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Senate

The Senate met at 1 p.m. and was called to order by the Honorable PAT ROBERTS, a Senator from the State of Kansas.

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

Sovereign Lord, You are the shepherd of our souls. Because of You, blessings overtake us. Thank You for this Nation, a beacon of freedom dispelling the darkness of tyranny. Thank You also for inscribing each of us on the palms of Your hands.

Lord, guide our lawmakers today and those who labor with them. Give them strength to meet temptations and the peace of heaven for life's storms. Remind them that the way to find life is to lose it in service for others. Surround us all with Your favor and complete the work You have started in each of us. We pray this in Your holy Name. Amen.

PLEDGE OF ALLEGIANCE

The Honorable PAT ROBERTS led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. STEVENS).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, March 29, 2004.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable PAT ROBERTS, a Senator from the State of Kansas, to perform the duties of the Chair.

TED STEVENS,
President pro tempore.

Mr. ROBERTS assumed the Chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The distinguished majority leader is recognized.

SCHEDULE

Mr. FRIST. Mr. President, today we will be in consideration of H.R. 4, the welfare reauthorization bill. Chairman GRASSLEY will be here shortly and is prepared for Senators to come forward with their amendments to the bill. I previously announced there will be no rollcall votes today and any votes offered today will be delayed until tomorrow, Tuesday.

As we begin this important bill, once again I ask Members to refrain from offering unrelated issues to the underlying welfare reauthorization. There are a number of Senators who have welfare-related amendments they will want to have debated and discussed and disposed of. It is my hope we can work through those amendments and not allow extraneous items to delay us and postpone us from making progress on this bill.

I thank Members for their consideration as we begin this important bill, a bill that affects millions of Americans today and indeed in the future.

Mr. President, I yield the floor.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, leadership time is reserved.

PERSONAL RESPONSIBILITY AND INDIVIDUAL DEVELOPMENT FOR EVERYONE ACT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will proceed to consideration of H.R. 4, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 4) to reauthorize and improve the program of block grants to States for temporary assistance for needy families, improve access to quality child care, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Finance, with an amendment to strike all after the enacting clause and insert in lieu thereof the following:

(Strike the part shown in black brackets and insert the part shown in italic.)

[SECTION 1. SHORT TITLE.

[This Act may be cited as the ''Personal Responsibility, Work, and Family Promotion Act of 2003''.

[SEC. 2. TABLE OF CONTENTS.

[The table of contents of this Act is as follows:

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

[SEC. 3. REFERENCES.

[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 amendment or repeal shall be considered to be made to a section or other provision of the Social Security Act.

[SEC. 4. FINDINGS.

[The Congress makes the following findings:

[(1) The Temporary Assistance for Needy Families (TANF) Program established by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193) has succeeded in moving families from welfare to work and reducing child poverty.

[(A) There has been a dramatic increase in the employment of current and former welfare recipients. The percentage of working recipients reached an all-time high in fiscal year 1999 and continued steady in fiscal years 2000 and 2001. In fiscal year 2001, 33 percent of adult recipients were working, compared to less than 7 percent in fiscal year 1992, and 11 percent in fiscal year 1996. All States met the overall participation rate standard in fiscal year 2001, as did the District of Columbia and Puerto Rico.

[(B) Earnings for welfare recipients remaining on the rolls have also increased significantly, as have earnings for female-headed households. The increases have been particularly large for the bottom 2 income quintiles, that is, those women who are most likely to be former or present welfare recipients.

[(C) Welfare dependency has plummeted. As of June 2002, 2,025,000 families and 5,008,000 individuals were receiving assistance. Accordingly, the number of families in the welfare caseload and the number of individuals receiving cash assistance declined 54 percent and 58 percent, respectively, since the enactment of TANF. These declines have persisted even as unemployment rates have increased: unemployment rates nationwide rose 50 percent, from 3.9 percent in September 2000 to 6 percent in November 2002, while welfare caseloads continued to decline.

[(D) The child poverty rate continued to decline between 1996 and 2001, falling 20 percent from 20.5 to 16.3 percent. The 2001 child poverty rate remains at the lowest level since 1979. Child poverty rates for African-American and Hispanic children have also fallen dramatically during the past 6 years. African-American child poverty is at the lowest rate on record and Hispanic child poverty is at the lowest level reported in over 20 years.

[(E) Despite these gains, States have had mixed success in fully engaging welfare recipients in work activities. While all States have met the overall work participation rates required by law, in 2001, in an average month, only just over ⅓ of all families with an adult participated in work activities that were countable toward the State's participation rate. Five jurisdictions failed to meet the more rigorous 2-parent work requirements, and 19 jurisdictions (States and territories) are not subject to the 2-parent requirements, most because they moved their 2-parent cases to separate State programs where they are not subject to a penalty for failing the 2-parent rates.

[(2) As a Nation, we have made substantial progress in reducing teen pregnancies and births, slowing increases in nonmarital childbearing, and improving child support collections and paternity establishment.

[(A) The teen birth rate has fallen continuously since 1991, down a dramatic 22 percent by 2000. During the period of 1991–2000, teenage birth rates fell in all States and the District of Columbia, Puerto Rico, and the Virgin Islands. Declines also have spanned age, racial, and ethnic groups. There has been success in lowering the birth rate for both younger and older teens. The birth rate for those 15–17 years of age is down 29 percent since 1991, and the rate for those 18 and 19 is down 16 percent. Between 1991 and 2000, teen birth rates declined for all women ages 15–19—white, African American, American Indian, Asian or Pacific Islander, and Hispanic women ages 15–19. The rate for African American teens—until recently the highest—experienced the largest decline, down 31 percent from 1991 to 2000, to reach the lowest rate ever reported for this group. Most births to teens are nonmarital; in 2000, about 73 percent of the births to teens aged 15–19 occurred outside of marriage.

[(B) Nonmarital childbearing continued to increase slightly in 2001, however not at the sharp rates of increase seen in recent decades. The birth rate among unmarried women in 2001 was 4 percent lower than its peak reached in 1994, while the proportion of births occurring outside of marriage has remained at approximately 33 percent since 1998.

[(C) The negative consequences of out-of-wedlock birth on the mother, the child, the family, and society are well documented. These include increased likelihood of welfare dependency, increased risks of low birth weight, poor cognitive development, child abuse and neglect, and teen parenthood, and decreased likelihood of having an intact marriage during adulthood.

[(D) An estimated 24,500,000 children do not live with their biological fathers, and 7,100,000 children do not live with their biological mothers. These facts are attributable largely to declining marriage rates, increasing divorce rates, and increasing rates of nonmarital births during the latter part of the 20th century.

[(E) There has been a dramatic rise in cohabitation as marriages have declined. Only 40 percent of children of cohabiting couples will see their parents marry. Those who do marry experience a 50 percent higher divorce rate. Children in single-parent households and cohabiting households are at much higher risk of child abuse than children in intact married and stepparent families.

[(F) Children who live apart from their biological fathers, on average, are more likely to be poor, experience educational, health, emotional, and psychological problems, be victims of child abuse, engage in criminal behavior, and become involved with the juvenile justice system than their peers who live with their married, biological mother and father. A child living in a single-parent family is nearly 5 times as likely to be poor as a child living in a married-couple family. In

2001, in married-couple families, the child poverty rate was 8 percent, and in households headed by a single mother, the poverty rate was 39.3 percent.

[(G) Since the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, child support collections within the child support enforcement system have grown every year, increasing from $12,000,000,000 in fiscal year 1996 to nearly $19,000,000,000 in fiscal year 2001. The number of paternities established or acknowledged in fiscal year 2002 reached an historic high of over 1,500,000—which includes more than a 100 percent increase through in-hospital acknowledgement programs to 790,595 in 2001 from 324,652 in 1996. Child support collections were made in well over 7,000,000 cases in fiscal year 2000, significantly more than the almost 4,000,000 cases having a collection in 1996.

[(3) The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 gave States great flexibility in the use of Federal funds to develop innovative programs to help families leave welfare and begin employment and to encourage the formation of 2-parent families.

[(A) Total Federal and State TANF expenditures in fiscal year 2001 were $25,500,000,000, up from $24,000,000,000 in fiscal year 2000 and $22,600,000,000 in fiscal year 1999. This increased spending is attributable to significant new investments in supportive services in the TANF program, such as child care and activities to support work.

[(B) Since the welfare reform effort began there has been a dramatic increase in work participation (including employment, community service, and work experience) among welfare recipients, as well as an unprecedented reduction in the caseload because recipients have left welfare for work.

[(C) States are making policy choices and investment decisions best suited to the needs of their citizens.

[(i) To expand aid to working families, all States disregard a portion of a family's earned income when determining benefit levels.

[(ii) Most States increased the limits on countable assets above the former Aid to Families with Dependent Children (AFDC) program. Every State has increased the vehicle asset level above the prior AFDC limit for a family's primary automobile.

[(iii) States are experimenting with programs to promote marriage and father involvement. Over half the States have eliminated restrictions on 2-parent families. Many States use TANF, child support, or State funds to support community-based activities to help fathers become more involved in their children's lives or strengthen relationships between mothers and fathers.

[(4) Therefore, it is the sense of the Congress that increasing success in moving families from welfare to work, as well as in promoting healthy marriage and other means of improving child well-being, are very important Government interests and the policy contained in part A of title IV of the Social Security Act (as amended by this Act) is intended to serve these ends.

[TITLE I—TANF

[SEC. 101. PURPOSES.

[Section 401(a) (42 U.S.C. 601(a)) is amended—

[(1) in the matter preceding paragraph (1), by striking ''increase'' and inserting ''improve child well-being by increasing'';

[(2) in paragraph (1), by inserting ''and services'' after ''assistance'';

[(3) in paragraph (2), by striking ''parents on government benefits'' and inserting ''families on government benefits and reduce poverty''; and

[(4) in paragraph (4), by striking ''two-parent families'' and inserting ''healthy, 2-parent married families, and encourage responsible fatherhood''.

[SEC. 102. FAMILY ASSISTANCE GRANTS.

[(a) EXTENSION OF AUTHORITY.—Section 403(a)(1)(A) (42 U.S.C. 603(a)(1)(A)) is amended—

[(1) by striking ''1996, 1997, 1998, 1999, 2000, 2001, and 2002'' and inserting ''2004 through 2008''; and

[(2) by inserting ''payable to the State for the fiscal year'' before the period.

[(b) STATE FAMILY ASSISTANCE GRANT.—Section 403(a)(1) (42 U.S.C. 603(a)(1)) is amended by striking subparagraphs (B) through (E) and inserting the following:

[''(B) STATE FAMILY ASSISTANCE GRANT.—The State family assistance grant payable to a State for a fiscal year shall be the amount that bears the same ratio to the amount specified in subparagraph (C) of this paragraph as the amount required to be paid to the State under this paragraph for fiscal year 2002 (determined without regard to any reduction pursuant to section 409 or 412(a)(1)) bears to the total amount required to be paid under this paragraph for fiscal year 2002 (as so determined).

[''(C) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for each of fiscal years 2004 through 2008 $16,566,542,000 for grants under this paragraph.''.

[(c) MATCHING GRANTS FOR THE TERRITORIES.—Section 1108(b)(2) (42 U.S.C. 1308(b)(2)) is amended by striking ''1997 through 2002'' and inserting ''2004 through 2008''.

[SEC. 103. PROMOTION OF FAMILY FORMATION AND HEALTHY MARRIAGE.

[(a) STATE PLANS.—Section 402(a)(1)(A) (42 U.S.C. 602(a)(1)(A)) is amended by adding at the end the following:

[''(vii) Encourage equitable treatment of married, 2-parent families under the program referred to in clause (i).''.

[(b) HEALTHY MARRIAGE PROMOTION GRANTS; REPEAL OF BONUS FOR REDUCTION OF ILLEGITIMACY RATIO.—Section 403(a)(2) (42 U.S.C. 603(a)(2)) is amended to read as follows:

[''(2) HEALTHY MARRIAGE PROMOTION GRANTS.—

[''(A) AUTHORITY.—The Secretary shall award competitive grants to States, territories, and tribal organizations for not more than 50 percent of the cost of developing and implementing innovative programs to promote and support healthy, married, 2-parent families.

[''(B) HEALTHY MARRIAGE PROMOTION ACTIVITIES.—Funds provided under subparagraph (A) shall be used to support any of the following programs or activities:

[''(i) Public advertising campaigns on the value of marriage and the skills needed to increase marital stability and health.

[''(ii) Education in high schools on the value of marriage, relationship skills, and budgeting.

[''(iii) Marriage education, marriage skills, and relationship skills programs, that may include parenting skills, financial management, conflict resolution, and job and career advancement, for non-married pregnant women and non-married expectant fathers.

[''(iv) Pre-marital education and marriage skills training for engaged couples and for couples or individuals interested in marriage.

[''(v) Marriage enhancement and marriage skills training programs for married couples.

[''(vi) Divorce reduction programs that teach relationship skills.

[''(vii) Marriage mentoring programs which use married couples as role models and mentors in at-risk communities.

[''(viii) Programs to reduce the disincentives to marriage in means-tested aid programs, if offered in conjunction with any activity described in this subparagraph.

[''(C) APPROPRIATION.—

[''(i) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for each of fiscal years 2003 through 2008 $100,000,000 for grants under this paragraph.

[''(ii) EXTENDED AVAILABILITY OF FY2003 FUNDS.—Funds appropriated under clause (i) for fiscal year 2003 shall remain available to the Secretary through fiscal year 2004, for grants under this paragraph for fiscal year 2003.''.

[(c) COUNTING OF SPENDING ON NON-ELIGIBLE FAMILIES TO PREVENT AND REDUCE INCIDENCE OF OUT-OF-WEDLOCK BIRTHS, ENCOURAGE FORMATION AND MAINTENANCE OF HEALTHY, 2-PARENT MARRIED FAMILIES, OR ENCOURAGE RESPONSIBLE FATHERHOOD.—Section 409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)) is amended by adding at the end the following:

[''(V) COUNTING OF SPENDING ON NON-ELIGIBLE FAMILIES TO PREVENT AND REDUCE INCIDENCE OF OUT-OF-WEDLOCK BIRTHS, ENCOURAGE FORMATION AND MAINTENANCE OF HEALTHY, 2-PARENT MARRIED FAMILIES, OR ENCOURAGE RESPONSIBLE FATHERHOOD.—The term 'qualified State expenditures' includes the total expenditures by the State during the fiscal year under all State programs for a purpose described in paragraph (3) or (4) of section 401(a).''.

[SEC. 104. SUPPLEMENTAL GRANT FOR POPULATION INCREASES IN CERTAIN STATES.

[Section 403(a)(3)(H) (42 U.S.C. 603(a)(3)(H)) is amended—

[(1) in the subparagraph heading, by striking ''OF GRANTS FOR FISCAL YEAR 2002'';

[(2) in clause (i), by striking ''fiscal year 2002'' and inserting ''each of fiscal years 2004 through 2007'';

[(3) in clause (ii), by striking ''2002'' and inserting ''2007''; and

[(4) in clause (iii), by striking ''fiscal year 2002'' and inserting ''each of fiscal years 2004 through 2007''.

[SEC. 105. BONUS TO REWARD EMPLOYMENT ACHIEVEMENT.

[(a) REALLOCATION OF FUNDING.—

[(1) IN GENERAL.—Section 403(a)(4) (42 U.S.C. 603(a)(4)) is amended—

[(A) in the paragraph heading, by striking ''HIGH PERFORMANCE STATES'' and inserting ''EMPLOYMENT ACHIEVEMENT'';

[(B) in subparagraph (D)(ii)—

[(i) in subclause (I), by striking ''equals $200,000,000'' and inserting ''(other than 2003) equals $200,000,000, and for bonus year 2003 equals $100,000,000''; and

[(ii) in subclause (II), by striking ''$1,000,000,000'' and inserting ''$900,000,000''; and

[(C) in subparagraph (F), by striking ''$1,000,000,000'' and inserting ''$900,000,000''.

[(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on the date of the enactment of this Act, or September 30, 2003, whichever is earlier.

[(b) BONUS TO REWARD EMPLOYMENT ACHIEVEMENT.—

[(1) IN GENERAL.—Section 403(a)(4) (42 U.S.C. 603(a)(4)) is amended by striking subparagraphs (A) through (F) and inserting the following:

[''(A) IN GENERAL.—The Secretary shall make a grant pursuant to this paragraph to each State for each bonus year for which the State is an employment achievement State.

[''(B) AMOUNT OF GRANT.—

[''(i) IN GENERAL.—Subject to clause (ii) of this subparagraph, the Secretary shall determine the amount of the grant payable under this paragraph to an employment achievement State for a bonus year, which shall be based on the performance of the State as determined under subparagraph (D)(i) for the fiscal year that immediately precedes the bonus year.

[''(ii) LIMITATION.—The amount payable to a State under this paragraph for a bonus year shall not exceed 5 percent of the State family assistance grant.

[''(C) FORMULA FOR MEASURING STATE PERFORMANCE.—

[''(i) IN GENERAL.—Subject to clause (ii), not later than October 1, 2003, the Secretary, in consultation with the States, shall develop a formula for measuring State performance in operating the State program funded under this part so as to achieve the goals of employment entry, job retention, and increased earnings from employment for families receiving assistance under the program, as measured on an absolute basis and on the basis of improvement in State performance.

[''(ii) SPECIAL RULE FOR BONUS YEAR 2004.—For the purposes of awarding a bonus under this paragraph for bonus year 2004, the Secretary may measure the performance of a State in fiscal year 2003 using the job entry rate, job retention rate, and earnings gain rate components of the formula developed under section 403(a)(4)(C) as in effect immediately before the effective date of this paragraph.

[''(D) DETERMINATION OF STATE PERFORMANCE.—For each bonus year, the Secretary shall—

[''(i) use the formula developed under subparagraph (C) to determine the performance of each eligible State for the fiscal year that precedes the bonus year; and

[''(ii) prescribe performance standards in such a manner so as to ensure that—

[''(I) the average annual total amount of grants to be made under this paragraph for each bonus year equals $100,000,000; and

[''(II) the total amount of grants to be made under this paragraph for all bonus years equals $600,000,000.

[''(E) DEFINITIONS.—In this paragraph:

[''(i) BONUS YEAR.—The term 'bonus year' means each of fiscal years 2004 through 2009.

[''(ii) EMPLOYMENT ACHIEVEMENT STATE.—The term 'employment achievement State' means, with respect to a bonus year, an eligible State whose performance determined pursuant to subparagraph (D)(i) for the fiscal year preceding the bonus year equals or exceeds the performance standards prescribed under subparagraph (D)(ii) for such preceding fiscal year.

[''(F) APPROPRIATION.—

[''(i) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for fiscal years 2004 through 2009 $600,000,000 for grants under this paragraph.

[''(ii) EXTENDED AVAILABILITY OF PRIOR APPROPRIATION.—Amounts appropriated under section 403(a)(4)(F) of the Social Security Act (as in effect before the date of the enactment of this clause) that have not been expended as of such date of enactment shall remain available through fiscal year 2004 for grants under section 403(a)(4) of such Act (as in effect before such date of enactment) for bonus year 2003.

[''(G) GRANTS FOR TRIBAL ORGANIZATIONS.—This paragraph shall apply with respect to tribal organizations in the same manner in which this paragraph applies with respect to States. In determining the criteria under which to make grants to tribal organizations under this paragraph, the Secretary shall consult with tribal organizations.''.

[(2) EFFECTIVE DATE.—The amendment made by paragraph (1), except for section 403(a)(4)(F)(ii) of the Social Security Act as inserted by the amendment, shall take effect on October 1, 2003.

[SEC. 106. CONTINGENCY FUND.

[(a) DEPOSITS INTO FUND.—Section 403(b)(2) (42 U.S.C. 603(b)(2)) is amended—

[(1) by striking ''1997, 1998, 1999, 2000, 2001, and 2002'' and inserting ''2004 through 2008''; and

[(2) by striking all that follows ''$2,000,000,000'' and inserting a period.

[(b) GRANTS.—Section 403(b)(3)(C)(ii) (42 U.S.C. 603(b)(3)(C)(ii)) is amended by striking ''fiscal years 1997 through 2002'' and inserting ''fiscal years 2004 through 2008''.

[(c) DEFINITION OF NEEDY STATE.—Clauses (i) and (ii) of section 403(b)(5)(B) (42 U.S.C. 603(b)(5)(B)) are amended by inserting after ''1996'' the following: '', and the Food Stamp Act of 1977 as in effect during the corresponding 3-month period in the fiscal year preceding such most recently concluded 3-month period,''.

[(d) ANNUAL RECONCILIATION: FEDERAL MATCHING OF STATE EXPENDITURES ABOVE ''MAINTENANCE OF EFFORT'' LEVEL.—Section 403(b)(6) (42 U.S.C. 603(b)(6)) is amended—

[(1) in subparagraph (A)(ii)—

[(A) by adding ''and'' at the end of subclause (I);

[(B) by striking ''; and'' at the end of subclause (II) and inserting a period; and

[(C) by striking subclause (III);

[(2) in subparagraph (B)(i)(II), by striking all that follows ''section 409(a)(7)(B)(iii))'' and inserting a period;

[(3) by amending subparagraph (B)(ii)(I) to read as follows:

[''(I) the qualified State expenditures (as defined in section 409(a)(7)(B)(i)) for the fiscal year; plus''; and

[(4) by striking subparagraph (C).

[(e) CONSIDERATION OF CERTAIN CHILD CARE EXPENDITURES IN DETERMINING STATE COMPLIANCE WITH CONTINGENCY FUND MAINTENANCE OF EFFORT REQUIREMENT.—Section 409(a)(10) (42 U.S.C. 609(a)(10)) is amended—

[(1) by striking ''(other than the expenditures described in subclause (I)(bb) of that paragraph)) under the State program funded under this part'' and inserting a close parenthesis; and

[(2) by striking ''excluding any amount expended by the State for child care under subsection (g) or (i) of section 402 (as in effect during fiscal year 1994) for fiscal year 1994,''.

[(f) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2003.

[SEC. 107. USE OF FUNDS.

[(a) GENERAL RULES.—Section 404(a)(2) (42 U.S.C. 604(a)(2)) is amended by striking ''in any manner that'' and inserting ''for any purposes or activities for which''.

[(b) TREATMENT OF INTERSTATE IMMIGRANTS.—

[(1) STATE PLAN PROVISION.—Section 402(a)(1)(B) (42 U.S.C. 602(a)(1)(B)) is amended by striking clause (i) and redesignating clauses (ii) through (iv) as clauses (i) through (iii), respectively.

[(2) USE OF FUNDS.—Section 404 (42 U.S.C. 604) is amended by striking subsection (c).

[(c) INCREASE IN AMOUNT TRANSFERABLE TO CHILD CARE.—Section 404(d)(1) (42 U.S.C. 604(d)(1)) is amended by striking ''30'' and inserting ''50''.

[(d) INCREASE IN AMOUNT TRANSFERABLE TO TITLE XX PROGRAMS.—Section 404(d)(2)(B) (42 U.S.C. 604(d)(2)(B)) is amended to read as follows:

[''(B) APPLICABLE PERCENT.—For purposes of subparagraph (A), the applicable percent is 10 percent for fiscal year 2004 and each succeeding fiscal year.''.

[(e) CLARIFICATION OF AUTHORITY OF STATES TO USE TANF FUNDS CARRIED OVER FROM PRIOR YEARS TO PROVIDE TANF BENEFITS AND SERVICES.—Section 404(e) (42 U.S.C. 604(e)) is amended to read as follows:

[''(e) AUTHORITY TO CARRYOVER OR RESERVE CERTAIN AMOUNTS FOR BENEFITS OR SERVICES OR FOR FUTURE CONTINGENCIES.—

[''(1) CARRYOVER.—A State or tribe may use a grant made to the State or tribe under this part for any fiscal year to provide, without fiscal year limitation, any benefit or service that may be provided under the State or tribal program funded under this part.

[''(2) CONTINGENCY RESERVE.—A State or tribe may designate any portion of a grant made to the State or tribe under this part as a contingency reserve for future needs, and may use any amount so designated to provide, without fiscal year limitation, any benefit or service that may be provided under the State or tribal program funded under this part. If a State or tribe so designates a portion of such a grant, the State shall, on an annual basis, include in its report under section 411(a) the amount so designated.''.

[SEC. 108. REPEAL OF FEDERAL LOAN FOR STATE WELFARE PROGRAMS.

[(a) REPEAL.—Section 406 (42 U.S.C. 606) is repealed.

[(b) CONFORMING AMENDMENTS.—

[(1) Section 409(a) (42 U.S.C. 609(a)) is amended by striking paragraph (6).

[(2) Section 412 (42 U.S.C. 612) is amended by striking subsection (f) and redesignating subsections (g) through (i) as subsections (f) through (h), respectively.

[(3) Section 1108(a)(2) (42 U.S.C. 1308(a)(2)) is amended by striking ''406,''.

[SEC. 109. UNIVERSAL ENGAGEMENT AND FAMILY SELF-SUFFICIENCY PLAN REQUIREMENTS.

[(a) MODIFICATION OF STATE PLAN REQUIREMENTS.—Section 402(a)(1)(A) (42 U.S.C. 602(a)(1)(A)) is amended by striking clauses (ii) and (iii) and inserting the following:

[''(ii) Require a parent or caretaker receiving assistance under the program to engage in work or alternative self-sufficiency activities (as defined by the State), consistent with section 407(e)(2).

[''(iii) Require families receiving assistance under the program to engage in activities in accordance with family self-sufficiency plans developed pursuant to section 408(b).''.

[(b) ESTABLISHMENT OF FAMILY SELF-SUFFICIENCY PLANS.—

[(1) IN GENERAL.—Section 408(b) (42 U.S.C. 608(b)) is amended to read as follows:

[''(b) FAMILY SELF-SUFFICIENCY PLANS.—

[''(1) IN GENERAL.—A State to which a grant is made under section 403 shall—

[''(A) assess, in the manner deemed appropriate by the State, the skills, prior work experience, and employability of each work-eligible individual (as defined in section 407(b)(2)(C)) receiving assistance under the State program funded under this part;

[''(B) establish for each family that includes such an individual, in consultation as the State deems appropriate with the individual, a self-sufficiency plan that specifies appropriate activities described in the State plan submitted pursuant to section 402, including direct work activities as appropriate designed to assist the family in achieving their maximum degree of self-sufficiency, and that provides for the ongoing participation of the individual in the activities;

[''(C) require, at a minimum, each such individual to participate in activities in accordance with the self-sufficiency plan;

[''(D) monitor the participation of each such individual in the activities specified in the self sufficiency plan, and regularly review the progress of the family toward self-sufficiency;

[''(E) upon such a review, revise the self-sufficiency plan and activities as the State deems appropriate.

[''(2) TIMING.—The State shall comply with paragraph (1) with respect to a family—

[''(A) in the case of a family that, as of October 1, 2003, is not receiving assistance from the State program funded under this part, not later than 60 days after the family first receives assistance on the basis of the most recent application for the assistance; or

[''(B) in the case of a family that, as of such date, is receiving the assistance, not later than 12 months after the date of enactment of this subsection.

[''(3) STATE DISCRETION.—A State shall have sole discretion, consistent with section 407, to define and design activities for families for purposes of this subsection, to develop methods for monitoring and reviewing progress pursuant to this subsection, and to make modifications to the plan as the State deems appropriate to assist the individual in increasing their degree of self-sufficiency.

[''(4) RULE OF INTERPRETATION.—Nothing in this part shall preclude a State from requiring participation in work and any other activities the State deems appropriate for helping families achieve self-sufficiency and improving child well-being.''.

[(2) PENALTY FOR FAILURE TO ESTABLISH FAMILY SELF-SUFFICIENCY PLAN.—Section 409(a)(3) (42 U.S.C. 609(a)(3)) is amended—

[(A) in the paragraph heading, by inserting ''OR ESTABLISH FAMILY SELF-SUFFICIENCY PLAN'' after ''RATES''; and

[(B) in subparagraph (A), by inserting ''or 408(b)'' after ''407(a)''.

[SEC. 110. WORK PARTICIPATION REQUIREMENTS.

[(a) ELIMINATION OF SEPARATE PARTICIPATION RATE REQUIREMENTS FOR 2-PARENT FAMILIES.—

[(1) IN GENERAL.—

[(A) Section 407 (42 U.S.C. 607) is amended in each of subsections (a) and (b) by striking paragraph (2).

[(B) Section 407(b)(4) (42 U.S.C. 607(b)(4)) is amended by striking ''paragraphs (1)(B) and (2)(B)'' and inserting ''paragraph (1)(B)''.

[(C) Section 407(c)(1) (42 U.S.C. 607(c)(1)) is amended by striking subparagraph (B).

[(D) Section 407(c)(2)(D) (42 U.S.C. 607(c)(2)(D)) is amended by striking ''paragraphs (1)(B)(i) and (2)(B) of subsection (b)'' and inserting ''subsection (b)(1)(B)(i)''.

[(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on October 1, 2002.

[(b) WORK PARTICIPATION REQUIREMENTS.—Section 407 (42 U.S.C. 607) is amended by striking all that precedes subsection (b)(3) and inserting the following:

[''SEC. 407. WORK PARTICIPATION REQUIREMENTS.

[''(a) PARTICIPATION RATE REQUIREMENTS.—A State to which a grant is made under section 403 for a fiscal year shall achieve a minimum participation rate equal to not less than—

[''(1) 50 percent for fiscal year 2004;

[''(2) 55 percent for fiscal year 2005;

[''(3) 60 percent for fiscal year 2006;

[''(4) 65 percent for fiscal year 2007; and

[''(5) 70 percent for fiscal year 2008 and each succeeding fiscal year.

[''(b) CALCULATION OF PARTICIPATION RATES.—

[''(1) AVERAGE MONTHLY RATE.—For purposes of subsection (a), the participation rate of a State for a fiscal year is the average of the participation rates of the State for each month in the fiscal year.

[''(2) MONTHLY PARTICIPATION RATES; INCORPORATION OF 40-HOUR WORK WEEK STANDARD.—

[''(A) IN GENERAL.—For purposes of paragraph (1), the participation rate of a State for a month is—

[''(i) the total number of countable hours (as defined in subsection (c)) with respect to the counted families for the State for the month; divided by

[''(ii) 160 multiplied by the number of counted families for the State for the month.

[''(B) COUNTED FAMILIES DEFINED.—

[''(i) IN GENERAL.—In subparagraph (A), the term 'counted family' means, with respect to a State and a month, a family that includes a work-eligible individual and that receives assistance in the month under the State program funded under this part, subject to clause (ii).

[''(ii) STATE OPTION TO EXCLUDE CERTAIN FAMILIES.—At the option of a State, the term 'counted family' shall not include—

[''(I) a family in the first month for which the family receives assistance from a State program funded under this part on the basis of the most recent application for such assistance; or

[''(II) on a case-by-case basis, a family in which the youngest child has not attained 12 months of age.

[''(iii) STATE OPTION TO INCLUDE INDIVIDUALS RECEIVING ASSISTANCE UNDER A TRIBAL FAMILY ASSISTANCE PLAN OR TRIBAL WORK PROGRAM.—At the option of a State, the term 'counted family' may include families in the State that are receiving assistance under a tribal family assistance plan approved under section 412 or under a tribal work program to which funds are provided under this part.

[''(C) WORK-ELIGIBLE INDIVIDUAL DEFINED.—In this section, the term 'work-eligible individual' means an individual—

[''(i) who is married or a single head of household; and

[''(ii) whose needs are (or, but for sanctions under this part that have been in effect for more than 3 months (whether or not consecutive) in the preceding 12 months or under part D, would be) included in determining the amount of cash assistance to be provided to the family under the State program funded under this part.''.

[(c) RECALIBRATION OF CASELOAD REDUCTION CREDIT.—

[(1) IN GENERAL.—Section 407(b)(3)(A)(ii) (42 U.S.C. 607(b)(3)(A)(ii)) is amended to read as follows:

[''(ii) the average monthly number of families that received assistance under the State program funded under this part during the base year.''.

[(2) CONFORMING AMENDMENT.—Section 407(b)(3)(B) (42 U.S.C. 607(b)(3)(B)) is amended by striking ''and eligibility criteria'' and all that follows through the close parenthesis and inserting ''and the eligibility criteria in effect during the then applicable base year''.

[(3) BASE YEAR DEFINED.—Section 407(b)(3) (42 U.S.C. 607(b)(3)) is amended by adding at the end the following:

[''(C) BASE YEAR DEFINED.—In this paragraph, the term 'base year' means, with respect to a fiscal year—

[''(I) if the fiscal year is fiscal year 2004, fiscal year 1996;

[''(II) if the fiscal year is fiscal year 2005, fiscal year 1998;

[''(III) if the fiscal year is fiscal year 2006, fiscal year 2001; or

[''(IV) if the fiscal year is fiscal year 2007 or any succeeding fiscal year, the then 4th preceding fiscal year.''.

[(d) SUPERACHIEVER CREDIT.—Section 407(b) (42 U.S.C. 607(b)) is amended by striking paragraphs (4) and (5) and inserting the following:

[''(4) SUPERACHIEVER CREDIT.—

[''(A) IN GENERAL.—The participation rate, determined under paragraphs (1) and (2) of this subsection, of a superachiever State for a fiscal year shall be increased by the lesser of—

[''(i) the amount (if any) of the superachiever credit applicable to the State; or

[''(ii) the number of percentage points (if any) by which the minimum participation rate required by subsection (a) for the fiscal year exceeds 50 percent.

[''(B) SUPERACHIEVER STATE.—For purposes of subparagraph (A), a State is a superachiever State if the State caseload for fiscal year 2001 has declined by at least 60 percent from the State caseload for fiscal year 1995.

[''(C) AMOUNT OF CREDIT.—The superachiever credit applicable to a State is the number of percentage points (if any) by which the decline referred to in subparagraph (B) exceeds 60 percent.

[''(D) DEFINITIONS.—In this paragraph:

[''(i) STATE CASELOAD FOR FISCAL YEAR 2001.—The term 'State caseload for fiscal year 2001' means the average monthly number of families that received assistance during fiscal year 2001 under the State program funded under this part.

[''(ii) STATE CASELOAD FOR FISCAL YEAR 1995.—The term 'State caseload for fiscal year 1995' means the average monthly number of families that received aid under the State plan approved under part A (as in effect on September 30, 1995) during fiscal year 1995.''.

[(e) COUNTABLE HOURS.—Section 407 of such Act (42 U.S.C. 607) is amended by striking subsections (c) and (d) and inserting the following:

[''(c) COUNTABLE HOURS.—

[''(1) DEFINITION.—In subsection (b)(2), the term 'countable hours' means, with respect to a family for a month, the total number of hours in the month in which any member of the family who is a work-eligible individual is engaged in a direct work activity or other activities specified by the State (excluding an activity that does not address a purpose specified in section 401(a)), subject to the other provisions of this subsection.

[''(2) LIMITATIONS.—Subject to such regulations as the Secretary may prescribe:

[''(A) MINIMUM WEEKLY AVERAGE OF 24 HOURS OF DIRECT WORK ACTIVITIES REQUIRED.—If the work-eligible individuals in a family are engaged in a direct work activity for an average total of fewer than 24 hours per week in a month, then the number of countable hours with respect to the family for the month shall be zero.

[''(B) MAXIMUM WEEKLY AVERAGE OF 16 HOURS OF OTHER ACTIVITIES.—An average of not more than 16 hours per week of activities specified by the State (subject to the exclusion described in paragraph (1)) may be considered countable hours in a month with respect to a family.

[''(3) SPECIAL RULES.—For purposes of paragraph (1):

[''(A) PARTICIPATION IN QUALIFIED ACTIVITIES.—

[''(i) IN GENERAL.—If, with the approval of the State, the work-eligible individuals in a family are engaged in 1 or more qualified activities for an average total of at least 24 hours per week in a month, then all such engagement in the month shall be considered engagement in a direct work activity, subject to clause (iii).

[''(ii) QUALIFIED ACTIVITY DEFINED.—The term 'qualified activity' means an activity specified by the State (subject to the exclusion described in paragraph (1)) that meets such standards and criteria as the State may specify, including—

[''(I) substance abuse counseling or treatment;

[''(II) rehabilitation treatment and services;

[''(III) work-related education or training directed at enabling the family member to work;

[''(IV) job search or job readiness assistance; and

[''(V) any other activity that addresses a purpose specified in section 401(a).

[''(iii) LIMITATION.—

[''(I) IN GENERAL.—Except as provided in subclause (II), clause (i) shall not apply to a family for more than 3 months in any period of 24 consecutive months.

[''(II) SPECIAL RULE APPLICABLE TO EDUCATION AND TRAINING.—A State may, on a case-by-case basis, apply clause (i) to a work-eligible individual so that participation by the individual in education or training, if needed to permit the individual to complete a certificate program or other work-related education or training directed at enabling the individual to fill a known job need in a local area, may be considered countable hours with respect to the family of the individual for not more than 4 months in any period of 24 consecutive months.

[''(B) SCHOOL ATTENDANCE BY TEEN HEAD OF HOUSEHOLD.—The work-eligible members of a family shall be considered to be engaged in a direct work activity for an average of 40 hours per week in a month if the family includes an individual who is married, or is a single head of household, who has not attained 20 years of age, and the individual—

[''(i) maintains satisfactory attendance at secondary school or the equivalent in the month; or

[''(ii) participates in education directly related to employment for an average of at least 20 hours per week in the month.

[''(d) DIRECT WORK ACTIVITY.—In this section, the term 'direct work activity' means—

[''(1) unsubsidized employment;

[''(2) subsidized private sector employment;

[''(3) subsidized public sector employment;

[''(4) on-the-job training;

[''(5) supervised work experience; or

[''(6) supervised community service.''.

[(f) PENALTIES AGAINST INDIVIDUALS.—Section 407(e)(1) (42 U.S.C. 607(e)(1)) is amended to read as follows:

[''(1) REDUCTION OR TERMINATION OF ASSISTANCE.—

[''(A) IN GENERAL.—Except as provided in paragraph (2), if an individual in a family receiving assistance under a State program funded under this part fails to engage in activities required in accordance with this section, or other activities required by the State under the program, and the family does not otherwise engage in activities in accordance with the self-sufficiency plan established for the family pursuant to section 408(b), the State shall—

[''(i) if the failure is partial or persists for not more than 1 month—

[''(I) reduce the amount of assistance otherwise payable to the family pro rata (or more, at the option of the State) with respect to any period during a month in which the failure occurs; or

[''(II) terminate all assistance to the family, subject to such good cause exceptions as the State may establish; or

[''(ii) if the failure is total and persists for at least 2 consecutive months, terminate all cash payments to the family including qualified State expenditures (as defined in section 409(a)(7)(B)(i)) for at least 1 month and thereafter until the State determines that the individual has resumed full participation in the activities, subject to such good cause exceptions as the State may establish.

[''(B) SPECIAL RULE.—

[''(i) IN GENERAL.—In the event of a conflict between a requirement of clause (i)(II) or (ii) of subparagraph (A) and a requirement of a State constitution, or of a State statute that, before 1966, obligated local government to provide assistance to needy parents and children, the State constitutional or statutory requirement shall control.

[''(ii) LIMITATION.—Clause (i) of this subparagraph shall not apply after the 1-year period that begins with the date of the enactment of this subparagraph.''.

[(g) CONFORMING AMENDMENTS.—

[(1) Section 407(f) (42 U.S.C. 607(f)) is amended in each of paragraphs (1) and (2) by striking ''work activity described in subsection (d)'' and inserting ''direct work activity''.

[(2) The heading of section 409(a)(14) (42 U.S.C. 609(a)(14)) is amended by inserting ''OR REFUSING TO ENGAGE IN ACTIVITIES UNDER A FAMILY SELF-SUFFICIENCY PLAN'' after ''WORK''.

[(h) EFFECTIVE DATE.—The amendments made by this section (other than subsection (a)) shall take effect on October 1, 2003.

[SEC. 111. MAINTENANCE OF EFFORT.

[(a) IN GENERAL.—Section 409(a)(7) (42 U.S.C. 609(a)(7)) is amended—

[(1) in subparagraph (A) by striking ''fiscal year 1998, 1999, 2000, 2001, 2002, or 2003'' and inserting ''fiscal year 2003, 2004, 2005, 2006, 2007, 2008, or 2009''; and

[(2) in subparagraph (B)(ii)—

[(A) by inserting ''preceding'' before ''fiscal year''; and

[(B) by striking ''for fiscal years 1997 through 2002,''.

[(b) STATE SPENDING ON PROMOTING HEALTHY MARRIAGE.—

[(1) IN GENERAL.—Section 404 (42 U.S.C. 604) is amended by adding at the end the following:

[''(l) MARRIAGE PROMOTION.—A State, territory, or tribal organization to which a grant is made under section 403(a)(2) may use a grant made to the State, territory, or tribal organization under any other provision of section 403 for marriage promotion activities, and the amount of any such grant so used shall be considered State funds for purposes of section 403(a)(2).''.

[(2) FEDERAL TANF FUNDS USED FOR MARRIAGE PROMOTION DISREGARDED FOR PURPOSES OF MAINTENANCE OF EFFORT REQUIREMENT.—Section 409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)), as amended by section 103(c) of this Act, is amended by adding at the end the following:

[''(VI) EXCLUSION OF FEDERAL TANF FUNDS USED FOR MARRIAGE PROMOTION ACTIVITIES.—Such term does not include the amount of any grant made to the State under section 403 that is expended for a marriage promotion activity.''.

[SEC. 112. PERFORMANCE IMPROVEMENT.

[(a) STATE PLANS.—Section 402(a) (42 U.S.C. 602(a)) is amended—

[(1) in paragraph (1)—

[(A) in subparagraph (A)—

[(i) by redesignating clause (vi) and clause (vii) (as added by section 103(a) of this Act) as clauses (vii) and (viii), respectively; and

[(ii) by striking clause (v) and inserting the following:

[''(v) The document shall—

[''(I) describe how the State will pursue ending dependence of needy families on government benefits and reducing poverty by promoting job preparation and work;

[''(II) describe how the State will encourage the formation and maintenance of healthy 2-parent married families, encourage responsible fatherhood, and prevent and reduce the incidence of out-of-wedlock pregnancies;

[''(III) include specific, numerical, and measurable performance objectives for accomplishing subclauses (I) and (II), and with respect to subclause (I), include objectives consistent with the criteria used by the Secretary in establishing performance targets under section 403(a)(4)(B) if available; and

[''(IV) describe the methodology that the State will use to measure State performance in relation to each such objective.

[''(vi) Describe any strategies and programs the State may be undertaking to address—

[''(I) employment retention and advancement for recipients of assistance under the program, including placement into high-demand jobs, and whether the jobs are identified using labor market information;

[''(II) efforts to reduce teen pregnancy;

[''(III) services for struggling and noncompliant families, and for clients with special problems; and

[''(IV) program integration, including the extent to which employment and training services under the program are provided through the One-Stop delivery system created under the Workforce Investment Act of 1998, and the extent to which former recipients of such assistance have access to additional core, intensive, or training services funded through such Act.''; and

[(B) in subparagraph (B), by striking clause (iii) (as so redesignated by section 107(b)(1) of this Act) and inserting the following:

[''(iii) The document shall describe strategies and programs the State is undertaking to engage religious organizations in the provision of services funded under this part and efforts related to section 104 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

[''(iv) The document shall describe strategies to improve program management and performance.''; and

[(2) in paragraph (4), by inserting ''and tribal'' after ''that local''.

[(b) CONSULTATION WITH STATE REGARDING PLAN AND DESIGN OF TRIBAL PROGRAMS.—Section 412(b)(1) (42 U.S.C. 612(b)(1)) is amended—

[(1) by striking ''and'' at the end of subparagraph (E);

[(2) by striking the period at the end of subparagraph (F) and inserting ''; and''; and

[(3) by adding at the end the following:

[''(G) provides an assurance that the State in which the tribe is located has been consulted regarding the plan and its design.''.

[(c) PERFORMANCE MEASURES.—Section 413 (42 U.S.C. 613) is amended by adding at the end the following:

[''(k) PERFORMANCE IMPROVEMENT.—The Secretary, in consultation with the States, shall develop uniform performance measures designed to assess the degree of effectiveness, and the degree of improvement, of State programs funded under this part in accomplishing the purposes of this part.''.

[(d) ANNUAL RANKING OF STATES.—Section 413(d)(1) (42 U.S.C. 613(d)(1)) is amended by striking ''long-term private sector jobs'' and inserting ''private sector jobs, the success of the recipients in retaining employment, the ability of the recipients to increase their wages''.

[SEC. 113. DATA COLLECTION AND REPORTING.

[(a) CONTENTS OF REPORT.—Section 411(a)(1)(A) (42 U.S.C. 611(a)(1)(A)) is amended—

[(1) in the matter preceding clause (i), by inserting ''and on families receiving assistance under State programs funded with other qualified State expenditures (as defined in section 409(a)(7)(B))'' before the colon;

[(2) in clause (vii), by inserting ''and minor parent'' after ''of each adult'';

[(3) in clause (viii), by striking ''and educational level'';

[(4) in clause (ix), by striking '', and if the latter 2, the amount received'';

[(5) in clause (x)—

[(A) by striking ''each type of''; and

[(B) by inserting before the period ''and, if applicable, the reason for receipt of the assistance for a total of more than 60 months'';

[(6) in clause (xi), by striking the subclauses and inserting the following:

[''(I) Subsidized private sector employment.

[''(II) Unsubsidized employment.

[''(III) Public sector employment, supervised work experience, or supervised community service.

[''(IV) On-the-job training.

[''(V) Job search and placement.

[''(VI) Training.

[''(VII) Education.

[''(VIII) Other activities directed at the purposes of this part, as specified in the State plan submitted pursuant to section 402.'';

[(7) in clause (xii), by inserting ''and progress toward universal engagement'' after ''participation rates'';

[(8) in clause (xiii), by striking ''type and'' before ''amount of assistance'';

[(9) in clause (xvi), by striking subclause (II) and redesignating subclauses (III) through (V) as subclauses (II) through (IV), respectively; and

[(10) by adding at the end the following:

[''(xviii) The date the family first received assistance from the State program on the basis of the most recent application for such assistance.

[''(xix) Whether a self-sufficiency plan is established for the family in accordance with section 408(b).

[''(xx) With respect to any child in the family, the marital status of the parents at the birth of the child, and if the parents were not then married, whether the paternity of the child has been established.''.

[(b) USE OF SAMPLES.—Section 411(a)(1)(B) (42 U.S.C. 611(a)(1)(B)) is amended—

[(1) in clause (i)—

[(A) by striking ''a sample'' and inserting ''samples''; and

[(B) by inserting before the period '', except that the Secretary may designate core data elements that must be reported on all families''; and

[(2) in clause (ii), by striking ''funded under this part'' and inserting ''described in subparagraph (A)''.

[(c) REPORT ON FAMILIES THAT BECOME INELIGIBLE TO RECEIVE ASSISTANCE.—Section 411(a) (42 U.S.C. 611(a)) is amended—

[(1) by striking paragraph (5);

[(2) by redesignating paragraph (6) as paragraph (5); and

[(3) by inserting after paragraph (5) (as so redesignated) the following:

[''(6) REPORT ON FAMILIES THAT BECOME INELIGIBLE TO RECEIVE ASSISTANCE.—The report required by paragraph (1) for a fiscal quarter shall include for each month in the quarter the number of families and total number of individuals that, during the month, became ineligible to receive assistance under the State program funded under this part (broken down by the number of families that become so ineligible due to earnings, changes in family composition that result in increased earnings, sanctions, time limits, or other specified reasons).''.

[(d) REGULATIONS.—Section 411(a)(7) (42 U.S.C. 611(a)(7)) is amended—

[(1) by inserting ''and to collect the necessary data'' before ''with respect to which reports'';

[(2) by striking ''subsection'' and inserting ''section''; and

[(3) by striking ''in defining the data elements'' and all that follows and inserting '', the National Governors' Association, the American Public Human Services Association, the National Conference of State Legislatures, and others in defining the data elements.''.

[(e) ADDITIONAL REPORTS BY STATES.—Section 411 (42 U.S.C. 611) is amended—

[(1) by redesignating subsection (b) as subsection (e); and

[(2) by inserting after subsection (a) the following:

[''(b) ANNUAL REPORTS ON PROGRAM CHARACTERISTICS.—Not later than 90 days after the end of fiscal year 2004 and each succeeding fiscal year, each eligible State shall submit to the Secretary a report on the characteristics of the State program funded under this part and other State programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)). The report shall include, with respect to each such program, the program name, a description of program activities, the program purpose, the program eligibility criteria, the sources of program funding, the number of program beneficiaries, sanction policies, and any program work requirements.

[''(c) MONTHLY REPORTS ON CASELOAD.—Not later than 3 months after the end of a calendar month that begins 1 year or more after the enactment of this subsection, each eligible State shall submit to the Secretary a report on the number of families and total number of individuals receiving assistance in the calendar month under the State program funded under this part.

[''(d) ANNUAL REPORT ON PERFORMANCE IMPROVEMENT.—Beginning with fiscal year 2005, not later than January 1 of each fiscal year, each eligible State shall submit to the Secretary a report on achievement and improvement during the preceding fiscal year under the numerical performance goals and measures under the State program funded under this part with respect to each of the matters described in section 402(a)(1)(A)(v).''.

[(f) ANNUAL REPORTS TO CONGRESS BY THE SECRETARY.—Section 411(e), as so redesignated by subsection (e) of this section, is amended—

[(1) in the matter preceding paragraph (1), by striking ''and each fiscal year thereafter'' and inserting ''and by July 1 of each fiscal year thereafter'';

[(2) in paragraph (2), by striking ''families applying for assistance,'' and by striking the last comma; and

[(3) in paragraph (3), by inserting ''and other programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i))'' before the semicolon.

[(g) INCREASED ANALYSIS OF STATE SINGLE AUDIT REPORTS.—Section 411 (42 U.S.C. 611) is amended by adding at the end the following:

[''(f) INCREASED ANALYSIS OF STATE SINGLE AUDIT REPORTS.—

[''(1) IN GENERAL.—Within 3 months after a State submits to the Secretary a report pursuant to section 7502(a)(1)(A) of title 31, United States Code, the Secretary shall analyze the report for the purpose of identifying the extent and nature of problems related to the oversight by the State of nongovernmental entities with respect to contracts entered into by such entities with the State program funded under this part, and determining what additional actions may be appropriate to help prevent and correct the problems.

[''(2) INCLUSION OF PROGRAM OVERSIGHT SECTION IN ANNUAL REPORT TO THE CONGRESS.—The Secretary shall include in each report under subsection (e) a section on oversight of State programs funded under this part, including findings on the extent and nature of the problems referred to in paragraph (1), actions taken to resolve the problems, and to the extent the Secretary deems appropriate make recommendations on changes needed to resolve the problems.''.

[SEC. 114. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.

[(a) TRIBAL FAMILY ASSISTANCE GRANT.—Section 412(a)(1)(A) (42 U.S.C. 612(a)(1)(A)) is amended by striking ''1997, 1998, 1999, 2000, 2001, and 2002'' and inserting ''2004 through 2008''.

[(b) GRANTS FOR INDIAN TRIBES THAT RECEIVED JOBS FUNDS.—Section 412(a)(2)(A) (42 U.S.C. 612(a)(2)(A)) is amended by striking ''1997, 1998, 1999, 2000, 2001, and 2002'' and inserting ''2004 through 2008''.

[SEC. 115. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.

[(a) SECRETARY'S FUND FOR RESEARCH, DEMONSTRATIONS, AND TECHNICAL ASSISTANCE.—Section 413 (42 U.S.C. 613), as amended by section 112(c) of this Act, is further amended by adding at the end the following:

[''(l) FUNDING FOR RESEARCH, DEMONSTRATIONS, AND TECHNICAL ASSISTANCE.—

[''(1) APPROPRIATION.—

[''(A) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $102,000,000 for each of fiscal years 2003 through 2008, which shall be available to the Secretary for the purpose of conducting and supporting research and demonstration projects by public or private entities, and providing technical assistance to States, Indian tribal organizations, and such other entities as the Secretary may specify that are receiving a grant under this part, which shall be expended primarily on activities described in section 403(a)(2)(B), and which shall be in addition to any other funds made available under this part.

[''(B) EXTENDED AVAILABILITY OF FY 2003 FUNDS.—Funds appropriated under this paragraph for fiscal year 2003 shall remain available to the Secretary through fiscal year 2004, for use in accordance with this paragraph for fiscal year 2003.

[''(2) SET ASIDE FOR DEMONSTRATION PROJECTS FOR COORDINATION OF PROVISION OF CHILD WELFARE AND TANF SERVICES TO TRIBAL FAMILIES AT RISK OF CHILD ABUSE OR NEGLECT.—

[''(A) IN GENERAL.—Of the amounts made available under paragraph (1) for a fiscal year, $2,000,000 shall be awarded on a competitive basis to fund demonstration projects designed to test the effectiveness of tribal governments or tribal consortia in coordinating the provision to tribal families at risk of child abuse or neglect of child welfare services and services under tribal programs funded under this part.

[''(B) USE OF FUNDS.—A grant made to such a project shall be used—

[''(i) to improve case management for families eligible for assistance from such a tribal program;

[''(ii) for supportive services and assistance to tribal children in out-of-home placements and the tribal families caring for such children, including families who adopt such children; and

[''(iii) for prevention services and assistance to tribal families at risk of child abuse and neglect.

[''(C) REPORTS.—The Secretary may require a recipient of funds awarded under this paragraph to provide the Secretary with such information as the Secretary deems relevant to enable the Secretary to facilitate and oversee the administration of any project for which funds are provided under this paragraph.''.

[(b) FUNDING OF STUDIES AND DEMONSTRATIONS.—Section 413(h)(1) (42 U.S.C. 613(h)(1)) is amended in the matter preceding subparagraph (A) by striking ''1997 through 2002'' and inserting ''2004 through 2008''.

[(c) REPORT ON ENFORCEMENT OF CERTAIN AFFIDAVITS OF SUPPORT AND SPONSOR DEEMING.—Not later than March 31, 2004, the Secretary of Health and Human Services, in consultation with the Attorney General, shall submit to the Congress a report on the enforcement of affidavits of support and sponsor deeming as required by section 421, 422,

and 432 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

[(d) REPORT ON COORDINATION.—Not later than 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services and the Secretary of Labor shall jointly submit a report to the Congress describing common or conflicting data elements, definitions, performance measures, and reporting requirements in the Workforce Investment Act of 1998 and part A of title IV of the Social Security Act, and, to the degree each Secretary deems appropriate, at the discretion of either Secretary, any other program administered by the respective Secretary, to allow greater coordination between the welfare and workforce development systems.

[SEC. 116. STUDIES BY THE CENSUS BUREAU AND THE GENERAL ACCOUNTING OFFICE.

[(a) CENSUS BUREAU STUDY.—

[(1) IN GENERAL.—Section 414(a) (42 U.S.C. 614(a)) is amended to read as follows:

[''(a) IN GENERAL.—The Bureau of the Census shall implement or enhance a longitudinal survey of program participation, developed in consultation with the Secretary and made available to interested parties, to allow for the assessment of the outcomes of continued welfare reform on the economic and child well-being of low-income families with children, including those who received assistance or services from a State program funded under this part, and, to the extent possible, shall provide State representative samples. The content of the survey should include such information as may be necessary to examine the issues of out-of-wedlock childbearing, marriage, welfare dependency and compliance with work requirements, the beginning and ending of spells of assistance, work, earnings and employment stability, and the well-being of children.''.

[(2) APPROPRIATION.—Section 414(b) (42 U.S.C. 614(b)) is amended—

[(A) by striking ''1996,'' and all that follows through ''2002'' and inserting ''2004 through 2008''; and

[(B) by adding at the end the following: ''Funds appropriated under this subsection shall remain available through fiscal year 2008 to carry out subsection (a).''.

[(b) GAO STUDY.—

[(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study to determine the combined effect of the phase-out rates for Federal programs and policies which provide support to low-income families and individuals as they move from welfare to work, at all earning levels up to $35,000 per year, for at least 5 States including Wisconsin and California, and any potential disincentives the combined phase-out rates create for families to achieve independence or to marry.

[(2) REPORT.—Not later than 1 year after the date of the enactment of this subsection, the Comptroller General shall submit a report to Congress containing the results of the study conducted under this section and, as appropriate, any recommendations consistent with the results.

[SEC. 117. DEFINITION OF ASSISTANCE.

[(a) IN GENERAL.—Section 419 (42 U.S.C. 619) is amended by adding at the end the following:

[''(6) ASSISTANCE.—

[''(A) IN GENERAL.—The term 'assistance' means payment, by cash, voucher, or other means, to or for an individual or family for the purpose of meeting a subsistence need of the individual or family (including food, clothing, shelter, and related items, but not including costs of transportation or child care).

[''(B) EXCEPTION.—The term 'assistance' does not include a payment described in subparagraph (A) to or for an individual or family on a short-term, nonrecurring basis (as defined by the State in accordance with regulations prescribed by the Secretary).''.

[(b) CONFORMING AMENDMENTS.—

[(1) Section 404(a)(1) (42 U.S.C. 604(a)(1)) is amended by striking ''assistance'' and inserting ''aid''.

[(2) Section 404(f) (42 U.S.C. 604(f)) is amended by striking ''assistance'' and inserting ''benefits or services''.

[(3) Section 408(a)(5)(B)(i) (42 U.S.C. 608(a)(5)(B)(i)) is amended in the heading by striking ''ASSISTANCE'' and inserting ''AID''.

[(4) Section 413(d)(2) (42 U.S.C. 613(d)(2)) is amended by striking ''assistance'' and inserting ''aid''.

[SEC. 118. TECHNICAL CORRECTIONS.

[(a) Section 409(c)(2) (42 U.S.C. 609(c)(2)) is amended by inserting a comma after ''appropriate''.

[(b) Section 411(a)(1)(A)(ii)(III) (42 U.S.C. 611(a)(1)(A)(ii)(III)) is amended by striking the last close parenthesis.

[(c) Section 413(j)(2)(A) (42 U.S.C. 613(j)(2)(A)) is amended by striking ''section'' and inserting ''sections''.

[(d)(1) Section 413 (42 U.S.C. 613) is amended by striking subsection (g) and redesignating subsections (h) through (j) and subsections (k) and (l) (as added by sections 112(c) and 115(a) of this Act, respectively) as subsections (g) through (k), respectively.

[(2) Each of the following provisions is amended by striking ''413(j)'' and inserting ''413(i)'':

[(A) Section 403(a)(5)(A)(ii)(III) (42 U.S.C. 603(a)(5)(A)(ii)(III)).

[(B) Section 403(a)(5)(F) (42 U.S.C. 603(a)(5)(F)).

[(C) Section 403(a)(5)(G)(ii) (42 U.S.C. 603(a)(5)(G)(ii)).

[(D) Section 412(a)(3)(B)(iv) (42 U.S.C. 612(a)(3)(B)(iv)).

[SEC. 119. FATHERHOOD PROGRAM.

[(a) SHORT TITLE.—This section may be cited as the ''Promotion and Support of Responsible Fatherhood and Healthy Marriage Act of 2003''.

[(b) FATHERHOOD PROGRAM.—

[(1) IN GENERAL.—Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193) is amended by adding at the end the following:

[''SEC. 117. FATHERHOOD PROGRAM.

[''(a) IN GENERAL.—Title IV (42 U.S.C. 601–679b) is amended by inserting after part B the following:

[''PART C—FATHERHOOD PROGRAM

[''SEC. 441. FINDINGS AND PURPOSES.

[''(a) FINDINGS.—The Congress finds that there is substantial evidence strongly indicating the urgent need to promote and support involved, committed, and responsible fatherhood, and to encourage and support healthy marriages between parents raising children, including data demonstrating the following:

[''(1) In approximately 90 percent of cases where a parent is absent, that parent is the father.

[''(2) By some estimates, 60 percent of children born in the 1990's will spend a significant portion of their childhood in a home without a father.

[''(3) Nearly 75 percent of children in single-parent homes will experience poverty before they are 11 years old, compared with only 20 percent of children in 2-parent families.

[''(4) Low income is positively correlated with children's difficulties with education, social adjustment, and delinquency, and single-parent households constitute a disproportionate share of low-income households.

[''(5) Where families (whether intact or with a parent absent) are living in poverty, a significant factor is the father's lack of job skills.

[''(6) Children raised in 2-parent married families, on average, fare better as a group in key areas, including better school performance, reduced rates of substance abuse, crime, and delinquency, fewer health, emotional, and behavioral problems, lower rates of teenage sexual activity, less risk of abuse or neglect, and lower risk of teen suicide.

[''(7) Committed and responsible fathering during infancy and early childhood contributes to the development of emotional security, curiosity, and math and verbal skills.

[''(8) An estimated 24,000,000 children (33.5 percent) live apart from their biological father.

[''(9) A recent national survey indicates that of children under age 18 not living with their biological father, 37 percent had not seen their father even once in the last 12 months.

[''(b) PURPOSES.—The purposes of this part are:

[''(1) To provide for projects and activities by public entities and by nonprofit community entities, including religious organizations, designed to test promising approaches to accomplishing the following objectives:

[''(A) Promoting responsible, caring, and effective parenting through counseling, mentoring, and parenting education, dissemination of educational materials and information on parenting skills, encouragement of positive father involvement, including the positive involvement of nonresident fathers, and other methods.

[''(B) Enhancing the abilities and commitment of unemployed or low-income fathers to provide material support for their families and to avoid or leave welfare programs by assisting them to take full advantage of education, job training, and job search programs, to improve work habits and work skills, to secure career advancement by activities such as outreach and information dissemination, coordination, as appropriate, with employment services and job training programs, including the One-Stop delivery system established under title I of the Workforce Investment Act of 1998, encouragement and support of timely payment of current child support and regular payment toward past due child support obligations in appropriate cases, and other methods.

[''(C) Improving fathers' ability to effectively manage family business affairs by means such as education, counseling, and mentoring in matters including household management, budgeting, banking, and handling of financial transactions, time management, and home maintenance.

[''(D) Encouraging and supporting healthy marriages and married fatherhood through such activities as premarital education, including the use of premarital inventories, marriage preparation programs, skills-based marriage education programs, marital therapy, couples counseling, divorce education and reduction programs, divorce mediation and counseling, relationship skills enhancement programs, including those designed to reduce child abuse and domestic violence, and dissemination of information about the benefits of marriage for both parents and children.

[''(2) Through the projects and activities described in paragraph (1), to improve outcomes for children with respect to measures such as increased family income and economic security, improved school performance, better health, improved emotional and behavioral stability and social adjustment, and reduced risk of delinquency, crime, substance abuse, child abuse and neglect, teen sexual activity, and teen suicide.

[''(3) To evaluate the effectiveness of various approaches and to disseminate findings

concerning outcomes and other information in order to encourage and facilitate the replication of effective approaches to accomplishing these objectives.

[''SEC. 442. DEFINITIONS.

[''In this part, the terms ''Indian tribe'' and ''tribal organization'' have the meanings given them in subsections (e) and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act.

[''SEC. 443. COMPETITIVE GRANTS FOR SERVICE PROJECTS.

[''(a) IN GENERAL.—The Secretary may make grants for fiscal years 2004 through 2008 to public and nonprofit community entities, including religious organizations, and to Indian tribes and tribal organizations, for demonstration service projects and activities designed to test the effectiveness of various approaches to accomplish the objectives specified in section 441(b)(1).

[''(b) ELIGIBILITY CRITERIA FOR FULL SERVICE GRANTS.—In order to be eligible for a grant under this section, except as specified in subsection (c), an entity shall submit an application to the Secretary containing the following:

[''(1) PROJECT DESCRIPTION.—A statement including—

[''(A) a description of the project and how it will be carried out, including the geographical area to be covered and the number and characteristics of clients to be served, and how it will address each of the 4 objectives specified in section 441(b)(1); and

[''(B) a description of the methods to be used by the entity or its contractor to assess the extent to which the project was successful in accomplishing its specific objectives and the general objectives specified in section 441(b)(1).

[''(2) EXPERIENCE AND QUALIFICATIONS.—A demonstration of ability to carry out the project, by means such as demonstration of experience in successfully carrying out projects of similar design and scope, and such other information as the Secretary may find necessary to demonstrate the entity's capacity to carry out the project, including the entity's ability to provide the non-Federal share of project resources.

[''(3) ADDRESSING CHILD ABUSE AND NEGLECT AND DOMESTIC VIOLENCE.—A description of how the entity will assess for the presence of, and intervene to resolve, domestic violence and child abuse and neglect, including how the entity will coordinate with State and local child protective service and domestic violence programs.

[''(4) ADDRESSING CONCERNS RELATING TO SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A commitment to make available to each individual participating in the project education about alcohol, tobacco, and other drugs, and about the health risks associated with abusing such substances, and information about diseases and conditions transmitted through substance abuse and sexual contact, including HIV/AIDS, and to coordinate with providers of services addressing such problems, as appropriate.

[''(5) COORDINATION WITH SPECIFIED PROGRAMS.—An undertaking to coordinate, as appropriate, with State and local entities responsible for the programs under parts A, B, and D of this title, including programs under title I of the Workforce Investment Act of 1998 (including the One-Stop delivery system), and such other programs as the Secretary may require.

[''(6) RECORDS, REPORTS, AND AUDITS.—An agreement to maintain such records, make such reports, and cooperate with such reviews or audits as the Secretary may find necessary for purposes of oversight of project activities and expenditures.

[''(7) SELF-INITIATED EVALUATION.—If the entity elects to contract for independent evaluation of the project (part or all of the cost of which may be paid for using grant funds), a commitment to submit to the Secretary a copy of the evaluation report within 30 days after completion of the report and not more than 1 year after completion of the project.

[''(8) COOPERATION WITH SECRETARY'S OVERSIGHT AND EVALUATION.—An agreement to cooperate with the Secretary's evaluation of projects assisted under this section, by means including random assignment of clients to service recipient and control groups, if determined by the Secretary to be appropriate, and affording the Secretary access to the project and to project-related records and documents, staff, and clients.

[''(c) ELIGIBILITY CRITERIA FOR LIMITED PURPOSE GRANTS.—In order to be eligible for a grant under this section in an amount under $25,000 per fiscal year, an entity shall submit an application to the Secretary containing the following:

[''(1) PROJECT DESCRIPTION.—A description of the project and how it will be carried out, including the number and characteristics of clients to be served, the proposed duration of the project, and how it will address at least 1 of the 4 objectives specified in section 441(b)(1).

[''(2) QUALIFICATIONS.—Such information as the Secretary may require as to the capacity of the entity to carry out the project, including any previous experience with similar activities.

[''(3) COORDINATION WITH RELATED PROGRAMS.—As required by the Secretary in appropriate cases, an undertaking to coordinate and cooperate with State and local entities responsible for specific programs relating to the objectives of the project including, as appropriate, jobs programs and programs serving children and families.

[''(4) RECORDS, REPORTS, AND AUDITS.—An agreement to maintain such records, make such reports, and cooperate with such reviews or audits as the Secretary may find necessary for purposes of oversight of project activities and expenditures.

[''(5) COOPERATION WITH SECRETARY'S OVERSIGHT AND EVALUATION.—An agreement to cooperate with the Secretary's evaluation of projects assisted under this section, by means including affording the Secretary access to the project and to project-related records and documents, staff, and clients.

[''(d) CONSIDERATIONS IN AWARDING GRANTS.—

[''(1) DIVERSITY OF PROJECTS.—In awarding grants under this section, the Secretary shall seek to achieve a balance among entities of differing sizes, entities in differing geographic areas, entities in urban and in rural areas, and entities employing differing methods of achieving the purposes of this section, including working with the State agency responsible for the administration of part D to help fathers satisfy child support arrearage obligations.

[''(2) PREFERENCE FOR PROJECTS SERVING LOW-INCOME FATHERS.—In awarding grants under this section, the Secretary may give preference to applications for projects in which a majority of the clients to be served are low-income fathers.

[''(e) FEDERAL SHARE.—

[''(1) IN GENERAL.—Grants for a project under this section for a fiscal year shall be available for a share of the cost of such project in such fiscal year equal to—

[''(A) up to 80 percent (or up to 90 percent, if the entity demonstrates to the Secretary's satisfaction circumstances limiting the entity's ability to secure non-Federal resources) in the case of a project under subsection (b); and

[''(B) up to 100 percent, in the case of a project under subsection (c).

[''(2) NON-FEDERAL SHARE.—The non-Federal share may be in cash or in kind. In determining the amount of the non-Federal share, the Secretary may attribute fair market value to goods, services, and facilities contributed from non-Federal sources.

[''SEC. 444. MULTICITY, MULTISTATE DEMONSTRATION PROJECTS.

[''(a) IN GENERAL.—The Secretary may make grants under this section for fiscal years 2004 through 2008 to eligible entities (as specified in subsection (b)) for 2 multicity, multistate projects demonstrating approaches to achieving the objectives specified in section 441(b)(1). One of the projects shall test the use of married couples to deliver program services.

[''(b) ELIGIBLE ENTITIES.—An entity eligible for a grant under this section must be a national nonprofit fatherhood promotion organization that meets the following requirements:

[''(1) EXPERIENCE WITH FATHERHOOD PROGRAMS.—The organization must have substantial experience in designing and successfully conducting programs that meet the purposes described in section 441.

[''(2) EXPERIENCE WITH MULTICITY, MULTISTATE PROGRAMS AND GOVERNMENT COORDINATION.—The organization must have experience in simultaneously conducting such programs in more than 1 major metropolitan area in more than 1 State and in coordinating such programs, where appropriate, with State and local government agencies and private, nonprofit agencies (including community-based and religious organizations), including State or local agencies responsible for child support enforcement and workforce development.

[''(c) APPLICATION REQUIREMENTS.—In order to be eligible for a grant under this section, an entity must submit to the Secretary an application that includes the following:

[''(1) QUALIFICATIONS.—

[''(A) ELIGIBLE ENTITY.—A demonstration that the entity meets the requirements of subsection (b).

[''(B) OTHER.—Such other information as the Secretary may find necessary to demonstrate the entity's capacity to carry out the project, including the entity's ability to provide the non-Federal share of project resources.

[''(2) PROJECT DESCRIPTION.—A description of and commitments concerning the project design, including the following:

[''(A) IN GENERAL.—A detailed description of the proposed project design and how it will be carried out, which shall—

[''(i) provide for the project to be conducted in at least 3 major metropolitan areas;

[''(ii) state how it will address each of the 4 objectives specified in section 441(b)(1);

[''(iii) demonstrate that there is a sufficient number of potential clients to allow for the random selection of individuals to participate in the project and for comparisons with appropriate control groups composed of individuals who have not participated in such projects; and

[''(iv) demonstrate that the project is designed to direct a majority of project resources to activities serving low-income fathers (but the project need not make services available on a means-tested basis).

[''(B) OVERSIGHT, EVALUATION, AND ADJUSTMENT COMPONENT.—An agreement that the entity—

[''(i) in consultation with the evaluator selected pursuant to section 445, and as required by the Secretary, will modify the project design, initially and (if necessary) subsequently throughout the duration of the project, in order to facilitate ongoing and

final oversight and evaluation of project operation and outcomes (by means including, to the maximum extent feasible, random assignment of clients to service recipient and control groups), and to provide for midcourse adjustments in project design indicated by interim evaluations;

[''(ii) will submit to the Secretary revised descriptions of the project design as modified in accordance with clause (i); and

[''(iii) will cooperate fully with the Secretary's ongoing oversight and ongoing and final evaluation of the project, by means including affording the Secretary access to the project and to project-related records and documents, staff, and clients.

[''(3) ADDRESSING CHILD ABUSE AND NEGLECT AND DOMESTIC VIOLENCE.—A description of how the entity will assess for the presence of, and intervene to resolve, domestic violence and child abuse and neglect, including how the entity will coordinate with State and local child protective service and domestic violence programs.

[''(4) ADDRESSING CONCERNS RELATING TO SUBSTANCE ABUSE AND SEXUAL ACTIVITY.—A commitment to make available to each individual participating in the project education about alcohol, tobacco, and other drugs, and about the health risks associated with abusing such substances, and information about diseases and conditions transmitted through substance abuse and sexual contact, including HIV/AIDS, and to coordinate with providers of services addressing such problems, as appropriate.

