright owner or by the copyright owner.

''(D) The performance of a sound recording by means of a digital audio retransmission is not an infringement of section 106(6) if—

''(i) the retransmission is of a transmission by an interactive service licensed to publicly perform the sound recording to a particular member of the public as part of that transmission; and

''(ii) the retransmission is simultaneous with the licensed transmission, authorized by the transmitter, and limited to that particular member of the public intended by the interactive service to be the recipient of the transmission.

''(E) For the purposes of this paragraph—

''(i) a 'licensor' shall include the licensing entity and any other entity under any material degree of common ownership, management, or control that owns copyrights in sound recordings; and

''(ii) a 'performing rights society' is an association or corporation that licenses the public performance of nondramatic musical works on behalf of the copyright owner, such as the American Society of Composers, Authors and Publishers, Broadcast Music, Inc., and SESAC, Inc.

''(4) RIGHTS NOT OTHERWISE LIMITED.—

''(A) Except as expressly provided in this section, this section does not limit or impair the exclusive right to perform a sound recording publicly by means of a digital audio transmission under section 106(6).

''(B) Nothing in this section annuls or limits in any way—

''(i) the exclusive right to publicly perform a musical work, including by means of a digital audio transmission, under section 106(4);

''(ii) the exclusive rights to reproduce and distribute a sound recording or the musical work embodied therein under sections 106(1) and 106(3); or

''(iii) any other rights under any other clause of section 106, or remedies available under this title, as such rights or remedies exist either before or after the date of enactment of the Digital Performance Right in Sound Recordings Act of 1995.

''(C) Any limitations in this section on the exclusive right under section 106(6) apply only to the exclusive right under section 106(6) and not to any other exclusive rights under section 106. Nothing in this section shall be construed to annul, limit, impair or otherwise affect in any way the ability of the owner of a copyright in a sound recording to exercise the rights under sections 106(1), 106(2) and 106(3), or to obtain the remedies available under this title pursuant to such rights, as such rights and remedies exist either before or after the date of enactment of the Digital Performance Right in Sound Recordings Act of 1995.''; and

(4) by adding after subsection (d) the following:

''(e) AUTHORITY FOR NEGOTIATIONS.—

''(1) Notwithstanding any provision of the antitrust laws, in negotiating statutory licenses in accordance with subsection (f), any copyright owners of sound recordings and any entities performing sound recordings affected by this section may negotiate and agree upon the royalty rates and license terms and conditions for the performance of such sound recordings and the proportionate division of fees paid among copyright owners, and may designate common agents on a nonexclusive basis to negotiate, agree to, pay, or receive payments.

''(2) For licenses granted under section 106(6), other than statutory licenses, such as for performances by interactive services or performances that exceed the sound recording performance complement—

''(A) copyright owners of sound recordings affected by this section may designate common agents to act on their behalf to grant licenses and receive and remit royalty payments, Provided, That each copyright owner shall establish the royalty rates and material license terms and conditions unilaterally, that is, not in agreement, combination, or concert with other copyright owners of sound recordings; and

''(B) entities performing sound recordings affected by this section may designate common agents to act on their behalf to obtain licenses and collect and pay royalty fees, Provided, That each entity performing sound recordings shall determine the royalty rates and material license terms and conditions unilaterally, that is, not in agreement, combination, or concert with other entities performing sound recordings.

''(f) LICENSES FOR NONEXEMPT SUBSCRIPTION TRANSMISSIONS.—

''(1) No later than 30 days after the enactment of the Digital Performance Right in Sound Recordings Act of 1995, the Librarian of Congress shall cause notice to be published in the Federal Register of the initiation of voluntary negotiation proceedings for the purpose of determining reasonable terms and rates of royalty payments for the activities specified by subsection (d)(2) of this section during the period beginning on the effective date of such Act and ending on December 31, 2000. Such terms and rates shall distinguish among the different types of digital audio transmission services then in operation. Any copyright owners of sound recordings or any entities performing sound recordings affected by this section may submit to the Librarian of Congress licenses covering such activities with respect to such sound recordings. The parties to each negotiation proceeding shall bear their own costs.

''(2) In the absence of license agreements negotiated under paragraph (1), the Librarian of Congress shall, pursuant to chapter 8, convene a copyright arbitration royalty panel to determine and publish in the Federal Register a schedule of rates and terms which, subject to paragraph (3), shall be binding on all copyright owners of sound recordings and entities performing sound recordings. In establishing such rates and terms the copyright arbitration royalty panel may consider the rates for comparable types of digital audio transmission services and comparable circumstances under voluntary license agreements negotiated as provided in paragraph (1). The parties to the proceeding shall bear the entire cost of the proceeding in such manner and proportion as the arbitration panels shall direct. The Librarian of Congress shall also establish requirements by which copyright owners may receive reasonable notice of the use of their sound recordings under this section, and under which records of such use shall be kept by entities performing sound recordings.

''(3) License agreements voluntarily negotiated at any time between one or more copyright owners of sound recordings and one or more entities performing sound recordings shall be given effect in lieu of any determination by a copyright arbitration royalty panel or decision by the Librarian of Congress.

''(4) The procedures specified in paragraphs (1) and (2) shall be repeated and concluded, in accordance with regulations that the Librarian of Congress shall prescribe—

''(A) within a 6-month period each time that a petition is filed by any copyright owners of sound recordings or any entities performing sound recordings affected by this section indicating that a new type of digital audio transmission service on which sound recordings are performed is or is about to become operational, and

''(B) between June 30 and December 31, 2000 and at 5-year intervals thereafter.

''(5)(A) Any person who wishes to perform a sound recording publicly by means of a nonexempt subscription transmission under this subsection may do so without infringing the exclusive right of the copyright owner of the sound recording—

''(i) by complying with such notice requirements as the Register of Copyrights shall prescribe by regulation and by paying royalty fees in accordance with this subsection; or

''(ii) if such royalty fees have not been set, by agreeing to pay such royalty fees as shall be determined in accordance with this subsection.

''(B) Any royalty payments in arrears shall be made on or before the twentieth day of the month next succeeding the month in which the royalty fees are set.

''(g) PROCEEDS FROM LICENSING OF SUBSCRIPTION TRANSMISSIONS.—

''(1) Except in the case of a subscription transmission licensed in accordance with subsection (f) of this section—

''(A) a featured recording artist who performs on a sound recording that has been licensed for a subscription transmission shall be entitled to receive payments from the copyright owner of the sound recording in accordance with the terms of the artist's contract; and

''(B) a nonfeatured recording artist who performs on a sound recording that has been licensed for a subscription transmission shall be entitled to receive payments from the copyright owner of the sound recording in accordance with the terms of the nonfeatured recording artist's applicable contract or other applicable agreement.

''(2) The copyright owner of the exclusive right under section 106(6) of this title to publicly perform a sound recording by means of a digital audio transmission shall allocate to recording artists in the following manner its receipts from the statutory licensing of subscription transmission performances of the sound recording in accordance with subsection (f) of this section:

''(A) 2½ percent of the receipts shall be deposited in an escrow account managed by an independent administrator jointly appointed by copyright owners of sound recordings and the American Federation of Musicians (or any successor entity) to be distributed to nonfeatured musicians (whether or not members of the American Federation of Musicians) who have performed on sound recordings.

''(B) 2½ percent of the receipts shall be deposited in an escrow account managed by an independent administrator jointly appointed by copyright owners of sound recordings and the American Federation of Television and Radio Artists (or any successor entity) to be distributed to nonfeatured vocalists (whether or not members of the American Federation of Television and Radio Artists) who have performed on sound recordings.

''(C) 45 percent of the receipts shall be allocated, on a per sound recording basis, to the recording artist or artists featured on such sound recording (or the persons conveying rights in the artists' performance in the sound recordings).

''(h) LICENSING TO AFFILIATES.—

''(1) If the copyright owner of a sound recording licenses an affiliated entity the right to publicly perform a sound recording by means of a digital audio transmission under section 106(6), the copyright owner shall make the licensed sound recording available under section 106(6) on no less favorable terms and conditions to all bona fide entities that offer similar services, except that, if there are material differences in the scope of the requested license with respect to the type of service, the particular sound recordings licensed, the frequency of use, the number of subscribers served, or the duration, then the copyright owner may establish different terms and conditions for such other services.

''(2) The limitation set forth in paragraph (1) of this subsection shall not apply in the case where the copyright owner of a sound recording licenses—

''(A) an interactive service; or

''(B) an entity to perform publicly up to 45 seconds of the sound recording and the sole purpose of the performance is to promote the distribution or performance of that sound recording.

''(i) NO EFFECT ON ROYALTIES FOR UNDERLYING WORKS.—License fees payable for the public performance of sound recordings under clause (6) of section 106 shall not be taken into account in any administrative, judicial, or other governmental proceeding to set or adjust the royalties payable to copyright owners of musical works for the public performance of their works. It is the intent of Congress that royalties payable to copyright owners of musical works for the public performance of their works shall not be diminished in any respect as a result of the rights granted by section 106(6).

''(j) DEFINITIONS.—As used in this section, the following terms have the following meanings:

''(1) An 'affiliated entity' is an entity engaging in digital audio transmissions covered by section 106(6), other than an interactive service, in which the licensor has any direct or indirect partnership or any ownership interest amounting to 5 percent or more of the outstanding voting or non-voting stock.

''(2) A 'broadcast transmission' is a transmission made by a broadcast station licensed as such by the Federal Communications Commission.

''(3) A 'digital audio transmission' is a digital transmission as defined in section 101, that embodies the transmission of a sound recording. This term does not include the transmission of any audiovisual work.

''(4) An 'interactive service' is one that enables a member of the public to receive, on request, a transmission of a particular sound recording chosen by or on behalf of the recipient. The ability of individuals to request that particular sound recordings be performed for reception by the public at large does not make a service interactive. If an entity offers both interactive and non-interactive services (either concurrently or at different times), the non-interactive component shall not be treated as part of an interactive service.

''(5) A 'nonsubscription transmission', 'nonsubscription retransmission', or a 'nonsubscription broadcast transmission' is any transmission or retransmission that is not a subscription transmission or retransmission.

''(6) A 'retransmission' includes any further simultaneous retransmission of the same transmission. Nothing in this definition shall be construed to exempt a transmission that fails to satisfy a separate element required to qualify for an exemption under section 114(d)(1).

''(7) The 'sound recording performance complement' is the transmission during any 3-hour period, on a particular channel used by a transmitting entity, of no more than—

''(A) 3 different selections of sound recordings from any one phonorecord lawfully distributed for public performance or sale in the United States, if no more than 2 such selections are transmitted consecutively; or

''(B) 4 different selections of sound recordings

''(i) by the same featured recording artist; or

''(ii) from any set or compilation of phonorecords lawfully distributed together as a unit for public performance or sale in the United States,

if no more than three such selections are transmitted consecutively:

Provided, That the transmission of selections in excess of the numerical limits provided for in clauses (A) and (B) from multiple phonorecords shall nonetheless qualify as a sound recording performance complement if the programming of the multiple phonorecords was not willfully intended to avoid the numerical limitations prescribed in such clauses.

''(8) A 'subscription transmission' is a transmission that is controlled and limited to particular recipients, and for which consideration is required to be paid or otherwise given by or on behalf of the recipient to receive the transmission or a package of transmissions including the transmission.''.

SEC. 4. MECHANICAL ROYALTIES IN DIGITAL PHONORECORD DELIVERIES.

Section 115 of title 17, United States Code, is amended—

(1) in subsection (a)(1)—

(A) in the first sentence by striking out ''any other person'' and inserting in lieu thereof ''any other person, including those who make phonorecords or digital phonorecord deliveries by means of a digital audio transmission,''; and

(B) in the second sentence by inserting before the period '', including by means of a digital phonorecord delivery'';

(2) in subsection (c)(2) in the second sentence by inserting ''and other than as provided in paragraph (3),'' after ''For this purpose,'';

(3) by redesignating paragraphs (3), (4), and (5) of subsection (c) as paragraphs (4), (5), and (6), respectively, and by inserting after paragraph (2) the following new paragraph:

''(3)(A) A compulsory license under this section includes the right of the compulsory licensee to distribute or authorize the distribution of a phonorecord of a nondramatic musical work by means of a digital transmission which constitutes a digital phonorecord delivery, regardless of whether the digital transmission is also a public performance of the sound recording under section 106(6) of this title or of any nondramatic musical work embodied therein under section 106(4) of this title. For every digital phonorecord delivery by or under the authority of the compulsory licensee—

''(i) on or before December 31, 1997, the royalty payable by the compulsory licensee shall be the royalty prescribed under paragraph (2) and chapter 8 of this title; and

''(ii) on or after January 1, 1998, the royalty payable by the compulsory licensee shall be the royalty prescribed under subparagraphs (B) through (F) and chapter 8 of this title.

''(B) Notwithstanding any provision of the antitrust laws, for the purpose of this subparagraph, any copyright owners of nondramatic musical works and any persons entitled to obtain a compulsory license under subsection (a)(1) may negotiate and agree upon the terms and rates of royalty payments under this paragraph and the proportionate division of fees paid among copyright owners, and may designate common agents to negotiate, agree to, pay or receive such royalty payments. Such authority to negotiate the terms and rates of royalty payments includes, but is not limited to, the authority to negotiate the year during which the royalty rates prescribed under subparagraphs (B) through (F) and chapter 8 of this title shall next be determined.

''(C) During the period of June 30, 1996, through December 31, 1996, Librarian of Congress shall cause notice to be published in the Federal Register of the initiation of voluntary negotiation proceedings for the purpose of determining reasonable terms and rates of royalty payments for the activities specified by subparagraph (A) during the period beginning January 1, 1998, and ending on December 31, 2007, or such earlier date (regarding digital transmissions) as the parties may agree. Such terms and rates shall distinguish between (i) digital phonorecord deliveries where the reproduction or distribution of a phonorecord is incidental to the transmission which constitutes the digital phonorecord delivery, and (ii) digital phonorecord deliveries in general. Any copyright owners of nondramatic musical works and any persons entitled to obtain a compulsory license under subsection (a)(1) may submit to the Librarian of Congress licenses covering such activities. The parties to each negotiation proceeding shall bear their own costs.

''(D) In the absence of license agreements negotiated under subparagraph (C), the Librarian of Congress shall, pursuant to chapter 8, convene a copyright arbitration royalty panel to determine and publish in the Federal Register a schedule of rates and terms which, subject to subparagraph (E), shall be binding on all copyright owners of nondramatic musical works and persons entitled to obtain a compulsory license under subsection (a)(1) during the period beginning January 1, 1998, and ending on December 31, 2007, or such earlier date (regarding digital transmissions) as may be determined pursuant to subparagraph (C) or chapter 8. Such terms and rates shall distinguish between (i) digital

phonorecord deliveries where the reproduction or distribution of a phonorecord is incidental to the transmission which constitutes the digital phonorecord delivery, and (ii) digital phonorecord deliveries in general. In addition to the objectives set forth in section 801(b)(1), in establishing such rates and terms, the copyright arbitration royalty panel may consider rates under voluntary license agreements negotiated as provided in subparagraph (C). The royalty rates payable for a compulsory license for a digital phonorecord delivery under this section shall be established de novo and no precedential effect shall be given to the amount of the royalty payable by a compulsory licensee for digital phonorecord deliveries on or before December 31, 1997. The parties to the proceeding shall bear the entire cost thereof in such manner and proportion as the arbitration panels shall direct. The Librarian of Congress shall also establish requirements by which copyright owners may receive reasonable notice of the use of their works under this section, and under which records of such use shall be kept and made available by persons making digital phonorecord deliveries.

''(E)(i) License agreements voluntarily negotiated at any time between one or more copyright owners of nondramatic musical works and one or more persons entitled to obtain a compulsory license under subsection (a)(1) shall be given effect in lieu of any determination by the Librarian of Congress. Subject to clause (ii), the royalty rates determined pursuant to subparagraph (C) or (D) shall be given effect in lieu of any contrary royalty rates specified in a contract pursuant to which a recording artist who is the author of a nondramatic musical work grants a license under that person's exclusive rights in the musical work under section 106(1) or (3) to a person desiring to fix in a tangible medium of expression a sound recording embodying the musical work.

''(ii) Clause (i) shall not apply to—

''(I) a contract entered into on or before June 22, 1995, and not modified thereafter for the purpose of reducing such rates or of increasing the number of musical works within the scope of the contract covered by the reduced rates, except if a contract entered into on or before June 22, 1995, is modified thereafter for the purpose of increasing the number of musical works within the scope of the contract, any contrary royalty rates specified in the contract shall be given effect in lieu of royalty rates determined pursuant to subparagraph (C) or (D) for the number of musical works within the scope of the contract as of June 22, 1995; and

''(II) a contract entered into after the date that the sound recording is fixed in a tangible medium of expression substantially in a form intended for commercial release, if at the time the contract is entered into, the recording artist retains the right to grant licenses under sections 106(1) and 106(3).

''(F) The procedures specified in subparagraphs (C) and (D) shall be repeated and concluded, in accordance with regulations that the Librarian of Congress shall prescribe, as provided in section 803(a)(3), except to the extent that different times for the repeating and concluding of such proceedings may be determined in accordance with subparagraph (C) or (D).

''(G) Except as provided in section 1002(e) of this title, a digital phonorecord delivery licensed under this paragraph shall be accompanied by the information encoded in the sound recording, if any, by or under the authority of the copyright owner of that sound recording, that identifies the title of the sound recording, the featured recording artist who performs on the sound recording, and related information, including information concerning the underlying musical work and its writer.

''(H)(i) A digital phonorecord delivery of a sound recording is actionable as an act of infringement under section 501, and is fully subject to the remedies provided by sections 502 through 506 and sections 509 and 510, unless—

''(I) the digital phonorecord delivery has been authorized by the copyright owner of the sound recording; and

''(II) the owner of the copyright in the sound recording or the entity making the digital phonorecord delivery has obtained a compulsory license under this section or has otherwise been authorized to distribute or authorize the distribution, by means of a digital phonorecord delivery, of each nondramatic musical work embodied in the sound recording.

''(ii) Any cause of action under this subparagraph shall be in addition to those available to the owner of the copyright in the nondramatic musical work under subsection (c)(5) and section 106(4) and the owner of the copyright in the sound recording under section 106(6).

''(I) The liability of the copyright owner of a sound recording for infringement of the copyright in a musical work embodied in the sound recording shall be determined in accordance with applicable law, except that the owner of a copyright in a sound recording shall not be liable for a digital phonorecord delivery by a third party if the owner of the copyright in the sound recording does not license the distribution of a phonorecord of the musical work.

''(J) Nothing in section 1008 shall be construed to prevent the exercise of the rights and remedies allowed by this paragraph, paragraph (7), and chapter 5 in the event of a digital phonorecord delivery, except that no action alleging infringement of copyright may be brought under this title against a manufacturer, importer or distributor of a digital audio recording device, a digital audio recording medium, an analog recording device, or an analog recording medium, or against a consumer, based on the actions described in such section.

''(K) Nothing in this section annuls or limits (i) the exclusive right to publicly perform a sound recording or the musical work embodied therein, including by means of a digital transmission, under sections 106(4) and 106(6), (ii) except for compulsory licensing under the conditions specified by this section, the exclusive rights to reproduce and distribute the sound recording and the musical work embodied therein under sections 106(1) and 106(3), including by means of a digital phonorecord delivery, or (iii) any other rights under any other provision of section 106, or remedies available under this title, as such rights or remedies exist either before or after the date of enactment of the Digital Performance Right in Sound Recordings Act of 1995.

''(L) The provisions of this section concerning digital phonorecord deliveries shall not apply to any exempt transmissions or retransmissions under section 114(d)(1). The exemptions created in section 114(d)(1) do not expand or reduce the rights of copyright owners under section 106 (1) through (5) with respect to such transmissions and retransmissions.''; and

(5) by adding after subsection (c) the following:

''(d) DEFINITION.—As used in this section, the following term has the following meaning: A 'digital phonorecord delivery' is each individual delivery of a phonorecord by digital transmission of a sound recording which results in a specifically identifiable reproduction by or for any transmission recipient of a phonorecord of that sound recording, regardless of whether the digital transmission is also a public performance of the sound recording or any nondramatic musical work embodied therein. A digital phonorecord delivery does not result from a real-time, noninteractive subscription transmission of a sound recording where no reproduction of the sound recording or the musical work embodied therein is made from the inception of the transmission through to its receipt by the transmission recipient in order to make the sound recording audible.''.

SEC. 5. CONFORMING AMENDMENTS.

(a) DEFINITIONS.—Section 101 of title 17, United States Code, is amended by inserting after the definition of ''device'', ''machine'', or ''process'' the following:

''A 'digital transmission' is a transmission in whole or in part in a digital or other non-analog format.''.

(b) LIMITATIONS ON EXCLUSIVE RIGHTS: SECONDARY TRANSMISSIONS.—Section 111(c)(1) of title 17, United States Code, is amended in the first sentence by inserting ''and section 114(d)'' after ''of this subsection''.