[''(5) COORDINATION WITH SPECIFIED PROGRAMS.—An undertaking to coordinate, as appropriate, with State and local entities responsible for the programs funded under parts A, B, and D of this title, programs under title I of the Workforce Investment Act of 1998 (including the One-Stop delivery system), and such other programs as the Secretary may require.

[''(6) RECORDS, REPORTS, AND AUDITS.—An agreement to maintain such records, make such reports, and cooperate with such reviews or audits (in addition to those required under the preceding provisions of paragraph (2)) as the Secretary may find necessary for purposes of oversight of project activities and expenditures.

[''(d) FEDERAL SHARE.—

[''(1) IN GENERAL.—Grants for a project under this section for a fiscal year shall be available for up to 80 percent of the cost of such project in such fiscal year.

[''(2) NON-FEDERAL SHARE.—The non-Federal share may be in cash or in kind. In determining the amount of the non-Federal share, the Secretary may attribute fair market value to goods, services, and facilities contributed from non-Federal sources.

[''SEC. 445. EVALUATION.

[''(a) IN GENERAL.—The Secretary, directly or by contract or cooperative agreement, shall evaluate the effectiveness of service projects funded under sections 443 and 444 from the standpoint of the purposes specified in section 441(b)(1).

[''(b) EVALUATION METHODOLOGY.—Evaluations under this section shall—

[''(1) include, to the maximum extent feasible, random assignment of clients to service delivery and control groups and other appropriate comparisons of groups of individuals receiving and not receiving services;

[''(2) describe and measure the effectiveness of the projects in achieving their specific project goals; and

[''(3) describe and assess, as appropriate, the impact of such projects on marriage, parenting, domestic violence, child abuse and neglect, money management, employment and earnings, payment of child support, and child well-being, health, and education.

[''(c) EVALUATION REPORTS.—The Secretary shall publish the following reports on the results of the evaluation:

[''(1) An implementation evaluation report covering the first 24 months of the activities under this part to be completed by 36 months after initiation of such activities.

[''(2) A final report on the evaluation to be completed by September 30, 2011.

[''SEC. 446. PROJECTS OF NATIONAL SIGNIFICANCE.

[''The Secretary is authorized, by grant, contract, or cooperative agreement, to carry out projects and activities of national significance relating to fatherhood promotion, including—

[''(1) COLLECTION AND DISSEMINATION OF INFORMATION.—Assisting States, communities, and private entities, including religious organizations, in efforts to promote and support marriage and responsible fatherhood by collecting, evaluating, developing, and making available (through the Internet and by other means) to all interested parties information regarding approaches to accomplishing the objectives specified in section 441(b)(1).

[''(2) MEDIA CAMPAIGN.—Developing, promoting, and distributing to interested States, local governments, public agencies, and private nonprofit organizations, including charitable and religious organizations, a media campaign that promotes and encourages involved, committed, and responsible fatherhood and married fatherhood.

[''(3) TECHNICAL ASSISTANCE.—Providing technical assistance, including consultation and training, to public and private entities, including community organizations and faith-based organizations, in the implementation of local fatherhood promotion programs.

[''(4) RESEARCH.—Conducting research related to the purposes of this part.

[''SEC. 447. NONDISCRIMINATION.

[''The projects and activities assisted under this part shall be available on the same basis to all fathers and expectant fathers able to benefit from such projects and activities, including married and unmarried fathers and custodial and noncustodial fathers, with particular attention to low-income fathers, and to mothers and expectant mothers on the same basis as to fathers.

[''SEC. 448. AUTHORIZATION OF APPROPRIATIONS; RESERVATION FOR CERTAIN PURPOSE.

[''(a) AUTHORIZATION.—There are authorized to be appropriated $20,000,000 for each of fiscal years 2004 through 2008 to carry out the provisions of this part.

[''(b) RESERVATION.—Of the amount appropriated under this section for each fiscal year, not more than 15 percent shall be available for the costs of the multicity, multicounty, multistate demonstration projects under section 444, evaluations under section 445, and projects of national significance under section 446.'.

[''(b) INAPPLICABILITY OF EFFECTIVE DATE PROVISIONS.—Section 116 shall not apply to the amendment made by subsection (a) of this section.''.

[(2) CLERICAL AMENDMENT.—Section 2 of such Act is amended in the table of contents by inserting after the item relating to section 116 the following new item:

[''Sec. 117. Fatherhood program.''.

[SEC. 120. STATE OPTION TO MAKE TANF PROGRAMS MANDATORY PARTNERS WITH ONE-STOP EMPLOYMENT TRAINING CENTERS.

[Section 408 of the Social Security Act (42 U.S.C. 608) is amended by adding at the end the following:

[''(h) STATE OPTION TO MAKE TANF PROGRAMS MANDATORY PARTNERS WITH ONE-STOP EMPLOYMENT TRAINING CENTERS.—For purposes of section 121(b) of the Workforce Investment Act of 1998, a State program funded under part A of title IV of the Social Security Act shall be considered a program referred to in paragraph (1)(B) of such section, unless, after the date of the enactment of this subsection, the Governor of the State notifies the Secretaries of Health and Human Services and Labor in writing of the decision of the Governor not to make the State program a mandatory partner.''.

[SEC. 121. SENSE OF THE CONGRESS.

[It is the sense of the Congress that a State welfare-to-work program should include a mentoring program.

[SEC. 122. EXTENSION THROUGH FISCAL YEAR 2003.

[Except as otherwise provided in this Act and the amendments made by this Act, activities authorized by part A of title IV of the Social Security Act, and by section 1108(b) of the Social Security Act, shall continue through September 30, 2003, in the manner authorized, and at the level provided, for fiscal year 2002.

[TITLE II—CHILD CARE

[SEC. 201. SHORT TITLE.

[This title may be cited as the ''Caring for Children Act of 2003''.

[SEC. 202. GOALS.

[(a) GOALS.—Section 658A(b) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9801 note) is amended—

[(1) in paragraph (3) by striking ''encourage'' and inserting ''assist'',

[(2) by amending paragraph (4) to read as follows:

[''(4) to assist States to provide child care to low-income parents;'',

[(3) by redesignating paragraph (5) as paragraph (7), and

[(4) by inserting after paragraph (4) the following:

[''(5) to encourage States to improve the quality of child care available to families;

[''(6) to promote school readiness by encouraging the exposure of young children in child care to nurturing environments and developmentally-appropriate activities, including activities to foster early cognitive and literacy development; and''.

[(b) CONFORMING AMENDMENT.—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 by striking ''through (5)'' and inserting ''through (7)''.

[SEC. 203. AUTHORIZATION OF APPROPRIATIONS.

[Section 658B of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858) is amended—

[(1) by striking ''is'' and inserting ''are'', and

[(2) by striking ''$1,000,000,000 for each of the fiscal years 1996 through 2002'' and inserting ''$2,100,000,000 for fiscal year 2003, $2,300,000,000 for fiscal year 2004, $2,500,000,000 for fiscal year 2005, $2,700,000,000 for fiscal year 2006, $2,900,000,000 for fiscal year 2007, and $3,100,000,000 for fiscal year 2008''.

[SEC. 204. APPLICATION AND PLAN.

[Section 658E(c)(2) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858C(c)(2)) is amended—

[(1) by amending subparagraph (D) to read as follows:

[''(D) CONSUMER AND CHILD CARE PROVIDER EDUCATION INFORMATION.—Certify that the State will collect and disseminate, through resource and referral services and other means as determined by the State, to parents of eligible children, child care providers, and the general public, information regarding—

[''(i) the promotion of informed child care choices, including information about the

quality and availability of child care services;

[''(ii) research and best practices on children's development, including early cognitive development;

[''(iii) the availability of assistance to obtain child care services; and

[''(iv) other programs for which families that receive child care services for which financial assistance is provided under this subchapter may be eligible, including the food stamp program, the WIC program under section 17 of the Child Nutrition Act of 1966, the child and adult care food program under section 17 of the Richard B. Russell National School Lunch Act, and the medicaid and SCHIP programs under titles XIX and XXI of the Social Security Act.'', and

[(2) by inserting after subparagraph (H) the following:

[''(I) COORDINATION WITH OTHER EARLY CHILD CARE SERVICES AND EARLY CHILDHOOD EDUCATION PROGRAMS.—Demonstrate how the State is coordinating child care services provided under this subchapter with Head Start, Early Reading First, Even Start, Ready-To-Learn Television, State pre-kindergarten programs, and other early childhood education programs to expand accessibility to and continuity of care and early education without displacing services provided by the current early care and education delivery system.

[''(J) PUBLIC-PRIVATE PARTNERSHIPS.—Demonstrate how the State encourages partnerships with private and other public entities to leverage existing service delivery systems of early childhood education and increase the supply and quality of child care services.

[''(K) CHILD CARE SERVICE QUALITY.—

[''(i) CERTIFICATION.—For each fiscal year after fiscal year 2004, certify that during the then preceding fiscal year the State was in compliance with section 658G and describe how funds were used to comply with such section during such preceding fiscal year.

[''(ii) STRATEGY.—For each fiscal year after fiscal year 2004, contain an outline of the strategy the State will implement during such fiscal year for which the State plan is submitted, to address the quality of child care services in the State available to low-income parents from eligible child care providers, and include in such strategy—

[''(I) a statement specifying how the State will address the activities described in paragraphs (1), (2), and (3) of section 658G;

[''(II) a description of quantifiable, objective measures for evaluating the quality of child care services separately with respect to the activities listed in each of such paragraphs that the State will use to evaluate its progress in improving the quality of such child care services;

[''(III) a list of State-developed child care service quality targets for such fiscal year quantified on the basis of such measures; and

[''(IV) for each fiscal year after fiscal year 2004, a report on the progress made to achieve such targets during the then preceding fiscal year.

[''(iii) RULE OF CONSTRUCTION.—Nothing in this subparagraph shall be construed to require that the State apply measures for evaluating quality to specific types of child care providers.

[''(L) ACCESS TO CARE FOR CERTAIN POPULATIONS.—Demonstrate how the State is addressing the child care needs of parents eligible for child care services for which financial assistance is provided under this subchapter who have children with special needs, work nontraditional hours, or require child care services for infants or toddlers.''.

[SEC. 205. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.

[Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended to read as follows:

[''SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE SERVICES.

[''A State that receives funds to carry out this subchapter for a fiscal year, shall use not less than 6 percent of the amount of such funds for activities provided through resource and referral services or other means, that are designed to improve the quality of child care services in the State available to low-income parents from eligible child care providers. Such activities include—

[''(1) programs that provide training, education, and other professional development activities to enhance the skills of the child care workforce, including training opportunities for caregivers in informal care settings;

[''(2) activities within child care settings to enhance early learning for young children, to promote early literacy, and to foster school readiness;

[''(3) initiatives to increase the retention and compensation of child care providers, including tiered reimbursement rates for providers that meet quality standards as defined by the State; or

[''(4) other activities deemed by the State to improve the quality of child care services provided in such State.''.

[SEC. 206. REPORT BY SECRETARY.

[Section 658L of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858j) is amended to read as follows:

[''SEC. 658L. REPORT BY SECRETARY.

[''(a) REPORT REQUIRED.—Not later than October 1, 2005, and biennially thereafter, the Secretary shall prepare and submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor and Pensions of the Senate a report that contains the following:

[''(1) A summary and analysis of the data and information provided to the Secretary in the State reports submitted under section 658K.

[''(2) Aggregated statistics on the supply of, demand for, and quality of child care, early education, and non-school-hours programs.

[''(3) An assessment, and where appropriate, recommendations for the Congress concerning efforts that should be undertaken to improve the access of the public to quality and affordable child care in the United States.

[''(b) COLLECTION OF INFORMATION.—The Secretary may utilize the national child care data system available through resource and referral organizations at the local, State, and national level to collect the information required by subsection (a)(2).

[SEC. 207. DEFINITIONS.

[Section 658P(4)(B) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858N(4)(B)) is amended by striking ''85 percent of the State median income'' and inserting ''income levels as established by the State, prioritized by need,''.

[SEC. 208. ENTITLEMENT FUNDING.

[Section 418(a)(3) (42 U.S.C. 618(a)(3)) is amended—

[(1) by striking ''and'' at the end of subparagraph (E);

[(2) by striking the period at the end of subparagraph (F) and inserting ''; and''; and

[(3) by adding at the end the following:

[''(G) $2,917,000,000 for each of fiscal years 2004 through 2008.''.

[TITLE III—CHILD SUPPORT

[SEC. 301. FEDERAL MATCHING FUNDS FOR LIMITED PASS THROUGH OF CHILD SUPPORT PAYMENTS TO FAMILIES RECEIVING TANF.

[(a) IN GENERAL.—Section 457(a) (42 U.S.C. 657(a)) is amended—

[(1) in paragraph (1)(A), by inserting ''subject to paragraph (7)'' before the semicolon; and

[(2) by adding at the end the following:

[''(7) FEDERAL MATCHING FUNDS FOR LIMITED PASS THROUGH OF CHILD SUPPORT PAYMENTS TO FAMILIES RECEIVING TANF.—Notwithstanding paragraph (1), a State shall not be required to pay to the Federal Government the Federal share of an amount collected during a month on behalf of a family that is a recipient of assistance under the State program funded under part A, to the extent that—

[''(A) the State distributes the amount to the family;

[''(B) the total of the amounts so distributed to the family during the month—

[''(i) exceeds the amount (if any) that, as of December 31, 2001, was required under State law to be distributed to a family under paragraph (1)(B); and

[''(ii) does not exceed the greater of—

[''(I) $100; or

[''(II) $50 plus the amount described in clause (i); and

[''(C) the amount is disregarded in determining the amount and type of assistance provided to the family under the State program funded under part A.''.

[(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to amounts distributed on or after October 1, 2005.

[SEC. 302. STATE OPTION TO PASS THROUGH ALL CHILD SUPPORT PAYMENTS TO FAMILIES THAT FORMERLY RECEIVED TANF.

[(a) IN GENERAL.—Section 457(a) (42 U.S.C. 657(a)), as amended by section 301(a) of this Act, is amended—

[(1) in paragraph (2)(B), in the matter preceding clause (i), by inserting '', except as provided in paragraph (8),'' after ''shall''; and

[(2) by adding at the end the following:

[''(8) STATE OPTION TO PASS THROUGH ALL CHILD SUPPORT PAYMENTS TO FAMILIES THAT FORMERLY RECEIVED TANF.—In lieu of applying paragraph (2) to any family described in paragraph (2), a State may distribute to the family any amount collected during a month on behalf of the family.''.

[(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to amounts distributed on or after October 1, 2005.

[SEC. 303. MANDATORY REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS FOR FAMILIES RECEIVING TANF.

[(a) IN GENERAL.—Section 466(a)(10)(A)(i) (42 U.S.C. 666(a)(10)(A)(i)) is amended—

[(1) by striking ''parent, or,'' and inserting ''parent or''; and

[(2) by striking ''upon the request of the State agency under the State plan or of either parent,''.

[(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2005.

[SEC. 304. MANDATORY FEE FOR SUCCESSFUL CHILD SUPPORT COLLECTION FOR FAMILY THAT HAS NEVER RECEIVED TANF.

[(a) IN GENERAL.—Section 454(6)(B) (42 U.S.C. 654(6)(B)) is amended—

[(1) by inserting ''(i)'' after ''(B)'';

[(2) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively;

[(3) by adding ''and'' after the semicolon; and

[(4) by adding after and below the end the following new clause:

[''(ii) in the case of an individual who has never received assistance under a State program funded under part A and for whom the State has collected at least $500 of support, the State shall impose an annual fee of $25 for each case in which services are furnished, which shall be retained by the State from support collected on behalf of the individual (but not from the 1st $500 so collected), paid by the individual applying for the services, recovered from the absent parent, or paid by the State out of its own funds (the payment of which from State funds shall not be considered as an administrative cost of the State for the operation of the plan, and such fees shall be considered income to the program);''.

[(b) CONFORMING AMENDMENT.—Section 457(a)(3) (42 U.S.C. 657(a)(3)) is amended to read as follows:

[''(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall distribute to the family the portion of the amount so collected that remains after withholding any fee pursuant to section 454(6)(B)(ii).''.

[(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2004.

[SEC. 305. REPORT ON UNDISTRIBUTED CHILD SUPPORT PAYMENTS.

[Not later than 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the procedures that the States use generally to locate custodial parents for whom child support has been collected but not yet distributed. The report shall include an estimate of the total amount of undistributed child support and the average length of time it takes undistributed child support to be distributed. To the extent the Secretary deems appropriate, the Secretary shall include in the report recommendations as to whether additional procedures should be established at the State or Federal level to expedite the payment of undistributed child support.

[SEC. 306. USE OF NEW HIRE INFORMATION TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.

[(a) IN GENERAL.—Section 453(j) (42 U.S.C. 653(j)) is amended by adding at the end the following:

[''(7) INFORMATION COMPARISONS AND DISCLOSURE TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.—

[''(A) IN GENERAL.—If a State agency responsible for the administration of an unemployment compensation program under Federal or State law transmits to the Secretary the name and social security account number of an individual, the Secretary shall, if the information in the National Directory of New Hires indicates that the individual may be employed, disclose to the State agency the name, address, and employer identification number of any putative employer of the individual, subject to this paragraph.

[''(B) CONDITION ON DISCLOSURE.—The Secretary shall make a disclosure under subparagraph (A) only to the extent that the Secretary determines that the disclosure would not interfere with the effective operation of the program under this part.

[''(C) USE OF INFORMATION.—A State agency may use information provided under this paragraph only for purposes of administering a program referred to in subparagraph (A).''.

[(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2004.

[SEC. 307. DECREASE IN AMOUNT OF CHILD SUPPORT ARREARAGE TRIGGERING PASSPORT DENIAL.

[(a) IN GENERAL.—Section 452(k)(1) (42 U.S.C. 652(k)(1)) is amended by striking ''$5,000'' and inserting ''$2,500''.

[(b) CONFORMING AMENDMENT.—Section 454(31) (42 U.S.C. 654(31)) is amended by striking ''$5,000'' and inserting ''$2,500''.

[(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2004.

[SEC. 308. USE OF TAX REFUND INTERCEPT PROGRAM TO COLLECT PAST-DUE CHILD SUPPORT ON BEHALF OF CHILDREN WHO ARE NOT MINORS.

[(a) IN GENERAL.—Section 464 (42 U.S.C. 664) is amended—

[(1) in subsection (a)(2)(A), by striking ''(as that term is defined for purposes of this paragraph under subsection (c))''; and

[(2) in subsection (c)—

[(A) in paragraph (1)—

[(i) by striking ''(1) Except as provided in paragraph (2), as used in'' and inserting ''In''; and

[(ii) by inserting ''(whether or not a minor)'' after ''a child'' each place it appears; and

[(B) by striking paragraphs (2) and (3).

[(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on October 1, 2005.

[SEC. 309. GARNISHMENT OF COMPENSATION PAID TO VETERANS FOR SERVICE-CONNECTED DISABILITIES IN ORDER TO ENFORCE CHILD SUPPORT OBLIGATIONS.

[(a) IN GENERAL.—Section 459(h) (42 U.S.C. 659(h)) is amended—

[(1) in paragraph (1)(A)(ii)(V), by striking all that follows ''Armed Forces'' and inserting a semicolon; and

[(2) by adding at the end the following:

[''(3) LIMITATIONS WITH RESPECT TO COMPENSATION PAID TO VETERANS FOR SERVICE-CONNECTED DISABILITIES.—Notwithstanding any other provision of this section:

[''(A) Compensation described in paragraph (1)(A)(ii)(V) shall not be subject to withholding pursuant to this section—

[''(i) for payment of alimony; or

[''(ii) for payment of child support if the individual is fewer than 60 days in arrears in payment of the support.

[''(B) Not more than 50 percent of any payment of compensation described in paragraph (1)(A)(ii)(V) may be withheld pursuant to this section.''.

[(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on October 1, 2005.

[SEC. 310. IMPROVING FEDERAL DEBT COLLECTION PRACTICES.

[(a) IN GENERAL.—Section 3716(h)(3) of title 31, United States Code, is amended to read as follows:

[''(3) In applying this subsection with respect to any debt owed to a State, other than past due support being enforced by the State, subsection (c)(3)(A) shall not apply. Subsection (c)(3)(A) shall apply with respect to past due support being enforced by the State notwithstanding any other provision of law, including sections 207 and 1631(d)(1) of the Social Security Act (42 U.S.C. 407 and 1383(d)(1)), section 413(b) of Public law 91–173 (30 U.S.C. 923(b)), and section 14 of the Act of August 29, 1935 (45 U.S.C. 231m).''.

[(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2004.

[SEC. 311. MAINTENANCE OF TECHNICAL ASSISTANCE FUNDING.

[Section 452(j) (42 U.S.C. 652(j)) is amended by inserting ''or the amount appropriated under this paragraph for fiscal year 2002, whichever is greater,'' before ''which shall be available''.

[SEC. 312. MAINTENANCE OF FEDERAL PARENT LOCATOR SERVICE FUNDING.

[Section 453(o) (42 U.S.C. 653(o)) is amended—

[(1) in the 1st sentence, by inserting ''or the amount appropriated under this paragraph for fiscal year 2002, whichever is greater,'' before ''which shall be available''; and

[(2) in the 2nd sentence, by striking ''for each of fiscal years 1997 through 2001''.

[TITLE IV—CHILD WELFARE

[SEC. 401. EXTENSION OF AUTHORITY TO APPROVE DEMONSTRATION PROJECTS.

[Section 1130(a)(2) (42 U.S.C. 1320a–9(a)(2)) is amended by striking ''2002'' and inserting ''2008''.

[SEC. 402. ELIMINATION OF LIMITATION ON NUMBER OF WAIVERS.

[Section 1130(a)(2) (42 U.S.C. 1320a–9(a)(2)) is amended by striking ''not more than 10''.

[SEC. 403. ELIMINATION OF LIMITATION ON NUMBER OF STATES THAT MAY BE GRANTED WAIVERS TO CONDUCT DEMONSTRATION PROJECTS ON SAME TOPIC.

[Section 1130 (42 U.S.C. 1320a–9) is amended by adding at the end the following:

[''(h) NO LIMIT ON NUMBER OF STATES THAT MAY BE GRANTED WAIVERS TO CONDUCT SAME OR SIMILAR DEMONSTRATION PROJECTS.—The Secretary shall not refuse to grant a waiver to a State under this section on the grounds that a purpose of the waiver or of the demonstration project for which the waiver is necessary would be the same as or similar to a purpose of another waiver or project that is or may be conducted under this section.''.

[SEC. 404. ELIMINATION OF LIMITATION ON NUMBER OF WAIVERS THAT MAY BE GRANTED TO A SINGLE STATE FOR DEMONSTRATION PROJECTS.

[Section 1130 (42 U.S.C. 1320a–9) is further amended by adding at the end the following:

[''(i) NO LIMIT ON NUMBER OF WAIVERS GRANTED TO, OR DEMONSTRATION PROJECTS THAT MAY BE CONDUCTED BY, A SINGLE STATE.—The Secretary shall not impose any limit on the number of waivers that may be granted to a State, or the number of demonstration projects that a State may be authorized to conduct, under this section.''.

[SEC. 405. STREAMLINED PROCESS FOR CONSIDERATION OF AMENDMENTS TO AND EXTENSIONS OF DEMONSTRATION PROJECTS REQUIRING WAIVERS.

[Section 1130 (42 U.S.C. 1320a–9) is further amended by adding at the end the following:

[''(j) STREAMLINED PROCESS FOR CONSIDERATION OF AMENDMENTS AND EXTENSIONS.—The Secretary shall develop a streamlined process for consideration of amendments and extensions proposed by States to demonstration projects conducted under this section.''.

[SEC. 406. AVAILABILITY OF REPORTS.

[Section 1130 (42 U.S.C. 1320a–9) is further amended by adding at the end the following:

[''(k) AVAILABILITY OF REPORTS.—The Secretary shall make available to any State or other interested party any report provided to the Secretary under subsection (f)(2), and any evaluation or report made by the Secretary with respect to a demonstration project conducted under this section, with a focus on information that may promote best practices and program improvements.''.

[SEC. 407. TECHNICAL CORRECTION.

[Section 1130(b)(1) (42 U.S.C. 1320a–9(b)(1)) is amended by striking ''422(b)(9)'' and inserting ''422(b)(10)''.

[TITLE V—SUPPLEMENTAL SECURITY INCOME

[SEC. 501. REVIEW OF STATE AGENCY BLINDNESS AND DISABILITY DETERMINATIONS.

[Section 1633 (42 U.S.C. 1383b) is amended by adding at the end the following:

[''(e)(1) The Commissioner of Social Security shall review determinations, made by

State agencies pursuant to subsection (a) in connection with applications for benefits under this title on the basis of blindness or disability, that individuals who have attained 18 years of age are blind or disabled as of a specified onset date. The Commissioner of Social Security shall review such a determination before any action is taken to implement the determination.

[''(2)(A) In carrying out paragraph (1), the Commissioner of Social Security shall review—

[''(i) at least 20 percent of all determinations referred to in paragraph (1) that are made in fiscal year 2004;

[''(ii) at least 40 percent of all such determinations that are made in fiscal year 2005; and

[''(iii) at least 50 percent of all such determinations that are made in fiscal year 2006 or thereafter.

[''(B) In carrying out subparagraph (A), the Commissioner of Social Security shall, to the extent feasible, select for review the determinations which the Commissioner of Social Security identifies as being the most likely to be incorrect.''.

[TITLE VI—STATE AND LOCAL FLEXIBILITY

[SEC. 601. PROGRAM COORDINATION DEMONSTRATION PROJECTS.

[(a) PURPOSE.—The purpose of this section is to establish a program of demonstration projects in a State or portion of a State to coordinate multiple public assistance, workforce development, and other programs, for the purpose of supporting working individuals and families, helping families escape welfare dependency, promoting child well-being, or helping build stronger families, using innovative approaches to strengthen service systems and provide more coordinated and effective service delivery.

[(b) DEFINITIONS.—In this section:

[(1) ADMINISTERING SECRETARY.—The term ''administering Secretary'' means, with respect to a qualified program, the head of the Federal agency responsible for administering the program.

[(2) QUALIFIED PROGRAM.—The term ''qualified program'' means—

[(A) a program under part A of title IV of the Social Security Act;

[(B) the program under title XX of such Act;

[(C) activities funded under title I of the Workforce Investment Act of 1998, except subtitle C of such title;

[(D) a demonstration project authorized under section 505 of the Family Support Act of 1988;

[(E) activities funded under the Wagner-Peyser Act;

[(F) activities funded under the Adult Education and Family Literacy Act;

[(G) activities funded under the Child Care and Development Block Grant Act of 1990;

[(H) activities funded under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), except that such term shall not include—

[(i) any program for rental assistance under section 8 of such Act (42 U.S.C. 1437f); and

[(ii) the program under section 7 of such Act (42 U.S.C. 1437e) for designating public housing for occupancy by certain populations;

[(I) activities funded under title I, II, III, or IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11301 et seq.); or

[(J) the food stamp program as defined in section 3(h) of the Food Stamp Act of 1977 (7 U.S.C. 2012(h)).

[(c) APPLICATION REQUIREMENTS.—The head of a State entity or of a sub-State entity administering 2 or more qualified programs proposed to be included in a demonstration project under this section shall (or, if the project is proposed to include qualified programs administered by 2 or more such entities, the heads of the administering entities (each of whom shall be considered an applicant for purposes of this section) shall jointly) submit to the administering Secretary of each such program an application that contains the following:

[(1) PROGRAMS INCLUDED.—A statement identifying each qualified program to be included in the project, and describing how the purposes of each such program will be achieved by the project.

[(2) POPULATION SERVED.—A statement identifying the population to be served by the project and specifying the eligibility criteria to be used.

[(3) DESCRIPTION AND JUSTIFICATION.—A detailed description of the project, including—

[(A) a description of how the project is expected to improve or enhance achievement of the purposes of the programs to be included in the project, from the standpoint of quality, of cost-effectiveness, or of both; and

[(B) a description of the performance objectives for the project, including any proposed modifications to the performance measures and reporting requirements used in the programs.

[(4) WAIVERS REQUESTED.—A description of the statutory and regulatory requirements with respect to which a waiver is requested in order to carry out the project, and a justification of the need for each such waiver.

[(5) COST NEUTRALITY.—Such information and assurances as necessary to establish to the satisfaction of the administering Secretary, in consultation with the Director of the Office of Management and Budget, that the proposed project is reasonably expected to meet the applicable cost neutrality requirements of subsection (d)(4).

[(6) EVALUATION AND REPORTS.—An assurance that the applicant will conduct ongoing and final evaluations of the project, and make interim and final reports to the administering Secretary, at such times and in such manner as the administering Secretary may require.

[(7) PUBLIC HOUSING AGENCY PLAN.—In the case of an application proposing a demonstration project that includes activities referred to in subsection (b)(2)(H) of this section—

[(A) a certification that the applicable annual public housing agency plan of any agency affected by the project that is approved under section 5A of the United States Housing Act of 1937 (42 U.S.C. 1437c–1) by the Secretary includes the information specified in paragraphs (1) through (4) of this subsection; and

[(B) any resident advisory board recommendations, and other information, relating to the project that, pursuant to section 5A(e)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437c–1(e)(2), is required to be included in the public housing agency plan of any public housing agency affected by the project.

[(8) OTHER INFORMATION AND ASSURANCES.—Such other information and assurances as the administering Secretary may require.

[(d) APPROVAL OF APPLICATIONS.—

[(1) IN GENERAL.—The administering Secretary with respect to a qualified program that is identified in an application submitted pursuant to subsection (c) may approve the application and, except as provided in paragraph (2), waive any requirement applicable to the program, to the extent consistent with this section and necessary and appropriate for the conduct of the demonstration project proposed in the application, if the administering Secretary determines that the project—

[(A) has a reasonable likelihood of achieving the objectives of the programs to be included in the project;

[(B) may reasonably be expected to meet the applicable cost neutrality requirements of paragraph (4), as determined by the Director of the Office of Management and Budget; and

[(C) includes the coordination of 2 or more qualified programs.

[(2) PROVISIONS EXCLUDED FROM WAIVER AUTHORITY.—A waiver shall not be granted under paragraph (1)—

[(A) with respect to any provision of law relating to—

[(i) civil rights or prohibition of discrimination;

[(ii) purposes or goals of any program;

[(iii) maintenance of effort requirements;

[(iv) health or safety;

[(v) labor standards under the Fair Labor Standards Act of 1938; or

[(vi) environmental protection;

[(B) with respect to section 241(a) of the Adult Education and Family Literacy Act;

[(C) in the case of a program under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), with respect to any requirement under section 5A of such Act (42 U.S.C. 1437c–1; relating to public housing agency plans and resident advisory boards);

[(D) in the case of a program under the Workforce Investment Act, with respect to any requirement the waiver of which would violate section 189(i)(4)(A)(i) of such Act;

[(E) in the case of the food stamp program (as defined in section 3(h) of the Food Stamp Act of 1977 (7 U.S.C. 2012(h)), with respect to any requirement under—

[(i) section 6 (if waiving a requirement under such section would have the effect of expanding eligibility for the program), 7(b) or 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or

[(ii) title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1601 et seq.);

[(F) with respect to any requirement that a State pass through to a sub-State entity part or all of an amount paid to the State;

[(G) if the waiver would waive any funding restriction or limitation provided in an appropriations Act, or would have the effect of transferring appropriated funds from 1 appropriations account to another; or

[(H) except as otherwise provided by statute, if the waiver would waive any funding restriction applicable to a program authorized under an Act which is not an appropriations Act (but not including program requirements such as application procedures, performance standards, reporting requirements, or eligibility standards), or would have the effect of transferring funds from a program for which there is direct spending (as defined in section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985) to another program.

[(3) AGREEMENT OF EACH ADMINISTERING SECRETARY REQUIRED.—

[(A) IN GENERAL.—An applicant may not conduct a demonstration project under this section unless each administering Secretary with respect to any program proposed to be included in the project has approved the application to conduct the project.

[(B) AGREEMENT WITH RESPECT TO FUNDING AND IMPLEMENTATION.—Before approving an application to conduct a demonstration project under this section, an administering Secretary shall have in place an agreement with the applicant with respect to the payment of funds and responsibilities required of the administering Secretary with respect to the project.

[(4) COST-NEUTRALITY REQUIREMENT.—

[(A) GENERAL RULE.—Notwithstanding any other provision of law (except subparagraph

(B)), the total of the amounts that may be paid by the Federal Government for a fiscal year with respect to the programs in the State in which an entity conducting a demonstration project under this section is located that are affected by the project shall not exceed the estimated total amount that the Federal Government would have paid for the fiscal year with respect to the programs if the project had not been conducted, as determined by the Director of the Office of Management and Budget.

[(B) SPECIAL RULE.—If an applicant submits to the Director of the Office of Management and Budget a request to apply the rules of this subparagraph to the programs in the State in which the applicant is located that are affected by a demonstration project proposed in an application submitted by the applicant pursuant to this section, during such period of not more than 5 consecutive fiscal years in which the project is in effect, and the Director determines, on the basis of supporting information provided by the applicant, to grant the request, then, notwithstanding any other provision of law, the total of the amounts that may be paid by the Federal Government for the period with respect to the programs shall not exceed the estimated total amount that the Federal Government would have paid for the period with respect to the programs if the project had not been conducted.

[(5) 90-DAY APPROVAL DEADLINE.—

[(A) IN GENERAL.—If an administering Secretary receives an application to conduct a demonstration project under this section and does not disapprove the application within 90 days after the receipt, then—

[(i) the administering Secretary is deemed to have approved the application for such period as is requested in the application, except to the extent inconsistent with subsection (e); and

[(ii) any waiver requested in the application which applies to a qualified program that is identified in the application and is administered by the administering Secretary is deemed to be granted, except to the extent inconsistent with paragraph (2) or (4) of this subsection.

[(B) DEADLINE EXTENDED IF ADDITIONAL INFORMATION IS SOUGHT.—The 90-day period referred to in subparagraph (A) shall not include any period that begins with the date the Secretary requests the applicant to provide additional information with respect to the application and ends with the date the additional information is provided.

[(e) DURATION OF PROJECTS.—A demonstration project under this section may be approved for a term of not more than 5 years.

[(f) REPORTS TO CONGRESS.—

[(1) REPORT ON DISPOSITION OF APPLICATIONS.—Within 90 days after an administering Secretary receives an application submitted pursuant to this section, the administering Secretary shall submit to each Committee of the Congress which has jurisdiction over a qualified program identified in the application notice of the receipt, a description of the decision of the administering Secretary with respect to the application, and the reasons for approving or disapproving the application.

[(2) REPORTS ON PROJECTS.—Each administering Secretary shall provide annually to the Congress a report concerning demonstration projects approved under this section, including—

[(A) the projects approved for each applicant;

[(B) the number of waivers granted under this section, and the specific statutory provisions waived;

[(C) how well each project for which a waiver is granted is improving or enhancing program achievement from the standpoint of quality, cost-effectiveness, or both;

[(D) how well each project for which a waiver is granted is meeting the performance objectives specified in subsection (c)(3)(B);

[(E) how each project for which a waiver is granted is conforming with the cost-neutrality requirements of subsection (d)(4); and

[(F) to the extent the administering Secretary deems appropriate, recommendations for modification of programs based on outcomes of the projects.

[(g) AMENDMENT TO UNITED STATES HOUSING ACT OF 1937.—Section 5A(d) of the United States Housing Act of 1937 (42 U.S.C. 1437c–1(d)) is amended—

[(1) by redesignating paragraph (18) as paragraph (19); and

[(2) by inserting after paragraph (17) the following new paragraph:

[''(18) PROGRAM COORDINATION DEMONSTRATION PROJECTS.—In the case of an agency that administers an activity referred to in section 701(b)(2)(H) of the Personal Responsibility, Work, and Family Promotion Act of 2003 that, during such fiscal year, will be included in a demonstration project under section 701 of such Act, the information that is required to be included in the application for the project pursuant to paragraphs (1) through (4) of section 701(b) of such Act.''.

[SEC. 602. STATE FOOD ASSISTANCE BLOCK GRANT DEMONSTRATION PROJECT.

[The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:

[''SEC. 28. STATE FOOD ASSISTANCE BLOCK GRANT DEMONSTRATION PROJECT.

[''(a) ESTABLISHMENT.—The Secretary shall establish a program to make grants to States in accordance with this section to provide—

[''(1) food assistance to needy individuals and families residing in the State;

[''(2) funds to operate an employment and training program under subsection (g) for needy individuals under the program; and

[''(3) funds for administrative costs incurred in providing the assistance.

[''(b) ELECTION.—

[''(1) IN GENERAL.—A State may elect to participate in the program established under subsection (a).

[''(2) ELECTION REVOCABLE.—A State that elects to participate in the program established under subsection (a) may subsequently reverse the election of the State only once thereafter. Following the reversal, the State shall only be eligible to participate in the food stamp program in accordance with the other sections of this Act and shall not receive a block grant under this section.

[''(3) PROGRAM EXCLUSIVE.—A State that is participating in the program established under subsection (a) shall not be subject to, or receive any benefit under, this Act except as provided in this section.

[''(c) LEAD AGENCY.—

[''(1) DESIGNATION.—A State desiring to participate in the program established under subsection (a) shall designate, in an application submitted to the Secretary under subsection (d)(1), an appropriate State agency that complies with paragraph (2) to act as the lead agency for the State.

[''(2) DUTIES.—The lead agency shall—

[''(A) administer, either directly, through other State agencies, or through local agencies, the assistance received under this section by the State;

[''(B) develop the State plan to be submitted to the Secretary under subsection (d)(1); and

[''(C) coordinate the provision of food assistance under this section with other Federal, State, and local programs.

[''(d) APPLICATION AND PLAN.—

[''(1) APPLICATION.—To be eligible to receive assistance under this section, a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary shall by regulation require, including—

[''(A) an assurance that the State will comply with the requirements of this section;

[''(B) a State plan that meets the requirements of paragraph (2); and

[''(C) an assurance that the State will comply with the requirements of the State plan under paragraph (2).

[''(2) REQUIREMENTS OF PLAN.—

[''(A) LEAD AGENCY.—The State plan shall identify the lead agency.

[''(B) USE OF BLOCK GRANT FUNDS.—The State plan shall provide that the State shall use the amounts provided to the State for each fiscal year under this section—

[''(i) to provide food assistance to needy individuals and families residing in the State, other than residents of institutions who are ineligible for food stamps under section 3(i);

[''(ii) to administer an employment and training program under subsection (g) for needy individuals under the program and to provide reimbursements to needy individuals and families as would be allowed under section 16(h)(3); and

[''(iii) to pay administrative costs incurred in providing the assistance.

[''(C) ASSISTANCE FOR ENTIRE STATE.—The State plan shall provide that benefits under this section shall be available throughout the entire State.

[''(D) NOTICE AND HEARINGS.—The State plan shall provide that an individual or family who applies for, or receives, assistance under this section shall be provided with notice of, and an opportunity for a hearing on, any action under this section that adversely affects the individual or family.

[''(E) OTHER ASSISTANCE.—

[''(i) COORDINATION.—The State plan may coordinate assistance received under this section with assistance provided under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

[''(ii) PENALTIES.—If an individual or family is penalized for violating part A of title IV of the Act, the State plan may reduce the amount of assistance provided under this section or otherwise penalize the individual or family.

[''(F) ELIGIBILITY LIMITATIONS.—The State plan shall describe the income and resource eligibility limitations that are established for the receipt of assistance under this section.

[''(G) RECEIVING BENEFITS IN MORE THAN 1 JURISDICTION.—The State plan shall establish a system to verify and otherwise ensure that no individual or family shall receive benefits under this section in more than 1 jurisdiction within the State.

[''(H) PRIVACY.—The State plan shall provide for safeguarding and restricting the use and disclosure of information about any individual or family receiving assistance under this section.

[''(I) OTHER INFORMATION.—The State plan shall contain such other information as may be required by the Secretary.

[''(3) APPROVAL OF APPLICATION AND PLAN.—During fiscal years 2004 through 2008, the Secretary may approve the applications and State plans that satisfy the requirements of this section of not more than 5 States for a term of not more than 5 years.

[''(e) CONSTRUCTION OF FACILITIES.—No funds made available under this section shall

be expended for the purchase or improvement of land, or for the purchase, construction, or permanent improvement of any building or facility.

[''(f) BENEFITS FOR ALIENS.—No individual shall be eligible to receive benefits under a State plan approved under subsection (d)(3) if the individual is not eligible to participate in the food stamp program under title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1601 et seq.).

[''(g) EMPLOYMENT AND TRAINING.—Each State shall implement an employment and training program for needy individuals under the program.

[''(h) ENFORCEMENT.—

[''(1) REVIEW OF COMPLIANCE WITH STATE PLAN.—The Secretary shall review and monitor State compliance with this section and the State plan approved under subsection (d)(3).

[''(2) NONCOMPLIANCE.—

[''(A) IN GENERAL.—If the Secretary, after reasonable notice to a State and opportunity for a hearing, finds that—

[''(i) there has been a failure by the State to comply substantially with any provision or requirement set forth in the State plan approved under subsection (d)(3); or

[''(ii) in the operation of any program or activity for which assistance is provided under this section, there is a failure by the State to comply substantially with any provision of this section, the Secretary shall notify the State of the finding and that no further payments will be made to the State under this section (or, in the case of noncompliance in the operation of a program or activity, that no further payments to the State will be made with respect to the program or activity) until the Secretary is satisfied that there is no longer any failure to comply or that the noncompliance will be promptly corrected.

[''(B) OTHER SANCTIONS.—In the case of a finding of noncompliance made pursuant to subparagraph (A), the Secretary may, in addition to, or in lieu of, imposing the sanctions described in subparagraph (A), impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this section and disqualification from the receipt of financial assistance under this section.

[''(C) NOTICE.—The notice required under subparagraph (A) shall include a specific identification of any additional sanction being imposed under subparagraph (B).

[''(3) ISSUANCE OF REGULATIONS.—The Secretary shall establish by regulation procedures for—

[''(A) receiving, processing, and determining the validity of complaints concerning any failure of a State to comply with the State plan or any requirement of this section; and

[''(B) imposing sanctions under this section.

[''(i) PAYMENTS.—

[''(1) IN GENERAL.—For each fiscal year, the Secretary shall pay to a State that has an application approved by the Secretary under subsection (d)(3) an amount that is equal to the allotment of the State under subsection (l)(2) for the fiscal year.

[''(2) METHOD OF PAYMENT.—The Secretary shall make payments to a State for a fiscal year under this section by issuing 1 or more letters of credit for the fiscal year, with necessary adjustments on account of overpayments or underpayments, as determined by the Secretary.

[''(3) SPENDING OF FUNDS BY STATE.—

[''(A) IN GENERAL.—Except as provided in subparagraph (B), payments to a State from an allotment under subsection (l)(2) for a fiscal year may be expended by the State only in the fiscal year.

[''(B) CARRYOVER.—The State may reserve up to 10 percent of an allotment under subsection (l)(2) for a fiscal year to provide assistance under this section in subsequent fiscal years, except that the reserved funds may not exceed 30 percent of the total allotment received under this section for a fiscal year.

[''(4) PROVISION OF FOOD ASSISTANCE.—A State may provide food assistance under this section in any manner determined appropriate by the State to provide food assistance to needy individuals and families in the State, such as electronic benefits transfer limited to food purchases, coupons limited to food purchases, or direct provision of commodities.

[''(5) DEFINITION OF FOOD ASSISTANCE.—In this section, the term 'food assistance' means assistance that may be used only to obtain food, as defined in section 3(g).

[''(j) AUDITS.—

[''(1) REQUIREMENT.—After the close of each fiscal year, a State shall arrange for an audit of the expenditures of the State during the program period from amounts received under this section.

[''(2) INDEPENDENT AUDITOR.—An audit under this section shall be conducted by an entity that is independent of any agency administering activities that receive assistance under this section and be in accordance with generally accepted auditing principles.

[''(3) PAYMENT ACCURACY.—Each annual audit under this section shall include an audit of payment accuracy under this section that shall be based on a statistically valid sample of the caseload in the State.

[''(4) SUBMISSION.—Not later than 30 days after the completion of an audit under this section, the State shall submit a copy of the audit to the legislature of the State and to the Secretary.

[''(5) REPAYMENT OF AMOUNTS.—Each State shall repay to the United States any amounts determined through an audit under this section to have not been expended in accordance with this section or to have not been expended in accordance with the State plan, or the Secretary may offset the amounts against any other amount paid to the State under this section.

[''(k) NONDISCRIMINATION.—

[''(1) IN GENERAL.—The Secretary shall not provide financial assistance for any program, project, or activity under this section if any person with responsibilities for the operation of the program, project, or activity discriminates with respect to the program, project, or activity because of race, religion, color, national origin, sex, or disability.

[''(2) ENFORCEMENT.—The powers, remedies, and procedures set forth in title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) may be used by the Secretary to enforce paragraph (1).

[''(l) ALLOTMENTS.—

[''(1) DEFINITION OF STATE.—In this section, the term 'State' means each of the 50 States, the District of Columbia, Guam, and the Virgin Islands of the United States.

[''(2) STATE ALLOTMENT.—

[''(A) IN GENERAL.—Except as provided in subparagraph (B), from the amounts made available under section 18 of this Act for each fiscal year, the Secretary shall allot to each State participating in the program established under subsection (a) an amount that is equal to the sum of—

[''(i) the greater of, as determined by the Secretary—

[''(I) the total dollar value of all benefits issued under the food stamp program established under this Act by the State during fiscal year 2003; or

[''(II) the average per fiscal year of the total dollar value of all benefits issued under the food stamp program by the State during each of fiscal years 2001 through 2003; and

[''(ii) the greater of, as determined by the Secretary—

[''(I) the total amount received by the State for administrative costs and the employment and training program under subsections (a) and (h), respectively, of section 16 of this Act for fiscal year 2003; or

[''(II) the average per fiscal year of the total amount received by the State for administrative costs and the employment and training program under subsections (a) and (h), respectively, of section 16 of this Act for each of fiscal years 2001 through 2003.

[''(B) INSUFFICIENT FUNDS.—If the Secretary finds that the total amount of allotments to which States would otherwise be entitled for a fiscal year under subparagraph (A) will exceed the amount of funds that will be made available to provide the allotments for the fiscal year, the Secretary shall reduce the allotments made to States under this subsection, on a pro rata basis, to the extent necessary to allot under this subsection a total amount that is equal to the funds that will be made available.''.

[TITLE VII—ABSTINENCE EDUCATION

[SEC. 701. EXTENSION OF ABSTINENCE EDUCATION PROGRAM.

[(a) EXTENSION OF APPROPRIATIONS.—Section 510(d) (42 U.S.C. 710(d)) is amended by striking ''2002'' and inserting ''2008''.

[(b) ALLOTMENT OF FUNDS.—Section 510(a) (42 U.S.C. 710(a)) is amended—

[(1) in the matter preceding paragraph (1), by striking ''an application for the fiscal year under section 505(a)'' and inserting '', for the fiscal year, an application under section 505(a), and an application under this section (in such form and meeting such terms and conditions as determined appropriate by the Secretary),''; and

[(2) in paragraph (2), to read as follows:

[''(2) the percentage that would be determined for the State under section 502(c)(1)(B)(ii) if the calculation under such section took into consideration only those States that transmitted both such applications for such fiscal year.''.

[(c) REALLOTMENT OF FUNDS.—Section 510 (42 U.S.C. 710(a)) is amended by adding at the end the following new subsection:

[''(e)(1) With respect to allotments under subsection (a) for fiscal year 2004 and subsequent fiscal years, the amount of any allotment to a State for a fiscal year that the Secretary determines will not be required to carry out a program under this section during such fiscal year or the succeeding fiscal year shall be available for reallotment from time to time during such fiscal years on such dates as the Secretary may fix, to other States that the Secretary determines—

[''(A) require amounts in excess of amounts previously allotted under subsection (a) to carry out a program under this section; and

[''(B) will use such excess amounts during such fiscal years.

[''(2) Reallotments under paragraph (1) shall be made on the basis of such States' applications under this section, after taking into consideration the population of low-income children in each such State as compared with the population of low-income children in all such States with respect to which a determination under paragraph (1) has been made by the Secretary.

[''(3) Any amount reallotted under paragraph (1) to a State is deemed to be part of its allotment under subsection (a).''.

[(d) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to the program under section 510 for fiscal years 2004 and succeeding fiscal years.

[TITLE VIII—TRANSITIONAL MEDICAL ASSISTANCE

[SEC. 801. EXTENSION OF MEDICAID TRANSITIONAL MEDICAL ASSISTANCE PROGRAM THROUGH FISCAL YEAR 2004.

[(a) IN GENERAL.—Section 1925(f) (42 U.S.C. 1396r–6(f)) is amended by striking ''2002'' and inserting ''2004''.

[(b) CONFORMING AMENDMENT.—Section 1902(e)(1)(B) (42 U.S.C. 1396a(e)(1)(B)) is amended by striking ''September 30, 2002'' and inserting ''the last date (if any) on which section 1925 applies under subsection (f) of that section''.

[(c) EFFECTIVE DATE.—The amendments made by this section shall take effect October 1, 2003.

[SEC. 802. ADJUSTMENT TO PAYMENTS FOR MEDICAID ADMINISTRATIVE COSTS TO PREVENT DUPLICATIVE PAYMENTS AND TO FUND EXTENSION OF TRANSITIONAL MEDICAL ASSISTANCE.

[Section 1903 (42 U.S.C. 1396b) is amended—

[(1) in subsection (a)(7), by striking ''section 1919(g)(3)(B)'' and inserting ''subsection (x) and section 1919(g)(3)(C)''; and

[(2) by adding at the end the following:

[''(x) ADJUSTMENTS TO PAYMENTS FOR ADMINISTRATIVE COSTS TO FUND EXTENSION OF TRANSITIONAL MEDICAL ASSISTANCE.—

[''(1) REDUCTIONS IN PAYMENTS FOR ADMINISTRATIVE COSTS.—Effective for each calendar quarter in fiscal year 2004 and fiscal year 2005, the Secretary shall reduce the amount paid under subsection (a)(7) to each State by an amount equal to 45 percent for fiscal year 2004, and 80 percent for fiscal year 2005, of one-quarter of the annualized amount determined for the medicaid program under section 16(k)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(2)(B)).

[''(2) ALLOCATION OF ADMINISTRATIVE COSTS.—None of the funds or expenditures described in section 16(k)(5)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(5)(B)) may be used to pay for costs—

[''(A) eligible for reimbursement under subsection (a)(7) (or costs that would have been eligible for reimbursement but for this subsection); and

[''(B) allocated for reimbursement to the program under this title under a plan submitted by a State to the Secretary to allocate administrative costs for public assistance programs;

except that, for purposes of subparagraph (A), the reference in clause (iii) of that section to 'subsection (a)' is deemed a reference to subsection (a)(7) and clause (iv)(II) of that section shall be applied as if 'medicaid program' were substituted for 'food stamp program'.''.

[TITLE IX—EFFECTIVE DATE

[SEC. 901. EFFECTIVE DATE.

[(a) IN GENERAL.—Except as otherwise provided, the amendments made by this Act shall take effect on the date of the enactment of this Act.

[(b) EXCEPTION.—In the case of a State plan under part A or D of title IV of the Social Security Act which the Secretary determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this Act, the effective date of the amendments imposing the additional requirements shall be 3 months after 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 preceding sentence, in the case of a State that has a 2-year legislative session, each year of the session shall be considered to be a separate regular session of the State legislature.]

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Personal Responsibility and Individual Development for Everyone Act'' or the ''PRIDE Act''.

SEC. 2. TABLE OF CONTENTS.

The table of contents of this Act is as follows:

SEC. 3. REFERENCES.

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 amendment or repeal shall be considered to be made to a section or other provision of the Social Security Act.

TITLE I—TANF

SEC. 101. STATE PLAN.

(a) PERFORMANCE IMPROVEMENT.—Section 402(a) (42 U.S.C. 602(a)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by redesignating clause (vi) as clause (vii); and

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

''(v) Establish specific measurable performance objectives for pursuing the purposes of the program under this part as described in section 401(a), including by—

''(I) establishing objectives consistent (as determined by the State) with the criteria used by the Secretary in establishing performance targets under section 403(a)(4)(C) (including with respect to workplace attachment and advancement), and with such additional criteria related to other purposes of the program under this part as described in section 401(a) as the Secretary, in consultation with the National Governors' Association and the American Public Human Services Association, shall establish; and

''(II) describing the methodology that the State will use to measure State performance in relation to each such objective.

''(vi) Describe any strategies and programs the State plans to use to address—

''(I) employment retention and advancement for recipients of assistance under the program, including placement into high-demand jobs, and whether the jobs are identified using labor market information;

''(II) efforts to reduce teen pregnancy;

''(III) services for struggling and noncompliant families, and for clients with special problems; and

''(IV) program integration, including the extent to which employment and training services under the program are provided through the One-Stop delivery system created under the Workforce Investment Act of 1998, and the extent to which former recipients of such assistance have access to additional core, intensive, or training services funded through such Act.''; and

(B) in subparagraph (B)—

(i) by striking clauses (i) and (iv);

(ii) by redesignating clauses (ii) and (iii) as clauses (i) and (ii), respectively; and

(iii) by inserting after clause (ii) (as so redesignated by clause (ii)) the following:

''(iii) If the State is undertaking any strategies or programs to engage faith-based organizations in the provision of services funded under this part, or that otherwise relate to section 104 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the document shall describe such strategies and programs.

''(iv) The document shall describe strategies to improve program management and performance.

''(v) The document shall include a performance report which details State progress toward full engagement for all adult or minor child head of household recipients of assistance.'';

(2) in paragraph (4), by inserting ''and tribal'' after ''that local''; and

(3) by adding at the end the following:

''(8) CERTIFICATION OF CONSULTATION ON PROVISION OF TRANSPORTATION AID.—In the case of a State that provides transportation aid under the State program, a certification by the chief executive officer of the State that State and local transportation agencies and planning bodies have been consulted in the development of the plan.''.

(b) PROCEDURES FOR SUBMITTING AND AMENDING STATE PLANS.—

(1) IN GENERAL.—Subsection (b) of section 402 (42 U.S.C. 602(b)) is amended to read as follows:

''(b) PROCEDURES FOR SUBMITTING AND AMENDING STATE PLANS.—

''(1) STANDARD STATE PLAN FORMAT.—The Secretary shall, after notice and public comment, develop a proposed Standard State Plan Form to be used by States under subsection (a). Such form shall be finalized by the Secretary for use by States not later than 9 months after the date of enactment of the Personal Responsibility and Individual Development for Everyone Act.

''(2) REQUIREMENT FOR COMPLETED PLAN USING STANDARD STATE PLAN FORMAT BY FISCAL YEAR 2005.—Notwithstanding any other provision of law, each State shall submit a complete State plan, using the Standard State Plan Form developed under paragraph (1), not later than October 1, 2004.

''(3) PUBLIC NOTICE AND COMMENT.—Prior to submitting a State plan to the Secretary under this section, the State shall—

''(A) make the proposed State plan available to the public through an appropriate State maintained Internet website and through other means as the State determines appropriate;

''(B) allow for a reasonable public comment period of not less than 45 days; and

''(C) make comments received concerning such plan or, at the discretion of the State, a summary of the comments received available to the public through such website and through other means as the State determines appropriate.

''(4) PUBLIC AVAILABILITY OF STATE PLAN.—A State shall ensure that the State plan that is in effect for any fiscal year is available to the public through an appropriate State maintained Internet website and through other means as the State determines appropriate.

''(5) AMENDING THE STATE PLAN.—A State shall file an amendment to the State plan with the Secretary if the State determines that there has been a material change in any information required to be included in the State plan or any other information that the State has included in the plan, including substantial changes in the use of funding. Prior to submitting an amendment to the State plan to the Secretary, the State shall—

''(A) make the proposed amendment available to the public as provided for in paragraph (3)(A);

''(B) allow for a reasonable public comment period of not less than 45 days; and

''(C) make the comments available as provided for in paragraph (3)(C).''.

(2) CONFORMING AMENDMENT.—Section 402 (42 U.S.C. 602) is amended by striking subsection (c).

(c) CONSULTATION WITH STATE REGARDING PLAN AND DESIGN OF TRIBAL PROGRAMS.—Section 412(b)(1) (42 U.S.C. 612(b)(1)) is amended—

(1) in subparagraph (E), by striking ''and'' at the end;

(2) in subparagraph (F), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(G) provides an assurance that the State in which the tribe is located has been consulted regarding the plan and its design.''.

(d) PERFORMANCE MEASURES.—Section 413 (42 U.S.C. 613) is amended by adding at the end the following:

''(k) PERFORMANCE IMPROVEMENT.—The Secretary, in consultation with the States, shall develop uniform performance measures designed to assess the degree of effectiveness, and the degree of improvement, of State programs funded under this part in accomplishing the purposes of this part.''.

(e) ANNUAL RANKING OF STATES.—Section 413(d)(1) (42 U.S.C. 613(d)(1)) is amended to read as follows:

''(1) ANNUAL RANKING OF STATES.—

''(A) IN GENERAL.—The Secretary shall rank annually the States to which grants are paid under section 403 in the order of their success in—

''(i) placing recipients of assistance under the State program funded under this part into private sector jobs;

''(ii) the success of the recipients in retaining employment;

''(iii) the ability of the recipients to increase their wages;

''(iv) the degree to which recipients have workplace attachment and advancement;

''(v) reducing the overall welfare caseload; and

''(vi) when a practicable method for calculating this information becomes available, diverting individuals from formally applying to the State program and receiving assistance.

''(B) CONSIDERATION OF OTHER FACTORS.—In ranking States under this paragraph, the Secretary shall take into account the average number of minor children living at home in families in the State that have incomes below the poverty line and the amount of funding provided each State under this part for such families.''.

SEC. 102. FAMILY ASSISTANCE GRANTS.

(a) EXTENSION OF AUTHORITY.—Section 403(a)(1) (42 U.S.C. 603(a)(1)(A)), as amended by section 3(a) of the Welfare Reform Extension Act of 2003 (Public Law 108–040, 117 Stat. 836), is amended—

(1) in subparagraph (A)—

(A) by striking ''1996, 1997, 1998, 1999, 2000, 2001, 2002, and 2003'' and inserting ''2004 through 2008''; and

(B) by inserting ''payable to the State for the fiscal year'' before the period; and

(2) in subparagraph (C), by striking ''for fiscal year 2003'' and all that follows through the period, and inserting ''for each of fiscal years 2004 through 2008, $16,566,542,000 for grants under this paragraph.''.

(b) MATCHING GRANTS FOR THE TERRITORIES.—Section 1108(b)(2) (42 U.S.C. 1308(b)(2)), as amended by section 3(b) of the Welfare Reform Extension Act of 2003 (Public Law 108–040, 117 Stat. 836), is amended by striking ''1997 through 2003'' and inserting ''2004 through 2008''.

SEC. 103. PROMOTION OF FAMILY FORMATION AND HEALTHY MARRIAGE.

(a) STATE PLANS.—Section 402(a)(1)(A) (42 U.S.C. 602(a)(1)(A)), as amended by section 101(a), is amended by adding at the end the following:

''(viii) Encourage equitable treatment of healthy 2-parent married families under the program referred to in clause (i).''.

(b) HEALTHY MARRIAGE PROMOTION GRANTS; REPEAL OF BONUS FOR REDUCTION OF ILLEGITIMACY RATIO.—Section 403(a)(2) (42 U.S.C. 603(a)(2)) is amended to read as follows:

''(2) HEALTHY MARRIAGE PROMOTION GRANTS.—

''(A) AUTHORITY.—

''(i) IN GENERAL.—The Secretary shall award competitive grants to States, territories, and Indian tribes and tribal organizations for not more than 50 percent of the cost of developing and implementing innovative programs to promote and support healthy 2-parent married families.

''(ii) USE OF OTHER TANF FUNDS.—A State or Indian tribe with an approved tribal family assistance plan may use funds provided under other grants made under this part for all or part of the expenditures incurred for the remainder of the costs described in clause (i). In the case of a State, any such funds expended shall not be considered qualified State expenditures for purposes of section 409(a)(7).

''(B) HEALTHY MARRIAGE PROMOTION ACTIVITIES.—Funds provided under subparagraph (A) shall be used to support any of the following programs or activities:

''(i) Public advertising campaigns on the value of marriage and the skills needed to increase marital stability and health.

''(ii) Education in high schools on the value of marriage, relationship skills, and budgeting.

''(iii) Marriage education, marriage skills, and relationship skills programs, that may include parenting skills, financial management, conflict resolution, and job and career advancement, for non-married pregnant women, non-married expectant fathers, and non-married recent parents.

''(iv) Pre-marital education and marriage skills training for engaged couples and for couples or individuals interested in marriage.

''(v) Marriage enhancement and marriage skills training programs for married couples.

''(vi) Divorce reduction programs that teach relationship skills.

''(vii) Marriage mentoring programs which use married couples as role models and mentors.

''(viii) Programs to reduce the disincentives to marriage in means-tested aid programs, if offered in conjunction with any activity described in this subparagraph.

''(C) VOLUNTARY PARTICIPATION.—Participation in programs or activities described in any of clauses (iii) through (vii) shall be voluntary.

''(D) GENERAL RULES GOVERNING USE OF FUNDS.—The rules of section 404, other than subsection (b) of that section, shall not apply to a grant made under this paragraph.

''(E) REQUIREMENTS FOR RECEIPT OF FUNDS.—A State, territory, or Indian tribe or tribal organization may not be awarded a grant under this paragraph unless the State, territory, Indian tribe or tribal organization, as a condition of receiving funds under such a grant—

''(i) consults with experts in domestic violence or with relevant community domestic violence coalitions in developing such programs or activities; and

''(ii) describes in the application for a grant under this paragraph—

''(I) how the programs or activities proposed to be conducted will address, as appropriate, issues of domestic violence; and

''(II) what the State, territory, or Indian tribe or tribal organization, will do, to the extent relevant, to ensure that participation in such programs or activities is voluntary, and to inform potential participants that their involvement is voluntary.

''(F) APPROPRIATION.—

''(i) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for each of fiscal years 2004 through 2008, $100,000,000 for grants under this paragraph.

''(ii) EXTENDED AVAILABILITY OF FUNDS.—

''(I) IN GENERAL.—Funds appropriated under clause (i) for each of fiscal years 2004 through 2008 shall remain available to the Secretary until expended.

''(II) AUTHORITY FOR GRANT RECIPIENTS.—A State, territory, or Indian tribe or tribal organization may use funds made available under a grant awarded under this paragraph without fiscal year limitation pursuant to the terms of the grant.''.

(c) COUNTING OF SPENDING ON NON-ELIGIBLE FAMILIES TO PREVENT AND REDUCE INCIDENCE OF OUT-OF-WEDLOCK BIRTHS, ENCOURAGE FORMATION AND MAINTENANCE OF HEALTHY 2-PARENT MARRIED FAMILIES, OR ENCOURAGE RESPONSIBLE FATHERHOOD.—Section 409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)) is amended by adding at the end the following:

''(V) COUNTING OF SPENDING ON NON-ELIGIBLE FAMILIES TO PREVENT AND REDUCE INCIDENCE OF OUT-OF-WEDLOCK BIRTHS, ENCOURAGE FORMATION AND MAINTENANCE OF HEALTHY 2-PARENT MARRIED FAMILIES, OR ENCOURAGE RESPONSIBLE FATHERHOOD.—Subject to subclauses (II) and (III), the term 'qualified State expenditures' includes the total expenditures by the State during the fiscal year under all State programs for a purpose described in paragraph (3) or (4) of section 401(a).''.

(d) PURPOSES.—Section 401(a)(4) (42 U.S.C. 601(a)(4)) is amended by striking ''two-parent families'' and inserting ''healthy 2-parent married families, and encourage responsible fatherhood''.

SEC. 104. SUPPLEMENTAL GRANT FOR POPULATION INCREASES IN CERTAIN STATES.

Section 403(a)(3)(H) (42 U.S.C. 603(a)(3)(H)), as amended by section 3(d) of the Welfare Reform Extension Act of 2003 (Public Law 108–040), 117 Stat. 837), is amended—

(1) in clause (i), by striking ''2002 and 2003'' and inserting ''2004 through 2007'';

(2) in clause (ii), by striking ''2003'' and inserting ''2007''; and

(3) in clause (iii), by striking ''2002 and 2003'' and inserting ''2004 through 2007''.

SEC. 105. BONUS TO REWARD EMPLOYMENT ACHIEVEMENT.

(a) BONUS TO REWARD EMPLOYMENT ACHIEVEMENT.—Section 403(a)(4) (42 U.S.C. 603(a)(4)) is amended to read as follows:

''(4) BONUS TO REWARD EMPLOYMENT ACHIEVEMENT.—

''(A) IN GENERAL.—The Secretary shall make a grant pursuant to this paragraph to each State for each bonus year for which the State is an employment achievement State.

''(B) AMOUNT OF GRANT.—

''(i) IN GENERAL.—Subject to clause (ii), the Secretary shall determine the amount of the grant payable under this paragraph to an employment achievement State for a bonus year, which shall be based on the performance of the State as determined under subparagraph (D)(i) for the fiscal year that immediately precedes the bonus year.

''(ii) LIMITATION.—The amount payable to a State under this paragraph for a bonus year shall not exceed 5 percent of the State family assistance grant.

''(C) FORMULA FOR MEASURING STATE PERFORMANCE.—

''(i) IN GENERAL.—Subject to clause (ii), not later than October 1, 2004, the Secretary, in consultation with the States, shall develop a formula for measuring State performance in operating the State program funded under this part so as to achieve the goals of employment entry, job retention, increased earnings from employment, and workplace attachment and advancement for families receiving assistance under the program, as measured on an absolute basis and on the basis of improvement in State performance.

''(ii) SPECIAL RULE FOR BONUS YEARS 2004 AND 2005.—For the purposes of awarding a bonus under this paragraph for bonus year 2004 or 2005, the Secretary may measure the performance of a State in fiscal year 2003 or 2004 (as the case may be) using the job entry rate, job retention rate, and earnings gain rate components of the formula developed under section 403(a)(4)(C) as in effect immediately before the effective date of this paragraph.

''(D) DETERMINATION OF STATE PERFORMANCE.—For each bonus year, the Secretary shall—

''(i) use the formula developed under subparagraph (C) to determine the performance of each eligible State for the fiscal year that precedes the bonus year; and

''(ii) prescribe performance standards in such a manner so as to ensure that—

''(I) the average annual total amount of grants to be made under this paragraph for each bonus year equals $100,000,000; and

''(II) the total amount of grants to be made under this paragraph for all bonus years equals $600,000,000.

''(E) DEFINITIONS.—In this paragraph:

''(i) BONUS YEAR.—The term 'bonus year' means each of fiscal years 2004 through 2009.

''(ii) EMPLOYMENT ACHIEVEMENT STATE.—The term 'employment achievement State' means, with respect to a bonus year, an eligible State whose performance determined pursuant to subparagraph (D)(i) for the fiscal year preceding the bonus year equals or exceeds the performance standards prescribed under subparagraph (D)(ii) for such preceding fiscal year.

''(F) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated for the period of fiscal years 2004 through 2009, $600,000,000 for grants under this paragraph.

''(G) GRANTS FOR TRIBAL ORGANIZATIONS.—This paragraph shall apply with respect to tribal organizations in the same manner in which this paragraph applies with respect to States. In determining the criteria under which to make grants to tribal organizations under this paragraph, the Secretary shall consult with tribal organizations.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2003.

SEC. 106. CONTINGENCY FUND.

(a) CONTINGENCY FUNDING AVAILABLE TO NEEDY STATES.—Section 403(b) (42 U.S.C. 603(b)) is amended—

(1) by striking paragraphs (1) through (3) and inserting the following:

''(1) CONTINGENCY FUND GRANTS.—

''(A) PAYMENTS.—Subject to subparagraph (C), and out of funds appropriated under subparagraph (E), each State shall receive a contingency fund grant for each eligible month in which the State is a needy State under paragraph (3).

''(B) MONTHLY CONTINGENCY FUND GRANT AMOUNT.—For each eligible month in which a State is a needy State, the State shall receive a contingency fund grant equal to the product of—

''(i) the applicable percentage (as defined under subparagraph (D)(i)) of the applicable benefit level (as defined in subparagraph (D)(ii)); and

''(ii) the amount by which the total number of families that received assistance under the State program funded under this part in the most recently concluded 3-month period for which data are available from the State exceeds a 5-percent increase in the number of such families in the corresponding 3-month period in either of the 2 most recent preceding fiscal years and that was due, in large measure, to economic conditions rather than State policy changes.

''(C) LIMITATION.—The total amount paid to a single State under subparagraph (A) during a fiscal year shall not exceed the amount equal to 10 percent of the State family assistance grant (as defined under subparagraph (B) of subsection (a)(1)).

''(D) DEFINITIONS.—In this paragraph:

''(i) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means the Federal medical assistance percentage for the State (as defined in section 1905(b)).

''(ii) APPLICABLE BENEFIT LEVEL.—

''(I) IN GENERAL.—Subject to subclause (II), the term 'applicable benefit level' means the amount equal to the maximum cash assistance grant for a family consisting of 3 individuals under the State program funded under this part.

''(II) RULE FOR STATES WITH MORE THAN 1 MAXIMUM LEVEL.—In the case of a State that has more than 1 maximum cash assistance grant level for families consisting of 3 individuals, the basic assistance cost shall be the amount equal to the maximum cash assistance grant level applicable to the largest number of families consisting of 3 individuals receiving assistance under the State program funded under this part.

''(E) APPROPRIATION.—Out of any money in the Treasury of the United States not otherwise appropriated, there is appropriated for the period of fiscal years 2004 through 2008, such sums as are necessary for making contingency fund grants under this subsection in a total amount not to exceed $2,000,000,000.'';

(2) by redesignating paragraph (4) as paragraph (2); and

(3) in paragraph (2), as so redesignated—

(A) by striking ''(3)(A)'' and inserting ''(1)''; and

(B) by striking ''2-month period that begins with any'' and inserting ''fiscal year quarter that includes a''.

(b) MODIFICATION OF DEFINITION OF NEEDY STATE.—Section 403(b), as amended by subsection (a), (42 U.S.C. 603(b)) is further amended—

(1) by striking paragraphs (5) and (6);

(2) by redesignating paragraphs (7) and (8) as paragraphs (5) and (6), respectively; and

(3) by inserting after paragraph (2) (as redesignated by subsection (a)(2)) the following:

''(3) INITIAL DETERMINATION OF WHETHER A STATE QUALIFIES AS A NEEDY STATE.—

''(A) IN GENERAL.—For purposes of paragraph (1), subject to paragraph (4), a State will be initially determined to be a needy State for a month if, as determined by the Secretary—

''(i) the monthly average of the unduplicated number of families that received assistance under the State program funded under this part in the most recently concluded 3-month period for which data are available from the State increased by at least 5 percent over the number of such families that received such benefits in the corresponding 3-month period in either of the 2 most recent preceding fiscal years;

''(ii) the increase in the number of such families for the State was due, in large measure, to economic conditions rather than State policy changes; and

''(iii) the State satisfies any of the following criteria:

''(I) The average rate of total unemployment in the State (seasonally adjusted) for the period consisting of the most recent 3 months for which data are available has increased by the lesser of 1.5 percentage points or by 50 percent over the corresponding 3-month period in either of the 2 most recent preceding fiscal years.

''(II) The average insured unemployment rate for the most recent 13 weeks for which data are available has increased by 1 percentage point over the corresponding 13-week period in either of the 2 most recent preceding fiscal years.

''(III) As determined by the Secretary of Agriculture, the monthly average number of households (as of the last day of each month) that participated in the food stamp program in the State in the then most recently concluded 3-

month period for which data are available exceeds by at least 15 percent the monthly average number of households (as of the last day of each month) in the State that participated in the food stamp program in the corresponding 3-month period in either of the 2 most recent preceding fiscal years, but only if the Secretary and the Secretary of Agriculture concur in the determination that the State's increased caseload was due, in large measure, to economic conditions rather than changes in Federal or State policies related to the food stamp program.