(c) LIMITATIONS ON EXCLUSIVE RIGHTS: SECONDARY TRANSMISSIONS OF SUPERSTATIONS AND NETWORK STATIONS FOR PRIVATE HOME VIEWING.—

(1) Section 119(a)(1) of title 17, United States Code, is amended in the first sentence by inserting ''and section 114(d)'' after ''of this subsection''.

(2) Section 119(a)(2)(A) of title 17, United States Code, is amended in the first sentence by inserting ''and section 114(d)'' after ''of this subsection''.

(d) COPYRIGHT ARBITRATION ROYALTY PANELS.—

(1) Section 801(b)(1) of title 17, United States Code, is amended in the first and second sentences by striking ''115'' each place it appears and inserting ''114, 115,''.

(2) Section 802(c) of title 17, United States Code, is amended in the third sentence by striking ''section 111, 116, or 119,'' and inserting ''section 111, 114, 116, or 119, any person entitled to a compulsory license under section 114(d), any person entitled to a compulsory license under section 115,''.

(3) Section 802(g) of title 17, United States Code, is amended in the third sentence by inserting ''114,'' after ''111,''.

(4) Section 802(h)(2) of title 17, United States Code, is amended by inserting ''114,'' after ''111,''.

SEC. 6. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect 3 months after the date of enactment of this Act, except that the provisions of sections 114(e) and 114(f) of title 17, United States Code (as added by section 3 of this Act) shall take effect immediately upon the date of enactment of this Act.

AMENDMENT NO. 2302

(Purpose: To amend title 17, United States Code, to provide an exclusive right to perform sound recordings publicly by means of digital transmissions, and for other purposes)

Mr. GORTON. Mr. President, on behalf of Senators HATCH and FEINSTEIN, I send an amendment to the desk to the committee amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Washington [Mr. GORTON] for Mr. HATCH, for himself and Mrs. FEINSTEIN, proposes an amendment numbered 2302.

Mr. GORTON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. GORTON. Mr. President, I ask unanimous consent that the amendment be agreed to.

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

The amendment (No. 2302) was agreed to.

Mr. HATCH. Mr. President, I rise to request my colleagues' support for S.

227, the Digital Performance Right in Sound Recordings Act of 1995.

Mr. President, sound recordings—whether records, CD's, or tapes—are the only copyrighted works capable of performance that do not enjoy a performance right under our copyright law, even though they enjoy such a right in over 60 other nations. That simple fact, and the policies that underlie it, is what S. 227 is all about. All other works, whether they be films, plays, operas, songs, or ballets are protected by the performance right which guarantees that when their works are heard or seen publicly, those who created and produced the work are compensated.

This legislation has been a long time in coming. From the very first moment that Federal copyright protection was extended to sound recordings in 1972, Congress has been concerned about whether this discrimination with regard to the performance right makes sense. In the Copyright Act of 1976, we ordered the Register of Copyrights to study this problem and to report to Congress ''after consulting with representatives of owners of copyrighted materials, representatives of the broadcasting, recording, motion picture, entertainment industries, and arts organizations, representatives of organized labor and performers of copyrighted materials.'' 17 U.S.C. Section 114(d).

The report of the Copyright Office strongly recommended the adoption of a sweeping performance right for sound recordings. Over 10 years later, Congress requested a supplemental study of the issue, one that would take into account the many technological and legal changes in the intervening years. That report, filed in October of 1991, reaffirmed the view that sound recordings are illogically and unfairly discriminated against in our copyright law, with clearly identifiable adverse consequences for American artists individually and for our balance of trade in general.

Responding to these studies, Senator FEINSTEIN and I filed S. 1421 in the last Congress. That bill did not seek to create a performance right for all public performances of sound records, but instead addressed the most immediate threat to the owners of copyright in sound recordings—the ease of copying and greater fidelity that is achievable through the transmission of sound recordings by means of digital technologies.

We were unable to achieve passage of S. 1421 in the 103d Congress, but, because of the discussions and negotiations held throughout the past 2 years, we are able to present to this body a bill that accommodates the legitimate interests of everyone involved in the music licensing, distribution, and performance systems. The new digital performance right created by this bill applies to digital audio transmission of sound recordings which are part of an interactive service, or for which a subscriber pays a fee. The bill does not apply to traditional broadcasts and most other free transmissions, transmissions within business establishments, and transmissions made by commercial music services to businesses, among others. In drawing these lines, the Judiciary Committee, which I have the honor of chairing, attempted to balance the competing interests of the various copyright owners as well as users, and we think we have gotten it right.

S. 227 was unanimously approved by the Judiciary Committee on June 29, 1995. Indeed, I am pleased to note that, in addition to Senator FEINSTEIN and myself, the bill is now cosponsored by Senator DEWINE, Senator SIMPSON, Senator LOTT, Senator BAUCUS, Senator THURMOND, and Senator LEAHY. I believe it is ready for approval by the Senate today.

I should note that I am proposing today a substitute that contains a number of technical corrections to the bill as approved by the Judiciary Committee. The legislation is complex, and we have attempted to correct some inconsistent uses of defined terms and other technical errors. In addition, we have adopted a number of suggestions made by the Copyright Office to improve the procedures provided for in the legislation for negotiating and arbitrating royalty rates and terms. I am submitting a description of these changes and a section-by-section analysis for the RECORD along with this statement for the information of my colleagues.

Mr. President, today is an important day for creators of American music. Today we are correcting an anomalous inequity in our copyright law. Although American music has long been the world's most popular, we have strangely not given the creators of sound recordings a right to control and be remunerated for their works. Today we take a substantial step to ending that inequity.

This bill is forward looking. It largely leaves in place mature businesses that have grown up under the old copyright regime. It seeks to ensure that creators of sound recordings will have the rights they have been denied until now as the digital age dawns.

This bill also will help protect the creators of American music abroad by strengthening our international position in negotiating safeguards for the makers of American music performed in other countries, as it is all over the world.

Mr. President, it is important that the creators of America's music—whether they compose the score, write the lyrics, sing the songs, or produce the recordings—be fairly and equitably compensated for the public performances that result. For too long they have not been.

I therefore ask my colleagues to support and pass S. 227, so that this long overdue protection can be at last provided.

I also ask unanimous consent that a description of the changes from the committee-approved bill, and a new section-by-section analysis be printed in the RECORD.

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

DESCRIPTION OF TECHNICAL CORRECTIONS TO THE COMMITTEE-APPROVED BILL

SECTION 114(D)(1)—EXEMPT TRANSMISSIONS AND RETRANSMISSIONS

As originally approved by the Committee, the bill generally used to term ''transmission'' to refer to all transmissions, and the term ''retransmission'' to refer to the subset of transmissions that are further transmissions of initial transmissions. Thus, for example, new section 106(6) granted an exclusive right to perform a copyrighted sound recording publicly ''by means of a digital audio transmission,'' and did not mention retransmissions, even though it was intended that the new performance right would cover all digital audio transmissions, including retransmissions.

Use of those terms in section 114(d)(1) was not always consistent with that general usage. The corrected bill uses these terms consistently. To clarify the original intention of the bill, the following changes were made:

In section 114(j), a new definition of the term ''transmission'' was added to clarify that that term includes retransmissions. The definitions of the terms ''broadcast'' transmission, ''retransmission'' and ''nonsubscription'' transmission were also revised to reflect this clarification.

In section 114(d)(1), the phrase ''or retransmission'' has been deleted in several places where it is not necessary in light of the new definitions.

Section 114(d)(1)(A) also was revised to reflect the clarified definitions. Subparagraph (A) originally was intended to exempt nonsubscription transmissions being initially delivered to the public, such as nonsubscription broadcast transmissions. With the clarification of the definitions, it became necessary to specify more precisely which transmissions are covered by this exemption. Thus, under the corrected bill, a transmission is exempt if it is either:

A nonsubscription transmission other than a retransmission (such as a nonbroadcast nonsubscription digital audio service that originates its transmissions rather than retransmitting a programming feed);

An initial nonsubscription retransmission made for direct reception by members of the public of a prior or simultaneous incidental transmission that is not made for direct reception by members of the public (such as an initial retransmission to the public of a network feed—whether the feed itself is exempt remains governed by section 114(d)(1)(C)(i)); or

A nonsubscription broadcast transmission. As defined in section 114(j)(2), this category includes all nonsubscription broadcast transmissions made by terrestrial broadcast stations licensed by the FCC, whether an initial transmission (such as a local newscast) or a retransmission (such as the retransmission of a feed supplied by a network or syndicator). This clause does not cover retransmissions by entities other than broadcast stations (such as cable systems) of transmissions made by broadcast stations; whether such retransmissions are themselves exempt remains governed by section 114(d)(1)(B) and, to some extent, section 114(d)(1)(C).

In light of the technical amendments to section 114(d)(1)(A), transmissions exempted

by section 114(d)(1)(B)(i)(I) may already be exempt under section 114(d)(1)(A). For example, since section 114(d)(1)(A) exempts all nonsubscription broadcast tarnsmissions (including nonsubscription broadcast retransmissions), the retransmissions by terrestrial broadcast stations that are exempted by Section 114(d)(1)(B)(i)(I) are also exempt under section 114(d)(1)(A)(iii). To leave no doubt about the intention to exempt the retransmissions described in section 114(d)(1)(B)(i)(I) (without regard to the 150-mile limitation generally applicable under section 114(d)(1)(B)(i)), that section has been left intact.

In addition, section 114(d)(1)(C)(iii), an incorrect reference to section 522(12) of the Communications Act of 1934 was corrected.

SECTION 114(D)(3)— LICENSES FOR TRANSMISSIONS BY INTERACTIVE SERVICES

Subparagraph (A) limits the duration of exclusive performance licenses granted to interactive services, and subparagraph (B)(i) provides an exception to this limitation if a record company grants sufficient licenses to multiple interactive services. In describing this exception, the bill as originally approved referred to a percentage of the sound recordings licensed by a sound recording copyright owner ''on an exclusive basis.'' However, to encourage diversity of licensing, the percentage should not be calculated based only on the number of sound recordings licensed ''on an exclusive basis.'' Thus, the corrected bill deletes the phrase ''on an exclusive basis'' to make clear that the percentage should be calculated based on the number of sound recordings licensed by the copyright owner on an exclusive or nonexclusive basis.

Subparagraph (D) has been revised to use the phrase ''retransmission of a digital audio transmission,'' which conforms to the terms defined and used throughout the bill.

SECTION 114(D)(4)—RIGHTS NOT OTHERWISE LIMITED

As the bill was originally approved, subparagraph (B)(ii) made clear that none of the changes made by the bill to section 114 of the Copyright Act is to affect the existing reproduction and distribution rights of sound recording and musical work copyright owners. Of course, the changes to section 114 are not intended to affect the adaptation rights of sound recording and musical work copyright owners either. The corrected bill adds a specific reference to section 106(2) of the Act to avoid any implication to the contrary.

SECTION 114(F)—LICENSES FOR NONEXEMPT SUBSCRIPTION TRANSMISSIONS

The Copyright Office provided thoughtful comments on various aspects of the bill as originally approved, including particularly those provisions concerning the mechanics of establishing statutory licensing royalty rates and terms. The corrected bill includes revised language to address a number of issues raised by those comments and related issues.

In paragraph (2):

New language makes clear that if an arbitration proceeding is necessary to establish the initial statutory licensing rates and terms, it will commence only upon the filing of a petition during a 60-day period which will commence 6 months after publication of notice of the initiation of the voluntary negotiation proceeding.

Language (already used in new section 115(c)(3)(D)) is added to clarify that the objectives set forth in existing section 801(b)(1) of the Copyright Act are to be considered by arbitration panels in setting statutory licensing rates and terms.

A reference to ''terms'' is added to clarify that arbitration panels may consider voluntarily negotiated license terms in determining the terms applicable to statutory licenses.

A sentence was deleted at the suggestion of the Copyright Office because substantially the same language already appears in existing section 802(c) of the Copyright Act.

The words ''and made available'' were added to be consistent with the provisions of new section 115(c)(3)(D).

Paragraph (4) of the bill was rewritten to clarify when voluntary negotiation or arbitration proceedings should commence. Under the revised paragraph, the Librarian of Congress is to publish notice of the initiation of voluntary negotiation proceedings:

(a) within 30 days after being petitioned to publish notice concerning a new type of digital audio transmission service; and

(b) in January 2000, and every five years thereafter.

If voluntary negotiations do not lead to an agreement among the interested parties, an arbitration may be commenced upon the filing of a petition in accordance with existing section 803(a)(1) of the Copyright Act during a specified 60-day period. That period commences:

(a) six months after publication of notice of the initiation of a voluntary negotiation proceeding concerning a new type of digital audio transmission service; and

(b) on July 1, 2000, and every five years thereafter.

Regardless of when an arbitration proceeding is commenced, it is to be concluded in accordance with the existing procedures in section 802 of the Copyright Act.

In paragraph (5)(A)(i), an erroneous reference to the ''Register of Copyrights'' has been corrected.

SECTION 114(I)—NO EFFECT ON ROYALTIES FOR UNDERLYING WORKS

The form of a reference to section 106(6) was conformed to other references in the bill.

SECTION 114(J)—DEFINITIONS

As explained in connection with section 114(d)(1), the corrected bill includes a new definition of the term ''transmission'' and several revised definitions intended to clarify the original intention of the bill concerning the use of those terms:

The revised definition of ''transmission'' clarifies the intention that that term covers both all initial transmissions and all retransmissions.

To reflect the use of the term ''broadcast'' transmission in section 114(d)(1)(A)(iii), as described above, the definition has been limited to transmissions by terrestrial broadcast stations. Whether nonbroadcast nonsubscription transmissions, for example by non-terrestrial services (such as satellite services), are exempt is governed by sections 114(d)(1)(A) (i) and (ii).

The definition of ''nonsubscription'' transmission was simplified in light of the other definitional changes.

The definition of ''retransmission'' previously set forth only an example of a retransmission. As modified, the provision defines the term as a further transmission of an initial transmission, as well as any further retransmission of the same transmission. Except as otherwise provided, a transmission is a ''retransmission'' only if it is simultaneous with the initial transmission.

SECTION 115(A)(1)

The phrase ''by means of a digital audio transmission'' was deleted because it is redundant.

SECTION 115(C)(3)(B)

The phrase ''for the purpose of this subparagraph'' was deleted because it is incorrect. The corrected provision conforms with the language of new section 114(e)(1).

SECTION 115(C)(3)(C)

This subparagraph was revised to provide that once statutory licensing rates and terms are established, they shall remain in effect until successor rates and terms are established, either by negotiation or, if necessary, arbitration. In addition, a reference to ''digital transmissions'' was replaced with the more precise term ''digital phonorecord deliveries.''

SECTION 115(C)(3)(D)

This subparagraph has been revised in several ways to clarify the mechanics of establishing compulsory licensing royalty rates and terms:

References to subparagraph (B) have been added because negotiations conducted under the procedures of subparagraph (C) are covered by the provisions of subparagraph (B).

An arbitration proceeding is to commence only upon the filing of a petition in accordance with existing section 803(a)(1). (Unlike arbitration under section 114, however, a petition of arbitration under section 115(c)(3)(D) may be filed at any time during the calendar year in which the mechanical royalty rates and terms for digital phonorecord deliveries are to be established.)

Once statutory licensing rates and terms are established, they shall remain in effect until successor rates and terms are established, either by negotiation or, if necessary, arbitration.

A reference to ''digital transmissions'' was replaced with the more precise term ''digital phonorecord deliveries.''

Arbitration panels may consider voluntarily negotiated license ''terms'' as well as ''rates'' in determining statutory licenses.

A sentence was deleted at the suggestion of the Copyright Office because substantially the same language already appears in existing section 802(c) of the Copyright Act.

SECTION 115(C)(3)(E)

Subparagraph (E)(i) was revised to make clear that the limitation on ''controlled composition'' clauses applies not only to contracts where a recording artist who is the author of a musical work grants a mechanical license in the work that, but also to contracts where the recording artist commits another person (such as the artist's music publisher) to grant a mechanical license in that work.

Several additional minor corrections were made to this subparagraph:

References to subparagraph (F) were added to recognize that subparagraphs (C), (D) and (F) all are relevant to determining compulsory licensing rates and terms.

The introduction to subparagraph (E)(ii) has been corrected to refer only to the second sentence of subparagraph (E)(i), because the exceptions contained in subparagraph (E)(ii) are not relevant to the first sentence of subparagraph (E)(i).

In subparagraph (E)(ii), ambiguous references to ''such rates'' and to ''the right to grant licenses'' have been replaced with more specific language.

SECTION 115(C)(3)(F)

As the bill was originally approved, this subparagraph provided that mechanical royalty rates and terms for digital phonorecord deliveries were to be reexamined every ten years, as provided in section 803(a)(3), except to the extent that different years for doing so were determined by agreement of the parties. If the parties did not agree on the shorter period for determining rates, the issue would have been subject to arbitration. It is preferable to provide a shorter period by statute, in the event the parties do not agree, to reexamine whether circumstances

warrant a change in mechanical license rates and terms. Thus, the procedures specified in subparagraphs (C) and (D) shall next be repeated in five years if the parties do not choose another year.

SECTION 115(C)(3)(H)

Several corrections were made to this subparagraph:

In subparagraph (H)(i), an erroneous reference to section 510 was deleted.

New language in subparagraph (H)(i)(II) makes clear that, if no compulsory license is obtained, it is the musical work copyright owner (or someone acting under that person's authority) who must authorize the making of digital phonorecord deliveries of the musical work to digital phonorecord deliveries of the musical work to satisfy the requirements of subparagraph (H)(i)(II).

In subparagraph (H)(i)(II), the word ''nondramatic'' was deleted to confirm that the provisions of subparagraph (H) apply to digital phonorecord deliveries of sound recordings of both dramatic and nondramatic musical works.

In subparagraph (H)(ii), an erroneous reference to subsection (c)(5) was corrected.

SECTION 115(C)(3)(I)

Because section 115 generally applies only to nondramatic musical works, the word ''nondramatic'' was added to this subparagraph.

SECTION 115(C)(3)(J)

An erroneous reference to paragraph (7) was corrected.

CONFORMING AMENDMENTS

Additional conforming amendments have been added to the bill. These clarify the relationship between section 803 of the Copyright Act and the new arbitration provisions of sections 114 and 115.

DIGITAL PERFORMANCE RIGHT IN SOUND RECORDINGS ACT OF 1995

SECTION-BY-SECTION ANALYSIS

Section 1—Short Title.—This section sets forth the title of the Act, the ''Digital Performance Right in Sound Recordings Act of 1995.''

Section 2—Exclusive Rights in Copyrighted Works.—This section amends section 106 of title 17 to add a new paragraph (6) to provide an exclusive right to perform a copyrighted sound recording publicly by means of a digital audio transmission.

Section 3—Scope of Exclusive Rights in Sound Recordings.—This section amends section 114(a) by adding a reference to new section 106(6) in the list of exclusive rights granted to the owner of a copyright in a sound recording.

This section also amends the language of section 114(b) relating to the tangible medium of expression in which sound recordings can be duplicated. Instead of referring only to phonorecords or ''copies of motion pictures and other audiovisual works,'' the new language recognizes that sound recordings can be reproduced in copies of any kind. As multimedia technologies begin to blur the lines between different categories of works capable of being embodied in copies, the Committee deemed it important to confirm that, subject to the specific limitations in section 114(b), sound recordings enjoy the full scope of protection afforded by the reproduction right under section 106(1).

This section also strikes section 114(d) of title 17, an obsolete provision that directed the Register of Copyrights to submit a report on performance rights to Congress on January 3, 1978, and replaces it with new subsections (d) through (i), as described below.

Section 114(d). Limitations on Exclusive Right

Section 114(d)(1). Exempt Transmissions and Retransmissions

Section 114(d)(1) is designed to ensure that the new right provided to owners of copyright in sound recordings with respect to certain digital public performances of those recordings will not affect nonsubscription transmissions being initially delivered to the public (such as radio or television broadcasts), certain retransmissions of those transmissions, and certain other transmissions (including retransmissions) that the Committee believes should not be subject to the new right.

To take advantage of the Section 114(d)(1) exemptions, a transmission must not be part of an ''interactive service'' as defined in Section 114(j)(4). The Committee anticipates that this requirement will not present any difficulty for the types of services covered by the Section 114(d)(1) exemption. The term ''interactive service'' is intended to cover only services in which an individual can arrange for the transmission of a specific sound recording to that person or another, individually.

Under Section 114(d)(1), a transmission will be exempt from the new right under Section 106(6) if it falls into at least one of the following categories:

Section 114(d)(1)(A) (certain nonsubscription) transmissions)

Under this provision, any transmission to members of the public that is not a part of an interactive service is exempt from the new digital performance right if it is either: a nonsubscription transmission other than a retransmission (such as a nonbroadcast nonsubscription digital audio service that originates its transmissions rather than retransmitting a programming feed); an initial nonsubscription retransmission made for direct reception by members of the public of a prior or simultaneous incidental transmission that is not made for direct reception by members of the public (such as an initial retransmission to the public of a network feed; whether the feed itself is exempt is governed by section 114(d)(1)(C)(i)); or a nonsubscription broadcast transmission. As defined in section 114(j)(2), this category includes all nonsubscription broadcast transmissions made by terrestrial broadcast stations licensed by the FCC, whether an initial transmission (such as a local newscast) or a retransmission (such as the retransmission of a feed supplied by a network or syndicator). This clause does not cover retransmissions by entities other than broadcast stations (such as cable systems) of transmissions made by broadcast stations; whether such retransmissions are themselves exempt is governed by section 114(d)(1)(B) and, to some extent, section 114(d)(1)(C).

The classic example of such an exempt transmission is a transmission to the general public by a free over-the-air broadcast station, such as a traditional radio or television station, and the Committee intends that such transmissions be exempt regardless of whether they are in a digital or non-digital format, in whole or in part.

Section 114(d)(1)(B) (retransmissions of nonsubscription broadcast transmissions)

In general, this provision exempts all retransmissions of nonsubscription broadcast transmissions, whether the retransmissions are offered on a subscription or a nonsubscription basis. Retransmissions of radio station broadcast transmissions, however, are exempt only if they are not part of an interactive service and fall within certain specified categories, which are discussed in detail below.

The Committee has created the Section 114(d)(1)(B) exemption because it is aware that cable systems and other multichannel programming distributors often offer retransmissions of nonsubscription broadcast transmissions to their customers. At present, copyright liability for these retransmissions ordinarily is covered pursuant to Sections 111 and 119 of the Act. The Committee intends, subject to the limitations discussed below concerning retransmissions of radio broadcasts, that all noninteractive retransmissions of noninteractive nonsubscription broadcast transmissions be exempt from the new digital sound recording performance right. These retransmissions will be exempt even if the cable system (or other retransmission service) limits the delivery of the retransmission to its customers and charges a fee to receive the retransmission. In other words, retransmissions of broadcast stations' signals will be exempt even if the retransmissions are themselves ''subscription'' transmissions under the Act. A cable system's delivery of a retransmitted radio broadcast signal within 150 miles of the transmitter, for example, will be exempt under Section 114(d)(1)(B)(i), even if the cable system charges a monthly fee to subscribers to receive the signal.

Retransmissions of the broadcast transmissions of radio stations are exempt pursuant to Section 114(d)(1)(B) only if they fall within one of the categories listed in paragraphs 114(d)(1)(B)(i) through (B)(iv):

Section 114(d)(1)(B)(i) (retransmission of radio signals within 150 mile radius of transmitter).—Under this provision, retransmissions of a radio station within a 150 mile radius of the site of that station's transmitter are exempt, whether retransmitted on a subscription or a nonsubscription basis, provided that they are not part of an interactive service.

This provision does not, however, exempt the willful or repeated retransmission of a radio station's broadcast transmission more than a 150 mile radius from the radio station's transmitter. The Committee recognizes that the 150 mile limit could serve as a dangerous trap for the uninitiated or inattentive. To ensure against that possibility, Section 114(d)(1)(B)(i) provides that a retransmission beyond the 150 mile radius will fall outside the exemption only if the retransmission is willful or repeated. The Committee intends the phrase ''willful or repeated'' to be understood in the same way that phrase was used in Section 111 of the Act, as explained in the House Report on the 1976 Act, H.R. Rep. No. 1476, 94th Cong., 2d Sess. 93 (1976).

Pursuant to Section 114(d)(1)(B)(i)(I), the 150-mile limitation does not apply when a nosubscription broadcast transmission by an FCC-licensed station is retransmitted on a nonsubscription basis by an FCC-licensed terrestrial broadcast station, terrestrial translator, or terrestrial repeater. In other words, a radio station's broadcast transmission may be retransmitted by another FCC-licensed basis without regard to the 150 mile restriction.

The Committee notes that transmissions exempted by section 114(d)(1)(B)(i)(I) may already be exempt under section 114(d)(1)(A). For example, since section 114(d)(1)(A) exempts all nonsubscription broadcast transmissions (including nonsubscription broadcast retransmissions), the retransmissions by terrestrial broadcast stations that are exempted by Section 114(d)(1)(B)(i)(I) are also exempt under section 114(d)(1)(A)(iii). To leave no doubt about the intention to exempt the retransmissions described in section 114(d)(1)(B)(i)(I) (without regard to the 150-mile limitation generally applicable under section 114(d)(1)(B)(i)), that section has been included in the bill in this form.

Under Section 114(d)(1)(B)(i)(II), when a retransmission covered by Section 114(d)(1)(B)(i)(I) is itself retransmitted on a subscription basis, the 150-mile radius is measured from the transmitter site of the broadcast retransmitter (whether a station, translator, or repeater). This means that a cable system (or other subscription retransmitter) can, without incurring liability under Section 106(6), retransmit a broadcast retransmission within 150 miles of the transmitter site of the station, translator, or repeater that is making the retransmission.

Section 106(6) is not intended to apply to the transmission of a local radio station's programming free of charge to local or long distance callers who are put ''on hold'' during a telephone call with a business, nor is the bill intended to change current law as it applies to such performances of copyrighted musical works under section 106(4).

Section 114(d)(1)(B)(ii) (all-band retransmissions of radio transmissions received over the air).—This provision is intended to permit retransmitters (such as cable systems) to offer retransmissions to their local subscribers of all radio stations that the retransmitter is able to pick up using an over-the-air antenna. (These are sometimes called ''all-band'' retransmissions.) There are three requirements for this exemption: (1) the retransmitter (such as a cable system) must obtain the radio broadcast transmission over the air; (2) the broadcast transmission must not be electronically processed by the retransmitter as separate and discrete signals (as that term is used in 37 C.F.R. §201.17(b)(4)), and (3) the transmissions must be retransmitted only within the local communities served by the retransmitter. Since some radio station broadcast transmissions can be picked up over the air beyond 150 miles, this provision is intended to ensure that the 150-mile limitation in Section 114(d)(1)(B)(i) will not create unintended liability for all-band retransmissions.

Section 114(d)(1)(B)(iii) (grandfathering).—This provision exempts certain other retransmissions of radio broadcast transmissions, again without regard to the 150 mile limit in Section 114(d)(1)(B)(i). The requirements for this exemption are as follows: (1) the radio station's transmission was being retransmitted by a satellite carrier on January 1, 1995 (as was, for example, Chicago radio station WFMT); (2) that retransmission was being retransmitted by cable systems (as defined in Section 111(f) of the Act) as a separate and discrete signal; (3) the satellite carrier receives the radio station's transmission in analog form; and (4) the broadcast transmission being retransmitted embodies the programming of no more than one radio station (i.e., the station must not the multiplexed).

Section 114(d)(1)(B)(iv) (nonsubscription broadcast retransmissions of public radio station broadcast transmissions)—The Committee recognizes that noncommercial educational radio stations rely on a variety of types of broadcast retransmissions to deliver their programming to the public. This provision establishes an exemption for such retransmissions. Specifically, this provision exempts both simultaneous and nonsimultaneous retransmissions of broadcast transmissions originally made by federally funded noncommercial educational radio stations, provided that the retransmissions are carried out through nonsubscription terrestrial broadcasts. To qualify, the noncommercial educational radio station's broadcasts must consist of news, informational, cultural, public affairs, or other ''educational and cultural'' programming to the public. The 150-mile limitation of Section 114(d)(1)(B)(i) does not apply to retransmissions that qualify for this exemption.

Many noncommercial educational stations also use intermediate nonbroadcast transmission links to broadcast their programming to the public, and those nonbroadcast transmissions or retransmissions may be exempt under other provisions of the bill.

Section 114(d)(1)(C) (other exempt transmissions and retransmissions)

This provision exempts certain other categories of transmissions, without regard to whether they are subscription transmissions or nonsubscription transmissions. The categories exempted under this provision are as follows:

Section 114(d)(1)(C)(i) (incidental transmissions).—In the course of arranging for the delivery of an exempt transmission, many incidental transmissions may take place. For example, a radio or television station may receive a satellite feed from a network or from another station that provides programming to the station; a station or network may receive a ''backhaul'' transmission from a sports or news event at a remote location; or a station may deliver a clean feed of its broadcast transmission to a cable system to ensure that the cable system's retransmission will be of the highest technical quality. Among other things, Section 114(d)(1)(C)(i) exempts transmissions of a broadcast station that both broadcasts its signal to the public and, either immediately or through intermediate terrestrial links, transmits that signal by satellite to other broadcast stations for their simultaneous or subsequent broadcast to the public. The Committee intends that all such incidental transmissions be exempt from the new digital performance right under Section 106(6) regardless of whether they are made on a subscription or a nonsubscription basis, and regardless of whether some or all portions of a transmission are in a digital format. Thus, section 114(d)(1)(C)(i) also exempts an incidental transmission, as described above, by a subscription digital transmission service to a cable system to the extent that the cable system is engaging in an exempt retransmission of that transmission to a business establishment pursuant to section 114(d)(1)(C)(iv). The Committee does not intend, however, for any subscription transmission intended for reception directly by members of the public to fall within the category of exempt incidental transmissions. To qualify for this ''incidental'' exemption, transmissions must be made for the purpose of facilitating an exempt transmission. Thus, a transmission that is available for general reception by the public (for example, through the Internet), which is not being used to facilitate an exempt transmission, would not qualify as an ''incidental'' transmission under this section.

Section 114(d)(1)(C)(ii) (transmissions by businesses on and around their premises).—Businesses often utilize transmissions on or around their premises that include prerecorded musical works. This activity is sometimes called ''storecasting.'' The Committee is aware that there has been extensive litigation over the scope of Section 110(5) of the Act relating to the particular circumstances under which businesses are liable to the copyright owners of musical works when they utilize transmissions containing such works on and around their premises. To leave absolutely no doubt that the new Section 106(6) right is not intended to create any comparable right in the owners of copyright in sound recordings regarding ''storecasts,'' Section 114(d)(1)(C)(ii) specifically provides that the new right does not reach transmissions on or around business premises. In particular, Section 114(d)(1)(C)(ii) would permit a business to engage in transmissions (including retransmissions of any transmission) on its premises or the immediately surrounding vicinity without incurring liability to the copyright owners of sound recordings under Section 106(6). This provision is not intended to change the rights of copyright owners of musical works regarding transmissions under existing law.

Section 114(d)(1)(C)(iii) (authorized retransmissions of licensed transmissions).—To simplify licensing practices, section 114(d)(1)(C)(iii) provides a ''through to the listener'' exemption intended to permit retransmitters, including cable systems, direct broadcast satellite (''DBS'') service providers and other multichannel video programming distributors (''MVPDs'') (as defined in the 1934 Communications Act, as amended), simultaneously to retransmit to the listener noninteractive music programming provided by a licensed source. To qualify for this exemption, the retransmission must be simultaneous with the original transmission and authorized by the original transmitter; and the original transmission must be licensed by the copyright owner of the sound recording. Retransmissions are deemed to be ''simultaneous'' even if there is some momentary time delay resulting from the technology used for transmission or retransmission.

Thus, Section 114(d)(1)(C)(iii) exempts retransmissions from liability for copyright infringement where a noninteractive music programmer transmitter has obtained a public performance copyright license from the copyright owner of the sound recording, and the retransmitter has not obtained such a license but is authorized by the licensed music programmer transmitter to retransmit the sound recording. Retransmissions of this type are exempt under the provisions of this Act, as the sound recordings retransmitted are covered by the licenses that the music programmer transmitter obtains from the sound recording copyright owners.

Section 114(d)(1)(C)(iv) (certain transmissions to business establishments).—This provision exempts from liability under new section 106(6) certain noninteractive transmissions made to business establishments for use in the ordinary course of their business, such as for background music played in offices, retail stores or restaurants.

To qualify, the transmission must meet all of the following conditions: (a) the transmission must be to a business establishment; (b) the transmission must be for use by the business establishment in the ordinary course of its business; (c) the business establishment must not retransmit the transmission outside its premises or the immediately surrounding vicinity; and (d) the transmission must not exceed the sound recording performance complement, as defined in Section 114(j)

If a business establishment retransmits the transmission in a manner not otherwise exempted under subparagraph (C)(ii), without the authority or prior knowledge of or any inducement by any entity that transmitted the service to the business establishment, then only the retransmission by the business establishment is not exempt pursuant to subparagraph (C)(iv). Under such circumstances, the non-exempt status of such a retransmission would not affect the exempt status of the transmission to that business establishment.

If the same subscription transmission service programming is being transmitted to both business establishments and non-business consumers, then only the transmission of that service to the business establishments would qualify for an exemption pursuant to subparagraph (C)(iv). As the bill

makes clear, nothing in this exemption is intended to limit the breadth of the general exemption in Section 114(d)(1)(C)(ii) for transmissions by business establishments on their premises, or any of the other exemptions in this Section 114(d)(1).

Section 106(6) is not intended to apply to the transmission of a commercial background music service free of charge to local or long distance callers who are put ''on hold'' during a telephone call with a business, nor is the bill intended to change current law as it applies to such performances of copyrighted musical works under section 106(4).

Section 114(d)(2). Subscription Transmissions

Subsection (d)(2) provides that certain subscription transmissions may be subject to statutory licensing if the transmissions conform to the criteria set forth in that section. ''Subscription transmissions'' are defined in subsection (j)(8) as transmissions limited to particular recipients for which consideration is required to be paid. Transmitters of noninteractive subscription transmissions that are not otherwise exempt under subsection (d)(1) may be eligible for a statutory license under subsection (f). A ''statutory license'' guarantees that every noninteractive subscription transmission service will receive a license to perform the sound recording by means of a digital transmission, provided that the transmission service pays the royalty and complies with the terms prescribed in accordance with subsection (f). The rates and terms will be set by industry or individual negotiation, or if necessary, by a copyright arbitration royalty panel convened pursuant to chapter 8 of the Copyright Act.

In order to qualify for a statutory license, a performance of a sound recording by digital audio transmission must meet five conditions, enumerated in subparagraphs (A) through (E):

First, as already noted, the transmission cannot be part of an ''interactive service'', as defined in subsection (j)(4). Interactive services, which allow listeners to receive sound recordings ''on-demand'', pose the greatest threat to traditional record sales, as to which sound recording copyright owners currently enjoy full exclusive rights. Thus, in order to provide a comparable ability to control distribution of their works, copyright owners of sound recordings must have the right to negotiate the terms of licenses granted to interactive services.

Second, subparagraph (B) requires that transmissions subject to the statutory license cannot exceed the sound recording performance complement defined in subsection (j)(7). The complement, more fully described below, contains limits on the number of selections a subscription transmission service can play from any one phonorecord or boxed set, or by the same featured recording artist pursuant to the statutory license. For purposes of this subparagraph, each channel of a multichannel service is a separate ''transmission.''

Third, subparagraph (C) states that the transmitting entity may not avail itself of the statutory license if it publishes an advance program schedule or makes prior announcements of the titles of specific sound recordings or phonorecords to be transmitted. This provision addresses the situation in which an entity informs its subscribers in advance as to when particular sound recordings will be performed. A preannouncement that does not use the title of the upcoming selection would still come within this limitation so long as it sufficiently identifies the selection through other information, such as the artist's name and the song's well-known current chart position. The limitation is not intended, however, to prevent a transmitting entity from advertising the names of illustrative sound recordings or phonorecords that may, at some time, be performed by that entity under the statutory license.

Fourth, the transmitting entity cannot automatically and intentionally cause the receiver's equipment to switch from one channel to another. This limitation does not apply to transmissions made to a business establishment. This subparagraph is intended to remedy the situation in which a service licensed under the statutory license might intentionally attempt to evade the sound recording performance complement by switching a non-business subscriber's receiver from one channel to another.

Finally, subparagraph (E) imposes as a condition of statutory licensing the obligation of a subscription entity to carry within its transmitted signal certain specified types of information, if that information has been encoded in the sound recording under the authority of the copyright owner of that sound recording. This provision does not obligate the copyright owner of the sound recording to encode such copyright management information in the work, nor does it limit the copyright owner's ability to select the types of information (e.g., artist, title) to be encoded. In addition, it is not intended to require a transmitting entity to generate or encode such information in its transmission if the information is not encoded in the sound recording. Moreover, the transmitting entity is not required to transmit information that may be encoded in the sound recording other than the information specified in this subparagraph and ''related information'' (i.e., information that is specifically related to the identification of the works being performed and upon which payments are to be made by the transmitting entity under this bill). Subparagraph (E) also makes clear that nothing in this section affects the provisions of section 1002(e).

Section 114(d)(3). Licenses for transmissions by interactive services

This provision places limits on the sound recording copyright owner's exclusive right to license interactive copyright owner's exclusive right to license interactive services. (No limitations are imposed where the sound recording copyright owner licenses an interactive service on a nonexclusive basis.) As described below, an ''interactive service'' includes on-line or other services that offer ''pay-per-listen,'' ''audio-on-demand,'' or ''celestial jukebox'' features, regardless of whether there is a charge to receive the service. The Committee is aware of concerns that the copyright owners of sound recordings might become ''gatekeepers'' and limit opportunities for public performances of the musical works embodied in the sound recordings. The Committee believes that the limits set forth in subsection (d)(3) appropriately resolve any such concerns.

Paragraph (3)(A) provides that the duration of an exclusive license granted to an interactive service for the public performance of a sound recording by means of digital audio transmission cannot exceed 12 months. In the case of a copyright owner that holds fewer than 1,000 copyrights in sound recordings, an exclusive license to an interactive service can last up to 24 months. In either case, after the license expires, that interactive service cannot receive another exclusive license for the same sound recording for a period of 13 months.

The sound recording copyright owner is not subject to these limitations in certain circumstances, as enumerated in paragraph (3)(B). Subparagraph (B)(i) provides that the limitations do not apply where the licensor has granted performance licenses to at least 5 different interactive services. Each license must be for a significant portion of that segment of the licensor's catalog of sound recordings that has been licensed to interactive services—specifically, at least 10% of the sound recordings that have been licensed to interactive services, but in no event less than 50 sound recordings. For example, a record company would not be subject to the limitations in paragraph (3)(A) if it has granted performance licenses for a total of 10,000 sound recordings to 5 different interactive services, and each service received a performance license for at least 1,000 sound recordings.

Subparagraph (B)(ii) provides that the limits on licenses to interactive services also do not apply where the performance license is granted for promotional purposes. The sole purpose of the license must be to promote the distribution or performance of the sound recording, and the license can only permit a public performance of up to 45 seconds. A qualifying public performance is merely exempted from the limitation on licensing found in paragraph (3)(A); subparagraph (B)(ii) does not provide an exemption from infringement liability for a transmission otherwise subject to liability.

Section 114(d)(3)(C) provides that, whether or not the owner of copyright in a sound recording has granted an exclusive or nonexclusive license to an interactive service, the service must nevertheless obtain a license from a performing rights society or from the copyright owner of the musical work contained in the sound recording. This provision does not affect any existing limitation under sections 107–113, section 116–120, or the unmended portions of sections 114 and 115.

To simplify licensing practices, a ''through to the listener'' exemption is provided in paragraph (3)(D) for those entities that retransmit digital audio transmissions from an interactive service. These retransmissions must be of transmissions by an interactive service licensed to publicly perform the sound recording; the retransmission must be authorized by the interactive service; the retransmission must be simultaneous with the transmission; and it must be limited to the customer intended by the interactive service to receive the transmission.

The definition of ''licensor'' in subparagraph (3)(E)(i) makes clear that this term includes certain affiliates of the copyright owner in sound recordings that own sound recording copyrights—namely, affiliates under a material degree of common ownership, management or control. Thus, the number of sound recording copyrights held by such affiliates of a record company must be included in a calculation to determine whether that company has fewer than 1,000 sound recordings for the purpose of paragraph (3)(A), and to determine whether the record company has licensed a sufficient number of sound recordings to satisfy the requirements found in paragraph (3)(B)(i) regarding the inapplicability of the exclusive licensing limitations.

Section 114(d)(4). Rights not otherwise limited

Under existing principles of copyright law, the transmission or other communication to the public of a musical work constitutes a public performance of that musical work. In addition, the digital transmission of a sound recording that results in the reproduction by or for the transmission recipient of a phonorecord of that sound recording implicates the exclusive rights to reproduce and distribute the sound recording and the musical work embodied therein. New technological uses of copyrighted sound recordings are arising which require an affirmation of existing

copyright principles and application of those principles to the digital transmission of sound recordings, to encourage the creation of and protect rights in those sound recordings and the musical works they contain.