''(B) DURATION.—A State that qualifies as a needy State—

''(i) under subclause (I) or (II) of subparagraph (A)(iii), shall be considered a needy State until the State's average rate of total unemployment or the State's insured unemployment rate, respectively, falls below the level attained in the applicable period that was first used to determine that the State qualified as a needy State under that subparagraph (and in the case of the insured unemployment rate, without regard to any declines in the rate that are the result of seasonal variation); and

''(ii) under subclause (III) of subparagraph (A)(iii), shall be considered a needy State so long as the State meets the criteria for being considered a needy State under that subparagraph.

''(4) EXCEPTIONS.—

''(A) UNEXPENDED BALANCES.—

''(i) IN GENERAL.—Notwithstanding paragraph (3), a State that has unexpended TANF balances in an amount that exceeds 30 percent of the total amount of grants received by the State under subsection (a) for the most recently completed fiscal year (other than welfare-to-work grants made under paragraph (5) of that subsection prior to fiscal year 2000), shall not be a needy State under this subsection.

''(ii) DEFINITION OF UNEXPENDED TANF BALANCES.—In clause (i), the term 'unexpended TANF balances' means the lessor of—

''(I) the total amount of grants made to the State (regardless of the fiscal year in which such funds were awarded) under subsection (a) (other than welfare-to-work grants made under paragraph (5) of that subsection prior to fiscal year 2000) but not yet expended as of the end of the fiscal year preceding the fiscal year for which the State would, in the absence of this subparagraph, be considered a needy State under this subsection; and

''(II) the total amount of grants made to the State under subsection (a) (other than welfare-to-work grants made under paragraph (5) of that subsection prior to fiscal year 2000) but not yet expended as of the end of such preceding fiscal year, plus the difference between—

''(aa) the pro rata share of the current fiscal year grant to be made under subsection (a) to the State; and

''(bb) current year expenditures of the total amount of grants made to the State under subsection (a) (regardless of the fiscal year in which such funds were awarded) (other than such welfare-to-work grants) through the end of the most recent calendar quarter.

''(B) FAILURE TO SATISFY MAINTENANCE OF EFFORT REQUIREMENT.—Notwithstanding paragraph (3), a State that fails to satisfy the requirement of section 409(a)(7) with respect to a fiscal year shall not be a needy State under this subsection for that fiscal year.''.

(c) CLARIFICATION OF REPORTING REQUIREMENTS.—Paragraph (6) of section 403(b) (42 U.S.C. 603(b)), as redesignated by subsection (b)(2), is amended by striking ''on the status of the Fund'' and inserting ''on the States that qualified for contingency funds and the amount of funding awarded under this subsection''.

(d) ELIMINATION OF PENALTY FOR FAILURE TO MAINTAIN 100 PERCENT MAINTENANCE OF EFFORT.—

(1) IN GENERAL.—Section 409(a) (42 U.S.C. 609(a)) is amended—

(A) by striking paragraph (10); and

(B) by redesignating paragraphs (11) through (14) as paragraphs (10) through (13), respectively.

(2) CONFORMING AMENDMENTS.—Section 409 (42 U.S.C. 609) is amended—

(A) in subsection (a)(7)(B)(i)(III), by striking ''(12)'' and inserting ''(11)'';

(B) in subsection (b)(2), by striking ''(10), (12), or (13)'' and inserting ''(11), or (12)''; and

(C) in subsection (c)(4), by striking ''(10), (12), or (13)'' and inserting ''(11), or (12)''.

SEC. 107. USE OF FUNDS.

(a) TREATMENT OF INTERSTATE IMMIGRANTS.—Section 404 (42 U.S.C. 604) is amended by striking subsection (c).

(b) RESTORATION OF AUTHORITY TO TRANSFER UP TO 10 PERCENT OF TANF FUNDS TO THE SOCIAL SERVICES BLOCK GRANT.—Section 404(d)(2) (42 U.S.C. 604(d)(2)) is amended to read as follows:

''(2) LIMITATION ON AMOUNT TRANSFERABLE TO TITLE XX PROGRAMS.—A State may use not more than 10 percent of the amount of any grant made to the State under section 403(a) for a fiscal year to carry out State programs pursuant to title XX.''.

(c) CLARIFICATION OF AUTHORITY OF STATES TO USE TANF FUNDS CARRIED OVER FROM PRIOR YEARS TO PROVIDE TANF BENEFITS AND SERVICES.—Section 404(e) (42 U.S.C. 604(e)) is amended to read as follows:

''(e) AUTHORITY TO CARRYOVER OR RESERVE CERTAIN AMOUNTS FOR BENEFITS OR SERVICES OR FOR FUTURE CONTINGENCIES.—

''(1) CARRYOVER.—A State or tribe may use a grant made to the State or tribe under this part for any fiscal year to provide, without fiscal year limitation, any benefit or service that may be provided under the State or tribal program funded under this part.

''(2) CONTINGENCY RESERVE.—A State or tribe may designate any portion of a grant made to the State or tribe under this part as a contingency reserve for future needs, and may use any amount so designated to provide, without fiscal year limitation, any benefit or service that may be provided under the State or tribal program funded under this part. If a State or tribe so designates a portion of such a grant, the State or tribe shall include in its report under section 411(a) the amount so designated.''.

(d) STATE OPTION TO ESTABLISH UNDERGRADUATE POSTSECONDARY OR VOCATIONAL EDUCATIONAL PROGRAM.—

(1) IN GENERAL.—Section 404 (42 U.S.C. 604) is amended by adding at the end the following:

''(l) AUTHORITY TO ESTABLISH UNDERGRADUATE POSTSECONDARY OR VOCATIONAL EDUCATIONAL PROGRAM.—

''(1) IN GENERAL.—Subject to the succeeding paragraphs of this subsection, a State to which a grant is made under section 403 may use the grant to establish a program under which an eligible participant (as defined in paragraph (5)) may be provided support services described in paragraph (7) and, subject to paragraph (8), may have hours of participation in such program counted as being engaged in work for purposes of determining monthly participation rates under section 407(b)(1)(B)(i).

''(2) STATE PLAN REQUIREMENT.—In order to establish a program under this subsection, a State shall describe (in an addendum to the State plan submitted under section 402) the applicable eligibility criteria that is designed to limit participation in the program to only those individuals—

''(A) whose past earnings indicate that the individuals cannot qualify for employment that pays enough to allow them to obtain self-sufficiency (as determined by the State); and

''(B) for whom enrollment in the program will prepare the individuals for higher-paying occupations in demand in the State.

''(3) LIMITATION ON ENROLLMENT.—The number of eligible participants in a program established under this subsection may not exceed 10 percent of the total number of families receiving assistance under the State program funded under this part.

''(4) NO FEDERAL FUNDS FOR TUITION.—A State may not use Federal funds provided under a grant made under section 403 to pay tuition for an eligible participant.

''(5) DEFINITION OF ELIGIBLE PARTICIPANT.—In this subsection, the term 'eligible participant' means an individual who receives assistance under the State program funded under this part and satisfies the following requirements:

''(i) The individual is enrolled in a postsecondary 2- or 4-year degree program or in a vocational educational training program.

''(ii) During the period the individual participates in the program, the individual maintains satisfactory academic progress, as defined by the institution operating the undergraduate postsecondary or vocational educational program in which the individual is enrolled.

''(6) REQUIRED TIME PERIODS FOR COMPLETION OF DEGREE OR VOCATIONAL EDUCATIONAL TRAINING PROGRAM.—

''(A) IN GENERAL.—Subject to subparagraph (B), an eligible participant participating in a program established under this subsection shall be required to complete the requirements of a degree or vocational educational training program within the normal timeframe for full-time students seeking the particular degree or completing the vocational educational training program.

''(B) EXCEPTION.—For good cause, the State may allow an eligible participant to complete their degree requirements or vocational educational training program within a period not to exceed 1½ times the normal timeframe established under subparagraph (A) (unless further modification is required by the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.), or section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794)) and may modify the requirements applicable to an individual participating in the program. For purposes of the preceding sentence, good cause includes the case of an eligible participant with 1 or more significant barriers to normal participation, as determined by the State, such as the need to care for a family member with special needs.

''(7) SUPPORT SERVICES DESCRIBED.—For purposes of paragraph (1), the support services described in this paragraph include any or all of the following during the period the eligible participant is in the program established under this subsection:

''(A) Child care.

''(B) Transportation services.

''(C) Payment for books and supplies.

''(D) Other services provided under policies determined by the State to ensure coordination and lack of duplication with other programs available to provide support services.

''(8) RULES FOR INCLUSION IN MONTHLY WORK PARTICIPATION RATES.—

''(A) FAMILIES COUNTED AS PARTICIPATING IF THEY MEET THE REQUIREMENTS OF SUBPARAGRAPHS (B) OR (C).—For each eligible participant, a State may elect, for purposes of determining monthly participation rates under section 407(b)(1)(B)(i), to include such participant in the determination of such rates in accordance with subparagraph (B) or (C).

''(B) FULL OR PARTIAL CREDIT FOR HOURS OF PARTICIPATION IN EDUCATIONAL OR RELATED ACTIVITIES.—

''(i) IN GENERAL.—Subject to clause (iv), an eligible participant who participates in educational or related activities (as determined by the State) under a program established under this subsection shall be given credit for the number of hours of such participation to the extent that an adult recipient or minor child head of household would be given credit under section 407(c) for being engaged in the same number of hours of work activities described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of section 407(d).

''(ii) RELATED ACTIVITIES.—For purposes of clause (i), related activities shall include—

''(I) work activities described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of section 407(d);

''(II) work study, practicums, internships, clinical placements, laboratory or field work, or such other activities as will enhance the eligible participant's employability in the participant's field of study, as determined by the State; or

''(III) subject to clause (iii), study time.

''(iii) LIMITATION ON INCLUSION OF STUDY TIME.—For purposes of determining hours per week of participation by an eligible participant under a program established under this subsection, a State may not count study time of less than 1 hour for every hour of class time or more than 2 hours for every hour of class time.

''(iv) TOTAL NUMBER OF HOURS LIMITED TO BEING COUNTED AS 1 FAMILY.—In no event may hours per week of participation by an eligible participant under a program established under this subsection be counted as more than 1 family for purposes of determining monthly participation rates under section 407(b)(1)(B)(i).

''(C) FULL CREDIT FOR BEING ENGAGED IN DIRECT WORK ACTIVITIES FOR CERTAIN HOURS PER WEEK.—

''(i) IN GENERAL.—A family that includes an eligible participant who, in addition to complying with the full-time educational participation requirements of the degree or vocational educational training program they are enrolled in, participates in an activity described in subclause (I), (II), or (III) of subparagraph (B)(ii) for not less than the number of hours required per week under clause (ii) shall be counted as 1 family.

''(ii) REQUIRED HOURS PER WEEK.—For purposes of clause (i), subject to clause (iii), the number of hours per week are—

''(I) 6 hours per week during the first 12-month period that an eligible participant participates in a program established under this subsection;

''(II) 8 hours per week during the second 12-month period of such participation;

''(II) 10 hours per week during the third 12-month period of such participation; and

''(II) 12 hours per week during the fourth or any other succeeding 12- month period of such participation.

''(iii) MODIFICATION OF REQUIREMENTS FOR GOOD CAUSE.—A State may modify the number of hours per week required under clause (ii) for good cause. For purposes of the preceding sentence, good cause includes the case of an eligible participant with 1 or more significant barriers to normal participation, as determined by the State, such as the need to care for a family member with special needs.''.

(2) CONFORMING AMENDMENT.—Section 407(d)(8) (42 U.S.C. 607(d)(8)) is amended by inserting ''other than an individual participating in a program established under section 404(l)'' after ''individual''.

SEC. 108. REPEAL OF FEDERAL LOAN FOR STATE WELFARE PROGRAMS.

(a) REPEAL.—Section 406 (42 U.S.C. 606) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 409 (42 U.S.C. 609), as amended by section 106(d)(2), is amended—

(A) in subsection (a), by striking paragraph (6);

(B) in subsection (b)(2), by striking ''(6),''; and

(C) in subsection (c)(4), by striking ''(6),''.

(2) Section 412 (42 U.S.C. 612) is amended by striking subsection (f) and redesignating subsections (g) through (i) as subsections (f) through (h), respectively.

(3) Section 1108(a)(2) (42 U.S.C. 1308(a)(2)) is amended by striking ''406,''.

SEC. 109. WORK PARTICIPATION REQUIREMENTS.

(a) ELIMINATION OF SEPARATE WORK PARTICIPATION RATE FOR 2-PARENT FAMILIES BEGINNING WITH FISCAL YEAR 2003.—

(1) IN GENERAL.—Section 407 (42 U.S.C. 607) is amended—

(A) in subsection (a)—

(i) in the heading, by striking ''PARTICIPATION RATE REQUIREMENTS'' and all that follows through ''A State'' and inserting ''PARTICIPATION RATE REQUIREMENTS.—A State''; and

(ii) by striking paragraph (2);

(B) in subsection (b)—

(i) by striking paragraph (2);

(ii) in paragraph (4), by striking ''paragraphs (1)(B) and (2)(B)'' and inserting ''determining monthly participation rates under paragraph (1)(B)''; and

(iii) in paragraph (5), by striking ''rates'' and inserting ''rate''; and

(C) in subsection (c)—

(i) in paragraph (1)—

(I) by striking ''GENERAL RULES.—'' and all that follows through ''For purposes'' in subparagraph (A) and inserting ''GENERAL RULE.—For purposes''; and

(II) by striking subparagraph (B); and

(ii) in paragraph (2)(D)—

(I) by striking ''paragraphs (1)(B)(i) and (2)(B) of subsection (b)'' and inserting ''subsection (b)(1)(B)(i)''; and

(II) by striking ''and in 2-parent families, respectively,''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect as if enacted on October 1, 2002.

(b) MINIMUM PARTICIPATION RATES.—Section 407(a) (42 U.S.C. 607(a)), as amended by subsection (a)(1)(A), is amended to read as follows:

''(a) PARTICIPATION RATE REQUIREMENTS.—

''(1) IN GENERAL.—A State to which a grant is made under section 403 for a fiscal year shall achieve a minimum participation rate with respect to all families receiving assistance under the State program funded under this part that is equal to not less than—

''(A) 50 percent for fiscal year 2004;

''(B) 55 percent for fiscal year 2005;

''(C) 60 percent for fiscal year 2006;

''(D) 65 percent for fiscal year 2007; and

''(E) 70 percent for fiscal year 2008 and each succeeding fiscal year.''.

(c) LIMITATION ON REDUCTION OF PARTICIPATION RATE THROUGH APPLICATION OF CREDITS.—Section 407(a) (42 U.S.C. 607(b)), as amended by subsection (b), is amended by adding at the end the following:

''(2) LIMITATION ON REDUCTION OF PARTICIPATION RATE THROUGH APPLICATION OF CREDITS.—Notwithstanding any other provision of this part, the net effect of any percentage reduction in the minimum participation rate otherwise required under this section with respect to families receiving assistance under the State program funded under this part as a result of the application of any employment credit, caseload reduction credit, or other credit against such rate for a fiscal year, shall not exceed—

''(A) 40 percentage points, in the case of fiscal year 2004;

''(B) 35 percentage points, in the case of fiscal year 2005;

''(C) 30 percentage points, in the case of fiscal year 2006;

''(D) 25 percentage points, in the case of fiscal year 2007; or

''(E) 20 percentage points, in the case of fiscal year 2008 or any fiscal year thereafter.''.

(d) REPLACEMENT OF CASELOAD REDUCTION CREDIT WITH EMPLOYMENT CREDIT.—

(1) EMPLOYMENT CREDIT TO REWARD STATES IN WHICH FAMILIES LEAVE WELFARE FOR WORK; ADDITIONAL CREDIT FOR FAMILIES WITH HIGHER EARNINGS.—

(A) IN GENERAL.—Section 407(b) (42 U.S.C. 607(b)), as amended by subsection (a)(1)(B)(i), is amended by inserting after paragraph (1) the following:

''(2) EMPLOYMENT CREDIT.—

''(A) IN GENERAL.—Subject to subsection (a)(2), the Secretary shall, by regulation, reduce the minimum participation rate otherwise applicable to a State under this subsection for a fiscal year by the number of percentage points in the employment credit for the State for the fiscal year, as determined by the Secretary—

''(i) using information in the National Directory of New Hires;

''(ii) with respect to a recipient of assistance or former recipient of assistance under the State program funded under this part who is placed with an employer whose hiring information is not reported to the National Directory of New Hires, using quarterly wage information submitted by the State to the Secretary not later than such date as the Secretary shall prescribe in regulations; or

''(iii) with respect to families described in subclause (II) or (III) of subparagraph (B)(ii), using such other data as the Secretary may require in order to determine the employment credit for a State under this paragraph.

''(B) CALCULATION OF CREDIT.—

''(i) IN GENERAL.—The employment credit for a State for a fiscal year is an amount equal to the sum of the amounts determined under clause (ii), divided by the amount determined under clause (iii).

''(ii) NUMERATOR.—For purposes of clause (i), the amounts determined under this clause are the following:

''(I) Twice the quarterly average unduplicated number of families that include an adult or minor child head of household recipient of assistance under the State program funded under this part, that ceased to receive such assistance for at least 2 consecutive months following the date of the case closure for the family during the applicable period (as defined in clause (v)), that did not receive assistance under a separate State-funded program during such 2-month period, and that were employed during the calendar quarter immediately succeeding the quarter in which the assistance under the State program funded under this part ceased.

''(II) At the option of the State, twice the quarterly average number of families that received a nonrecurring short-term benefit under the State program funded under this part during the applicable period (as so defined), that were employed during the calendar quarter immediately succeeding the quarter in which the nonrecurring short-term benefit was so received, and that earned at least $1,000 during the applicable period (as so defined).

''(III) At the option of the State, twice the quarterly average number of families that includes an adult who is receiving substantial child care or transportation assistance (as defined by the Secretary, in consultation with directors of State programs funded under this part, which definition shall specify for each type of assistance a threshold which is a dollar value or a length of time over which the assistance is received, and which takes account of large one-time transition payments)) during the applicable period (as so defined).

''(iii) DENOMINATOR.—For purposes of clause (i), the amount determined under this clause is the amount equal to the sum of the following:

''(I) The average monthly number of families that include an adult or minor child head of household who received assistance under the State program funded under this part during the applicable period (as defined under clause (v)).

''(II) If the State elected the option under clause (ii)(II), twice the quarterly average number of families that received a nonrecurring short-term benefit under the State program funded under this part during the applicable period (as so defined).

''(III) If the State elected the option under clause (ii)(III), twice the quarterly average number of families that includes an adult who is receiving substantial child care or transportation assistance during the applicable period (as so defined).

''(iv) SPECIAL RULE FOR FORMER RECIPIENTS WITH HIGHER EARNINGS.—In calculating the employment credit for a State for a fiscal year, in

the case of a family that includes an adult or a minor child head of household that is to be included in the amount determined under clause (ii)(I) and that, with respect to the quarter in which the family's earnings was examined during the applicable period, earned at least 33 percent of the average quarterly earnings in the State (determined on the basis of State unemployment data), the family shall be considered to be 1.5 families.

''(v) DEFINITION OF APPLICABLE PERIOD.—For purposes of this paragraph, the term 'applicable period' means, with respect to a fiscal year, the most recent 4 quarters for which data are available to the Secretary providing information on the work status of—

''(I) individuals in the quarter after the individuals ceased receiving assistance under the State program funded under this part;

''(II) at State option, individuals in the quarter after the individuals received a short-term, nonrecurring benefit; and

''(III) at State option, individuals in the quarter after the individuals ceased receiving substantial child care or transportation assistance.

''(C) NOTIFICATION TO STATE.—Not later than August 30 of each fiscal year, the Secretary shall—

''(i) determine, on the basis of the applicable period, the amount of the employment credit that will be used in determining the minimum participation rate for a State under subsection (a) for the immediately succeeding fiscal year; and

''(ii) notify each State conducting a State program funded under this part of the amount of the employment credit for such program for the succeeding fiscal year.''.

(B) AUTHORITY OF SECRETARY TO USE INFORMATION IN NATIONAL DIRECTORY OF NEW HIRES.—Section 453(i) (42 U.S.C. 653(i)) is amended by adding at the end the following:

''(5) CALCULATION OF EMPLOYMENT CREDIT FOR PURPOSES OF DETERMINING STATE WORK PARTICIPATION RATES UNDER TANF.—The Secretary may use the information in the National Directory of New Hires for purposes of calculating State employment credits pursuant to section 407(b)(2).''.

(2) ELIMINATION OF CASELOAD REDUCTION CREDIT.—Section 407(b) (42 U.S.C. 607(b)) is amended by striking paragraph (3) and redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(3) EFFECTIVE DATES.—

(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), the amendments made by this subsection shall take effect on October 1, 2005.

(B) STATE OPTION TO PHASE-IN REPLACEMENT OF CASELOAD REDUCTION CREDIT WITH EMPLOYMENT CREDIT AND DELAY APPLICABILITY OF OTHER PROVISIONS.—A State may elect to have the amendments made by this subsection not apply to the State program funded under part A of title IV of the Social Security Act until October 1, 2006, and if the State makes the election, then, in determining the participation rate of the State for purposes of section 407 of the Social Security Act for fiscal year 2006, the State shall be credited with ½ of the reduction in the rate that would otherwise result from applying section 407(b)(2) of the Social Security Act (as added by paragraph (1)(A)) to the State for fiscal year 2006 and ½ of the reduction in the rate that would otherwise result from applying section 407(b)(3) of the Social Security Act (as in effect with respect to fiscal year 2003) to the State for fiscal year 2006.

(C) AUTHORITY TO USE INFORMATION IN THE NATIONAL DIRECTORY OF NEW HIRES.—The amendment made by paragraph (1)(B) shall take effect on October 1, 2003.

(e) STATE OPTIONS FOR PARTICIPATION REQUIREMENT EXEMPTIONS.—Section 407(b)(4) (42 U.S.C. 607(b)(4)), as amended by subsection (a)(1)(B)(iii) and redesignated by subsection (d)(2), is amended to read as follows:

''(4) STATE OPTIONS FOR PARTICIPATION REQUIREMENT EXEMPTIONS.—At the option of a State, a State may, on a case-by-case basis—

''(A) not include a family in the determination of the monthly participation rate for the State in the first month for which the family receives assistance from the State program funded under this part on the basis of the most recent application for such assistance; or

''(B) not require a family in which the youngest child has not attained 12 months of age to engage in work, and may disregard that family in determining the minimum participation rate under subsection (a) for the State for not more than 12 months.''.

(f) DETERMINATION OF COUNTABLE HOURS ENGAGED IN WORK.—

(1) IN GENERAL.—Section 407(c) (42 U.S.C. 607(c)) is amended to read as follows:

''(c) DETERMINATION OF COUNTABLE HOURS ENGAGED IN WORK.—

''(1) SINGLE PARENT OR RELATIVE WITH A CHILD OVER AGE 6.—

''(A) MINIMUM AVERAGE NUMBER OF HOURS PER WEEK.—Subject to the succeeding paragraphs of this subsection, a family in which an adult recipient or minor child head of household in the family is participating in work activities described in subsection (d) shall be treated as engaged in work for purposes of determining monthly participation rates under subsection (b)(1)(B)(i) as follows:

''(i) In the case of a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 20, but less than 24, hours per week in a month, as 0.675 of a family.

''(ii) In the case of a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 24, but less than 30, hours per week in a month, as 0.75 of a family.

''(iii) In the case of a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 30, but less than 34, hours per week in a month, as 0.875 of a family.

''(iv) In the case of a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 34, but less than 35, hours per week in a month, as 1 family.

''(v) In the case of a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 35, but less than 38, hours per week in a month, as 1.05 families.

''(vi) In the case of a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 38 hours per week in a month, as 1.08 families.

''(B) DIRECT WORK ACTIVITIES REQUIRED FOR AN AVERAGE OF 24 HOURS PER WEEK.—Except as provided in subparagraph (C)(i), a State may not count any hours of participation in work activities specified in paragraph (9), (10), or (11) of subsection (d) of any adult recipient or minor child head of household in a family before the total number of hours of participation by any adult recipient or minor child head of household in the family in work activities described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of subsection (d) for the family for the month averages at least 24 hours per week.

''(C) STATE FLEXIBILITY TO COUNT PARTICIPATION IN CERTAIN ACTIVITIES.—

''(i) QUALIFIED ACTIVITIES FOR 3-MONTHS IN ANY 24-MONTH PERIOD.—

''(I) 24-HOURS PER WEEK REQUIRED.—Subject to subclauses (III) and (IV), for purposes of determining hours under subparagraph (A), a State may count the total number of hours any adult recipient or minor child head of household in a family engages in qualified activities described in subclause (II) as a work activity described in subsection (d), without regard to whether the recipient has satisfied the requirement of subparagraph (B), but only if—

''(aa) the total number of hours of participation in such qualified activities for the family for the month average at least 24 hours per week; and

''(bb) engaging in such qualified activities is a requirement of the family self-sufficiency plan.

''(II) QUALIFIED ACTIVITIES DESCRIBED.—For purposes of subclause (I), qualified activities described in this subclause are any of the following:

''(aa) Postsecondary education.

''(bb) Adult literacy programs or activities.

''(cc) Substance abuse counseling or treatment.

''(dd) Programs or activities designed to remove barriers to work, as defined by the State.

''(ee) Work activities authorized under any waiver for any State that was continued under section 415 before the date of enactment of the Personal Responsibility and Individual Development for Everyone Act.

''(III) LIMITATION.—Except as provided in clause (ii), subclause (I) shall not apply to a family for more than 3 months in any period of 24 consecutive months.

''(IV) CERTAIN ACTIVITIES.—The Secretary may allow a State to count the total hours of participation in qualified activities described in subclause (II) for an adult recipient or minor child head of household without regard to the minimum 24 hour average per week of participation requirement under subclause (I) if the State has demonstrated conclusively that such activity is part of a substantial and supervised program whose effectiveness in moving families to self-sufficiency is superior to any alternative activity and the effectiveness of the program in moving families to self-sufficiency would be substantially impaired if participating individuals participated in additional, concurrent qualified activities that enabled the individuals to achieve an average of at least 24 hours per week of participation.

''(ii) ADDITIONAL 3-MONTH PERIOD PERMITTED FOR CERTAIN ACTIVITIES.—

''(I) SELF-SUFFICIENCY PLAN REQUIREMENT COMBINED WITH MINIMUM NUMBER OF HOURS.—A State may extend the 3-month period under clause (i) for an additional 3 months in the same period of 24 consecutive months in the case of an adult recipient or minor child head of household who is receiving qualified rehabilitative services described in subclause (II) if—

''(aa) the total number of hours that the adult recipient or minor child head of household engages in such qualified rehabilitative services and, subject to subclause (III), a work activity described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of subsection (d) for the month average at least 24 hours per week; and

''(bb) engaging in such qualified rehabilitative services is a requirement of the family self-sufficiency plan.

''(II) QUALIFIED REHABILITATIVE SERVICES DESCRIBED.—For purposes of subclause (I), qualified rehabilitative services described in this subclause are any of the following:

''(aa) Adult literacy programs or activities.

''(bb) Participation in a program designed to increase proficiency in the English language.

''(cc) In the case of an adult recipient or minor child head of household who has been certified by a qualified medical, mental health, or social services professional (as defined by the State) as having a physical or mental disability, substance abuse problem, or other problem that requires a rehabilitative service, substance abuse treatment, or mental health treatment, the service or treatment determined necessary by the professional.

''(III) NONAPPLICATION OF LIMITATIONS ON JOB SEARCH AND VOCATIONAL EDUCATIONAL TRAINING.—An adult recipient or minor child head of

household who is receiving qualified rehabilitative services described in subclause (II) may engage in a work activity described in paragraph (6) or (8) of subsection (d) for purposes of satisfying the minimum 24 hour average per week of participation requirement under subclause (I)(aa) without regard to any limit that otherwise applies to the activity (including the 30 percent limitation on participation in vocational educational training under paragraph (6)(C)).

''(iii) HOURS IN EXCESS OF AN AVERAGE OF 24 WORK ACTIVITY HOURS PER WEEK.—If the total number of hours that any adult recipient or minor child head of household in a family has participated in a work activity described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of subsection (d) averages at least 24 hours per week in a month, a State, for purposes of determining hours under subparagraph (A), may count any hours an adult recipient or minor child head of household in the family engages in—

''(I) any work activity described in subsection (d), without regard to any limit that otherwise applies to the activity (including the 30 percent limitation on participation in vocational educational training under paragraph (6)(C)); and

''(II) any qualified activity described in clause (i)(II), as a work activity described in subsection (d).

''(2) SINGLE PARENT OR RELATIVE WITH A CHILD UNDER AGE 6.—

''(A) IN GENERAL.—A family in which an adult recipient or minor child head of household in the family is the only parent or caretaker relative in the family of a child who has not attained 6 years of age and who is participating in work activities described in subsection (d) shall be treated as engaged in work for purposes of determining monthly participation rates under subsection (b)(1)(B)(i) as follows:

''(i) In the case of such a family in which the total number of hours in which the adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 20, but less than 24, hours per week in a month, as 0.675 of a family.

''(ii) In the case of such a family in which the total number of hours in which the adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 24, but less than 35, hours per week in a month, as 1 family.

''(iii) In the case of such a family in which the total number of hours in which the adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 35, but less than 38, hours per week in a month, as 1.05 families.

''(iv) In the case of such a family in which the total number of hours in which the adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 38 hours per week in a month, as 1.08 families.

''(B) APPLICATION OF RULES REGARDING DIRECT WORK ACTIVITIES AND STATE FLEXIBILITY TO COUNT PARTICIPATION IN CERTAIN ACTIVITIES.—Subparagraphs (B) and (C) of paragraph (1) apply to a family described in subparagraph (A) in the same manner as such subparagraphs apply to a family described in paragraph (1)(A).

''(3) 2-PARENT FAMILIES.—

''(A) IN GENERAL.—Subject to paragraph (6)(A), a 2-parent family in which an adult recipient or minor child head of household in the family is participating in work activities described in subsection (d) shall be treated as engaged in work for purposes of determining monthly participation rates under subsection (b)(1)(B)(i) as follows:

''(i) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 26, but less than 30, hours per week in a month, as 0.675 of a family.

''(ii) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 30, but less than 35, hours per week in a month, as 0.75 of a family.

''(iii) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 35, but less than 39, hours per week in a month, as 0.875 of a family.

''(iv) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 39, but less than 40, hours per week in a month, as 1 family.

''(v) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 40, but less than 43, hours per week in a month, as 1.05 families.

''(vi) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 43 hours per week in a month, as 1.08 families.

''(B) APPLICATION OF RULES REGARDING DIRECT WORK ACTIVITIES AND STATE FLEXIBILITY TO COUNT PARTICIPATION IN CERTAIN ACTIVITIES.—Subparagraphs (B) and (C) of paragraph (1) apply to a 2-parent family described in subparagraph (A) in the same manner as such subparagraphs apply to a family described in paragraph (1)(A), except that subparagraph (B) of paragraph (1) shall be applied to a such a 2-parent family by substituting '34' for '24' each place it appears.

''(4) 2-PARENT FAMILIES THAT RECEIVE FEDERALLY FUNDED CHILD CARE.—

''(A) IN GENERAL.—Subject to paragraph (6)(A), if a 2-parent family receives federally funded child care assistance, an adult recipient or minor child head of household in the family participating in work activities described in subsection (d) shall be treated as engaged in work for purposes of determining monthly participation rates under subsection (b)(1)(B)(i) as follows:

''(i) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 40, but less than 45, hours per week in a month, as 0.675 of a family.

''(ii) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 45, but less than 51, hours per week in a month, as 0.75 of a family.

''(iii) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 51, but less than 55, hours per week in a month, as 0.875 of a family.

''(iv) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 55, but less than 56, hours per week in a month, as 1 family.

''(v) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 56, but less than 59, hours per week in a month, as 1.05 families.

''(vi) In the case of such a family in which the total number of hours in which any adult recipient or minor child head of household in the family is participating in such work activities for an average of at least 59 hours per week in a month, as 1.08 families.

''(B) APPLICATION OF RULES REGARDING DIRECT WORK ACTIVITIES AND STATE FLEXIBILITY TO COUNT PARTICIPATION IN CERTAIN ACTIVITIES.—Subparagraphs (B) and (C) of paragraph (1) apply to a 2-parent family described in subparagraph (A) in the same manner as such subparagraphs apply to a family described in paragraph (1)(A), except that subparagraph (B) of paragraph (1) shall be applied to a such a 2-parent family by substituting '50' for '24' each place it appears.

''(5) CALCULATION OF HOURS PER WEEK.—The number of hours per week that a family is engaged in work is the quotient of—

''(A) the total number of hours per month that the family is engaged in work; divided by

''(B) 4.

''(6) SPECIAL RULES.—

''(A) FAMILY WITH A DISABLED PARENT NOT TREATED AS A 2-PARENT FAMILY.—A family that includes a disabled parent shall not be considered a 2-parent family for purposes of paragraph (3) or (4).

''(B) NUMBER OF WEEKS FOR WHICH JOB SEARCH COUNTS AS WORK.—An individual shall not be considered to be engaged in work for a month by virtue of participation in an activity described in subsection (d)(6) of a State program funded under this part, after the individual has participated in such an activity for 6 weeks (or, if the unemployment rate of the State is at least 50 percent greater than the unemployment rate of the United States, or the State meets the criteria of subclause (I), (II), or (III) of section 403(b)(3)(A)(iii) or satisfies the applicable duration requirement of section 403(b)(3)(B)), 12 weeks).

''(C) SINGLE TEEN HEAD OF HOUSEHOLD OR MARRIED TEEN WHO MAINTAINS SATISFACTORY SCHOOL ATTENDANCE DEEMED TO COUNT AS 1 FAMILY.—For purposes of determining hours under the preceding paragraphs of this subsection, with respect to a month, a State shall count a recipient who is married or a head of household and who has not attained 20 years of age as 1 family if the recipient—

''(i) maintains satisfactory attendance at secondary school or the equivalent during the month; or

''(ii) participates in education directly related to employment for an average of at least 20 hours per week during the month.

''(D) LIMITATION ON NUMBER OF PERSONS WHO MAY BE TREATED AS ENGAGED IN WORK BY REASON OF PARTICIPATION IN EDUCATIONAL ACTIVITIES.—Except as provided in paragraph (1)(C)(ii)(I), for purposes of subsection (b)(1)(B)(i), not more than 30 percent of the number of individuals in all families in a State who are treated as engaged in work for a month may consist of individuals who are—

''(i) determined (without regard to individuals participating in a program established under section 404(l)) to be engaged in work for the month by reason of participation in vocational educational training (but only with respect to such training that does not exceed 12 months with respect to any individual); or

''(ii) deemed to be engaged in work for the month by reason of subparagraph (C) of this paragraph.

''(E) STATE OPTION TO DEEM SINGLE PARENT CARING FOR A CHILD OR ADULT DEPENDENT FOR CARE WITH A PHYSICAL OR MENTAL IMPAIRMENT TO BE MEETING ALL OR PART OF A FAMILY'S WORK PARTICIPATION REQUIREMENTS FOR A MONTH.—

''(i) IN GENERAL.—A State may count the number of hours per week that an adult recipient or minor child head of household who is the only parent or caretaker relative for a child or adult dependent for care with a physical or mental impairment engages in providing substantial ongoing care for such child or adult dependent for care if the State determines that—

''(I) the child or adult dependent for care has been verified through a medically acceptable

clinical or diagnostic technique as having a significant physical or mental impairment or combination of impairments that require substantial ongoing care;

''(II) the adult recipient or minor child head of household providing such care is the most appropriate means, as determined by the State, by which such care can be provided to the child or adult dependent for care;

''(III) for each month in which this subparagraph applies to the adult recipient or minor child head of household, the adult recipient or minor child head of household is in compliance with the requirements of the family's self-sufficiency plan; and

''(IV) the recipient is unable to participate fully in work activities, after consideration of whether there are supports accessible and available to the family for the care of the child or adult dependent for care.

''(ii) TOTAL NUMBER OF HOURS LIMITED TO BEING COUNTED AS 1 FAMILY.—In no event may a family that includes a recipient to which clause (i) applies be counted as more than 1 family for purposes of determining monthly participation rates under subsection (b)(1)(B)(i).

''(iii) STATE REQUIREMENTS.—In the case of a recipient to which clause (i) applies, the State shall—

''(I) conduct regular, periodic evaluations of the family of the adult recipient or minor child head of household; and

''(II) include as part of the family's self-sufficiency plan, regular updates on what special needs of the child or the adult dependent for care, including substantial ongoing care, could be accommodated either by individuals other than the adult recipient or minor child head of household outside of the home.

''(iv) RULE OF CONSTRUCTION.—Nothing in this subparagraph shall be construed as prohibiting a State from including in a recipient's self-sufficiency plan a requirement to engage in work activities described in subsection (d).

''(F) OPTIONAL MODIFICATION OF WORK REQUIREMENTS FOR RECIPIENTS RESIDING IN AREAS OF INDIAN COUNTRY OR AN ALASKAN NATIVE VILLAGE WITH HIGH JOBLESSNESS.—If a State has included in the State plan a description of the State's policies in areas of Indian country or an Alaskan Native village described in section 408(a)(7)(D), the State may define the activities that the State will treat as being work activities described in subsection (d) that a recipient who resides in such an area and who is participating in such activities in accordance with a self-sufficiency plan under section 408(b) may engage in for purposes of satisfying work requirements under the State program and for purposes of determining monthly participation rates under subsection (b)(1)(B)(i).''.

(2) CONFORMING AMENDMENT RELATING TO AUTHORITY TO DEEM SINGLE PARENT OF A CHILD OR ADULT DEPENDENT FOR CARE WITH A PHYSICAL OR MENTAL IMPAIRMENT DEEMED TO BE MEETING ALL OR PART OF A FAMILY'S WORK PARTICIPATION REQUIREMENTS FOR A MONTH.—Section 402(a)(1)(B) (42 U.S.C. 602(a)(1)(B)), as amended by section 101(a)(1)(B), is amended by adding at the end the following:

''(vi) The document shall set forth the criteria for applying section 407(c)(6)(E) to an adult recipient or minor child head of household who is the only parent or caretaker relative for a child or adult dependent for care.''.

SEC. 110. UNIVERSAL ENGAGEMENT AND FAMILY SELF-SUFFICIENCY PLAN REQUIREMENTS; OTHER PROHIBITIONS AND REQUIREMENTS.

(a) UNIVERSAL ENGAGEMENT AND FAMILY SELF-SUFFICIENCY PLAN REQUIREMENTS.—

(1) MODIFICATION OF STATE PLAN REQUIREMENTS.—Section 402(a)(1)(A) (42 U.S.C. 602(a)(1)(A)) is amended by striking clauses (ii) and (iii) and inserting the following:

''(ii) Require a parent or caretaker receiving assistance under the program to engage in work or alternative self-sufficiency activities (as defined by the State), consistent with section 407(e)(2).

''(iii) Require families receiving assistance under the program to engage in activities in accordance with family self-sufficiency plans developed pursuant to section 408(b).''.

(2) ESTABLISHMENT OF FAMILY SELF-SUFFICIENCY PLANS.—

(A) IN GENERAL.—Section 408(b) (42 U.S.C. 608(b)) is amended to read as follows:

''(b) FAMILY SELF-SUFFICIENCY PLANS.—

''(1) IN GENERAL.—A State to which a grant is made under section 403 shall—

''(A) make an initial screening and assessment, in the manner deemed appropriate by the State, of the skills, prior work experience, education obtained, work readiness, barriers to work, and employability of each adult or minor child head of household recipient of assistance in the family who—

''(i) has attained age 18; or

''(ii) has not completed high school or obtained a certificate of high school equivalency and is not attending secondary school;

''(B) assess, in the manner deemed appropriate by the State, the work support and other assistance and family support services for which each family receiving assistance is eligible; and

''(C) assess, in the manner deemed appropriate by the State, the well-being of the children in the family, and, where appropriate, activities or resources to improve the well-being of the children.

''(2) CONTENTS OF PLANS.—The State shall, in the manner deemed appropriate by the State—

''(A) establish for each family that includes an individual described in paragraph (1)(A), in consultation as the State deems appropriate with the individual, a self-sufficiency plan that—

''(i) specifies activities described in the State plan submitted pursuant to section 402, including work activities described in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (12) of section 407(d), as appropriate;

''(ii) is designed to assist the family in achieving their maximum degree of self-sufficiency, and

''(iii) provides for the ongoing participation of the individual in the activities specified in the plan;

''(B) requires, at a minimum, each such individual to participate in activities in accordance with the self-sufficiency plan;

''(C) sets forth the appropriate supportive services the State intends to provide for the family;

''(D) establishes for the family a plan that addresses the issue of child well-being and, when appropriate, adolescent well-being, and that may include services such as domestic violence counseling, mental health referrals, and parenting courses; and

''(E) includes a section designed to assist the family by informing the family, in such manner as deemed appropriate by the State, of the work support and other assistance for which the family may be eligible including (but not limited to)—

''(i) the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

''(ii) the medicaid program funded under title XIX;

''(iii) the State children's health insurance program funded under title XXI;

''(iv) Federal or State funded child care, including child care funded under the Child Care Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) and funds made available under this title or title XX;

''(v) the earned income tax credit under section 32 of the Internal Revenue Code of 1986;

''(vi) the low-income home energy assistance program established under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.);

''(vii) the special supplemental nutrition program for women, infants, and children established under section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786);

''(viii) programs conducted under the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.); and

''(ix) low-income housing assistance programs.

''(3) REVIEW.—

''(A) REGULAR REVIEW.—A State to which a grant is made under section 403 shall—

''(i) monitor the participation of each adult recipient or minor child head of household in the activities specified in the self-sufficiency plan, and regularly review the progress of the family toward self-sufficiency; and

''(ii) upon such a review, revise the plan and activities required under the plan as the State deems appropriate in consultation with the family.

''(B) PRIOR TO THE IMPOSITION OF A SANCTION.—Prior to imposing a sanction against an adult recipient, minor child head of household, or a family for failure to comply with a requirement of the self-sufficiency plan or the State program funded under this part, the State shall, to the extent determined appropriate by the State—

''(i) review the self-sufficiency plan; and

''(ii) make a good faith effort (as defined by the State) to consult with the family.

''(4) STATE DISCRETION.—A State shall have sole discretion, consistent with section 407, to define and design activities for families for purposes of this subsection, to develop methods for monitoring and reviewing progress pursuant to this subsection, and to make modifications to the plan as the State deems appropriate to assist the individual in increasing their degree of self-sufficiency.

''(5) APPLICATION TO PARTIALLY-SANCTIONED FAMILIES.—The requirements of this subsection shall apply in the case of a family that includes an adult or minor child head of household recipient of assistance who is subject to a partial sanction.

''(6) TIMING.—The State shall initiate screening and assessment and the establishment of a family self-sufficiency plan in accordance with the requirements of this subsection—

''(A) in the case of a family that, as of the date of enactment of the Personal Responsibility and Individual Development for Everyone Act, is not receiving assistance from the State program funded under this part, not later than the later of—

''(i) 1 year after such date of enactment; or

''(ii) 60 days after the family first receives assistance on the basis of the most recent application for assistance; and

''(B) in the case of a family that, as of such date, is receiving assistance under the State program funded under this part, not later than 1 year after such date of enactment.

''(7) RULE OF INTERPRETATION.—Nothing in this subsection shall preclude a State from—

''(A) requiring participation in work and any other activities the State deems appropriate for helping families achieve self-sufficiency and improving child well-being; or

''(B) using job search or other appropriate job readiness or work activities to assess the employability of individuals and to determine appropriate future engagement activities.''.

(B) PENALTY FOR FAILURE TO COMPLY WITH FAMILY SELF-SUFFICIENCY PLAN REQUIREMENTS.—

(i) IN GENERAL.—Section 409(a)(3) (42 U.S.C. 609(a)(3)) is amended—

(I) in the paragraph heading, by inserting ''OR COMPLY WITH FAMILY SELF-SUFFICIENCY PLAN REQUIREMENTS'' after ''RATES'';

(II) in subparagraph (A), by inserting ''or 408(b)'' after ''407(a)''; and

(III) by striking subparagraph (C) and inserting the following:

''(C) PENALTY BASED ON SEVERITY OF FAILURE.—

''(i) FAILURE TO SATISFY MINIMUM PARTICIPATION RATE.—If, with respect to fiscal year 2005

or any fiscal year thereafter, the Secretary finds that a State has failed or is failing to substantially comply with the requirements of section 407(a) for that fiscal year, the Secretary shall impose reductions under subparagraph (A) with respect to the immediately succeeding fiscal year based on the degree of substantial noncompliance. In assessing the degree of substantial noncompliance under section 407(a) for a fiscal year, the Secretary shall take into account factors such as—

''(I) the degree to which the State missed the minimum participation rate for that fiscal year;

''(II) the change in the number of individuals who are engaged in work in the State since the prior fiscal year; and

''(III) the number of consecutive fiscal years in which the State failed to reach the minimum participation rate.

''(ii) FAILURE TO COMPLY WITH SELF-SUFFICIENCY PLAN REQUIREMENTS.—If, with respect to fiscal year 2005 or any fiscal year thereafter, the Secretary finds that a State has failed or is failing to substantially comply with the requirements of section 408(b) for that fiscal year, the Secretary shall impose reductions under subparagraph (A) with respect to the immediately succeeding fiscal year based on the degree of substantial noncompliance. In assessing the degree of substantial noncompliance under section 408(b), the Secretary shall take into account factors such as—

''(I) the number or percentage of families for which a self-sufficiency plan is not established in a timely fashion for that fiscal year;

''(II) the duration of the delays in establishing a self-sufficiency plan during that fiscal year;

''(III) whether the failures are isolated and nonrecurring; and

''(IV) the existence of systems designed to ensure that self-sufficiency plans are established for all families in a timely fashion and that families' progress under such plans is monitored.

''(iii) AUTHORITY TO REDUCE THE PENALTY.—The Secretary may reduce the penalty that would otherwise apply under this paragraph if the substantial noncompliance is due to circumstances that caused the State to meet the criteria of subclause (I), (II), or (III) of section 403(b)(3)(A)(iii) or to satisfy the applicable duration requirement of section 403(b)(3)(B) during the fiscal year, or if the noncompliance is due to extraordinary circumstances such as a natural disaster or regional recession. The Secretary shall provide a written report to Congress to justify any waiver or penalty reduction due to such extraordinary circumstances.''.

(ii) EFFECTIVE DATE.—The amendments made by this subparagraph take effect on October 1, 2004.

(3) GAO EVALUATION AND REPORT.—Not later than September 30, 2005, the Comptroller General of the United States shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate evaluating the implementation of the universal engagement provisions under the temporary assistance to needy families program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), as added by the amendments made by this subsection.

(4) RULES OF CONSTRUCTION.—Nothing in this subsection or the amendments made by this subsection shall be construed—

(A) as establishing a private right or cause of action against a State for failure to comply with the requirements imposed under this subsection or the amendments made by this subsection; or

(B) as limiting claims that may be available under other Federal or State laws.

(b) TRANSITIONAL COMPLIANCE FOR TEEN PARENTS.—

(1) IN GENERAL.—Section 408(a)(5) (42 U.S.C. 608(a)(5)) is amended—

(A) in subparagraph (A)(i), by striking ''subparagraph (B)'' and inserting ''subparagraphs (B) and (C)''; and

(B) by adding at the end the following:

''(C) AUTHORITY TO PROVIDE TEMPORARY ASSISTANCE.—A State may use any part of a grant made under section 403 to provide assistance to an individual described in clause (ii) of subparagraph (A) who would otherwise be prohibited from receiving such assistance under clause (i) of that subparagraph, subparagraph (B), or section 408(a)(4) for not more than a single 60-day period in order to assist the individual in meeting the requirement of clause (i) of subparagraph (A), subparagraph (B), or section 408(a)(4) for receipt of such assistance.''.

(2) INCLUSION OF TRANSITIONAL LIVING YOUTH PROJECTS AS A FORM OF ADULT-SUPERVISED SETTING.—Clause (i) of section 408(a)(5)(A) (42 U.S.C. 608(a)(5)(A)(i)), as amended by paragraph (1), is amended—

(A) by striking ''do not reside in a place of'' and inserting ''do not reside in a—

''(I) place of'';

(B) by striking the period and inserting ''; or''; and

(C) by adding at the end the following:

''(II) transitional living youth project funded under a grant made under section 321 of the Runaway and Homeless Youth Act (42 U.S.C. 5714–1).''.

SEC. 111. PENALTIES.

Section 409(a)(7) (42 U.S.C. 609(a)(7)), as amended by section 3(g) of the Welfare Reform Extension Act of 2003 (Public Law 108–040, 117 Stat. 837) is amended—

(1) in subparagraph (A) by striking ''fiscal year 1998, 1999, 2000, 2001, 2002, 2003, or 2004'' and inserting ''fiscal year 2004, 2005, 2006, 2007, 2008, or 2009''; and

(2) in subparagraph (B)(ii)—

(A) by inserting ''preceding'' before ''fiscal year''; and

(B) by striking ''for fiscal years 1997 through 2003,''.

SEC. 112. DATA COLLECTION AND REPORTING.

(a) CONTENTS OF REPORT.—Section 411(a)(1)(A) (42 U.S.C. 611(a)(1)(A)) is amended—

(1) in the matter preceding clause (i), by inserting ''and on families receiving assistance under State programs funded with other qualified State expenditures (as defined in section 409(a)(7)(B)(i))'' before the colon;

(2) in clause (vii), by inserting ''and minor parent'' after ''of each adult'';

(3) in clause (viii), by striking ''and educational level'';

(4) in clause (ix), by striking '', and if the latter 2, the amount received'';

(5) in clause (x)—

(A) by striking ''each type of''; and

(B) by inserting before the period ''and, if applicable, the reason for receipt of the assistance for a total of more than 60 months'';

(6) in clause (xi), by striking subclauses (I) through (VII) and inserting the following:

''(I) Subsidized private sector employment.

''(II) Unsubsidized employment.

''(III) Public sector employment, supervised work experience, or supervised community service.

''(IV) On-the-job training.

''(V) Job search and placement.

''(VI) Training.

''(VII) Education.

''(VIII) Other activities directed at the purposes of this part, as specified in the State plan submitted pursuant to section 402.'';

(7) in clause (xii), by inserting ''and progress toward universal engagement'' after ''participation rates'';

(8) in clause (xiii), by striking ''type and'' before ''amount of assistance'';

(9) in clause (xvi), by striking subclause (II) and redesignating subclauses (III) through (V) as subclauses (II) through (IV), respectively; and

(10) by adding at the end the following:

''(xviii) The date the family first received assistance from the State program on the basis of the most recent application for such assistance.

''(xix) Whether a self-sufficiency plan is established for the family in accordance with section 408(b).

''(xx) With respect to any child in the family, the marital status of the parents at the birth of the child, and if the parents were not then married, whether the paternity of the child has been established.''.

(b) USE OF SAMPLES.—Section 411(a)(1)(B) (42 U.S.C. 611(a)(1)(B)) is amended—

(1) in clause (i)—

(A) by striking ''a sample'' and inserting ''samples''; and

(B) by inserting before the period '', except that the Secretary may designate core data elements that must be reported on all families''; and

(2) in clause (ii), by striking ''funded under this part'' and inserting ''described in subparagraph (A)''.

(c) REPORT ON FAMILIES THAT BECOME INELIGIBLE TO RECEIVE ASSISTANCE.—Section 411(a) (42 U.S.C. 611(a)) is amended—

(1) by striking paragraph (5);

(2) by redesignating paragraph (6) as paragraph (5); and

(3) by inserting after paragraph (5) (as so redesignated) the following:

''(6) REPORT ON FAMILIES THAT BECOME INELIGIBLE TO RECEIVE ASSISTANCE.—The report required by paragraph (1) for a fiscal quarter shall include for each month in the quarter the number of families and total number of individuals that, during the month, became ineligible to receive assistance under the State program funded under this part (broken down by the number of families that become so ineligible due to earnings, changes in family composition that result in increased earnings, sanctions, time limits, or other specified reasons).''.

(d) REGULATIONS.—Section 411(a)(7) (42 U.S.C. 611(a)(7)) is amended—

(1) by inserting ''and to collect the necessary data'' before ''with respect to which reports'';

(2) by striking ''subsection'' and inserting ''section''; and

(3) by striking ''in defining the data elements'' and all that follows and inserting '', the National Governors' Association, the American Public Human Services Association, the National Conference of State Legislatures, and others in defining the data elements.''.

(e) ADDITIONAL REPORTS BY STATES.—Section 411 (42 U.S.C. 611) is amended—

(1) by redesignating subsection (b) as subsection (e); and

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

''(b) ANNUAL REPORTS ON PROGRAM CHARACTERISTICS.—Not later than 90 days after the end of fiscal year 2004 and each succeeding fiscal year, each eligible State shall submit to the Secretary a report on the characteristics of the State program funded under this part and other State programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)). The report shall include, with respect to each such program, the program name, a description of program activities, the program purpose, the program eligibility criteria, the sources of program funding, the number of program beneficiaries, sanction policies, and any program work requirements.

''(c) MONTHLY REPORTS ON CASELOAD.—Not later than 3 months after the end of each calendar month that begins 1 year or more after the date of enactment of this subsection, each eligible State shall submit to the Secretary a report on the number of families and total number of individuals receiving assistance in the calendar month under the State program funded under this part and under other State programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)).

''(d) ANNUAL REPORT ON PERFORMANCE IMPROVEMENT.—Beginning with fiscal year 2005, not later than January 1 of each fiscal year, each eligible State shall submit to the Secretary

a report on achievement and improvement during the preceding fiscal year under the performance goals and measures under the State program funded under this part with respect to each of the matters described in section 402(a)(1)(A)(v).''.

(f) ANNUAL REPORTS TO CONGRESS BY THE SECRETARY.—Section 411(e) (42 U.S.C. 611(e)), as so redesignated by subsection (e) of this section, is amended—

(1) in the matter preceding paragraph (1), by striking ''and each fiscal year thereafter'' and inserting ''and not later than July 1 of each fiscal year thereafter'';

(2) in paragraph (2), by striking ''families applying for assistance,'' and by striking the last comma; and

(3) in paragraph (3), by inserting ''and other programs funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i))'' before the semicolon.

SEC. 113. DIRECT FUNDING AND ADMINISTRATION BY INDIAN TRIBES.

(a) FUNDING FOR TRIBAL TANF PROGRAMS.—

(1) REAUTHORIZATION OF TRIBAL FAMILY ASSISTANCE GRANTS.—Section 412(a)(1)(A) (42 U.S.C. 612(a)(1)(A)), as amended by section 3(h) of the Welfare Reform Extension Act of 2003, is amended by striking ''1997, 1998, 1999, 2000, 2001, 2002, and 2003'' and inserting ''2004 through 2008''.

(2) GRANTS FOR INDIAN TRIBES THAT RECEIVED JOBS FUNDS.—Section 412(a)(2)(A) (42 U.S.C. 612(a)(2)(A)), as so amended, is amended by striking ''1997, 1998, 1999, 2000, 2001, 2002, and 2003'' and inserting ''2004 through 2008''.

(b) TRIBAL TANF IMPROVEMENT FUND.—Section 412(a) (42 U.S.C. 612(a)) is amended by adding at the end the following:

''(4) TRIBAL TANF IMPROVEMENT FUND.—

''(A) ESTABLISHMENT.—The Secretary shall establish a fund for purposes of carrying out any of the following activities:

''(i) Providing technical assistance to Indian tribes considering applying to carry out, or that are carrying out, a tribal family assistance plan under this section in order to help such tribes establish and operate strong and effective tribal family assistance plans under this section that will allow families receiving assistance under such plans achieve the highest measure of self-sufficiency.

''(ii) Awarding competitive grants directly to Indian tribes carrying out a tribal family assistance plan under this section for purposes of conducting programs and activities that would substantially improve the operation and effectiveness of such plans and the ability of such tribes to achieve the purposes of the program under this part as described in section 401(a).

''(iii) Awarding competitive grants directly to Indian tribes carrying out a tribal family assistance plan under this section to support tribal economic development activities that would significantly assist families receiving assistance under the State program funded under this part or a tribal family assistance plan obtain employment and achieve self-sufficiency.

''(iv) Conducting, directly or through grants, contracts, or interagency agreements, research and development to improve knowledge about tribal family assistance programs conducted under this section and challenges faced by such programs in order to improve the effectiveness of such programs.

''(B) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this paragraph, $100,000,000 for each of fiscal years 2004 through 2008.''.

SEC. 114. RESEARCH, EVALUATIONS, AND NATIONAL STUDIES.

(a) SECRETARY'S FUND FOR RESEARCH, DEMONSTRATIONS, AND TECHNICAL ASSISTANCE.—Section 413 (42 U.S.C. 613), as amended by section 101(d), is further amended by adding at the end the following:

''(l) FUNDING FOR RESEARCH, DEMONSTRATIONS, AND TECHNICAL ASSISTANCE.—

''(1) APPROPRIATION.—

''(A) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there are appropriated $100,000,000 for each of fiscal years 2004 through 2008, which shall remain available to the Secretary until expended.

''(B) USE OF FUNDS.—

''(i) IN GENERAL.—Funds appropriated under subparagraph (A) shall be used for the purpose of—

''(I) conducting or supporting research and demonstration projects by public or private entities; or

''(II) providing technical assistance in connection with a purpose of the program funded under this part, as described in section 401(a), to States, Indian tribal organizations, sub-State entities, and such other entities as the Secretary may specify.

''(ii) REQUIREMENT.—Not less than 80 percent of the funds appropriated under subparagraph (A) for a fiscal year shall be expended for the purpose of conducting or supporting research and demonstration projects, or for providing technical assistance, in connection with activities described in section 403(a)(2)(B). Funds appropriated under subparagraph (A) and expended in accordance with this clause shall be in addition to any other funds made available under this part for activities described in section 403(a)(2)(B).

''(2) SECRETARY'S AUTHORITY.—The Secretary may conduct activities authorized by this subsection directly or through grants, contracts, or interagency agreements with public or private entities.

''(3) REQUIREMENT FOR USE OF FUNDS.—The Secretary shall not pay any funds appropriated under paragraph (1)(A) to an entity for the purpose of conducting or supporting research and demonstration projects involving activities described in section 403(a)(2)(B) unless the entity complies with the requirements of section 403(a)(2)(E).''.

(b) FUNDING OF STUDIES AND DEMONSTRATIONS.—Section 413(h)(1) (42 U.S.C. 613(h)(1)) is amended in the matter preceding subparagraph (A) by striking ''1997 through 2002'' and inserting ''2004 through 2008''.

(c) PROGRAM COORDINATION DEMONSTRATION PROJECTS.—

(1) PURPOSE.—The purpose of this subsection is to establish a program of demonstration projects in a State or portion of a State to coordinate assistance provided under qualified programs for the purpose of supporting working individuals and families, helping families escape welfare dependency, promoting child well-being, or helping build stronger families, using innovative approaches to strengthen service systems and provide more coordinated and effective service delivery.

(2) DEFINITIONS.—In this subsection:

(A) QUALIFIED PROGRAM.—The term ''qualified program'' means—

(i) a program under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

(ii) the program under title XX of the Social Security Act (42 U.S.C. 1397 et seq.); and

(iii) child care assistance funded under section 418 of the Social Security Act (42 U.S.C. 618).

(B) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services.

(3) APPLICATION REQUIREMENTS.—The head of a State entity or of a sub-State entity administering 2 or more qualified programs proposed to be included in a demonstration project under this subsection shall (or, if the project is proposed to include qualified programs administered by 2 or more such entities, the heads of the administering entities (each of whom shall be considered an applicant for purposes of this subsection) shall jointly) submit to the Secretary an application that contains the following:

(A) PROGRAMS INCLUDED.—A statement identifying each qualified program to be included in the project, and describing how the purposes of each such program will be achieved by the project.

(B) POPULATION SERVED.—A statement identifying the population to be served by the project and specifying the eligibility criteria to be used.

(C) DESCRIPTION AND JUSTIFICATION.—A detailed description of the project, including—

(i) a description of how the project is expected to improve or enhance achievement of the purposes of the programs to be included in the project, from the standpoint of quality, of cost-effectiveness, or of both; and

(ii) a description of the performance objectives for the project, including any proposed modifications to the performance measures and reporting requirements used in the programs.

(D) WAIVERS REQUESTED.—A description of the statutory and regulatory requirements with respect to which a waiver is requested in order to carry out the project, and a justification of the need for each such waiver.

(E) COST NEUTRALITY.—Such information and assurances as necessary to establish to the satisfaction of the Secretary, in consultation with the Director of the Office of Management and Budget, that the proposed project is reasonably expected to meet the applicable cost neutrality requirements of paragraph (4)(E).

(F) EVALUATION AND REPORTS.—An assurance that the applicant will—

(i) obtain an evaluation by an independent contractor of the effectiveness of the project using an evaluation design that, to the maximum extent feasible, includes random assignment of clients (or entities serving such clients) to service delivery and control groups; and

(ii) make interim and final reports to the Secretary, at such times and in such manner as the Secretary may require.

(G) OTHER INFORMATION AND ASSURANCES.—Such other information and assurances as the Secretary may require.

(4) APPROVAL OF APPLICATIONS.—

(A) IN GENERAL.—The Secretary with respect to a qualified program that is identified in an application submitted pursuant to subsection (c) may approve the application and, except as provided in subparagraph (B), waive any requirement applicable to the program, to the extent consistent with this subsection and necessary and appropriate for the conduct of the demonstration project proposed in the application, if the Secretary determines that the project—

(i) has a reasonable likelihood of achieving the objectives of the programs to be included in the project;

(ii) may reasonably be expected to meet the applicable cost neutrality requirements of subparagraph (E), as determined by the Director of the Office of Management and Budget;

(iii) includes the coordination of 2 or more qualified programs; and

(iv) provides for an independent evaluation that includes random assignment to the maximum extent feasible, as described in paragraph (3)(F), and which the Secretary determines to be appropriate for assessing the effectiveness of the project.

(B) PROVISIONS EXCLUDED FROM WAIVER AUTHORITY.—A waiver shall not be granted under subparagraph (A)—

(i) with respect to any provision of law relating to—

(I) civil rights or prohibition of discrimination;

(II) purposes or goals of any program;

(III) maintenance of effort requirements;

(IV) health or safety;

(V) labor standards under the Fair Labor Standards Act of 1938; or

(VI) environmental protection;

(ii) in the case of child care assistance funded under section 418 of the Social Security Act (42 U.S.C. 618), with respect to the requirement under the first sentence of subsection (b)(1) of that section that funds received by a State under that section shall only be used to provide child care assistance;

(iii) with respect to any requirement that a State pass through to a sub-State entity part or all of an amount paid to the State;

(iv) if the waiver would waive any funding restriction or limitation provided in an appropriations Act, or would have the effect of transferring appropriated funds from 1 appropriations account to another; or

(v) except as otherwise provided by statute, if the waiver would waive any funding restriction applicable to a program authorized under an Act which is not an appropriations Act (but not including program requirements such as application procedures, performance standards, reporting requirements, or eligibility standards), or would have the effect of transferring funds from a program for which there is direct spending (as defined in section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985) to another program.

(C) 10 STATE LIMITATION.—The Director of the Office of Management and Budget shall establish a procedure for ensuring that not more than 10 States (including any portion of a State) conduct a demonstration project under this subsection.

(D) AGREEMENT OF SECRETARY REQUIRED.—

(i) IN GENERAL.—An applicant may not conduct a demonstration project under this subsection unless the Secretary, with respect to each qualified program proposed to be included in the project, has approved the application to conduct the project.

(ii) AGREEMENT WITH RESPECT TO FUNDING AND IMPLEMENTATION.—Before approving an application to conduct a demonstration project under this subsection, the Secretary shall have in place an agreement with the applicant with respect to the payment of funds and responsibilities required of the Secretary with respect to the project.

(E) COST-NEUTRALITY REQUIREMENT.—

(i) GENERAL RULE.—Notwithstanding any other provision of law (except as provided in clause (ii)), the total of the amounts that may be paid by the Federal Government for a fiscal year with respect to the programs in the State in which an entity conducting a demonstration project under this subsection is located that are affected by the project shall not exceed the estimated total amount that the Federal Government would have paid for the fiscal year with respect to the programs if the project had not been conducted, as determined by the Director of the Office of Management and Budget.

(ii) SPECIAL RULE.—If an applicant submits to the Director of the Office of Management and Budget a request to apply the rules of this clause to the programs in the State in which the applicant is located that are affected by a demonstration project proposed in an application submitted by the applicant pursuant to this section, during such period of not more than 5 consecutive fiscal years in which the project is in effect, and the Director determines, on the basis of supporting information provided by the applicant, to grant the request, then, notwithstanding any other provision of law, the total of the amounts that may be paid by the Federal Government for the period with respect to the programs shall not exceed the estimated total amount that the Federal Government would have paid for the period with respect to the programs if the project had not been conducted.

(F) 90-DAY APPROVAL DEADLINE.—

(i) IN GENERAL.—If the Secretary receives an application to conduct a demonstration project under this subsection and does not disapprove the application within 90 days after the receipt, then, subject to the 10 State limitation under paragraph (3)—

(I) the Secretary is deemed to have approved the application for such period as is requested in the application, except to the extent inconsistent with paragraph (5); and

(II) any waiver requested in the application which applies to a qualified program that is identified in the application and is administered by the Secretary is deemed to be granted, except to the extent inconsistent with subparagraph (B) or (E) of this paragraph.

(ii) DEADLINE EXTENDED IF ADDITIONAL INFORMATION IS SOUGHT.—The 90-day period referred to in clause (i) shall not include any period that begins with the date the Secretary requests the applicant to provide additional information with respect to the application and ends with the date the additional information is provided.

(5) DURATION OF PROJECTS.—A demonstration project under this subsection may be approved for a term of not more than 5 years.

(6) REPORTS TO CONGRESS.—

(A) REPORT ON DISPOSITION OF APPLICATIONS.—Within 90 days after the date the Secretary receives an application submitted pursuant to this subsection, the Secretary shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives notice of the receipt, a description of the decision of the Secretary with respect to the application, and the reasons for approving or disapproving the application.

(B) REPORTS ON PROJECTS.—The Secretary shall provide annually to Congress a report concerning demonstration projects approved under this subsection, including—

(i) the projects approved for each applicant;

(ii) the number of waivers granted under this subsection, and the specific statutory provisions waived;

(iii) how well each project for which a waiver is granted is improving or enhancing program achievement from the standpoint of quality, cost-effectiveness, or both;

(iv) how well each project for which a waiver is granted is meeting the performance objectives specified in paragraph (3)(C)(ii);

(v) how each project for which a waiver is granted is conforming with the cost-neutrality requirements of paragraph (4)(E); and

(vi) to the extent the Secretary deems appropriate, recommendations for modification of programs based on outcomes of the projects.

SEC. 115. STUDY BY THE CENSUS BUREAU.

(a) IN GENERAL.—Section 414(a) (42 U.S.C. 614(a)) is amended to read as follows:

''(a) IN GENERAL.—The Bureau of the Census shall implement or enhance a longitudinal survey of program participation, developed in consultation with the Secretary and made available to interested parties, to allow for the assessment of the outcomes of continued welfare reform on the economic and child well-being of low-income families with children, including those who received assistance or services from a State program funded under this part, and, to the extent possible, shall provide State representative samples. The content of the survey should include such information as may be necessary to examine the issues of out-of-wedlock childbearing, marriage, welfare dependency and compliance with work requirements, the beginning and ending of spells of assistance, work, earnings and employment stability, and the well-being of children.''.

(b) REPORTS ON THE WELL-BEING OF CHILDREN AND FAMILIES.—Section 414 (42 U.S.C. 614), as amended by subsection (a), is amended—

(1) by redesignating subsection (b) as subsection (c); and

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

''(b) REPORTS ON THE WELL-BEING OF CHILDREN AND FAMILIES.—

''(1) IN GENERAL.—Not later than 24 months after the date of enactment of the Personal Responsibility and Individual Development for Everyone Act, the Secretary of Commerce shall prepare and submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the well-being of children and families using data collected under subsection (a).

''(2) SECOND REPORT.—Not later than 60 months after such date of enactment, the Secretary of Commerce shall submit a second report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the well-being of children and families using data collected under subsection (a).

''(3) INCLUSION OF COMPARABLE MEASURES.—Where comparable measures for data collected under subsection (a) exist in surveys previously administered by the Bureau of the Census, appropriate comparisons shall be made and included in each report required under this subsection on the well-being of children and families to assess changes in such measures.''.

(c) APPROPRIATION.—Section 414(c) (42 U.S.C. 614(c)), as redesignated by subsection (b)(1) and as amended by section 3(i) of the Welfare Reform Extension Act of 2003 (Public Law 108–040, 117 Stat. 837), is amended by striking ''1996,'' and all that follows through the period and inserting ''2004 through 2008 for payment to the Bureau of the Census to carry out this section. Funds appropriated under this subsection for a fiscal year shall remain available through fiscal year 2008 to carry out this section.''.

SEC. 116. FUNDING FOR CHILD CARE.

(a) INCREASE IN MANDATORY FUNDING.—Section 418(a)(3) (42 U.S.C. 618(a)(3)), as amended by section 4 of the Welfare Reform Extension Act of 2003 (Public Law 108–040, 117 Stat. 837), is amended—

(1) by striking ''and'' at the end of subparagraph (E);

(2) by striking the period at the end of subparagraph (F) and inserting ''; and''; and

(3) by adding at the end the following:

''(G) $2,917,000,000 for each of fiscal years 2004 through 2008.''.

(b) INCLUSION OF COMMONWEALTH OF PUERTO RICO IN RESERVATION OF CHILD CARE FUNDS.—

(1) IN GENERAL.—Section 418(a)(4) (42 U.S.C. 618(a)(4)) is amended—

(A) in the paragraph heading, by striking ''INDIAN TRIBES'' and inserting ''AMOUNTS RESERVED'';

(B) by striking ''The Secretary'' and inserting the following:

''(A) INDIAN TRIBES.—The Secretary''; and

(C) by adding at the end the following:

''(B) PUERTO RICO.—The Secretary shall reserve $10,000,000 of the amount appropriated under paragraph (3) for each fiscal year for payments to the Commonwealth of Puerto Rico for each such fiscal year for the purpose of providing child care assistance.''.

(2) CONFORMING AMENDMENT.—Section 1108(a)(2) (42 U.S.C. 1308(a)(2)), as amended by section 108(b)(3), is amended by striking ''or 413(f)'' and inserting ''413(f), or 418(a)(4)(B)''.

SEC. 117. DEFINITIONS.

(a) IN GENERAL.—Section 419 (42 U.S.C. 619) is amended by adding at the end the following:

''(6) ASSISTANCE.—

''(A) IN GENERAL.—The term 'assistance' means payment, by cash, voucher, or other means, to or for an individual or family for the purpose of meeting a subsistence need of the individual or family (including food, clothing, shelter, and related items, but not including costs of transportation or child care).

''(B) EXCEPTION.—The term 'assistance' does not include a payment described in subparagraph (A) to or for an individual or family on a short-term, nonrecurring basis (as defined by the State in accordance with regulations prescribed by the Secretary).''.

(b) CONFORMING AMENDMENTS.—

(1) Section 404(a)(1) (42 U.S.C. 604(a)(1)) is amended by striking ''assistance'' and inserting ''aid''.

(2) Section 404(f) (42 U.S.C. 604(f)) is amended by striking ''assistance'' and inserting ''benefits or services''.

(3) Section 408(a)(5)(B)(i) (42 U.S.C. 608(a)(5)(B)(i)) is amended in the heading by striking ''ASSISTANCE'' and inserting ''AID''.

(4) Section 413(d)(2) (42 U.S.C. 613(d)(2)) is amended by striking ''assistance'' and inserting ''aid''.

(5) Section 5(g)(2)(D) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)(2)(D)) is amended—

(A) by striking ''If the vehicle allowance'' and inserting the following:

''(i) IN GENERAL.—If the vehicle allowance''; and

(B) by adding at the end the following:

''(ii) DEFINITION OF ASSISTANCE.—In clause (i), the term 'assistance' shall have the meaning given such term in section 260.31 of title 45 of the Code of Federal Regulations, as in effect on June 1, 2002.''.

SEC. 118. RESPONSIBLE FATHERHOOD PROGRAM.

(a) RESPONSIBLE FATHERHOOD PROGRAM.—

(1) FINDINGS.—Congress makes the following findings:

(A) Nearly 24,000,000 children in the United States, or 34 percent of all such children, live apart from their biological father.