This subsection makes clear, in paragraph (4)(A), the Committee's intent that except as explicitly provided in section 114, nothing in that section limits the exclusive right to perform a sound recording publicly by means of a digital audio transmission. Paragraph (4)(B) also makes clear that section 114 does not in any way limit the exclusive right to publicly perform a musical work under section 106(4); the exclusive right in sound recordings and musical works under sections 106(1), 106(2), and 106(3); and any other rights and remedies available under title 17. Similarly, the bill does not affect any existing limitation under sections 107–113, sections 116–120, or the unamended portions of sections 114 and 115.

Paragraph (4)(C) ensures that where an activity implicates a sound recording copyright owner's rights under both section 106(6) and some other clause of section 106, the limitations contained in section 114 shall not be construed to limit or impair in any way any other rights the copyright owner may have, or any other exemptions to which users may be entitled, with respect to the particular activity. For example, where a digital audio transmission is a digital phonorecord delivery as well as a public performance of a sound recording, the fact that the public performance may be exempt from liability under section 114(d)(1) or subject to statutory licensing under section 114(f) does not in any way limit or impair the sound recording copyright owner's rights and remedies under section 106(3) against the transmitter for the distribution of a phonorecord of the sound recording. As another example, where an interactive digital audio transmission constitutes a distribution of a phonorecord as well as a public performance of a sound recording, the fact that the transmitting entity has obtained a license to perform the sound recording does not in any way limit or affect the entity's obligation to obtain a license to distribute phonorecords of the sound recording. Similarly, the bill does not affect any existing limitation under sections 107–113, sections 116–120, or the unamended portions of sections 114 and 115.

Section 114(e). Authority for negotiations

This subsection clarifies the applicability of the antitrust laws to the use of common agents in negotiations and agreements relating to statutory licenses and other licenses.

Under subsection (e)(1), copyright owners of sound recordings and operators of digital services (which perform sound recordings affected by section 114) may collectively negotiate statutory licenses for the performance of sound recordings ''notwithstanding any provision of the antitrust laws.'' This exemption from the antitrust laws extends to negotiations and agreements on royalty rates and license terms and conditions, the proportionate division of the royalties among copyright owners, and the designation of common agents on a nonexclusive basis to negotiate, agree to, pay, or receive royalty payments.

Subsection (e)(1) closely follows the language of existing antitrust exemptions in copyright law relating to the negotiation of statutory licenses, including 17 U.S.C. §116(b)(1) (jukebox licenses) and 17 U.S.C. §118(b) (noncommercial broadcasting). Like those provisions, subsection (e)(1) is important to help effectuate the related statutory license provision. But unlike those provisions, subsection (e)(1) provides that use of a common agent must be nonexclusive.

The requirement of nonexclusivity is intended to preserve the possibility of direct licensing negotiations between individual copyright owners and operators of digital services, rather than merely between their common agents. For example, nonexclusivity should help prevent copyright owners from using a common agent to demand supracompetitive rates, because such demands might be avoided by direct negotiations with individual copyright owners. In such negotiations an individual copyright owner would exercise independent judgment on whether to contract on particular terms.

A more limited exemption to the antitrust laws is created by subsection (e)(2), relating to licenses granted under section 106(6), other than statutory licenses, such as performances by interactive services or performances that exceed the sound recording performance complement. Under subsection (e)(2)(A), copyright owners may designate common agents to ''grant licenses and receive and remit royalty payments,'' while under subsection (e)(2)(B), operators of digital services may designate common agents to ''obtain licenses and collect and pay royalty fees,'' without violating the antitrust laws. Importantly, however, subsection (e)(2) does not permit either copyright owners or operators to jointly establish royalty rates or competitively important license terms and conditions.

The antitrust protections provided for common agents in subsection (e)(2) are important to facilitate the licensing of digital sound recording performances (other than through statutory licenses) by reducing transaction costs. While this use of common agents might be found lawful under existing law, the statutory exemption in subsection (e)(2) will ensure that the formation of beneficial and procompetitive arrangements to facilitate licensing of performances will not be deterred by concerns over the possible application of the antitrust laws. This is particularly important given that other provisions in the copyright law contain antitrust exemptions.

The exemption in subsection (e)(2) is narrowly tailored to make clear that it would be permissible to use common agents, such as a clearinghouse, to handle the logistics of licensing, payment of royalties, and transmitting royalties to copyright owners. Establishment of royalty rates and material license terms and conditions do not receive any antitrust protection, however, so any common agents or clearinghouse must conform to the antitrust laws in these areas. To comply with this limitation, the common agent or clearinghouse could either relay information about rates and terms to and from the copyright owners and the operators of digital services, or simply put interested operators in touch with the appropriate copyright owners for direct negotiations.

Section 114(f). Licenses for nonexempt subscription transmissions

This provision requires the Librarian of Congress to cause notice to be published of voluntary negotiation proceedings. The purpose of these proceedings is to determine reasonable terms and royalty rates for transmissions that qualify for statutory licensing under section 114(d)(2). The subsection also contains other provisions concerning such proceedings.

The first such voluntary negotiation proceeding is to commence within 30 days after the enactment of this Act upon publication by the Librarian of Congress of a notice in the Federal Register. The purpose of that proceeding shall be to determine reasonable terms and royalty rates for public performances of sound recordings by means of nonexempt subscription transmissions that qualify, under section 114(d)(2), for a statutory license. The statutory license provided by this subsection covers only the performance of sound recordings under section 106(6), and not the reproduction or distribution of sound recordings under sections 106(1) or 106(3).

The terms and rates established will cover qualified transmissions made between the effective date of this Act and December 31, 2000. Paragraph (1) requires that terms and rates should be established separately for each different type of digital audio transmission service then in operation, but does not require or suggest that the terms and rates established must be different.

The voluntary negotiation proceeding may result in license agreements voluntarily negotiated among individual sound recording copyright owners and individual entities that perform or authorize the performance of sound recordings by means of digital transmissions. It is the Committee's intention that negotiations leading to any such agreements be covered by section 114(e) and that any such agreements shall be given effect in lieu of any determination by a copyright arbitration royalty panel or decision by the Librarian of Congress.

Beyond such individual license agreements, however, the Committee hopes that the voluntary negotiation proceeding will lead to an industry-wide agreement concerning royalty terms and rates. If an agreement as to rates and terms is reached and there is no controversy as to these matters, it would make no sense to subject the interested parties to the needless expense of an arbitration proceeding conducted under paragraph (2). Thus, it is the Committee's intention that in such a case, as under the Copyright Office's current regulations concerning rate adjustment proceedings, the Librarian of Congress should notify the public of the proposed agreement in a notice-and-comment proceeding and, if no opposing comment is received from a party with a substantial interest and an intent to participate in an arbitration proceeding, the Librarian of Congress should adopt the rates embodied in the agreement without convening an arbitration panel. See 37 C.F.R. §251.63(b); see also 59 Fed. Reg. 63,038 (1994).

Paragraph (2) provides that if a voluntary negotiation proceeding as described in paragraph (1) does not lead to the determination of the terms and royalty rates applicable to qualified digital performances of sound recordings, those terms and rates are to be determined by arbitration under this paragraph. However, if an arbitration proceeding is necessary to establish the initial statutory licensing rates and terms, it will commence only upon the filing of a petition during a 60-day period which will commence 6 months after publication of notice of the initiation of the voluntary negotiation proceeding. The Committee notes that the paragraph specifically refers to chapter 8 of title 17, which concerns copyright royalty arbitration in general. Accordingly, arbitration under this subparagraph should be conducted under the same type of procedures that apply in other copyright royalty arbitrations.

The parties are expected to negotiate, or if necessary arbitrate, ''terms'' as well as rates. By terms, the Committee means generally such details as how payments are to be made, when, and other accounting matters (such as are prescribed in section 115). In addition, the Librarian is to establish related terms under section 114(f)(2). Should additional terms be necessary to effectively implement the statutory license, the parties may negotiate such provisions or the CARPs may prescribe them.

Terms and rates determined under paragraph (2), like terms and rates determined under paragraph (1), are to be effective for a five year period or until the date of the next

effective rate adjustment. In determining terms and rates under paragraph (2), a copyright arbitration royalty panel is to consider the objectives set forth in section 801(b)(1), and the arbitrators may consider rates and terms under voluntarily negotiated license agreements. Paragraph (2) specifically authorizes the Librarian of Congress to establish requirements by which copyright owners may receive reasonable notice of the use of their sound recordings under this section, and under which records of such use shall be kept and made available by persons performing sound recordings.

As provided in paragraph (4), the procedures for negotiation and, if necessary, arbitration set forth in paragraphs (1) and (2) of this subsection are to be repeated. The Librarian of Congress is to publish notice of the initiation of voluntary negotiation proceedings: (a) within 30 days after being petitioned to publish notice concerning a new type of digital audio transmission service; and (b) in January 2000, and every five years thereafter.

If voluntary negotiations do not lead to an agreement among the interested parties, an arbitration may be commenced upon the filing of a petition in accordance with existing section 803(a)(1) of the Copyright Act during a specified 60-day period. That period commences: (a) six months after publication of notice of the initiation of a voluntary negotiation proceeding concerning a new type of digital audio transmission service; and (b) on July 1, 2000, and every five years thereafter.

Regardless of when an arbitration proceeding is commenced, it is to be concluded in accordance with the existing procedures in section 802 of the Copyright Act.

Voluntary negotiation or arbitration proceedings concerning a new type of digital radio transmission service should apply only with respect to the new type of service or services described in the petition.

Paragraph (5) sets forth the requirements with which an entity must comply in order to obtain a statutory license. The performing entity must provide notice of the performance as required by regulations prescribed by the Librarian of Congress and pay the established royalty fees. If the royalty fees have not been set at the time of performance, the performing entity must agree to pay the royalty fee to be determined under this subsection by the twentieth day of the month following the month in which the rates are set. This limited license to perform the sound recording until the rate is set applies only to performances for which the entity seeks a statutory license. The failure to pay royalty rates in arrears makes the performing entity subject to full liability for infringement of section 106(6) from the inception of the transmissions of sound recordings by that transmitter after the effective date of the Act, and may disqualify the entity for a statutory license under paragraph (5)(A)(i).

Section 114(g). Proceeds from licensing of subscription transmissions

This subsection describes how royalties from the licensing of the digital performance right in a sound recording are distributed to the artists who performed on the sound recording.

Paragraph (1) of this subsection provides that payments to both featured and nonfeatured (or background) artists of royalties from the licensing of the digital performance of the sound recording will be determined by the applicable contract with, or collective bargaining agreement pertaining to, the artist, unless the performance of the sound recording is pursuant to a statutory license under subsection (f).

Where royalties are received from statutory licensing of a sound recording, then under paragraph (2), the sound recording copyright owner is required to allocate a total of 50% of the receipts as provided by subparagraphs (A), (B), and (C). Subparagraph (A) requires that 2½% of the receipts (as described more specifically below) are to be placed into an escrow account managed by an independent administrator appointed jointly by record companies and the American Federation of Musicians (''AFM'') (or any successor entity) and distributed to nonfeatured musicians (regardless of whether they are members of AFM or any successor entity) who have performed on sound recordings. Similarly, subparagraph (B) requires that 2½% of the receipts are to be placed into an escrow account managed by an independent administrator appointed jointly by record companies and the American Federation of Television and Radio Artists (''AFTRA'') (or any successor entity) and distributed to nonfeatured vocalists (regardless of whether they are members of AFTRA or any successor entity) who have performed on sound recordings. Subparagraph (C) requires that 45% of the receipts are to be paid to the featured artist or artists (or the person(s) conveying rights in the performance of the featured artist(s) in the sound recording). Although the Copyright Office currently administers several funds under the Copyright Act, the Committee does not expect that the Copyright Office would be asked to manage these escrow accounts.

''Receipts'' means the licensing fees received by the copyright owner of the sound recording. Thus, if a collecting society or other organization acts on behalf of the copyright owner of the sound recording in licensing and/or collecting royalties, ''receipts'' shall constitute the monies the copyright owner receives from the collecting agency and, therefore, would exclude administrative fees either deducted by or paid to the collective.

Section 114(h). Licensing to affiliates

In addition to the protections available under antitrust law, subsection (h) specifically is intended to ensure competitive licensing practices by a licensor that owns an interest in an ''affiliated entity'' as defined in subsection (j)(1). Subsection (h) makes clear that terms no less favorable than those granted to the affiliated entity also must be made available to other bona fide entities that offer services similar to those covered by the affiliate's performance license.

For example, a licensor that grants to an affiliated entity a performance license for a fixed term with separate and distant rates for cable and satellite subscription transmission services would be required to offer no less favorable terms and conditions to an unrelated entity offering the same services. If, as another example, the license to the affiliated entity is limited only as to performances via cable, then an unrelated entity offering only satellite services cannot claim an entitlement to receive a performance license at the rate specified for cable services.

Nothing in this section is intended to prevent a licensor from establishing different rate structures, terms and conditions based on material differences in the license sought. But distinctions drawn among licensees should be applied rationally and consistently based on the nature, scope and duration of the requested license, and not based on arbitrary distinctions for monopolistic, discriminatory or other anticompetitive purposes. The factors identified in subsection (h), *i.e.*, different types of services, the particular sound recordings licensed, the frequency of use of the sound recordings, the duration of the requested license and the number of subscribers served, are all relevant bases upon which a copyright owner may draw rational distinctions.

The term ''no less favorable'' indicates that the same terms and conditions can be offered, but this is not to say that the licensor should not offer lower rates or more beneficial terms and conditions if it deems it appropriate. For example, a licensor might in its business judgment offer an unrelated start-up entity a more favorable rate for a shorter period of time. It is intended, however, that the potential licensee under such circumstances could reject the more favorable short-term license and instead request the terms and conditions granted to the affiliated licensed entity for similar services. In that event, the licensor must make a performance license available upon the same terms and conditions to the potential licensee, with respect to the same services proposed to be licensed, as described above.

The term ''bona fide entities'' is intended to make clear that the potential licensee must have a genuine intention and reasonable capability to provide the licensed services.

Paragraph (2) of this subsection makes clear that the obligations set forth in paragraph (1) are inapplicable where the affiliated entity is offering performances through an interactive service, or is granted a performance license for the sole purpose of promoting the sound recording. A public performance qualifying for the promotional exemption is merely exempted from the obligations of paragraph (1); paragraph (2)(B) does not provide an exemption for a transmission otherwise subject to liability where such a performance is unauthorized or unlicensed.

Section 114(i). No effect on royalties for underlying works

The Committee intends this provision to ensure that licensing fees paid under the new digital performance right shall not be taken into account in any administrative, judicial, or other governmental proceeding that sets or adjusts rates for the royalties to be paid for the public performance of musical works. The provision also makes clear Congress' intent that the new digital performance right shall not diminish in any respect the royalties payable to copyright owners of musical works for the public performance of their works.

Section 114(j). Definitions

Section 114(j)(1)—''affiliated entity''

A digital transmission service is considered affiliated with a licensor when the licensor has any direct or indirect partnership or any ownership interest of more than 5 percent of the outstanding voting or non-voting stock in the entity engaging in digital audio transmissions. An entity engaging in interactive services cannot be an affiliated entity under this definition, but to the extent that an entity is engaging in digital transmissions that are not interactive, it can qualify as an affiliated entity for that purpose alone.

Section 114(j)(2)—''broadcast'' transmission

Transmissions made by terrestrial broadcast stations licensed as such by the Federal Communications Commission come within this definition.

Section 114(j)(3)—''digital audio transmission''

This phrase means a transmission is a digital format (or any other non-analog format that might currently exist or be developed in the future) that embodies the transmission of a sound recording. A transmission that is only partly in a digital or non-analog format satisfies this definition. (*See* section 101 definition of ''digital transmission.'') A transmission of an audiovisual work does not come within this definition.

The Committee has amended the bill as originally introduced to make clear that the performance right recognized herein applies only to digital transmissions of sound recordings and that nothing in the bill creates any new copyright liability with respect to the transmission of a motion picture or other audiovisual work, whether digital or analog, whether subscription or nonsubscription, and whether interactive or noninteractive.

Section 114(j)(4)—''interactive service''

The phrase ''interactive service'' is defined, in part, as a service that ''enables a member of the public to receive, on request, a transmission of a particular sound recording . . . .'' This term is intended to reach, for example, a service that enables an individual to make a request (by telephone, e-mail, or otherwise) to a service that will send a digital transmission to that individual or another individual of the specific sound recording that had been requested by or on behalf of the recipient. thus, it would include such services commonly referred to as ''audio-on-demand,'' ''pay-per-listen'' or ''celestial jukebox'' services. The term also would apply to an on-line service that transmits recordings on demand, regardless of whether there is a charge for the service or for any transmission. But as the second sentence of the definition makes clear, the term ''interactive service'' is not intended to cover traditional practices engaged in by, for example, radio broadcast stations, through which individuals can ask the station to play a particular sound recording as part of the service's general programming available for reception by members of the public at large.

If an entity offering a nonsubscription service (such as a radio or television station) chooses to offer an interactive service as a separate business, or only during certain hours of the day, that decision does not affect the exempt status of any component of the entity's business that does not offer an interactive service. In other words, each transmission should be judged on its own merits with regard to whether it qualifies as part of an ''interactive'' service. The third sentence of the definition of ''interactive service'' is intended to make this clear.

Section 114(j)(5)—''nonsubscription'' transmission

This term includes any transmission that does not come within the definition of ''subscription'' transmission.

Section 114(j)(6)—''retransmission''

As the definition of ''retransmission'' makes clear, that term includes any further transmission of an initial transmission, as well as any further retransmission of the same transmission. That is, the term ''retransmission'' is intended to cover both an initial retransmission of a transmission (such as by a satellite carrier) and any further transmissions of that transmission (such as by a cable system). Of course, the fact that a further simultaneous transmission qualifies as a ''retransmission'' does not by itself mean that it is exempt under any particular paragraph of Section 114(d)(1). To qualify for the 114(d)(1)(C)(ii) exemption, for example, a retransmission would need to be made by a business establishment on its premises or the immediately surrounding vicinity.

Except as otherwise provided, a transmission is a ''retransmission'' only if it is simultaneous with the initial transmission. The term ''simultaneous'' is used in this definition (and throughout this bill) to refer to retransmissions that are essentially simultaneous. Although there may be momentary time delays resulting from the technology used for retransmissions, such delays do not affect the status of the retransmissions as simultaneous.

Section 114(j)(7)—''sound recording performance complement''

The ''sound recording performance complement'' defines the metes and bounds of programming available to be transmitted under the statutory license grant in subsection (f). The definition is intended to encompass certain typical programming practices such as those used on broadcast radio. It does not extend to the performance of albums in their entirety, or the performance over a short period of time of a substantial number of different selections by a particular artist or from a particular phonorecord or compilation of phonorecords. Transmissions that exceed the limits of the complement are not eligible for a statutory license under subsection (f).

The definition provides that for a transmission to be within the complement, it must not include, on a particular channel in any rolling three-hour period, more than three selections from any one phonorecord, and no more than two of those selections can be transmitted consecutively. The transmission also must not include, on a particular channel in any rolling three-hour period, more than four selections by the same featured artist or from any boxed set or compilation of phonorecords, and no more than three of those selections can be transmitted consecutively. Whether selections are consecutive is determined by the sequence of the sound recordings transmitted, regardless of whether some tones or other brief interlude is transmitted between the sound recordings.

To avoid imposing liability for programming that unintentionally may exceed the complement, the complement is limited to the performance of sound recordings ''from'' a particular phonorecord. Many phonorecords include sound recordings that also appear on other phonorecords or compilations, such as the ''greatest hits'' of a particular artist, decade or genre of music. Similarly, the same sound recordings may appear on separate compilations under the names of different featured artists. It is not the intention of this legislation to impose liability where selections that are performed from separate phonorecords also may be incorporated on a different phonorecord or compilation, or also may appear on a different phonorecord under the name of another featured artist, in the absence of an intention by the performing entity to knowingly circumvent the numerical limits of the complement. An example of such a case is where the transmitting entity plays within a three-hour period one selection for each of four different phonorecord, which four selections also happen to be compiled on a soundtrack album. So long as the transmitting entity did not willfully intend to replicate selections from the soundtrack album, its transmission would be considered within the complement. However, where the transmitting entity willfully plays within a three-hour period five selections of a single featured recording artist, regardless of whether they were played from several different phonorecords, and regardless of whether the transmitting entity knew that the transmission included more than three songs from a single album, the transmission does not come within the complement. The fact that the transmitting entity did not willfully intend to violate the numerical limits for a single phonorecord under paragraph (A) does not excuse the willful violation of the limit of paragraph (B)(i).

The complement is to be evaluated as of the time of ''the programming of the multiple phonorecords,'' rather than at the time of transmission. This avoids imposing liability for programming that occurs such as a week or two in advance of transmission that unintentionally exceeds the complement. An example is where, between the time of the programming and transmission, a phonorecord or set or compilation of phonorecords is released that embodies selections previously programmed by the transmitting entity from multiple phonorecords.

Certain transmitting entities covered by this legislation may provide multiple channels of service and musical formats. The bill applies the complement to each particular channel separately and not to all channels in the aggregate.

The requirement of ''different selections'' permits the performance of the same selection in excess of the numerical limits. This is intended to facilitate under the statutory license the programming of music formats that tend to repeat the same selections of music, such as ''top 40'' formats.

The term ''featured recording artist'' means the performing group or ensemble or, if not a group or ensemble, the individual performer, identified most prominently in print on, or otherwise in connection with, the phonorecord actually being performed. Except in the case of a sound recording consisting of a compilation of sound recordings by more than one performer or group or ensemble, there will ordinarily be only one ''featured recording artist'' per phonorecord. A vocalist or soloist performing along with a group or ensemble is not a ''featured recording artist'' unless that person is identified in connection with the phonorecord as the primary performer. For example, the Eagles would be the ''featured recording artist'' on a track from an Eagles album that does not feature Don Henley by name with equal prominence; but if the same sound recording were performed from ''Don Henley's Greatest Hits,'' then Don Henley and not the Eagles would be the ''featured recording artist.'' Where both the vocalist or soloist and the group or ensemble are identified as a single entity and with equal prominence (such as ''Diana Ross and the Supremes''), both the individual and the group qualify as the ''featured recording artist.''

Section 114(j)(8)—''subscription'' transmission

A ''subscription transmission'' is defined as a transmission of a sound recording in a digital format that is ''controlled and limited to particular recipients,' and for which consideration is required to be paid or given ''by or on behalf of the recipient to receive the transmission or a package of transmissions including the transmission.'' It does not matter what the mechanism might be for the delivery of the transmission; thus, a digital transmission, whether delivered by cable, wire, satellite or terrestrial microwave, video dialtone, the Internet or any other digital transmission mechanism, could be a subscription transmission if the requirements cited above are satisfied. This definition obviously does not reach traditional over-the-air broadcast transmissions, which satisfy neither of these requirements. A typical transmission that would qualify as a ''subscription transmission'' under this definition is a cable system's transmission of a digital audio service, which is available only to the paying customers of the cable system. The payments required to satisfy the ''consideration'' requirement might consist, for example, of an ''a la carte'' fee for a specific audio service, or of a fee for an overall package of services that includes the digital audio service (e.g., a cable system's tier of services for a fee). The reference in the definition to payments ''on behalf of'' a recipient is intended to recognize that payments for a service may be made by one person on

behalf of other people, such as a parent making payment for a child who lives away from home and receives the subscription service.

Section 114(j)(9)—''transmission''

This definition recognizes that the term ''transmission'' refers to any transmission, whether it is an initial transmission or a retransmission. Thus, for example, section 106(6) grants an exclusive right to perform a copyrighted sound recording publicly ''by means of a digital audio transmission,'' and does not mention retransmissions, even though it is intended that the new performance right cover all digital audio transmissions, including retransmissions. Similarly, except where otherwise explicitedly indicated, the exemptions for certain ''transmissions'' created by section 114(d)(1) apply to both initial transmissions and retransmissions.

Section 4—Mechanical Royalties in Digital Phonorecord Deliveries.—This section amends section 115 of title 17 to clarify how the compulsory license for making and distributing phonorecords applies in the context of certain types of digital transmissions identified in the bill as ''digital phonorecord deliveries.''

Among other things, this section is intended to confirm and clarify the right of musical work and sound recording copyright owners to be protected against infringement when phonorecords embodying their works are delivered to consumers by means of transmissions rather than by means of phonorecord retail sales. The intention in extending the mechanical compulsory license to digital phonorecord deliveries is to maintain and reaffirm the mechanical rights of songwriters and music publishers as new technologies permit phonorecords to be delivered by wire or over the airwaves rather than by the traditional making and distribution of records, cassettes and CDs. The intention is not to substitute for or duplicate performance rights in musical works, but rather to maintain mechanical royalty income and performance rights income for writers and music publishers.

Changes to sections 115(a)(1) and 115(c)(2) make clear that the compulsory license for making and distributing phonorecords is not limited to the making and distribution of physical phonorecords, but that a compulsory license is also available for the making of digital phonorecord deliveries. The Committee intends that a compulsory license for digital phonorecord deliveries may be obtained, and the required mechanical royalties may be paid, either directly by a digital transmission service making a digital phonorecord delivery or by a record company authorizing a digital phonorecord delivery. Thus, the changes to section 115 are designed to minimize the burden on transmission services by placing record companies in a position to license not only their own rights, but also, if they choose to do so, the rights of writers and music publishers to authorize digital phonorecord deliveries; and by recognizing that transmission services themselves may obtain a compulsory license to make digital phonorecord deliveries.

As between a digital transmission service and a record company, allocation of the responsibility for paying mechanical royalties could be a subject of negotiation, but copyright owners of musical works would only be entitled to receive one mechanical royalty payment for each digital phonorecord delivery, not multiple payments. Of course, a digital transmission service would be liable for any infringing digital phonorecord delivery it made in the absence of a compulsory license or the authorization of the musical work copyright owner. (The liability of sound recording copyright owners in such a case is addressed in new section115(c)(3)(I).)

Section 4 also redesignates subsections (c)(3), (4) and (5) as subsections (c)(4), (5) and (6) and inserts new subsections (c)(3) and (d), which are descried in detail below.

Section 115(c)(3)(A)

This subparagraph specifically sets forth that a compulsory license includes the right of the compulsory licensee to make or authorize digital phonorecord deliveries and identifies the statutory rate of each digital phonorecord delivery made by or under the authority of the compulsory licensee. For all digital phonorecord deliveries made or authorized under a compulsory license on or before December 31, 1997, the royalty rate is to be the statutory rate than in effect under section 115(c)(2) for the making and distribution of a physical phonorecord. For digital phonorecord deliveries made authorized under a compulsory license on or after January 1, 1998, the statutory mechanical royalty rates for digital phonorecord deliveries shall be determined in accordance with subparagraphs (B) through (F); and the statutory mechanical royalty rate for making and distributing physical phonorecords shall be determined in accordance with chapter 8.

Section 115(c)(3)(B)

This subparagraph clarifies that collective negotiations and agreements relating to statutory licenses are not prohibited by the antitrust laws. This provision is nearly identical to new section 114(e)(1), and is patterned on existing antitrust exemptions relating to the negotiations of statutory licenses, including 17 U.S.C. §116(b)(1) (jukebox licenses) and 17 U.S.C. §118(b) (noncommercial broadcasting). Like those provisions, subsection (c)(3)(B) is important to help effectuate the related statutory license provision.

This subparagraph authorizes musical work copyright owners, record companies, digital transmission services, and any other persons entitled to obtain a compulsory license collectively to negotiate and agree upon the terms and statutory royalty rates under subsection 115(c)(3) ''notwithstanding any provision of the antitrust laws.'' This exemption from the antitrust laws extends to negotiations and agreements on terms and rates of royalty payments, the proportionate division of royalties among copyright owners, the designation of common agents to negotiate, agree to, pay, or receive royalty payments, and the year during which the royalty rates prescribed under subparagraphs (B) through (F) and chapter 8 of title 17 are to next be determined.

The latter authorization allows the affected parties to agree when rates and terms should next be determined. If they do not do so voluntarily, then subparagraph (F) prescribes that the rates and terms will be reconsidered at five-year intervals. Given the rapid pace at which digital transmission technology is developing, and changes in the marketplace, the Committee recognizes that the statutory rate for digital phonorecord deliveries might need to be considered in different years, and that the interested parties are in the best position to determine how frequently and when this should be done.

Section 115(c)(3)(C)

This subparagraph requires the Librarian of Congress to cause notice to be published of voluntary negotiation proceedings to determine reasonable terms and statutory royalty rates for the making of digital phonorecord deliveries under a compulsory license. The subparagraph also contains other provisions concerning such proceedings.

The Librarian is to publish notice of commencement of the first such voluntary negotiation proceeding in the Federal Register between June 30, 1996 and December 31, 1996. The Committee expects that the Librarian will publish this notice relatively early in the prescribed period. However, the exact date of the notice is of limited importance because subparagraph (B) authorizes negotiations that can begin or end at any time, as determined by the parties. The purpose of the notice is simply to allow persons with a substantial interest who might not be represented by the parties engaged in negotiations to be aware that negotiations may be taking place that could lead to an industry-wide agreement concerning mechanical royalty rates.

The purpose of the first voluntary negotiation proceeding shall be to determine reasonable terms and statutory royalty rates for the making of digital phonorecord deliveries under a compulsory license during the period beginning January 1, 1998 and ending when successor rates and terms are established, either by negotiation or, if necessary, arbitration.

The subparagraph states that if any digital phonorecord delivery statutory mechanical royalty rates and terms are determined as a result of a voluntary negotiation proceeding, then such rates and terms shall distinguish between: (1) rates and terms for digital phonorecord deliveries where the reproduction or distribution of a phonorecord is ''incidental'' to the transmission which constitutes the digital phonorecord delivery, and (2) rates and terms for digital phonorecord deliveries in general. The Committee recognizes that there are likely to be different types of digital transmission systems that could result in the making of a digital phonorecord delivery. In the case of some of these transmission systems, delivering a phonorecord to a transmission recipient could be incidental to the purpose of a transmission. For example, if a transmission system was designed to allow transmission recipients to hear sound recordings substantially at the time of transmission, but the sound recording was transmitted to a high speed burst of data and stored in a computer memory for prompt playback (such storage being technically the making of a phonorecord), and the transmission recipient could not retain the phonorecord for playback on subsequent occasions (or for any other purpose), delivering the phonorecord to the transmission recipient would be incidental to the transmission. If such a system allowed transmission recipients to retain phonorecords for playback on subsequent occasions, but transmission recipients did not do so, delivering the phonorecords to the transmission recipients could be incidental to the transmissions. On and after January 1, 1998, statutory mechanical royalty rates shall distinguish between ''incidental'' digital phonorecord deliveries that take into account the different purpose and effect of these transmissions and digital phonorecord deliveries in general.

The voluntary negotiation proceeding may result in license agreements voluntarily negotiated among individual musical work copyright owners and individual entities that make or authorize digital phonorecord deliveries. It is the Committee's intention that negotiations leading to any such agreements be covered by section 115(c)(3)(B) and that any such agreements have the effect set forth in section 115(c)(3)(E).

Beyond such individual license agreements, however, the Committee anticipates that the voluntary negotiation proceeding will lead to an industry-wide agreement concerning mechanical royalty terms and rates and the year when terms and rates next will be determined.

The parties are expected to negotiate, or if necessary arbitrate, ''terms'' as well as rates. By ''terms,'' the Committee means

such details as how payments are to be made, when, and other accounting matters. While these details are for the most part already prescribed in section 115, and related details are to be established by the Librarian under section 115(c)(3)(D), the bill allows for additional such terms to be set by the parties or by CARPs in the event that the foregoing provisions or regulations are not readily applicable to the new digital transmission environment.

If an agreement as to rates and terms is reached and there is no controversy as to these matters, it would make no sense to subject the interested parties to the needless expense of an arbitration proceeding conducted under section 115(c)(3)(D). Thus, it is the Committee's intention that in such a case, as under the Copyright Office's current regulations concerning rate adjustment proceedings, the Librarian of Congress should notify the public of the proposed agreement in a notice-and-comment proceeding and, if no opposing comment is received from a party with a substantial interest and an intent to participate in an arbitration proceeding, the Librarian of Congress should adopt the rates embodied in the agreement, and any agreed-to year when the mechanical royalty rates for digital phonorecord deliveries next will be determined, without convening an arbitration panel. See 37 C.F.R. §251.63 (b); see also 59 Fed. Reg. 63,038 (1994).

As provided in section 115(c)(3)(F), the procedures for negotiation and, if necessary, arbitration set forth in this subparagraph and in section 115(c)(3)(D) are to be repeated every five years unless it is voluntarily determined by the parties pursuant to this subparagraph and subparagraph (B) that rates and terms should next be determined in a different year. The Committee recognizes that it may be unusual to allow the interested parties to negotiate and agree to a year when the statutory mechanical royalty rates for digital phonorecord deliveries next will be determined. However, the Committee was concerned that rapidly changing technology might justify redetermining the terms and royalty rates applicable to digital phonorecord deliveries made under a compulsory license on a different schedule than once every five years. Thus, the Committee chose to give the interested parties flexibility in this area.

The Committee wishes to make clear that nothing in section 115(c)(3) is intended to affect the schedule prescribed in section 803(a)(3) for determining the mechanical royalty rate for the making and distribution of physical phonorecords. Proceedings to establish mechanical royalty rates for the making and distribution of physical phonorecords are expected to be conducted in 1997 and every ten years thereafter, and are not subject to contrary agreement.

Section 115(c)(3)(D)

If a voluntary negotiation proceeding as described in section 115(c)(3)(C) does not lead to the determination of the terms and statutory royalty rates applicable to digital phonorecord deliveries made under a compulsory license, those terms and rates are to be determined by arbitration under this subparagraph. The Committee notes that the subparagraph specifically refers to chapter 8 of title 17, which concerns copyright royalty arbitration in general. Accordingly, arbitration under this subparagraph should be conducted under the same type of procedures that apply in other copyright royalty arbitrations. Thus, for example, an arbitration proceeding is to commence only upon the filing of a petition in accordance with existing section 803(a)(1).

Like terms and rates determined under section 115(c)(3)(C), terms and rates determined under this subparagraph are to distinguish between digital phonorecord deliveries where the reproduction or distribution of a phonorecord is incidental to the transmission which constitutes the digital phonorecord delivery, and digital phonorecord deliveries in general.

In determining terms and rates under this subparagraph, a copyright arbitration royalty panel is to consider the objectives set forth in section 801(b)(1), and the arbitrators may consider terms and rates under voluntarily negotiated license agreements. However, the statutory mechanical royalty payable for digital phonorecord deliveries made on or before December 31, 1997 shall be given no precedential effect in determining the statutory mechanical royalty payable for digital phonorecord deliveries made on or after January 1, 1998. The Committee specifically chooses to remain neutral on the question whether the mechanical royalty rates for any category of digital phonorecord delivery made on or after January 1, 1998 should be the same as, lower than, or higher than the mechanical royalty rate for the making and distribution of physical phonorecords.

The subparagraph specifically authorizes the Librarian of Congress to establish requirements by which copyright owners may receive reasonable notice of the use of their works under this section, and under which records of such use shall be kept and made available by persons making digital phonorecord deliveries.

Section 115(c)(3)(E)

This subparagraph provides that in general, the provisions of voluntarily negotiated agreements for the licensing of nondramatic musical works shall be given effect in lieu of any statutory rates and terms determined by the Librarian of Congress. For example, the Committee understands that individual record companies and music publishers have negotiated license agreements for specific albums prescribing a royalty rate less than the statutory mechanical royalty rate. The Committee does not intend to prevent negotiation of voluntary license agreements, for either physical phonorecords or digital phonorecord deliveries, prescribing royalties at less than the statutory rates, except in the situation described below.

There is a situation in which the provisions of voluntarily negotiated license agreements should not be given effect in lieu of any mechanical royalty rates determined by the Librarian of Congress. For some time, music publishers have expressed concerns about so-called ''controlled composition'' clauses in recording contracts. Generally speaking, controlled composition clauses are provisions whereby a recording artist who is the author of a nondramatic musical work agrees to reduce the mechanical royalty rate payable when a record company makes and distributes phonorecords which include recordings of such artist's compositions. Subject to the exceptions set forth in subparagraph (E)(ii), the second sentence of subparagraph (E)(i) is intended to make these controlled composition clauses inapplicable to digital phonorecord deliveries.

Specifically, unless the requirements of one or both of the exceptions of subparagraph (E)(ii) are satisfied, the royalty rates determined through negotiation or arbitration pursuant to subparagraph (C) or (D) are to be given effect in lieu of any contrary rates specified in a contract pursuant to which a recording artist who is the author of a nondramatic musical work grants a mechanical license in that work to a record company or commits another person (such as the artists music publisher) to grant such a mechanical license in that work.

Subparagraph (E)(ii) specifies two types of contracts where the negotiated royalty rates set forth in the contracts are to be given effect notwithstanding the second sentence of subparagraph (E)(i). The first of these is a ''grandfather clause'' giving effect to contracts and rates agreed to in a contract with a recording artist on or before June 22, 1995, except to the extent they are modified after that date for the purpose of reducing the royalty prescribed therein to less than the statutory rates or to add new compositions at less than the statutory rates. Thus, if a recording contract entered into on or before June 22, 1995 was modified after that date to cover a larger number of musical works, the royalty rates specified in the contract would apply to the number of works within the scope of the contract as of June 22, 1995, and the statutory rates would apply to the number of works added thereafter. The Committee also notes that recording artist contracts entered into on or before June 22, 1995 and not modified thereafter, or modified thereafter to extend the date by which an artist must complete a recording, are examples of contracts to be given effect notwithstanding the second sentence of subparagraph (E)(i).

The second of the exceptions provided in subparagraph (E)(ii) is intended to allow a recording artist-author who chooses to act as his or her own music publisher to agree to accept mechanical royalties at less than the statutory rates, provided that the contract containing such lower rates is entered into after the sound recording has been fixed in a tangible medium of expression substantially in a form intended for commercial release.

It should be emphasized that subparagraph (E) applies only to the making of digital phonorecord deliveries and not to the making and distribution of physical phonorecords. Nothing in the bill is intended to interfere with the application of controlled composition clauses to the making and distribution of physical phonorecords or to digital phonorecord deliveries where the agreements are not covered by the terms of subsection (c)(3)(E).

Section 115(c)(3)(F)

This subparagraph provides that the procedures specified in subparagraphs (C) and (D) for negotiation or arbitration of mechanical compulsory license rates and terms for digital phonorecord deliveries are to be repeated ever five years, unless different years for repeating such proceedings are determined in accordance with subparagraphs (B) or (C). Nothing in section 115(c)(3) is intended to affect the schedule prescribed for determining the mechanical royalty rate for the making and distribution of physical phonorecords. Proceedings to establish mechanical royalty rates for the making and distribution of physical phonorecords are to be conducted in 1997 and every ten years thereafter, and are not subject to contrary agreement.

The reference in subparagraph (F) to the procedures specified in subparagraphs (C) and (D) is to the publication of notice, initiation of voluntary negotiations, and convening of CARPs if necessary. The reference is not to the dates within the year as described in subparagraph (C). Indeed, the Committee encourages the Librarian to publish a notice of initiation of voluntary negotiation proceedings as early in the year as practicable, to allow the maximum amount of time for voluntary negotiations, or if necessary arbitration.

Section 115(c)(3)(G)

This subparagraph imposes as a condition of compulsory licensing the obligation that digital phonorecord deliveries be accompanied by certain specified types of information, if that information has been encoded in the sound recording being transmitted under

the sound recording copyright owner's authority. This provision does not obligate the copyright owner of the sound recording to encode copyright management information in the work. In addition, it is not intended to require a transmitting entity to generate or encode such information in its transmission if the information is not encoded in the sound recording. Moreover, the transmitting entity is not required to transmit information that may be encoded in the sound recording other than the information specified in this subparagraph and ''related information'' (o.e., information that is specifically related to the identification of the works being performed and upon which payments are to be made by the transmitting entity under this bill). The subparagraph also makes clear that nothing in this section affects the provisions of section 1002(e).

Section 115(c)(3)(H)

This subparagraph confirms that musical work copyright owners and sound recording copyright owners both have the same rights to be protected against infringement with respect to digital phonorecord deliveries as they have with respect to distributions of physical phonorecords of their respective works. Thus, subject to the limitations contained in existing law, a digital phonorecord delivery infringes the rights of the sound recording copyright owner unless authorized by the sound recording copyright owner (or his or her agent), and a digital phonorecord delivery infringes the rights of the musical work copyright owner unless covered by a compulsory license or authorized by the musical work copyright owner (or his or her agent). The subparagraph makes clear that any cause of action under this subparagraph is in addition to other remedies available under title 17.

Section 115(c)(3)(I)

This subparagraph clarifies the circumstances under which a sound recording copyright owner may be held liable for digital phonorecord deliveries by third parties. The changes to section 115 made by S. 227 are intended to allow record companies to license not only their own rights, but also, if they choose to do so, the rights of writers and music publishers to authorize digital phonorecord deliveries. If a record company grants a digital transmission service a license under both the record company's rights in a sound recording and the musical work copyright owner's rights, the record company may be liable, to an extent determined in accordance with applicable law, for the applicable mechanical royalty for every digital phonorecord delivery made under the record company's authority. However, if a record company grants a license under its rights in a sound recording only, and does not grant a mechanical license under the copyright in the musical work embodied in the sound recording, it is the transmission service's responsibility to obtain a license under the musical work copyright, and the record company cannot be held liable for infringement of the copyright in the musical work by the record company's licensee.