(B) Sixty percent of couples who divorce have at least 1 child.

(C) The number of children living with only a mother increased from just over 5,000,000 in 1960 to 17,000,000 in 1999, and between 1981 and 1991 the percentage of children living with only 1 parent increased from 19 percent to 25 percent.

(D) Forty percent of children who live in households without a father have not seen their father in at least 1 year and 50 percent of such children have never visited their father's home.

(E) The most important factor in a child's upbringing is whether the child is brought up in a loving, healthy, supportive environment.

(F) Children who live without contact with their biological father are, in comparison to children who have such contact—

(i) 5 times more likely to live in poverty;

(ii) more likely to bring weapons and drugs into the classroom;

(iii) twice as likely to commit crime;

(iv) twice as likely to drop out of school;

(v) more likely to commit suicide;

(vi) more than twice as likely to abuse alcohol or drugs; and

(vii) more likely to become pregnant as teenagers.

(G) Violent criminals are overwhelmingly males who grew up without fathers.

(H) Between 20 and 30 percent of families in poverty are headed by women who have suffered domestic violence during the past year, and between 40 and 60 percent of women with children receiving welfare were abused sometime during their life.

(I) Responsible fatherhood includes active participation in financial support and child care, as well as the formation and maintenance of a positive, healthy, and nonviolent relationship between father and child and a cooperative relationship between parents.

(J) States should be encouraged to implement programs that provide support for responsible fatherhood, promote marriage, and increase the incidence of marriage, and should not be restricted from implementing such programs.

(K) Fatherhood programs should promote and provide support services for—

(i) loving and healthy relationships between parents and children; and

(ii) cooperative parenting.

(L) There is a social need to reconnect children and fathers.

(M) The promotion of responsible fatherhood and encouragement of healthy 2-parent married families should not—

(i) denigrate the standing or parenting efforts of single mothers or other caregivers;

(ii) lessen the protection of children from abusive parents; or

(iii) compromise the safety or health of the custodial parent;

but should increase the chance that children will have 2 caring parents to help them grow up healthy and secure.

(N) The promotion of responsible fatherhood must always recognize and promote the values of nonviolence.

(O) For the future of the United States and the future of our children, Congress, States, and local communities should assist parents to become more actively involved in their children's lives.

(P) Child support is an important means by which a parent can take financial responsibility for a child and emotional support is an important means by which a parent can take social responsibility for a child.

(2) FATHERHOOD PROGRAM.—Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193) is amended by adding at the end the following:

''SEC. 117. FATHERHOOD PROGRAM.

''(a) IN GENERAL.—Title IV (42 U.S.C. 601–679b) is amended by inserting after part B the following:

''PART C—RESPONSIBLE FATHERHOOD PROGRAM

''SEC. 441. RESPONSIBLE FATHERHOOD GRANTS.

''(a) GRANTS TO STATES TO CONDUCT DEMONSTRATION PROGRAMS.—

''(1) AUTHORITY TO AWARD GRANTS.—

''(A) IN GENERAL.—The Secretary shall award grants to up to 10 eligible States to conduct demonstration programs to carry out the purposes described in paragraph (2).

''(B) ELIGIBLE STATE.—For purposes of this subsection, an eligible State is a State that submits to the Secretary the following:

''(i) APPLICATION.—An application for a grant under this subsection, at such time, in such manner, and containing such information as the Secretary may require.

''(ii) STATE PLAN.—A State plan that includes the following:

''(I) PROJECT DESCRIPTION.—A description of the programs or activities the State will fund under the grant, including a good faith estimate of the number and characteristics of clients to be served under such projects and how the State intends to achieve at least 2 of the purposes described in paragraph (2).

''(II) COORDINATION EFFORTS.—A description of how the State will coordinate and cooperate with State and local entities responsible for carrying out other programs that relate to the purposes intended to be achieved under the demonstration program, including as appropriate, entities responsible for carrying out jobs programs and programs serving children and families.

''(III) RECORDS, REPORTS, AND AUDITS.—An agreement to maintain such records, submit such reports, and cooperate with such reviews and audits as the Secretary finds necessary for purposes of oversight of the demonstration program.

''(iii) CERTIFICATIONS.—The following certifications from the chief executive officer of the State:

''(I) A certification that the State will use funds provided under the grant to promote at least 2 of the purposes described in paragraph (2).

''(II) A certification that the State will return any unused funds to the Secretary in accordance with the reconciliation process under paragraph (5).

''(III) A certification that the funds provided under the grant will be used for programs and activities that target low-income participants and that not less than 50 percent of the participants in each program or activity funded under the grant shall be—

''(aa) parents of a child who is, or within the past 24 months has been, a recipient of assistance or services under a State program funded under part A, D, or E of this title, title XIX, or the Food Stamp Act of 1977; or

''(bb) parents, including an expectant parent or a married parent, whose income (after adjustment for court-ordered child support paid or received) does not exceed 150 percent of the poverty line.

''(IV) A certification that the State has or will comply with the requirements of paragraph (4).

''(V) A certification that funds provided to a State under this subsection shall not be used to supplement or supplant other Federal, State, or local funds that are used to support programs or activities that are related to the purposes described in paragraph (2).

''(C) PREFERENCES AND FACTORS OF CONSIDERATION.—In awarding grants under this subsection, the Secretary shall take into consideration the following:

''(i) DIVERSITY OF ENTITIES USED TO CONDUCT PROGRAMS AND ACTIVITIES.—The Secretary shall, to the extent practicable, achieve a balance among the eligible States awarded grants under this subsection with respect to the size, urban or rural location, and employment of differing or unique methods of the entities that the eligible States intend to use to conduct the programs and activities funded under the grants.

''(ii) PRIORITY FOR CERTAIN STATES.—The Secretary shall give priority to awarding grants to eligible States that have—

''(I) demonstrated progress in achieving at least 1 of the purposes described in paragraph (2) through previous State initiatives; or

''(II) demonstrated need with respect to reducing the incidence of out-of-wedlock births or absent fathers in the State.

''(2) PURPOSES.—The purposes described in this paragraph are the following:

''(A) PROMOTING RESPONSIBLE FATHERHOOD THROUGH MARRIAGE PROMOTION.—To promote marriage or sustain marriage through activities such as counseling, mentoring, disseminating information about the benefits of marriage and 2-parent involvement for children, enhancing relationship skills, education regarding how to control aggressive behavior, disseminating information on the causes of domestic violence and child abuse, marriage preparation programs, premarital counseling, marital inventories, skills-based marriage education, financial planning seminars, including improving a family's ability to effectively manage family business affairs by means such as education, counseling, or mentoring on matters related to family finances, including household management, budgeting, banking, and handling of financial transactions and home maintenance, and divorce education and reduction programs, including mediation and counseling.

''(B) PROMOTING RESPONSIBLE FATHERHOOD THROUGH PARENTING PROMOTION.—To promote responsible parenting through activities such as counseling, mentoring, and mediation, disseminating information about good parenting practices, skills-based parenting education, encouraging child support payments, and other methods.

''(C) PROMOTING RESPONSIBLE FATHERHOOD THROUGH FOSTERING ECONOMIC STABILITY OF FATHERS.—To foster economic stability by helping fathers improve their economic status by providing activities such as work first services, job search, job training, subsidized employment, job retention, job enhancement, and encouraging education, including career-advancing education, dissemination of employment materials, coordination with existing employment services such as welfare-to-work programs, referrals to local employment training initiatives, and other methods.

''(3) RESTRICTION ON USE OF FUNDS.—No funds provided under this subsection may be used for costs attributable to court proceedings regarding matters of child visitation or custody, or for legislative advocacy.

''(4) REQUIREMENTS FOR RECEIPT OF FUNDS.—A State may not be awarded a grant under this section unless the State, as a condition of receiving funds under such a grant—

''(A) consults with experts in domestic violence or with relevant community domestic violence coalitions in developing such programs or activities; and

''(B) describes in the application for a grant under this section—

''(i) how the programs or activities proposed to be conducted will address, as appropriate, issues of domestic violence; and

''(ii) what the State will do, to the extent relevant, to ensure that participation in such programs or activities is voluntary, and to inform potential participants that their involvement is voluntary.

''(5) RECONCILIATION PROCESS.—

''(A) 3-YEAR AVAILABILITY OF AMOUNTS ALLOTTED.—Each eligible State that receives a grant under this subsection for a fiscal year shall return to the Secretary any unused portion of the grant for such fiscal year not later than the last day of the second succeeding fiscal year, together with any earnings on such unused portion.

''(B) PROCEDURE FOR REDISTRIBUTION.—The Secretary shall establish an appropriate procedure for redistributing to eligible States that have expended the entire amount of a grant made under this subsection for a fiscal year any amount that is returned to the Secretary by eligible States under subparagraph (A).

''(6) AMOUNT OF GRANTS.—

''(A) IN GENERAL.—Subject to subparagraph (B), the amount of each grant awarded under this subsection shall be an amount sufficient to implement the State plan submitted under paragraph (1)(B)(ii).

''(B) MINIMUM AMOUNTS.—No eligible State shall—

''(i) in the case of the District of Columbia or a State other than the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, receive a grant for a fiscal year in an amount that is less than $1,000,000; and

''(ii) in the case of the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, receive a grant for a fiscal year in an amount that is less than $500,000.

''(7) DEFINITION OF STATE.—In this subsection the term 'State' means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

''(8) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $20,000,000 for each of fiscal years 2004 through 2008 for purposes of making grants to eligible States under this subsection.

''(b) GRANTS TO ELIGIBLE ENTITIES TO CONDUCT DEMONSTRATION PROGRAMS.—

''(1) AUTHORITY TO AWARD GRANTS.—

''(A) IN GENERAL.—The Secretary shall award grants to eligible entities to conduct demonstration programs to carry out the purposes described in subsection (a)(2).

''(B) ELIGIBLE ENTITY.—For purposes of this subsection, an eligible entity is a local government, local public agency, community-based or nonprofit organization, or private entity, including any charitable or faith-based organization, or an Indian tribe (as defined in section 419(4)), that submits to the Secretary the following:

''(i) APPLICATION.—An application for a grant under this subsection, at such time, in such manner, and containing such information as the Secretary may require.

''(ii) PROJECT DESCRIPTION.—A description of the programs or activities the entity intends to carry out with funds provided under the grant, including a good faith estimate of the number and characteristics of clients to be served under such programs or activities and how the entity intends to achieve at least 2 of the purposes described in subsection (a)(2).

''(iii) COORDINATION EFFORTS.—A description of how the entity will coordinate and cooperate with State and local entities responsible for carrying out other programs that relate to the purposes intended to be achieved under the demonstration program, including as appropriate, entities responsible for carrying out jobs programs and programs serving children and families.

''(iv) RECORDS, REPORTS, AND AUDITS.—An agreement to maintain such records, submit such reports, and cooperate with such reviews and audits as the Secretary finds necessary for purposes of oversight of the demonstration program.

''(v) CERTIFICATIONS.—The following certifications:

''(I) A certification that the entity will use funds provided under the grant to promote at least 2 of the purposes described in subsection (a)(2).

''(II) A certification that the entity will return any unused funds to the Secretary in accordance with the reconciliation process under paragraph (3).

''(III) A certification that the funds provided under the grant will be used for programs and activities that target low-income participants and that not less than 50 percent of the participants in each program or activity funded under the grant shall be—

''(aa) parents of a child who is, or within the past 24 months has been, a recipient of assistance or services under a State program funded under part A, D, or E of this title, title XIX, or the Food Stamp Act of 1977; or

''(bb) parents, including an expectant parent or a married parent, whose income (after adjustment for court-ordered child support paid or received) does not exceed 150 percent of the poverty line.

''(IV) A certification that the entity has or will comply with the requirements of paragraph (3).

''(V) A certification that funds provided to an entity under this subsection shall not be used to supplement or supplant other Federal, State, or local funds provided to the entity that are used to support programs or activities that are related to the purposes described in subsection (a)(2).

''(C) PREFERENCES AND FACTORS OF CONSIDERATION.—In awarding grants under this subsection, the Secretary shall, to the extent practicable, achieve a balance among the eligible entities awarded grants under this subsection with respect to the size, urban or rural location, and employment of differing or unique methods of the entities.

''(2) RESTRICTION ON USE OF FUNDS.—No funds provided under this subsection may be used for costs attributable to court proceedings regarding matters of child visitation or custody, or for legislative advocacy.

''(3) REQUIREMENTS FOR USE OF FUNDS.—The Secretary may not award a grant under this subsection to an eligible entity unless the entity, as a condition of receiving funds under such a grant—

''(A) consults with experts in domestic violence or with relevant community domestic violence coalitions in developing the programs or activities to be conducted with such funds awarded under the grant; and

''(B) describes in the application for a grant under this section—

''(i) how the programs or activities proposed to be conducted will address, as appropriate, issues of domestic violence; and

''(ii) what the entity will do, to the extent relevant, to ensure that participation in such programs or activities is voluntary, and to inform potential participants that their involvement is voluntary.

''(4) RECONCILIATION PROCESS.—

''(A) 3-YEAR AVAILABILITY OF AMOUNTS ALLOTTED.—Each eligible entity that receives a grant under this subsection for a fiscal year shall return to the Secretary any unused portion of the grant for such fiscal year not later than the last day of the second succeeding fiscal year, together with any earnings on such unused portion.

''(B) PROCEDURE FOR REDISTRIBUTION.—The Secretary shall establish an appropriate procedure for redistributing to eligible entities that have expended the entire amount of a grant made under this subsection for a fiscal year any amount that is returned to the Secretary by eligible entities under subparagraph (A).

''(5) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $30,000,000 for each of fiscal years 2004 through 2008 for purposes of making grants to eligible entities under this subsection.

''SEC. 442. NATIONAL CLEARINGHOUSE FOR RESPONSIBLE FATHERHOOD PROGRAMS.

''(a) MEDIA CAMPAIGN NATIONAL CLEARINGHOUSE FOR RESPONSIBLE FATHERHOOD.—

''(1) IN GENERAL.—From any funds appropriated under subsection (c), the Secretary shall contract with a nationally recognized, nonprofit fatherhood promotion organization described in subsection (b) to—

''(A) develop, promote, and distribute to interested States, local governments, public agencies, and private entities a media campaign that encourages the appropriate involvement of parents in the life of any child, with a priority for programs that specifically address the issue of responsible fatherhood; and

''(B) develop a national clearinghouse to assist States and communities in efforts to promote and support marriage and responsible fatherhood by collecting, evaluating, and making available (through the Internet and by other means) to other States information regarding the media campaigns established under section 443.

''(2) COORDINATION WITH DOMESTIC VIOLENCE PROGRAMS.—The Secretary shall ensure that the nationally recognized nonprofit fatherhood promotion organization with a contract under paragraph (1) coordinates the media campaign developed under subparagraph (A) of such paragraph and the national clearinghouse developed under subparagraph (B) of such paragraph with national, State, or local domestic violence programs.

''(b) NATIONALLY RECOGNIZED, NONPROFIT FATHERHOOD PROMOTION ORGANIZATION DESCRIBED.—The nationally recognized, nonprofit fatherhood promotion organization described in this subsection is an organization that has at least 4 years of experience in—

''(1) designing and disseminating a national public education campaign, as evidenced by the production and successful placement of television, radio, and print public service announcements that promote the importance of responsible fatherhood, a track record of service to Spanish-speaking populations and historically underserved or minority populations, the capacity to fulfill requests for information and a proven history of fulfilling such requests, and a mechanism through which the public can request additional information about the campaign; and

''(2) providing consultation and training to community-based organizations interested in implementing fatherhood outreach, support, or skill development programs with an emphasis on promoting married fatherhood as the ideal.

''(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $5,000,000 for each of fiscal years 2004 through 2008 to carry out this section.

''SEC. 443. BLOCK GRANTS TO STATES TO ENCOURAGE MEDIA CAMPAIGNS.

''(a) DEFINITIONS.—In this section:

''(1) BROADCAST ADVERTISEMENT.—The term 'broadcast advertisement' means a communication intended to be aired by a television or radio broadcast station, including a communication intended to be transmitted through a cable channel.

''(2) CHILD AT RISK.—The term 'child at risk' means each young child whose family income does not exceed the poverty line.

''(3) POVERTY LINE.—The term 'poverty line' has the meaning given such term 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 is applicable to a family of the size involved.

''(4) PRINTED OR OTHER ADVERTISEMENT.—The term 'printed or other advertisement' includes any communication intended to be distributed through a newspaper, magazine, outdoor advertising facility, mailing, or any other type of general public advertising, but does not include any broadcast advertisement.

''(5) STATE.—The term 'State' means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

''(6) YOUNG CHILD.—The term 'young child' means an individual under age 5.

''(b) STATE CERTIFICATIONS.—Not later than October 1 of each of fiscal year for which a State desires to receive an allotment under this section, the chief executive officer of the State shall submit to the Secretary a certification that the State shall—

''(1) use such funds to promote the formation and maintenance of healthy 2-parent married families, strengthen fragile families, and promote responsible fatherhood through media campaigns conducted in accordance with the requirements of subsection (d);

''(2) return any unused funds to the Secretary in accordance with the reconciliation process under subsection (e); and

''(3) comply with the reporting requirements under subsection (f).

''(c) PAYMENTS TO STATES.—For each of fiscal years 2004 through 2008, the Secretary shall pay to each State that submits a certification under subsection (b), from any funds appropriated under subsection (i), for the fiscal year an amount equal to the amount of the allotment determined for the fiscal year under subsection (g).

''(d) ESTABLISHMENT OF MEDIA CAMPAIGNS.—Each State receiving an allotment under this section for a fiscal year shall use the allotment to conduct media campaigns as follows:

''(1) CONDUCT OF MEDIA CAMPAIGNS.—

''(A) RADIO AND TELEVISION MEDIA CAMPAIGNS.—

''(i) PRODUCTION OF BROADCAST ADVERTISEMENTS.—At the option of the State, to produce broadcast advertisements that promote the formation and maintenance of healthy 2-parent married families, strengthen fragile families, and promote responsible fatherhood.

''(ii) AIRTIME CHALLENGE PROGRAM.—At the option of the State, to establish an airtime challenge program under which the State may spend amounts allotted under this section to purchase time from a broadcast station to air a broadcast advertisement produced under clause (i), but only if the State obtains an amount of time of the same class and during a comparable period to air the advertisement using non-Federal contributions.

''(B) OTHER MEDIA CAMPAIGNS.—At the option of the State, to conduct a media campaign that consists of the production and distribution of printed or other advertisements that promote the formation and maintenance of healthy 2-parent married families, strengthen fragile families, and promote responsible fatherhood.

''(2) ADMINISTRATION OF MEDIA CAMPAIGNS.—A State may administer media campaigns funded under this section directly or through grants, contracts, or cooperative agreements with public agencies, local governments, or private entities, including charitable and faith-based organizations.

''(3) CONSULTATION WITH DOMESTIC VIOLENCE ASSISTANCE CENTERS.—In developing broadcast and printed advertisements to be used in the media campaigns conducted under paragraph (1), the State or other entity administering the campaign shall consult with representatives of State and local domestic violence centers.

''(4) NON-FEDERAL CONTRIBUTIONS.—In this section, the term 'non-Federal contributions' includes contributions by the State and by public and private entities. Such contributions may be in cash or in kind. Such term does not include any amounts provided by the Federal Government, or services assisted or subsidized to any significant extent by the Federal Government, or any amount expended by a State before October 1, 2003.

''(e) RECONCILIATION PROCESS.—

''(1) 3-YEAR AVAILABILITY OF AMOUNTS ALLOTTED.—Each State that receives an allotment under this section shall return to the Secretary any unused portion of the amount allotted to a State for a fiscal year not later than the last day of the second succeeding fiscal year together with any earnings on such unused portion.

''(2) PROCEDURE FOR REDISTRIBUTION OF UNUSED ALLOTMENTS.—The Secretary shall establish an appropriate procedure for redistributing to States that have expended the entire amount allotted under this section any amount that is—

''(A) returned to the Secretary by States under paragraph (1); or

''(B) not allotted to a State under this section because the State did not submit a certification under subsection (b) by October 1 of a fiscal year.

''(f) REPORTING REQUIREMENTS.—

''(1) MONITORING AND EVALUATION.—Each State receiving an allotment under this section for a fiscal year shall monitor and evaluate the media campaigns conducted using funds made available under this section in such manner as the Secretary, in consultation with the States, determines appropriate.

''(2) ANNUAL REPORTS.—Not less frequently than annually, each State receiving an allotment under this section for a fiscal year shall submit to the Secretary reports on the media campaigns conducted using funds made available under this section at such time, in such manner, and containing such information as the Secretary may require.

''(g) AMOUNT OF ALLOTMENTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), of the amount appropriated for the purpose of making allotments under this section for a fiscal year, the Secretary shall allot to each State that submits a certification under subsection (b) for the fiscal year an amount equal to the sum of—

''(A) the amount that bears the same ratio to 50 percent of such funds as the number of young children in the State (as determined by the Secretary based on the most current reliable data available) bears to the number of such children in all States; and

''(B) the amount that bears the same ratio to 50 percent of such funds as the number of children at risk in the State (as determined by the Secretary based on the most current reliable data available) bears to the number of such children in all States.

''(2) MINIMUM ALLOTMENTS.—No allotment for a fiscal year under this section shall be less than—

''(A) in the case of the District of Columbia or a State other than the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, 1 percent of the amount appropriated for the fiscal year under subsection (i); and

''(B) in the case of the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, 0.5 percent of such amount.

''(3) PRO RATA REDUCTIONS.—The Secretary shall make such pro rata reductions to the allotments determined under this subsection as are necessary to comply with the requirements of paragraph (2).

''(h) EVALUATION.—

''(1) IN GENERAL.—The Secretary shall conduct an evaluation of the impact of the media campaigns funded under this section.

''(2) REPORT.—Not later than December 31, 2006, the Secretary shall report to Congress the results of the evaluation under paragraph (1).

''(3) FUNDING.—Of the amount appropriated under subsection (i) for fiscal year 2004, $1,000,000 of such amount shall be transferred and made available for purposes of conducting the evaluation required under this subsection, and shall remain available until expended.

''(i) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $20,000,000 for each of fiscal years 2004 through 2008 for purposes of making allotments to States under this section.'.

''(b) INAPPLICABILITY OF EFFECTIVE DATE PROVISIONS.—Section 116 shall not apply to the amendment made by subsection (a) of this section.''.

(b) CLERICAL AMENDMENT.—Section 2 of such Act is amended in the table of contents by inserting after the item relating to section 116 the following new item:

''Sec. 117. Responsible fatherhood program.''.

SEC. 119. ADDITIONAL GRANTS.

(a) GRANTS TO CAPITALIZE AND DEVELOP SUSTAINABLE SOCIAL SERVICES.—Section 403(a) (42 U.S.C. 603(a)) is amended by adding at the end the following:

''(6) GRANTS TO CAPITALIZE AND DEVELOP SUSTAINABLE SOCIAL SERVICES.—

''(A) AUTHORITY TO AWARD GRANTS.—The Secretary may award grants to entities for the purpose of capitalizing and developing the role of sustainable social services that are critical to the success of moving recipients of assistance under a State program funded under this part to work.

''(B) APPLICATION.—

''(i) IN GENERAL.—An entity desiring a grant under this paragraph shall submit an application to the Secretary, at such time, in such manner, and, subject to clause (ii), containing such information as the Secretary may require.

''(ii) STRATEGY FOR GENERATION OF REVENUE.—An application for a grant under this paragraph shall include a description of the capitalization strategy that the entity intends to follow to develop a program that generates its own source of ongoing revenue while assisting recipients of assistance under a State program funded under this part.

''(C) USE OF FUNDS.—

''(i) IN GENERAL.—Funds made available under a grant made under this paragraph may be used for the acquisition, construction, or renovation of facilities or buildings.

''(ii) GENERAL RULES GOVERNING USE OF FUNDS.—The rules of section 404, other than subsection (b) of that section, shall not apply to a grant made under this paragraph.

''(D) EVALUATION AND REPORT.—The Secretary shall, by grant, contract, or interagency agreement, conduct an evaluation of the programs developed with grants awarded under this paragraph and shall submit a report to Congress on the results of such evaluation.

''(E) AUTHORIZATION OF APPROPRIATIONS.—Out of any money in the Treasury of the United States not otherwise appropriated, there is appropriated to the Secretary for the purpose of carrying out this paragraph, $40,000,000 for each of fiscal years 2004 through 2008.''.

(b) GRANTS FOR LOW-INCOME CAR OWNERSHIP PROGRAMS.—Section 403(a) (42 U.S.C. 603(a)), as amended by subsection (a), is further amended by adding at the end the following:

''(7) GRANTS FOR LOW-INCOME CAR OWNERSHIP PROGRAMS.—

''(A) PURPOSES.—The purposes of this paragraph are to—

''(i) assist low-income families with children obtain dependable, affordable automobiles to improve their employment opportunities and access to training; and

''(ii) provide incentives to States, Indian tribes, localities, and nonprofit entities to develop and administer programs that provide assistance with automobile ownership for low-income families.

''(B) DEFINITIONS.—In this paragraph:

''(i) LOCALITY.—The term 'locality' means a municipality that does not administer a State program funded under this part.

''(ii) LOW-INCOME FAMILY WITH CHILDREN.—The term 'low-income family with children' means a household that is eligible for benefits or services funded under the State program funded under this part or under a program funded with qualified State expenditures (as defined in section 409(a)(7)(B)(i)).

''(iii) NONPROFIT ENTITY.—The term 'nonprofit entity' means a school, local agency, organization, or institution owned and operated by 1 or more nonprofit corporations or associations, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

''(C) AUTHORITY TO AWARD GRANTS.—The Secretary may award grants to States, counties, localities, Indian tribes, and nonprofit entities to promote improving access to dependable, affordable automobiles by low-income families with children.

''(D) GRANT APPROVAL CRITERIA.—The Secretary shall establish criteria for approval of an application for a grant under this paragraph that include consideration of—

''(i) the extent to which the proposal, if funded, is likely to improve access to training and employment opportunities and child care services by low-income families with children by means of car ownership;

''(ii) the level of innovation in the applicant's grant proposal; and

''(iii) any partnerships between the public and private sector in the applicant's grant proposal.

''(E) USE OF FUNDS.—

''(i) IN GENERAL.—A grant awarded under this paragraph shall be used to administer programs that assist low-income families with children with dependable automobile ownership, and maintenance of, or insurance for, the purchased automobile.

''(ii) SUPPLEMENT NOT SUPPLANT.—Funds provided to a State, Indian tribe, county, or locality under a grant awarded under this paragraph shall be used to supplement and not supplant other State, county, or local public funds expended for car ownership programs.

''(iii) GENERAL RULES GOVERNING USE OF FUNDS.—The rules of section 404, other than subsection (b) of that section, shall not apply to a grant made under this paragraph.

''(F) APPLICATION.—Each applicant desiring a grant under this paragraph shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

''(G) REVERSION OF FUNDS.—Any funds not expended by a grantee within 3 years after the date the grant is awarded under this paragraph shall be available for redistribution among other grantees in such manner and amount as the Secretary may determine, unless the Secretary extends by regulation the time period to expend such funds.

''(H) LIMITATION ON ADMINISTRATIVE COSTS OF THE SECRETARY.—Not more than an amount equal to 5 percent of the funds appropriated to make grants under this paragraph for a fiscal year shall be expended for administrative costs of the Secretary in carrying out this paragraph.

''(I) EVALUATION.—The Secretary shall, by grant, contract, or interagency agreement, conduct an evaluation of the programs administered with grants awarded under this paragraph.

''(J) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to make grants under this paragraph, $25,000,000 for each of fiscal years 2004 through 2008.''.

SEC. 120. TECHNICAL CORRECTIONS.

(a) Section 409(c)(2) (42 U.S.C. 609(c)(2)) is amended by inserting a comma after ''appropriate''.

(b) Section 411(a)(1)(A)(ii)(III) (42 U.S.C. 611(a)(1)(A)(ii)(III)) is amended by striking the last close parenthesis.

(c) Section 413(j)(2)(A) (42 U.S.C. 613(j)(2)(A)) is amended by striking ''section'' and inserting ''sections''.

(d)(1) Section 413 (42 U.S.C. 613) is amended by striking subsection (g) and redesignating subsections (h) through (j) and subsections (k) and (l) (as added by sections 112(c) and 115(a) of this Act, respectively) as subsections (g) through (k), respectively.

(2) Each of the following provisions is amended by striking ''413(j)'' and inserting ''413(i)'':

(A) Section 403(a)(5)(A)(ii)(III) (42 U.S.C. 603(a)(5)(A)(ii)(III)).

(B) Section 403(a)(5)(F) (42 U.S.C. 603(a)(5)(F)).

(C) Section 403(a)(5)(G)(ii) (42 U.S.C. 603(a)(5)(G)(ii)).

(D) Section 412(a)(3)(B)(iv) (42 U.S.C. 612(a)(3)(B)(iv)).

TITLE II—ABSTINENCE EDUCATION

SEC. 201. EXTENSION OF ABSTINENCE EDUCATION PROGRAM.

(a) EXTENSION OF APPROPRIATIONS.—Section 510(d) (42 U.S.C. 710(d)), as amended by section 6 of the Welfare Reform Extension Act of 2003 (Public Law 108–040, 117 Stat. 837), is amended by striking ''2003'' and inserting ''2008''.

(b) ALLOTMENT OF FUNDS.—Section 510(a) (42 U.S.C. 710(a)) is amended—

(1) in the matter preceding paragraph (1), by striking ''an application for the fiscal year under section 505(a)'' and inserting '', for the fiscal year, an application under section 505(a), and an application under this section (in such form and meeting such terms and conditions as determined appropriate by the Secretary),''; and

(2) in paragraph (2), to read as follows:

''(2) the percentage described in section 502(c)(1)(B)(ii) that would be determined for the State under section 502(c) if such determination took into consideration only those States that transmitted both such applications for such fiscal year.''.

(c) REALLOTMENT OF FUNDS.—Section 510 (42 U.S.C. 710(a)) is amended by adding at the end the following:

''(e)(1) With respect to allotments under subsection (a) for fiscal year 2004 and subsequent fiscal years, the amount of any allotment to a State for a fiscal year that the Secretary determines will not be required to carry out a program under this section during such fiscal year or the succeeding fiscal year shall be available for reallotment from time to time during such fiscal years on such dates as the Secretary may fix, to other States that the Secretary determines—

''(A) require amounts in excess of amounts previously allotted under subsection (a) to carry out a program under this section; and

''(B) will use such excess amounts during such fiscal years.

''(2) Reallotments under paragraph (1) shall be made on the basis of such States' applications under this section, after taking into consideration the population of low-income children in each such State as compared with the population of low-income children in all such States with respect to which a determination under paragraph (1) has been made by the Secretary.

''(3) Any amount reallotted under paragraph (1) to a State is deemed to be part of its allotment under subsection (a).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to the program under section 510 for fiscal years 2004 and succeeding fiscal years.

TITLE III—CHILD SUPPORT

SEC. 301. DISTRIBUTION OF CHILD SUPPORT COLLECTED BY STATES ON BEHALF OF CHILDREN RECEIVING CERTAIN WELFARE BENEFITS.

(a) MODIFICATION OF RULE REQUIRING ASSIGNMENT OF SUPPORT RIGHTS AS A CONDITION OF RECEIVING TANF.—Section 408(a)(3) (42 U.S.C. 608(a)(3)) is amended to read as follows:

''(3) NO ASSISTANCE FOR FAMILIES NOT ASSIGNING CERTAIN SUPPORT RIGHTS TO THE STATE.—A State to which a grant is made under section 403 shall require, as a condition of paying assistance to a family under the State program funded under this part, that a member of the family assign to the State any right the family member may have (on behalf of the family member or of any other person for whom the family member has applied for or is receiving such assistance) to support from any other person, not exceeding the total amount of assistance so paid to the family, which accrues during the period that the family receives assistance under the program.''.

(b) INCREASING CHILD SUPPORT PAYMENTS TO FAMILIES AND SIMPLIFYING CHILD SUPPORT DISTRIBUTION RULES.—

(1) DISTRIBUTION RULES.—

(A) IN GENERAL.—Section 457(a) (42 U.S.C. 657(a)) is amended to read as follows:

''(a) IN GENERAL.—Subject to subsections (d) and (e), the amounts collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

''(1) FAMILIES RECEIVING ASSISTANCE.—In the case of a family receiving assistance from the State, the State shall—

''(A) pay to the Federal Government the Federal share of the amount collected, subject to paragraph (3)(A);

''(B) retain, or pay to the family, the State share of the amount collected, subject to paragraph (3)(B); and

''(C) pay to the family any remaining amount.

''(2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—In the case of a family that formerly received assistance from the State:

''(A) CURRENT SUPPORT.—To the extent that the amount collected does not exceed the current support amount, the State shall pay the amount to the family.

''(B) ARREARAGES.—Except as otherwise provided in an election made under section 454(34), to the extent that the amount collected exceeds the current support amount, the State—

''(i) shall first pay to the family the excess amount, to the extent necessary to satisfy support arrearages not assigned pursuant to section 408(a)(3);

''(ii) if the amount collected exceeds the amount required to be paid to the family under clause (i), shall—

''(I) pay to the Federal Government the Federal share of the excess amount described in this clause, subject to paragraph (3)(A); and

''(II) retain, or pay to the family, the State share of the excess amount described in this clause, subject to paragraph (3)(B); and

''(iii) shall pay to the family any remaining amount.

''(3) LIMITATIONS.—

''(A) FEDERAL REIMBURSEMENTS.—The total of the amounts paid by the State to the Federal Government under paragraphs (1) and (2) of this subsection with respect to a family shall not exceed the Federal share of the amount assigned with respect to the family pursuant to section 408(a)(3).

''(B) STATE REIMBURSEMENTS.—The total of the amounts retained by the State under paragraphs (1) and (2) of this subsection with respect to a family shall not exceed the State share of the amount assigned with respect to the family pursuant to section 408(a)(3).

''(4) FAMILIES THAT NEVER RECEIVED ASSISTANCE.—In the case of any other family, the State shall pay the amount collected to the family.

''(5) FAMILIES UNDER CERTAIN AGREEMENTS.—Notwithstanding paragraphs (1) through (3), in the case of an amount collected for a family in accordance with a cooperative agreement under section 454(33), the State shall distribute the amount collected pursuant to the terms of the agreement.

''(6) STATE FINANCING OPTIONS.—To the extent that the State's share of the amount payable to a family pursuant to paragraph (2)(B) of this subsection exceeds the amount that the State estimates (under procedures approved by the Secretary) would have been payable to the family pursuant to former section 457(a)(2)(B) (as in effect for the State immediately before the date this subsection first applies to the State) if such former section had remained in effect, the State may elect to have the payment considered a qualified State expenditure for purposes of section 409(a)(7).

''(7) STATE OPTION TO PASS THROUGH ADDITIONAL SUPPORT WITH FEDERAL FINANCIAL PARTICIPATION.—

''(A) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE.—Notwithstanding paragraph (2), a State shall not be required to pay to the Federal Government the Federal share of an amount collected on behalf of a family that formerly received assistance from the State to the extent that the State pays the amount to the family.

''(B) FAMILIES THAT CURRENTLY RECEIVE ASSISTANCE.—

''(i) IN GENERAL.—Notwithstanding paragraph (1), in the case of a family that receives assistance from the State, a State shall not be required to pay to the Federal Government the Federal share of the excepted portion (as defined in clause (ii)) of any amount collected on behalf of such family during a month to the extent that—

''(I) the State pays the excepted portion to the family; and

''(II) the excepted portion is disregarded in determining the amount and type of assistance provided to the family under such program.

''(ii) EXCEPTED PORTION DEFINED.—For purposes of this subparagraph, the term 'excepted portion' means that portion of the amount collected on behalf of a family during a month that does not exceed $400 per month, or in the case of a family that includes 2 or more children, that does not exceed an amount established by the State that is not more than $600 per month.

''(8) STATES WITH DEMONSTRATION WAIVERS.—Notwithstanding the preceding paragraphs, in the case of a State that, on the date of enactment of this paragraph, has had in effect since October 1, 1997, a waiver under section 1115 permitting passthrough payments of child support collections—

''(A) the State may continue to distribute such payments to families without regard to the expiration date of such waiver; and

''(B) the requirement under paragraph (1) to pay to the Federal Government the Federal share of the amount collected on behalf of a family shall not apply to the extent that—

''(i) the State distributes such amount to the family; and

''(ii) such amount is disregarded in determining the amount and type of assistance paid to the family.''.

(B) STATE PLAN TO INCLUDE ELECTION AS TO WHICH RULES TO APPLY IN DISTRIBUTING CHILD SUPPORT ARREARAGES COLLECTED ON BEHALF OF FAMILIES FORMERLY RECEIVING ASSISTANCE.—Section 454 (42 U.S.C. 654) is amended—

(i) by striking ''and'' at the end of paragraph (32);

(ii) by striking the period at the end of paragraph (33) and inserting ''; and''; and

(iii) by inserting after paragraph (33) the following:

''(34) include an election by the State to apply section 457(a)(2)(B) of this Act or former section 457(a)(2)(B) of this Act (as in effect for the State immediately before the date this paragraph first applies to the State) to the distribution of the amounts which are the subject of such sections and, for so long as the State elects to so apply such former section, the amendments made by section 301(d)(1) of the Personal Responsibility and Individual Development for Everyone Act shall not apply with respect to the State, notwithstanding section 301(e) of that Act.''.

(C) APPROVAL OF ESTIMATION PROCEDURES.—Not later than the date that is 6 months after the date of enactment of this Act, the Secretary of Health and Human Services, in consultation with the States (as defined for purposes of part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.)), shall establish the procedures to be used to make the estimate described in section 457(a)(6) of such Act (42 U.S.C. 657(a)(6)).

(2) CURRENT SUPPORT AMOUNT DEFINED.—Section 457(c) (42 U.S.C. 657(c)) is amended by adding at the end the following:

''(5) CURRENT SUPPORT AMOUNT.—The term 'current support amount' means, with respect to amounts collected as support on behalf of a family, the amount designated as the monthly support obligation of the noncustodial parent in the order requiring the support.''.

(c) STATE OPTION TO DISCONTINUE OLDER SUPPORT ASSIGNMENTS.—Section 457(b) (42 U.S.C. 657(b)) is amended to read as follows:

''(b) CONTINUATION OF ASSIGNMENTS.—

''(1) STATE OPTION TO DISCONTINUE PRE-1997 SUPPORT ASSIGNMENTS.—

''(A) IN GENERAL.—Any rights to support obligations assigned to a State as a condition of receiving assistance from the State under part A and in effect on September 30, 1997 (or such earlier date on or after August 22, 1996, as the State may choose), may remain assigned after such date.

''(B) DISTRIBUTION OF AMOUNTS AFTER ASSIGNMENT DISCONTINUATION.—If a State chooses to discontinue the assignment of a support obligation described in subparagraph (A), the State may treat amounts collected pursuant to such assignment as if such amounts had never been assigned and may distribute such amounts to the family in accordance with subsection (a)(4).

''(2) STATE OPTION TO DISCONTINUE POST-1997 ASSIGNMENTS.—

''(A) IN GENERAL.—Any rights to support obligations accruing before the date on which a family first receives assistance under part A that are assigned to a State under that part and in effect before the implementation date of this section may remain assigned after such date.

''(B) DISTRIBUTION OF AMOUNTS AFTER ASSIGNMENT DISCONTINUATION.—If a State chooses to discontinue the assignment of a support obligation described in subparagraph (A), the State may treat amounts collected pursuant to such assignment as if such amounts had never been assigned and may distribute such amounts to the family in accordance with subsection (a)(4).''.

(d) CONFORMING AMENDMENTS.—

(1) Section 409(a)(7)(B)(i) (42 U.S.C. 609(a)(7)(B)(i)), as amended by section 103(c), is amended—

(A) in subclause (I)(aa), by striking ''457(a)(1)(B)'' and inserting ''457(a)(1)''; and

(B) by adding at the end the following:

''(VI) PORTIONS OF CERTAIN CHILD SUPPORT PAYMENTS COLLECTED ON BEHALF OF AND DISTRIBUTED TO FAMILIES NO LONGER RECEIVING ASSISTANCE.—Any amount paid by a State pursuant to clause (i) or (ii) of section 457(a)(2)(B), but only to the extent that the State properly elects under section 457(a)(6) to have the payment considered a qualified State expenditure.''.

(2) Section 6402(c) of the Internal Revenue Code of 1986 (relating to offset of past-due support against overpayments) is amended—

(A) in the first sentence, by striking ''the Social Security Act.'' and inserting ''of such Act.''; and

(B) by striking the third sentence and inserting the following: ''The Secretary shall apply a reduction under this subsection first to an amount certified by the State as past due support under section 464 of the Social Security Act before any other reductions allowed by law.''.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on October 1, 2007, and shall apply to payments under parts A and D of title IV of the Social Security Act for calendar quarters beginning on or after such date, and without regard to whether regulations to implement such amendments (in the case of State programs operated under such part D) are promulgated by such date.

(2) STATE OPTION TO ACCELERATE EFFECTIVE DATE.—In addition, a State may elect to have the amendments made by this section apply to the State and to amounts collected by the State (and such payments under parts A and D), on and after such date as the State may select that is after the date of enactment of this Act and before October 1, 2007.

SEC. 302. MANDATORY REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS FOR FAMILIES RECEIVING TANF.

(a) IN GENERAL.—Section 466(a)(10)(A)(i) (42 U.S.C. 666(a)(10)(A)(i)) is amended—

(1) by striking ''parent, or,'' and inserting ''parent or''; and

(2) by striking ''upon the request of the State agency under the State plan or of either parent,''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on October 1, 2005.

SEC. 303. REPORT ON UNDISTRIBUTED CHILD SUPPORT PAYMENTS.

Not later than 6 months after the date of enactment of this Act, the Secretary of Health and Human Services shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the procedures that the States use generally to locate custodial parents for whom child support has been collected but not yet distributed. The report shall include an estimate of the total amount of undistributed child support and the average length of time it takes undistributed child support to be distributed. To the extent the Secretary deems appropriate, the Secretary shall include in the report recommendations as to whether additional procedures should be established at the Federal or State level to expedite the payment of undistributed child support.

SEC. 304. USE OF NEW HIRE INFORMATION TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.

(a) IN GENERAL.—Section 453(j) (42 U.S.C. 653(j)) is amended by adding at the end the following:

''(7) INFORMATION COMPARISONS AND DISCLOSURE TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.—

''(A) IN GENERAL.—If, for purposes of administering an unemployment compensation program under Federal or State law, a State agency responsible for the administration of such program transmits to the Secretary the name and social security account number of an individual, the Secretary shall disclose to the State agency information on the individual and the individual's employer that is maintained in the National Directory of New Hires, subject to the succeeding provisions of this paragraph.

''(B) CONDITION ON DISCLOSURE BY THE SECRETARY.—The Secretary shall make a disclosure under subparagraph (A) only to the extent that the Secretary determines that the disclosure would not interfere with the effective operation of the program under this part.

''(C) USE AND DISCLOSURE OF INFORMATION BY STATE AGENCIES.—

''(i) IN GENERAL.—A State agency may not use or disclose information provided under this paragraph except for purposes of administering a program referred to in subparagraph (A).

''(ii) INFORMATION SECURITY.—A State agency to which information is provided under this

paragraph shall have in effect data security and control policies that the Secretary finds adequate to ensure the security of information obtained under this paragraph and to ensure that access to such information is restricted to authorized persons for purposes of authorized uses and disclosures.

''(iii) PENALTY FOR MISUSE OF INFORMATION.—An officer or employee of a State agency who fails to comply with this subparagraph shall be subject to the sanctions under subsection (l)(2) to the same extent as if such officer or employee was an officer or employee of the United States.

''(D) PROCEDURAL REQUIREMENTS.—A State agency requesting information under this paragraph shall adhere to uniform procedures established by the Secretary governing information requests and data matching under this paragraph.

''(E) REIMBURSEMENT OF COSTS.—A State agency shall reimburse the Secretary, in accordance with subsection (k)(3), for the costs incurred by the Secretary in furnishing the information requested under this paragraph.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2004.

SEC. 305. DECREASE IN AMOUNT OF CHILD SUPPORT ARREARAGE TRIGGERING PASSPORT DENIAL.

(a) IN GENERAL.—Section 452(k)(1) (42 U.S.C. 652(k)(1)) is amended by striking ''$5,000'' and inserting ''$2,500''.

(b) CONFORMING AMENDMENT.—Section 454(31) (42 U.S.C. 654(31)) is amended by striking ''$5,000'' and inserting ''$2,500''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2004.

SEC. 306. USE OF TAX REFUND INTERCEPT PROGRAM TO COLLECT PAST-DUE CHILD SUPPORT ON BEHALF OF CHILDREN WHO ARE NOT MINORS.

(a) IN GENERAL.—Section 464 (42 U.S.C. 664) is amended—

(1) in subsection (a)(2)(A), by striking ''(as that term is defined for purposes of this paragraph under subsection (c))''; and

(2) in subsection (c)—

(A) in paragraph (1)—

(i) by striking ''(1) Except as provided in paragraph (2), as used in'' and inserting ''In''; and

(ii) by inserting ''(whether or not a minor)'' after ''a child'' each place it appears; and

(B) by striking paragraphs (2) and (3).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on October 1, 2005.

SEC. 307. GARNISHMENT OF COMPENSATION PAID TO VETERANS FOR SERVICE-CONNECTED DISABILITIES IN ORDER TO ENFORCE OBLIGATIONS.

(a) IN GENERAL.—Section 459(h)(1)(A)(ii)(V)) (42 U.S.C. 659(h)(1)(A)(ii)(V)) is amended by striking all that follows ''Armed Forces'' and inserting '', except that such compensation shall not be subject to withholding pursuant to this section for payment of alimony unless the former member to whom it is payable is in receipt of retired or retainer pay and has waived a portion of such pay in order to receive such compensation;''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2005.

SEC. 308. IMPROVING FEDERAL DEBT COLLECTION PRACTICES.

(a) IN GENERAL.—Section 3716(h)(3) of title 31, United States Code, is amended to read as follows:

''(3)(A) Except as provided in subparagraph (B), in applying this subsection with respect to any debt owed to a State, subsection (c)(3)(A) shall not apply.

''(B) Subparagraph (A) shall not apply with respect to payments owed to an individual under title II of the Social Security Act, for purposes of an offset under this section of such payments against past-due support (as defined in section 464(c) of the Social Security Act, without regard to paragraphs (2) and (3) of such section 464(c)) that is being enforced by a State agency administering a program under part D of title IV of that Act.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2004.

SEC. 309. MAINTENANCE OF TECHNICAL ASSISTANCE FUNDING.

Section 452(j) (42 U.S.C. 652(j)) is amended by inserting ''or the amount appropriated under this paragraph for fiscal year 2002, whichever is greater'' before '', which shall be available''.

SEC. 310. MAINTENANCE OF FEDERAL PARENT LOCATOR SERVICE FUNDING.

Section 453(o) (42 U.S.C. 653(o)) is amended—

(1) in the first sentence, by inserting ''or the amount appropriated under this paragraph for fiscal year 2002, whichever is greater'' before '', which shall be available''; and

(2) in the second sentence, by striking ''for each of fiscal years 1997 through 2001''.

SEC. 311. IDENTIFICATION AND SEIZURE OF ASSETS HELD BY MULTISTATE FINANCIAL INSTITUTIONS.

(a) DUTIES OF THE SECRETARY.—Section 452(l) (42 U.S.C. 652(l)) is amended to read as follows:

''(l) IDENTIFICATION AND SEIZURE OF ASSETS HELD BY MULTISTATE FINANCIAL INSTITUTIONS.—

''(1) IN GENERAL.—The Secretary, through the Federal Parent Locator Service, is authorized—

''(A) to assist State agencies operating programs under this part and financial institutions doing business in 2 or more States in reaching agreements regarding the receipt from such institutions, and the transfer to the State agencies, of information that may be provided pursuant to section 466(a)(17)(A)(i) or 469A(a);

''(B) to perform data matches comparing information from such State agencies and financial institutions entering into such Agreements with respect to individuals owing past-due support; and

''(C) to seize assets, held by such financial institutions, of individuals identified through such data matches who owe past-due support, by—

''(i) issuing a notice of lien or levy to such financial institutions requiring them to encumber such assets for 30 calendar days and to subsequently transfer such assets to the Secretary (except that the Secretary shall promptly release such lien or levy within such 30-day period upon request of the State agencies responsible for collecting past-due support from such individuals); and

''(ii) providing notice to such individuals of the lien or levy upon their assets and informing them—

''(I) of their procedural due process rights, including the opportunity to contest such lien or levy to the appropriate State agency; and

''(II) in the case of jointly owned assets, of the process by which other owners may secure their respective share of such assets, according to such policies and procedures as the Secretary may specify with respect to seizure of such assets.

''(2) TRANSFER OF FUNDS TO STATES.—Assets seized from individuals under paragraph (1)(C) shall be promptly transferred by the Secretary to the State agencies responsible for collecting past-due support from such individuals for distribution pursuant to section 457.

''(3) RELATIONSHIP TO STATE LAWS.—Notwithstanding any provision of State law, an individual receiving a notice under paragraph (1)(C) shall have 21 calendar days from the date of such notice to contest the lien or levy imposed under such paragraph by requesting an administrative review by the State agency responsible for collecting past-due support from such individual.

''(4) TREATMENT OF DISCLOSURES.—For purposes of section 1113(d) of the Right to Financial Privacy Act of 1978, a disclosure pursuant to this subsection shall be considered a disclosure pursuant to a Federal statute.''.

(b) STATE DUTIES.—

(1) INDIVIDUALS WITH ASSETS SUBJECT TO FEDERAL SEIZURE.—Section 454 (42 U.S.C. 654), as amended by section 301(b)(1)(B)(iii), is amended—

(A) in paragraph (33), by striking ''and'' at the end;

(B) in paragraph (34), by striking the period and inserting ''; and''; and

(C) by inserting after paragraph (34), the following:

''(35) provide that the State shall—

''(A) upon furnishing the Secretary with information under section 452(l) with respect to individuals owing past-due support, provide notice to such individuals that their assets held in financial institutions shall be subject to seizure to pay such past-due support, and shall—

''(i) instruct such individuals of the steps which may be taken to contest the State's determination that past-due support is owed or the amount of the past-due support; and

''(ii) include, in the case of jointly owned assets, a description of the process by which other owners may secure their share of such assets, in accordance with such policies and procedures as the Secretary may specify with respect to seizure of such assets;

''(B) promptly resolve cases in which such individuals contest the State's determination with respect to past-due support, and provide for expedited refund of any assets erroneously seized and transferred to the State under such section 452(l); and

''(C) except as otherwise specified under this paragraph or by the Secretary, ensure that the due process protections afforded under this paragraph to individuals whose assets are subject to seizure under section 452(l) are generally consistent with, and to the extent practicable conform to, the due process protections afforded by the State to individuals subject to offset of tax refunds under section 464.''.

(2) REIMBURSEMENT OF FEDERAL COSTS.—Section 453(k)(3) (42 U.S.C. 653(k)(3)) is amended—

(A) in the paragraph heading, by inserting ''AND ENFORCEMENT SERVICES'' after ''INFORMATION''

(B) by inserting ''or enforcement services'' after ''that receives information'';

(C) by inserting ''or section 452(l)'' after ''pursuant to this section''; and

(D) by striking ''in furnishing the information'' and inserting ''in furnishing such information or enforcement services''.

(c) CONFORMING AMENDMENTS.—

(1) STATE LAW REQUIREMENTS.—Section 466(a)(17) (42 U.S.C. 666(a)(17)) is amended—

(A) in subparagraph (A)—

(i) in clause (i), by inserting ''pursuant to section 452(l)'' after ''and the Federal Parent Locator Service''; and

(ii) in clause (ii), by inserting ''issued by the State agency or by the Secretary under section 452(l)'' after ''in response to a notice of lien or levy''; and

(B) in subparagraph (C)—

(i) in clause (i), by inserting ''or to the Federal Parent Locator Service'' after ''to the State agency''; and

(ii) in clause (ii), by striking ''issued by the State agency''.

(2) NON LIABILITY FOR FINANCIAL INSTITUTIONS.—Section 469A(a) (42 U.S.C. 669a(a)) is amended by inserting ''section 452(l) or'' before ''section 466(a)(17)(A)''.

SEC. 312. INFORMATION COMPARISONS WITH INSURANCE DATA.

(a) DUTIES OF THE SECRETARY.—Section 452 (42 U.S.C. 652) is amended by adding at the end the following:

''(m) COMPARISONS WITH INSURANCE INFORMATION.—

''(1) IN GENERAL.—The Secretary, through the Federal Parent Locator Service, is authorized—

''(A) to compare information concerning individuals owing past-due support with information maintained by insurers (or their agents) concerning insurance claims, settlements, awards, and payments, and

''(B) to furnish information resulting from such data matches to the State agencies responsible for collecting child support from such individuals.

''(2) LIABILITY.—No insurer (including any agent of an insurer) shall be liable under any Federal or State law to any person for any disclosure provided for under this subsection, or for any other action taken in good faith in accordance with the provisions of this subsection.''.

(b) STATE REIMBURSEMENT OF FEDERAL COSTS.—Section 453(k)(3) (42 U.S.C. 653(k)(3)), as amended by section 312(b)(2), is amended by striking ''section 452(l)'' and inserting ''subsection (l) or (m) of section 452''.

SEC. 313. TRIBAL ACCESS TO THE FEDERAL PARENT LOCATOR SERVICE.

Section 453(c)(1) (42 U.S.C. 653(c)(1)) is amended by inserting ''or Indian tribe or tribal organization'' after ''any agent or attorney of any State''.

SEC. 314. REIMBURSEMENT OF SECRETARY'S COSTS OF INFORMATION COMPARISONS AND DISCLOSURE FOR ENFORCEMENT OF OBLIGATIONS ON HIGHER EDUCATION ACT LOANS AND GRANTS.

Section 453(j)(6)(F) (42 U.S.C. 653(j)(6)(F)) is amended by striking ''additional''.

SEC. 315. TECHNICAL AMENDMENT RELATING TO COOPERATIVE AGREEMENTS BETWEEN STATES AND INDIAN TRIBES.

Section 454(33) (42 U.S.C. 654(33)) is amended by striking ''that receives funding pursuant to section 428 and''.

SEC. 316. CLAIMS UPON LONGSHORE AND HARBOR WORKERS' COMPENSATION FOR CHILD SUPPORT.

(a) IN GENERAL.—Section 17 of the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 917) is amended to read as follows:

''LIENS ON COMPENSATION; CHILD SUPPORT ENFORCEMENT

''SEC. 17. (a) LIENS.—Where a trust fund which complies with section 302(c) of the Labor Management Relations Act, 1947 (29 U.S.C. 186(c)) established pursuant to a collective-bargaining agreement in effect between an employer and an employee covered under this Act has paid disability benefits to an employee which the employee is legally obligated to repay by reason of the employee's entitlement to compensation under this Act or under a settlement, the Secretary shall authorize a lien on such compensation in favor of the trust fund for the amount of such payments.

''(b) CHILD SUPPORT.—Compensation or benefits due or payable to an individual under this Act (other than medical benefits) shall be subject, in like manner and to the same extent as similar compensation or benefits under a workers' compensation program if established under State law—

''(1) to withholding in accordance with State law enacted pursuant to subsections (a)(1) and (b) of section 466 of the Social Security Act and regulations under such subsections; and

''(2) to any other legal process brought, by a State agency administering a program under a State plan approved under part D of title IV of the Social Security Act or by an individual obligee, to enforce the legal obligation of the individual to provide child support or alimony.''.

(b) CONFORMING AMENDMENT.—Section 16 of the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 916) is amended—

(1) by striking ''No'' and inserting ''Except as provided by this Act, no''; and

(2) by striking '', except as provided by this Act,'' after ''under this Act''.

SEC. 317. STATE OPTION TO USE STATEWIDE AUTOMATED DATA PROCESSING AND INFORMATION RETRIEVAL SYSTEM FOR INTERSTATE CASES.

Section 466(a)(14)(A)(iii) (42 U.S.C. 666(a)(14)(A)(iii)) is amended by inserting before the semicolon the following: ''(but the assisting State may establish a corresponding case based on such other State's request for assistance)''.

SEC. 318. INTERCEPTION OF GAMBLING WINNINGS FOR CHILD SUPPORT.

(a) INTERCEPTION OF GAMBLING WINNINGS FOR CHILD SUPPORT.—Section 452 (42 U.S.C. 652), as amended by section 313, is amended by adding at the end the following:

''(n) INTERCEPTION OF GAMBLING WINNINGS FOR PAST-DUE SUPPORT.—

''(1) IN GENERAL.—The Secretary, through the Federal Parent Locator Service, is authorized, in accordance with this subsection, to intercept gambling winnings of an individual owing past-due support being enforced by a State agency with a plan approved under this part, and to transmit such winnings to the State agency for distribution pursuant to section 457.

''(2) REQUIREMENTS FOR GAMBLING ESTABLISHMENTS.—A gambling establishment subject to this subsection shall not pay to any individual gambling winnings (as defined in paragraph (6)) meeting the criteria for reporting to the Internal Revenue Service pursuant to section 6041 of the Internal Revenue Code of 1986 until the establishment—

''(A) has furnished to the Secretary—

''(i) the information required to be so reported with respect to such individual and such winnings; and

''(ii) the net amount of such gambling winnings (hereafter in this subsection referred to as the 'net gambling winnings') after withholding of amounts for Federal taxes as required pursuant to section 3402(q) of the Internal Revenue Code of 1986; and

''(B) has complied with the Secretary's instructions pursuant to paragraph (3).

''(3) DATA MATCH AND WITHHOLDING.—The Secretary shall—

''(A) compare information furnished pursuant to paragraph (2)(A) with information on individuals who owe past-due support;

''(B) direct the gambling establishment to withhold from an individual's net gambling winnings all amounts not exceeding the total past-due support owed by the individual;

''(C) authorize the gambling establishment, in reimbursement of its costs of complying with this subsection, to withhold and retain from such net gambling winnings an amount equal to 2 percent of the amount to be withheld pursuant to subparagraph (B), which amount shall be taken first from any excess of such net winnings above the amount withheld pursuant to subparagraph (B), with any balance to be taken from the amount so withheld; and

''(D) require the gambling establishment to furnish written notice to the individual whose gambling winnings are withheld pursuant to this subsection, that includes—

''(i) the amounts withheld pursuant to subparagraphs (B) and (C);

''(ii) the reason and authority for the withholding; and

''(iii) an explanation of the individual's procedural due process rights, including the right to contest such withholding to the responsible State agency and information necessary to contact such State agency.

''(4) TRANSFER OF WITHHELD AMOUNTS.—Net amounts withheld for past-due support pursuant to subparagraphs (B) and (C) of paragraph (3) shall—

''(A) be transferred by the gambling establishment to the Secretary at the same time and in the same manner as amounts withheld under section 3402(q) of the Internal Revenue Code of 1986 would be transferred to the Internal Revenue Service, together with the information described in paragraph (2)(A)(i) with respect to the individuals whose winnings were withheld under this subsection; and

''(B) be promptly transferred by the Secretary to the appropriate State agency.

''(5) NONLIABILITY OF GAMBLING ESTABLISHMENTS.—A gambling establishment shall not be liable under any Federal or State law to any person—

''(A) for any disclosure of information to the Secretary under this subsection;

''(B) for withholding or surrendering gambling winnings in accordance with this subsection; or

''(C) for any other action taken in good faith to comply with this subsection.

''(6) DEFINITION OF GAMBLING WINNINGS.—In this subsection, the term 'gambling winnings' means the proceeds of a wager that are subject to reporting under section 6041 of the Internal Revenue Code of 1986.''.

(b) REQUIREMENT FOR STATE LAWS.—Section 466(a) (42 U.S.C. 666(a)) is amended by inserting after paragraph (19) the following:

''(20) INTERCEPTION OF GAMBLING WINNINGS.—Procedures under which—

''(A) gambling establishments subject to the laws of the State are required to comply with the provisions of section 452(n), and are subject to sanctions for failure to comply, which shall include liability in an amount equal to the amount the establishment would have withheld if it so complied;

''(B) noncustodial parents owing past-due support are provided with written notice that gambling winnings may be subject to withholding for past-due support under section 452(n); and

''(C) cases where such noncustodial parents contest the State's determination with respect to past-due support are promptly resolved, and expedited refund is made of any amounts erroneously seized under such section 452(n).''.

(c) STATE REIMBURSEMENT OF FEDERAL COSTS.—Section 453(k)(3) (42 U.S.C.653(k)(3)), as amended by section 313(b), is amended by striking ''or (m)'' and inserting ''(m), or (n)''.

(d) REQUIREMENT FOR PARTICIPATING INDIAN TRIBES.—Section 455(f) (42 U.S.C. 655(f)) is amended in the first sentence by striking ''and location of absent parents'' and inserting ''location of absent parents, and interception of gambling winnings consistent with the requirements of sections 452(n) and 466(a)(20)''.

SEC. 319. STATE LAW REQUIREMENT CONCERNING THE UNIFORM INTERSTATE FAMILY SUPPORT ACT (UIFSA).

(a) IN GENERAL.—Section 466(f) (42 U.S.C. 666(f)) is amended—

(1) by striking ''and as in effect on August 22, 1996,''; and

(2) by striking ''adopted as of such date'' and inserting ''adopted as of August, 2001''.

(b) FULL FAITH AND CREDIT FOR CHILD SUPPORT ORDERS.—Section 1738B of title 28, United States Code, is amended—

(1) by striking subsection (d) and inserting the following:

''(d) CONTINUING EXCLUSIVE JURISDICTION.—

''(1) IN GENERAL.—Subject to paragraph (2), a court of a State that has made a child support order consistent with this section has continuing, exclusive jurisdiction to modify its order if the order is the controlling order and—

''(A) the State is the child's State or the residence of any individual contestant; or

''(B) if the State is not the residence of the child or an individual contestant, the contestants consent in a record or in open court that the court may continue to exercise jurisdiction to modify its order.

''(2) REQUIREMENT.—A court may not exercise its continuing, exclusive jurisdiction to modify the order if the court of another State, acting in accordance with subsections (e) and (f), has made a modification of the order.'';

(2) in subsection (e)(2)—

(A) in subparagraph (A), by striking ''because'' and all that follows through the semicolon and inserting ''pursuant to paragraph (1) or (2) of subsection (d);'' and

(B) in subparagraph (B), by inserting ''with jurisdiction over at least 1 of the individual contestants or that is located in the child's State'' after ''another State'';

(3) in subsection (f)—

(A) in the subsection heading, by striking ''RECOGNITION OF'' and inserting ''DETERMINATION OF CONTROLLING'';

(B) in the matter preceding paragraph (1), by striking ''shall apply'' and all that follows through the colon and inserting ''having personal jurisdiction over both individual contestants shall apply the following rules and by order shall determine which order controls:''

(C) in paragraph (1), by striking ''must be'' and inserting ''controls and must be so'';

(D) in paragraph (2), by striking ''must be recognized'' and inserting ''controls'';

(E) in paragraph (3), by striking ''must be recognized'' each place it appears and inserting ''controls'';

(F) in paragraph (4)—

(i) by striking ''may'' and inserting ''shall''; and

(ii) by striking ''must be recognized'' and inserting ''controls''; and

(G) by striking paragraph (5);

(4) by striking subsection (g) and inserting the following:

''(g) ENFORCEMENT OF MODIFIED ORDERS.—If a child support order issued by a court of a State is modified by a court of another State which properly assumed jurisdiction, the issuing court—

''(1) may enforce its order that was modified only as to arrears and interest accruing before the modification;

''(2) may provide appropriate relief for violations of its order which occurred before the effective date of the modification; and

''(3) shall recognize the modifying order of the other State for the purpose of enforcement.'';

(5) in subsection (h)—

(A) in paragraph (1), by striking ''and (3)'' and inserting '', (3), and (4)'';

(B) in paragraph (2), by inserting ''the computation and payment of arrearages, and the accrual of interest on the arrearages,'' after ''obligations of support,''; and

(C) by adding at the end the following:

''(4) PROSPECTIVE APPLICATION.—After a court determines which is the controlling order and issues an order consolidating arrears, if any, a court shall prospectively apply the law of the State issuing the controlling order, including that State's law with respect to interest on arrears, current and future support, and consolidated arrears.''; and

(6) in subsection (i), by inserting ''and subsection (d)(2) does not apply'' after ''issuing State''.

SEC. 320. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS.

(a) AUTHORITY TO MAKE GRANTS TO INDIAN TRIBES.—Section 469B (42 U.S.C. 669b) is amended—

(1) in the section heading, by inserting ''***AND INDIAN TRIBES***'' after ''***STATES***''; and

(2) in subsection (a), by inserting ''and Indian tribes or tribal organizations'' after ''to enable States''.

(b) AMOUNT OF GRANTS.—Section 469B(b) (42 U.S.C. 669b(b)) is amended to read as follows:

''(b) AMOUNT OF GRANTS.—

''(1) GRANTS TO STATES.—The amount of the grant to be made to a State under this section for a fiscal year shall be an amount equal to the lesser of—

''(A) 90 percent of State expenditures during the fiscal year for activities described in subsection (a); or

''(B) the allotment of the State under subsection (c) for the fiscal year.

''(2) GRANTS TO INDIAN TRIBES.—An Indian tribe or tribal organization operating a program under section 455 that has operated such program throughout the preceding fiscal year and has an application under this section approved by the Secretary shall receive a grant under this section for a fiscal year in an amount equal to the allotment of such Indian tribe or tribal organization under subsection (c)(2) for the fiscal year.''.

(c) ALLOTMENTS.—Section 469B(c) (42 U.S.C. 669b(c)) is amended to read as follows:

''(c) ALLOTMENTS.—

''(1) ALLOTMENTS TO STATES.—

''(A) IN GENERAL.—Subject to the subparagraph (C), the allotment of a State for a fiscal year is the amount that bears the same ratio to the amount specified in subparagraph (B) for such fiscal year as the number of children in the State living with only 1 parent bears to the total number of such children in all States.

''(B) AMOUNT AVAILABLE FOR ALLOTMENT.—For purposes of subparagraph (A), the amount specified in this subparagraph is the following amount, reduced by the total allotments to Indian tribes or tribal organizations in accordance with paragraph (2):

''(i) $12,000,000 for fiscal year 2004.

''(ii) $14,000,000 for fiscal year 2005.

''(iii) $16,000,000 for fiscal year 2006.

''(iv) $20,000,000 for fiscal year 2007 and each succeeding fiscal year.

''(C) MINIMUM STATE ALLOTMENT.—The Secretary shall adjust allotments to States under subparagraph (A) as necessary to ensure that no State is allotted less than—

''(i) $120,000 for fiscal year 2004;

''(ii) $140,000 for fiscal year 2005;

''(iii) $160,000 for fiscal year 2006; and

''(iv) $180,000 for fiscal year 2007 and each succeeding fiscal year.

''(2) ALLOTMENTS TO INDIAN TRIBES.—

''(A) IN GENERAL.—Subject to subparagraph (C), the allotment of an Indian tribe or tribal organization described in subsection (b)(2) for a fiscal year is an amount that bears the same ratio to the amount specified in subparagraph (B) for such fiscal year as the number of children in the Indian tribe or tribal organization living with only 1 parent bears to the total number of such children in all Indian tribes and tribal organizations eligible to receive grants under this section for such year.

''(B) AMOUNT AVAILABLE FOR ALLOTMENT.—For purposes of subparagraph (A), the amount available under this subparagraph is an amount, deducted from the amount specified in paragraph (1)(B), not to exceed—

''(i) $250,000 for fiscal year 2004;

''(ii) $600,000 for fiscal year 2005;

''(iii) $800,000 for fiscal year 2006; and

''(iv) $1,670,000 for fiscal year 2007 and each succeeding year.

''(C) MINIMUM AND MAXIMUM TRIBAL ALLOTMENT.—The Secretary shall adjust allotments to Indian tribes and tribal organizations under subparagraph (A) as necessary to ensure that no Indian tribe or tribal organization is allotted, for a fiscal year, an amount which is less than $10,000 or more than the minimum State allotment for such fiscal year.''.

(d) ADMINISTRATION.—Section 469B(e) (42 U.S.C. 669b(e)) is amended to read as follows:

''(e) ADMINISTRATION.—

''(1) GRANTS TO STATES.—Each State to which a grant is made under this section—

''(A) may administer State programs funded with the grant, directly or through grants to or contracts with courts, local public agencies, or nonprofit private entities; and

''(B) shall not be required to operate such programs on a statewide basis.

''(2) GRANTS TO STATES OR INDIAN TRIBES.—Each State or Indian tribe or tribal organization to which a grant is made under this section shall monitor, evaluate, and report on such programs in accordance with regulations prescribed by the Secretary.''.

SEC. 321. TIMING OF CORRECTIVE ACTION YEAR FOR STATE NONCOMPLIANCE WITH CHILD SUPPORT ENFORCEMENT PROGRAM REQUIREMENTS.

(a) IN GENERAL.—Section 409(a)(8) (42 U.S.C. 609(a)(8)) is amended—

(1) in subparagraph (A)—

(A) in the matter preceding clause (i)(I), by striking ''in a fiscal year'' and inserting ''for a fiscal year''; and

(B) in clause (ii)—

(i) in the matter preceding subclause (I), by striking ''that, with respect to the succeeding fiscal year—'' and inserting ''that, with respect to the period described in subparagraph (D)''; and

(ii) in the matter following subclause (II), by striking ''the end of such succeeding fiscal year'' and inserting ''the end of the period described in subparagraph (D)''; and

(2) by adding at the end the following:

''(D) PERIOD DESCRIBED.—Subject to subparagraph (E), for purposes of this paragraph, the period described in this subparagraph is the period that begins with the date on which the Secretary makes a finding described in subparagraph (A)(i) with respect to State performance in a fiscal year and ends on September 30 of the fiscal year following the fiscal year in which the Secretary makes such a finding.

''(E) NO PENALTY IF STATE CORRECTS NONCOMPLIANCE IN FINDING YEAR.—The Secretary shall not take a reduction described in subparagraph (A) with respect to a noncompliance described in clause (i) of that subparagraph if the Secretary determines that the State has corrected the noncompliance in the fiscal year in which the Secretary makes the finding of the noncompliance.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective with respect to determinations of State compliance for fiscal year 2002 and succeeding fiscal years.

(c) SPECIAL RULE FOR FISCAL YEAR 2001.—Notwithstanding any other provision of law, the Secretary shall not take against amounts otherwise payable to a State, a reduction described in section 409(a)(8)(A) of the Social Security Act (42 U.S.C. 609(a)(8)(A)) with respect to a noncompliance described in such section occurring in fiscal year 2001 if the Secretary determines that the State has corrected such noncompliance in fiscal year 2002 or 2003.

TITLE IV—CHILD WELFARE

SEC. 401. EXTENSION OF AUTHORITY TO APPROVE DEMONSTRATION PROJECTS.

Section 1130(a)(2) (42 U.S.C. 1320a–9(a)(2)), as amended by section 5 of the Welfare Reform Extension Act of 2003 (Public Law 108–040, 117 Stat. 837) is amended by striking ''2003'' and inserting ''2008''.

SEC. 402. REMOVAL OF COMMONWEALTH OF PUERTO RICO FOSTER CARE FUNDS FROM LIMITATION ON PAYMENTS.

Section 1108(a)(2) (42 U.S.C. 1308(a)(2)), as amended by section 116(b)(2), is amended—

(1) by striking ''Paragraph (1)'' and inserting the following:

''(A) IN GENERAL.—Paragraph (1)'';

(2) in subparagraph (A) (as added by paragraph (1)), by striking ''or 418(a)(4)(B)'' and inserting ''418(a)(4)(B), or, subject to clause (ii) of subparagraph (B), payments to Puerto Rico described in clause (i) of that subparagraph'' before the period; and

(3) by adding at the end the following:

''(B) CERTAIN PAYMENTS TO PUERTO RICO.—

''(i) PAYMENTS DESCRIBED.—For purposes of subparagraph (A), payments described in this subparagraph are payments made to Puerto Rico under part E of title IV with respect to the portion of foster care payments made to Puerto Rico for fiscal year 2005 or any fiscal year thereafter that exceed the total amount of such payments for fiscal year 2002.