Section 115(c)(3)(J)

This subparagraph makes clear that nothing in section 1008 shall be construed to prevent the exercise of the rights and remedies allowed by paragraphs (3) and (6) and chapter 5 in the event of a digital phonorecord delivery. However, no action alleging infringement of copyright may be brought under title 17 against a manufacturer, importer or distributor of a digital audio recording device, a digital audio recording medium, an analog recording device, or an analog recording medium, or against a consumer, based on the actions described in section 1008.

Section 115(c)(3)(K)

This subsection makes clear that section 115, as amended by the bill, is not intended to annul or limit any existing or future right or remedy of a sound recording copyright owner or musical work copyright owner, except to the extent that a musical work copyright owner's exclusive rights are limited by compulsory licensing under the conditions specified by section 115 as amended.

Section 115(c)(3)(L)

This subparagraph makes clear that the changes made to section 115 by the bill with regard to liability for digital phonorecord deliveries do not apply to transmissions or retransmissions that are exempt under section 114(d)(1). At the same time, the exemptions set forth in section 114(d)(1) are not intended either to enlarge or to diminish in any way the rights of copyright owners under existing law with respect to such transmissions or retransmissions.

Section 115(d)

This subsection defines the term ''digital phonorecord delivery.'' A ''digital phonorecord delivery'' is each individual delivery of a phonorecord by digital transmission of a sound recording which results in a specifically identifiable reproduction by or for any transmission recipient of a phonorecord of that sound recording. The Committee notes that the phrase ''specifically identifiable reproduction,'' as used in the definition, should be understood to mean a reproduction specifically identifiable to the transmission service. Of course, a transmission recipient making a reproduction from a transmission is able to identify that reproduction, but the mere fact that a transmission recipient can make and identify a reproduction should not in itself cause a transmission to be considered a digital phonorecord delivery.

The final sentence of this definition provides that a digital phonorecord delivery does not result from a real-time, noninteractive subscription transmission of a sound recording where no reproduction of the sound recording or the musical work embodied therein is made from the inception of the transmission through to its receipt by the transmission recipient in order to make the sound recording audible. For example, a transmission by a noninteractive subscription transmission service that transmits in real time a continuous program of music selections chosen by the transmitting entity, for which a consumer pays a flat monthly fee, would not be a ''digital phonorecord delivery'' so long as there was no reproduction at any point in the transmission in order to make the sound recording audible. Moreover, such a transmission would not be a ''digital phonorecord delivery'' even if subscribers, through actions taken on their own part, may record all or part of the programming from that service. The final sentence of the definition of ''digital phonorecord delivery'' is not intended to change current law with respect to rights under section 106, or the limitations on those rights under sections 107–113, sections 116–120, and the unamended portions of sections 114 and 115.

Section 5—Conforming Amendments.—This section makes certain technical amendments to other sections of title 17.

Among other things, it adds to section 101 a definition of ''digital transmission,'' which is any transmission in whole or in part in a digital or other non-analog format. Although the Committee is not presently aware of any non-analog formats that are not digital, the Committee wants to make clear that all non-analog formats now known or later developed are covered by the bill. For purposes of section 115, a transmission of a motion picture or other audiovisual work does not come within the definition of ''digital transmission.''

Section 6—Effective Date.—This section provides that new sections 114(e) and 114(f) of title 17, which concern negotiation of licenses under the new performance right, take effect immediately upon the date of enactment. The effective date of other provisions of the Act is three months after the date of enactment.

Mrs. FEINSTEIN. Mr. President, I rise today in support of S. 227, the Digital Performance Right in Sound Recordings Act of 1995. I am pleased to be a cosponsor of this legislation introduced by Senator HATCH, the distinguished chairman of the Judiciary Committee. This bill will allow the United States to finally join more than 60 nations in enacting this same copyright protection for sound recordings.

The bill before us, today, essentially closes a glaring loophole in the Copyright Act which had denied protection to recording artists and record companies ever since the copyright was first extended to sound recordings in 1972. This legislation would create a right to public performance in digital transmissions and give copyright owners the ability to negotiate the use of their works in new technologies.

Every other copyrighted work—motion pictures, books, plays, computer software and musical compositions—already has this protection. It is time to bring the law up to date for sound recordings.

Senator HATCH and I first introduced a version of this bill in the 103d Congress. Since that time, we have heard from literally hundreds of interested parties from all affected sides. We have had input from broadcasters, cable companies, consumers, songwriters, music publishers, artists, record companies, and more. Many of those affected by the legislation have had suggestions on how to make it better and more responsive to the marketplace.

I would like to commend Senator HATCH and his staff and thank them for working so hard with us to assure that all of the legitimate concerns with the original legislation were so thoughtfully addressed. Senators BIDEN, LEAHY, and THURMOND and their staffs deserve credit as well.

Every copyright expert who testified before the Judiciary Committee, including those from the nonpartisan U.S. Copyright Office, agreed that this legislation needs to be enacted.

The Digital Performance Right in Sound Recordings Act helps move our copyrighted industries closer to the Information Superhighway. A road where consumers will have access to new music and exciting artists delivered to the consumer in technology advanced ways beyond what we might have imagined when we first heard the Victrola, or even stereo sound. As these new technologies develop and as we enter this digital and computer age, the protection of America's intellectual property has taken on a tremendous urgency.

The inequities of the current law are best illustrated by a real-world example: when a digital music service, paid for with a subscription fee and available via a consumer's cable TV box, play a piece of recorded music from a compact disc, such as ''White Christmas'' performed by Bing Crosby, the songwriter and music publisher, in this case Irving Berlin, have rights and receive payment for the performance of that work. Yet while Irving Berlin is compensated, Bing Crosby, the recording artist who brought the song to life, and the record company which invested the moneys to record and distribute the album would receive nothing.

We have chosen to be forward thinking with this legislation, to enable Congress to close a loophole which threatens to grow immensely in the near future. With new digital technology, a transmission service, simply by acquiring a single copy of a compact disc, can deliver CD-quality sound electronically to millions of homes and cars, without any payment to the creators of that recorded music.

The hundreds of thousands of consumers who love new music could make perfect copies of the one CD. Potentially millions of perfect copies of this CD can be made electronically. Why would anyone go to a record store in the future if they were able to receive music this way? Why should the digital transmission businesses be making money by selling music when they are not paying the creators who have produced that music?

If this should occur without copyright protection, investment in recorded music will decline, as performers and record companies produce recordings which are widely distributed without compensation to them. This would result in the decline of what presently constitutes one of America's most important, productive and competitive industries.

America's copyright industries contributed a staggering 3.7 percent to the Nation's gross domestic product in 1993. That's a contribution of $238.6 billion, Mr. President. Between 1977 and 1993, the number of workers employed by those industries doubled to 3 million, 2.55 percent of our work force. Over the last 5 years, employment in this sector has grown at four times the rate of jobs in other sectors.

And, perhaps most significant of all in this context, these industries together achieved foreign sales of $45.8 billion in 1993. Amazingly, that was the second biggest single contribution to America's balance of trade in 1993 among all industries, second only to autos and their parts.

My home State of California has been a particular beneficiary of this growth. It is an important home to the music industry, the industry whose copyright protection we are specifically addressing today. California's music community is home to over 100,000 jobs, including recording, manufacturing, distribution and retail.

These are the jobs of the future, and I am pleased that this legislation will assure the continued viability of these important businesses and creative endeavors.

More than 60 nations, including 9 members of the European Community, provide their rightsholders with a performance right. $150 million is collected worldwide for the public performance of sound recordings.

The United States is the world's leading exporter of recorded music, with American artists accounting for 35 percent of all music sold worldwide. However, because the United States does not reciprocate in providing this performance right, the U.S. Patent and Trademark Office reports that U.S. performers and record companies are denied access to these substantial royalties. Rectifying this disparity will obviously benefit this very important export sector of our economy.

Moreover, I'm told that the lack of a performance right has been a major obstacle to the efforts of our trade negotiators to achieve higher levels of intellectual property protection in general. The Senate today can help eliminate this obstacle.

This legislation would provide equity, Mr. President. Equity for the digital transmitters who would be assured that new music was available for their services. Equity for consumers who would be assured that new and varied music continues to get recorded and produced. Equity for the creators and producers of music who invest their talent, effort and dollars in sound recordings.

In sum, as I detailed in my RECORD statement of January 13 when we introduced this bill, and at the hearing on this bill in March, passing this legislation is the right thing to do as a matter of copyright policy, it's the fair thing to do, and it is clearly in the best economic interests of the Nation. I urge its adoption.

Thank you, Mr. President. I yield the floor.

Mr. HELMS. Mr. President, it is regrettable that S. 227 fails to address the present concerns of countless small businesses in North Carolina, including many restaurants, that offer background music for the enjoyment of their customers.

Many restauranteurs, retailers, and radio broadcasters resent the continued heavy-handed practices by music-licensing organizations in imposing unreasonable copyright fees. I hope these concerns may be addressed soon in future legislation.

Mr. President, this is the problem: A restaurant has a radio or television set playing, and a representative of one of the music royalty organizations shows up threatening court action unless the restauranteur pays an exorbitant licensing fee, simply for having a radio or television set on.

This double-dipping is both arrogant and unfair—the royalty organizations insist on collecting fees from both broadcasters and the small businesses that receive the public broadcasts.

Not only do these organizations double-dip, they also seek to intimidate small businesses into paying fees for listening to radio or TV stations.

Small businesses are entitled to fair protection against arbitrary pricing, discriminatory enforcement, and abusive collection practices by music-licensing organizations.

This is a problem that should be addressed soon, and, Mr. President, I ask unanimous consent that a relevant article be printed in the RECORD at the conclusion of my remarks—it being a Nation's Restaurant News article by Ron Ruggless entitled, ''Operators to Lawmakers: Now You're Playing Our Song; Legislators Tackle Industry's Music-Licensing Gripe; Restauranteurs.''

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

[From Nation's Restaurant News, Feb. 27, 1995]

OPERATORS TO LAWMAKERS: NOW YOU'RE PLAYING OUR SONG; LEGISLATORS TACKLE INDUSTRY'S MUSIC-LICENSING GRIPE; RESTAURATEURS

(By Ron Ruggless)

WASHINGTON.—At the urging of restaurateurs and other small-business owners, federal and state lawmakers are pumping up the volume on the way music-licensing agents do business and the fees they charge.

In Congress Rep. Jim Sensenbrenner, R-Wis., has introduced a bill to amend federal copyright law and exempt restaurateurs from paying licensing fees for background music from radios and televisions, for which they are now liable.

And in 10 states, from New Hampshire to Hawaii, Legislatures are considering proposals that would regulate the way the music-licensing agents conduct themselves in collecting royalties.

''Restaurant owners all over the country have been infuriated by the bullying tactics of the huge music-licensing agents,'' said Herman Cain, president of the National Restaurant Association. ''Their outrage is palpable.''

For years restaurateurs have been alarmed by what they consider random pricing and abusive collections and threats by the performing rights societies, such as Broadcast Music Inc., or BMI; the American Society of Composers, Authors and Publishers, or ASCAP; and the Society for European Songwriters and Composers, or SESAC.

I can't tell you the number of times small-business owners in my district have complained about the tactics used by these performing rights societies to collect fees for music played on radios or TVs,'' Sensenbrenner explained. ''I believe artists should be compensated for their works, but I don't believe these societies should be able to intimidate a restaurant owner into paying fees for the incidental use of a broadcast over which he is she has no control.''

More than 150 restaurateurs were scheduled to fly in to Washington on Feb. 23 to lobby the 104th Congress on Sensenbrenner's Fairness in Musical Licensing Act of 1995 (H.R. 789). Similar legislation was introduced in last year's Congress but was not acted upon before it adjourned.

The Sensenbrenner bill, which had 21 cosponsors by mid-February, also would establish an arbitration system to resolve rate disputes. Under current federal copyright

law, only the federal court of the Southern District of New York is allowed to handle such disputes, which makes it expensive for business people elsewhere in the nation. The National Restaurant Association has long claimed that ASCAP, BMI, and SESAC rely on the threat of costly court battles to force restaurateurs to comply with their fees.

Meanwhile, restaurateurs were working at the local level in 10 states to regulate the way the music-copyright agents conduct their collections of royalties.

Most states were patterning their legislation after New Jersey's Collection Practices Reform Act, which has passed the state's General Assembly and is now under consideration by the Senate.

The New Jersey proposal would require music-licensing agents to provide list of songs they represent, provide comparisons of fees charged within a 25-mile radius of a business, force them to identify themselves upon entering a business establishment and set up a third-party arbitration group to mediate contract disputes.

States with similar bills wending their way through the legislatures include Colorado, Hawaii, Maryland, Missouri, New Hampshire, Oklahoma, Texas, Virginia, and Wyoming.

In Texas the proposed legislation includes the New Jersey provisions as well as a component that would require agents to be licensed by the state, according to Glen Garey, general counsel for the Texas Restaurant Association. ''I don't think we'll be too easy to push over,'' Garey said, referring to lobbying by the performing-rights societies. ''I don't buy into the argument that any of this is unconstitutional or conflicts with federal law.''

Colorado's proposed legislation in mid-February had garnered the sponsorship of 20 of 65 House members and 10 of 35 senators, according to Pete Meersman, executive director of the Colorado Restaurant Association.

It doesn't deal with whether or not operators owe royalties to copyright owners, or whether those royalties are fair,'' Meersman said. What it does deal with is how royalties are collected in Colorado. It sets a standard of professional conduct for agents of these Performing-rights societies.''

The legislation would require music-licensing agents to identify themselves upon entering establishments for the purposes of investigating the use of copyrighted music.

''A lot of times,'' Meersman explained, ''they will come in unannounced. We've had members find them in their coat rooms, where their music equipment is kept. We've had them question employees who don't really know anything about the equipment, type of music or whether it's CDs, tapes or radio.

''We'd like them to identify themselves so someone who knows what they are talking about can get them the information they need.''

Another provision would require the societies to provide lists of copyrighted songs they represent. ''The reason we want to have lists available is that, say, you're an operator, and you don't want to pay royalties or a blanket licensing fee to all these groups,'' he said. ''You want to know what is copyrighted or covered under your agreement. In other words, you want to know what you are paying for.''

One other provision in the bill would require the performing-rights societies to let operators know what other similar establishments are paying in the same area, which was defined as a 25-mile radius. ''That way you might be able to determine whether you are being asked to pay fees that are unreasonable compared to similar establishments,'' Meersman said.

A number of Colorado restaurant operators have been threatened if they didn't sign a music agreement, he said. ''We think our members ought to be treated in a more professional manner. They don't like to be threatened, intimidated. It's a standard of professional conduct.''

Meersman said the Colorado legislation has drawn opposition from lobbyists from the music-copyright companies, who, he said, ''are pulling out all the stops to try to squash this legislation wherever it comes up.''

One argument is that music-copyright legislation should be handled at the federal level, but Meersman disagrees: ''Issues dealing with whether or not someone has to pay a fee, those are not things we can deal with at the state level. But how these people treat business owners in the state and how they go about collecting the fees is a state issue.''

Katy McGregor, a legislative representative with the NRA in Washington, welcomes the state initiatives. If they can get some reforms at the state level, it certainly makes dealing with these music-licensing groups a little more agreeable until we can get some changes in copyright law at the federal level,'' she said. ''What they are doing in the states is crucial.''

Mr. LEAHY. Mr. President, the matter of a performance right for sound recordings is an issue that has been in dispute for over 20 years. I believe that Congress will finally enact a law establishing that right.

I believe that musicians, singers and featured performers on recordings ought to be compensated like other creative artists for the public performances of works that they create and that we all enjoy. I want companies that export American music not to be disadvantaged internationally by the lack of U.S. recognition of such a performance right. Most of all, I have wanted to be sure that the new law is fair to all parties—to performers, musicians, songwriters, music publishers, performing rights societies, emerging companies expanding new technologies, and, in particular, consumers and the public.

I am glad to have been able to play a role in redesigning the bill to meet these objectives. The substitute seeks to preserve existing rights, to encourage the development of new technologies, and to promote competition as the best protection for consumers. I was pleased to join as a cosponsor of the substitute and to urge support for S. 227 as amended when the Judiciary Committee considered the bill on June 29.

Working with Senator THURMOND, the Chairman of the Antitrust Subcommittee, and with the help of the Antitrust Division of the Department of Justice, we have been able to strengthen the bill in significant regard.

At our March hearing on S. 227, I raised antitrust concerns about certain provisions in the bill. In particular, I was concerned about subsections (h) and (e), which were proposed to be added to section 114 of the Copyright Act. The language of both subsections has been revised and strengthened to protect against anticompetitive activity.

As originally drafted, the bill might have created a virtually unlimited antitrust exemption for major record companies to combine to set prices for licensing music. While I want to work to find ways to keep transaction costs as low as possible for clearing rights in order to make music in the future more accessible to the public at lower prices, I do not support such an exemption to our antitrust laws.

On June 20, I received a letter from the Department of Justice responding to a letter I had sent following our hearing. The Department noted that subsection (e) of the original bill could be read to provide statutory authority to record companies to form a licensing cartel. In light of the concentration of the record industry in which 6 major companies account for 80 to 85 percent of the U.S. market, this could, in the words of the Justice Department ''cause great mischief by allowing the formation of a cartel immune from antitrust scrutiny.'' I know that is not what the original sponsors of this legislation intended.

I was pleased to work with Senator THURMOND and others to resolve these problems. The Department provided technical assistance to us as we worked out another approach that authorizes only a clearinghouse to cut down transaction costs without authorizing price fixing by combinations of companies. This is an approach with which we are all more comfortable. In this regard, we received a follow-up letter from the Department of Justice on these provisions.

I commend the industry groups that took seriously our suggestion that they talk through their differences and see whether they could recommend a consensus solution to Congress. The cooperation and good faith contributed greatly to the process. My experience has been that in these areas of copyright law, legislation moves best and most easily by consensus. I think that is what we have strived to attain and what we have achieved.

I ask unanimous consent to have printed in the RECORD copies of the June 20 and July 21 letters from the Department of Justice on this measure.

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

U.S. DEPARTMENT OF JUSTICE,
OFFICE OF LEGISLATIVE AFFAIRS,
Washington, DC, June 20, 1995.

Hon. PATRICK LEAHY,
Ranking Member, Subcommittee on Antitrust, Business Rights and Competition, Committee on the Judiciary, U.S. Senate, Washington, DC.

DEAR SENATOR LEAHY: Thank you for your March 13, 1995, letter to Assistant Attorney General Anne Bingaman asking for views on S. 227, the ''Digital Performance Right in Sound Recordings Act of 1995.'' The Administration supports the establishment of a performance right in digital recordings. However, based on our review of S. 227, we believe: (1) that proposed subsection (e) may inadvertently authorize cartel activity in the licensing of performance rights, and (2) that proposed subsection (h) does not fully address the potential competition issues associated with licensing to affiliated entities.

Minor modifications to S. 227 would remedy these deficiencies without undermining the bill's underlying goals.

Performance rights in sound recordings, common in Europe and other regions, are not currently granted by the 1976 Copyright Act or any other federal statute. Thus, under current law, producers of sound recordings are not entitled to license or receive royalties for the public performance and broadcast of their recordings in the U.S. for example, digital subscription transmission services[1] currently may buy a compact disc on the retail market and simply play the music from it on their channels without obtaining the permission of or compensating the artists or record companies that produced the recording.

Senate Bill 227 would amend the Copyright Act to create a performance right in digital transmissions. Under the bill, right holders would have the authority to receive royalty fees from, and in some cases, negotiate the terms of, the performance of their sound recordings by digital delivery services such as pay-per-listen and subscription transmission services.

Generally, we believe that S. 227 would advance competition by allowing producers of sound recordings control over certain transmissions of their recordings by some digital transmission services, this potentially allowing them to limit the threat of uncompensated home copying by subscribers to those services. Nevertheless, given the concentrated nature of the affected industries, the danger exists that this remedial legislation could be subverted to monopolistic aims.

1. Licensing Cartel.—We are concerned that proposed subsection (e), by allowing license negotiations by a common agent, would authorize formation of a cartel by performance rights holders. Our understanding is that a ''performance right'' would, at least with respect to the major record companies and their affiliates (the ''majors'')[2] be held by the record company, either by virtue of its producer status or by contract with the artist.[3]

As part of its ongoing inquiry into licensing practices in U.S. and in foreign commerce, the Department is currently investigating whether certain record companies have unlawfully colluded on license fees by, inter alia, forming ''performance rights societies'' in Europe and elsewhere that operate as the exclusive negotiating agency for all of the record companies. Unlike licensing societies that act as nonexclusive agents for owners and composers of copyrighted compositions, the foreign performance rights societies are the exclusive assignees of performance rights and arguably are highly concentrated. Exploiting the combined market power associated with the pooling of intellectual property rights, these exclusive licensing societies typically charge a percentage-of-revenue fee in return for a blanket license. The European Commission has issued a Statement of Objections against these practices as they relate to music video licenses, and the Division is likewise seeking to determine whether the activities of these foreign rights societies have an adverse impact on U.S. exports of music video and digital radio programming. See *United States* v. *Time Warner Inc., et at.,* No. Misc. 94–338 HHG (filed Nov. 3, 1994) (Petition to enforce civil investigative demands).

Arguably, S. 227 would statutorily authorize performance right holders, and record companies in particular, to form the same kind of anticompetitive performance rights society here in the United States. According to proposed subsection (e):

''Any copyright owners of sound recordings and any entities performing sound recordings affected by this section may negotiate and agree upon the terms and rates of royalty payments for the performance of such sound recordings and the proportionate division of fees paid among copyright owners, and *may designate common agents to negotiate, agree to, pay, or receive such royalty payments.*''

(Emphasis added). This subsection could cause great mischief by allowing the formation of a cartel immune from antitrust scrutiny. Although the arbitration royalty panel created by the statute would set some limit on fees charged for compulsory licenses, this provision would authorize collective negotiations by right holders for unregulated voluntary licenses as well. Moreover, even in the compulsory license context, a small programmer would almost certainly pay hefty premium in order to avoid the costs of a challenge before the royalty panel against a cartel whose costs and legal fees are spread over a multi-billion dollar industry. Ultimately, U.S. consumers would pay this premium.

We therefore strongly recommend that proposed subsection (e) be deleted. To do so would in no way affect the salutary goals of the bill. Artists could transfer rights to the record companies. Record companies could unilaterally hire agents. They could even form a performance right society so long as it conformed to the antitrust laws. What they could not do is form a federally authorized cartel to set higher-than-competitive prices.

2. *Licensing to Affiliates.*—Proposed subsection (h) provides that, where a right holder licenses a sound recording to a digital programmer it directly or indirectly controls, the right holder must license to similarly situated programmers on similar terms and conditions. As written, this provision is unlikely to be an effective deterrent to discrimination in favor of affiliates and may have the unintended effect of mandating higher-than-competitive license fees.

In the first place, the trigger language of the bill is too narrow. As far as we know, no individual right holder, including the record companies, has a large enough individual stake in a digital programmer to have positive ''control''. Together, however, several majors potentially may exercise substantial *collective* influence. Taking the cable audio services industry as an example, Sony, Warner, and EMI each hold a 33% interest in SWE Cable Radio Company (SWE), which in turn holds a 35% interest—enough for negative control over any major decision—in Digital Cable Radio Associates L.P. (DCR). Presumably, these partners could favor their collectively controlled programmer at the expense of Digital Music Express (DMX), the only other digital radio programmer. S. 227 would not prevent discrimination of this type.

Second, it is by no means clear that programmers such as DMX would be protected by subsection (h) even if it were triggered. As written, the subsection mandates ''similar terms'' as those provided to the affiliated programmer. This raises the possibility that right holder(s) could set a high price to the affiliated programmer and then claim a statutory requirement to apply the artificially high rate to the non-affiliated programmer.

Third, to be an effective deterrent to discrimination, subsection (h)(2), allowing the right holder to set different terms and conditions for essentially any reason, should be tightened.

We suggest, therefore, the following modifications to proposed subsection (h) (changes in italics):

''Where a copyright owner of sound recordings, *indvidually or collectively with other copyright owners of sound recordings,* owns a controlling interest in, or otherwise possesses the power directly or indirectly to *control or block important management decisions* of, an entity engaging in digital transmissions covered by section 106(6) and licenses to such entity the right to publicly perform a sound recording by means of digital transmission, the copyright owner shall make the licensed sound recording available under section 106(6) *on terms and conditions no less favorable* to all similarly-situated entities offering similar types of digital transmission services, except that the copyright owner may—

''(1) impose reasonable requirements for creditworthiness; and

''(2) *make reasonable adjustments to the* prices, terms, and conditions to take into account the types of services offered, the duration of the license, the geographic region, the numbers of subscribers served, and any other relevant factors.''

We believe this modified language would address the concerns set forth above by (1) expanding the coverage of the subsection to include situations where right holders collectively control a programmer or have a stake in a programmer that does not rise to the level of positive control; (2) restricting the ability of a right holder to discriminate based on pretextual dissimilarities among affiliated and non-affiliated programmers; (3) preserving the ability of rights holders to take substantial differences among programmers into account; and (4) ensuring that a programmer is not bound by statute to accept an artificially high license fee.

Thank you for the opportunity to comment on S. 227. In our view, the bill would be measurably improved if Congress were to adopt the suggested modifications or take other steps to address the concerns we have raised. Please do not hesitate to contact me at any time for further elaboration of the views expressed.

The Office of Management and Budget has advised that there is no objection from the standpoint of the Administration's program to the submission of this report to the Congress.

Sincerely,

KENT MARKUS,
Acting Assistant Attorney General.

FOOTNOTES

[1] Digital subscription transmission services currently provide approximately 60 CD-quality channels of audio programming to cable and satellite television subscribers.

[2] Six major record companies and their affiliates (the ''majors'') collectively account for approximately eighty to eighty-five percent of the U.S. and worldwide markets for prerecorded records, taps, and compact discs.

[3] When a recording artist signs with a major record label, he or she typically transfers all copyrights, including any performance right, to the record company in perpetuity throughout the world.

U.S. DEPARTMENT OF JUSTICE,
OFFICE OF LEGISLATIVE AFFAIRS,
Washington, DC, July 21, 1995.

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

DEAR SENATOR LEAHY: This letter responds to your June 29, 1995, letter to Anne K. Bingaman in which you, joined by Senators Thurmand, Kyl and Brown, asked for the Department of Justice's views on whether the most recent changes made to S. 227 adequately address the antitrust concerns raised in the Department's June 20, 1995, letter to you on this subject.

S. 227 would amend the Copyright Act to create a performance right in digital transmissions. Under the bill, right holders would have the authority to receive royalty fees

Footnotes at end of article.

from, and, in some cases, negotiate the terms of the performance of their sound recordings by digital delivery services such as pay-per-listen and subscriptions transmission services.

The Administration supports the establishment of a performance right for sound recordings. Generally, we believe that S. 227 would advance competition by allowing producers of sound recordings control over certain transmissions of their recordings by some digital services, thus potentially allowing them to limit the threat of uncompensated home copying by subscribers of those services.

As set forth more fully in our earlier letter, the original language of S. 227 could have been read to statutorily authorize activities that might otherwise violate the antitrust laws. Specifically, proposed subsection (e) arguably would have authorized rights holders—typically record companies—to designate ''common agents'' without appropriate safeguards to ensure against cartel behavior. Similarly, proposed subsection (h) could have been read to require an unaffiliated programmer to pay the same artificially high license as paid by an affiliated programmer.

As we read the Chairman's Final Mark Substitute Draft of S. 227, the revised bill can no longer be read to exempt activity that would otherwise clearly violate the antitrust laws.

With respect to proposed subsection (e), ''Authority for Negotiations,'' we were concerned that the original language of the bill would have the unintended effect of making cartel conduct immune from antitrust scrutiny. In the revised bill, the role of the common agent has been substantially curtailed, thus addressing our concern. Specifically, in the context of ''voluntary negotiations'' for a statutory license, the common agent is now ''non-exclusive''—meaning that a programmer may not be required to negotiate through the common agent. In addition, any impasse on license fees, terms and conditions can be resolved by the rate panel, if necessary. Where a statutory license has not been created (e.g., for interactive transmissions or transmissions that exceed the performance complement), the common agent's role is limited to a ''clearing house'' function. In other words, under those circumstances a common agent may not be the instrument of collective negotiation of rates and material terms. These changes address our primary concerns with the original language of subsection (e).[1]

With respect to proposed subsection (h), ''Licensing to Affiliates,'' our primary concerns were whether the language of the bill: (1) adequately defined situations in which right holders might individually or collectively control an affiliate, and (2) would have permitted right holders to impose artificially high license fees on non-affiliates. With the addition of a definition of an ''affiliated entity'' in (j)(1) and the replacement of ''similar terms and conditions'' in subsection (h) with ''no less favorable terms and conditions,'' we believe that control of affiliates is adequately defined and that our competitive concern that the bill would create a likelihood of competitive disadvantage for non-affiliates has been addressed.

[1] Proposed subsection (e)(1) contains the clause ''[n]otwithstanding any provision of the antitrust laws * * *.'' We would prefer such language be deleted, although we understand that Congress has used that language in other parts of the Copyright Act dealing with statutory licenses. Even with that language, we note that the substance of proposed subsection (e)(1) does not appear to authorize conduct facially at odds with the antitrust laws.

We believe that S. 227, as modified, adequately addresses the competition concerns of the Department of Justice.

The Office of Management and Budget advises that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

ANDREW FOIS,
Assistant Attorney General.

Mr. GORTON. Mr. President, I ask unanimous consent that the committee amendment, as amended, be agreed to; that the bill be deemed read a third time and passed, as amended; that the motion to reconsider be laid upon the table; and that any statements relating to the bill be placed at the appropriate place in the RECORD.

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

So the bill (S. 227), as amended, was deemed read the third time and passed, as follows:

S. 227

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 ''Digital Performance Right in Sound Recordings Act of 1995''.

SEC. 2. EXCLUSIVE RIGHTS IN COPYRIGHTED WORKS.

Section 106 of title 17, United States Code, is amended—

(1) in paragraph (4) by striking ''and'' after the semicolon;

(2) in paragraph (5) by striking the period and inserting ''; and''; and

(3) by adding at the end the following:

''(6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.''.

SEC. 3. SCOPE OF EXCLUSIVE RIGHTS IN SOUND RECORDINGS.

Section 114 of title 17, United States Code, is amended—

(1) in subsection (a) by striking ''and (3)'' and inserting ''(3) and (6)'';

(2) in subsection (b) in the first sentence by striking ''phonorecords, or of copies of motion pictures and other audiovisual works,'' and inserting ''phonorecords or copies'';

(3) by striking subsection (d) and inserting:

''(d) LIMITATIONS ON EXCLUSIVE RIGHT.—Notwithstanding the provisions of section 106(6)—

''(1) EXEMPT TRANSMISSIONS AND RETRANSMISSIONS.—The performance of a sound recording publicly by means of a digital audio transmission, other than as a part of an interactive service, is not an infringement of section 106(6) if the performance is part of—

''(A)(i) a nonsubscription transmission other than a retransmission;

''(ii) an initial nonsubscription retransmission made for direct reception by members of the public of a prior or simultaneous incidental transmission that is not made for direct reception by members of the public; or

''(iii) a nonsubscription broadcast transmission;

''(B) a retransmission of a nonsubscription broadcast transmission: *Provided*, That, in the case of a retransmission of a radio station's broadcast transmission—

''(i) the radio station's broadcast transmission is not willfully or repeatedly retransmitted more than a radius of 150 miles from the site of the radio broadcast transmitter, however—

''(I) the 150 mile limitation under this clause shall not apply when a nonsubscription broadcast transmission by a radio station licensed by the Federal Communications Commission is retransmitted on a nonsubscription basis by a terrestrial broadcast station, terrestrial translator, or terrestrial repeater licensed by the Federal Communications Commission; and

''(II) in the case of a subscription retransmission of a nonsubscription broadcast retransmission covered by subclause (I), the 150 mile radius shall be measured from the transmitter site of such broadcast retransmitter;

''(ii) the retransmission is of radio station broadcast transmissions that are—

''(I) obtained by the retransmitter over the air;

''(II) not electronically processed by the retransmitter to deliver separate and discrete signals; and

''(III) retransmitted only within the local communities served by the retransmitter;

''(iii) the radio station's broadcast transmission was being retransmitted to cable systems (as defined in section 111(f)) by a satellite carrier on January 1, 1995, and that retransmission was being retransmitted by cable systems as a separate and discrete signal, and the satellite carrier obtains the radio station's broadcast transmission in an analog format: *Provided*, That the broadcast transmission being retransmitted may embody the programming of no more than one radio station; or

''(iv) the radio station's broadcast transmission is made by a noncommercial educational broadcast station funded on or after January 1, 1995, under section 396(k) of the Communications Act of 1934 (47 U.S.C. 396(k)), consists solely of noncommercial educational and cultural radio programs, and the retransmission, whether or not simultaneous, is a nonsubscription terrestrial broadcast retransmission; or

''(C) a transmission that comes within any of the following categories:

''(i) a prior or simultaneous transmission incidental to an exempt transmission, such as a feed received by and then retransmitted by an exempt transmitter: *Provided*, That such incidental transmissions do not include any subscription transmission directly for reception by members of the public;

''(ii) a transmission within a business establishment, confined to its premises or the immediately surrounding vicinity;

''(iii) a retransmission by any retransmitter, including a multichannel video programming distributor as defined in section 602(12) of the Communications Act of 1934 (47 U.S.C. 522(12)), of a transmission by a transmitter licensed to publicly perform the sound recording as a part of that transmission, if the retransmission is simultaneous with the licensed transmission and authorized by the transmitter; or

''(iv) a transmission to a business establishment for use in the ordinary course of its business: *Provided*, That the business recipient does not retransmit the transmission outside of its premises or the immediately surrounding vicinity, and that the transmission does not exceed the sound recording performance complement. Nothing in this clause shall limit the scope of the exemption in clause (ii).

''(2) SUBSCRIPTION TRANSMISSIONS.—In the case of a subscription transmission not exempt under subsection (d)(1), the performance of a sound recording publicly by means of a digital audio transmission shall be subject to statutory licensing, in accordance with subsection (f) of this section, if—

''(A) the transmission is not part of an interactive service;

''(B) the transmission does not exceed the sound recording performance complement;

''(C) the transmitting entity does not cause to be published by means of an advance program schedule or prior announcement the titles of the specific sound recordings or phonorecords embodying such sound recordings to be transmitted;

''(D) except in the case of transmission to a business establishment, the transmitting entity does not automatically and intentionally cause any device receiving the transmission to switch from one program channel to another; and

''(E) except as provided in section 1002(e) of this title, the transmission of the sound recording is accompanied by the information encoded in that sound recording, if any, by or under the authority of the copyright owner of that sound recording, that identifies the title of the sound recording, the featured recording artist who performs on the sound recording, and related information, including information concerning the underlying musical work and its writer.

''(3) LICENSES FOR TRANSMISSIONS BY INTERACTIVE SERVICES.—

''(A) No interactive service shall be granted an exclusive license under section 106(6) for the performance of a sound recording publicly by means of digital audio transmission for a period in excess of 12 months, except that with respect to an exclusive license granted to an interactive service by a licensor that holds the copyright to 1,000 or fewer sound recordings, the period of such license shall not exceed 24 months: *Provided, however,* That the grantee of such exclusive license shall be ineligible to receive another exclusive license for the performance of that sound recording for a period of 13 months from the expiration of the prior exclusive license.

''(B) The limitation set forth in subparagraph (A) of this paragraph shall not apply if—

''(i) the licensor has granted and there remain in effect licenses under section 106(6) for the public performance of sound recordings by means of digital audio transmission by at least 5 different interactive services: *Provided, however,* That each such license must be for a minimum of 10 percent of the copyrighted sound recordings owned by the licensor that have been licensed to interactive services, but in no event less than 50 sound recordings; or

''(ii) the exclusive license is granted to perform publicly up to 45 seconds of a sound recording and the sole purpose of the performance is to promote the distribution or performance of that sound recording.

''(C) Notwithstanding the grant of an exclusive or nonexclusive license of the right of public performance under section 106(6), an interactive service may not publicly perform a sound recording unless a license has been granted for the public performance of any copyrighted musical work contained in the sound recording: *Provided,* That such license to publicly perform the copyrighted musical work may be granted either by a performing rights society representing the copyright owner or by the copyright owner.

''(D) The performance of a sound recording by means of a retransmission of a digital audio transmission is not an infringement of section 106(6) if—

''(i) the retransmission is of a transmission by an interactive service licensed to publicly perform the sound recording to a particular member of the public as part of that transmission; and

''(ii) the retransmission is simultaneous with the licensed transmission, authorized by the transmitter, and limited to that particular member of the public intended by the interactive service to be the recipient of the transmission.

''(E) For the purposes of this paragraph—

''(i) a 'licensor' shall include the licensing entity and any other entity under any material degree of common ownership, management, or control that owns copyrights in sound recordings; and

''(ii) a 'performing rights society' is an association or corporation that licenses the public performance of nondramatic musical works on behalf of the copyright owner, such as the American Society of Composers, Authors and Publishers, Broadcast Music, Inc., and SESAC, Inc.

''(4) RIGHTS NOT OTHERWISE LIMITED.—

''(A) Except as expressly provided in this section, this section does not limit or impair the exclusive right to perform a sound recording publicly by means of a digital audio transmission under section 106(6).

''(B) Nothing in this section annuls or limits in any way—

''(i) the exclusive right to publicly perform a musical work, including by means of a digital audio transmission, under section 106(4);

''(ii) the exclusive rights in a sound recording or the musical work embodied therein under sections 106(1), 106(2) and 106(3); or

''(iii) any other rights under any other clause of section 106, or remedies available under this title, as such rights or remedies exist either before or after the date of enactment of the Digital Performance Right in Sound Recordings Act of 1995.

''(C) Any limitations in this section on the exclusive right under section 106(6) apply only to the exclusive right under section 106(6) and not to any other exclusive rights under section 106. Nothing in this section shall be construed to annul, limit, impair or otherwise affect in any way the ability of the owner of a copyright in a sound recording to exercise the rights under sections 106(1), 106(2) and 106(3), or to obtain the remedies available under this title pursuant to such rights, as such rights and remedies exist either before or after the date of enactment of the Digital Performance Right in Sound Recordings Act of 1995.''; and

(4) by adding after subsection (d) the following:

''(e) AUTHORITY FOR NEGOTIATIONS.—

''(1) Notwithstanding any provision of the antitrust laws, in negotiating statutory licenses in accordance with subsection (f), any copyright owners of sound recordings and any entities performing sound recordings affected by this section may negotiate and agree upon the royalty rates and license terms and conditions for the performance of such sound recordings and the proportionate division of fees paid among copyright owners, and may designate common agents on a nonexclusive basis to negotiate, agree to, pay, or receive payments.

''(2) For licenses granted under section 106(6), other than statutory licenses, such as for performances by interactive services or performances that exceed the sound recording performance complement—

''(A) copyright owners of sound recordings affected by this section may designate common agents to act on their behalf to grant licenses and receive and remit royalty payments: *Provided,* That each copyright owner shall establish the royalty rates and material license terms and conditions unilaterally, that is, not in agreement, combination, or concert with other copyright owners of sound recordings; and

''(B) entities performing sound recordings affected by this section may designate common agents to act on their behalf to obtain licenses and collect and pay royalty fees: *Provided,* That each entity performing sound recordings shall determine the royalty rates and material license terms and conditions unilaterally, that is, not in agreement, combination, or concert with other entities performing sound recordings.

''(f) LICENSES FOR NONEXEMPT SUBSCRIPTION TRANSMISSIONS.—

''(1) No later than 30 days after the enactment of the Digital Performance Right in Sound Recordings Act of 1995, the Librarian of Congress shall cause notice to be published in the Federal Register of the initiation of voluntary negotiation proceedings for the purpose of determining reasonable terms and rates of royalty payments for the activities specified by subsection (d)(2) of this section during the period beginning on the effective date of such Act and ending on December 31, 2000. Such terms and rates shall distinguish among the different types of digital audio transmission services then in operation. Any copyright owners of sound recordings or any entities performing sound recordings affected by this section may submit to the Librarian of Congress licenses covering such activities with respect to such sound recordings. The parties to each negotiation proceeding shall bear their own costs.

''(2) In the absence of license agreements negotiated under paragraph (1), during the 60-day period commencing 6 months after publication of the notice specified in paragraph (1), and upon the filing of a petition in accordance with section 803(a)(1), the Librarian of Congress shall, pursuant to chapter 8, convene a copyright arbitration royalty panel to determine and publish in the Federal Register a schedule of rates and terms which, subject to paragraph (3), shall be binding on all copyright owners of sound recordings and entities performing sound recordings. In addition to the objectives set forth in section 801(b)(1), in establishing such rates and terms, the copyright arbitration royalty panel may consider the rates and terms for comparable types of digital audio transmission services and comparable circumstances under voluntary license agreements negotiated as provided in paragraph (1). The Librarian of Congress shall also establish requirements by which copyright owners may receive reasonable notice of the use of their sound recordings under this section, and under which records of such use shall be kept and made available by entities performing sound recordings.

''(3) License agreements voluntarily negotiated at any time between one or more copyright owners of sound recordings and one or more entities performing sound recordings shall be given effect in lieu of any determination by a copyright arbitration royalty panel or decision by the Librarian of Congress.

''(4)(A) Publication of a notice of the initiation of voluntary negotiation proceedings as specified in paragraph (1) shall be repeated, in accordance with regulations that the Librarian of Congress shall prescribe—

''(i) no later than 30 days after a petition is filed by any copyright owners of sound recordings or any entities performing sound recordings affected by this section indicating that a new type of digital audio transmission service on which sound recordings are performed is or is about to become operational; and

''(ii) in the first week of January, 2000 and at 5-year intervals thereafter.