''(ii) LIMITATION.—The total amount of payments to Puerto Rico described in clause (i) that are disregarded under subparagraph (A) may

not exceed $6,250,000 for each of fiscal years 2005 through 2008.''.

SEC. 403. TECHNICAL CORRECTION.

Section 1130(b)(1) (42 U.S.C. 1320a–9(b)(1)) is amended by striking ''422(b)(9)'' and inserting ''422(b)(10)''.

TITLE V—SUPPLEMENTAL SECURITY INCOME

SEC. 501. REVIEW OF STATE AGENCY BLINDNESS AND DISABILITY DETERMINATIONS.

Section 1633 (42 U.S.C. 1383b) is amended by adding at the end the following:

''(e)(1) The Commissioner of Social Security shall review determinations, made by State agencies pursuant to subsection (a) in connection with applications for benefits under this title on the basis of blindness or disability, that individuals who have attained 18 years of age are blind or disabled as of a specified onset date. The Commissioner of Social Security shall review such a determination before any action is taken to implement the determination.

''(2)(A) In carrying out paragraph (1), the Commissioner of Social Security shall review—

''(i) at least 20 percent of all determinations referred to in paragraph (1) that are made in fiscal year 2004;

''(ii) at least 40 percent of all such determinations that are made in fiscal year 2005; and

''(iii) at least 50 percent of all such determinations that are made in fiscal year 2006 or thereafter.

''(B) In carrying out subparagraph (A), the Commissioner of Social Security shall, to the extent feasible, select for review the determinations which the Commissioner of Social Security identifies as being the most likely to be incorrect.''.

TITLE VI—TRANSITIONAL MEDICAL ASSISTANCE

SEC. 601. EXTENSION AND SIMPLIFICATION OF THE TRANSITIONAL MEDICAL ASSISTANCE PROGRAM (TMA).

(a) OPTION OF CONTINUOUS ELIGIBILITY FOR 12 MONTHS; OPTION OF CONTINUING COVERAGE FOR UP TO AN ADDITIONAL YEAR.—

(1) OPTION OF CONTINUOUS ELIGIBILITY FOR 12 MONTHS BY MAKING REPORTING REQUIREMENTS OPTIONAL.—Section 1925(b) (42 U.S.C. 1396r–6(b)) is amended—

(A) in paragraph (1), by inserting '', at the option of a State,'' after ''and which'';

(B) in paragraph (2)(A), by inserting ''Subject to subparagraph (C):'' after ''(A) NOTICES.—'';

(C) in paragraph (2)(B), by inserting ''Subject to subparagraph (C):'' after ''(B) REPORTING REQUIREMENTS.—'';

(D) by adding at the end the following:

''(C) STATE OPTION TO WAIVE NOTICE AND REPORTING REQUIREMENTS.—A State may waive some or all of the reporting requirements under clauses (i) and (ii) of subparagraph (B). Insofar as it waives such a reporting requirement, the State need not provide for a notice under subparagraph (A) relating to such requirement.''; and

(E) in paragraph (3)(A)(iii), by inserting ''the State has not waived under paragraph (2)(C) the reporting requirement with respect to such month under paragraph (2)(B) and if'' after ''6-month period if''.

(2) STATE OPTION TO EXTEND ELIGIBILITY FOR LOW-INCOME INDIVIDUALS FOR UP TO 12 ADDITIONAL MONTHS.—Section 1925 (42 U.S.C. 1396r–6) is further amended—

(A) by redesignating subsections (c) through (f) as subsections (d) through (g), respectively; and

(B) by inserting after subsection (b) the following:

''(c) STATE OPTION OF UP TO 12 MONTHS OF ADDITIONAL ELIGIBILITY.—

''(1) IN GENERAL.—Notwithstanding any other provision of this title, each State plan approved under this title may provide, at the option of the State, that the State shall offer to each family which received assistance during the entire 6-month period under subsection (b) and which meets the applicable requirement of paragraph (2), in the last month of the period the option of extending coverage under this subsection for the succeeding period not to exceed 12 months.

''(2) INCOME RESTRICTION.—The option under paragraph (1) shall not be made available to a family for a succeeding period unless the State determines that the family's average gross monthly earnings (less such costs for such child care as is necessary for the employment of the caretaker relative) as of the end of the 6-month period under subsection (b) does not exceed 185 percent of the official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved.

''(3) APPLICATION OF EXTENSION RULES.—The provisions of paragraphs (2), (3), (4), and (5) of subsection (b) shall apply to the extension provided under this subsection in the same manner as they apply to the extension provided under subsection (b)(1), except that for purposes of this subsection—

''(A) any reference to a 6-month period under subsection (b)(1) is deemed a reference to the extension period provided under paragraph (1) and any deadlines for any notices or reporting and the premium payment periods shall be modified to correspond to the appropriate calendar quarters of coverage provided under this subsection; and

''(B) any reference to a provision of subsection (a) or (b) is deemed a reference to the corresponding provision of subsection (b) or of this subsection, respectively.''.

(b) STATE OPTION TO WAIVE RECEIPT OF MEDICAID FOR 3 OF PREVIOUS 6 MONTHS TO QUALIFY FOR TMA.—Section 1925(a)(1) (42 U.S.C. 1396r–6(a)(1)) is amended by adding at the end the following: ''A State may, at its option, also apply the previous sentence in the case of a family that was receiving such aid for fewer than 3 months, or that had applied for and was eligible for such aid for fewer than 3 months, during the 6 immediately preceding months described in such sentence.''.

(c) EXTENSION OF SUNSET FOR TMA.—

(1) IN GENERAL.—Subsection (g) of section 1925 (42 U.S.C. 1396r–6), as so redesignated under subsection (a)(2)(A), and as amended by section 7 of the Welfare Reform Extension Act of 2003, is further redesignated as subsection (i) and is amended by striking ''2003'' and inserting ''2008''.

(2) CONFORMING AMENDMENT.—Section 1902(e)(1)(B) (42 U.S.C. 1396a(e)(1)(B)), as so amended, is amended by striking ''September 30, 2003'' and inserting ''the last date (if any) on which section 1925 applies under subsection (f) of that section''.

(d) CMS REPORT ON ENROLLMENT AND PARTICIPATION RATES UNDER TMA.—Section 1925 (42 U.S.C. 1396r–6), as amended by subsections (a)(2)(A) and (c)(1), is amended by inserting after subsection (f) the following:

''(g) ADDITIONAL PROVISIONS.—

''(1) COLLECTION AND REPORTING OF PARTICIPATION INFORMATION.—Each State shall—

''(A) collect and submit to the Secretary, in a format specified by the Secretary, information on average monthly enrollment and average monthly participation rates for adults and children under this section; and

''(B) make such information publicly available.

Such information shall be submitted under subparagraph (A) at the same time and frequency in which other enrollment information under this title is submitted to the Secretary. Using such information, the Secretary shall submit to Congress annual reports concerning such rates.''.

(e) COORDINATION OF WORK.—Section 1925(g) (42 U.S.C. 1396r–6(g)), as added by subsection (d), is amended by adding at the end the following:

''(2) COORDINATION WITH ADMINISTRATION FOR CHILDREN AND FAMILIES.—The Administrator of the Centers for Medicare & Medicaid Services, in carrying out this section, shall work with the Assistant Secretary for the Administration for Children and Families to develop guidance or other technical assistance for States regarding best practices in guaranteeing access to transitional medical assistance under this section.''.

(f) ELIMINATION OF TMA REQUIREMENT FOR STATES THAT EXTEND COVERAGE TO CHILDREN AND PARENTS THROUGH 185 PERCENT OF POVERTY.—

(1) IN GENERAL.—Section 1925 (42 U.S.C. 1396r–6) is amended by inserting after subsection (g), as added by subsection (d), the following:

''(h) PROVISIONS OPTIONAL FOR STATES THAT EXTEND COVERAGE TO CHILDREN AND PARENTS THROUGH 185 PERCENT OF POVERTY.—A State may meet (but is not required to meet) the requirements of subsections (a) and (b) if it provides for medical assistance under section 1931 to families (including both children and caretaker relatives) the average gross monthly earning of which (less such costs for such child care as is necessary for the employment of a caretaker relative) is at or below a level that is at least 185 percent of the official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved.''.

(2) CONFORMING AMENDMENTS.—Section 1925 (42 U.S.C. 1396r–6) is amended, in subsections (a)(1) and (b)(1), by inserting '', but subject to subsection (h),'' after ''Notwithstanding any other provision of this title,'' each place it appears.

(g) REQUIREMENT OF NOTICE FOR ALL FAMILIES LOSING TANF.—Subsection (a)(2) of section 1925 (42 U.S.C. 1396r–6) is amended by adding at the end the following flush sentences:

''Each State shall provide, to families whose aid under part A or E of title IV has terminated but whose eligibility for medical assistance under this title continues, written notice of their ongoing eligibility for such medical assistance. If a State makes a determination that any member of a family whose aid under part A or E of title IV is being terminated is also no longer eligible for medical assistance under this title, the notice of such determination shall be supplemented by a 1-page notification form describing the different ways in which individuals and families may qualify for such medical assistance and explaining that individuals and families do not have to be receiving aid under part A or E of title IV in order to qualify for such medical assistance. Such notice shall further be supplemented by information on how to apply for child health assistance under the State children's health insurance program under title XXI and how to apply for medical assistance under this title.''.

(h) EXTENDING USE OF OUTSTATIONED WORKERS TO ACCEPT APPLICATIONS FOR TRANSITIONAL MEDICAL ASSISTANCE.—Section 1902(a)(55) (42 U.S.C. 1396a(a)(55)) is amended by inserting ''and under section 1931'' after ''(a)(10)(A)(ii)(IX)''.

(i) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to calendar quarters beginning on or after October 1, 2003, without regard to whether or not final regulations to carry out such amendments have been promulgated by such date.

(2) NOTICE.—The amendment made by subsection (g) shall take effect 6 months after the date of enactment of this Act.

(3) DELAY PERMITTED FOR STATE PLAN AMENDMENT.—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 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. 602. PROHIBITION AGAINST COVERING CHILDLESS ADULTS WITH SCHIP FUNDS.

(a) PROHIBITION ON USE OF SCHIP FUNDS.—

(1) IN GENERAL.—Section 2107 (42 U.S.C. 1397gg) is amended by adding at the end the following:

''(f) LIMITATION ON WAIVER AUTHORITY.—Notwithstanding subsection (e)(2)(A) and section 1115(a), the Secretary may not approve a waiver, experimental, pilot, or demonstration project, or an amendment to such a project that has been approved as of the date of enactment of this subsection, that would allow funds made available under this title to be used to provide child health assistance or other health benefits coverage to childless adults. For purposes of the preceding sentence, a caretaker relative (as such term is defined for purposes of carrying out section 1931) shall not be considered a childless adult.''.

(2) CONFORMING AMENDMENT.—Section 2105(c)(1) (42 U.S.C. 1397ee(c)(1)) is amended by inserting before the period the following: ''and may not include coverage of childless adults. For purposes of the preceding sentence, a caretaker relative (as such term is defined for purposes of carrying out section 1931) shall not be considered a childless adult.''.

(b) RULE OF CONSTRUCTION.—Nothing in this section or the amendments made by this section shall be construed to—

(1) authorize the waiver of any provision of title XIX or XXI of the Social Security Act (42 U.S.C. 1396 et seq., 1397aa et seq.) that is not otherwise authorized to be waived under such titles or under title XI of such Act (42 U.S.C. 1301 et seq.) as of the date of enactment of this Act; or

(2) imply congressional approval of any waiver, experimental, pilot, or demonstration project affecting the medicaid program under title XIX of the Social Security Act or the State children's health insurance program under title XXI of such Act that has been approved as of such date of enactment.

(c) EFFECTIVE DATE.—This section and the amendments made by this section take effect on the date of enactment of this Act and apply to proposals to conduct a waiver, experimental, pilot, or demonstration project affecting the medicaid program under title XIX of the Social Security Act or the State children's health insurance program under title XXI of such Act, and to any proposals to amend such projects, that are approved or extended on or after such date of enactment.

TITLE VII—EFFECTIVE DATE

SEC. 701. EFFECTIVE DATE.

(a) IN GENERAL.—Subject to subsection (b) and except as otherwise provided, the amendments made by this Act take effect on the date of enactment of this Act.

(b) EXCEPTION.—In the case of a State plan under part A or D of title IV of the Social Security Act which the Secretary determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this Act, the effective date of the amendments imposing the additional requirements shall be 3 months after 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 the preceding sentence, in the case of a State that has a 2-year legislative session, each year of the session shall be considered to be a separate regular session of the State legislature.

The ACTING PRESIDENT pro tempore. The distinguished Senator from Nevada is recognized.

MORNING BUSINESS

Mr. REID. Mr. President, the chairman of the Finance Committee will not be here until about 1:30. We should not start the bill until he arrives. I have spoken to Senator BAUCUS. He agrees. I think until then perhaps we should be in a period of morning business until 1:30.

Mr. FRIST. Mr. President, why don't we have morning business. I ask unanimous consent that there be a period of morning business with the time divided accordingly until 1:30 today.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. WYDEN. Mr. President, I ask unanimous consent to speak for up to 10 minutes as in morning business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DORGAN. Will the Senator from Oregon yield for a question?

Mr. WYDEN. I am happy to.

Mr. DORGAN. Mr. President, I ask unanimous consent that I be recognized for 10 minutes following the Senator from Oregon.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RISING GAS PRICES

Mr. WYDEN. Mr. President, I rise to reiterate how important it is that Congress and the administration act to protect the American people from rising gas prices. I call on the Bush administration to stop its campaign of inaction on this critical consumer issue.

This week the Organization of Petroleum Exporting Countries, OPEC, will vote on whether to cut their cartel's production by 1 million barrels a day. This vote comes at a time when the American Automobile Association tells us that the national average price of gasoline is the highest it has ever been. Of course, we know it is not yet the peak driving season. In California, consumers consistently pay over $2 a gallon. In my home State, it is $1.80, and in some towns, $1.85, such as Eugene and Medford. Consumers in Oregon are getting clobbered.

The vote OPEC will be making comes at a time when according to the Associated Press private gasoline inventories are already down by 2.5 million barrels. The vote comes at a time when, in spite of these very low supplies, the Bush administration stubbornly persists in filling the Strategic Petroleum Reserve instead of steps that I and others favor, which are to put more oil on the market.

In my view, it is imperative that the United States push OPEC in every possible way not to cause further harm to our already injured gasoline market and to vote against any further production cuts. The Lundberg Survey tells us that even if OPEC were to agree this week not to cut production, we would still face skyrocketing prices. Here is how I read that: If OPEC doesn't agree not to cut production, the problem will be that much worse.

When oil prices were high in September of 2000, then-candidate George W. Bush blasted former President Clinton for not pushing OPEC to increase production. Prices at that time were not as high as they are today. And at least the administration at that time was making some efforts to wring some relief out of OPEC. But still then Texas Governor Bush said:

> We need to be mindful of the power of strong and consistent diplomacy. We need to start playing with chips we have earned in the past on behalf of American consumers.

If anybody has chips to play now in order to get a fair shake for the consumer, it is this President. Certainly he has chips to play with the domestic oil producers who enjoy the tax breaks he favors and environmental breaks and help when those companies are having difficulty supplying their refineries.

With regard to the OPEC vote, we ought to be clear. I hope the President of the United States will follow the advice he gave years ago. I hope he will do everything possible to push those OPEC countries now, telling them they should not allow the gas problem in this country to worsen with yet another production cut. Pushing OPEC to stop a planned production cut is the very least this administration could do for the gasoline consumer. It would be the least that could be done, but at least it would be something. At least it would end the weeks' long, months' long campaign of inaction that this administration has waged as gasoline prices have crept higher and higher and clobbered consumers in every part of the United States.

For several weeks now OPEC's per barrel price has been well above their target per barrel price range of $22 to

$28. OPEC committed to keeping prices in this range. They long ago discarded that commitment, and yet nobody has heard anything from the administration until just in the last week or so, as I and others started calling for answers.

We sure heard from the White House last week when OPEC prices dropped to $35.51 per barrel. They said: Well, we are making progress. But the fact is, that amount is more than $7 higher than the top of OPEC's target price range. So any pressure this administration has put on OPEC is a day late and more than $7 short. Taking credit after the fact for a pittance of accommodation from OPEC is not going to solve this Nation's gasoline price problems, and it certainly is not going to provide the consumer any real relief.

I will tell you what else is not going to help American consumers. That is for the administration to continue to turn a blind eye to the rampant anticompetitive and anticonsumer practices that are plaguing our country's gasoline markets. Scores of communities, including those in my State, have few if any choices for the gasoline consumer. Nationwide the gas market in Oregon and at least 27 other States is considered tight oligopolies where four companies control more than 60 percent of the gasoline at the pump. In these tightly concentrated markets, numerous studies have found oil company practices have driven the independent wholesalers and detailers completely out of the market. They use red lining and zone pricing. The fact is, with these and other practices, the independent stations can't compete. They go out of business, and the oil companies can widen their net to grab even more cash from the consumers.

The Federal Trade Commission, when they have looked at these practices in the past, have admitted that they are anticompetitive and drive prices higher. They just say they don't have the power to do much about it. I don't think that is true. To be fair, the past administration didn't do a whole lot either when it came to going to bat for the consumer to stop these oil company anticompetitive practices. But this administration has proven that if they want to make something happen administratively, they certainly can do it. They have done that in area after area.

It seems to me that if the administration will end its campaign of inaction to stop the price-pumping shenanigans of private oil companies, they could certainly take steps now to help the American consumer.

In December of 2002, they stepped in to stop filling the Strategic Petroleum Reserve to keep more oil on the market, when the oil companies couldn't keep their refineries full. But now when American consumers are paying $2 a gallon at the pump, we don't see any effort to stop filling the Strategic Petroleum Reserve. So the fact is, what this administration is unwilling do for the driving public, they are willing to do for big oil.

What ought to be done in the face of this campaign of inaction? Certainly, you can make a start by having congressional action. I sponsored S. 1737, which would give the Federal Trade Commission additional tools to promote competition in these very tight markets. They would have the power to issue cease and desist orders to prevent companies from gouging consumers. That is a vehicle that can be used right now to help the American consumer. We are certainly going to have problems in the days ahead. And even the oil companies admit that the market won't solve the problems on its own.

Last August a report by the Rand Corporation revealed that even oil industry officials are predicting more price volatility in the future. Last November the Energy Information Administration also issued a report on the causes of last summer's record high gas prices.

They said—and this is the position of the Federal Government—''There is continuing vulnerability to future gasoline price spikes.''

The Congress needs to act now before gasoline rises to $3 per gallon, and we are hearing that from some independent oil industry analysts.

The administration, however, has the power to act now. They need to be on the phone. They need to be pushing OPEC today. They need to get off the dime at the Federal Trade Commission, where action can be taken administratively. Rising gas prices don't just hit families in the pocket during the weekly fill-up; those rising gasoline prices are producing a disturbance and causing ripples throughout our economy. There are huge consequences of this price manipulation.

When gasoline costs more, businesses' transportation costs go up. Their profits go down. So either the price of the goods they sell to consumers has to go up, or the number of people they employ must plummet. So higher gas prices either mean bigger costs for consumer goods, or fewer jobs in an economy that certainly cannot afford to lose any more.

Let me close by saying that I hope my legislation, S. 1737, will pass in the days ahead. Right now, consumers are getting socked at the pumps in person. That is not acceptable to me and should not be acceptable to any Member of the Senate. It is time to stand up to the status quo.

It is time for the Bush administration to take the lead. They ought to do it with OPEC and with the Federal Trade Commission. If the administration doesn't support the proposals I offer today, they ought to end their campaign of inaction and offer their own. I hope we will have a chance to debate this on the floor of the Senate.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

NATIONAL SEX OFFENDER REGISTRY ACT OF 2004

Mr. DORGAN. Mr. President, last December, there were news reports around the country about the disappearance of a young student at the University of North Dakota whose name was Dru Sjodin.

I am sorry to tell you that Dru Sjodin has never been found. It is likely that she has been murdered. The person who allegedly committed that murder is now under lock and key in a North Dakota jail, awaiting a trial. And, as is too often the case, the man that apparently committed this crime had earlier been released from prison for committing similar offenses.

Let me talk for a moment about this case and about some legislation I have introduced in the Senate—bipartisan legislation—to respond to it.

Dru Sjodin was a student at the University of North Dakota. On a December afternoon, she was abducted in a parking lot at the shopping center in Grand Forks, ND.

The suspect who was arrested for that disappearance was a man named Alfonso Rodriguez, Jr. Law enforcement has released some details, saying that a knife with blood of the type of Dru Sjodin's blood was found in the automobile of Mr. Alfonso Rodriguez.

Mr. Rodriguez had only been released 6 months earlier from a 23-year sentence that he served in a prison for a previous rape and sexual assault in Minnesota. In fact, the Minnesota Department of Corrections had rated Mr. Rodriguez a ''type 3'' sexual offender, meaning that he was at the highest risk for reoffending.

In an evaluation conducted in January 2003, a little over a year ago, a prison psychiatrist wrote that Mr. Rodriguez had demonstrated ''a willingness to use substantial force, including the use of a weapon, in order to gain compliance from his victims.''

Yet Mr. Rodriguez was released in May of 2003—not yet a year ago—by the Minnesota Department of Corrections. He had served 23 years; he had served his full sentence, and the Department of Corrections released him and imposed no further supervision for his release.

The Minnesota Department of Corrections could have recommended that the State Attorney General seek what is known as a civil commitment. That means a State court would have required Rodriguez to be confined in prison as long as he posed a significant threat to the public, even if he had already served his original sentence. But the Attorney General was not notified of Mr. Rodriguez's release, and so no action was taken there.

Upon his release, Mr. Rodriguez went to live in Crookston, MN, unsupervised, just a short distance from the Grand Forks, ND, shopping mall where Dru Sjodin was abducted. Mr. Rodriguez was listed on a list of sexual predators in Minnesota. But each State has listings of sexual predators. If concerned

citizens in Grand Forks, ND, wanted to know whether there was a sexual predator living nearby, they would have accessed the North Dakota sexual predator list and would not have found Mr. Rodriguez's name, despite the fact that he lived just a short distance from that Grand Forks shopping center, across the state line.

In my judgment, we have to do much, much better than that. A recent study found that 72 percent of the highest risk sexual offenders commit another sexual assault within 6 years of being released. And the Bureau of Justice statistics tell us that sex offenders released from prison are over 10 times more likely to be arrested for a sexual crime than individuals who have no record of sexual assault at all.

We just cannot continue to release sexual predators from prison with no supervision whatsoever and let them prey on an unsuspecting public. So I have offered legislation that I hope will deal with some of the breakdowns that have occurred in this case. The legislation I have offered is cosponsored by Senator COLEMAN and Senator DAYTON from Minnesota, and by my colleague, Senator CONRAD, from North Dakota.

I ask unanimous consent to add as a cosponsor Senator Johnston from South Dakota.

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

Mr. DORGAN. Mr. President, I will define what the bill does. First, it directs the Department of Justice to create a national registry of sex offenders, which would be accessible to the public. This isn't difficult. You just aggregate the State lists so you have a national list. All Americans who live near State borders will be able to access that list.

Second, this legislation will try to ensure that the highest risk sex offenders are not released at all. The bill requires that States provide automatic and timely notification to the States' attorneys of the planned release of any high-risk sex offender. Before the release, the State's attorney shall be formally notified. That will give them time to pursue civil commitment cases for those who are the most dangerous, in order to continue to keep them in prison. They are able to do that under current law. My bill doesn't change current State laws, but it requires notification of the States' attorneys when somebody who is a type 3 high-risk sexual predator is about to be released from prison.

Third, the bill provides that for those high-risk sexual predators who are released after serving their full sentences, there will be intensive State supervision for a period of not less than one year.

Mr. President, in developing this piece of legislation, we have worked with the National Center for Missing and Exploited Children, the Vanished Children's Alliance, the National Council of Cities, and many others. A companion bill to my legislation has been offered in the House by PAUL GILLMOR from Ohio and EARL POMEROY of North Dakota. That, too, is a bipartisan piece of legislation.

Dru Sjodin, was, by all accounts, a wonderful person. I visited with her family and with her roommate in college. It is a tragedy the likes of which we see very seldom in our part of the country. Dru Sjodin has been missing since December. They have had search parties, the National Guard has searched, and her family is still out searching even after the formal law enforcement search has discontinued.

This young woman walked out of a shopping center in the town of Grand Forks, ND, and was abducted by someone who had just been released after 23 years in prison as a sexual predator.

We have to do a lot better than that to protect the American people. This is a tragedy. It is heartbreaking just to talk about this, but in the name of Dru Sjodin and so many other victims of crime, this Congress needs to do better.

One way to do better is to create and require the creation of a national registry of sexual predators so that we know where they are and where they live, not just by State, but where they are across this country, so one can identify them by sorting ZIP Codes or any other definition one wants. That is important.

And when the highest risk sexual predators are about to be released from American prisons, I believe States' attorneys must be notified so they can properly take action for civil commitment in cases where they believe it is necessary. Mr. Rodriguez, in my judgment, should have been in prison, not walking the streets of Grand Forks, ND.

It is easy, perhaps, to suggest criticism of those who did not do their job. But that is not the point. The point is to try to protect others in the future. I hope in the future, whether it is in Grand Forks, ND, or along the streets of any other American city, that no one—no one—has to confront a sexual predator who was just released from prison, and who we knew was violent. We should anticipate such cases, and make use of civil commitment laws. I hope this legislation moves us in that direction.

Mr. President, I thank the bipartisan cosponsors of this legislation and hope we can take action on this legislation in the Congress soon.

I yield the floor and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is closed.

PERSONAL RESPONSIBILITY AND INDIVIDUAL DEVELOPMENT FOR EVERYONE ACT—Continued

The ACTING PRESIDENT pro tempore. The Senate will continue consideration of H.R. 4.

The Senator from Iowa.

Mr. GRASSLEY. Mr. President, today we begin debate on what the public at large would refer to as a welfare reform bill, a bill that would build upon very major changes that were made after 60 years of the previous welfare legislation that did not accomplish its goals to one now where we have had an opportunity since 1996 to move people from welfare to work.

The public at large and sometimes even I refer to this legislation as welfare reform, but our legislation is entitled ''The Personal Responsibility and Individual Development for Everyone Act.'' If you hear us use the acronym P-R-I-D-E, PRIDE, this is the legislation that is before the Senate. I am very happy that we are finally able to consider this legislation.

Going back to 1996, after years of debate and even after two vetoes by President Clinton, we finally had a Republican Congress pass, and a Democratic President sign, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. I emphasize that because the issue of welfare is highly charged politically. When you are going to make major changes, as we did in 1996, it takes bipartisanship to accomplish those changes. That bipartisanship was between Democratic President Clinton and a Republican-controlled Congress.

The enactment of welfare reform ended the entitlement aspect of welfare, the cash assistance part of it. The impetus for welfare reform was generated by a number of factors, including public sentiment that the welfare system needed overhauling. When campaigning for President, President Clinton promised, in his words, ''to end welfare as we know it.'' For the Republicans, during the campaign for Congress in 1994 when the Contract With America was the watch word of Republicans, welfare reform was a key part of that. So we had a President promising to end welfare as we know it, we had Republicans putting it in their Contract With America, and, finally, after 2 years, the legislation was passed at that time.

I would categorize the PRIDE legislation as moving on and fine-tuning that basic underlying legislation which has sunset. The sunset was in the 1996 legislation. When legislation sunsets, it must be reenacted by the Congress of the United States or that part of the code goes off the books.

Quite honestly, there are Americans who have needs. There is still need for

assistance, but the goal of that assistance is still as it has always been: to move people from welfare to work.

In the years leading up to the enactment of welfare reform in 1996, the AFDC roles soared and costs increased. From 1988 through 1992, welfare spending increased by billions of dollars. The welfare system was attributed by many to contributing to a culture of isolation and dependence, persisting from one generation to another. Despite dire predictions to the contrary, the reforms in the 1996 act have produced very positive results.

The welfare caseload has dropped dramatically. Between fiscal year 1997 and fiscal year 2002, the average monthly number of welfare recipients fell by 5.8 million or 53 percent of the previous high. Child poverty has also been reduced. Between 1996 and 2001, the national child poverty rate fell by 20 percent. This decline is even more marked for certain groups. We see the African-American children poverty rate dropping from nearly 40 percent to 30 percent, the lowest rate on record.

The Hispanic child poverty rate dropped from just slightly over 40 percent to 28 percent, the largest 5-year drop on record.

Employment rates of adult recipients has increased. In fiscal year 2001, 27 percent of the adult recipients were employed, rising to about 2.4 times the 1996 employment rate of 11 percent.

These reforms all stemmed from a work-first approach that emphasized an adult's attachment to the workforce. I believe we should continue and this legislation does build upon a work-first approach, and yet the need for reform continues.

There are key provisions in the 1996 act which have not yielded the desired results. Additionally, there are further reforms which should be enacted, things that we have learned from the 1996 act, and we are fine-tuning the present legislation through this legislation before us. As an example, the 1996 bill envisions a contingency fund which would provide additional matching grants to needy States during economic downturns.

However, during the recent recession, the first real test of the contingency fund, no State was able to access the contingency fund. This is because States must raise their own spending considerably during a recession to meet the contingency fund State spending requirements.

I am sure it was not the intent of the authors of the 1996 bill to make the contingency fund inaccessible. The PRIDE bill before the Senate includes provisions which would liberalize the contingency fund to make it more accessible to needy States and to help more citizens of their States who have the need.

Another example would be the work participation rate. The 1996 welfare reform bill envisioned a participation rate of 50 percent by 2002. However, because of the way the caseload reduction credit has worked, many States have a marginal or even nonexistent work participation requirement, meaning they are meeting the requirements of existing Federal law without putting one more person from the welfare rolls into the payrolls. The fact that the caseload reduction credit has effectively neutralized the work participation rate requirement is then a fundamental flaw in this 1996 law that PRIDE corrects.

The PRIDE bill does, in fact, correct this by replacing the caseload reduction credit with an employment credit. To ensure that the credit does not undermine the work participation rate, the credit would have a phased-in cap. Many have advocated that there needs to be a stronger message sent to States on the value of education as a means of getting out of poverty. Some have also indicated the need for increased child care funding, as well as needed improvements to child support and enforcement policies.

The PRIDE legislation before the Senate increases opportunities for education, opportunities for training, as well as support for the families by increased funding for child care. Additionally, the PRIDE bill provides child support enhancements with more child support going to families. These reforms are a critical means that help families get off and stay off of welfare.

Two of the four purposes of the 1996 welfare act dealt with strengthening two-parent families. So far, very few States have taken the opportunity to develop and to implement innovative programs and policies to address the issues of healthy two-parent marriages, even though the 1996 law is very flexible on how that is to be done—obviously too flexible from the standpoint of it being a requirement that the State ought to meet.

I strongly support marriage promotion activities as a means of improving child well-being. Let nobody in this body or outside this body say there is anything in this language that has anything to do with forcing people into the institution of marriage. Well short of that, this legislation does and should do things to emphasize the importance of people who are in a married relationship, that they are less apt to be on welfare than families who are single parent.

This legislation provides funding for healthy marriage promotion activities, as well as research, demonstrations and technical assistance to States in developing effective programs. Thus, while the 1996 act made significant reforms, there remains more that should be done to strengthen the current welfare delivery system. Those reforms are included in the PRIDE bill now before the Senate.

Recognizing the improvements that the 1996 reforms made, our Senate Finance Committee began deliberations by working off of current law and improving it with priorities identified by Senators on and off the Finance Committee, as well as ideas that are coming from President Bush's administration.

The Senate Finance Committee deliberations in many ways continued the work done in the 107th Congress on the issues of welfare reform. As Members know, the bill that then-Chairman BAUCUS produced in the second half of the 107th Congress, which went by the acronym WORK bill, was based on the so-called tripartisan agreement at that time. This tripartisan agreement was a series of policy agreements reached by Senators BREAUX, ROCKEFELLER, LINCOLN, and JEFFORDS from the Democratic caucus, and Senators HATCH and SNOWE from the Republican caucus. These Members, along with then-Chairman BAUCUS, continued to play strong and important leadership roles on the Finance Committee relative to welfare reform.

I had a chance to review the work of the last Congress, which was the tripartisan agreement, and I noted similarities between what the tripartisan group proposed, what the PRIDE Act before us has in it, and also the House-passed bill that passed early last year. That House-passed bill is largely based upon President Bush's proposal for welfare reform. I refer my colleagues to the various charts that I am going to put before them now, which highlight the many areas of common ground between last year's WORK bill and the House bill, and the PRIDE bill by which the present title is before the Senate. Admittedly, not all the details are exactly the same, but as my colleagues will see from these charts, there is a great deal of common ground between these three bills. I think it is important to emphasize the similarities because too often on the Senate floor we have emphasis upon disagreements.

This common ground is building upon the bipartisanship that took place in 1996 to move us to the present program.

There is common ground regarding keeping what works from the 1996 reform bill. Going down the chart from top to bottom, all three bills maintain the basic block grant, continue the policy of no individual entitlement to assistance, and retain the lifetime 5-year time limit.

Both the bill of Senator BAUCUS, of last session, and the legislation now before the Senate would maintain current sanction policy. The PRIDE bill continues to allow for 12 months of education and training, while the House bill scales that back to 4 months and the bill of Senator BAUCUS would have increased that to 24 months.

Additionally, both the WORK bill and the PRIDE bill would maintain the current list of core work and work readiness activities, although the WORK bill would allow 8 weeks to be spent in job research.

Now we have a chart that deals with improving State flexibility. Before I describe what is on this chart, we have had a great deal of emphasis upon letting States use this Federal legislation

with some degree of flexibility. Frankly, it is very difficult for us to pour a mold in Washington called welfare reform and have it fit all 50 States exactly the same way. What it might take for the State of Iowa to meet the needs of a welfare family in Waterloo, IA, might be entirely different than in New York City. If you try to solve it in exactly the same way, you are probably going to waste money in New York or Waterloo or you might not accomplish as much in one city for that money as opposed to another. So let Albany, as the capital of New York, or let Des Moines, IA, as the capital of my State—let the legislators there and administrators there fit this to meet their various needs.

I want to point, though, to the common ground in terms of improving State flexibility. Again, I am referring to the three proposals: The Senate bill from the last Congress, the Senate bill from this Congress, and the House-passed bill that is now in the Senate for our consideration. All three proposals would allow for adults on assistance, with barriers to work, to engage in activities designed to address those barriers and allow those barrier removal activities to count toward a State work requirement for 3 months, provide for increased access to emergency or contingency funds during an economic downturn, and allow States to use their unobligated balances or carryover funds for any welfare-related purpose. That would include child care, whereas currently States can only use these funds for cash assistance. We give States much more flexibility to meet their needs because they know their needs better than we do.

Both the Senate bill of the 107th Congress as well as the Senate bill of the 108th Congress would allow for an additional 3 months of barrier removal activities if combined with work. Both the WORK bill and the PRIDE bill include a provision allowing States to count longer duration postsecondary education towards their work requirement. This is a provision patterned after the State of Maine's Parents as Scholars Program.

We also have common ground between these three pieces of legislation on strengthening work requirements and leading people into the world of work. For 60 years we put welfare recipients out of sight, out of mind, out to the edges of society, guaranteeing a life of poverty. What we started doing in 1996, and we intend to continue to do through this legislation, is move people from the world of welfare to the world of work. The motivation behind that is you have to be in the world of work to have a chance to move up the economic ladder. You cannot move up the economic ladder in the world of welfare. But where there are 138 million Americans in the world of work, that is where we need to have as many welfare recipients as we can so they can move out of poverty.

No child should be sentenced to a life of poverty, and I think we are showing in the 1996 legislation, which we are now refining, that this helps people move up the economic ladder. At least there is opportunity to move up the economic ladder where there is no opportunity to do that if you are relying on a welfare check.

I want to again emphasize there is common ground relative to strengthening the work requirement. All three bills would increase a State's required participation rate, raise the time spent in core or priority activities, as well as assign partial credit for hours below the standard. The PRIDE bill and the House bill would raise the standard hour. The PRIDE bill and the WORK bill would replace the caseload reduction credit with an employment credit based on legislation introduced by the Senator from Arkansas, Mrs. LINCOLN.

There is common ground on promoting healthy families. All three bills would provide for universal engagement of improved child support provisions, healthy marriage grants, as well as for responsible fatherhood grants. Both the WORK and the PRIDE bills would extend transitional medical assistance for 5 years, with program simplification that was authored by Senator BREAUX of Louisiana.

It would allow for caregiving for a disabled child to count as work, and would require States to develop presanction review policies.

I have worked very hard to make sure that this is a bipartisan product. I have also been continually mindful of concerns raised by Democratic colleagues that they have about this provision. In areas where we differ, I am more than happy to let the Senate work its will, and there are outstanding issues. There are key differences between last year's Senate Finance Committee bill and this year's Senate Finance Committee bill. In my opinion, the most significant ones are the level of child care funding available for States, about which there is going to be an amendment that we are going to be dealing with shortly. Another one would be 24 months versus 12 months of allowable education and training. Another one would be eligibility for legal immigrants, for welfare, Medicaid, and the children's health insurance program. Another one would be continuation of the expired State aid to families of dependent children waiver; and, fifth, the standard hours for calculating a State's work participation rate.

I am also aware there are Members who may wish to consider provisions increasing the work requirement by broadening the family's account toward the participation rate as well as increasing the standard hour.

Additionally, I have had Members tell me they want to consider amendments requiring States to pose a full check sanction on adults who fail to comply with their self-sufficiency plans.

These are all things to which the Senate is entitled, guaranteed, to have a healthy debate on. These are things that will be settled on the floor of the Senate, if people want to pursue these differences of opinion.

However, at this point I want to spend some time discussing the issues surrounding the work requirement in PRIDE, specifically the issue of work hours for individuals receiving assistance. I want to clarify, first of all, something for the record. There is no Federal hour requirement on an adult receiving assistance.

I want to say that another way.

The Federal Government cannot make an individual welfare recipient work 40 hours or 30 hours or 1 hour. Just as there is no longer an individual entitlement to welfare, there is no individual requirement for work hours. As the great baseball leader Casey Stengel used to say, Look it up.

There is a Federal requirement on the States to engage welfare clients in a variety of meaningful activities in order to meet a Federal work participation rate, and there are severe penalties on States for failure to meet the Federal work participation rate.

Currently, in order for a State to count an adult recipient toward the calculation of that State's work requirement, that adult must be engaged in priority work or work-related activities for at least 30 hours.

As you know, the majority of families receiving welfare don't want to be on welfare. A recent study by the Mathematica Policy Research Institute of low-income families in my State revealed that many of those who ask for assistance ''felt that it sacrifices their independence and pride to do so.''

In hearings as well as in townhall meetings in my State of Iowa, adults receiving assistance told me they desire to work. I took at their word Iowans who spoke to me of their desire to work, and that is why I have worked so hard to bring a bill forward that would encourage States to redouble their efforts to engage adults receiving assistance in meaningful activities and better prepare them to enter the world of work.

Consider the hypothetical case of Sara, a mom with two kids, who finds herself in a crisis. A victim of domestic abuse, Sara is trying to make a better life for herself and her children. To that end, she moves out of her abuser's home and attempts to find a way to support her family. Lacking a number of basic skills as well as needing some counseling to deal with her history of abuse, Sara presents with a number of challenges and needs welfare to help support her family.

Under current law, States have a limited capacity to deal with Sara's issues and have those activities count toward a State work participation rate. Under current law, a State cannot count any domestic violence counseling that may be offered to Sara toward their work participation rate.

Sara knows she must work to support her family, so she begins immediately

looking for work. She spends 6 weeks looking for a job and finally finds a part-time job as a waitress working 6 hours a day for 4 days a week. She continues to look for a better paying job for an hour a day as well as spending another hour a day in counseling provided to her by her own State.

I think many of us would agree that Sara is doing everything she can to try to move toward self-sufficiency and that her State by engaging her in counseling is doing its part as well. However, under current law, because she is only part time and because a State cannot count her job search after 6 weeks, and under current law domestic violence counseling can never count, Sara does not count toward that State's participation rate, regardless of how hard she or the State make the effort for her to be in the work force. In other words, you either meet the 30-hour standard and count or you don't.

Currently, the States report that the majority of adults—57 percent—receiving assistance engage in 0 hours of activity. Clearly, it is more difficult for States to work with adults who are not doing anything than to work with an adult working 29 hours and get her engaged in meaningful activities for another 5 hours.

It can be argued as well that it is more meaningful to help an adult move from 0 to 20 hours of activity than to move an adult from 29 hours to 34 hours of activity; but under current law, a State has no incentive to work with that particular individual. It doesn't give them credit, to the Federal Government, for doing the State's part under the welfare-to-work law requirements

The administration's proposal for welfare reform reauthorization—last year's Senate bill called the WORK bill and this year's PRIDE bill—allows States to get partial credit for hours below that standard hour requirement.

As my colleagues know, the standard hour is when an eligible parent or parents count as ''one family'' for purposes of calculating a State's work participation rate. Partial credit for hours below the standard would give States a very strong incentive to work with adults who may not be ready for full-time employment. I think we can all agree it is better for these adults to be doing something rather than nothing, languishing on welfare rolls until the time limit kicks in and they have to go off assistance, having no skills to go get a job or skills to support their family.

I have another chart I would like to bring to your attention.

Our PRIDE bill is unique, however, insomuch as the legislation would establish a series of ''tiers'' where partial credit is assigned along with a band of hours.

For work or work-readiness activities in the 20–23 hour range, a State may claim credit for an adult with a child age 6 or older counting as .675 of an entire family. For hours of 24–29 range, a State may claim credit for an adult counting as .75 of a family. And for hours in the 30–33 range, a State may claim credit for an adult counting as .875 of a family.

The PRIDE bill, consistent with last year's tripartisan proposal, establishes a separate lower standard hour for parents with a child under the age of 6 because of the greater need for attention of that child. However, PRIDE sets a standard hour at 24, whereas the tripartisan proposal would have continued to set the standard hour for a parent with a child under age 6 at 20 hours. States can also capture a modest amount of extra credit for hours above this standard.

As a result of these provisions in the PRIDE Act, the Congressional Research Service has calculated that overall, the nationwide work participation rate for States increases from a national average of 29 percent—without waivers—to 41 percent under our PRIDE legislation.

There are some States that have very low participation rates. I have included a number of provisions specifically intended to help those States. Additionally, I am willing to work with Members representing those States on measures we can take to assist those States in making improvements in the way services are delivered and clients being engaged in those States.

When we talk about the work hours as they relate to the PRIDE bill, I think it is important to bear in mind that the significant hour is not whether it is 34 or 40 or 37, but the significant number of hours is 20 because that is where the partial credit begins.

Additionally, when we talk about the hours in the work requirement, the important hour again is not 30 or 40, but the important hour is 24 because that is the threshold for core work activities.

Once a client meets the 24-hour threshold for core work activities, States can count unlimited education, counseling, job search, or other barrier-removal activities toward the State's participation rate.

So then, we go back to Sara, the young mother to whom I previously referred, who, under current law—even though she was working 24 hours, and in counseling, and even looking for another job—did not count at all toward a State's participation rate and, consequently, would not get much attention from that State—the attention that is needed to improve people's economic growth.

Under the legislation before the Senate this year, as opposed to what current law has been since 1996, Sara would have up to 6 months allowed in barrier-removal activities, including domestic violence counseling and substance abuse counseling, that counts toward this State's participation rate, meeting the requirements of Federal law.

Once the 6 months are up, she has an additional 12 months that she can spend in education and training.

Once those 12 months are up, if she works for 24 hours a week, spends an hour a day, 5 days a week, in domestic-abuse counseling, and looks for a better job for an hour a day, 5 days a week, she then has reached the point where she counts as one family, where the State recognizes her as a very significant individual, where the State, by paying attention to her, is going to get some credit. In other words, under the legislation now before the Senate, Sara does count; whereas, under current law, Sara does not count.

During the past 3 years of debate on the issue of welfare reform, I have heard a number of different perspectives on the best approach to take for the next phase of welfare reform.

Some have argued the way to go is to increase the time that adults receiving assistance spend engaged in meaningful work activity. The correlation between full-time work and increased earnings is compelling.

Some have suggested that increasing the amount of time allowed for education and training is more important than increasing the time spent working. The correlation between increased education and increased earnings, of course, is compelling as well.

Others believe that encouraging marriage and reducing out-of-wedlock births would net the best result.

Still others have suggested that increasing State flexibility should be an integral part of any reform effort.

I firmly believe that when it comes to welfare reform, there is, in fact, no such thing as ''one size fits all.'' While education may be the best approach for some, it may not be for others. Encouraging healthy family formation may be just what one family needs, but perhaps that approach would not be in the best interest of another family under different circumstances.

The PRIDE bill takes a blended approach to welfare reform and strives to find balance among all these perspectives.

The legislation before the Senate increases the emphasis on work and work-readiness activities, as well as increasing the flexibility for States to engage adults in education and training activities. The PRIDE legislation also provides resources to encourage States to develop innovative family formation programs, while making it clear that participation in those programs must be voluntary, and the program must be developed with domestic violence professionals.

I have a chart speaking to the factors that influence poverty rates. This approach is consistent with the latest research; in other words, the approach of flexibility—''one size fits all'' not working.

We have a recent policy brief that was released by the Brookings Institution, and it was drafted by Ron Haskins and Isabel Sawhill. It is entitled ''Work and Marriage: The Way to End Poverty and Welfare.'' The authors, using Census data and simple modeling, simulate

the effects of various factors on the poverty rate for families with children.

The poverty rate for families with children, in 2001, was 13 percent. Now, surely, everyone agrees that a central purpose of welfare reform is the reduction of poverty. As this chart clearly shows, the least effective factor in reducing poverty was to double a family's welfare benefit. The most effective single way to reduce poverty was to work full time. Indeed, according to these authors of the Brookings Institute policy brief:

[F]ull-time work eliminates almost half of the poverty experienced by families with children.

However, the most effective approach to reducing poverty was a combination of work, marriage, education, and family-size reduction.

As colleagues can see from this chart, when the blended approach is adopted, poverty is reduced a staggering 9.3 percent, going from 13 percent down to 3.7 percent.

I find these numbers to be quite compelling. I am pleased that they reinforce the approach taken in this legislation before the Senate.

I know there are colleagues who have many thoughts on these pieces of legislation, and we are going to have a very lively debate.

AMENDMENT NO. 2937

Mr. President, I send an amendment to the desk for the Senator from Maine, Ms. SNOWE, and ask for its consideration.

The PRESIDING OFFICER (Mr. SUNUNU). The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY], for Ms. SNOWE, for herself, Mr. DODD, Mr. HATCH, Mr. ALEXANDER, Mr. CARPER, Mr. BINGAMAN, Mr. ROCKEFELLER, Ms. COLLINS, Ms. LANDRIEU, Mrs. MURRAY, Mr. JEFFORDS, Mrs. BOXER, Mr. CHAFEE, Mrs. LINCOLN, Mrs. CLINTON, Ms. MIKULSKI, Mr. COLEMAN, and Mr. SCHUMER, proposes an amendment numbered 2937.

Mr. GRASSLEY. 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:

(Purpose: To provide additional funding for child care)

Beginning on page 255, strike line 18 and all that follows through page 257, line 2, and insert the following:

SEC. 116. FUNDING FOR CHILD CARE.

(a) INCREASE IN MANDATORY FUNDING.—Section 418(a)(3) (42 U.S.C. 618(a)(3)), as amended by section 4 of the Welfare Reform Extension Act of 2003 (Public Law 108–040, 117 Stat. 837), is amended—

(1) by striking ''and'' at the end of subparagraph (E);

(2) by striking the period at the end of subparagraph (F) and inserting ''; and''; and

(3) by adding at the end the following:

''(G) $2,917,000,000 for each of fiscal years 2005 through 2009.''.

(b) RESERVATION OF CHILD CARE FUNDS.—

(1) IN GENERAL.—Section 418(a)(4) (42 U.S.C. 618(a)(4)) is amended to read as follows:

''(4) AMOUNTS RESERVED.—

''(A) INDIAN TRIBES.—

''(i) IN GENERAL.—The Secretary shall reserve 2 percent of the aggregate amount appropriated to carry out this section for a fiscal year for payments to Indian tribes and tribal organizations for such fiscal year for the purpose of providing child care assistance.

''(ii) APPLICATION OF CCDBG REQUIREMENTS.—Payments made under this subparagraph shall be subject to the requirements that apply to payments made to Indian tribes and tribal organizations under the Child Care and Development Block Grant Act of 1990.

''(B) TERRITORIES.—

''(i) PUERTO RICO.—The Secretary shall reserve 1.5 percent of the amount appropriated under paragraph (5)(A)(i) for a fiscal year for payments to the Commonwealth of Puerto Rico for such fiscal year for the purpose of providing child care assistance.

''(ii) OTHER TERRITORIES.—The Secretary shall reserve 0.5 percent of the amount appropriated under paragraph (5)(A)(i) for a fiscal year for payments to Guam, American Samoa, the Virgin Islands of the United States, and the Commonwealth of the Northern Mariana Islands in amounts which bear the same ratio to such amount as the amounts allotted to such territories under section 658O of the Child Care and Development Block Grant Act of 1990 for the fiscal year bear to the total amount reserved under such section for that fiscal year.

''(iii) APPLICATION OF CCDBG REQUIREMENTS.—Payments made under this subparagraph shall be subject to the requirements that apply to payments made to territories under the Child Care and Development Block Grant Act of 1990.''.

(2) CONFORMING AMENDMENT.—Section 1108(a)(2) (42 U.S.C. 1308(a)(2)), as amended by section 108(b)(3), is amended by striking ''or 413(f)'' and inserting ''413(f), or 418(a)(4)(B)''.

(c) SUPPLEMENTAL GRANTS.—Section 418(a) (42 U.S.C. 618(a)) is amended—

(1) by redesignating paragraph (5) as paragraph (7); and

(2) by inserting after paragraph (4), the following:

''(5) SUPPLEMENTAL GRANTS.—

''(A) APPROPRIATION.—

''(i) IN GENERAL.—For supplemental grants under this section, there are appropriated—

''(I) $700,000,000 for fiscal year 2005;

''(II) $1,000,000,000 for fiscal year 2006;

''(III) $1,200,000,000 for fiscal year 2007;

''(IV) $1,400,000,000 for fiscal year 2008; and

''(V) $1,700,000,000 for fiscal year 2009.

''(ii) AVAILABILITY.—Amounts appropriated under clause (i) for a fiscal year shall be in addition to amounts appropriated under paragraph (3) for such fiscal year and shall remain available without fiscal year limitation.

''(B) SUPPLEMENTAL GRANT.—In addition to the grants paid to a State under paragraphs (1) and (2) for each of fiscal years 2005 through 2009, the Secretary, after reserving the amounts described in subparagraphs (A) and (B) of paragraph (4) and subject to the requirements described in paragraph (6), shall pay each State an amount which bears the same ratio to the amount specified in subparagraph (A)(i) for the fiscal year (after such reservations), as the amount allotted to the State under paragraph (2)(B) for fiscal year 2003 bears to the amount allotted to all States under that paragraph for such fiscal year.

''(6) REQUIREMENTS.—

''(A) MAINTENANCE OF EFFORT.—A State may not be paid a supplemental grant under paragraph (5) for a fiscal year unless the State ensures that the level of State expenditures for child care for such fiscal year is not less than the sum of—

''(i) the level of State expenditures for child care that were matched under a grant made to the State under paragraph (2) for fiscal year 2003; and

''(ii) the level of State expenditures for child care that the State reported as maintenance of effort expenditures for purposes of paragraph (2) for fiscal year 2003.

''(B) MATCHING REQUIREMENT FOR FISCAL YEARS 2008 AND 2009.—With respect to the amount of the supplemental grant made to a State under paragraph (5) for each of fiscal years fiscal year 2008 and 2009 that is in excess of the amount of the grant made to the State under paragraph (5) for fiscal year 2007, subparagraph (C) of paragraph (2) shall apply to such excess amount in the same manner as such subparagraph applies to grants made under subparagraph (A) of paragraph (2) for each of fiscal years 2008 and 2009, respectively.

''(C) REDISTRIBUTION.—In the case of a State that fails to satisfy the requirement of subparagraph (A) for a fiscal year, the supplemental grant determined under paragraph (5) for the State for that fiscal year shall be redistributed in accordance with paragraph (2)(D).''.

(d) EXTENSION OF MERCHANDISE PROCESSING CUSTOMS USER FEES.—Section 13031(j)(3) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(j)(3)), as amended by section 201 of the Military Family Tax Relief Act of 2003 (Public Law 108–121; 117 Stat. 1343), is amended—

(1) by striking ''Fees'' and inserting ''(A) Except as provided in subparagraph (B), fees''; and

(2) by adding at the end the following:

''(B) Fees may not be charged under paragraphs (9) and (10) of subsection (a) after September 30, 2009.''.

Mr. GRASSLEY. I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I begin by thanking the chairman of our committee, Senator GRASSLEY. He has worked very long and hard on this issue, and it has been very good to work with him. He has thought a lot about these issues. He has worked hard to try to find a middle ground. He wants to get things done, and I deeply appreciate that.

We are here today to reauthorize the 1996 welfare reform law. The 1996 law has actually worked pretty well. I think all commentators would agree with that statement. In fact, it has worked much better than people thought it would work. It is not broken. It is not broken at all. And I think we need to guard against ''fixing'' something that is not broken. You know the old saying: ''If it ain't broke, don't fix it.'' I think that applies to the 1996 welfare statute.

As we go forward, we might ask ourselves whether we might do better simply extending the existing 1996 law. Yes, we could make some modifications. We would increase, for example, funding for child care to help parents get to work. But as the Senate considers proposed changes, we might ask whether it would be better to stick with the 1996 act.

I will spend a little time today talking about the House bill. The House bill does not stick with the 1996 bill. The House of Representatives has

made, frankly, some pretty dramatic changes—''fixes'' to a program that many of us believe is not broken.

The Senate bill that Chairman GRASSLEY has crafted tries to chart a middle course. Thus, the bill before us presents an opportunity to reflect on the lessons we have learned since 1996, and to incorporate those lessons in the new bill.

We accomplished what we set out to do in 1996, and I am proud to have played a role in passing that law.

The 1996 welfare reform law was a landmark. The old system had failed.

We were spending billions, but we had little to show for it. So we tried something new. We tried, in the words of the introduction to the 1996 act ''to end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage.''

At the same time, the 1996 act was very controversial. In retrospect, it is clear that by and large we were headed in the right direction. I call attention to the chart next to me. This chart essentially tells the story. It is entitled ''Welfare Recipients as a Percentage of Population.'' Hundreds of thousands of people have left welfare and left welfare for work. The number of folks on welfare, as you can tell, as a percentage of the American population, beginning in 1988, rose up to its peak in about 1994 and 1995. Then we passed the 1996 statute, and it has plummeted dramatically.

The next chart shows the changes in welfare recipient caseloads, from 1996 to 2001. It shows that all States have shared in the success. The caseload reduction has been highest for those States in red, that is greater than a 70-percent reduction. In States represented by orange, the reduction in welfare caseload has been between 50 and 70 percent. And States represented in yellow have a caseload reduction of less than 50 percent but very significant. My State of Montana is an orange State. Montana reduced its welfare caseload by 56 percent between 1996 and 2001.

The New York Times reported last week that even with the weak economy we have experienced lately, welfare rolls have declined in the past 3 years in most States. That is, caseloads have decreased even as unemployment, poverty, and the number of food stamp recipients have increased.

For example, in the State of Illinois, the number of families on welfare fell 45 percent since January 2001. In New York, the number of families on welfare declined about 40 percent since January of 2001. And in Texas, the number of families on welfare has declined 11 percent, again, in the last 3 years.

I would like now to show another chart. This is the child poverty rate. The child poverty rate has also declined since 1996, overall by about 23 percent. As you can see, the child poverty rate in 1988 was roughly 20 percent. It increased during the 1990s, through 1992, and peaked around 1993. It has declined very significantly since that peak in 1993. However, look at the end, 2000 to 2002. It looks as though it is starting to increase slightly.

But despite our success, there is still more to be done. We are not out of the woods. Too many troubled families remain on the rolls. Too many families struggle to raise children in poverty. In 2002, there were 34.6 million Americans below the official poverty level. For a family of two, poverty is $12,490. 34.6 million Americans below that level. Thirty-seven percent of families in poverty are working.

I have another chart. This is the poverty rate. As this chart shows, 1 in 10 Americans still live in poverty. That share has gone up in the last couple years with the recession, and close to 17 percent of our children live in poverty. In Montana, 19 percent of all children live in poverty. Nationwide, 1 in 10 Americans.

Those numbers are simply too high. We must provide better opportunities for poor families to move off welfare, into the workforce, and out of poverty for good. As successful as the 1996 bill has been, these figures show there is more we have to do.

In my view, doing more means focusing more attention on the hardest cases; that is, on families who face complicated and difficult challenges. For example, children with disabilities, adults with little or no education or work skills, people with mental health issues or substance abuse problems. Those are the hardest cases. We also need to focus on the single mother with an autistic son who cannot care for himself after school when she is at work.

We need to focus on families affected by mental health concerns that limit their ability to engage in continuous full-time employment, and families who have been hit by a health crisis and need help. Doing more means building on the partnership we established with the States back in 1996. It means letting States maintain the flexibility they have used to design their current successful welfare-to-work strategies. How does it best work for each State? All States are different, with different populations, different issues. It means giving States new options to address especially troubled families. And at the same time, it means maintaining and increasing help in building the work support system.

We learned, with the major reform in 1996, that getting a job is not always a ticket out of poverty. We helped to get people off the welfare rolls by a dramatic amount, an average of about 50 percent, but still people who leave are having a very tough time finding jobs. They are in very dire straits. People find that the jobs pay too little. In Montana, we have the highest number of people working more than one job just to make ends meet because we have low wages and a poor economy. Those families who are just off of welfare are struggling. They need access to education, to training. They need the opportunity to address many of the barriers that prevent them from getting a job and keeping a job, and they need access to benefits such as food stamps, health care, and child care.

Child care is a huge concern. If you want to make a lasting difference, we need to provide further help with child care, further help with health care, transportation, and other things that will help parents stay off welfare and thrive in the job market.

The success of the 1996 bill should have meant a quick and simple reauthorization, because we all, both sides, can agree that the law works. But some want to leave the successful 1996 law behind them and make dramatic changes. I call this a cut-and-run approach—leaving the States and, more importantly, low-income families behind. The House-passed welfare reauthorization bill embodies this cut-and-run attitude. The House bill would force States to use expensive workfare—or ''make work''—models of welfare reform, where welfare recipients would participate in large-scale, unpaid, make-work programs such as cleaning up trash.

The House bill work requirements would force States to put welfare recipients into make-work jobs. I mentioned trash pickup. There are many other examples. Cleaning the streets is good for the streets, but where does it leave the welfare recipient after the cleanup is over? At the end of a make-work job, welfare recipients have learned no new skills, and they are no closer to having a real job.

The House bill would push recipients into make-work programs instead of real private sector jobs that provide the meaningful work experience necessary to survive in the job market. States mostly rejected this one-size-fits-all workfare model years ago. States don't like it. They know it doesn't work. State and local administrators have told us they need, more than anything else, a full menu of strategies for the different needs of individual parents, families, and communities.

The House bill, however, makes it harder to design services and strategies that meet local needs. And it also fails to provide adequate funding. As welfare rolls have fallen, States have used freed-up TANF funds to support low-income working families—often those who have left welfare to work in recent years. This is common sense and a proven strategy for success. It works.

For a single mother, providing child care assistance can be the single most important factor for workplace success. But the lack of funding in the House-passed bill means States would have little choice but to shift funds away from programs that help keep low-income parents working to much more expensive make-work programs for those still on welfare.

This would be a mistake, as it would force working families to return to the

welfare rolls. It would mean cutting and running on those working families whose success we have been celebrating.

It doesn't make sense to abandon work supports to pay for make-work activities, but States report that the approach in the House bill would do just that: it would require States to cut funding for these successful work support services to pay for large, expensive, and unproven make-work programs for those remaining on the rolls.

Education and training clearly are critical factors in getting people into jobs that pay more. In a rural State such as Montana, access to education and training represents a clear path out of poverty. We need to ensure that America's needy families have access to such paths. And States need flexibility so they can provide these programs.

All States are different. In States such as mine, making welfare reform work means making it work for American Indians. More than a quarter of American Indians live in poverty—more than twice the national average. In Montana, American Indians make up a full one-half of our welfare caseload. We needed flexibility to address that.

I appreciate that the chairman has included provisions to help Native Americans. But to make a real difference for welfare reform in Indian country will require real resources.

Tribes need support to operate TANF for themselves and help with economic development. Our work is not done when there are still places in America where most adults don't have jobs. Flexibility must be maintained.

Back in 1996, we asked the States to design a welfare program to address their specific needs. Some States applied for waivers to do just that. Those waivers have been a vital aspect to welfare reform's success. It is important to allow States to continue with their waivers and to ensure States continue to have flexibility to make welfare reform work. Dictating prescriptive requirements and unfunded mandates to States is unnecessary, particularly when so many parents are already participating in work-related activities.

In sum, the House bill is sure to undermine the success of the 1996 law. It would effectively eliminate the ability of States to employ proven welfare-to-work strategies, and it would virtually wipe out the progress made in the last 6 years to use TANF and child care funds to ''make work pay.''

The House approach would force States to divert dollars to make-work programs. It would thus divert funds from child care, where funds are needed. Future funding for child care and other work supports would be harder than ever to secure.

It seems to me that the House program is designed to fail. The House approach is difficult for would-be recipients to access. And States will have a hard time making it work. In the prophetic words of one TANF administrator:

> [The House approach] is part of a larger effort . . . to set unattainable goals for States, so that Washington can generate budget savings and say that social programs don't work.

That would be irresponsible. That would be breaking something that is fixed. Whatever we do here, we need to ensure that TANF continues to work.

I applaud Chairman GRASSLEY for trying to do better. Compared with the House-passed bill, chairman's bill has fewer mandates and less need for States to adopt workfare programs, which I find so reprehensible in the House-passed bill.

Yet I remain concerned that the bill before us doesn't provide States with enough new flexibility in areas such as training and education, or in determining welfare-to-work strategies, particularly in States with specific needs like rural States. I am also concerned that it doesn't provide enough child care funding.

During this debate, Senators will offer amendments to address these shortcomings. An amendment will be offered to increase child care funding so that parents can go to work. Senators SNOWE and DODD will offer that amendment today. I believe the chairman already has offered that amendment on behalf of Senators SNOWE and DODD.

An amendment will be offered on this bill that will allow recipients to continue their education to gain job skills. Senators LEVIN and JEFFORDS will offer that amendment.

Amendments will be offered making TANF work for immigrants. Senators GRAHAM and CLINTON will focus their efforts on these initiatives. Also, an amendment will seek to preserve the flexibility that States had under the 1996 law. Senators BINGAMAN and WYDEN will be offering that one.

Of course, we should also protect the civil rights of workers and of children in this law. We should make sure to get the balance right between State incentives and accountability.

Welfare reform is working. Let's build on that success and build on our partnership with States. By continuing to work together, we can achieve a successful bill.

We can strengthen existing programs to address the needs of America's struggling families. We can give further support to those who have successfully moved from welfare to work.

Let us not cut and run. Let us not ''fix'' what is not broken. Rather, let us build on the success of the 1996 law.

I yield the floor.

The PRESIDING OFFICER (Mr. BURNS). The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I see the prime sponsor of the amendment, the Senator from Maine. I ask unanimous consent to follow her when she completes.

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

Ms. SNOWE. Mr. President, I rise today to talk about an amendment that I know has already been offered to the Senate on the pending legislation, the Personal Responsibility and Individual Development for Everyone Act, known as the PRIDE Act.

I am proud to have authored this amendment along with my friend and colleague, Senator DODD. Without question, Senator DODD has been a fearless and unyielding champion in increasing both the quality of and funding for child care in America. He has been a tremendous friend to families and children. I appreciate his dedication and advocacy to these causes.

It is regrettable that Senator DODD could not be here today in person to offer this amendment. As our colleagues know too well, disasters do occur from time to time in our States, and they understandably take precedent. He is in Connecticut today addressing issues related to a major highway accident that closed Interstate 95 last Thursday. This accident had an enormous impact on the people of Connecticut but also other States that rely on the interstate for travel or commerce. It is a loss of billions of dollars. Senator DODD is working with State and Federal officials to restore travel in this vital transportation artery, and today he is where he should be—working on behalf of the people in his State. I look forward to hearing from him tomorrow on this amendment.

I also want to recognize and thank Senators HATCH, ALEXANDER, and CARPER, who approached me sometime ago on this vital issue regarding child care in the welfare reauthorization and a strong desire to work together to ensure that this issue would be addressed and be given priority consideration in the Senate. I appreciate their efforts as well as the commitment and dedication of other cosponsors: Senators BINGAMAN, ROCKEFELLER, COLLINS, LANDRIEU, MURRAY, JEFFORDS, BOXER, CHAFEE, LINCOLN, CLINTON, and MIKULSKI. I appreciate the fact that they have made it a broad bipartisan amendment.

Before I explain the amendment before us and why it is such a critical component of this debate, I, too, want to recognize the work of the chairman of the Finance Committee, Senator GRASSLEY, who has been tireless in his perseverance, patience, and commitment to ensuring that the reauthorization of this legislation would be completed in this Congress. The fact that we have been able to report this legislation out of the Finance Committee is in no small part due to his efforts to make sure it became a reality. I thank the majority leader, as well, for his commitment to this issue so that we were able to bring up this bill, finally, for consideration.

Also, I want to recognize the Democratic leader, Senator DASCHLE, and the ranking member, Senator BAUCUS, for their work, along with the majority leader and Chairman GRASSLEY, who

scheduled this debate so that, hopefully, we can complete the work on this reauthorization.

It goes without saying that this day is long overdue regarding our actions for this reauthorization. We have had six extensions in 18 months after the original expiration of this law.

As we well recall, in 2002, the Finance Committee did pass this legislation, but, regrettably, it was not brought up on the floor for Senate consideration. So we have had to repeatedly extend this legislation, and the States and the caseloads were left without any kind of specific blueprint for action in the future.

Today, hopefully, we begin the last leg of this journey toward giving the States their plan of action for the next 5 years with respect to welfare reform and build upon the successes of the past, as well as addressing some of the remaining issues that certainly have manifest itself in the last 5 years with respect to what my amendment will be addressing.

The bill before us today is predicated on the administration's proposal which not only strengthens work requirements, but also allows States to concentrate on removing barriers to employment, giving TANF recipients up to 6 months during which time they can focus, without interruption, on becoming more employable, to remove those barriers that prevent them from being able to seek employment. So that means they can have the opportunities for adult literacy, substance abuse treatment, or taking advantage of other educational opportunities, such as vocational education or technical training.

Moreover, the bill rightly recognizes that some families have longer term barriers that they must also face and overcome. For example, this legislation includes provisions which ensure that under certain circumstances, caretakers for disabled dependents meet the requirements for obtaining support as well. I thank Senator GRASSLEY for working with me to include these provisions.

Another example of how this bill will improve the employability and likelihood of successful transition from welfare to work, the bill before us today includes provisions based on a widely praised program that happens to be located in my State of Maine, known as the Parents as Scholars Program.

We should be able to agree that increased education is another critical factor in whether a person will transition off welfare, be able to not only maintain a job, but to secure one that provides a decent income. That is why I have championed these provisions repeatedly which will allow a number of qualified, motivated welfare parents to take part in longer duration and post-secondary education while on the caseload.

Parents as Scholars has been extraordinarily successful in my State, with graduates averaging a 50-percent increase in salaries, and with 90 percent of working graduates leaving welfare behind permanently. It is because of this record of success that I am very pleased that during the Finance Committee markup, my amendment giving all TANF parents across the Nation the benefit of accessing this education program was accepted.

This program, as I said, has been not only successful, but I think it also ultimately will be widely available across the country because access to education should not be a question of geography.

This legislation also reflects our desire to afford the States flexibility by providing partial credit toward a State's work participation rate when there is partial compliance with hourly requirements by recipients. I believe this is a commonsense addition to current law that will fuel this program's success for years to come, while laying the groundwork for States to help clients become employed and stay employed, which, after all, was the original goal of the landmark 1996 reform act.

I thank Senator LINCOLN for offering this provision because I do think it goes a long way to addressing some of the issues that were raised in the last welfare reform act.

I am very pleased this legislation before us also builds upon the tripartisan legislation on which many of us on the Finance Committee worked in 2002. Senator HATCH, Senator BREAUX, Senator JEFFORDS, Senator LINCOLN, Senator ROCKEFELLER, and I included provisions that now have also been incorporated in this legislation concerning child support distribution, the employment credit, education and training requirements, and much of our universal engagement provisions and adjustments to the contingency fund.

At the same time, this bill also reflects a considerable good-faith effort to close some of the political and policy gaps that existed within the committee at the time of the markup. I know many of my Republican colleagues would have preferred additional workups similar to what the President had proposed—40 hours instead of the 34—but we were willing to compromise in order to advance this benchmark legislation.

It was in the spirit of that compromise that I supported the legislation in the Finance Committee, recognizing that, yes, I would have preferred a significantly greater funding for child care, but at the same time I know there has been some disagreement on this side of the aisle as to how much we can even afford or should do with respect to child care funding in the welfare reauthorization. I refrained from offering that amendment in the committee so that we could have the opportunity to bridge these gaps on the floor of the Senate and to move this legislation forward.

The amendment I am offering today will provide $6 billion in new mandatory child care funding which I think represents an attempt to guarantee that there will be no structural weaknesses in the PRIDE Act that may undermine its ultimate effectiveness or success.

I am very pleased that Chairman GRASSLEY gave me the opportunity to have priority recognition to offer this amendment today that was part of the agreement we reached in the Finance Committee because I hope it will set a bipartisan tone for the debate to come.

This reauthorization is critical to almost 5 million people who are on welfare today. I am convinced it is our duty and our obligation to do all that we can to clear the political barriers, the policy barriers, overcome all the obstacles that we ultimately engage in on the floor of the Senate, but, in the final analysis, we ought to be in a position to vote on the welfare reauthorization and extend this law.

This $6 billion increase in new mandatory child care certainly should move us in that direction. I am adding this today because I think this amount is commensurate with the real and current needs. To understand how these needs developed and why this amount of funding is essential is important to understand because as we set out to reauthorize the 1996 law, we have to reexamine some of the decisions and some of the choices that were made at the time that now has led us to this point that I think compels us to offer more money in terms of child care.

One of the decisions that Congress made back in 1996 was to ensure that we would have the necessary support systems to allow welfare recipients, as they transition into the workplace and access full-time employment, to have all of the support that is going to be absolutely vital to make that employment a success, as well as accessible.

These types of assistance to working parents who generally are employed at minimum-wage jobs allow them to make ends meet and to make a permanent transition from welfare to work. One of the most critical types of work support we can offer these families is quality child care. Without good child care, a parent is left with only two choices: to leave a child in an unsafe and often unsupervised situation, or not to work, both of which are lose-lose situations.

If the aim of welfare reform is to move people off the welfare rolls and on to the payrolls, providing support in the form of quality affordable child care is a prerequisite to realizing that goal. Of course, as with anything else, child care comes with a price. In some States, it can cost as much as a year's tuition in a public college. Factor in additional costs of infant care or odd-hour care, such as nights or weekends or care for children with special needs, and the challenge increases significantly. So for a parent working toward financial independence, typically earning minimum wage, it is not hard to see how child care can be the budget

buster that compels a family to retreat back into welfare.

This battle was also fought by families who are employed in full-time, lower wage jobs, families not receiving cash welfare assistance, but who only earn $15,000 to $20,000 per year.

Almost 2 years ago, a constituent of mine came to Washington to testify before Senator DODD's Subcommittee on Children and Families. Sheila Merkinson, a resident of Maine, testified her childcare costs absorbed almost 48 percent of her weekly income. Even though she is eligible for aid, she receives no childcare assistance because the need exceeds the income eligibility requirements in our State.

At that time, Sheila stated she had been on the waiting list for childcare subsidies 6 months, four of them while she was working, and sleeping on a couch during that entire time period because she could not afford to pay the rent on her $18,000 yearly income.

I also remember reading several years ago about a mother in Maine whose only choice for a steady job was working the night shift at the local mill. Because she lived in a rural area with no family nearby, she was forced to choose between losing her job or tucking her elementary schoolage children into bed at night, locking the doors behind her, and going to work. Affordable childcare was not a reality for her and so she did what she deemed was best, to go to work and earn the money she required to support her children. In the end, the courts made a third choice for this mother. They took her children away from her.

We have no rhyme or reason to put people who care about their own children in untenable situations where they are compelled to make these unpalatable choices. This amendment will help ensure we can prevent these types of circumstances so many families face in the real world today.

These are but two of the life stories that bring me to the point of offering this amendment and providing the mandatory childcare funds of more than $6 billion for the next 5 years. These are families who really are the essence of what this debate is all about.

Back in 1996, as this chart would illustrate, Congress recognized when we created the TANF program, the Temporary Assistance for Needy Families, formed the childcare and development block grant, because we had a myriad of programs that provided various funding streams for childcare, we had a commitment to serve the families on welfare. That is why we consolidated more than four programs into the childcare and development block grant, so that we had a commitment to serve not only those who are on welfare, those who are transitioning off welfare, those who were not on welfare but were at the risk of falling onto welfare caseloads.

Finally we decided we should coordinate and consolidate these programs to create this block grant with the intent of serving those low-income families that may be employed but still require some kind of assistance because of the high cost of childcare. We have this coordinated development block grant on childcare that is aimed at serving the needs of each of these populations.

While the Federal law sets the ceiling, the States are able to determine their own eligibility requirements. Yet according to most estimates, only one in seven eligible children receives this kind of assistance. It is not surprising when one considers that in 2003 alone, nearly every State reduced childcare spending and 16 States reduced eligibility levels so fewer children would qualify.

Even when our eligibility guidelines are high, most States are unable to attain them. In fact, according to the 2004–2005 State plans in at least five States, a family is not eligible for the childcare development block grant if the family earns more than $20,000 per year. So clearly there remains a pressing need.

While the focus of this debate is the TANF population, as well it should be, it cannot be to the exclusion of all of those lower income families who are not on welfare. I am convinced that access to this critical work support makes all the difference in a successful transition from welfare to work, and to help ensure these families do not retreat back into welfare, and at the same time that we allow them to achieve self-sufficiency. That is the goal of any welfare reform act and that is what it should be. According to a 2002 study, single mothers with young children who receive childcare assistance are 40 percent more likely to be employed after 2 years than mothers who did not receive such assistance.

The study goes on to say former welfare recipients who receive childcare are 82 percent more likely to be employed after 2 years than those who do not receive such support. These findings make sense, as far too often, for many single parents, unaffordable, unavailable, or unreliable childcare is the chief barrier to steady employment.

Over the past few years, States have been experiencing unprecedented fiscal crises which are resulting in cutbacks to crucial services for low-income families and children. Severely limited resources are driving States to make some difficult tradeoffs, when it comes to policies, among equally deserving groups of eligible families. It is not unreasonable for a State to conclude that TANF families subject to work requirements in a maximum 5-year time limit or families transitioning off TANF should get priority over families who have not received welfare.

However, as a result of these decisions many vulnerable low-income working families who require childcare assistance will not be able to support their families and remain off welfare. That is a reality.

The worst-case scenario would be one in which limits on childcare subsidies for lower income working families begin to act as a disincentive. Families transitioning off welfare or low-income families struggling to stay off welfare rolls could easily deduce the effort simply was not worth it.

In May of 2003, GAO issued a report that suggests this possibility may exist. It states that a change in priority status can result in families losing benefits.

For example, in two States, families who leave TANF lose all of their benefits. In seven States, when a family comes to the end of a State's transition period, this can result in their losing assistance altogether.

Considering that childcare for a single child can easily cost between $4,000 and $10,000 yearly, it is not difficult to understand why a family affected in this way might have no other choice but to remain on welfare.

Providing a firm foundation and the tools necessary to make a successful transition to independence was the promise we made and one we must honor. So the amendment we are offering to this pending legislation would fulfill our commitment to the States by increasing the amount of mandatory childcare funding that is authorized under this legislation. We can do that today by passing this bipartisan amendment.

I know some would say there is an abundance of funding and that the estimates of unmet needs are baseless. My response to those critics is this: Ask the more than 605,000 eligible children on waiting lists in 24 States and the District of Columbia if there is sufficient funding. Many have argued since there are waiting lists in only less than half the States, then the rest of the States do not have unmet needs. Well, this is patently untrue.

The truth of the matter is not every State keeps a waiting list. Again, they feel it is a fruitless endeavor, because they are elevating expectations knowing that those expectations simply cannot be fulfilled because they do not have the funding for childcare. Many States cap the number of names allowed to appear on the waiting list, again because they know they will not be able to fulfill their requirements. They do not want to create the kind of hope among people that they will get the support ultimately when they know it simply will not be possible.

Consider that if one is a mother residing in California and she went to the State's welfare office and they told her get in line, she is No. 280,001. How likely is it she will bother to put her name on the waiting list? If a counselor in New York City told a mother her child would be No. 46,001, would she take the time to sign up? And even if she did, would she ultimately get the childcare support she needed? Not likely.

Another question is: How many childcare slots would be generated by the $6 billion included in our amendment? We cannot say for certain, but if we do not provide this funding there

will be hundreds of thousands of children without any support under this welfare reauthorization.

We currently have 2 million children receiving child care subsidies. The Congressional Budget Office has estimated it would cost $4.5 billion to ensure that all 2 million children currently—I emphasize currently—receiving subsidies will be able to continue receiving that level of support over the next 5 years, during the course of this reauthorization. The underlying legislation that is before the Senate includes $1 billion in mandatory childcare funding which, according to CBO, may well cover the estimated cost for the new work requirements and the State participation rates of somewhere between $1 billion to $1.5 billion of increased child care as they relate to these expanded requirements under this legislation.

Just to maintain exactly what is in current law for the 2 million children costs $4.5 billion, and the increase, the new increase under this legislation, would require another $1 billion to $1.5 billion.

What we are saying is, just given where we are today, we could have 400,000 children removed from the caseload without this kind of money—400,000 if we do not support the pending amendment.

It is imperative that we pass this amendment to ensure the States will be in a position to provide the level of support they are currently providing to these families—just to maintain the status quo.

The legislation of the chairman provides a strong start by adding the $1 billion to pay for these increased work requirements, but I believe, Senator DODD believes, and all the cosponsors of this amendment believe we should and must do more. The PRIDE Act seeks to build upon our very successful effort in 1996. We transformed the welfare system as we know it. It is landmark legislation that was an unprecedented success. We were able to convert an old entitlement system into a temporary program that helps our most fragile population take those critical first steps toward economic self-sufficiency. I believe our amendment strengthens this effort by ensuring that mothers struggling to move themselves off the welfare rolls will have the kind of assistance they need in order to succeed.

The good news is we will be able to do this with the kind of support that is essential. We have an offset in this amendment that includes the Customs user fees on merchandise that is processed through Customs. It is obviously important so we don't have a budget point of order. Some have said we have used this in the past and most specifically it is on the legislation that is also being currently considered by the Senate on the Foreign Sales Corporation Act for international tax relief for manufacturers. However, that legislation includes up to $130 billion in revenue offsets. We are using $6 billion of the $17 billion that has been incorporated in that legislation regarding Customs fees.

I believe there will be sufficient offsets to address both that legislation and this one as well. The amendment we are offering today builds on the work that has been incorporated in the underlying legislation that was reported out of the Finance Committee. Like many of my colleagues on that committee, Chairman GRASSLEY, Senator DODD, and all of those who support this effort here today, we are trying to build upon the major steps that were taken in the 1996 Act, which I think has made great strides toward helping lower-income families achieving the American dream and ultimately achieving self-determination and self-sufficiency.

There is an important difference between giving someone a handout and offering them a hand up. I believe this amendment to the PRIDE Act builds upon that distinction. That is why I am so pleased to have the kind of bipartisan support that has been given to this amendment. I do believe it is a strong step in the right direction. Granted, it is not going to address all the demands and needs across America, but certainly it will go a long way toward understanding and recognizing the reality that if we don't do this, we leave families and children in an untenable situation.

I happen to believe this amendment will strengthen our ability to pass this welfare reauthorization, that the States need to give guidance and direction for the future. We cannot allow States to live in statutory limbo and we can't allow families to live in limbo as well.

I hope this amendment will receive strong support here in the Senate, reflecting the strong bipartisan cosponsorship of this amendment. I urge my colleagues to support this amendment.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GRASSLEY. 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. KENNEDY. 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. KENNEDY. Mr. President, I know the pending amendment is the Snowe-Dodd amendment. I join with the Senator from Maine and the Senator from Connecticut in hoping that the Senate will welcome and support this amendment. I pay tribute to the Senator from Maine for her longstanding work in support of child care, and, of course, I commend my friend and colleague from Connecticut who unfortunately is not here today but wanted very much to be here today. He will be speaking in strong support of this amendment during its consideration tomorrow.

As we know, Senator DODD is the leader on children's issues. A number of those issues go through the Health, Education, Labor and Pensions Committee, and all of us on that committee welcome his leadership on this issue as well many others.

I commend our leaders, and I commend the floor managers.

This will be the first amendment that we will consider. And, hopefully, it will have strong support. I will take the time at another time to outline the extraordinary needs of child care in my own State. But I rise for a different purpose at this time.

I see my friend and colleague from Iowa on his feet. I intend to speak briefly about the minimum wage issue, and then to offer it not as a substitute but to get in the queue for consideration of amendments as we are considering this welfare reform program.

The Senator from North Dakota was here a moment ago and desired the opportunity to be able to speak. I don't know whether there is any reason to object. He wanted to have an opportunity to speak for up to 20 minutes, I believe, following my statement. Generally, I wanted to talk to the floor managers about that, but I didn't have the opportunity to do so. If there is a Republican who wants to speak after I speak, then he could be the one who might be recognized after that.

Mr. GRASSLEY. Mr. President, I don't think we have any objection to that. The only speaker I had on this side who wanted to speak was the Senator from Tennessee, Mr. ALEXANDER. He wanted to speak for a little while on the amendment of the Senator from Maine. Other than that, I don't have any requests on this side.

Mr. KENNEDY. Mr. President, I ask unanimous consent that he be able to follow for up to 20 minutes.

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

Mr. KENNEDY. Mr. President, I listened with interest to my friend and colleague from Iowa talking about this legislation. And one of the phrases he expressed was that no one who works in this country ought to live in poverty. I agree with that. I think one of the best ways of doing it is to ensure that work pays.

One of the best ways to make sure work pays is to make sure that those who are on the bottom rung of the economic ladder—those who make the minimum wage—are going to have a livable wage.

What we know is that we have not increased the minimum wage for some 7 years. As a result of the failure of increasing the minimum wage in 7 years, the purchasing power of the minimum wage has decreased dramatically. If we are interested in making work pay, we have to make work pay, and that means an increase in the minimum wage.

At the appropriate time during the course of this debate, we will have the

opportunity to vote on an increase in the minimum wage to make the minimum wage go up from $5.15 to $7 an hour for those families working 40 hours a week, 52 weeks of the year.

Let me share with the Members what has happened to the purchasing power of the minimum wage. If we go back to 1968, the minimum wage today would be $8.50 an hour. It is now $5.15. If we look at the consistency, the purchasing value, it will be $4.98 in the next few years if we don't act now.

Look at this chart. The minimum wage no longer lifts a family out of poverty. Look at this red line indicating what a family of three would need in order to be able to rise out of poverty. In 1968, we were able to—and, again, briefly around 1980—get the minimum wage up so families could live outside of poverty.

If you look at the flat line, you will see that the lines are going down. The poverty line is here. People are working longer and harder and have difficulty making ends meet.

Every day that we delay the minimum wage, workers fall farther and farther behind. All of the gains of 1996 in minimum wage increases have already been lost.

This welfare bill is about workers. It is about moving people from welfare into work. It is very interesting. Of those single mothers who moved off welfare into work before the recession began, one-half of those jobs have now been lost due to the recession. I don't know what percentage of those people used up all their benefits, but a good chunk have. I don't know what those individuals are doing, but we do know that the amount of poverty, child poverty and hunger in the families across this country, is continuing to go up.

We lose sight of the fact that over the history of the minimum wage, this has been a bipartisan effort. If you look back over the number of times this has been raised—10 or 11 times—go back to Franklin Roosevelt, Harry Truman, Dwight Eisenhower, President Kennedy, Lyndon Johnson, and President Ford, President Carter, and then it was President Bush, then it was President Clinton, this has been a bipartisan effort. Republicans and Democrats alike understand if people are going to work hard, we ought to be able to make sure they are treated fairly.

The increase in the minimum wage that we are talking about in this amendment would mean $3,800 in additional income once it's fully phased in over the period of the 2½ years. That would be more than 2 years of child care; it would be 2 years of health care. It would be full tuition to a community college for a child who is the son or daughter of a minimum-wage worker. It would be a year and a half of heat or electricity for a family. It would be more than a year of groceries, and more than 9 months of rent. That may not sound like much to many around here, but those are the facts. It would make an enormous difference to people who are working.

What we see is 3 million more Americans today are living in poverty. There were 31 million in the year 2000, and now it is 34.6 million, which means 3 million more people are living in poverty.

We can do something about that by increasing the minimum wage.

One of the saddest comments that I discovered as we looked through the various factual material in preparation for this debate is, according to the Families and Work Institute, three of the top four things children would like to change about their working parents is they wish their parents were less stressed out by work, less tired because of work, and could spend more time with them.

This is a family issue. We hear a great deal in this body about family issues and family values. Increasing the minimum wage is a family issue.

Who are these people? Who are these people who earn the minimum wage?

Well, first of all, they are the men and women who work in buildings all over this country at nighttime from which American commerce has their offices. In large buildings and small, they work in long, difficult, tough jobs, but they are men and women of pride. They are men and women of dignity. They take pride in doing a job well. They are not only cleaners, but they are also assistant teachers in many of the schools across this country.

They also work in nursing homes helping to take care of parents—parents who have served in the Armed Forces, fought in the Korean war, perhaps even in Vietnam, and maybe going back to even World War II—men and women who brought this country out of the Depression, men and women who have suffered and sacrificed to benefit their children. Many minimum-wage workers work in these nursing homes—men and women of dignity.

Sixty-one percent of those who receive the minimum wage are women. This is a women's issue because the great majority of recipients of the minimum wage are women. It is a children's issue because many of those women have children. They are single heads of households, and many of them have children. So it is a women's issue, it is a children's issue, and it is a civil rights issue because so many of those who work at the minimum wage are men and women of color.

And, most of all, it is a fairness issue. The issue that is going to be before the Senate is whether we believe someone who works 40 hours a week, 52 weeks of the year, ought to have a living wage. And if there is one issue Americans understand, it is the issue of fairness.

This is about fairness. This issue is about fairness. That is why we welcome the opportunity to offer this amendment. It should not be a partisan issue. We should not be denied the opportunity to have the vote, and we are going to stay after it until we have the vote.

So I wanted to take a few moments on this issue because it is a matter of such importance. I am going to go over the statistics in greater degree about what has been happening to women and to children in poverty in this country. I am going to do that at a time when I will have the chance to have the full debate for the consideration of this amendment.

I have the amendment. I indicated to the floor managers that I intended to offer it. I ask unanimous consent that after the consideration of the Snowe-Dodd amendment, that the amendment which I send to the desk now, on behalf of myself and Senator DASCHLE, be considered.

The PRESIDING OFFICER. Is there objection?

Mr. GRASSLEY. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. KENNEDY. Well, Mr. President, I ask unanimous consent that it be considered within the first four amendments that we have on this bill.

The PRESIDING OFFICER. Is there objection?

Mr. GRASSLEY. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. KENNEDY. Well, Mr. President, we are beginning to see what we have seen at other times; that is, on the other side there is objection. We listened to them talk about how they wanted to have workers work in this country, and now, evidently, there is objection. And I do not consider this to be by my friend, the chairman of the Finance Committee, but there is clearly an objection by the Republican leadership to get a consideration.

I ask unanimous consent that before we have final passage, we have a vote, up and down, on this amendment.

The PRESIDING OFFICER. Is there objection?

Mr. GRASSLEY. Reserving the right to object, Mr. President—and I will object—I want to take advantage of this opportunity to say that there are a lot of very important pieces of legislation that we have before this body that are bipartisan that need to be passed.

Two weeks ago, we had a bill dealing with outsourcing and the efforts to create manufacturing jobs in America by giving a tax advantage to manufacturers that manufacture here. It is a bipartisan bill, voted out of the Senate Finance Committee with only two dissenting votes, and those were Republican votes. So, overwhelmingly, people on the other side of the aisle know that bill has to pass.

But time after time we deal with nongermane amendments that distract from the efforts of this Senate to do things that create jobs in America and, in this particular instance, move people from welfare to work.

So I do not think it is wrong for some of us to take exception to the efforts to stall important pieces of legislation getting through this body, and that is why I object.

The PRESIDING OFFICER. Objection is heard.

Mr. KENNEDY. Mr. President, since the Senator from Iowa has talked about delaying the legislation, I ask unanimous consent that the debate on the minimum wage amendment be no more than 20 minutes, with 10 minutes to each side, and that we have consent that we vote on this amendment up and down before final passage—that we have 20 minutes on the amendment, since there has been the thought that we are trying to delay this legislation.

The PRESIDING OFFICER. Is there objection?

Mr. GRASSLEY. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. KENNEDY. Mr. President, I remind my good friend—and he is my friend—about the report from the Finance Committee. If we go to page 4: ''STRENGTHENS WORK''—''STRENGTHENS WORK.'' This bill is about work. And here we are asking for a minimum wage. To do what? To work.

What is possibly the reason or the justification to object to us even considering increasing the minimum wage? What we have here is objection to even considering an increase in the minimum wage, which is at its lowest level in history, for 7 million Americans.

They are talking about getting Americans out of welfare into work. We are trying to make work pay, and there is objection.

Look what it says on page 21:

> The Committee bill recognizes that the success achieved by TANF and Work First programs are a result of a sustained emphasis on adult attachment to the workforce.

What more could be relevant to the workforce and strengthening work than an increase in the minimum wage?

I do not know what this objection is. Why does the majority even refuse us the opportunity to vote? That is what I am asking. Call the ace an ace. What is the objection to having accountability, to find out if you are for it or against it? We are giving a 20-minute time limit, 10 minutes on each side. I will take 5 minutes. I will take 2 minutes. I will take 1 minute, then call the roll.

What can possibly be the objection to calling the roll when we have increased it 11 times under Republican and Democratic administrations in the past?

Where is the delay tactic? Where is the objection? Where is the fact that this is not relevant to the substance at hand? This, of course, is the substance at hand. Of course it is. It is about making sure that people who work hard—men and women of dignity—are going to be able to receive a livable wage. And we are denied—at least at the outset—the opportunity to even have this amendment considered.

I say to the Senator, this amendment ought to be voice-voted this afternoon. That is what it should be: It should be voice-voted. Republicans, in the history of the minimum wage, have voted for increases in it, and now we have instructions—evidently, instructions—not to permit even a short time limit on increasing the minimum wage: No, you can't vote on that issue. We are not going to let you. We control the Senate.

We heard from the Senator from Iowa: We want no one who works to have to live in poverty. I remember listening to the Senator from Iowa just about an hour and a half ago: No one who works ought to live in poverty. He gave that speech. Now he will not even let us do something about getting people out of poverty. He objects to us having it within the next four amendments—to even consider it prior to the time of passage, with a 20-minute time limit—refuses.

Talk about arbitrariness and the abuse of power. This is it. This body ought to be able to vote on questions affecting working families. We ought to be able to vote on the minimum wage. We ought to be able to vote on overtime. We ought to be able to vote on unemployment compensation. What in the world is wrong with the other side to try and prohibit this institution from taking positions on these issues and to vote up or down? What were we sent here for?

I say to my friend—and he is my friend—this issue is just not going to go away. He has given his response that he is going to do everything that is parliamentarily possible to deny this institution considering an increase in the minimum wage. He just stated that. He made the point that it was not relevant, that it was somehow going to delay, that it was somehow not pertinent, even though we are talking about jobs and trying to get people to work. That is the thrust of the whole bill. And he would deny us the opportunity to consider this amendment for 15 minutes, 16 minutes, what we offered.

I think we are on notice now. Are we supposed to assume the majority is only going to permit amendments which they approve? Is that going to be the new rule of the U.S. Senate? After 230 years, we are only going to permit votes which we, the Republicans, approve? That is what we are saying. Is that the institution the American people thought they had in the U.S. Senate? Is that what they thought we were doing here? Come on. Come on. That is not the Senate I was elected to or that I believe in and that the American people do.

We can either do this nicely and try to work out some kind of agreement and accommodation or we are going to use all of the other kinds of parliamentary rules that we know how to use and do it in ways which will insist on a vote. But if the Republican leadership thinks that we are going to go on and on and on without an increase in the minimum wage, I want to clear them of that thought because this is coming at you. People have waited too long, worked too hard, and children are being disadvantaged.

I listen to the speeches about children. There are children out there, sons and daughters of minimum wage workers, whose lives would be significantly and dramatically advanced. Maybe that parent would be able to buy a birthday present, take the child to a movie.

But no, no, no, we are the Republicans, and we are not going to let you vote. We are not going to let you vote in the Senate. That is what you are saying. Well, we are going to come back to it.

I am going to speak to one other issue, and then I see others who want to address the Senate. I will then yield the floor.

WHITE HOUSE RESPONSIVENESS TO THE 9/11 COMMISSION

Mr. KENNEDY. Mr. President, in my lifetime, there have been national catastrophes of such magnitude that they are seared in the collective American memory forever. In each case, the Nation was able to draw on the strength of its institutions and its leaders to carry on with the strong support of our citizens. The attack on Pearl Harbor, for example, plunged us into war, but unified us as a people, and brought out the best in our elected leaders.

In Watergate, on the other hand, the integrity of our most basic institutions was threatened by an executive run amok. But the legislative branch, acting on a bipartisan basis, and the judicial branch, led by a unanimous Supreme Court, vindicated the Framers' trust that a nation based on checks and balances and the separation of powers could survive one branch's abuse of power.

Two and a half years ago we suffered another tragedy of historic dimensions. In one brief morning nearly 3,000 of our people were killed by an enemy who had openly declared war against us, had already struck at us in a variety of forms and places at home and abroad, and had put our government, if not our people, on notice that they would strike again.

The families and friends of the dead and injured were not the only victims. We all suffered. Our peace of mind suffered; our trust in our surroundings suffered; our liberty to move freely around the Nation and the world suffered. And our confidence in the public institutions which protect and defend us suffered.

The quality and integrity of our response as a Nation and as individuals will determine how history views us as defenders of America's ideals. Can we restore security without sacrificing liberty? Can we identify and fill the gaps in our defense against known and unknown enemies, without reducing the essential quality of life and freedom in our Nation?

We in Congress have begun to answer those questions, and the 9/11 Commission is a key element of our answer. Over the initial objections of the executive branch, and with the help and support of the victims' families, we

have delegated to that distinguished group of Commission members the continuation of the essential fact-finding process begun by our own Intelligence Committees. We have also asked the Commission to suggest solutions for the problems they identify. We have invested extraordinary powers in that Commission to meet the extraordinary demands of their assignment.

This Commission is as eminent and experienced a body as anyone could hope for. Some have complained that it is too ''establishment.''

It includes two former Republican governors, a former Republican Senator, a former Republican Secretary of the Navy, a former Reagan White House Counsel, a Navy veteran who was both a governor and Senator, a former General Counsel of the Department of Defense and Deputy Attorney General who sits on a CIA advisory Committee, a former chairman of the House Foreign Relations Committee, a former member of the House Intelligence committee, and a former Watergate investigator now at a distinguished law firm. Its executive director served on the National Security Council under former President Bush and on the transition team for the current President Bush.

The Commission is entitled to respect and cooperation from everyone it deals with in all parts of the Government, especially the White House.

The Commission has properly chosen to operate in public to the fullest extent possible. Secrecy will only sow seeds of suspicion and dilute the Nation's confidence in its independence and its conclusions. It has done nothing to suggest to anyone that it will not be fair and just and sensitive to the needs of the individuals and institutions it deals with. On the other hand it is operating on an extremely tight, Congressionally mandated, time schedule.

It does not have the time or the inclination, and should not have the need, to fight in the courts of law or in the court of public opinion to obtain the information it deserves and the public deserves.

Thus the current controversy over the testimony of National Security Adviser Condoleezza Rice can and should be resolved quickly. The public and the Congress should not stand for anything less than full and prompt cooperation from the White House. For a national tragedy of these proportions, the buck stops at the White House. Three thousand people died on our shores and on their watch. There should not be the slightest question that any White House staff member asked by the Commission to testify under oath and in public must do so.

As Colin Powell said yesterday, the presumption must be that everything be done in the open, so that sunshine can infuse the process.

It is not a question of law; the law fully permits members of the White House staff to testify.

It is not a question of precedent. As former Navy Secretary Lehman, a Commission member, said yesterday, many previous Presidents have permitted such testimony on important matters, and the importance of the issue here makes clear that this President should do the same. Surely, 9/11 is more important than Richard Kleindienst's confirmation, Billy Carter's activities, or who said what to whom about an Arkansas bank.

Yet in those cases, and many others, top White House officials testified in public and under oath.

It is not a question of principle. That line was crossed in this case when the National Security Adviser went before the Commission in secret. If the White House genuinely believes that the Commission is a creation of the legislature, she has already subjected herself to the legislature's inquiries.

As Secretary Lehman has said, it is ''self-defeating'' for the White House to refuse to allow Condoleezza Rice to testify fully in public. That course leads to suspicion that they have something to hide.

Mr. Lehman says there is no smoking gun in what she has said in secret, so unless the White House is afraid she may say something different in public under oath, why are they holding her back?

It is an insult to Ms. Rice to deny her the chance she says she wants, to testify in public. She has proven herself an articulate spokesperson for the President over the past 3 years. Unless the White House fears that she will disclose some dire secret, she should be free to respond in public to the Commission's questions, as she has responded on numerous occasions in press interviews in recent days. Television interviews are no substitute for answering the Commission's questions under oath.

There need be no compromise of executive privilege if she testifies, If she is asked a question that she thinks the President, rather than she, should answer, she can and will say so, and leave it to him to do. But otherwise, as Colin Powell also said yesterday, the presumption ought to be for sunshine, openness, light.

The Commission has also asked unanimously for an appearance by the President and Vice President in public under oath. They refused and offered in essence to meet in private for a brief conversation with the Chair and Vice Chair of the Commission. The public outcry at that minimal proposal led the White House to suggest some flexibility on the time, but not on anything else.

The President faces a difficult decision about whether to testify in public and under oath. He was our leader when 9/11 occurred. That may well turn out to be a benefit to him in the months to come, but with that benefit goes a heavy burden. It is his responsibility to answer questions that only he can answer, admit failings if there were failings, apologize if apology is called for, and reassure us all that whatever was broken has been fixed. It will take courage and leadership for him to step forward, face the Commission, and risk the consequences.

I urge President Bush, as the Nation focuses on the question of his own appearance, to remember the example of President Gerald Ford.

One of the most difficult decisions he made as President was to pardon President Nixon. President Ford had the courage to defend that decision under oath and in public before a congressional committee. His pardon was not popular at the time, and it may well have cost him the presidency in the 1976 election. But he felt strongly that the public needed to hear from him personally about why he thought the pardon was essential to the national interest. So he made the truly unprecedented decision to come to the Hill to testify under oath himself. As he later said, ''The bigger the issue, the greater the need for political courage.''

The current White House political staff has chosen a different approach. They have pressed the attack button on their quick-response machine in an attempt to destroy Richard Clarke and destroy his credibility about the events leading up to 9/11 under both the Clinton and Bush administrations, and the President's Republican allies in Congress are aiding and abetting this new and obscene example of the politics of personal destruction.

It is sheer hypocrisy for the White House to encourage Condoleezza Rice to appear on television to dispute Mr. Clarke's testimony to the Commission, and then prevent her from presenting her views to the Commission itself.

Many of us in the Senate will propose a resolution tomorrow urging that Dr. Rice be permitted to testify in public and under oath. There will be ample opportunity after that for the President to decide whether he himself is willing to testify in public and under oath as well.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. The Senator from North Dakota wants to speak. First, I ask unanimous consent to speak for 5 minutes before the Senator from North Dakota speaks.

The PRESIDING OFFICER. Is there objection?

Mr. CONRAD. Reserving the right to object, and I will not object, I would like as part of that request that I be given an additional 10 minutes. I think they reserved 20 minutes for me before. I may not take it all, but I would like to have that amount of time.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. GRASSLEY. Mr. President, I want to respond somewhat to the Senator from Massachusetts.

First of all, I hope he understands this is a Monday—not that Monday is

not just as important as any other day of the week. But it was announced last week there would be no votes today. His amendment doesn't have anything to do with votes today, but there are a lot of Members not here who ought to have some input when a nongermane amendment comes up. So I object for the reasons of myself as well as others.

Also, you can see from the debate of the Senator from Massachusetts that he feels very strongly about the importance of that amendment which he offers on the minimum wage. There is nothing wrong with the issue of the minimum wage coming up. But for this Senator from Iowa, who is chairman of the Senate Finance Committee, with issues I am trying to respond to in a bipartisan way, and to issues that are raised as much from the other side of the aisle as they are from this side of the aisle—I mentioned the FSC/ETI bill of 2 weeks ago. I mentioned the welfare reform bill this week. There is a bipartisan consensus—maybe I should not say consensus—there is an agreement we ought to have the legislation before the Senate and passed. In the face of FSC/ETI, it was responding as much from the other side as this side that that legislation to encourage manufacturing in the United States, to create jobs in the United States ought to pass. When it comes to a vote, it will probably pass 90–10. But the legislation was held up 2 weeks ago by people on the other side of the aisle with nongermane amendments.

Now we have welfare reform, sunset last October. We have extended it two or three times since then, so we have to continue the welfare reform programs. There is a consensus we ought to deal with this legislation and get some permanency to our welfare-to-work legislation. What happened? Right out of the box, people from the other side of the aisle—legitimate issues or not—are trying to stop legislation immediately in its tracks that will pass this body by a very wide margin. Have they ever thought maybe some of these pieces of legislation ought to stand on their own rather than hooking them onto bills unrelated to theirs?

I don't object to the issue of increasing the minimum wage. What I object to is the constant harassment on the part of people on the other side of the aisle to keeping legislation from moving along very quickly that everybody knows needs to pass. This is just not Republican pieces of legislation dealing with welfare reform. It is just not Republican legislation dealing with encouraging manufacturing and creating jobs in manufacturing in America. These pieces of legislation are doing what the Senate ought to be doing to get things done, working in a bipartisan way.

If you work in a bipartisan way to bring legislation to the floor of the Senate, why is the other side of the aisle always trying to slow down that legislation? It seems to me that is what we are dealing with. There are times to deal with pieces of legislation, but not in this way, harassing all the time.

I yield the floor.

The PRESIDING OFFICER (Mr. FITZGERALD). The Senator from Nevada.

Mr. REID. Will the Senator allow me to ask him a question on the Senator's time?

Mr. CONRAD. Yes.

Mr. REID. Mr. President, is the Senator from North Dakota aware that on the 2 amendments that have been offered on the last 2 pieces of legislation—overtime and now the Kennedy minimum wage amendment—on our side we would be willing to take 10 minutes on each amendment, 10 for us and 10 for the other side, 10 for us and 10 for the other side, for a total of 20 minutes on our side of the aisle for these 2 pieces of legislation. Would the Senator agree the slowdown is not coming from us, but from them? We are asking for an additional 20 minutes on 2 amendments and we can move on to the rest of the legislation. Will the Senator acknowledge that?

Mr. CONRAD. Yes. I will go further than that and say I served on the Finance Committee with our distinguished chairman. I strongly supported the FSC/ETI bill that was previously before the Senate. An amendment was offered on overtime. It is entirely reasonable to offer an amendment. Senators have a right to offer an amendment on any bill at any time, other than on those bills that are privileged. They offered to do it on a short time agreement. Now, today, on the welfare reform bill, the Senator from Massachusetts offered a very short time agreement on an amendment to increase the minimum wage. It is entirely reasonable and appropriate for Senators to offer amendments on pending legislation.

I don't think the Senator from Iowa, who is my friend, and whom I respect and work with closely on many issues, should feel harassed. It is not a matter of harassment. These are important issues that deserve to be voted on. There is no reason not to vote on them, either in the context of the welfare reform bill in the case of minimum wage, or in the context of the FSC/ETI bill, which some have called a jobs bill, with respect to the issue of overtime. Those issues are entirely in order and reasonable to discuss.

THE WAR IN IRAQ

Mr. President, I asked for time today not to speak on this issue, but on the war against terror and the war in Iraq. These issues have come much more to the public attention as a result of the events of the last several weeks. As I have watched those events unfold, I have felt more strongly the need to come to this floor to speak up and to talk about where I believe we have taken a wrong path in the war on terror, where I believe we have gotten the priorities wrong.

When we were attacked on September 11, 2001, we recognized we were at war with a terrorist organization that would stop at nothing, a terrorist organization that would turn civilian airliners into flying bombs that would kill nearly 3,000 innocent Americans. The President and the American people recognized al-Qaida posed an immediate threat to this country. We agreed that defeating al-Qaida was our top national security priority, and we vowed to bring Osama bin Laden and his al-Qaida terrorist organization to justice. As President Bush said in convening his cabinet at Camp David after the 9/11 attacks: ''There is no question that this act will not stand. We will find those who did it. We will smoke them out of their holes, we will get them running, and we will bring them to justice.''

We had an outpouring of sympathy, good will, and cooperation from all over the world, as we began the war on terrorism. Today, it has now been 930 days since the attacks of 9/11. And Osama bin Laden is still at large.

We have not found him. We have not smoked him out of his holes, and we have not brought this mass murderer of innocent Americans to justice after 930 days. In fact, Osama bin Laden and his al-Qaida organization continue to mount attacks. Just 3 weeks ago, al-Qaida claimed responsibility for the bombings in Madrid, Spain. Spanish authorities have arrested Islamic terrorists in connection with that tragic attack, and al-Qaida continues to threaten further attacks against this country.

When I saw the news footage of the bombings in Spain and when I heard al-Qaida threatening more attacks on America, it deeply angered me. I believe it raises several questions. Most fundamentally, why have we not, to use the President's words, smoked Osama bin Laden out, run him down and brought him to justice? Why is Osama bin Laden still able to threaten our country more than 2 years after we agreed that putting an end to his threats was our top priority? Why, if his organization has been disrupted and Osama bin Laden has been isolated, as some in the administration claim, are Islamic terrorists linked to al-Qaida able to organize and coordinate significant synchronized attacks such as the ones in Madrid? How is he still able to produce and distribute these tapes and messages exhorting others to kill more Americans?

As I asked these questions, it reminded that on April 30, 2001, less than 5 months before the 9/11 attacks, CNN reported that the Bush administration's release of the annual terrorism report contained a serious change from previous reports. Specifically, CNN reported that ''there was no extensive mention of alleged terrorist mastermind Osama bin Laden,'' as there had been in previous years. When asked why the administration had reduced the focus, ''a senior Bush Department official told CNN the U.S. Government made a mistake in focusing so much

energy on Bin Laden.'' In retrospect, that was a shocking misjudgment of the priorities in fighting terrorism. But I fear that even after 9/11, the administration has continued its failure to focus on al-Qaida.

A Newsweek article from last fall reported:

. . . bin Laden appears to be not only alive, but thriving. And with America distracted in Iraq, and Pakistani President Pervez Musharraf leery of stirring up an Islamist backlash, there is no large-scale military force currently pursuing the chief culprit in the 9/11 attacks.

It is not just Newsweek. USA Today reported just this past weekend:

In 2002, troops from the 5th special forces group who specialize in the Middle East were pulled out of the hunt for Osama bin Laden in Afghanistan to prepare for their next assignment: Iraq. Their replacements were troops with expertise in Spanish cultures.

Mr. President, I want to repeat that because this to me does not add up. It does not make common sense.

In 2002, troops from the 5th special forces group who specialize in the Middle East were pulled out of the hunt for Osama bin Laden in Afghanistan to prepare for their next assignment: Iraq. Their replacements were troops with expertise in Spanish cultures.

The CIA, meanwhile, was stretched badly in its capacity to collect, translate and analyze information coming from Afghanistan. When the White House raised a new priority, it took specialists away from the Afghanistan effort to ensure Iraq was covered.

I find these reports deeply disturbing. We know who attacked us on 9/11. It was al-Qaida. It was not Iraq. Yet we have top Pentagon and intelligence officials saying that we shifted resources away from al-Qaida to focus on Iraq. We have 130,000 U.S. troops in Iraq, but only 11,000 in Afghanistan. What Earthly sense does this make? Al-Qaida attacked America, not Iraq.

Those 11,000 troops are doing important work in Afghanistan—keeping the peace and recently renewing efforts to mop up Taliban strongholds that have been gathering strength. And the administration now has plans for a spring offensive to go after bin Laden. But according to our own officials, for most of the past 2 years, we had no large-scale military force dedicated to pursuing Osama bin Laden and al-Qaida.

So I have to ask, why not? Why was there no large-scale military force pursuing bin Laden for most of the past 2 years? Why did we allow our post-9/11 focus on bin Laden to be distracted? Why have we let new al-Qaida organizations grow up all around the world to attack us and our allies?

It seems to me the administration's priorities were misplaced. We allowed our attention to be diverted by Saddam Hussein and Iraq.

Many of us did not believe there was sufficient evidence to justify a preemptive attack on Iraq in the first place. We believed it was not in the national security interests of the United States to attack Iraq; that instead, we ought to keep our eye on the ball and keep the pressure on al-Qaida and Osama bin Laden because it was they—al-Qaida and Osama bin Laden—who attacked America on September 11, not Iraq.

We feared attacking Iraq would leave us responsible for occupying and rebuilding a country in a profoundly dangerous and undemocratic region of the world, tying down resources we needed to meet other threats, including Iran, North Korea, and al-Qaida.

We feared that attacking and occupying Iraq would deepen and energize anti-American sentiment in the Islamic world, helping to fuel recruitment by al-Qaida and other radical Islamist terror organizations.

And we feared that a war with Iraq would inevitably slow down our efforts to capture Osama bin Laden.

In my statement on this Senate floor just minutes before the Senate voted to authorize the President to go to war in Iraq, I said:

I believe defeating the terrorists who launched the attacks on the United States on September 11 must be our first priority before we launch a new war on a new front. Yet today, the President asks us to take action against Iraq as a first priority. Mr. President, I believe that has the priority wrong.

That is what I said moments before the vote authorizing the President to go to Iraq. I believe it was right then. I believe it is even more clearly right now.

I also warned:

The backlash in the Arab nations could further energize and deepen anti-American sentiment. Al-Qaida and other terrorist groups could gain more willing suicide bombers.

I think we have seen, tragically, that this was true. Our troops in Iraq are constantly under attack. Our allies, including most recently the Spanish people, have been victimized by terrorists.

I warned that the cost of invasion and occupation of Iraq could be extremely high, diverting resources from other national priorities. And that, too, has turned out to be accurate. CBO now estimates that the cost of the war and occupation in Iraq will total more than $300 billion.

In just the last couple of days, the American people have learned that all of these concerns were shared at the very highest level of the White House. But the President ignored those warnings.

The top counter-terrorism adviser to President Bush, Richard Clarke, recently published a book detailing his experiences with the war on terrorism. In it, Clarke writes that President Bush and other top officials urged him to find a link between 9/11 and Iraq, even though he told them that there was no such link. He writes that the shift of focus from al-Qaida to Iraq ''launched an unnecessary and costly war in Iraq that strengthened the fundamentalist, radical Islamic terrorist movement worldwide.''

As Clarke put it on ''60 Minutes'' the weekend before last:

Osama bin Laden had been saying for years, ''America wants to invade an Arab country and occupy it, an oil-rich Arab country.'' He had been saying this as part of his propaganda.

So what did we do after 9/11? We invaded an oil-rich and occupy an oil-rich Arab country which was doing nothing to threaten us. In other words, we stepped right into bin Laden's propaganda. And the result of it is that al-Qaida and organizations like it, offshoots of it, second generation al-Qaida have been greatly strengthened.

These are the words of Mr. Clarke, the former Bush counter-terror official who has just published a book on the subject. I spent part of this weekend reading the book by Mr. Clarke. It is entitled ''Against all Enemies.'' I would urge my colleagues and those who might be listening or watching to get that book and read it. Whether one agrees with his conclusions or not, Mr. Clarke is warning and alerting us, based on a lifetime of experience in four different administrations over 30 years fighting terrorists, of where we may have gone wrong. These are lessons that are absolutely essential for us to learn.

Mr. Clarke was not only an official in this Bush White House. He was also an official, an anti-terror chief, in the Clinton administration. Before that, he was in the previous Bush administration at a high level of responsibility. Before that, he served in the Reagan administration. This is a man of credibility. This is a man of qualifications. This is a man of deep experience who is attempting to warn us of mistakes that are being made.

The charges he is making are serious charges. We know who attacked our country on 9/11. It was not Saddam Hussein or Iraq. It was Osama bin Laden and al-Qaida. But because the administration wanted to go to war in Iraq, Clarke suggests, we not only diverted resources from the hunt for Osama bin Laden and the al-Qaida leadership, we strengthened al-Qaida and gave it time and space to develop offshoots that will continue to threaten this country even if we do eventually capture bin Laden, which I pray we do.

It is not just Mr. Clarke who is making these assertions. Read the book by Secretary of the Treasury O'Neill. I have read that book, ''The Price of Loyalty,'' as well. He makes clear the Bush administration, in its earliest weeks, were focused on attacking Iraq.

So I think we need to ask why we allowed ourselves to be distracted by Saddam Hussein. We need to ask why we took the focus off of finding Osama bin Laden and bringing him to justice? And we need to ask why the President decided that going after Iraq not al-Qaida and Osama bin Laden—was the priority, and see how that judgment has stood the test of time.

The President and his top officials made two main arguments for going to war in Iraq: Iraq was allied with al-Qaida, and Iraq had weapons of mass destruction that it could use to attack this country. That is what he told the American people when he was persuading the Congress and the American

people that we should launch a war against Iraq.

In recent days and weeks, the evidence shows we have been pursuing the wrong priorities. Let us look at what we know now.

On the question of a link to al-Qaida, the polling shows that 70 percent of Americans believe Saddam Hussein was behind September 11. Over half believe that Iraqis were the hijackers of the planes. Let me repeat that. The polling shows 70 percent of Americans believe Saddam Hussein was behind September 11. Fifty percent believe it was Iraqis on the planes that attacked the World Trade Center and the Pentagon.

The fact is, of course, not a single Iraqi was among the hijackers of the airliners that were turned into flying bombs. The vast majority of the 19 hijackers were Saudi Arabians, as, of course, is Osama bin Laden. Fifteen of the 19 were Saudis. Two were from the United Arab Emirates, one from Egypt and the other from Lebanon.

Not a single Iraqi was involved in the attack. That is the fact.

However, the American people believe there is a link because again and again the President, the Vice President, the Secretary of Defense, and other top administration officials have done everything they could to link Saddam Hussein and al-Qaida in the minds of the American people.

They offered up two specific assertions to support this allegation: One, the Vice President and others in the administration said repeatedly that there was a link because one of the hijackers, Mohammed Atta, had met with an Iraqi agent in Prague. But what does the most recent evidence show?

The fact is, the CIA and the FBI have concluded this report was simply not true. It was not true because Mohammed Atta was not in Prague; he was in the United States, in Virginia Beach, VA, preparing for the 9/11 attacks.

As The Washington Post reported on September 29:

> In making the case for war against Iraq, Vice President Cheney has continued to suggest that an Iraqi intelligence agent met with a September 11, 2001, hijacker 5 months before the attacks, even as the story was falling apart under scrutiny by the FBI, CIA and the foreign government that first made the allegation.

Second, the President and other top officials said al-Qaida maintained a training camp in Iraq, but what they did not tell the American people was that the training camp was in a part of Iraq controlled by the Kurds, not by Saddam Hussein. The Kurds, by the way, are our allies. Once again, this is a disturbing bit of information used in a way that I believe fundamentally misled people.

Yet Vice President CHENEY, as recently as last fall, said that Iraq was ''the geographic base of the terrorists who have had us under assault for many years, but most especially on 9/11.''

President Bush himself was forced to correct the record just a few days later, when a reporter asked him about the Vice President's statement. The President was very clear. He said there is no evidence that Saddam Hussein was involved in the 9/11 attacks on this country. Here it is in the New York Times, September 18, 2003, ''Bush Reports No Evidence of Hussein Tie to 9/11.''

But that did not stop the administration from making statements over and over again linking Iraq with al-Qaida, and with terrorists more generally, to create the impression the war in Iraq was part of our response to the 9/11 attacks and the war on terrorism. As Richard Clarke, the top counter-terrorism official in the White House during 2001 and 2002, puts it:

> The White House carefully manipulated public opinion, never quite lied, but gave the very strong impression that Iraq did it.
>
> They did know better. We told them. The CIA told them. The FBI told them. They did know better. And the tragedy here is that Americans went to their death in Iraq thinking that they were avenging September 11, when Iraq had nothing to do with September 11. I think for a commander in chief and vice president to allow that to happen is unconscionable.

These, again, are the remarks of the top counter-terrorism official in the Bush administration.

In fact, it is unlikely there would be any strong linkage between Iraq and al-Qaida because Saddam Hussein was secular, Osama bin Laden is a fundamentalist. In many ways, they are mortal enemies.

I graduated from an American Air Force base high school in Tripoli, Libya—in North Africa—in 1966. Anybody who has lived in that culture understands very well the deep divisions between those who are secular and those who are fundamentalists. It is a deep division. But it is as though our administration in Washington is unaware of it because, repeatedly, they have suggested the two were tightly linked. In fact, they were sworn enemies. Who do you think it is we are digging up in those graves in Iraq? They are, by and large, fundamentalists whom Saddam Hussein found profoundly threatening to his secular regime.

I think it is time for America to think very carefully about the path we are going down and to think very carefully about whether the strategy this administration has adopted is a strategy to secure our future, or whether there is a better strategy to be pursued.

What we do know is Osama bin Laden and al-Qaida organized the attack on the United States. That is who is responsible. That is who we should be going after. Instead, what we are hearing is that military and intelligence resources were shifted to Iraq, taking resources away from the search for Osama bin Laden. I have to ask again, Why? Why are we spending time and energy trying to prove a link with Saddam instead of spending the same time and energy trying to find Osama bin Laden and defeating al-Qaida?

The other thing that was asserted repeatedly in making the case that Iraq should be the priority, rather than al-Qaida, was that there were weapons of mass destruction in Iraq—nuclear weapons, chemical and biological weapons. The President and top officials repeatedly warned of Saddam's efforts to acquire weapons of mass destruction, and nuclear weapons in particular.

We had rhetoric about nuclear holy wars and mushroom clouds, and the statements were assertions. The administration did not say that Iraq might—or might not—have weapons of mass destruction. It asserted affirmatively that, without a doubt, Iraq had these weapons and that they posed an immediate threat to this country.

This chart lists a few of the many administration statements on Iraq's nuclear weapons. The first one is a quote of the Vice President in a speech to the VFW National Convention. He said:

> Simply stated, there is no doubt that Saddam Hussein has weapons of mass destruction.

We have quote after quote from this administration. The President said:

> The Iraqi regime is seeking nuclear weapons. The evidence indicates that Iraq is reconstituting its nuclear weapons program.

Ari Fleischer, the President's press spokesman said:

> We know for a fact there are weapons there.

It goes on and on. Secretary Powell said:

> He has so determined that he has made repeated covert attempts to acquire high specification aluminum tubes from 11 different countries, even after inspections resumed.

And, again, Vice President CHENEY:

> We know he is out trying once again to produce nuclear weapons. We believe Saddam has in fact reconstituted nuclear weapons.

These were the statements made over and over by this administration. On chemical and biological weapons, the story was the same. The administration repeatedly asserted that Saddam had revived his chemical and biological weapons program and had stockpiles of weapons that posed a grave, immediate danger to the United States.

We all knew that Iraq had possessed and used chemical weapons in the 1980s. And we all knew that intelligence had not conclusively demonstrated that all these weapons had been destroyed. But the administration went well beyond that consensus, suggesting that there was new evidence of renewed chemical and biological weapon production.

This next chart I have lists a few of the many administration statements on Iraq's chemical and biological weapons. Again, the President's chief spokesman said:

> The President of the United States and the Secretary of Defense would not assert as plainly and bluntly as they have that Iraq has weapons of mass destruction if it was not true and if they did not have a solid basis for saying it.

That was Ari Fleischer.

Again, later the next year:

We know for a fact that there are weapons there.

Secretary Powell:

We know that Saddam Hussein is determined to keep his weapons of mass destruction, is determined to make more.

President Bush:

The Iraqi regime has actively and secretly attempted to obtain equipment needed to produce chemical, biological, and nuclear weapons.

Again, President Bush:

Intelligence gathered by this and other governments leaves no doubt that the Iraqi regime continues to possess and conceal some of the most lethal weapons ever devised.

The President's chief spokesman Ari Fleischer:

Well, there is no question that we have evidence and information that Iraq has weapons of mass destruction, biological and chemical particularly . . . all this will be made clear in the course of the operation, for whatever duration it takes.

Mr. President, assertion after assertion. These statements, and dozens more like them, painted a frightening picture of the threat posed to this country by Iraq. They created a mood in this country that built support for attacking a country that had not first attacked us or our allies, and to do so for the first time in our history.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CONRAD. I ask for an additional 5 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. CONRAD. Again, these statements did not suggest that ''maybe'' Saddam had weapons of mass destruction. They did not suggest that ''probably'' Saddam had weapons of mass destruction. They stated clearly and unequivocally that he had them. There was one only problem with these statements. All the evidence that has emerged since the war suggests that they were wrong. All the evidence we have now shows the administration knew at the time the statements were made that its own intelligence undercut the statements it was making.

What we know now is that we have occupied Iraq for 10 months. We have full, unrestricted access to the whole country, more than 1,000 investigators searching for illegal weapons, and they have found none. Saddam did not have nuclear weapons or any serious effort to acquire them in the near term. I think this quote from the January 28 Washington Post sums up the most recent finding:

''U.S. weapons inspectors in Iraq found new evidence that Saddam Hussein's regime quietly destroyed some stockpiles of biological and chemical weapons in the mid-1990s,'' former chief inspector David Kay said yesterday.

The discovery means that inspectors have not only failed to find weapons of mass destruction in Iraq but also have found exculpatory information . . . demonstrating that Saddam Hussein did make efforts to disarm well before President Bush began making the case for war . . .

''If weapons programs existed on the scale we anticipated,'' Kay said, ''we would have found something that leads to that conclusion. Instead, we found other evidence that points to something else.

I think the attached graphic from the Washington Post sums up the gap between the statements and what we now know. On biological weapons, evidence since March of 2003? No. No weaponized agents found.

On chemical weapons?

No. No weapons found. Appears none were produced after 1991.

On nuclear weapons?

No. No evidence of any active program.

I do not fault the administration for thinking that there might be weapons of mass destruction in Iraq. I myself thought it probable that Saddam possessed these weapons. But for me the real question was whether these weapons posed such a serious, imminent threat that they justified a preemptive attack on Iraq. Did we have solid evidence of an immediate danger? For me, at the time, the answer was no. Today, with the benefit of hindsight, with the Bush administration's own top weapons inspector acknowledging that the pre-war statements were wrong and that Saddam, in fact, was disarming before the war, the answer is even clearer: No.

I am not the only one who has reached that conclusion. For example, former President Reagan's Secretary of the Navy, James Webb, recently wrote:

Bush arguably has committed the greatest strategic blunder in modern memory. To put it bluntly, he attacked the wrong target. While he boasts of removing Saddam Hussein from power, he did far more than that. He decapitated the government of a country that was not directly threatening the United States and, in so doing, bogged down a huge percentage of our military in a region that never has known peace. Our military is being forced to trade away its maneuverability in the wider war against terrorism while being placed on the defensive in a single country that never will fully accept its presence.

There is no historical precedent for taking such action when our country was not being directly threatened. The reckless course that Bush and his advisers have set will affect the economic and military energy of our Nation for decades. It is only the tactical competence of our military that, to this point, has protected him from the harsh judgment that he deserves.

In my view, it was a clear alternative to a preemptive attack that had worked for us for more than half a century—aggressive containment and isolation. The Soviet Union had biological and chemical weapons. We never attacked them. China had biological and chemical weapons. We didn't attack them. Cuba had missiles. We didn't attack them. In every one of those cases we used containment, and it worked. But we did not use containment in Iraq. We broke with our history and launched a preemptive attack on a country that had not first attacked us or our allies.

Now we have the responsibility for trying to occupy and rebuild Iraq. Now we have moved resources out of the hunt for Osama bin Laden to deal with the dangers of the occupation of Iraq, and we have not yet succeeded in capturing bin Laden or shutting down al-Qaida.

I again must ask why have we not brought Osama bin Laden to justice? Why do we allow ourselves to be distracted by a war with Iraq when we have other, better options that allow us to keep the focus on al-Qaida?

It has been more than 30 months. It has been 930 days since the 9/11 attacks on this country, but Osama bin Laden is still at large. We all hope he will soon be caught, but every day our attention is diverted is another day America is at risk. That makes me question our policy.

The PRESIDING OFFICER. The Senator's additional 5 minutes have expired.

Mr. CONRAD. Mr. President, I ask unanimous consent for 5 minutes to conclude my remarks.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. CONRAD. Mr. President, I thank my colleagues for their patience.

That makes me question our policy. It makes me question why for most of the last two years we have had no large-scale force hunting for bin Laden. It makes me question why our military and intelligence assets that could be hunting down al-Qaida have instead been diverted to Iraq. It makes me concerned when intelligence experts tell us al-Qaida has used that breathing space to decentralize its operations so it will be harder to disrupt and destroy al-Qaida in the future, even if we do capture bin Laden.

In the past few weeks, the administration has announced it has stepped up the hunt for Osama bin Laden. Sending a few thousand troops now is certainly a positive step. But I must ask with all due respect, could we have captured Osama bin Laden months ago had we kept the focus on al-Qaida? Could we have prevented the Madrid attack had we kept the focus on dismantling al-Qaida rather than going to war in Iraq?

Where was the effort to find Osama bin Laden for the past two years? And why do we not have tens of thousands of troops rather than just a few thousand to hunt him down so he does not remain free to plot against this country and our allies?

As Flynt Leverett, former CIA analyst and National Security Council staffer for President Bush, observed in a Washington Post article this past Sunday:

We took the people out [of Afghanistan] who could have caught them. But even if we got bin Laden or [his top aide Ayman] Zawahiri now, it is two years too late. Al-Qaeda is a very different organization now. It has had time to adapt. The administration should have finished this job.

I can only reach one conclusion. We have been distracted. We have been diverted. We have taken our eye off the ball. We have lost focus on the real war on terrorism—the war on al-Qaida and the terrorists who viciously attacked our country.

To put it bluntly, we have lost time and momentum and initiative in the war on the terrorists who actually attacked us while we went after a dictator—vicious and nasty as he was—who posed little immediate threat to this country.

If we look across the evidence, I believe in many ways the United States simply made a mistake of judgment on what was most important. The President and his advisers believed—and I believe they sincerely believed—the priority was to go after Iraq. But the evidence we now have suggests they were chasing red herrings rather than real evidence of a national security threat.

Don't get me wrong. The world is better off without Saddam Hussein in power in Iraq. But going to war with Iraq at the expense of our credibility and at the expense of our readiness to deal with other threats, at the expense of vigorously hunting down al-Qaida and bin Laden, has been the wrong priority.

That is exactly what concerned this Senator, that a preemptive war against Iraq—a country that had a low-level threat against this country, according to our own intelligence agencies—has distracted us from going after the man and the organization that attacked this country. It was not Iraqis who attacked this country. It was al-Qaida that attacked this country. Saddam Hussein was not the heart of that operation. Osama bin Laden was the leader of that operation.

It was Osama bin Laden and al-Qaida that engineered the vicious attacks on America on September 11. It is unacceptable that Osama bin Laden is still at large and broadcasting threats against this country 930 days after the attacks of September 11.

So I ask a final time: Why? Why has bin Laden eluded capture for 930 days? Why are we not focusing our efforts on bringing him to justice and defeating his network of terror?

I think the American people deserve an answer to that question. I think Members of this Chamber deserve an answer to that question. Holding Osama bin Laden and al-Qaida to account for this attack should be our top priority. It is time to refocus our priorities and to win the war against al-Qaida. Stopping bin Laden and al-Qaida before they can launch another attack that kills innocent Americans should be our highest national security priority.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER. The Senator from Utah.

Mr. BENNETT. Mr. President, it is my understanding there is a unanimous consent agreement in place as to who might speak. I ask unanimous consent that I be recognized for 5 minutes ahead of those in queue.

The PRESIDING OFFICER. There is no order. The Senator is recognized.

Mr. BENNETT. I thank the Chair.

Mr. President, I listened with interest to my friend Senator CONRAD. And he is my friend. We use that term around here loosely, but he is in fact a good friend. I differ with him very fundamentally.

I have learned in the superheated atmosphere of the Senate that I must make this disclaimer: I do not challenge his patriotism, but I challenge his accuracy and his conclusions.

I think we should also understand that as we differ on this, we are not attacking someone's patriotism. That canard has been thrown across the aisle at those of us who stand to defend the President and differ with our colleagues.

I will return to the floor at a later time for more extensive comments on Senator CONRAD's speech. But I want to make these points which I think get neglected over and over and were neglected in his presentation.

He quoted David Kay, the President's arms inspector, as saying they are admitting now there are no weapons of mass destruction in Iraq. What he failed to quote from David Kay was the statement that after concluding his inspection in Iraq, David Kay came to the conclusion that Saddam Hussein was in fact more dangerous than we thought he was when we launched the war. I think that is the point that keeps being ignored and must be emphasized again.

Senator CONRAD says we didn't invade Russia when they had weapons of mass destruction; that we didn't invade China when they had weapons of mass destruction; and, why, therefore, did we invade Iraq when it turns out they didn't have them? We did it because we thought he had the weapons of mass destruction, and we thought that made him dangerous. It is not the possession of the weapons that is the problem. It is the danger that is the problem.

Great Britain has weapons of mass destruction, but they are in no sense dangerous. We thought Saddam Hussein was.

It is unfair to quote David Kay as saying there were no weapons and then not finish the quotation with his statement that even without weapons Saddam Hussein was more dangerous than we thought when we entered the war.

If you are going to use David Kay as your authority, you must use David Kay's entire conclusion. Saddam Hussein was, according to David Kay, more dangerous than we thought. Yet somehow he is being cited as to the source to say we should not have gone ahead.

This next major thrust of his statement was: Well, because we got distracted with Iraq, we have not dealt with al-Qaida and terrorism. That is the subject which I will address at some length when the Senator from Tennessee is finished.

The fact is, you cannot single out al-Qaida as a terrorist group as if it operates in a vacuum. I remember my high school history teacher saying, over and over to us: You cannot cut a seamless web of history. You cannot divide the threat of terror into neat little sections and say, we can deal with the one and the others do not really matter.

I will be discussing and presenting on the floor here at a relatively close future time the statement that appeared this morning in the Wall Street Journal that is a summary of the Kissinger lecture, given at the Library of Congress, by George Shultz. I had the privilege and honor of hearing George Shultz present that lecture. In it he makes the clear point that the war on terror, the threat from terror, goes all the way back to his experience in the Reagan administration, when he was Secretary of State. And it manifests itself in a variety of places and in a variety of ways.

There is no distraction in the war on terror by virtue of what we are doing in Iraq. Saddam Hussein financed terror. Saddam Hussein countenanced terror. Saddam Hussein provided sanctuary for terrorists. If we were going to launch a war on terror, and said we were going to rule out Iraq as part of that war, we would have been irresponsible.

Yes, the first attack went against al-Qaida and al-Qaida's sanctuary in Afghanistan. But al-Qaida fled and sought sanctuary elsewhere. And one of the main places where terror found sanctuary and finance was in Iraq. And we thought Iraq was dangerous enough to invade, in fulfillment—as George Shultz points out—of the clear United Nations mandate that went back decades. We acted in accordance with that mandate. We enforced the United Nations resolutions in full compliance with United Nations procedure and the vote of both Chambers of this Congress.

It was not a distraction. It was part of the overall recognition on the part of the Bush administration that this was not a law enforcement problem where we needed to identify the criminal, arrest him, and prosecute him. This was, indeed, a true war, across a wide spectrum of challenge, where we had to deal with dangerous problems, the most dangerous of which, again, according to David Kay—who has been quoted by those who are attacking the administration—was Saddam Hussein: more dangerous than we thought when we launched the war.

I think we should keep that in mind as we go forward in this debate.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

AMENDMENT NO. 2937

Mr. BAUCUS. Mr. President, I ask unanimous consent to be added as a cosponsor to the amendment offered by Senators DODD and SNOWE on childcare.

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

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. ALEXANDER. Mr. President, is there any limit on time?

The PRESIDING OFFICER. There is not.

Mr. ALEXANDER. Thank you, Mr. President.

Mr. President, I have come to the floor this afternoon to speak on the welfare reform legislation that the Finance Committee has worked on. I compliment Chairman GRASSLEY and the Senator from Montana for their hard work in bringing this important piece of legislation forward.

I am going to comment on two aspects of the bill.

IRAQ

Before I do that, Mr. President, I have been sitting here listening for a while. I think it is important to complete the story of what the Senator from North Dakota was saying.

Let me be specific about this. As I heard his remarks, he was basically saying the President of the United States made a mistake when he decided the United States should use force to change the regime in Iraq.

I suppose one could come to that conclusion. There were some in the Senate who did. But I think it is important, if we are going to begin to read quotations and comments from those who have come to that conclusion today, that we finish the story, as Paul Harvey said.

Here is the rest of the story. Here is what others were saying, others were thinking, at the time President Bush had to look at the whole world and look at this different world that we are in and make a decision.

It is true that it has been against the traditions of the United States to make a preemptive strike. That was a major discussion during the Cuban missile crisis. Bobby Kennedy brought that up in the councils. He was right to do that. And I am sure in President Bush's councils that was discussed.

But, suddenly, we were facing a different kind of enemy. We were facing terrorists. And we had just experienced an unexpected attack. There are some even today who say that someone should have imagined that a handful of men would hijack two airplanes and fly them into the World Trade Center. Maybe someone should have. But I can assure you that during the 1990s, there was no one running for President of the United States who expressed that thought or who had that thought in the remotest back of his mind that such a thing like that could happen. Terrorism, yes. But that kind of attack? No.

So, suddenly, we are in this new environment. And the President of the United States is doing what I would hope any President would do of either party when confronted with radically different circumstances. He asked some questions and he took some action.

Now, it is important for us to remember that at the same time the President was making decisions about whether we should invade Iraq to defend ourselves, to prevent a terrorist attack—because there was a threat there to American lives and American safety—there were others in our Government who also had a chance to consider that information, and to talk about it, and to vote on it.

We voted on it here. I was not here yet, but I remember the overwhelming majority—bipartisan majority—in this Senate that authorized the use of military force against Iraq. And I can remember very well what was said.

So if the issue is whether a prudent President—who is sworn to uphold the oath to defend the United States of America—made a wise judgment to challenge Saddam Hussein, whether he could have done that based upon the facts presented to him, let's take a look at what other people, other well-informed people were saying and thinking at the time.

The distinguished Senator from North Dakota read some quotations. Let me read some more. Here is a member of the Senate's own Intelligence Committee, the Senator from West Virginia, Mr. ROCKEFELLER, one of our most distinguished and wisest Senators, a man who has been a Governor, with whom I have served, a man who is also on the Foreign Relations Committee. Here is what the Senator from West Virginia, speaking on the Senate floor, said on October 10 of the year 2002, about the time the President of the United States was looking at this information. Senator ROCKEFELLER said:

> There is unmistakable evidence that Saddam Hussein is working aggressively to develop nuclear weapons and will likely have nuclear weapons within the next 5 years. He could have it earlier if he is able to obtain fissile missile materials on the outside market, which is possible—difficult but possible.
>
> We should also remember we have always underestimated the progress that Saddam Hussein has been able to make in the development of weapons of mass destruction.

Now, that was not the Vice President of the United States. That was not Secretary Rumsfeld. That was not President Bush. That was the Senator from West Virginia, a member of our Intelligence Committee, a member of the Foreign Relations Committee, who was coming up with his own conclusions.

Here is another quotation made on the Senate floor on October 9, 2002, about the same time. This came from the distinguished junior Senator from Massachusetts, Senator JOHN KERRY:

> I believe the record of Saddam Hussein's ruthless, reckless breach of international values and standards of behavior, which is at the core of the cease-fire agreement, with no reach, no stretch, is cause enough for the world community to hold him accountable by the use of force if necessary.

That was Senator KERRY, at about the time that President Bush was having to make this terrible decision.

I want to move on to other issues. But I don't think it serves our purpose as a country to dredge up comments that show some second-guessing, some second thoughts on one side, but not look back at what other distinguished, fairminded reasonable men and women were saying.

Here is what Senator BIDEN said at about the same time on the Senate floor, October 9, 2002:

> If the world decides it must use force for his failure to abide by the terms of surrender, then it is not preempting, it is enforcing. It is enforcing, it is finishing a war he reignited, because the only reason the war stopped is he sued for peace.

And finally, here is what the Senator from New York, Mrs. CLINTON, said on October 10, 2002:

> In the 4 years since the inspectors left, intelligence reports show that Saddam Hussein has worked to rebuild his chemical and biological weapons stock, his missile delivery capability, and his nuclear program. It is clear, however, that if left unchecked, Saddam Hussein will continue to increase his capability to wage biological and chemical warfare and will keep trying to develop nuclear weapons.

Those are the conclusions of the distinguished Members of the other side who know a lot about this, the same conclusion President Bush had. We don't have to listen to what the administration tells us here. We have our committees. We travel the world. Some of us have been in other administrations. We read. We listen. We talk. We come to our own conclusions. The conclusions of most Senators was the same as the conclusion of the President, that as terrible as it was, this was a time we needed to act.

There is one other quotation I would like to mention before I turn to the Welfare Reform Act. This is a comment of a former President of the United States who has, to his great credit, not backed away insofar as I have heard from this remark. President Bill Clinton said, on February 17, 1998, in an address for the Joint Chiefs of Staff and Pentagon staff:

> Now let us imagine the future. What if he fails to comply and we fail to act or we take some ambiguous third route which gives him yet more opportunities to develop this program of weapons of mass destruction and continue to press for the release of the sanctions and continue to ignore the solemn commitments that he made. Well, Saddam Hussein will conclude that the international community has lost its will. He will then conclude that he can go right on and do more to rebuild an arsenal of devastating destruction. And some day, some way, I guarantee you, he will use the arsenal. And I think every one of you who has really worked on this for any length of time believes that, too.

That was President Clinton in 1998 in an address to the Joint Chiefs of Staff and the Pentagon staff.

The No. 1 issue on all of our minds is the war in Iraq. But I would hope we could look forward and not look backward in recrimination. That is not too much to hope in a Presidential election year. I believe the people of this country want President Bush and Senator KERRY to say where do we go from here, how do we win the peace, how do we secure freedom, how do we get the men and women home from Iraq and Afghanistan, what can we do to help

their families. That is what the focus ought to be rather than reading long, incomplete lists of second-guessing quotations to try to pin the blame on a decision that was broadly and widely shared based upon information that had been piled up over 10 or 12 years. That does not serve our process well.

I came to the floor today on another matter. I am glad I had a chance to mention former President Clinton in terms of doing it. I remember well. In my second term as Governor in the mid-1980s, I was privileged to serve as chairman of the National Governors Association and created the first welfare reform task force. I asked then-Governors Pete DuPont and Bill Clinton, who was vice chairman of that association, to be the co-chairs, working with me to figure out something better. And we did, and they did most of that work and that leadership.

The work that the Governors started that year continued. Ten years later, when Bill Clinton was President in 1996 and there was a Republican Congress, Congress passed the landmark welfare reform legislation which today we call TANF, Temporary Assistance for Needy Families.

That 1996 welfare-to-work legislation was very controversial at the time. It was controversial because it got us out of the rut that we had been in for 30 or 40 years of creating a permanent class of welfare and caused us to rethink that. It is possible that it only could have been done with the President of one party who had immersed himself in the subject and who talked about it and believed in it and a Congress of another party. It was that big a change.

It changed the way we think about welfare, from a program that fosters dependence to a program that serves as temporary assistance, a program that restores dignity and encourages people to stand on their own two feet. That welfare-to-work program that President Clinton and the Republican Congress created 10 years ago—many Members of the House who were there at the time are now in the Senate—has been a very successful program and one in which they can take pride.

From a high of 5 million in 1994, welfare caseloads have dropped by over 50 percent. But since 2000, the national caseload has leveled off at slightly above 2 million. In more than half the States, including my own of Tennessee, caseloads are growing. And in every State, the remaining 50 percent on the welfare rolls present a bigger challenge.

There are some other warning signs. The number of families is rising who have exhausted their 60-month or 5-year time limit for Federal aid under TANF. We have a 5-year limit. We don't want permanent welfare. And a number of families have exceeded that 5-year limit so they are off welfare.

Another warning sign is the remaining caseload holds a rising proportion of Black and Hispanic families. Another is that unemployment among single mothers, which declined sharply in the early years of our welfare-to-work program, went back up in 2001 and 2002.

Finally, another warning signal is in response to their own fiscal crises—we can remember we had to send a $20 billion welfare check of our own to the States last year—some States have recently had to restrict cash benefits and support services, spreading limited resources even thinner.

The President and the Congress recognized from the beginning that helping people go from dependence to independence would be expensive in the short run. It would take some money. If you are saying to somebody who is down and out and in the third generation of welfare dependence, we want you to change your lifestyle and we are going to offer in exchange for that childcare, education opportunities, job training, counseling, removal of barriers to work, offering all that, that takes people, that takes work, and that takes money.

We have provided money over a period of time. One of the most successful of those programs has been the childcare voucher. Not everyone likes to call it a voucher because some people don't like vouchers. The Pell grant is a voucher for college students, the Stafford student loans is a voucher for college students, and the childcare grant is a voucher. It is money that goes through the States—I think it is about $8 billion or so—to more than 2 million persons who are getting off welfare. As we say, largely to women who have children: We want you to go to work. They may say: What about our children? And we say: Here is a childcare grant that you may take to any accredited institution that you can. That is what we mean by voucher.

That has been a big success as well. That is the reason why even though the Senate committee, in my judgment, has done an excellent job of bringing to the Senate the reauthorization or renewal of this welfare reform bill and has increased the amount of money available for childcare, I agree with Senator SNOWE of Maine that we need to increase the money for childcare more.

Senator SNOWE spoke about that today at great length, so I don't feel the need to go into great length about it. Basically, the Snowe amendment, which I am glad to cosponsor, adds an additional $6 billion over 5 years for childcare. Both the House and the Senate versions of the welfare reform bills we are considering increase both the hours the parents are required to work each week and the number of welfare parents each week who are required to work.

If we are going to require that the only parent who is at home go to work, and if that person is poor, and if that person is still on welfare after we have been working for 10 years to try to get as many people as possible off, we certainly are going to have to say as part of our deal we will help with childcare if you will go to work. That is the whole idea.

Childcare is the linchpin between welfare and work. Studies show former welfare recipients who receive childcare assistance are 82 percent more likely to be employed after 2 years than those who don't; 65 percent of mothers with children under the age of 6 and 79 percent of mothers with children ages 6 to 13 are in the labor force in our country today. As I mentioned earlier, about 2.5 million children receive our Federal childcare vouchers through the State. Childcare is expensive. It costs as much as a 4-year college—between $4,000 and $10,000 per child annually sometimes.

I got a personal dose of learning about this in 1996 when I was under the mistaken impression the people of the United States wanted me to run for President of the United States. I got the message earlier that year that they preferred Bob Dole, the former majority leader. I went home to Tennessee. I received a call from Major Werthy of the Salvation Army. He said, ''I have been hearing what you had to say.'' I had been saying a lot about personal responsibility. He said, ''I am calling to draft you and put your feet where your mouth has been for the last few years.'' So I went to work for the Salvation Army in Nashville and helped create something called the Red Shield Family Initiative. This basically became Nashville's way of implementing the Federal law.