''(B)(i) The procedures specified in paragraph (2) shall be repeated, in accordance with regulations that the Librarian of Congress shall prescribe, upon the filing of a petition in accordance with section 803(a)(1) during a 60-day period commencing—

''(I) six months after publication of a notice of the initiation of voluntary negotiation proceedings under paragraph (1) pursuant to a petition under paragraph (4)(A)(i); or

''(II) on July 1, 2000 and at 5-year intervals thereafter.

''(ii) The procedures specified in paragraph (2) shall be concluded in accordance with section 802.

''(5)(A) Any person who wishes to perform a sound recording publicly by means of a nonexempt subscription transmission under this subsection may do so without infringing the exclusive right of the copyright owner of the sound recording—

''(i) by complying with such notice requirements as the Librarian of Congress shall prescribe by regulation and by paying royalty fees in accordance with this subsection; or

''(ii) if such royalty fees have not been set, by agreeing to pay such royalty fees as shall be determined in accordance with this subsection.

''(B) Any royalty payments in arrears shall be made on or before the twentieth day of the month next succeeding the month in which the royalty fees are set.

''(g) PROCEEDS FROM LICENSING OF SUBSCRIPTION TRANSMISSIONS.—

''(1) Except in the case of a subscription transmission licensed in accordance with subsection (f) of this section—

''(A) a featured recording artist who performs on a sound recording that has been licensed for a subscription transmission shall be entitled to receive payments from the copyright owner of the sound recording in accordance with the terms of the artist's contract; and

''(B) a nonfeatured recording artist who performs on a sound recording that has been licensed for a subscription transmission shall be entitled to receive payments from the copyright owner of the sound recording in accordance with the terms of the nonfeatured recording artist's applicable contract or other applicable agreement.

''(2) The copyright owner of the exclusive right under section 106(6) of this title to publicly perform a sound recording by means of a digital audio transmission shall allocate to recording artists in the following manner its receipts from the statutory licensing of subscription transmission performances of the sound recording in accordance with subsection (f) of this section:

''(A) 2½ percent of the receipts shall be deposited in an escrow account managed by an independent administrator jointly appointed by copyright owners of sound recordings and the American Federation of Musicians (or any successor entity) to be distributed to nonfeatured musicians (whether or not members of the American Federation of Musicians) who have performed on sound recordings.

''(B) 2½ percent of the receipts shall be deposited in an escrow account managed by an independent administrator jointly appointed by copyright owners of sound recordings and the American Federation of Television and Radio Artists (or any successor entity) to be distributed to nonfeatured vocalists (whether or not members of the American Federation of Television and Radio Artists) who have performed on sound recordings.

''(C) 45 percent of the receipts shall be allocated, on a per sound recording basis, to the recording artist or artists featured on such sound recording (or the persons conveying rights in the artists' performance in the sound recordings).

''(h) LICENSING TO AFFILIATES.—

''(1) If the copyright owner of a sound recording licenses an affiliated entity the right to publicly perform a sound recording by means of a digital audio transmission under section 106(6), the copyright owner shall make the licensed sound recording available under section 106(6) on no less favorable terms and conditions to all bona fide entities that offer similar services, except that, if there are material differences in the scope of the requested license with respect to the type of service, the particular sound recordings licensed, the frequency of use, the number of subscribers served, or the duration, then the copyright owner may establish different terms and conditions for such other services.

''(2) The limitation set forth in paragraph (1) of this subsection shall not apply in the case where the copyright owner of a sound recording licenses—

''(A) an interactive service; or

''(B) an entity to perform publicly up to 45 seconds of the sound recording and the sole purpose of the performance is to promote the distribution or performance of that sound recording.

''(i) NO EFFECT ON ROYALTIES FOR UNDERLYING WORKS.—License fees payable for the public performance of sound recordings under section 106(6) shall not be taken into account in any administrative, judicial, or other governmental proceeding to set or adjust the royalties payable to copyright owners of musical works for the public performance of their works. It is the intent of Congress that royalties payable to copyright owners of musical works for the public performance of their works shall not be diminished in any respect as a result of the rights granted by section 106(6).

''(j) DEFINITIONS.—As used in this section, the following terms have the following meanings:

''(1) An 'affiliated entity' is an entity engaging in digital audio transmissions covered by section 106(6), other than an interactive service, in which the licensor has any direct or indirect partnership or any ownership interest amounting to 5 percent or more of the outstanding voting or non-voting stock.

''(2) A 'broadcast' transmission is a transmission made by a terrestrial broadcast station licensed as such by the Federal Communications Commission.

''(3) A 'digital audio transmission' is a digital transmission as defined in section 101, that embodies the transmission of a sound recording. This term does not include the transmission of any audiovisual work.

''(4) An 'interactive service' is one that enables a member of the public to receive, on request, a transmission of a particular sound recording chosen by or on behalf of the recipient. The ability of individuals to request that particular sound recordings be performed for reception by the public at large does not make a service interactive. If an entity offers both interactive and non-interactive services (either concurrently or at different times), the non-interactive component shall not be treated as part of an interactive service.

''(5) A 'nonsubscription' transmission is any transmission that is not a subscription transmission.

''(6) A 'retransmission' is a further transmission of an initial transmission, and includes any further retransmission of the same transmission. Except as provided in this section, a transmission qualifies as a 'retransmission' only if it is simultaneous with the initial transmission. Nothing in this definition shall be construed to exempt a transmission that fails to satisfy a separate element required to qualify for an exemption under section 114(d)(1).

''(7) The 'sound recording performance complement' is the transmission during any 3-hour period, on a particular channel used by a transmitting entity, of no more than—

''(A) 3 different selections of sound recordings from any one phonorecord lawfully distributed for public performance or sale in the United States, if no more than 2 such selections are transmitted consecutively; or

''(B) 4 different selections of sound recordings

''(i) by the same featured recording artist; or

''(ii) from any set or compilation of phonorecords lawfully distributed together as a unit for public performance or sale in the United States,

if no more than three such selections are transmitted consecutively:

Provided, That the transmission of selections in excess of the numerical limits provided for in clauses (A) and (B) from multiple phonorecords shall nonetheless qualify as a sound recording performance complement if the programming of the multiple phonorecords was not willfully intended to avoid the numerical limitations prescribed in such clauses.

''(8) A 'subscription' transmission is a transmission that is controlled and limited to particular recipients, and for which consideration is required to be paid or otherwise given by or on behalf of the recipient to receive the transmission or a package of transmissions including the transmission.

''(9) A 'transmission' includes both an initial transmission and a retransmission.''.

SEC. 4. MECHANICAL ROYALTIES IN DIGITAL PHONORECORD DELIVERIES.

Section 115 of title 17, United States Code, is amended—

(1) in subsection (a)(1)—

(A) in the first sentence by striking out ''any other person'' and inserting in lieu thereof ''any other person, including those who make phonorecords or digital phonorecord deliveries,''; and

(B) in the second sentence by inserting before the period '', including by means of a digital phonorecord delivery'';

(2) in subsection (c)(2) in the second sentence by inserting ''and other than as provided in paragraph (3),'' after ''For this purpose,'';

(3) by redesignating paragraphs (3), (4), and (5) of subsection (c) as paragraphs (4), (5), and (6), respectively, and by inserting after paragraph (2) the following new paragraph:

''(3)(A) A compulsory license under this section includes the right of the compulsory licensee to distribute or authorize the distribution of a phonorecord of a nondramatic musical work by means of a digital transmission which constitutes a digital phonorecord delivery, regardless of whether the digital transmission is also a public performance of the sound recording under section 106(6) of this title or of any nondramatic musical work embodied therein under section 106(4) of this title. For every digital phonorecord delivery by or under the authority of the compulsory licensee—

''(i) on or before December 31, 1997, the royalty payable by the compulsory licensee shall be the royalty prescribed under paragraph (2) and chapter 8 of this title; and

''(ii) on or after January 1, 1998, the royalty payable by the compulsory licensee shall be the royalty prescribed under subparagraphs (B) through (F) and chapter 8 of this title.

''(B) Notwithstanding any provision of the antitrust laws, any copyright owners of nondramatic musical works and any persons entitled to obtain a compulsory license under subsection (a)(1) may negotiate and agree upon the terms and rates of royalty payments under this paragraph and the proportionate division of fees paid among copyright owners, and may designate common agents to negotiate, agree to, pay or receive such royalty payments. Such authority to negotiate the terms and rates of royalty payments includes, but is not limited to, the authority to negotiate the year during which the royalty rates prescribed under subparagraphs (B) through (F) and chapter 8 of this title shall next be determined.

''(C) During the period of June 30, 1996, through December 31, 1996, the Librarian of Congress shall cause notice to be published in the Federal Register of the initiation of voluntary negotiation proceedings for the purpose of determining reasonable terms and rates of royalty payments for the activities specified by subparagraph (A) during the period beginning January 1, 1998, and ending on the effective date of any new terms and rates established pursuant to subparagraph (C), (D) or (F), or such other date (regarding digital phonorecord deliveries) as the parties may agree. Such terms and rates shall distinguish between (i) digital phonorecord deliveries where the reproduction or distribution of a phonorecord is incidental to the transmission which constitutes the digital phonorecord delivery, and (ii) digital phonorecord deliveries in general. Any copyright owners of nondramatic musical works and any persons entitled to obtain a compulsory license under subsection (a)(1) may submit to the Librarian of Congress licenses covering such activities. The parties to each negotiation proceeding shall bear their own costs.

''(D) In the absence of license agreements negotiated under subparagraphs (B) and (C), upon the filing of a petition in accordance with section 803(a)(1), the Librarian of Congress shall, pursuant to chapter 8, convene a copyright arbitration royalty panel to determine and publish in the Federal Register a schedule of rates and terms which, subject to subparagraph (E), shall be binding on all copyright owners of nondramatic musical works and persons entitled to obtain a compulsory license under subsection (a)(1) during the period beginning January 1, 1998, and ending on the effective date of any new terms and rates established pursuant to subparagraph (C), (D) or (F), or such other date (regarding digital phonorecord deliveries) as may be determined pursuant to subparagraphs (B) and (C). Such terms and rates shall distinguish between (i) digital phonorecord deliveries where the reproduction or distribution of a phonorecord is incidental to the transmission which constitutes the digital phonorecord delivery, and (ii) digital phonorecord deliveries in general. In addition to the objectives set forth in section 801(b)(1), in establishing such rates and terms, the copyright arbitration royalty panel may consider rates and terms under voluntary license agreements negotiated as provided in subparagraphs (B) and (C). The royalty rates payable for a compulsory license for a digital phonorecord delivery under this section shall be established de novo and no precedential effect shall be given to the amount of the royalty payable by a compulsory licensee for digital phonorecord deliveries on or before December 31, 1997. The Librarian of Congress shall also establish requirements by which copyright owners may receive reasonable notice of the use of their works under this section, and under which records of such use shall be kept and made available by persons making digital phonorecord deliveries.

''(E)(i) License agreements voluntarily negotiated at any time between one or more copyright owners of nondramatic musical works and one or more persons entitled to obtain a compulsory license under subsection (a)(1) shall be given effect in lieu of any determination by the Librarian of Congress. Subject to clause (ii), the royalty rates determined pursuant to subparagraph (C), (D) or (F) shall be given effect in lieu of any contrary royalty rates specified in a contract pursuant to which a recording artist who is the author of a nondramatic musical work grants a license under that person's exclusive rights in the musical work under sections 106(1) and (3) or commits another person to grant a license in that musical work under sections 106(1) and (3), to a person desiring to fix in a tangible medium of expression a sound recording embodying the musical work.

''(ii) The second sentence of clause (i) shall not apply to—

''(I) a contract entered into on or before June 22, 1995, and not modified thereafter for the purpose of reducing the royalty rates determined pursuant to subparagraph (C), (D) or (F) or of increasing the number of musical works within the scope of the contract covered by the reduced rates, except if a contract entered into on or before June 22, 1995, is modified thereafter for the purpose of increasing the number of musical works within the scope of the contract, any contrary royalty rates specified in the contract shall be given effect in lieu of royalty rates determined pursuant to subparagraph (C), (D) or (F) for the number of musical works within the scope of the contract as of June 22, 1995; and

''(II) a contract entered into after the date that the sound recording is fixed in a tangible medium of expression substantially in a form intended for commercial release, if at the time the contract is entered into, the recording artist retains the right to grant licenses as to the musical work under sections 106(1) and 106(3).

''(F) The procedures specified in subparagraphs (C) and (D) shall be repeated and concluded, in accordance with regulations that the Librarian of Congress shall prescribe, in each fifth calendar year after 1997, except to the extent that different years for the repeating and concluding of such proceedings may be determined in accordance with subparagraphs (B) and (C).

''(G) Except as provided in section 1002(e) of this title, a digital phonorecord delivery licensed under this paragraph shall be accompanied by the information encoded in the sound recording, if any, by or under the authority of the copyright owner of that sound recording, that identifies the title of the sound recording, the featured recording artist who performs on the sound recording, and related information, including information concerning the underlying musical work and its writer.

''(H)(i) A digital phonorecord delivery of a sound recording is actionable as an act of infringement under section 501, and is fully subject to the remedies provided by sections 502 through 506 and section 509, unless—

''(I) the digital phonorecord delivery has been authorized by the copyright owner of the sound recording; and

''(II) the owner of the copyright in the sound recording or the entity making the digital phonorecord delivery has obtained a compulsory license under this section or has otherwise been authorized by the copyright owner of the musical work to distribute or authorize the distribution, by means of a digital phonorecord delivery, of each musical work embodied in the sound recording.

''(ii) Any cause of action under this subparagraph shall be in addition to those available to the owner of the copyright in the nondramatic musical work under subsection (c)(6) and section 106(4) and the owner of the copyright in the sound recording under section 106(6).

''(I) The liability of the copyright owner of a sound recording for infringement of the copyright in a nondramatic musical work embodied in the sound recording shall be determined in accordance with applicable law, except that the owner of a copyright in a sound recording shall not be liable for a digital phonorecord delivery by a third party if the owner of the copyright in the sound recording does not license the distribution of a phonorecord of the nondramatic musical work.

''(J) Nothing in section 1008 shall be construed to prevent the exercise of the rights and remedies allowed by this paragraph, paragraph (6), and chapter 5 in the event of a digital phonorecord delivery, except that no action alleging infringement of copyright may be brought under this title against a manufacturer, importer or distributor of a digital audio recording device, a digital audio recording medium, an analog recording device, or an analog recording medium, or against a consumer, based on the actions described in such section.

''(K) Nothing in this section annuls or limits (i) the exclusive right to publicly perform a sound recording or the musical work embodied therein, including by means of a digital transmission, under sections 106(4) and 106(6), (ii) except for compulsory licensing under the conditions specified by this section, the exclusive rights to reproduce and distribute the sound recording and the musical work embodied therein under sections 106(1) and 106(3), including by means of a digital phonorecord delivery, or (iii) any other rights under any other provision of section 106, or remedies available under this title, as such rights or remedies exist either before or after the date of enactment of the Digital Performance Right in Sound Recordings Act of 1995.

''(L) The provisions of this section concerning digital phonorecord deliveries shall not apply to any exempt transmissions or retransmissions under section 114(d)(1). The exemptions created in section 114(d)(1) do not expand or reduce the rights of copyright owners under section 106(1) through (5) with respect to such transmissions and retransmissions.''; and

(5) by adding after subsection (c) the following:

''(d) DEFINITION.—As used in this section, the following term has the following meaning: A 'digital phonorecord delivery' is each individual delivery of a phonorecord by digital transmission of a sound recording which results in a specifically identifiable reproduction by or for any transmission recipient of a phonorecord of that sound recording, regardless of whether the digital transmission is also a public performance of the sound recording or any nondramatic musical work embodied therein. A digital phonorecord delivery does not result from a real-time, noninteractive subscription transmission of a sound recording where no reproduction of the sound recording or the musical work embodied therein is made from the inception of the transmission through to its receipt by the transmission recipient in order to make the sound recording audible.''.

SEC. 5. CONFORMING AMENDMENTS.

(a) DEFINITIONS.—Section 101 of title 17, United States Code, is amended by inserting after the definition of ''device'', ''machine'', or ''process'' the following:

''A 'digital transmission' is a transmission in whole or in part in a digital or other nonanalog format.''.

(b) LIMITATIONS ON EXCLUSIVE RIGHTS: SECONDARY TRANSMISSIONS.—Section 111(c)(1) of title 17, United States Code, is amended in the first sentence by inserting ''and section 114(d)'' after ''of this subsection''.

(c) LIMITATIONS ON EXCLUSIVE RIGHTS: SECONDARY TRANSMISSIONS OF SUPERSTATIONS AND NETWORK STATIONS FOR PRIVATE HOME VIEWING.—

(1) Section 119(a)(1) of title 17, United States Code, is amended in the first sentence by inserting ''and section 114(d)'' after ''of this subsection''.

(2) Section 119(a)(2)(A) of title 17, United States Code, is amended in the first sentence by inserting ''and section 114(d)'' after ''of this subsection''.

(d) COPYRIGHT ARBITRATION ROYALTY PANELS.—

(1) Section 801(b)(1) of title 17, United States Code, is amended in the first and second sentences by striking ''115'' each place it appears and inserting ''114, 115,''.

(2) Section 802(c) of title 17, United States Code, is amended in the third sentence by striking ''section 111, 116, or 119,'' and inserting ''section 111, 114, 116, or 119, any person entitled to a compulsory license under section 114(d), any person entitled to a compulsory license under section 115,''.

(3) Section 802(g) of title 17, United States Code, is amended in the third sentence by inserting ''114,'' after ''111,''.

(4) Section 802(h)(2) of title 17, United States Code, is amended by inserting ''114,'' after ''111,''.

(5) Section 803(a)(1) of title 17, United States Code, is amended in the first sentence by striking ''115'' and inserting ''114, 115'' and by striking ''and (4)'' and inserting ''(4) and (5)''.

(6) Section 803(a)(3) of title 17, United States Code, is amended by inserting before the period ''or as prescribed in section 115(c)(3)(D)''.

(7) Section 803(a) of title 17, United States Code, is amended by inserting after paragraph (4) the following new paragraph:

''(5) With respect to proceedings under section 801(b)(1) concerning the determination of reasonable terms and rates of royalty payments as provided in section 114, the Librarian of Congress shall proceed when and as provided by that section.''.

SEC. 6. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect 3 months after the date of enactment of this Act, except that the provisions of sections 114(e) and 114(f) of title 17, United States Code (as added by section 3 of this Act) shall take effect immediately upon the date of enactment of this Act.

ORDERS FOR WEDNESDAY, AUGUST 9, 1995

Mr. GORTON. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9 a.m., Wednesday, August 9, 1995; that following the prayer, the Journal of proceedings be deemed approved to date, the time for the two leaders be reserved for their use later in the day; and that the Senate immediately resume consideration of the Interior appropriations bill, with 30 minutes for debate remaining on the Domenici amendment, with the vote occurring on or in relation to the Domenici amendment at the expiration or the yielding back of that time.

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

PROGRAM

Mr. GORTON. Mr. President, for the information of all Senators, the Senate will resume consideration of the Interior bill at 9 a.m. tomorrow, with a rollcall vote occurring at 9:30 a.m. Additional rollcall votes can be expected to occur during Wednesday's session of the Senate in relation to the Interior bill, the DOD authorization bill, the DOD appropriations bill and/or the Transportation appropriations bill. All Members should expect a late night session on Wednesday in order to make progress on any or all of these bills.

RECESS UNTIL 9 A.M. TOMORROW

Mr. GORTON. Mr. President, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in recess under the previous order.

There being no objection, the Senate, at 10:26 p.m., recessed until Wednesday, August 9, 1995, at 9 a.m.

NOMINATIONS

Exeuctive nominations received by the Senate August 8, 1995:

SECURITIES AND EXCHANGE COMMISSION

ISAAC C. HUNT, JR., OF OHIO, TO BE A MEMBER OF THE SECURITIES AND EXCHANGE COMMISSION FOR THE TERM EXPIRING JUNE 5, 2000, VICE RICHARD Y. ROBERTS, RESIGNED.

NORMAN S. JOHNSON, OF UTAH, TO BE A MEMBER OF THE SECURITIES AND EXCHANGE COMMISSION FOR THE TERM EXPIRING JUNE 5, 1999, VICE MARY L. SCHAPIRO.

U.S. POSTAL SERVICE

NED R. MCWHERTER, OF TENNESSEE, TO BE A GOVERNOR OF THE U.S. POSTAL SERVICE FOR THE TERM EXPIRING DECEMBER 8, 2002, VICE ROBERT SETRAKIAN, TERM EXPIRED.

DEPARTMENT OF COMMERCE

PHILLIP A. SINGERMAN, OF PENNSYLVANIA, TO BE AN ASSISTANT SECRETARY OF COMMERCE, VICE WILLIAM W. GINSBERG, RESIGNED.