Congress and the President decided we are going to change things. If you will get off welfare, we will give you help, childcare, job training. We will knock barriers out of the way and counsel you about drugs and work with you. Then somebody has to actually do all that. In Nashville a whole group of people got together, led by the Salvation Army. It included the metropolitan government, the State of Tennessee, all sorts of social services, and it included childcare centers. Down in the area of town where we have the most difficult circumstances, we had almost a mall, such as a shopping mall that exists to create a one-stop place for a mom on welfare who wanted to get off, so they could then be helped. There have been some wonderful stories that have come out of that Red Shield Family Initiative, but I can tell you they came out slowly, one by one.

Tamika Payton was in the ninth grade. This is an example Major Werthy talked to me about. In the ninth grade, she was a ward of the State when she had her first child. She grew up with an abusive mother who was addicted to drugs. She was removed from the care of her mother and placed in the care of her aunt, who was also abusive, so she ran away. This is Tamika's story, but it is a story that occurs all over America. She had two more children before becoming connected to the Family First Program, which is what we call Tennessee's welfare-to-work program. Because of the

childcare certificate, the vouchers she receives through the Tennessee Family First Program, the ones we pay for with Federal tax dollars, she now has a full-time job, she is working on her GED, her high school degree, and her children attend the McNealy Child Care Center, a nationally accredited childcare agency in the area where this Red Shield Family Initiative of the Salvation Army exists.

In Tennessee, the State pays $105 a week for Tamika's 1-year-old, $105 a week for her 2-year-old child, and $90 a week for her 4-year old child. In Nashville, the average cost of a quality childcare center ranges between $100 and $150 a week. These vouchers we are voting for come within that range. Tamika's dream is to get her high school degree and then to attend Tennessee State University.

In other words, what is happening with Tamika Payton is exactly what the Republican Congress and President Clinton hoped would happen in 1996 when this started. But as we consider the welfare reform legislation, I think it is very important that we remember in Washington, DC, while we may create large frameworks and set standards and provide money, it is people such as the Red Shield Family Initiative in Nashville, in Portland, in Austin, in New York City, who are doing the work—they have got to work one by one by one. So I will support and vote for Senator SNOWE's amendment to add an additional $6 billion over 5 years for child care, because if in this welfare reform authorization we are going to require the only parent in the house to work away from home—more work than we have required before—then we will have to pay more for more childcare. We cannot require more work without paying more for more childcare.

There is one other concern I have. It will be the subject of an amendment I intend to introduce along with Senators NELSON, CARPER, and VOINOVICH later this week. We are working with the chairman and his staff to try to make certain it is consistent with the objectives of the general legislation, which we believe it is. This amendment would create a 10-State demonstration project designed to test the premise that if States had greater flexibility, States could do a better job getting people off welfare and becoming truly self-sufficient. Senators NELSON, CARPER, VOINOVICH, and I are all former Governors. We know the importance of reducing welfare rolls. We all served as Governors of States in the AFDC days, when we had Aid to Families with Dependent Children. We all strongly support the welfare-to-work concept. But especially with this last group of men and women—mostly women—who are moving from welfare to work, we have the tougher cases. It will be harder for us to decide from here exactly how each of those persons we are trying to help can get from where they are to where we want them to go. We should not presume to have all of the answers.

Here is how our demonstration project would therefore work. The Secretary of Health and Human Services would approve plans for up to 10 States. These plans would include what we call measurable outcome goals. In other words, in plain English, are we helping this person move toward self-sufficiency, toward independence, to get on their own two feet and off welfare? We would, in those 10 demonstration States, enforce the 60-month time limit for TANF benefits and require, as in the Senate bill, the self-sufficiency employment plan for each recipient. In other words, each individual would have a plan for that person's progress.

We agree with the idea of no permanent welfare. While work continues to be at the heart of what we expect States to focus on, States will need to decide how best to meet each person's need, is taking into consideration individual circumstances. As wise as we may hope we are, each one of us is not going to be able to meet each Tamika Payton and make a judgment as to how Tamika can get on her two feet with her three children, succeed in life, and never receive a welfare check again. So in exchange for greater flexibility, we will ask the States to achieve better results and be measured against true outcome goals, a feature neither in the current law nor in the Senate and House bills.

These are the kinds of goals that our legislation will include: One, work, employment, growth in the percent of recipients employed in that State; two, removal of barriers to stable employment. By that I mean drug treatment success. That is a barrier to stable employment. Education level, that is a barrier to stable employment. Attainable marketable skills, that is a barrier to stable employment.

I remember visiting a welfare human services office in my State in 2002. I asked them what worked best. What they told me was: Get them into school. If we get them into school, we never see them again. What the welfare office hopes for from its clients is they do not see them again, at least they do not see them again in terms of assistance and checks. They want them to be on their own.

Job retention is a measurable outcome goal. Earnings is a measurable outcome goal. Child well-being—whether the children of that mom have prenatal care, and for the pregnant mother—immunization rates of the children, the percent of children in child care, overall improvement in the children's education, test results.

Within those specific measurable outcomes—employment, removing barriers to employment, job retention, earnings, and child well-being—a State's plan would say: We believe we know better how to get to the goal of sufficiency; give us a chance to do that. Each State would be required to enter into a performance agreement with the Department of Health and Human Services to meet certain targets to coordinate with other programs, to work with the Secretary to demonstrate that a reasonable workforce participation rate is being maintained, to have an evaluation plan that includes accountability for the benchmarks.

This will test the best way to help those on welfare today get off welfare for good.

It would help some of those we now see in Tennessee who we were able to help because our State has unusual flexibility, but without that flexibility, we believe we would not have been able to serve them as successfully.

Mr. President, there are many examples in my own experience, and I am sure in every State's experience, of how local ingenuity, local caring, working with persons who are in trouble, one by one, has helped them succeed.

I would like to see us take this next step with welfare reform. I believe since it had a bipartisan origin with a Democratic President of the United States who invested years in trying to understand it, and a new Republican Congress that made it a priority, that we owe this important legislation, this welfare reform bill, our full attention for a few days. We can surely put aside some of these other issues long enough to help men and women get on their own two feet in this great country of ours, particularly to continue a program that for 10 years has worked so well.

My goal will be to do what I can as one Senator to make sure we focus on welfare reform; No. 2, to support the Snowe amendment that makes sure that if we require more work, we provide for more child care; and, No. 3, to work with the committee to try to see if we can find a way so that a limited number of States during this 5-year period can have somewhat more flexibility in working with these difficult cases so when this comes back around again in 4, 5, or 6 years, we can see what we have learned.

Too often as programs go on, the restrictions from Washington pile up. I would like to see a countervailing effort, countervailing movement within this legislation that continues to increase flexibility because, after all, it is stated right at the beginning of the 1996 law, giving States more flexibility is key to the success of welfare reform.

I thank the Chair, and I yield the floor.

The PRESIDING OFFICER (Mr. CORNYN). The Senator from Idaho.

Mr. CRAIG. Mr. President, I will take a few moments at this time. Certainly the issue of welfare reform is critical. The Senator from Tennessee has outlined the phenomenal successes to date led by Republicans both in the House and the Senate and now, of course, the Finance Committee has come forward with a reauthorization that is critical to our country. But in talking about that issue, one of the things that all welfare reform runs subject to is the ability, as we ask people to leave welfare, to find a job.

Something that frustrates me at this moment is what is occurring while the Congress of the United States refuses to act that will have a very real impact on the economy of our country and the ability to create jobs.

Just this morning, as constituents across this country by all of the Senators pulled up in front of their gas pumps to fill their tanks, they paid the highest price for regular gas ever in the history of this country. Prices in California have skyrocketed out of sight, and it is true across the Nation.

That is a fact. That happened this morning, and gas people are telling us that it will happen morning after morning as gas prices ratchet up across this country.

There is another fact out there. Congress has searched for an agreement and debated what to do about this for well over 3 years. The House and the Senate passed energy bills in the past year and led the American people to believe that they could solve this problem. Those reports came back from the Senate and the House. The Senate passed theirs; the House passed theirs. The Senate could not get there for one reason or another and, as a result, a message was sent out to the American people that the Senate of the United States could not come to an agreement on an energy bill. That is a fact.

Here is another fact. The reason energy prices continue to rise is that the Senate, not the House, failed to get the 60 votes necessary to solve what is becoming a major national crisis in this country. Let me repeat that. The Senate of the United States failed to get cloture, a vote that is critical to moving beyond the 60-vote margin to allow a national energy policy to go forward.

So if you grew a little angry this morning when you paid the highest price you have ever paid for gas at the pump, call your Senator. No, not your State Senator, call your United States Senator and ask he or she how they voted on a national energy bill last year, and ask them if they supported developing a national energy policy for this country.

I do believe Americans are finally getting it. They are finally beginning to understand the crunch of high gas prices not only at the pump but natural gas prices and electricity prices. Americans, like I said, are paying more for all levels of energy ever in this country.

Does that have an impact on job creation and the viability of our economy? You bet it does. Does it have an impact on welfare, people losing their jobs instead of being able to get off welfare from a reform bill and get out into the economy and find jobs? You bet it does. Jobs, all kinds of opportunities in this country, recreational opportunities, all of these kinds of issues are impacted by the cost of energy in our country today.

What about the cost of growing food in our country? I just had an Idaho banker in my office in the last week. He has called all of his bank branch managers together and said: Look at all your fine lines of credit to see whether we can afford to bump them up 25 or 30 percent because the average farmer is going to pay 25 or 30 percent more for input costs in production this year than they did last year, and it is all going to be as a result of the cost of energy, and it is all going to be because this Senate failed to act in a strong bipartisan way to solve this problem.

America's working men and women ought to be growing angry because their home heating bills this winter were the highest they ever paid in a pretty cold and drawn-out winter. They paid more for the gas to heat their home. They paid more for oil than they ever paid.

Why? Let me repeat that. Because the Senate of the United States failed to respond. Many on the other side are now saying we have a jobless recovery, that we are not creating all kinds of jobs we ought to create even though our economy is beginning to grow. Well, if the cost of production is forced to an alltime level and we have to compete with goods and services from all over the world that may be being produced in a climate where energy is half the cost than it is in this country as relates to natural gas, maybe there is a reason why the economy is sluggish and not moving as quickly as it should today.

My State, an agricultural State, a high-tech State, is also a tourism and recreation State. What is going to happen this summer when mom and dad and the four, three, or two kids get in the motor home and fill it up and it is going to cost another $10, $15 or $20 every time they stop to fill up their motor home? Well, they may not be traveling to my State of Idaho this year or other places in the Nation and spending their money and feeding the economy of the States that appreciate a recreational economy.

I mentioned a few moments ago, average working men and women paid historic gas prices to heat their homes this year. Here is a very fascinating and very frustrating figure: Residential, commercial, and industrial consumers have paid $130 billion more over the last 46 months, compared with 4 years before, than ever in the history of our country. That is an 86-percent increase in approximately 4 years in the price of natural gas. Why? The Congress of the United States, the Senate, did not pass a bill that would have allowed greater exploration, that would allow the necessary kind of pipeline development.

The bill we would like to bring to the floor today would allow a gas pipeline to be brought down out of Alaska where we are pumping billions of cubic feet of natural gas back into the ground that could be coming to the Lower 48. That would not have caused this figure.

The increased price of natural gas has cost industrial consumers $66 billion, residential consumers $39 billion, and commercial consumers $25 billion. Every penny of the $130 billion could have been prevented if the Congress of the United States had acted.

We knew this perfect storm was coming. We have looked at it for the last 5 years. We knew that with the Clean Air Act we were going to push people toward natural gas, and yet we closed our public lands, we made it much more difficult to certificate, and we slowly but surely walked away from production at a time when Federal policy was increasing the use of natural gas to alltime highs.

What is the impact on the farmer of my State? Let me give a few figures. Everything from diesel fuel to the cost of fertilizer has gone up. It is skyrocketing. Some fertilizer costs will go up nearly 100 percent this year. It might mean less fertilizer is used. It may mean food production could flatten out or even go down in this country.

What about the profitability of the farmer? If the farmer is not profitable, if he is not making money, my guess is he is going to turn to his Senator or his Congressman and say, I have had a bad year; can you help me a little bit? Maybe the reason he had a bad year is because the Senate of the United States has refused for 5 years to look at a comprehensive energy policy.

Loss of manufacturing jobs, plant shutdowns, corporate bankruptcies—some of these have been tied to the high cost of energy. Residential electric bills and certainly, as a result of that, higher food costs are all a part of it.

We like to get people off welfare. We want them to have self-dignity and worth. We want them to have a job on their own and we are willing to help them get there. But we flatten out our economy through Federal rule and regulation in part because we will not develop a national energy policy.

What is the solution? Well, some of my friends on the other side, an attorney general out in California, said it is time to investigate the big oil companies again; it is their fault. Now I would like to say: It ain't their fault anymore. We are not letting them explore. We are not letting them develop. We are saying, this land is off; this land is off; you cannot go offshore; you cannot do this; you cannot do that. Slowly but surely we have ratcheted up our dependence on foreign providers, now teetering at around 60 percent. The Middle East, oh, well, we can blame OPEC; Venezuela, we can blame the politics of Venezuela. We sure do not want to blame ourselves for having failed to come together in the development of a national energy policy.

The Governor of Rhode Island said this recently: The high cost of natural gas is taking a toll on our economy across New England and across the Nation. In today's competitive world, manufacturers cannot raise prices to compensate for higher energy costs.

The only long-term solution is to increase supply.

My guess is that when we talk about increasing supply, the land offshore Rhode Island is off limits to exploration and development.

The vice president of the Oklahoma Farm Bureau put it this way: One of the industry's highest dependence on natural gas as a feedstock and critical to American agriculture is the fertilizer industry. Natural gas is the primary feedstock in the production of virtually all commercial nitrogen fertilizers in the United States, accounting for nearly 90 percent of the farmers' total cost of anhydrous ammonia. Our domestic fertilizer production capacity has already experienced a permanent loss of 25 percent over the last 4 years, and an additional increase in costs, recommending the potential of another 20 percent shutdown of that industry.

Well, I could go on with quote after quote. I know I am not talking about reauthorization of the Welfare Reform Act at this time, but an economy that employs people is in direct relationship to getting people off welfare and getting them into a good-paying job. That is what an economy that grows is all about.

When this Senate refuses to pass a national energy policy and by that failure drives up energy costs, we drive jobs offshore, we drive jobs underground, and most assuredly those who are out looking for a job for the first time in this economy are not going to find that job; they are going to want to come back to their Government and ask for help and assistance.

I thought it was appropriate that we speak about a national energy policy, about a job-creating economy, when we are talking about welfare reform. I thank the chairman of the Finance Committee for the work he has done, the very bipartisan effort once again to do what is right and responsible in the area of welfare reform.

Let me challenge this Senate, Democrat and Republican alike, to do what is right when it comes to a national energy policy. Get this country back into the business of producing oil instead of using excuses that it is somebody else's fault that the price of gas at the pump is now at a national alltime high. I will tell my colleagues whose fault it is: Call your U.S. Senator. It is his fault that gas is now high today. Do not let them duck and hide and blame big oil or blame OPEC or blame someone else. Blame your Senator. Call him today. It is his or her fault we do not have a national energy policy.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. I have two unanimous consent requests. The first one deals with tomorrow's business and a vote on the Snowe amendment. I ask unanimous consent that the vote in relation to Snowe amendment No. 2937 regarding childcare occur at 12:15 on Tuesday March 30, provided further that no second degrees be in order to the amendment prior to the vote, with Senator CARPER to be recognized for up to 10 minutes prior to the vote, and that the time be counted against any Democrat-controlled time.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

MORNING BUSINESS

Mr. GRASSLEY. I ask unanimous consent that the Senate now proceed to a period for morning business with Senators permitted to speak up to 10 minutes each.

The PRESIDING OFFICER. Is there objection?

The Senator from Michigan.

Mr. LEVIN. Reserving the right to object, I wonder if as part of that agreement we could line up speakers as follows: That Senator DURBIN be recognized in morning business for 15 minutes; followed by Senator BENNETT for 20 minutes; followed by myself for 15 minutes; followed by the Senator from Minnesota, Mr. DAYTON, for 15 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

ENERGY POLICY

Mr. DURBIN. Mr. President, I thank my colleague from Michigan. He has waited patiently all day. I didn't realize he had left for his office to come back. I thank him. It is generous of him to give me an opportunity to share some moments with reference to this bill and the issues raised on the floor.

As I listened to the previous speaker, my colleague and friend from the State of Idaho, explain the energy problems of America, I certainly concur with his conclusion. The cost of energy is high. That is an input for business as well as for families. As those costs go up, it becomes more difficult for our businesses in America to be competitive. Frankly, families find themselves facing inflation and heightened expenses just to drive a car to work or to use the car in a small business. As energy costs, like the cost of gasoline, go up, this conclusion is inescapable.

But I have to question the premise of the Senator from Idaho; that is, the problem is we are not drilling for enough oil in America. That certainly is one of the problems. Having an adequate supply is essential. Those of us who believe we have to continue to look for environmentally responsible sources for oil and gas think that should be part of a national effort and a national energy policy.

What is missing in the speech from the Senator from Idaho was any reference at all to the conservation of energy. Over the weekend in Chicago I bought a copy of Consumer Reports, the April issue on the 2004 automobiles. I went through it out of curiosity to find how many miles per gallon the most popular cars in America are getting. You will find time and time again that you are lucky to find a fuel-efficient car anywhere in the range of 20 miles per gallon. Very few of them are getting more than 20 miles per gallon.

If you put this in historic context it means that in the last 60 years we have decided, as a nation, in our buying habits and in the production of automobiles, that we want heavier, less fuel-efficient cars, and that we are prepared to be more reliant on foreign sources for fuel.

We are paying the price for it. Now we are seeing shortages because we are not engaged in any discussion or commitment to conservation of energy or the fuel efficiency of our energy-using vehicles and machinery. We are paying the price for it.

We cannot drill enough oil and gas to take care of our profligate habits when it comes to energy. Let me add, as we burn this energy without any concern for conservation, we are undoubtedly adding to global warming, air pollution, and serious environmental problems that we visit on our children.

The Energy bill to which the Senator from Idaho referred must include, I would assume, some provision for greater fuel efficiency for cars and trucks. But, lo and behold, it does not. There is nothing in that bill to deal with fuel efficiency. The original bill wanted to propose drilling for oil in the ANWR. That was defeated on the Senate floor. But, sadly, the bill that finally came to us for a vote had little or nothing in it that would move us toward more fuel-efficient vehicles.

My friend from Utah, who is seeking recognition at this point, is the model for the Senate. If you look at my tall, lanky friend from Utah, he goes out of this building, down the steps, and folds himself into a Prius, if I am not mistaken?

Mr. BENNETT. It is an insight, and the question is whether or not the Senator wanted a ride in a car that throughout its history has a 53.1 miles-per-gallon history.

Mr. DURBIN. What a model Senator. I am happy to give him credit where it is due. I have watched him fold himself in and out of that car, and I have commended him in the past and I will continue to commend him. But isn't it ironic that you have to go to Japan to buy these hybrid vehicles? Finally, Detroit, in a year or so, may be producing them.

My response to the Senator from Idaho is, yes, let's have a policy debate about energy in America. But for goodness' sake, let's not believe the key to America's energy future is just finding more environmentally sensitive places to drill for oil—offshore, wilderness areas. Let's also commit ourselves to conservation of energy.

Let me address another issue. If we are talking about the competitiveness of American business, it is not just the input of energy costs. You will find many businesses resist hiring new employees because they don't want to pay

for their health insurance. Health insurance has become a breaker for businesses large and small.

Those good American companies, patriotic companies, if you will, that provide health insurance for their employees, when they sell the product in competition around the world, have to bring into the cost of that product the cost of health insurance for their employees.

The obvious question is, What are you doing, Senator? What is the Senate or House or Congress or the President doing to deal with these skyrocketing health insurance costs? The answer is: Nothing. For at least 3 years and even longer we have been afraid to even discuss the issue, as this system has fallen apart in front of our eyes.

So if you are talking about businesses being more competitive and jobs being created and making certain that our products have a chance in world commerce, energy cost is important but so is the cost of health insurance. This Congress has done nothing.

I have introduced legislation with Senator BLANCHE LAMBERT LINCOLN of Arkansas and Senator TOM CARPER of Delaware that tries to create a system much like the Federal Employees Health Benefits Program so that small businesses have access to the same private insurance pool as Federal employees across America. It would give them at least an opportunity for enrollment in a competitive atmosphere where prices could come down as a result.

Let me address the bill before us, though, because it relates to this as well. Imagine the situation of the employees still working today—thank goodness many are and have not lost their jobs, or are in low-paying jobs—and they happen to have children. One of the concerns, of course, is what happens to the kids when these employees go to work. This bill before us is welfare reform. I voted for it when it first came out, but a lot of Democrats didn't.

My friend and mentor and one of my best influences in politics was the late Paul Simon of Illinois, and he thought it was a terrible bill. I disagreed with him. I didn't very often, but I did on this bill, and I voted for welfare reform. Thank goodness the Clinton boom occurred right after we voted for welfare reform, and a lot of people came off welfare to find work.

Now we are in the sad state of affairs under the Bush administration where we have lost more than 2.6 million manufacturing jobs since the President took office. We have lost manufacturing jobs for 43 consecutive months. Frankly, as a result of that, the jobs remaining are not paying as well. So now you have a person struggling to get by, they have a low-paying job, and children; they are worried about daycare.

This bill, thank goodness, has a provision that is going to be added by the Senator from Maine in a bipartisan amendment in which Senator SNOWE has suggested that we add $6 billion for daycare. It is long overdue. Some 16 million children under the age of 13 live in low-income families, and they need childcare. Only 1 in 7 are eligible to receive current Federal subsidies for childcare.

The funding in the original Senate bill wouldn't even serve the children served today. So the bill that comes before us is not adequate. In 15 States there are waiting lists of families that cannot afford to pay for childcare, and they are hoping to get a subsidy which is not there.

Let me also tell you it is an expensive proposition. Full-day childcare can cost between $4,000 and $10,000 a year. It is comparable to the cost of college tuition. These are low-income families struggling to deal with the reality of childcare. Twenty-five percent of America's families with young children earn less than $25,000 a year.

We have to make certain we not only take care of the childcare but also afterschool care. A lot of kids today get out of school at 2:30 or 3 in the afternoon and have nowhere to go. They are latchkey children who go home. What happens during that period before a responsible adult is on the scene? For some kids they watch television, they sit around and eat junk food; some do homework; some get in serious trouble—involvement with drugs and gangs and guns and pregnancy. Problems occur. Afterschool programs mean kids are in a healthy environment where they can learn instead of being exposed to the streets or left alone in a circumstance where they might not come out of it in a positive fashion.

Childcare works—not only childcare for smaller children but afterschool care as well. We need to make that commitment. If we are saying to a welfare mother we want her to step forward and change her life, let us accept the reality that if she is going to go, in good conscience, forward to get a job and acquire the skills and move forward, her first concern is her kid. Making sure her kids are taken care of in a safe way during the day and afterschool.

Senator SNOWE of Maine, my Republican colleague, has that bipartisan amendment which I hope is going to be adopted very quickly.

How much time do we have remaining under the unanimous consent?

The PRESIDING OFFICER. Five minutes.

Mr. DURBIN. Thank you very much.

THE 9/11 COMMISSION

Mr. DURBIN. Mr. President, I would like to close on an unrelated topic. I am in the process of reading a book, ''Against All Enemies,'' by Richard Clarke, and as I started reading the book I was struck by the first chapter. You may remember Mr. Clarke served as the terrorism adviser and coordinator under President Clinton and then again under this President Bush. He has been working for some 30 years as a professional in this field. He has made some statements over the last 10 days which have become a source of headlines across America.

The administration has spent more time since he first appeared on ''60 Minutes'' 7 or 8 days ago discrediting Richard Clarke than I have ever seen spent on any other individual. It is clear what he has said is painful to them. What he said is he believes this administration—the Bush administration, and the Clinton administration for that matter—could have done a better job in anticipating the threat of al-Qaida.

He says in his book, of course, that he thinks they were too focused on Iraq, even though there was no connection between Iraq, Saddam Hussein, and 9/11 and the al-Qaida terrorists responsible for it.

These statements have enraged the White House. They have sent everyone out—from the President on down—stating publicly that Richard Clarke is out to sell books.

If you read the first chapter of this book, you will get a much different impression of this Richard Clarke, who to many is just another faceless bureaucrat working in the White House. You will learn when you read this book—or others will tell you—that on 9/11 after the World Trade Center was struck in New York, it was Richard Clarke in his capacity as coordinator to deal with terrorism in the White House—who had I guess as much as any single person in the Government—who had a particular personal responsibility to deal with the safety of the President and the Vice President and the Cabinet, the continuity of Government, and the whole question of grounding aircraft around this country. He was the man who was at the controls at that point in time as everyone was trying to deal with what was going on.

I say that in a positive fashion because I do not know that I have ever heard many say what I have just said. But it tells me that a man who spent 30 years dealing with the intelligence and domestic security and terrorism who is now being discredited in a matter of 7 or 8 days as a person who can't be trusted to share his insights on what happened raises some important questions.

I honestly believe Richard Clarke has done us a service. He says in this book the Clinton administration could have done a better job. He says the Bush administration could have done a better job. And, frankly, we all could have done a better job, including Members of Congress, the Senate and the House. That is something we ought to face up to.

Let me also add he appeared last week before the 9/11 Commission. The September 11 Commission is a bipartisan commission cochaired by Governor Kean of New Jersey and former Congressman Lee Hamilton of Indiana—two good men, professionals who

are trying to get at the bottom of why 9/11 occurred and what we could have done to avoid it.

They have had testimony from Mr. Tenet, who is Director of the CIA, from Secretary of Defense Don Rumsfeld, and his predecessor, Secretary Cohen. They are going to entertain testimony from President Clinton and President Bush. They certainly had Mr. Clarke before them, and I think that is all well and good. I think all of those leaders in Government who were involved in the decisionmaking should sit and meet with this commission to get to the bottom of how America can be safer, which brings us to the story of the day.

I can't understand why Condoleezza Rice, who has served this administration and this country so well, is resisting an invitation to appear before the 9/11 Commission. If the President can find time, if former President Clinton, Secretary of Defense Rumsfeld, and the head of the CIA can find time, certainly it is not a matter of scheduling.

Second, she has made a number of appearances, as you know, on television on ''60 Minutes'' last night, and many other shows. So she is prepared to entertain questions from reporters. Why is she resisting this opportunity to testify? To say it has never been done, that it is unprecedented, let me say thank goodness 9/11 had never occurred before and it was unprecedented.

Let us gather together in a bipartisan fashion. Ms. Rice should come before the bipartisan commission and answer as many questions as openly and honestly as she can without ever crossing the line in the area of national security. But as she resists this opportunity to share her feelings about the preparation of the defense of America, she shortchanges the process which is simply trying to make America a safer nation.

Let us keep this bipartisan. Let us entertain not only Mr. Clarke but also Ms. Rice in terms of her views and memories of what happened on that fateful day.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Utah.

IRAQ DEBATE

Mr. BENNETT. Mr. President, I have listened to the debate that has been swirling around the country with respect to Iraq. The debate comes up again with respect to the commission which is currently meeting.

I cannot respond to all of the specifics that come along. I am tempted to, but I will not because I want to spend the time that is allotted to me by setting the total record before those who might be listening so we can understand that many of the original statements or original positions with respect to Iraq that are being repeated over and over again are, in fact, false.

I remember our colleague across the aisle, the late Senator Moynihan from New York, one of my dear friends and one of the Senators for whom I have the highest regard, quoted something. He probably didn't think of it himself, but it was more or less his mantra, as he said to me: ''Everyone is entitled to his own opinion but not to his own facts.''

We keep hearing things said over and over again with respect to the war in Iraq as if they were fact. It is time to set the overall record straight.

We heard one statement that there was absolutely no connection between 9/11 and Iraq. The other one we hear over and over again is the reason we went into Iraq is because we thought Saddam Hussein had weapons of mass destruction. Some make it a little more stark than that.

There was a group that marched on the Utah State Legislature wearing T-shirts that said, ''Bush Lied To Us. There Were No WMDs,'' as if the President of the United States George W. Bush himself alone was the only authority for the notion that there were weapons of mass destruction; and, once again repeating the false position that the only reason we went into Iraq is because we believed they had weapons of mass destruction.

To quote another individual not nearly as well known as Pat Moynihan but my high school history teacher, she would always say to us, ''You cannot cut the seamless web of history.'' I want to take this opportunity to lay out the whole seamless web of the history of terrorism and do our best to understand it so we can realize the first statement that there was no connection between Iraq and 9/11 and the second statement that the only reason we went in is because Bush lied to us about weapons there, are not true. And I hope we can get the dialog back to the facts.

I am distressed at what has happened to the dialog on this issue. I must comment. On television was the former Vice President of the United States with his hand with a clenched fist raised, the blood vessels standing out on his neck, screaming at the top of his voice, speaking of the President, ''He has betrayed this country.''

To say the President has betrayed his country is to accuse him of treason, which is one of the crimes specifically listed in the Constitution as an impeachable offense. We have not heard that kind of rhetoric from a politician as highly placed as Al Gore since the 1950s. And the politician who used to speak like that was a member of this Chamber. His name was Joe McCarthy, and the President whom he accused of treason was Harry Truman.

Let us step away from that kind of rhetoric in this debate and review the facts.

I had the opportunity of attending the Kissinger Lecture at the Library of Congress which was given by George Shultz, former Secretary of State. It was one of the most cogent and lucid statements of where we are with respect to the war on terror I have ever heard. An update of that appeared in today's Wall Street Journal. I would like to quote from that those points which address the issues I have talked about, and ask unanimous consent that the entire piece be printed in the RECORD following my remarks.

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

(See exhibit 1).

Mr. BENNETT. Mr. President, former Secretary of State George Shultz begins with this comment:

> We have struggled with terrorism for a long time. In the Reagan administration, I was a hawk on the subject. I said terrorism is a big problem, a different problem and we have to take forceful action against it. Fortunately, Ronald Reagan agreed with me but not many others did. [Don Rumsfeld was an outspoken exception.]

Twenty-five years ago, it was on the radar screen of an American administration—in this case one headed by Ronald Reagan—that terrorism was a problem.

Secretary Shultz goes on to discuss this and then makes this comment:

> Today, looking back on the past quarter century of terrorism, we can see that it is the method of choice of an extensive, internationally connected ideological movement dedicated to the destruction of our international system of cooperation and progress. We can see that the 1981 assassination of President Anwar Sadat, the 1993 bombing of the World Trade Center, the 2001 destruction of the Twin Towers, the bombs on the trains in Madrid, and scores of other terrorist attacks in between and in many countries, were carried out by one part or another of this movement. And the movement is connected to states that develop awesome weaponry, with some of it, or with expertise, for sale.

Let me emphasize that last sentence again. Speaking of international terrorism that was involved in all of these things, going back to the assassination of Sadat in 1981, he says:

> And the movement is connected to states that develop awesome weaponry, with some of it, or with expertise, for sale.

All right. Do we have an example of such a state that has developed awesome weaponry that may be for sale? Yes.

Quoting again from Secretary Shultz, he speaks directly of Saddam Hussein and Iraq. He adds to this Kim Jong Il of North Korea, and then says:

> They seize control of state power and use that power to enhance their wealth, consolidate their rule and develop their weaponry. As they do this, and as they violate the laws and principles of the international system, they at the same time claim its privileges and immunities, such as the principle of nonintervention into the internal affairs of a legitimate sovereign state. For decades these thugs have gotten away with it. And the leading nations of the world have let them get away with it.

Yes, we have heard much on this floor about America must not invade another sovereign state. That is precisely what Secretary Shultz is talking about when he says, these states that develop awesome weaponry and cooperate with terrorism for the purpose of

upsetting the international order, then claim the immunities of the international order for themselves—as he says: ''such as the principle of nonintervention into the internal affairs of a legitimate sovereign state.''

He goes on to summarize all that happened in Iraq. And again, those who will read the entire piece as it appears following my statement can get all of those details. But after he recites the details of what Saddam Hussein has done, he turns to David Kay, the man who is quoted again and again as the authority for the statement on the T-shirt that says: ''Bush Lied To Us.''

Well, let's see what David Kay really said. I said in my previous statement David Kay told this Congress, testifying before the Armed Services Committee, that Saddam Hussein was, in fact, more dangerous than we thought when we started the war. But these are the portions of David Kay's position Secretary Shultz chooses to highlight, and I think they are the right ones to bring out.

Quoting again:

As Dr. David Kay put it in a Feb. 1 interview with Chris Wallace, ''We know there were terrorist groups in state still seeking WMD capability. Iraq, although I found no weapons, had tremendous capabilities in this area. A marketplace phenomena was about to occur, if it did not occur; sellers meeting buyers. And I think that would have been very dangerous if the war had not intervened.''

Sellers of what? Buyers of what? Who would the sellers be? Who would the buyers be? The sellers, obviously, would be the Iraqis. The buyers would be the terrorists. And what are we talking about?

Back to Secretary Shultz:

When asked by Mr. Wallace what the sellers could have sold if they didn't have actual weapons, Mr. Kay said: ''The knowledge of how to make them, the knowledge of how to make small amounts, which is, after all, mostly what terrorists want. They don't want battlefield amounts of weapons. No, Iraq remained a very dangerous place in terms of WMD capabilities, even though we found no large stockpiles of weapons.''

Just think about that for a second: the knowledge to make them.

If I could give a very homely example, last week my wife and I were celebrity chefs at the March of Dimes gala, and we won a prize, and people all said: Is this an old family recipe? We had to admit, no, we called a chef in Salt Lake City at one of the finest restaurants there, who happens to work as a judge at these kinds of celebrity cook-ins, and he gave us a recipe he thought would win. We have been celebrity chefs four times. We have called him all four times. We have won three out of four.

The capacity to tell somebody how to make something will produce that something just as much as having that something yourself. This chef did not participate, but his recipes participated, and his recipes won. All we had to do was be the willing buyers in the case; and he was the willing seller. I will add, just for the record, no money changed hands with respect to the recipe. But the example is there, and that is what David Kay is talking about.

Going back to Secretary Shultz, he says:

. . . in the long run, the most important aspect of the Iraq war will be what it means for the integrity of the international system and for the effort to deal effectively with terrorism. The stakes are huge and the terrorists know that as well as we do. That is the reason for their tactic of violence in Iraq. And that is why, for us and for our allies, failure is not an option. The message is that the U.S. and others in the world who recognize the need to sustain our international system will no longer quietly acquiesce in the take-over of states by lawless dictators who then carry on their depredations—including the development of awesome weapons for threats, use, or sale—behind the shield of protection that statehood provides. If you are one of these criminals in charge of a state, you no longer should expect to be allowed to be inside the system at the same time that you are a deadly enemy of it.

Secretary Shultz concludes his piece with this comment:

If we put this in terms of World War II, we are now sometime around 1937. In the 1930s, the world failed to do what it needed to do to head off a world war. Appeasement never works. Today we are in action. We must not flinch. With a powerful interplay of strength and diplomacy, we can win this war.

Put it in context, put it in the historic pattern, and we realize this is all connected and that the action with respect to Iraq was a very proper, significant, indeed, essential part of the overall war on terrorism. If we had not moved ahead, we would have been irresponsible.

The summary is in the callout that is put in the paper that says:

The U.S. had no choice: We had to oust Saddam Hussein, or face the gravest threat.

Mr. President, may I ask how much time I have remaining?

The PRESIDING OFFICER. The Senator has 4½ minutes.

Mr. BENNETT. If I might use that 4½ minutes, then, to address the fundamental question of the future nobody talks about. We are spending all of this time rehashing the past. Here is the fundamental question of the future: What happened to Saddam Hussein's weapons of mass destruction? The assumption raised by the statement that ''Bush lied to us about the weapons'' is that the weapons never existed.

Well, the first person to convince me the weapons existed was Madeleine Albright. The first President to tell me the weapons existed was William Jefferson Clinton.

The first group that insisted weapons were there was working for the United Nations. This was not a partisan thing put together by George W. Bush. The weapons were clearly in Iraq, and the question is not why didn't Bush tell us the truth about them; the question is, what happened to them? That is the question we need to address. That is the question of the future we are ignoring in all of this debate about who said what at what point in the past.

As I see it, there are four possibilities of what happened to the weapons Saddam Hussein had. No. 1, we got them all in the bombing in 1998. We must remember, as we try to truncate the history, the war in Iraq began in 1991. The U.N. resolution that called for the war was never suspended. It was renewed with acts of war in 1998. A heavy 4-day period of solid bombing is an act of war. President Clinton carried that out with the approval of this Congress. So the first possibility is that bombing destroyed all of the weapons of mass destruction.

The second possibility, Saddam Hussein himself dismantled his stockpiles of weapons of mass destruction in an effort to convince the U.N. inspectors they were not there so the inspectors would leave him alone and he could go back to building them after the inspectors were gone. There is some suggestion that was in fact what happened, that he did not intend to disarm, as U.N. Resolution 1441 required he do. All he intended to do was deceive, and that is where the weapons went.

Possibility No. 3, they were trucked over the border. Some of them got into Syria or other places and into the hands of others who still have them.

And possibility No. 4, they are still in Iraq and we simply have not found them. When people ask me, which of these four possibilities do you think is the most likely, I say: All of the above. I believe we destroyed a good portion of his weapons in the 1998 bombing. I believe he himself dismantled others in a deliberate attempt to deceive the U.N. inspectors. I believe some of them did get out of the country and are in the hands of other bad actors somewhere. And I believe there are probably still some hidden away somewhere in the desert in Iraq.

Unless the first answer is the only one that is correct and they were all destroyed in the bombing, they are still around somewhere. The capacity to build them was still around, as David Kay pointed out, before we went in and removed that.

If there are some of them still around, why aren't we looking for them? Why aren't we paying attention to where they might be? I believe the American military is still on the alert for them. I believe the American intelligence community is still looking to where they might be. But in the debate we have here on the Senate floor, this question is never raised. It is never given any attention. Instead we spend all of our time looking backward and trying to assign blame instead of looking forward and trying to solve problems.

I commend Secretary Shultz's presentation to all. It is a clear historic perspective over a quarter century from one of our senior statesmen that makes it clear the rhetoric surrounding this issue has been inappropriate and focused on the wrong thing.

I yield the floor.

EXHIBIT 1

[From the Asian Wall Street Journal, Mar. 29, 2004]

AN ESSENTIAL WAR

(By George P. Shultz)

We have struggled with terrorism for a long time. In the Reagan administration, I was a hawk on the subject. I said terrorism is a big problem, a different problem, and we have to take forceful action against it. Fortunately, Ronald Reagan agreed with me, but not many others did. (Don Rumsfeld was an outspoken exception).

In those days we focused on how to defend against terrorism. We reinforced our embassies and increased out intelligence effort. We thought we made some progress. We established the legal basis for holding states responsible for using terrorists to attack Americans anywhere. Through intelligence, we did abort many potential terrorist acts. But we didn't really understand what motivated the terrorists or what they were out to do.

In the 1990s, the problem began to appear even more menacing. Osama bin Laden and al Qaeda were well known, but the nature of the terror threat was not yet comprehended and our efforts to combat it were ineffective. Diplomacy without much force was tried. Terrorism was regarded as a law enforcement problem and terrorists as criminals. Some were arrested and put on trial. Early last year, a judge finally allowed the verdict to stand for one of those convicted in the 1993 World Trade Center bombing. Ten years! Terrorism is not a matter that can be left to law enforcement, with its deliberative process, built-in delays, and safeguards that may let the prisoner go free on procedural grounds.

Today, looking back on the past quarter century of terrorism, we can see that it is the method of choice of an extensive, internationally connected ideological movement dedicated to the destruction of our international system of cooperation and progress. We can see that the 1981 assassination of President Anwar Sadat, the 1993 bombing of the World Trade Center, the 2001 destruction of the Twin Towers, the bombs on the trains in Madrid, and scores of other terrorist attacks in between and in many countries, were carried out by one part or another of this movement. And the movement is connected to states that develop awesome weaponry, with some of it, or with expertise, for sale.

What should we do? First and foremost, shore up the state system.

The world has worked for three centuries with the sovereign state as the basic operating entity, presumably accountable to its citizens and responsible for their well-being. In this system, states also interact with each other—bilaterlly or multilaterally—to accomplish ends that transcend their borders. They create international organizations to serve their ends, not govern them.

Increasingly, the state system has been eroding. Terrorists have exploited this weakness by burrowing into the state system in order to attack it. While the state system weakens, no replacement is in sight that can perform the essential functions of establishing an orderly and lawful society, protecting essential freedoms, providing a framework for fruitful economic activity, contributing to effective international cooperation, and providing for the common defense.

I see our great task as restoring the vitality of the state system within the framework of a world of opportunity, and with aspirations for a world of states that recognize accountability for human freedom and dignity.

All established states should stands up to their responsibilities in the fight against our common enemy, terror; be a helpful partner in economic and political development; and take care that international organizations work for their member states, not the other way around. When they do, they deserve respect and help to make them work successfully.

The civilized world has a common stake in defeating the terrorists. We now call this what it is: a War on Terrorism. In war, you have to act on both offense and defense. You have to hit the enemy before the enemy hits you. The diplomacy of incentives, containment, deterrence and prevention are all made more effective by the demonstrated possibility of forceful preemption. Strength and diplomacy go together. They are not alternatives; they are complements. You work diplomacy and strength together on a grand and strategic scale and on an operational and tactical level. But if you deny yourself the option of forceful preemption, you diminish the effectiveness of your diplomatic moves. And, with the consequences of a terrorist attack as hideous as they are—witness what just happened in Madrid—the U.S. must be ready to preempt identified threats. And not at the last moment, when an attack is imminent and more difficult to stop, but before the terrorist gets in position to do irreparable harm.

Over the last decade we have seen large areas of the world where there is no longer any state authority at all, an ideal environment for terrorists to plan and train. In the early 1990s we came to realize the significance of a ''failed state.'' Earlier, people allowed themselves to think that, for example, an African colony could gain its independence, be admitted to the U.N. as a member state, and thereafter remain a sovereign state. Then came Somalia. All government disappeared. No more sovereignty, no more state. The same was true in Afghanistan. And who took over? Islamic extremists. They soon made it clear that they regarded the concept of the state as an abomination. To them, the very idea of ''the state'' was un-Islamic. They talked about reviving traditional forms of pan-Islamic rule with no place for the state. They were fundamentally, and violently, opposed to the way the world works, to the international state system.

The United States launched a military campaign to eliminate the Taliban and al Qaeda's rule over Afghanistan. Now we and our allies are trying to help Afghanistan become a real state again and a viable member of the international state system. Yet there are many other parts of the world where state authority has collapsed or, within some states, large areas where the state's authority does not run.

That's one area of danger: places where the state has vanished. A second area of danger is found in places where the state has been taken over by criminals or warlords. Saddam Hussein was one example. Kim Jong Il of North Korea is another.

They seize control of state power and use that power to enhance their wealth, consolidate their rule and develop their weaponry. As they do this, and as they violate the laws and principles of the international system, they at the same time claim its privileges and immunities, such as the principle of non-intervention into the internal affairs of a legitimate sovereign state. For decades these thugs have gotten away with it. And the leading nations of the world have let them get away with it.

This is why the case of Saddam Hussein and Iraq is so significant. After Saddam Hussein consolidated power, he started a war against one of his neighbors, Iran, and in the course of that war he committed war crimes including the use of chemical weapons, even against his own people.

About 10 years later he started another war against another one of his neighbors, Kuwait. In the course of doing so he committed war crimes. He took hostages. He launched missiles against a third and then a fourth country in the region.

That war was unique in modern times because Saddam totally eradicated another state, and turned it into ''Province 19'' of Iraq. The aggressors in wars might typically seize some territory, or occupy the defeated country, or install a puppet regime; but Saddam sought to wipe out the defeated state, to erase Kuwait from the map of the world.

That got the world's attention. That's why, at the U.N., the votes were wholly in favor of a U.S.-led military operation—Desert Storm—to throw Saddam out of Kuwait and to restore Kuwait to its place as a legitimate state in the international system. There was virtually universal recognition that those responsible for the international system of states could not let a state simply be rubbed out.

When Saddam was defeated, in 1991, a cease-fire was put in place. Then the U.N. Security Council decided that, in order to prevent him from continuing to start wars and commit crimes against his own people, he must give up his arsenal of ''weapons of mass destruction.''

Recall the way it was to work. If Saddam cooperated with U.N. inspectors and produced and facilitated their destruction, then the cease-fire would be transformed into a peace agreement ending the state of war between the international system and Iraq. But if Saddam did not cooperate, and materially breached his obligations regarding his weapons of mass destruction, then the original U.N. Security Council authorization for the use of ''all necessary force'' against Iraq—an authorization that at the end of Desert Storm had been suspended but not cancelled—would be reactivated and Saddam would face another round of the U.S.-led military action against him. Saddam agreed to this arrangement.

In the early 1990s, U.N. inspectors found plenty of materials in the category of weapons of mass destruction and they dismantled a lot of it. They kept on finding such weapons, but as the presence of force declined, Saddam's cooperation declined. He began to play games and to obstruct the inspection effort.

By 1998 the situation was untenable. Saddam had made inspections impossible. President Clinton, in February 1998, declared that Saddam would have to comply with the U.N. resolutions or face American military force. Kofi Annan flew to Baghdad and returned with a new promise of cooperation from Saddam. But Saddam did not cooperate. Congress then passed the Iraq Liberation Act by a vote of 360 to 38 in the House of Representatives; the Senate gave its unanimous consent. Signed into law on October 31, it supported the renewed use of force against Saddam with the objective of changing the regime. By this time, he had openly and utterly rejected the inspections and the U.N. resolutions.

In November 1998, the Security Council passed a resolution declaring Saddam to be in ''flagrant violation'' of all resolutions going back to 1991. That meant that the cease-fire was terminated and the original authorization for the use of force against Saddam was reactivated. President Clinton ordered American forces into action in December 1998.

But the U.S. military operation was called off after only four days—apparently because President Clinton did not feel able to lead the country in war at a time when he was facing impeachment.

So inspections stopped. The U.S. ceased to take the lead. But the inspectors reported

that as of the end of 1998 Saddam possessed major quantities of WMDs across a range of categories, and particularly in chemical and biological weapons and the means of delivering them by missiles. All the intelligence services of the world agreed on this.

From that time until late last year, Saddam was left undisturbed to do what he wished with this arsenal of weapons. The international system had given up its ability to monitor and deal with this threat. All through the years between 1998 and 2002 Saddam continued to act and speak and to rule Iraq as a rogue state.

President Bush made it clear by 2002, and against the background of 9/11, that Saddam must be brought into compliance. It was obvious that the world could not leave this situation as it was. The U.S. made the decision to continue to work within the scope of the Security Council resolutions—a long line of them—to deal with Saddam. After an extended and excruciating diplomatic effort, the Security Council late in 2002 passed Resolution 1441, which gave Saddam one final chance to comply or face military force. When on December 8, 2002, Iraq produced its required report, it was clear that Saddam was continuing to play games and to reject his obligations under international law. His report, thousands of pages long, did not in any way account for the remaining weapons of mass destruction that the U.N. inspectors had reported to be in existence as of the end of 1998. That assessment was widely agreed upon.

That should have been that. But the debate at the U.N. went on—and on. And as it went on it deteriorated. Instead of the focus being kept on Iraq and Saddam, France induced others to regard the problem as one of restraining the U.S.—a position that seemed to emerge from France's aspirations for greater influence in Europe and elsewhere. By March of 2003 it was clear that French diplomacy had resulted in splitting NATO, the European Union, and the Security Council . . . and probably convincing Saddam that he would not face the use of force. The French position, in effect, was to say that Saddam had begun to show signs of cooperation with the U.N. resolutions because more than 200,000 American troops were poised on Iraq's borders ready to strike him; so the U.S. should just keep its troops poised there for an indeterminate time to come, until presumably France would instruct us that we could either withdraw or go into action. This of course was impossible militarily, politically, and financially.

Where do we stand now? These key points need to be understood:

There as never been a clearer case of a rogue state using its privileges of statehood to advance its dictator's interest in ways that defy and endanger the international state system.

The international legal case against Saddam—17 resolutions—was unprecedented.

The intelligence services of all involved nations and the U.N. inspectors over more than a decade all agreed that Saddam possessed weapons of mass destruction that posed a threat to international peace and security.

Saddam had four undisturbed years to augment, conceal, disperse, otherwise deal with his arsenal.

He used every means to avoid cooperating or explaining what he has done with them. This refusal in itself was, under the U.N. resolutions, adequate grounds for resuming the military operation against him that had been put in abeyance in 1991 pending his compliance.

President Bush, in ordering U.S. forces into action, stated that we were doing so under U.N. Security Council Resolutions 678 and 687, the original basis for military action against Saddam Hussein in 1991. Those who criticize the U.S. for unilateralism should recognize that no nation in the history of the United Nations has ever engaged in such a sustained and committed multilateral diplomatic effort to adhere to the principles of international law and international organization with the international system. In the end, it was the U.S. that upheld and acted in accordance with the U.N. resolutions on Iraq, not those on the Security Council who tried to stop us.

The question of weapons of mass destruction is just that: a question that remains to be answered, a mystery that must be solved. Just as we also must solve the mystery of how Libya and Iran developed menacing nuclear capability without detection, of how we were caught unaware of a large and flourishing black market in nuclear material, and of how we discovered these developments before they got completely out of hand and have put in place promising corrective processes. The question of Iraq's presumed stockpile of weapons will be answered, but that answer, however it comes out, will not affect the fully justifiable and necessary action that the coalition has undertaken to bring an end to Saddam Hussein's rule over Iraq. As David Kay put it in a February 1 interview with Chris Wallace, ''We know there were terrorist groups in state still seeking WMD capability. Iraq, although I found no weapons, had tremendous capabilities in this area. A marketplace phenomena was about to occur, if it did not occur; sellers meeting buyers. And I think that would have been very dangerous if the war had not intervened.''

When asked by Mr. Wallace what the sellers could have sold if they didn't have actual weapons, Mr. Kay said: ''The knowledge of how to make them, the knowledge of how to make small accounts, which is, after all, mostly what terrorists want. They don't want battlefield amounts of weapons. No, Iraq remained a very dangerous place in terms of WMD capabilities, even though we found no large stockpiles of weapons.''

Above all, and in the long run, the most important aspect of the Iraq war will be what it means for the integrity of the internationals system and for the effort to deal effectively with terrorism. The stakes are huge and the terrorists know that as well as we do. That is the reason for their tactic of violence in Iraq. And that is why, for us and for our allies, failure is not an option. The message is that the U.S. and others in the world who recognize the need to sustain our international system will no longer quietly acquiesce in the take-over of states by lawless dictators who then carry on their depredations—including the development of awesome weapons for threats, use, or sale—behind the shield of protection that statehood provides. If you are one of these criminals in charge of a state, you no longer should expect to be allowed to be inside the system at the same time that you are a deadly enemy of it.

September 11 forced us to comprehend the extent and danger of the challenge. We began to act before our enemy was able to extend and consolidate his network.

If we put this in terms of World War II, we are now sometime around 1937. In the 1930s, the world failed to do what it needed to do to head off a world war. Appeasement never works. Today we are in action. We must not flinch. With a powerful interplay of strength and diplomacy, we can win this war.

OIL SUPPLY

Mr. LEVIN. Mr. President, last Thursday a press release from the Department of Interior came across my desk that at first glance appeared to be the announcement of an April fool's joke. The press release stated beginning April 1, the Interior Department will deliver about 115,000 barrels of oil per day to the Department of Energy for the Strategic Petroleum Reserve. I thought this was an April fool's prank because this is about the worst possible time for the administration to be taking oil off the market for the Strategic Petroleum Reserve.

Crude oil and gasoline prices are historic highs and inventory levels are near historic lows. Consumers are paying record prices at the gas pumps. Manufacturers and farmers and a whole lot of other folks are paying high prices for diesel fuel. Our airlines face soaring fuel costs and so does the trucking industry. Our economy, which has major problems, will be weakened further by high energy prices.

To make the timing even worse, the Department of Interior plans to begin its oil deliveries to the DOE on April 1, the same date the OPEC cartel is scheduled to start cutting its oil production. The purpose and effect of OPEC's cuts are to raise oil prices further. The effect of the administration's stated plans to keep filling the Strategic Petroleum Reserve regardless of the price of oil, if implemented, will be the same, principally because tight supplies and private inventories will become even tighter due to the administration's additional demands for oil for the Strategic Petroleum Reserve.

Regrettably, the Interior Department's announcement is no April fool's joke. To the contrary, it is another misstep in the administration's illogical and counterproductive practice of putting oil into the Strategic Petroleum Reserve, regardless of the price of crude oil.

Over the past 2 years, this practice has pushed up oil prices with minimal improvement to our overall energy or national security and with great detriment to our economic security.

Let's just review what has happened with energy prices. Crude oil prices have been steadily increasing over the past 2½ years. Last week crude oil reached a 13-year high of over $38 per barrel. So far this year, crude oil is averaging about $35 per barrel. In 2003, a barrel of crude oil cost on average over $31. That was a record at that point. Climbing crude oil prices have led to higher prices for refined products, including gasoline, home heating oil, jet fuel, and diesel fuel.

Today, as well as four times in the last 10 days or so, the price of gasoline reached a record high. Nationally the average price of a gallon of gasoline is now $1.75. In Michigan, the average price of a gallon of unleaded is up to $1.78. There are fears prices could go over $2 if there is even a small interruption in supply.

The DOE's Energy Information Administration, the EIA, projects prices will rise on average to $1.83 per gallon

this spring, and that prices will remain at high levels throughout the year, averaging nearly $1.70 per gallon over the course of the entire year. These high oil and gasoline prices are hurting consumers and businesses. The EIA recently stated the average consumer paid $200 more for gasoline in 2003 than the previous year. Prices this year are already a dime per gallon more than in 2003. Over the course of a year, each 1-cent increase in the price of a gallon of gasoline takes $1 billion out of the pockets of American consumers.

Following the laws of supply and demand, the principal reason oil prices are so high is the amount of crude oil in private sector inventories in the United States is so low.

In fact, our private sector inventories are hovering around record low levels. In January, crude oil inventories fell to levels lower than at any time in the 28 years the Department of Energy has been tracking those inventories.

Why are supplies so low? This administration's oil policies are partly responsible. Since late 2001, the Department of Energy has taken millions of barrels of oil off the market and put them into the Strategic Petroleum Reserve.

In late 2001, the reserve held about 560 million barrels of oil. Since then, day after day, for over 2 years, the Department of Energy has added an average of about 100,000 barrels of oil per day to the Strategic Petroleum Reserve without regard to the price of oil.

Today, the Strategic Petroleum Reserve holds nearly 650 million barrels, or 93 percent of its capacity of 700 million barrels.

DOE plans to keep on adding oil to the Strategic Petroleum Reserve, no matter what the price, no matter how dangerously low private sector inventories are. In April, the DOE plans to add about 200,000 barrels per day to the Strategic Petroleum Reserve, just as it has been doing this month.

By taking oil off the market and pushing up prices when supplies were tight and prices were high, filling the Strategic Petroleum Reserve has decreased the amount of oil in private inventories. That is because when current prices are high, companies with oil in inventory will draw from those inventories to supply oil to their customers—including the SPR—before they buy expensive new oil.

From April 2002 through the end of last year—a period in which the oil markets were extremely tight, reflecting high prices and low supplies—oil inventories in the private sector decreased by almost as much as the petroleum reserve inventory increased. From April 2002 to December 2003, the Department of Energy deposited about 78 million barrels of oil in the petroleum reserve. During this same period, the United States private sector inventories declined by about 61 million barrels. So the 78 million barrels of oil that were deposited into the petroleum reserve are shown by this red line in the last approximately year and a half, the decline in the private inventories is shown by this white line over the same period. So you can see from the chart that the amount deposited in the reserve is almost the same—slightly more—as the decline in private inventories. That means, despite filling the reserve for almost 2 years, the total oil in inventory, private and public reserve, in the United States during this period increased by only 17 million barrels—under 2 percent.

Several studies have demonstrated that the decrease in U.S. private inventories since April 2002 is directly related to filling of the Strategic Petroleum Reserve. While there are other factors as well, such as OPEC production limits and increased global demand for crude oil, especially in China, the filling of the Strategic Petroleum Reserve has been a major contributor to the decrease in private sector inventories.

Goldman Sachs, one of the largest and most successful crude oil traders in the world, reported the following on January 16th of this year:

> Large speculative positions, builds in Strategic Petroleum Reserves, and low inventory coverage have contributed to current price levels.

Goldman Sachs also stated:

> Past government storage builds [build-ups] will provide persistent support to the market

and that

> current plans for the injection of 130,000 [barrels/day] of royalty-in-kind barrels into the petroleum U.S. Strategic Petroleum Reserve (SPR) between now and the end of September . . . will likely provide even further support.

Here, the word ''support'' means keeping prices high.

In early 2002, the Department of Energy's own staff warned that filling the Strategic Petroleum Reserve in a tight market would reduce private sector inventories and raise prices and tried to persuade the administration to postpone putting oil into the reserve so oil supplies would be more plentiful.

In the spring of 2002, as prices were rising and inventories falling, the Department of Energy's own petroleum reserve staff warned the following:

> Commercial inventories are low, retail prices are high, and economic growth is slow. The Government should avoid acquiring oil for the Reserve under these circumstances.

The administration chose to ignore those warnings. The reserve deliveries proceeded. As the DOE staff predicted, oil supplies tightened and prices climbed.

Last week, the Secretary of Energy repeated the administration's position that it would not suspend shipments of oil into the Strategic Petroleum Reserve, despite the high prices and low private inventories of oil. The Secretary rejected criticism of the Energy Department's position by claiming that the amount of oil placed in the reserve is too small to make any difference in the price of oil.

But in 2002, the Department of Energy's own staff refuted that very claim. The DOE Strategic Petroleum Reserve staff explained how taking these barrels off the market for an extended period of time would result in a large decrease to the overall supply of oil on the market. This is the DOE staff warning, which was ignored by the DOE and the administration:

> If we look at the Strategic Petroleum Reserve in the perspective of daily supply and demand, the SPR fill rates are inconsequential. The fill rate is 100,000 to 170,000 barrels per day compared to world production and consumption of 75 million barrels per day. However, when OPEC countries are determined to maintain discipline in their export quotas, the cumulative impact of filling the SPR becomes more significant when compared to U.S. and Atlantic basin inventories. Essentially, if the SPR inventory grows, and OPEC does not accommodate that growth by exporting more oil, the increase comes at the expense of commercial inventories. Most analysts agree that oil prices are directly correlated with inventories, and a drop of 20 million barrels over a 6-month period can substantially increase prices.

In fact, commercial inventories did fall, on average, by 20 million barrels in each of the 3 successive 6-month periods. So what the DOE expert staff said is exactly what has come to pass.

''Most analysts agree,'' they said, ''that oil prices are directly correlated with inventories, and a drop of 20 million barrels over a 6-month period can substantially increase prices.''

The Strategic Petroleum Reserve holds by far the largest strategic oil reserves in the world. In contrast, U.S. private sector oil inventories have fallen well below normal levels. Private sector inventories of gasoline are also well below average.

In an article explaining why oil prices are so high, this week's edition of The Economist reports the following:

> Another fact . . . propping up oil prices may be what [a] trader calls ''supply-disruption risk.''

And then The Economist goes on as follows:

> These worries have, in part, been fueled by a most unexpected source: the American Government. Despite the high prices, American officials continue to buy oil on the open market to fill their country's Strategic Petroleum Reserve. When prices are high, why buy, you might ask, and thereby keep them up? The Senate has asked that question as well. It passed a non-binding resolution this month calling on the Bush administration to stop SPR purchases; but Spencer Abraham, the Energy Secretary, has refused.

Mr. President, I hope the Energy Secretary and this administration will reconsider that refusal because the day after the Senate adopted our amendment I cosponsored with Senator COLLINS to cancel the planned shipments of 53 million barrels to the SPR, oil prices in New York and London fell by $1 per barrel on the news that this oil might not be placed in the Strategic Petroleum Reserve. But after the Department of Energy and key Members of Congress announced opposition to our amendment, even though it was adopted in the Senate, oil prices went right back up.

This real-world price change shows that the cancellation of the currently planned shipments to the Strategic Petroleum Reserve would provide some immediate relief from high oil and gasoline prices and also provide long-term relief, as the additional oil supplies would enable inventories to be built back up to normal levels.

In his testimony before the Senate Armed Services Committee last week, the Secretary of Energy cited ''national security'' as the rationale for continuing to fill the SPR despite high oil prices and low supplies. This rationale is unpersuasive for two reasons.

First, the 50 million barrels of oil that the administration plans to put into the SPR over the next year could be more productively used to replenish private sector inventories. Putting this oil into the SPR will raise our governmental inventories from 650 to 700 million barrels, an increase of about 8 percent; whereas keeping it on the market could boost our private inventories from 290 million barrels to 340 million barrels, an increase of about 17 percent. We, therefore, can get more bang for our buck—or, in this instance, bang for our barrel—by keeping this oil on the market.

Typically, a variety of interruptions in oil supplies can occur in the commercial marketplace. These disruptions may be caused by bad weather, political unrest, or mechanical failure in the actual production of oil. Although any particular disruption may not be foreseeable, based on past history it can be predicted, in general, that some such disruption will occur sooner or later. Because our private inventories are so low, those inventories will not be available to cover any such disruptions.

Since the SPR was established over a quarter century ago, we have never needed to release more than 30 million barrels from the SPR at any one time. At the outbreak of the first gulf war, in early 1991, we released 30 million barrels. In the fall of 2000, the last time we released oil from the SPR, we released around 30 million barrels. Even after we lost all oil production in Iraq last year, this administration did not release any oil from the SPR. It, therefore, appears, for the time being, that holding the SPR at the current level of 650 million barrels, which is 93 percent of capacity, would be sufficient security to cover events that are reasonably foreseeable.

Because current inventory levels in the private sector may be inadequate to cover minor supply disruptions, in the event of such a disruption the price of oil would likely spike to well over $40 per barrel, gasoline prices would jump to well over $2 per gallon, and we might even have to tap into the SPR. The way to avoid this painful scenario is to raise private sector inventories by keeping millions of barrels of oil on the market rather than putting them into the SPR. It does not make sense to increase our ability to respond to the most unlikely events at the expense of our ability to respond to the more certain ones.

Adding more oil to the SPR will increase our energy security only slightly while decreasing our economic security significantly. We cannot measure our national security solely by the number of barrels of oil in the SPR. Our economic well-being is also critical to our national security. In deciding whether or not to put oil into the SPR, the administration should adopt a broader view of what is important to our national security.

Affordable gasoline for American consumers is important to our economic and national security. Affordable jet fuel and the health of our airline industry is important to our economic and national security. Affordable diesel fuel and the health of our manufacturing, trucking, chemical, and agricultural industries is important to our economic and national security. When oil, gasoline, jet fuel, and diesel fuel prices are at or near record high levels, we should consider the importance of increasing the supply of oil to these industries as well as to the SPR program.

This real-world price change shows that cancellation of the currently planned shipments to the SPR would provide immediate relief in the oil and gasoline markets, and also provide long-term relief as the additional oil supplies would enable inventories to be built back to normal levels.

It is bad enough that the Department of Energy has refused to suspend SPR deposits. To make matters worse, the Department of the Interior has now announced that it too will take even more barrels off the market starting April 1.

Currently, the administration plans to remove 5.6 million barrels from the market and put them in the SPR during the month of April—about 190,000 barrels per day. The latest announcement means that, beginning April 1, the administration will be taking even more barrels—for a total between 200,000 and 300,000 barrels per day—of oil off the market.

How much oil is 200,000–300,000 barrels per day? A lot. It is as much oil as we import from many countries, or as much as we get domestically from major oil-producing states. In December 2003, for example, we imported 211,000 barrels per day from Kuwait. In the same month, the State of Louisiana produced 244,000 barrels daily. Oklahoma produced about 180,000 barrels a day.

Moreover, by taking more oil off the market for the SPR when prices are high, the administration is needlessly increasing the cost of the SPR program for the taxpayers. In effect, the taxpayers will be paying over $35 per barrel for this oil for the SPR. By canceling these expensive deliveries, we could use the money obtained from the sale of this oil for our urgent homeland security needs. Indeed, this is just what the Levin-Collins amendment would do.

The administration sometimes claims that if we suspend SPR deliveries to increase supplies, OPEC might reduce production to counter our efforts. This is not a very good reason for not doing anything to improve our situation. To begin with, we shouldn't avoid doing something that makes sense for our national interests because we're afraid that OPEC might respond by taking action adverse to those interests. We must determine our own security, and not act in fear of OPEC. If they act negatively to us, we should have a response ready. Second, OPEC has not threatened to take any such action. The administration shouldn't project actions that OPEC hasn't even hinted at.

In fact, an article from last Friday's Oil Daily indicates that the effect of the Senate Budget Resolution amendment to postpone SPR deliveries is having a positive effect on OPEC—that in the wake of the passage of our amendment some OPEC members ''are doubly keen to reassure major consumers that they are happy to meet any shortfall [in supply].''

Finally, the same argument could be made against any proposal to increase our domestic oil supplies. If we accepted this argument, there would be no point in us trying to increase supplies in any manner whatsoever. It is always possible that OPEC will counter our measures to increase our energy supplies, but we cannot be paralyzed into inaction by fear of what OPEC might do.

I support filling the SPR, but not at any price. It is time for the administration to consider the effect of filling the SPR on our economic security. It is time for the administration to protect American consumers and businesses rather than just the SPR program. It is time to count jobs and growth, not only barrels of oil. It's time to stop filling the SPR.

I ask unanimous consent that the Department of the Interior press release regarding the reservation of oil for the SPR program, a recent article from The Economist on high oil prices, an article from last Friday's Oil Daily, and a bipartisan letter to the President from 53 House members urging the suspension of shipments to the SPR be printed in the RECORD.

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

[From the Department of the Interior, Minerals Management Service, Office of Public Affairs, Mar. 24, 2004]

STRATEGIC PETROLEUM RESERVE EXCHANGE CONTRACTS AWARDED; MMS, WYOMING TEAM UP ON RIK SALE

Three major oil companies have been awarded contracts by the Minerals Management Service (MMS) for the exchange of an estimated 100,405 barrels per day of Gulf of Mexico Royalty-in-kind (RIK) crude oil to support the national Strategic Petroleum Reserve Fill Initiative unveiled by President George W. Bush in November 2001.

With these contracts, MMS will take its oil royalties in-kind (in the form of product), rather than in value (cash), from offshore federal lease operators and deliver it to onshore oil market centers where the Department of Energy (DOE) will take custody of the oil. The DOE, in turn, will exchange the RIK oil for oil of suitable quality that can be delivered to Strategic Petroleum Reserve storage sites located in Texas and Louisiana.

The RIK program provides a deliberate and cost-effective means to continue filling the nation's Strategic Petroleum Reserve in support of national objectives for energy security and to mitigate potential supply disruptions.

Contracts in the latest sale were awarded to ChevronTexaco, Shell Trading and ExxonMobil. Delivery on the six-month contracts is scheduled to begin April 1, 2004. The oil will be delivered from more than 100 facility metering points in the gulf of Mexico.

The MMS RIK Program Office will also ship an additional 12,135 barrels per day of royalty crude oil directly to DOE at onshore market centers, with one producer transporting an additional 2,700 barrels per day directly to the DOE. That translates to a total of approximately 115,000 barrels per day of wellhead oil being committed to the Strategic Petroleum Reserve Fill Initiative. To date, approximately 646 million barrels of oil have been added toward the approximate 700 million barrel capacity of the Strategic Petroleum Reserve.

JOINT WYOMING SALE

The Minerals Management Service also announced that it has again teamed with the State of Wyoming for the sale of royalty crude oil produced in Wyoming. The February sale was the 12th in a series of joint sales dating back to 1998 when the State of Wyoming and the MMS first entered into the Wyoming Oil Pilot Program.

Three firms were awarded contracts for approximately 1,300 barrels per day of both Federal and State sweet and general sour production. Winning bidders were Teppco, Nexen and Tesoro Refining. Delivery is scheduled to begin April 1, 2004, and continue through Sept. 30, 2004.

The Minerals Management Service is the federal bureau in the U.S. Department of the Interior that manages the nation's oil, natural gas and other mineral resources on the Outer Continental Shelf in federal offshore waters. The bureau also collects, accounts for, and disburses mineral revenues from Federal and American Indian lands. MMS disbursed more than $8 billion in 2003 and more than $135 billion since it was created in 1982. Nearly $1 billion from those revenues go into the Land and Water Conservation Fund annually for the acquisition and development of state and federal park and recreation lands.

[From the Economist, Mar. 27, 2004]

A BURNING QUESTION; OIL

Why are oil prices so high?

Many people have been wondering why oil has become so costly. Its spot price has been close to $40 a barrel; one year forward, it fetches well over $30; and this week petrol prices hit record highs in the United States. Weekly, analysts have been tweaking their forecasts upwards.

The answer may come as a surprise. The usual culprit is the Organisation of Petroleum Exporting Countries, the cartel that tries to manipulate prices by adjusting agreed output quotas. In February OPEC shocked the markets by announcing that its members were to slash their ''cheating'' on official quotas by 1.5m barrels per day (bpd); the quotas themselves were to be trimmed by another 1m bpd at the beginning of April.

However, industry experts say that OPEC countries have hardly cut output at all in recent weeks. So freely are they still cheating that only Saudi Arabia, the kingpin of the cartel, has much spare capacity left. What is more, OPEC ministers might not cut their quotas after all. Some are wavering, and the oil might keep gushing. The ministers are due to meet in Vienna on March 31st.

If OPEC is not turning off the spigot, what explains the run-up in prices? One reason is surely demand: the strongly growing economies of America and China are guzzling more oil. If this goes on, OPEC's capacity constraints might bite. However, Algeria's oil minister, Chakib Khelil, thinks speculation is a more likely answer. He wants OPEC to cut output on April 1st for fear that the price might drop suddenly—by at least $7, he thinks.

Such talk is common from OPEC ministers. Usually it is self-serving nonsense, intended to deflect criticism of the cartel. This time there may be more to it. One reason to believe it comes from energy traders. The big trading firms typically deal with both ''commercial'' transactions—hedging ploys by firms such as airlines—and ''non-commercial'' ones by financial speculators such as hedge funds. Richard Schaeffer of ABN Amro, a Dutch bank with a big presence on the New York Mercantile Exchange (NYMEX), reports that the amount of speculation in oil is ''more than I've seen in a very long time.''

What is more, despite some sell-offs early this week, there have clearly been some big bets on high oil prices. Non-commercial net long positions in futures markets are at an unprecedented level (see chart). There is, says one trader, a lot of ''paper froth'' supporting oil prices. In its latest oil report, the International Energy Agency said that ''the funds are having a field day''.

But why exactly have speculators piled into the oil market now? One reason may be uncertainty or disappointment with returns on financial assets. John Shapiro of Morgan Stanley believes that hedge funds, endowments and other investors have been drawn to the oil market by the lack of alternatives. He points to low interest rates and, until recently, the relatively poor performance of the stockmarket.

Another factor attracting punters and propping up oil prices may be what Eric Bolling, an independent trader on the NYMEX, calls ''supply-disruption risk.'' Political troubles in Venezuela, Nigeria and Iraq have long worried those who fear an interruption of exports. A bigger and newer aspect of this risk, however, is the fear of terrorism that might be targeted at oil infrastucture.

These worries have, in part, been fuelled by a most unexpected source: the American government. Despite the high prices, American officials continue to buy oil on the open market to fill their country's strategic petroleum reserves (SPRs). Why buy, you might ask, when prices are high, and thereby keep them up? The Senate has asked that question as well. It passed a non-binding resolution this month calling on the Bush administration to stop SPR purchases; but Spencer Abraham, the energy secretary, has refused.

The administration's persistence, coupled with increased strategic purchases by other governments, has fuelled suspicions that officials might have some intelligence about terrorist threats to oil infrastructure. The upshot is that concerns about disruptions to supply, by OPEC or by terrorists, now add up to what Mr. Schaeffer calls an ''unprecedented premium'' on the price of oil. He observes that in the past, prices have spiked on worries that supply might be interrupted, but have then fallen back quickly. This time the premium seems to be lingering.

Some experts worry that the longer prices stay high because of this speculative frenzy, the harder they will fall. Perhaps all that can be said is that reading the oil market is as difficult today as it has been for a long time: strong demand, political unrest and OPEC discipline could drive the price higher, and encourage still more speculative buying; a slowdown in America or indiscipline in the cartel could remove a lot of froth in a hurry. Even if the price does drop, however, it need not collapse, because thanks to OPEC the oil market is like no other.

If speculators head for the door, Saudi Arabia, which has been called the central bank of the oil world, has one card to play that even the Fed does not. Ali Naimi, the Saudi oil minister, can announce that he will slash his country's output at once. Speculators will surely take notice, for he has a proven record of propping up prices. That is the sort of influence over markets that even Alan Greenspan must envy.

[From the Oil Daily, Mar. 26, 2004]

PRICE SLIDE MAY HELP OPEC REACH CONSENSUS

(By Karen Matusic, Manimoli Dinesh, and Paul Merolli)

WASHINGTON.—The first signs that oil market bears may be emerging from a long hibernation might be a blessing in disguise for Opec ministers meeting Wednesday in Vienna.

After fretting for weeks about their inability to do anything to stem a runaway oil market and disagreeing publicly about whether to implement a lower production ceiling on Apr. 1, Opec ministers may find it a bit easier to reach consensus, ironically because of a sharp decline in prices. Prompt futures on the New York Mercantile Exchange (Nymex) fell from a high of $38.50 per barrel on Mar. 19 to a low of $34.75/bbl on Mar. 26 in reaction to the fifth crude stock build in the US during the past six weeks.

The confusion is evident in public statements from Opec ministers—not to mention oil analysts, who have repeatedly raised their price forecasts. Some ministers insist that Opec will cut the production ceiling to 23.5 million barrels per day on Apr. 1 as planned, even though insiders admit the group has yet to make good on earlier promises to mop up excess supply; others say they may consider a delay.

''The price fall will strengthen the hand of those [Opec] members who want to see a [23.5 million b/d] ceiling come into play,'' an Opec delegate tells Oil Daily. ''Before that, there was some pressure from consumers for us to do something, but we really have been doing all we could. Those prices were really too high. Now it seems as they are falling and will soon be at reasonable levels.''

Together, the 11 Opec members are now producing about 28 million b/d. That would leave the 10 quota-bound members, who exclude Iraq, having to remove more than 2 million b/d from markets in the next few days to comply with the new ceiling. Come Mar. 31, one possibility might be to announce that the 23.5 million b/d ceiling is coming into effect while knowing that no member is likely to adhere to the new limits. Already there are signs that Saudi Arabia is increasing supplies to the US based on higher than usual tanker fixtures for April and early May.

''Confusion means they will do nothing,'' says PFC Energy analyst Roger Diwan. ''Prices are coming down, and it makes it easier for them to reinforce quota discipline. Now it is a matter of how long it takes them to trim down.''

Oil traders are hedging their bets ahead of the Vienna talks, mainly because they have

been caught off-guard twice since September, by surprise announcements that Opec was cutting its production ceiling just minutes after ministers entered their meeting room insisting that a rollover was a done deal.

Though some observers question Opec's credibility after failing to implement promised production cuts, the Saudi-led initiative to convince big market speculators that Opec would do all it could to maximize oil prices was successful in that it seems to have thwarted an expected second quarter price plunge. While prices may continue to fall, they will do so from a much higher base.

''Stocks are tight, and it will take time to build,'' PFC's Diwan says. ''It looks like OPEC will bridge the second quarter. I do not think they mind looking as if they lack credibility at $35 [per barrel].''

The political heat on OPEC to open the taps has been rising, especially in the U.S. where motorists are paying record-high prices for gasoline, well ahead of peak summer driving season. Slammed by Democrats for record high prices and ''failed'' energy policies, the Bush administration is prodding OPEC to increase production.

President Bush, who in the 2000 election campaign mocked the Clinton administration for what Republicans called ''tin-cup diplomacy'' in its dealings with oil producers, now seems happy to admit he is prodding OPEC to increase production. Bush's Chief of Staff Andrew Card said in a television interview on Thursday that the administration wants OPEC to open the taps while Energy Secretary Spencer Abraham confesses he is in regular contact with OPEC, something he had downplayed in the past.

''There's been on going discussions with OPEC, but we prefer to keep them private,'' said a Department of Energy spokeswoman, declining to offer further details,

OPEC insiders retort privately that the sizzling prices are not being caused by shortages of OPEC oil—but by tight U.S. gasoline supplies, geopolitical concerns and big overbought positions built up by speculators. Nonetheless, more moderate OPEC members are doubly keen to reassure major consumers that they are happy to meet any shortfall after the Senate voted to divert some 53 million bbl of crude, originally destined for the Strategic Petroleum Reserve (SPR), to the spot market.

That set alarm bells ringing among some OPEC members, aware that the release of emergency reserves is the only real leverage that consumers have over producers. Bill Greehey, the outspoken chairman and chief executive of U.S. refiner Valero, said the U.S. government should use the SPR to counterbalance OPEC, releasing or buying crude to offset OPEC's moves.

''There is no need to release the SPR because there is no shortage of crude—and we will make sure of that,'' an OPEC official tells Oil Daily.

The measure requires support from the House of Representatives to become law, and the Bush administration has made it clear that America's emergency stockpile should only be used in emergencies—not to cool off prices. It underlined that point last week when it awarded new contracts to fill the SPR. In a dig at Abraham, Democrats also released congressional records from 2000 revealing that Abraham, then a senator, urged a release of SPR oil to moderate prices.

HOUSE OF REPRESENTATIVES,
Washington, DC, March 22, 2004.

Hon. GEORGE W. BUSH,
The White House, Pennsylvania Avenue, N.W., Washington, D.C.

DEAR MR. PRESIDENT: We are writing to urge that you suspend shipments of oil to the Strategic Petroleum Reserve (SPR) and allow more oil to remain on the market and available to consumers when supplies are tight. We hear from our constituencies daily about the financial strain of increasing gasoline prices.

We are urging you to call upon the Department of Energy (DOE) to review and revert back to its previous policy of filling the SPR when crude oil prices are relatively low and deferring oil deliveries when prices are relatively high. Filling the SPR, without regard to crude oil prices and the availability of supplies, drives oil prices higher and ultimately hurts consumers.

In addition, we are concerned about missed opportunities for saving taxpayers' money. Filling the SPR regardless of oil prices increases taxpayer costs. Prior to 2002, DOE granted oil company requests to defer scheduled oil deliveries to the SPR when oil prices were high, in return for deposits of extra oil at a later date. These deferrals save taxpayers money and add extra barrels of oil to the SPR.

We urge the DOE to study the development of procedures to assure that the SPR is filled consistent with the objective of minimizing acquisition costs—or revenue foregone when the oil is acquired under the royalty-in-kind (RIK) program—and consistent with maximizing domestic supply. We urge the Administration to reevaluate the practice of diversion of RIK and other oil to the SPR so that it will be opportunely timed so as to not exacerbate crude oil price increases.

We recommend you restore market-based criteria for granting deferrals by urging the DOE to restore its SPR business procedures allowing deferrals of oil deliveries to the SPR when crude oil prices are high or commercial crude oil supplies are tight.

Again, we urge you to take these recommendations under consideration and to suspend shipments to the SPR until crude oil supplies increase and prices decrease.

Sincerely,

Robert W. Goodlatte; Walter B. Jones; Gil Gutknecht; Jo Ann Emerson; Jack Kingston; John Shadegg; Spencer Bachus; Mike Rogers; David R. Obey; James P. Moran.

Barbara Cubin; Phil English; C.A. ''Dutch'' Ruppersberger; Nancy L. Johnson; Bart Gordon; Eliot L. Engel; Kenneth R. ''Ken'' Lucas; Tom W. Osborne; James C. Greenwood; Eric I. Cantor.

Sue Wilkins Myrick; Dave Camp; John T. Doolittle; James P. McGovern; Lee Terry; John J. Duncan, Jr.; Mike Rogers; Don Sherwood; Bill Shuster; John Boozman.

Howard P. ''Buck'' McKeon; Steve King; Frederick ''Rick'' Boucher; Steve Chabot; Mike McIntyre; Roscoe G. Bartlett; Dennis ''Denny'' Rehberg; Jo Ann S. Davis; Virgil H. Goode, Jr.; Ellen O. Tauscher.

Fred Upton; Howard Coble; Timothy V. Johnson; J. Randy Forbes; Collin C. Peterson; Joe Wilson; Mark A. Foley; Ander Crenshaw; Roy Blunt; Cass Ballenger; Gerald C. ''Jerry'' Weller.

Mr. LEVIN. Mr. President, the Senate has spoken. The administration should listen to common sense and to what the market says, that when supply in the private sector goes down, prices go up, and the Strategic Petroleum Reserve fills have made a major contribution to high oil and gasoline prices in this country. It adds little to our energy or economic security for the administration to pursue the course it is on. I hope it will reconsider the SPR deposits.

I yield the floor.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. DAYTON. Mr. President, I certainly agree with my colleague, the Senator from Michigan, about the need to deal with our present situation which affects my State, as well as everyone else.

I also want to point out to my colleagues that the ultimate solution to our oil dependency needs is not going to come from more oil, more tax breaks for oil, more searching for oil, or extracting oil from environmentally sensitive areas. It is going to be in developing viable alternatives to oil, one of which is right in front of us, available to us now, and is barely being tapped by this Nation. And that is ethanol.

I have a Ford Explorer I drive all over Minnesota on a fuel called E–85—85-percent ethanol, 15-percent regular gasoline. The engine is produced by the manufacturer with a very slight modification. Last summer in southern Minnesota, E–85 fuel was 22 cents a gallon less than regular unleaded. I have not checked in the last couple of weeks, but given the price of gasoline, I suspect it is even less expensive now.

Just imagine if we were to take half or more of the $115 billion that we spend every year to import foreign oil—over half of all the oil we consume—and instead of spending it overseas, we were to put it in the pockets of American farmers, who then would spend their dollars in their local communities. Those dollars would multiply, and we would fuel an economic resurgence of rural America far greater than any Government program could possibly devise. It is a cleaner burning fuel, so we would improve the quality of our environment. We would reduce our dependency on foreign oil. We would raise the price of commodities such as corn and soybeans for soy diesel and some of the other agricultural products, so farmers could make a profit in the marketplace at those higher prices rather than have to be subsidized by the American taxpayer. It is basically a policy grand slam, and yet in this country right now less than 2 percent of the gasoline supply consumed is ethanol.

In Minnesota, my State, 7 or 8 years ago the legislature passed, with much controversy, a mandate that required that every gallon of gasoline sold in our State contain 10-percent ethanol. Prices have been slightly lower than those States nearby which do not have that requirement. The fuel supplies have been consistent.

As I said earlier, that only touches the surface of what is possible for ethanol as a substitute fuel for gasoline. Yet, Minnesota, despite all those gains and no difficulties, is still the only State in the Nation that has a 10-percent ethanol mandate.

We can fill up reserves, and we can try to bring in more. We can jawbone the Saudis, and we will keep paying

through the nose regardless until—and only until—we shift our use of fuels from what we are depending on now to what we can use or must use for the future.

Here for the first time in my public career—and I was commissioner of energy and economic development for Minnesota 20 years ago and served in the Governor's office in Minnesota almost a decade before then and worked on energy policy. In the span of those 30 years, this is the first time I have seen a real opportunity that every American can in their vehicle be consuming a fraction of the gasoline they are using now, and we do not have any interest in pursuing it.

Senator DASCHLE and Senator GRASSLEY, through their efforts, have put and kept some energy measures in the Energy bill which is now stymied. Senator GRASSLEY has done a terrific service to the ethanol-production States wherein the current transportation bill passed by the Senate takes away that penalty for using ethanol that is in the formula for the highway trust fund.

Even with those measures, we are looking at barely doubling the increase of ethanol in consumption nationwide, so it would be less than 4 percent in a decade. Again, Minnesota has been at 10 percent for the last 8 years.

When those prices keep going up and staying up, I want my colleagues to keep in mind we have an alternative. We have an opportunity to make a significant and immediate transition. It will take a few years, but it is right there. But we have to get beyond where we are today.

JOBS ACT

Mr. DAYTON. Mr. President, I also wish to comment on what happened last week to the so-called JOBS Act which disappeared from the Senate floor. One minute last week we were voting on the JOBS bill, and the next minute it was gone—outsourced, I guess. It was replaced by other legislation which we acted upon last week. Today we are on to yet another measure before the Senate.

We have not been told when this JOBS Act might reappear or even if it is coming back at all, which means, I guess, the JOBS Act has suffered the same fate as some 2.25 million jobs during President Bush's term because they, too, have disappeared. No one knows when or even if they are coming back.

It is clear now that the President's previous proposals enacted by Congress—tax cuts for the rich and the super rich and for large, multilarge corporations—have not stopped the loss of American jobs, and they have not brought them back. One out of every six manufacturing jobs in the United States has disappeared in the last 3 years, and the number of manufacturing jobs in this country is now the lowest it has been in 53 years. Over 8 million Americans are unemployed. The average length of unemployment is the longest it has been in 20 years in this country.

So the administration must have a plan, a policy, to stimulate job creation in this urgent situation; right? Wrong. The Secretary of the Treasury Snow testified before Congress just 2 weeks ago that the lack of job recovery is ''a mystery'' to him. The President has stated that his No. 1 priority is to make his tax changes permanent when they expire in the year 2011.

In the debate over the budget resolution on the Senate floor 2 weeks ago, our colleagues across the aisle said their No. 1 priority was to accelerate the date for eliminating the estate tax from 2010 to 2009. So the No. 1 economic problem facing the Nation today is the loss of jobs and the lack of their recovery, and Republican priorities are more tax treats for the rich and the super rich in the years 2009 and 2010. I guess the rich and the super rich do not really need more money anyway, so they can afford to wait 5 years or more to get it. But the 8 million Americans out of work cannot wait that long.

So there is this cloud of complete unreality surrounding Republican economic policies these days. It is as though all the country is on reality TV and they are still on Fantasy Island. Meanwhile, our Democratic caucus is being blocked from even voting on measures that would provide help and jobs to Americans who need them right now.

No. 1, we need to extend unemployment benefits because 786,000 Americans exhausted their unemployment benefits during January and February alone. In just those 2 months, over three-quarters of a million Americans exhausted their unemployment benefits, meaning they and their families have no source of income right now.

In the name of humanity, how can we do nothing to relieve that kind of human pain and suffering?

Secondly, the House of Representatives must pass the transportation funding bill, and the President must either sign it or veto it so that we can override that veto now. The Senate bill we passed almost a month ago would mean significantly more construction projects, and therefore thousands more jobs all over America, starting now, in this construction season, which does not last very long in northern States such as Minnesota, are just about to get underway.

The President and the House have been tossing that bill back and forth like it is a Sunday Frisbee game. Here is an immediate job-creating opportunity, and they are dawdling and dickering because I guess it is not their jobs, at least not yet.

The third measure we must undertake is to protect the jobs and incomes of those who are now working, especially the 8 million workers the Secretary of Labor has decided all by herself no longer have to be paid overtime. That number includes police officers, nurses, firefighters, and laborers. What do we tell them and their families? Sorry, you did not contribute enough to the necessary reelection committees, but the people who employ you do?

The Congress has already cut their personal taxes, their dividends tax, their capital gains tax, and now they are going to be eliminating their estate tax even earlier than before.

They are a greedy bunch and they want more. This is an election year and campaigns are expensive so, sorry, now in America you will not even be able to earn extra money by working harder. You cannot get ahead because those special friends want to get farther ahead without having to work at all.

Fourth, we need to bring back the JOBS Act, which reportedly was pulled from the Senate floor last week because it would have involved a vote of the Senate on this very protection of overtime measure. The truth is, as that evidences, the sponsors of the so-called JOBS Act do not want votes on that and other amendments because, in fact, the secret is that bill is not about jobs at all.

Only in Washington would something named the JOBS Act have nothing to do with creating jobs, and I mean absolutely nothing. The people who wrote that bill only want the American people to think this is a JOBS Act. They want the 8 million Americans who do not have jobs right now to think this is a JOBS Act so they will think: Oh, what a Congress. Our country needs jobs, so Congress passes a JOBS Act.

Well, as Abraham Lincoln said, you can fool all of the people some of the time, and what better time to try than right around election time.

The truth is, this bill is a tax cut for already profitable businesses, and the largest tax reductions take place, once again, in those years 2009 to 2012. So, obviously, it has nothing to do with providing jobs now.

That is the bill's best part. Other parts increase the tax avoidance schemes for foreign business operations. There are $36 billion in tax breaks for profits made producing goods and providing services in other countries, employing foreigners not Americans. Now that sure makes sense. We are losing American jobs in record numbers to foreign operations so the Senate is going to give more tax advantages to those foreign operations so they can take away more American jobs? Is the JOBS Act intended to add American jobs or eliminate them?

I hope my colleagues will take a look at some of the foreign business favors in this bill before we vote on them. It increases the kind of commodities hedging that is exempt from U.S. taxation. It eliminates rules that are meant to restrict the deferral of foreign income by foreign investment companies and foreign personal holding companies from U.S. taxation. It eliminates withholding taxes on dividends paid by certain foreign corporations.

There are many more of those foreign favors in the bill. As I said, $36 billion worth of tax avoidance or tax elimination schemes which benefit wealthy Americans who invest in them, or American companies who own and operate them, which reward foreign business production and sales, not American production; increase jobs outside of our country and decrease jobs or job opportunities for American workers.

The JOBS Act, as it is presently written, is a fraud. It is not an American JOBS Act. It is not even an American business act. It is a special-favors-for-special-friends act.

In the 3 years I have been in the Senate, Congress has tried fooling the American people with some mighty foolish legislation, such as No Child Left Behind, pretending to improve the quality of education for all schoolchildren. Additional testing was to be accompanied by additional Federal funding, especially for those students most in need. Well, Minnesotans will not be fooled anymore, not now that we have learned just this last few weeks that title I funds in Minnesota will be cut by as much as 40 percent in school districts that have an increased number of eligible students.

The prescription drug bill that was passed last year pretended to offer comprehensive coverage and substantial financial assistance to seniors and others on Medicare. That prescription drug bill will not fool the seniors, not in Minnesota for sure, and I do not think in America, when in a few more months the prescription drug discount cards come out and when the shamefully inadequate coverage finally begins in January of 2006. But do not try to fool unemployed Americans that the JOBS Act is a jobs creation bill, and do not try to fool working Americans that it is a jobs protection bill. As President Lincoln said: You cannot fool all the people all the time.

Congress is badly out of touch with the American people. So let's return to reality. Let's return to the reality that Americans need more jobs. Let's pass a JOBS Act that really is a JOBS Act, where every provision is designed to reward American companies for adding American jobs now—not in the year 2009, not in 2012, but now.

I strongly urge the majority leader to bring back the JOBS Act for Senate action now. I urge my colleagues to remove every section that does not add jobs in America right now and replace them with ones that do. We need jobs in America for Americans now. Let us stop trying to fool people and let us help put them back to work.

I yield the floor.

The PRESIDING OFFICER. The Senator from Florida.

Mr. NELSON of Florida. Mr. President, I could not help but think, as my colleague from Minnesota was delivering a wonderful and inspiring set of remarks, that is it not interesting, I would say to the Senator from Minnesota, that the old labels of liberal and conservative do not mean anything anymore. The American people are catching on because what they want is performance. They do not want people just pegged into these neat little categories, these labels, because as the Senator has so eloquently stated, the old labels do not perform because it is not business as usual. Whether it be the White House or the Congress or the State legislatures or the Governors, those labels do not mean anything. In fact, those labels are being turned absolutely upside down in this particular year, for we find ourselves voting on things that some critics would want to claim are liberal, but is it liberal to want to lower the annual deficit so the national debt does not increase by half a trillion dollars a year? To the contrary, that is conservative fiscal policy.

As the Senator has said so eloquently, is it liberal or conservative to want to provide jobs for Americans? It is neither. It is good, common sense—performance for our people.

Is it liberal or conservative to want to stop the flight of jobs to other countries, that overworked word of ''outsourcing''? I say to the Senator from Minnesota, there is going to be another twist on the question of outsourcing when they start outsourcing the jobs to the point at which they are handling personally identifiable medical and personally identifiable financial information of which our laws in this country protect its privacy, but in India or in China there are no laws that protect that privacy. When our people suddenly find that their very sensitive personal medical records are suddenly made available on the worldwide Web because there is no protection of privacy because those jobs have been outsourced to India or to China, they are going to have another think coming, as we would say in the South.

So the old labels don't mean anything anymore. Is it liberal to support the environment? I would say that is conservative. I would say when you become a good steward of what the good Lord has endowed us with, which is this beautiful planet suspended in the middle of nothing with a thin little film enveloping the planet called an atmosphere, and when you despoil that air, when you despoil the water, and when you rape the land, it is conservative to want to protect that environment, but that is not the label, liberal or conservative.

I am glad the Senator has given his speech about jobs. I am going to continue to give my speeches about what it is not to be liberal or conservative, not to be partisan, but to try to perform for the American people and perform for the States we are privileged to represent.

Mr. DAYTON. If the Senator will yield, I thank him for his encouraging words. I also point out he is, I believe, the only Senator, maybe the only Member of Congress, who has been an astronaut. The Senator's perspective on those resources and the need to conserve is certainly unsurpassed. I thank the Senator for his remarks.

Mr. NELSON of Florida. The Senator is very kind. I must admit I became more of an environmentalist when I went into space because I got to see the entire ecosystem at once. I got to see how beautiful it is, yet how fragile it is. From that perspective, when I looked at the rim of the Earth and saw that thin little film which is the atmosphere, I came home from that space flight absolutely committed that I wanted to do my part to be a better steward of what the good Lord has given us. He has given us this beautiful planet in the middle of nothing. Space is nothing. Space is an airless vacuum that goes on and on for billions and billions of light-years, and there in the midst of it is our home, our planet.

One of the reasons I want to go to Mars—of course I myself won't have that opportunity. That ought to be over the course of the next 30 years. I would like to think that at my age, at that time, I would still be physically fit to go to Mars, but that is for the next generation. But one of the reasons I am so intrigued about going to Mars is what the two Rovers up there right now have been discovering in the last few days, that in fact there was water there. If there were water, then there was likely life. If there were life, how developed was it? And if it were developed, was it civilized? And if it were civilized, what happened? What can we learn from what happened there so that we can become better stewards of our planet?

Is that liberal or conservative? It is neither. It is good common sense. In fact, it is. It is conservative, coming from the word ''conserve,'' the environment. Yet all these groups that come out here and rate you on how you vote and say because you are voting for clean water and clean air, that is somehow a liberal vote?

That is my point. The old labels don't mean anything anymore. I think that is beginning to penetrate in the American public. What they want is performance by their elected officials, all the way from the White House to the courthouse.

IRAQ

Mr. NELSON of Florida. Mr. President, I came here to talk about the future of Iraq. I am just going to make a few comments because we are in Iraq. We better be successful there. The stability of that country, politically and economically, is extremely important to the interests of the United States. If it is destabilized, or if we cut and run, a vacuum is going to be created. That vacuum is going to be filled. It is going to be filled by terrorists, somewhat akin to what happened after the Soviets got whipped in 1989 in Afghanistan. They left and we left also. We were in there clandestinely. Of course, that

created a vacuum and that vacuum was eventually filled by the Taliban. And then, of course, the Taliban provided protection for al-Qaida, the beginning of that network. We see the result, the painful, painful result, not only with the beginning of the 1993 attempted destruction of the World Trade Center but the completion of that plan to destroy it in 2001 and then the many other bombings that have occurred around the world.

So we better be successful. We have young men and women—we have old men and women over there, too—doing a fantastic job for us. Not just service men and women wearing the uniform of this country; these are men and women who are not wearing the uniform of this country but are in equally as important positions such as the CIA, the State Department, AID, all of the American companies that are over there in the reconstruction effort—the nongovernment groups that are over there trying to help out the Iraqi people.

As we approach this 1-year anniversary of the fall of Saddam Hussein, it is appropriate to consider what lies ahead for the Iraqi people and what lies ahead for the American people who made some progress now in the reconstruction of Iraq. There is now an Iraqi transitional administrative law which outlines the basic principles upon which a free and Democratic Iraq will be governed. But trying to get democracy across to a community, to a society that has lived under repression for so long—

The PRESIDING OFFICER. The time of the Senator has expired in morning business.

Mr. NELSON of Florida. I ask unanimous consent I have an additional 7 minutes.

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

Mr. NELSON of Florida. The responsiveness we have had thus far, I must say, is nothing short of remarkable. But there are still many concerns that I have about the reconstruction of that country.

The first is that we have an administrative law that hands control over to the Iraqis, but it hasn't been spelled out. It seems as though the decisions and the actions in Iraq are being driven by an artificial deadline—June 30.

Why June 30? Are we ready to hand over to these institutions that have no experience in democracy in another 3 months? I don't think so. An expeditious transfer of power to Iraqis certainly may be desirable, but we shouldn't put the cart before the horse and give sovereignty to a governing body that may be less than fully able to handle the political, military, economic, religious, and ethnic strife that may arise from such a premature handover. That would put American lives further at risk and would jeopardize the entirety of our reconstruction efforts today.

I am also concerned about the nature of the United States presence in Iraq after the turnover. Will a government, a new Iraqi government within this short period of time 3 months from now, have sufficient legitimacy among the Shiite, Sunni, and Kurds—all of them—to maintain the presence of our troops who are so desperately needed to maintain the security and stability of that country?

The disagreements over the presence of the troops, not even to think of the disagreements over the number of our troops and other political issues involving a successor government which could give rise to civil, religious and/or ethnic strife—guess who would be right in the middle. It would be our U.S. troops.

The transitional administrative law does not include an agreement for the stationing of U.S. forces. That gives rise to the prospect of U.S. forces fighting well-armed militia groups in addition to the security threats they face every day. What are they facing every day? Improvised devices that are designed to lure our troops to them and then kill or maim our U.S. service men and women.

In addition, the Coalition Provisional Authority now has been working hard to stand up an indigenous Iraq security and defense force.

I went to one of those police training academies outside of Amman, Jordan. It was impressive. But within an 8- or 16-week course, they were only going to be able to train about 1,500 policemen.

I am concerned about whether this force is going to be adequately staffed, resourced, and ready for the tremendous task of law and order in Iraq after the turnover on June 30.

Moreover, if these indigenous security efforts fall short and significant disagreements lead to an unraveling of a unified and sovereign Iraq, guess who is going to be on the ground as Iraq dissolves into many religious and ethnic community conflicts. You got it. The United States service men and women are going to be in the middle of it.

The political dissolution of Iraq is something the United States must take every precaution to avoid. That is another reason not to let the artificial deadlines drive the Iraqi reconstruction.

I am concerned also about the role of religion in the future of Iraq. The transitional administrative law stipulates Islam will be considered a source of legislation. I don't have any problem with Islam. That is their faith. But it seems this provision has satisfied neither those who wish for a secular government nor those who wish for an Islamic state.

The United States must more clearly and urgently demand freedom for all religions and protect against the persecution of any particular religion. We cannot allow religious extremism to permeate Iraqi society in spirit and practice, deed, or law.

I am concerned about the economy of Iraq.

Think about it. We appropriated $18 billion for the reconstruction effort that is starting to enter Iraqi society. For the next 6 to 8 months, $18 billion will be infused to building roads and bridges and restoring wetlands, water systems, and electrical systems. This is going to be a country flush with U.S. dollars.

My worry is the Iraqi economy is going to become heavily dependent on U.S. dollars. This puts an enormous burden on the U.S. taxpayer. What happens after this appropriation dries up?

I urge the administration not only to call on the international community, as we did during the Afghan war and following the fall of the Taliban in Afghanistan, but that we call on other countries and make them follow through on their pledges for financial assistance.

Finally, I am concerned about the distinctly American nature of reconstruction efforts. The President promised Congress he would work closely to build international support for our efforts to disarm Saddam Hussein. While we are grateful for the few nations providing personnel, Operation Iraqi Freedom is predominantly an American program. Some may argue that it may not matter whether other nations participate or how other nations view our efforts in Iraq and the global war on terrorism. But this Senator, and I think a lot of Senators, would beg to differ. This is an important part. This is a very important part of keeping more allies involved. It would so much improve our chances of obtaining critical assistance from other Arab countries, especially the Arab countries in that region, as well as other nations of the world that now are reluctant to participate.

I wanted to get these thoughts off my chest about this looming deadline of June 30. I wanted to, as we say in some corners, look over the horizon at what may be coming and how America needs to prepare for what may be coming in that strife-torn country of Iraq.

I yield the floor.

THE 100TH ANNIVERSARY OF JACK DANIEL'S

Mr. FRIST. Mr. President, 2004 marks the 100th anniversary of the 1904 St. Louis World's Fair—the fair that has come to be recognized as ushering in what today is known as ''The American Century.'' At that fair an unknown gentleman from Lynchburg, TN, rose to world acclaim. That man was Jack Daniel. At the 1904 World's Fair his Old Number 7 Brand Tennessee Whiskey won the Gold Medal as ''the world's best whiskey''.

Today, Jack Daniel's Tennessee Whiskey can be found in over 135 countries. In fact, no other Tennessee product is exported to more countries. Further, this year it will become the world's No. 1 selling whiskey, displacing products made by our friends in Scotland for the first time in history.

The Tennessee General Assembly recently passed a resolution commemorating Jack Daniel's 1904 Gold Medal. Senator LAMAR ALEXANDER and I would like to share the resolution with our colleagues by including it in today's CONGRESSIONAL RECORD.

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

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

Whereas, it is fitting that the members of the General Assembly should honor those Tennessee companies bringing Tennessee's heritage to people around the world; and

Whereas, Jack Daniel's is one such Tennessee company which has proudly and responsibly brought Tennessee's heritage to millions of adult consumers; and

Whereas, since 1863, in the spirit of President George Washington, the father of the American Distilling Industry, the Jack Daniel Distillery has produced the world's most popular Tennessee Whiskey; and

Whereas, 2004 is the 100th Anniversary of Jack Daniel's Old Number 7 Brand Tennessee Wiskey's receipt of the Gold Medal at the 1904 St. Louis World's Fair; and

Whereas, Jack Daniel's Tennessee Whiskey is enjoyed by adult consumers in over 135 countries—more countries than any other Tennessee export; and

Whereas, Jack Daniel's Tennessee Whiskey is the United States' number one exported distilled spirit; and

Whereas, to commemorate its popularity and its Tennessee heritage, Jack Daniel's will be honored in Washington, D.C. on April 1, 2004; and

Whereas, this General Assembly finds it appropriate to pause in its deliberations to acknowledge and applaud the staff of the Jack Daniel Distillery upon their great success; Now, therefore, be it further

Resolved by House of Representatives of the 103rd General Assembly of the State of Tennessee, the Senate concurring, that we congratulate the staff of the Jack Daniel Distillery upon the celebration of its 100th Anniversary of winning the 1904 Saint Louis World's Fair Gold Medal, and saluting their excellent service to this great state, extend to them our wishes for every future success.

Mr. FRIST. Senator ALEXANDER and I join in congratulating the people of Jack Daniel Distillery on this 100th anniversary and look forward to their continued success at bringing a part of Tennessee's heritage to consumers around the world.

On April 1, 2004, in celebration of the 100th anniversary of the 1904 World's Fair Gold Medal, the Tennessee State Society and the Jack Daniel Distillery will hold a celebration of Jack Daniel's Tennessee heritage here in Washington. It will be a very special occasion, so we encourage our colleagues to join us at the celebration.

HAITI

Mr. FEINGOLD. Mr. President, the Haitian people find themselves embroiled in yet another political crisis. Following Jean Bertrand Aristide's departure on February 29, 2004, the Haitian people once again are forced to pick up the pieces of their broken political system. Again, they must renew their search for democracy, a search that has lasted for two hundred years with little progress. Thirty coups after Haiti established its independence in 1804, Haitians continue to live in severe poverty, battling HIV/AIDS, malnutrition, poor sanitation, and a political culture of thuggery and violence.

The United States has played an important role in Haiti's history. From U.S. military intervention in 1915 and the 19-year occupation that followed to the restoration of President Aristide in 1994 by U.S. forces, politics in Haiti have been deeply influenced by its larger and more powerful neighbor. Now, the United States has an obligation to assist in rebuilding Haiti in collaboration with our international partners. However, our assistance must be shaped and implemented with an eye to our previous mistakes. For too long, our approach has been ad-hoc and short-term, and the Haitian people have suffered. It is no wonder that some are suspicious of democracy and the role of the United States today.

This is not to say that the United States must take most of the blame for the political turmoil in Haiti. Haiti's leaders, and especially President Aristide, must also acknowledge their responsibility in Haiti's current political crisis. However, our flawed nation-building attempt in the 1990s, allegations of international support for Haiti's rebels, and the departure of President Aristide suggest a need for introspection by U.S. policymakers, humanitarian and development organizations and others.

Policymakers knew that Haiti's democracy was in trouble for years. Why did the administration fail to take meaningful action until Haiti was on the verge of collapse? As the rebels gained control of Haitian territory from early to mid-February, the U.S. administration largely channeled its diplomatic efforts through the Organization of American States and the Caribbean Community, CARICOM. On February 21st, the United States backed a CARICOM proposal, which called for a power-sharing compromise between Aristide and the opposition. However, as soon as Haiti's political opposition rejected the proposal, rather than defending Haiti's democratic process and institutions, the administration quickly backed down. With rebel forces moving toward the capital of Port-au-Prince on February 28, 2004, the administration increased pressure on Aristide to resign, stating that ''His failure to adhere to democratic principles has contributed to the deep polarization and violent unrest that we are witnessing in Haiti today.'' Aristide resigned the next day and flew into exile on a U.S. aircraft.

President Aristide was no paragon of democratic virtue. He encouraged his supporters in their violent campaign against the opposition, and his regime was a corrupt one. But a world in which legitimately elected officials, found wanting, can be run out of office by gangs of armed thugs is a world in which the thugs, in fact, are in charge. The people of Haiti, like people all over the world, deserve better. U.S. complicity in President Aristide's ouster sent the wrong message to violent rebel leaders, who have committed their own atrocities in Haiti's past. A transition guided by the rule of law, rather than the threat of violence, would surely have been preferable.

In the past weeks, a number of my constituents have raised important questions. What ties exist between rebel leaders and the government of the United States? Did the U.S. government impede efforts by the international community, particularly the Caribbean Community, CARICOM, to prevent President Aristide's resignation? I believe that the American and Haitian people deserve the answers, and a full accounting of the events surrounding Aristide's departure.

Equally important, we must help Haiti move forward and break out of this pattern of instability and underdevelopment. We should continue to assist in establishing security and disarming all parties to the conflict, and I commend the American troops who answered the call to service and are now on the ground in Haiti. However, I believe that the administration's decision to commit troops will require a full vetting by Congress. As long as American troops are in harm's way in Haiti, the Congress has a direct role and responsibility to either ratify or repudiate the use of U.S. military troops.

We must also ensure the timely delivery of humanitarian assistance to communities in need. Haitian Supreme Court Chief Justice Boniface Alexandre should have the full support of the United States in working to make Haiti's constitution the guide for the transition and succession process from this point on. And in the longer term, the United States should work with the rest of the international community to help bolster the institutions that are essential to consolidating Haiti's democracy and stability, and assist the Haitian people in holding people accountable for their flagrant violations of human rights.

The United States cannot ignore Haiti. Not only do we have a moral obligation to help the Haitian people, who are starving in our own backyard, but there are other national security interests at stake for the United States. A country in crisis so close to our borders creates a political vacuum in the region, where international crime and terrorism can flourish. As we saw in Afghanistan, a country in chaos allows for the emergence of dangerous forces, that directly threaten our security. In addition, the refugee flow created by instability and oppression will wash up on our shores, causing hardship for the Haitian people and overwhelming U.S. communities.

I urge Congress to look closely at recent events in Haiti, to ensure that lingering questions are answered forthrightly, and to lend the support that Haiti desperately needs as it moves forward in establishing peace and security.

LOCAL LAW ENFORCEMENT ACT OF 2001

Mr. SMITH. Mr. President, I rise today to speak about the need for hate crimes legislation. On May 1, 2003, Senator KENNEDY and I introduced the Local Law Enforcement Enhancement Act, a bill that would add new categories to current hate crimes law, sending a signal that violence of any kind is unacceptable in our society.

On March 1, 2004 Christopher James Barnhart and John Matthew Aravanis left a Morgantown, WV, bar around 3:30 a.m. when they heard, ''Get out of the way, faggots.'' A fist subsequently landed on Barnhart's head and he was knocked to the ground. Barnhart, who sustained two facial fractures in the scuffle, said the men also struck Aravanis in the head as he came to Barnhart's aid. The men left the scene, but returned and kicked and punched them and continued to call them ''faggots.'' City police have obtained arrest warrants for the three men charged with beating Barnhart, Aravanis, and their friend who was with them during the incident.

I believe that Government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act is a symbol that can become substance. I believe that by passing this legislation and changing current law, we can change hearts and minds as well.

HONORING THE ARMY FISHER HOUSES

Mr. AKAKA. Mr. President, Zachary and Elizabeth M. Fisher established the Fisher House Foundation, Inc., a unique public-private partnership that supports America's military in their time of need. The program recognizes the special sacrifices of our men and women in uniform and the hardships of military service by meeting a humanitarian need beyond that provided by the Department of Defense. The Fisher Houses enable family members to be close to loved ones at the most stressful time—during hospitalization for an unexpected illness, disease, or injury.

The homes are built by the Fisher House Foundation, Inc., and given to the military services and the Veterans Administration. The Army is the recipient of 14 of the 32 Fisher Houses located at every major military medical center and at several VA medical centers. The homes are located within walking distance of the medical facility.

I recently had the pleasure of visiting with Fisher family members, friends, and staff of the Fisher House on board the USS *Missouri* to celebrate the opening of the second Fisher House at Tripler Army Medical Center, the largest military medical treatment facility in the Pacific located in Honolulu, HI. The first Tripler Fisher House opened in June 1994. Due to its location, families stay an average of 55 days, compared to an average of 15 days in other locations. Tripler Fisher Houses service families and patients not only from Hawaii but also the Pacific area of Korea, Guam, Japan, and Okinawa.

The Fisher Houses provide temporary lodging in a warm, compassionate, and caring home away from home environment to members of our armed services, veterans, and their families during a medical crisis. They enable families to stay together, cook meals, do laundry, relax, unwind, and provide emotional support to each other during a time of need, and to escape from the tensions of the hospital environment.

Today, when we ask so much of our military in support of freedom, it is important to recognize the generosity of foundations such as The Fisher House, that give back to those who have given so much in defending this great Nation.

ADDITIONAL STATEMENTS

TRIBUTE TO DANIELLE MILLER

● Mr. BUNNING. Mr. President, today I wish to pay tribute to Danielle Miller, of Louisville, KY. Recently, Ms. Miller has been named a State honoree for Prudential Spirit of Community Award program for Kentucky based on her outstanding volunteer services.

Prudential Spirit of Community Awards program names only one high school student and one middle-level student in each State and the District of Columbia. As a junior at Louisville's Sacred Heart Academy, Ms. Miller was selected from more than 20,000 students for this honor. Ms. Miller received this honor because she founded a service organization called the ''National Awareness Committee'' to provide clothing, books, and other needed items to members of the Lakota Sioux Nation living on reservations in South Dakota.

The citizens of Louisville, KY are fortunate to have Ms. Miller living and learning in their community. Her example of hard work and determination should be followed by all in the Commonwealth of Kentucky.

I congratulate Ms. Miller for her success. But also, I congratulate all her peers, coaches, teachers, administrators, and her parents for their support and sacrifices they've made to help Ms. Miller reach this goal and fulfill her dreams.●

HONORING THE LIFE OF SENATOR CHARLES MEEKS

● Mr. BAYH. Mr. President, I rise today to honor the life of my fellow Hoosier, State Senator Charles ''Bud'' Meeks, who passed away on March 22. Senator Meeks dedicated his life to serving his country and our home State of Indiana, setting an example of personal conviction and political vigor throughout his 6 years as State senator.

Bud Meeks grew up in Fort Wayne, IN. He graduated from Central High School in 1954 and enlisted in the U.S. Navy. After serving 4 years in the Navy, Senator Meeks returned home to Fort Wayne where he began his career in public service as a deputy at the Allen County jail. Meeks retired from the Sheriff's Department after 28 years of dedicated service, including two terms as Allen County Sheriff. He then moved to Washington, DC, where he was the executive director of the National Sheriff's Association for 8 years. Upon his final return to Indiana, Meeks ran a successful campaign, demonstrating a work ethic on the campaign trail that is remembered by Hoosiers still today. In 1998, Senator Meeks was elected to the Indiana State Senate to represent Indiana's 14th Senate District.

While serving as Senator, Meeks most recently played a crucial role in championing the current proposal to consolidate Allen County government. But among his colleagues, Meeks was known above all else for his love of children. While in the Senate, Meeks would frequently devote a significant amount of time to young students, answering questions and discussing government. His focus on Indiana's youth is a testament to Meeks' kindness of heart and clear understanding of the importance of prioritizing the children who will one day be running our great Nation.

In everything he did, Senator Meeks brought with him an inspiring energy and passion, setting a positive example for his friends, colleagues, and constituents to follow. He was always ready to work diligently for the causes he cared for so deeply, and it was his steadfast belief in community involvement that earned him the unwavering admiration of Hoosiers across Indiana.

Meeks was a committed father and public servant. The sense of loss to all those who knew Senator Meeks is tremendous. He is survived by his wife, Marjorie; son, Brian, brothers Bob and Fred; and three grandchildren. He was preceded in death by his daughter, Brenda Sue and another son, David.

It is my honor to enter the name of Senator Charles ''Bud'' Meeks into the CONGRESSIONAL RECORD.●

TRIBUTE TO WHITTON MONTGOMERY

● Mr. BUNNING. Mr. President, today I wish to pay tribute to Whitton Montgomery, of Louisville, KY. Recently, Ms. Montgomery has been named a State honoree for Prudential Spirit of Community Award program fro Kentucky based on her outstanding volunteer services.

Prudential Spirit of Community Awards program names only one high school student and one middle-level student in each State and the District of Columbia. As an eight grader at Louisville Collegiate School, Ms. Montgomery was selected from more than 20,000 students for this honor. Ms. Montgomery received this honor because she founded ''Kids Acting Against Cancer,'' a performing arts group that has raised more than $40,000 for research and children with cancer.

The citizens of Louisville, KY are fortunate to have Ms. Montgomery living and learning in their community. Her example of hard work and determination should be followed by all in the Commonwealth of Kentucky.

I congratulate Ms. Montgomery for her success. But also, I congratulate all her peers, coaches, teachers, administrators, and her parents for their support and sacrifices they have made to help Ms. Montgomery reach this goal and fulfill her dreams.●

MESSAGE FROM THE HOUSE

At 1:08 p.m., a message from the House of Representatives, delivered by Ms. Niland, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 2993. An act to provide for a circulating quarter dollar coin program to honor the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands, and for other purposes.

H.R. 3095. An act to amend title 4, United States Code, to make sure the rules of etiquette for flying the flag of the United States do not preclude the flying of flags at half mast when ordered by city and local officials.

H.R. 3786. An act to authorize the Secretary of the Treasury to produce currency, postage stamps, and other security documents at the request of foreign governments on a reimbursable basis.

ENROLLED BILL SIGNED

The message also announced that the Speaker of the House of Representatives has signed the following enrolled bill:

H.R. 254. An act to authorize the President of the United States to agree to certain amendments to the Agreement between the Government of the United States of America and the Government of the United Mexican States concerning the establishment of a Border Environment Cooperation Commission and a North American Development Bank, and for other purposes.

The enrolled bill was signed subsequently by the President pro tempore (Mr. STEVENS).

MEASURES REFERRED

The following bills were read the first and the second times by unanimous consent, and referred as indicate:

H.R. 2993. An act to provide for a circulating quarter dollar coin program to honor the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

H.R. 3095. An act to amend title 4, United States Code, to make sure the rules of etiquette for flying the flag of the United States do not preclude the flying of flags at half mast when ordered by city and local officials; to the Committee on the Judiciary.

H.R. 3786. An act to authorize the Secretary of the Treasury to produce currency, postage stamps, and other security documents at the request of foreign governments on a reimbursable basis; to the Committee on Banking, Housing, and Urban Affairs.

MEASURES READ THE FIRST TIME

The following bill was read the first time:

S. 2250. A bill to extend the Temporary Extended Unemployment Compensation Act of 2002, and for other purposes.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, and were referred as indicated:

EC–6821. A communication from the Assistant Secretary of Defense for Reserve Affairs, Department of Defense, transmitting, pursuant to law, a report relative to the STARBASE Program; to the Committee on Armed Services.

EC–6822. A communication from the Chairman, Consumer Product Safety Commission, transmitting, pursuant to law, the Commission's Annual Program Performance Report; to the Committee on Commerce, Science, and Transportation.

EC–6823. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: McDonnell Douglas Model DC–10–10, DC–10–10F, DC–10–15, DC–10–30, DC–10–30F (KC–10A and KDC–10) DC–10–40, DC–10–40F, MD–10–30F Airplanes and Model MD–11 and MD–11F Airplanes Doc. No. 2003–NM–07 [3–3–3–11]'' (RIN2120–AA64) received on March 23, 2004; to the Committee on Commerce, Science, and Transportation.

EC–6824. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: McDonnell Douglas Model DC–9–31 and DC–9–32 Airplanes Doc. No. 2003–NM–32'' (RIN2120–AA64) received on March 23, 2004; to the Committee on Commerce, Science, and Transportation.

EC–6825. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Boeing Model 767 Series Airplanes Doc. No. 2001–NM–259'' (RIN2120–AA64) received on March 23, 2004; to the Committee on Commerce, Science, and Transportation.

EC–6826. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Correction Mitsubishi Heavy Industries Ltd., MU–2B Series Airplanes; Doc. No. 2003–CE–22'' (RIN2120–AA64) received on March 23, 2004; to the Committee on Commerce, Science, and Transportation.

EC–6827. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Pratt and Whitney Canada JT15D–1, 1A, and 1B Turbofan Engines Doc. No. 2003–NE–41'' (RIN2120–AA64) received on March 23, 2004; to the Committee on Commerce, Science, and Transportation.

EC–6828. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Dassault Model Mystere-Falcon 50 Series Airplanes Doc. No. 2003–NM–30'' (RIN2120–AA64) received on March 23, 2004; to the Committee on Commerce, Science, and Transportation.

EC–6829. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Bombardier Model DHC 8 401 and 402 Airplanes; Doc. No. 004–NM–11'' (RIN2120–AA64) received on March 23, 2004; to the Committee on Commerce, Science, and Transportation.

EC–6830. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Bombardier Model Cl 600–2B19 Airplanes; Doc. No. 2004–NM–20'' (RIN2120–AA64) received on March 23, 2004; to the Committee on Commerce, Science, and Transportation.

EC–6831. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Boeing Model 707 and 720 Series Airplanes; Doc. No. 2002–NM–334'' (RIN2120–AA64) received on March 23, 2004; to the Committee on Commerce, Science, and Transportation.

EC–6832. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: BAE Systems Limited Model BAE 146 Series Airplanes; Doc. No. 2001–NM–148'' (RIN2120–AA64) received on March 23, 2004; to the Committee on Commerce, Science, and Transportation.

EC–6833. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Brasileira de Aeronautica Model EMB–135 and 145 Series Airplanes; Doc. No. 2002–NM–178'' (RIN2120–AA64) received on March 23, 2004; to the Committee on Commerce, Science, and Transportation.

EC–6834. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Bombardier Model DHC 8–102, 103, 106, 201, 202, 301, 311 and 315 Airplanes'' (RIN2120–AA64) received on March 23, 2004; to the Committee on Commerce, Science, and Transportation.

EC–6835. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: McDonnell Douglas Model DC 10–10, –10F , 15, 30, 30F, 40, 40F, MD–10–10F, 30F, 11, and 11F Airplanes; Doc. No. 2001–NM–362'' (RIN2120–AA64) received on March 23, 2004; to the Committee on Commerce, Science, and Transportation.

EC–6836. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Rolls Royce plc Trent 700 Series Turbofan Engines; Doc. No. 2003–NE–55'' (RIN2120–AA64) received on March 23, 2004; to the Committee on Commerce, Science, and Transportation.

EC–6837. A communication from the Secretary of Transportation, transmitting, a draft of proposed legislation to authorize appropriations for the motor vehicle safety and information and cost savings programs of the National Highway Traffic Safety Administration for fiscal years 2005 through 2007, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC–6838. A communication from the Federal Register Certifying Officer, Financial Management Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Federal Government Participation in the Automated Clearing House'' (RIN1510–AA93) received on March 23, 2004; to the Committee on Finance.

EC–6839. A communication from the Attorney Advisor, Federal Highway Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Commercial Vehicle Width Exclusive Devices'' (RIN2125–AE90) received on March 23, 2004; to the Committee on Energy and Natural Resources.

EC–6840. A communication from the Acting Chief, Publications and Regulations Branch, Internal Revenue Service, transmitting, pursuant to law, the report of a rule entitled ''Loss Limitation Rules'' (TD9118) received on March 23, 2004; to the Committee on Finance.

EC–6841. A communication from the Acting Chief, Publications and Regulations Branch, Internal Revenue Service, transmitting, pursuant to law, the report of a rule entitled ''Applicable Federal Rates—April 2004'' (Rev. Rul. 2004–39) received on March 23, 2004; to the Committee on Finance.

EC–6842. A communication from the Acting Chief, Publications and Regulations Branch, Internal Revenue Service, transmitting, pursuant to law, the report of a rule entitled ''Amendment to Final Agreement for Withholding Foreign Partnerships and Withholding Foreign Trusts'' (Rev. Proc. 2004–21) received on March 23, 2004; to the Committee on Finance.

EC–6843. A communication from the Regulations Officer, Social Security Administration, transmitting, pursuant to law, the report of a rule entitled ''Interrelationship of Old Age, Survivors, and Disability Insurance Program With the Railroad Retirement Program'' (RIN0960–AF82) received on March 23, 2004; to the Committee on Finance.

EC–6844. A communication from the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, transmitting, pursuant to law, the Boards' 2004 Annual Report; to the Committee on Finance.

EC–6845. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to law, the report of the texts and background statements of international agreements, other than treaties; to the Committee on Foreign Relations.

EC–6846. A communication from the Assistant Administrator, Bureau for Public and Legislative Affairs, U.S. Agency for International Development, transmitting, pursuant to law, the Agency's Fiscal Year 2003 Performance and Accountability Report.

EC–6847. A communication from the Secretary of State, transmitting, pursuant to law, the Department of State's Performance and Accountability Report for Fiscal Year 2003; to the Committee on Governmental Affairs.

EC–6848. A communication from the Chairman, Federal Election Commission, transmitting, pursuant to law, the Commission's Report under the Government in Sunshine Act for calendar year 2005; to the Committee on Governmental Affairs.

EC–6849. A communication from the Acting Chairman, Merit Systems Protection Board, transmitting, pursuant to law, a report relative to the Board's justification for its Fiscal Year 2005 appropriation request; to the Committee on Governmental Affairs.

EC–6850. A communication from the Acting Chairman, Merit Systems Protection Board, transmitting, pursuant to law, the Board's Strategic Plan for Fiscal Year 2005; to the Committee on Governmental Affairs.

EC–6851. A communication from the Office of Independent Counsel, transmitting, pursuant to law, the Office's 2003 Annual Report; to the Committee on Governmental Affairs.

EC–6852. A communication from the Regulations Coordinator, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Filing Claims Under the Military Personnel and Civilian Employees Claims Act'' received on March 25, 2004; to the Committee on Health, Education, Labor, and Pensions.

EC–6853. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, a report relative to the Age Discrimination Act; to the Committee on Health, Education, Labor, and Pensions.

EC–6854. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, a report entitled ''National Coverage Determinations''; to the Committee on Health, Education, Labor, and Pensions.

EC–6855. A communication from the Assistant Secretary for Indian Affairs, Department of the Interior, transmitting, pursuant to law, a proposed plan for the use and distribution of the Assiniboine and Sioux Tribes of the Fort Peck Reservation (Tribe) judgment fund; to the Committee on Indian Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

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

S. 1307. A bill to authorize the Secretary of the Interior, acting through the Bureau of Reclamation, to assist in the implementation of fish passage and screening facilities at non-Federal water projects, and for other purposes (Rept. No. 108–249).

S. 1355. A bill to authorize the Bureau of Reclamation to participate in the rehabilitation of the Wallowa Lake Dam in Oregon, and for other purposes (Rept. No. 108–250).

S. 1421. A bill to authorize the subdivision and dedication of restricted land owned by Alaska Natives (Rept. No. 108–251).

By Mr. DOMENICI, from the Committee on Energy and Natural Resources, without amendment:

H.R. 2696. A bill to establish Institutes to demonstrate and promote the use of adaptive ecosystem management to reduce the risk of wildfires, and restore the health of fire-adapted forest and woodland ecosystems of the interior West (Rept. No. 108–252).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. LAUTENBERG:

S. 2246. A bill to reduce temporarily the duty on certain sorbic acid; to the Committee on Finance.

By Mr. LAUTENBERG:

S. 2247. A bill to reduce temporarily the duty on potassium sorbate; to the Committee on Finance.

By Mr. LAUTENBERG:

S. 2248. A bill to clarify the Harmonized Tariff Schedule classification of certain leather goods; to the Committee on Finance.

By Ms. COLLINS (for herself and Mr. LIEBERMAN):

S. 2249. A bill to amend the Stewart. B. McKinney Homeless Assistance Act to provide for emergency food and shelter; to the Committee on Governmental Affairs.

By Ms. CANTWELL (for herself, Mr. VOINOVICH, and Mr. KENNEDY):

S. 2250. A bill to extend the Temporary Extended Unemployment Compensation Act of 2002, and for other purposes; read the first time.

By Mr. BAUCUS (for himself and Mr. BURNS):

S. 2251. A bill to amend the Farm Security and Rural Investment Act of 2002 to increase the loan rate for safflower; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. KENNEDY (for himself, Ms. SNOWE, Mr. LEAHY, Mr. GREGG, Mr. JEFFORDS, Ms. MURKOWSKI, Mr. SARBANES, Ms. COLLINS, Mrs. MURRAY, Mr. STEVENS, Mr. EDWARDS, Mr. MCCAIN, Mr. DASCHLE, Mr. SUNUNU, and Mr. ENZI):

S. 2252. A bill to increase the number aliens who may receive certain non-immigrant status during fiscal year 2004 and to require submissions of information by the Secretary of Homeland Security; to the Committee on the Judiciary.

By Mrs. FEINSTEIN (for herself, Mr. DOMENICI, Mrs. BOXER, and Mr. DAYTON):

S. 2253. A bill to permit young adults to perform projects to prevent fire and suppress fires, and provide disaster relief, on public land through a Healthy Forest Youth Conservation Corps; to the Committee on Energy and Natural Resources.

By Mr. DASCHLE (for Mr. DODD (for himself and Mr. CHAFEE)):

S. 2254. A bill to encourage and ensure the use of safe equestrian helmets, and for other purposes; to the Committee on Commerce, Science, and Transportation.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

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

By Mr. SANTORUM:

S. Res. 325. A resolution expressing the sense of the Senate regarding the creation of refugee populations in the Middle East, North Africa, and the Persian Gulf region as a result of human rights violations; to the Committee on Foreign Relations.

ADDITIONAL COSPONSORS

S. 139

At the request of Mr. LIEBERMAN, the name of the Senator from Washington (Ms. CANTWELL) was added as a cosponsor of S. 139, a bill to provide for a program of scientific research on abrupt climate change, to accelerate the reduction of greenhouse gas emissions in

the United States by establishing a market-driven system of greenhouse gas tradeable allowances that could be used interchangably with passenger vehicle fuel economy standard credits, to limit greenhouse gas emissions in the United States and reduce dependence upon foreign oil, and ensure benefits to consumers from the trading in such allowances.

S. 275

At the request of Mr. REID, his name was added as a cosponsor of S. 275, a bill to amend the Professional Boxing Safety Act of 1996, and to establish the United States Boxing Administration.

S. 622

At the request of Mr. GRASSLEY, the name of the Senator from New Jersey (Mr. LAUTENBERG) was added as a cosponsor of S. 622, a bill to amend title XIX of the Social Security Act to provide families of disabled children with the opportunity to purchase coverage under the medicaid program for such children, and for other purposes.

S. 874

At the request of Mr. TALENT, the name of the Senator from Washington (Ms. CANTWELL) was added as a cosponsor of S. 874, a bill to amend title XIX of the Social Security Act to include primary and secondary preventative medical strategies for children and adults with Sickle Cell Disease as medical assistance under the medicaid program, and for other purposes.

S. 976

At the request of Mr. WARNER, the name of the Senator from Delaware (Mr. BIDEN) was added as a cosponsor of S. 976, a bill to provide for the issuance of a coin to commemorate the 400th anniversary of the Jamestown settlement.

S. 1068

At the request of Mr. DODD, the name of the Senator from New York (Mrs. CLINTON) was added as a cosponsor of S. 1068, a bill to amend the Public Health Service Act to establish grant programs to provide for education and outreach on newborn screening and coordinated followup care once newborn screening has been conducted, and for other purposes.

S. 1115

At the request of Mrs. MURRAY, the names of the Senator from Nevada (Mr. REID) and the Senator from Illinois (Mr. DURBIN) were added as cosponsors of S. 1115, a bill to amend the Toxic Substances Control Act to reduce the health risks posed by asbestos-containing products.

S. 1121

At the request of Mr. BAUCUS, the name of the Senator from Ohio (Mr. DEWINE) was added as a cosponsor of S. 1121, a bill to extend certain trade benefits to countries of the greater Middle East.

S. 1217

At the request of Mr. ENZI, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of S. 1217, a bill to direct the Secretary of Health and Human Services to expand and intensify programs with respect to research and related activities concerning elder falls.

S. 1379

At the request of Mrs. MURRAY, her name was added as a cosponsor of S. 1379, a bill to require the Secretary of the Treasury to mint coins in commemoration of veterans who became disabled for life while serving in the Armed Forces of the United States.

S. 1515

At the request of Mr. GREGG, the name of the Senator from Tennessee (Mr. ALEXANDER) was added as a cosponsor of S. 1515, a bill to establish and strengthen postsecondary programs and courses in the subjects of traditional American history, free institutions, and Western civilization, available to students preparing to teach these subjects, and to other students.

S. 1645

At the request of Mr. CRAIG, the name of the Senator from Michigan (Ms. STABENOW) was added as a cosponsor of S. 1645, a bill to provide for the adjustment of status of certain foreign agricultural workers, to amend the Immigration and Nationality Act to reform the H–2A worker program under that Act, to provide a stable, legal agricultural workforce, to extend basic legal protections and better working conditions to more workers, and for other purposes.

S. 1700

At the request of Mr. HATCH, the name of the Senator from Alaska (Ms. MURKOWSKI) was added as a cosponsor of S. 1700, a bill to eliminate the substantial backlog of DNA samples collected from crime scenes and convicted offenders, to improve and expand the DNA testing capacity of Federal, State, and local crime laboratories, to increase research and development of new DNA testing technologies, to develop new training programs regarding the collection and use of DNA evidence, to provide post-conviction testing of DNA evidence to exonerate the innocent, to improve the performance of counsel in State capital cases, and for other purposes.

S. 1730

At the request of Ms. SNOWE, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 1730, a bill to require the health plans provide coverage for a minimum hospital stay for mastectomies, lumpectomies, and lymph node dissection for the treatment of breast cancer and coverage for secondary consultations.

S. 1771

At the request of Ms. SNOWE, the name of the Senator from North Dakota (Mr. DORGAN) was added as a cosponsor of S. 1771, a bill to amend title XIX of the Social Security Act to permit States to obtain reimbursement under the medicaid program for care or services required under the Emergency Medical Treatment and Active Labor Act that are provided in a nonpublicly owned or operated institution for mental diseases.

S. 1934

At the request of Mr. NICKLES, the name of the Senator from Minnesota (Mr. COLEMAN) was added as a cosponsor of S. 1934, a bill to establish an Office of Intercountry Adoptions within the Department of State, and to reform United States laws governing intercountry adoptions.

S. 2065

At the request of Mr. JOHNSON, the name of the Senator from Nevada (Mr. ENSIGN) was added as a cosponsor of S. 2065, a bill to restore health care coverage to retired members of the uniformed services, and for other purposes.

S. 2141

At the request of Mr. LUGAR, the name of the Senator from Illinois (Mr. FITZGERALD) was added as a cosponsor of S. 2141, a bill to amend the Farm Security and Rural Investment Act of 2002 to enhance the ability to produce fruits and vegetables on soybean base acres.

S. 2165

At the request of Mr. REED, the name of the Senator from Louisiana (Ms. LANDRIEU) was added as a cosponsor of S. 2165, a bill to specify the end strength for active duty personnel of the Army as of September 30, 2005.

S. 2179

At the request of Mr. BROWNBACK, the name of the Senator from Indiana (Mr. BAYH) was added as a cosponsor of S. 2179, a bill to posthumously award a Congressional Gold Medal to the Reverend Oliver L. Brown.

S. 2193

At the request of Ms. SNOWE, the names of the Senator from Vermont (Mr. JEFFORDS) and the Senator from Montana (Mr. BURNS) were added as cosponsors of S. 2193, a bill to improve small business loan programs, and for other purposes.

At the request of Mr. HARKIN, his name was added as a cosponsor of S. 2193, supra.

S. 2194

At the request of Mr. CORNYN, the name of the Senator from Nevada (Mr. REID) was added as a cosponsor of S. 2194, a bill to amend part D of title IV of the Social Security Act to improve the collection of child support, and for other purposes.

S. 2216

At the request of Mr. HOLLINGS, the names of the Senator from New York (Mrs. CLINTON), the Senator from Nevada (Mr. REID) and the Senator from New Jersey (Mr. CORZINE) were added as cosponsors of S. 2216, a bill to provide increased rail transportation security.

S. 2236

At the request of Ms. CANTWELL, the names of the Senator from Hawaii (Mr.

AKAKA) and the Senator from New Jersey (Mr. LAUTENBERG) were added as cosponsors of S. 2236, a bill to enhance the reliability of the electric system.

S. CON. RES. 90

At the request of Mr. LEVIN, the names of the Senator from North Carolina (Mr. EDWARDS) and the Senator from South Dakota (Mr. DASCHLE) were added as cosponsors of S. Con. Res. 90, a concurrent resolution expressing the Sense of the Congress regarding negotiating, in the United States-Thailand Free Trade Agreement, access to the United States automobile industry.

S. RES. 317

At the request of Mr. HAGEL, the name of the Senator from South Dakota (Mr. DASCHLE) was added as a cosponsor of S. Res. 317, a resolution recognizing the importance of increasing awareness of autism spectrum disorders, supporting programs for increased research and improved treatment of autism, and improving training and support for individuals with autism and those who care for individuals with autism.

AMENDMENT NO. 2698

At the request of Mrs. FEINSTEIN, the name of the Senator from Florida (Mr. NELSON) was added as a cosponsor of amendment No. 2698 intended to be proposed to S. 1637, a bill to amend the Internal Revenue Code of 1986 to comply with the World Trade Organization rulings on the FSC/ETI benefit in a manner that preserves jobs and production activities in the United States, to reform and simplify the international taxation rules of the United States, and for other purposes.

AMENDMENT NO. 2890

At the request of Mr. SANTORUM, the name of the Senator from New Hampshire (Mr. SUNUNU) was added as a cosponsor of amendment No. 2890 intended to be proposed to S. 1637, a bill to amend the Internal Revenue Code of 1986 to comply with the World Trade Organization rulings on the FSC/ETI benefit in a manner that preserves jobs and production activities in the United States, to reform and simplify the international taxation rules of the United States, and for other purposes.

AMENDMENT NO. 2893

At the request of Mr. REID, the names of the Senator from North Dakota (Mr. DORGAN), the Senator from Minnesota (Mr. COLEMAN), the Senator from New Mexico (Mr. BINGAMAN), the Senator from Washington (Ms. CANTWELL) and the Senator from Hawaii (Mr. AKAKA) were added as cosponsors of amendment No. 2893 intended to be proposed to S. 1637, a bill to amend the Internal Revenue Code of 1986 to comply with the World Trade Organization rulings on the FSC/ETI benefit in a manner that preserves jobs and production activities in the United States, to reform and simplify the international taxation rules of the United States, and for other purposes.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Ms. COLLINS (for herself and Mr. LIEBERMAN):

S. 2249. A bill to amend the Stewart B. McKinney Homeless Assistance Act to provide for emergency food and shelter; to the Committee on Governmental Affairs.

Ms. COLLINS. Mr. President, I rise today to introduce legislation to reauthorize the Department of Homeland Security's Emergency Food and Shelter Program. This vital program enables communities nationwide to provide services to help individuals who are at risk of becoming homeless or going hungry due to an emergency or economic disaster. As a 1999 General Accounting Office report concluded, ''in most areas of the United States, the Emergency Food and Shelter Program is the only source of funding for the prevention of homelessness.''

I am pleased to have the support of Senator LIEBERMAN, the ranking member of the Governmental Affairs Committee, which oversees this important program as well as the Department of Homeland Security generally. I commend Senator LIEBERMAN for his work on this important issue, including his efforts in the 107th Congress to pass legislation very similar to the bill that we are introducing together today.

Since its creation 21 years ago, the Emergency Food and Shelter Program has provided a helping hand to local social service organizations that assist thousands of people in need of food and shelter. This program is effective because of the way it is structured. A national board, chaired by the Federal Emergency Management Agency, governs the program. The board itself is composed of representatives from organizations who work every day to look out for those who are less fortunate—representatives of the American Red Cross, Catholic Charities, United Jewish Communities, the National Council of the Churches, the Salvation Army, and the United Way.

This program is a model for an effective public-private partnership. The volunteer participation by these charitable organizations has kept administrative costs to less than 3 percent of the total program, making even more funds directly available for communities.

Funds are distributed by the national board to local boards according to a formula that takes into account unemployment and poverty statistics in each community. Once local boards in counties and municipalities across America receive the funding, they decide how to best address the needs of their residents. These local boards are key to this process. That is because they are composed of individuals and organizations who live and work in the communities they serve. Therefore, they can best decide how to meet the needs of those who are at risk of becoming homeless.

In recent years, communities in Maine have put the funding to good use. Communities in Cumberland and Franklin Counties, for example, have used most of these funds to supplement the efforts of local soup kitchens, Meals-on Wheels programs, and food pantries. The Wayside Soup Kitchen in Portland, ME, uses this funding to enhance their efforts to provide three separate food assistance programs to those in need.

Demonstrating the flexibility of this program, communities in northern Maine's Aroostook County used more than 30 percent of their 2003 funding to address emergency shelter and housing needs. This diversity in how communities spent these funds highlights the importance of letting local organizations decide how best to spend these resources, tailored to local needs.

The Emergency Food and Shelter Program helps individuals maintain their dignity during difficult times. It also prevents dependency by providing emergency services to individuals and families on a limited basis so they can remain self-sufficient.

Although Congress has continued to provide funding, the program's authorization expired in 1994. My bill, the Emergency Food and Shelter Act of 2004, seeks to again authorize this program and provide modest increases to reflect an increasing need.

I urge my colleagues to join me in cosponsoring this legislation to help families across America who are at risk of losing their homes or going hungry because of circumstances beyond their control.

By Mr. KENNEDY (for himself, Ms. SNOWE, Mr. LEAHY, Mr. GREGG, Mr. JEFFORDS, Ms. MURKOWSKI, Mr. SARBANES, Ms. COLLINS, Mrs. MURRAY, Mr. STEVENS, Mr. EDWARDS, Mr. MCCAIN, Mr. DASCHLE, Mr. SUNUNU, and Mr. ENZI):

S. 2252. A bill to increase the number of aliens who may receive certain nonimmigrant status during fiscal year 2004 and to require submissions of information by the Secretary of Homeland Security; to the Committee on the Judiciary.

Mr. KENNEDY. It is a privilege to join my colleagues in introducing the Save Summer Act of 2004 to provide an immediate stop-gap solution to the H–2B visa cap problem in our immigration laws. Our colleagues, Representatives DELAHUNT and YOUNG, are introducing an identical bill in the House.

The H–2B program was established by Congress in 1990 to deal with labor shortages in non-agricultural seasonal employment. H–2B workers are employed by hotels, restaurants, resorts, the fishing and timber industries, amusement parks, and other sectors.

U.S. employers seeking to bring in foreign nationals on these visas must demonstrate that they have been unable to find enough U.S. workers to fill

the jobs. Before visa applications are approved by the Department of Labor, the U.S. employers must certify that the temporary workers will not displace U.S. workers or adversely affect their wages or working conditions.

The annual statutory cap for H–2B visas is 66,000. Two weeks ago, the Department of Homeland Security suddenly announced that the cap for the current fiscal year had been reached and began rejecting new applications for the visas. The abrupt announcement left many summer employers stranded. This is the first time the Government has announced that the cap has been reached, and the Department of Homeland Security gave no one advance warning.

The H–2B program is vital for seasonal industries that need temporary workers. The lack of H–2B workers may well be devastating to these employers, many of which are small, family-run businesses. Without prompt passage of this bill, many summer employers in Massachusetts and around the country will have no choice but to shut their doors.

The Save the Summer Act offers a straightforward solution to this pressing problem. It will increase the H–2B visa cap by 40,000 for the current fiscal year. It requires the Department of Homeland Security to provide quarterly reports to Congress on the number of H–2B visas issued, and an annual report with a detailed analysis of the program.

Our immigration system is broken and many other reforms are obviously needed. Above all, it is essential to have immigration policies that reflect current economic realities, respect family unity and fundamental fairness, and uphold our proud tradition as a Nation of immigrants.

Enacting these other reforms will take time—time we don't have if we want to save the summer for countless seasonal employers around the country. This legislation will provide immediate and much-needed relief to employers counting on H–2B workers to keep their doors open this summer, and I urge my colleagues to pass it as soon as possible.

By Mrs. FEINSTEIN (for herself, Mr. DOMENICI, Mrs. BOXER, and Mr. DAYTON):

S. 2253. A bill to permit young adults to perform projects to prevent fire and suppress fires, and provide disaster relief, on public land through a Healthy Forest Youth Conservation Corps; to the Committee on Energy and Natural Resources.

Mrs. FEINSTEIN. Mr. President, I rise today to introduce a bill with Senators DOMENICI, BOXER, and DAYTON to allow youth service and conservation corps to partner with public land management agencies to restore and protect public lands threatened by severe fire. I have dubbed this public-private partnership the Healthy Forests Youth Conservation Corps.

Last year, I authored a similar provision that was included in the Senate version of the Healthy Forest legislation. Unfortunately, this provision was stripped out of the bill before it was signed into law.

First, this bill aims to help Federal, State, and local governments implement priority projects using the cost-saving resources of youth corps.

It is estimated that youth corps generate $1.60 in immediate benefits for every dollar in costs. This figure is important given the great need and cost associated with fighting fires.

Every year, land management agencies are charged with conserving, protecting, and maintaining millions of acres of public land. This is a daunting task that requires an incredible amount of human and material resources.

For instance, the Federal Government, alone, is responsible for overseeing 689 million acres of this land. Last year, five Federal agencies reported spending $1.6 billion in 2002 on fire fighting suppression efforts—a whopping $300 million more than the previous record. To fight those fires, 28,000 fire and support personnel were activated—the maximum civilian resources available in the Forest Service on top of the 600 Army troops, and 950 foreign firefighters who joined in the effort.

As an example of what can happen in one State, consider last year's catastrophic wildfires in southern California. Before they were contained, the deadly fires of last fall scorched a total of 738,158 acres, killed 23 people, and destroyed approximately 3,626 homes and thousands of other structures—amounting to the most costly and devastating fire ever to hit California. The insurance payouts alone will cost more than $3 billion, with public expenditures to fight the fires and recover from them running into the hundreds of millions of dollars.

And those statistics make no mention of the resources expended to fight fires in other States.

I want to prevent this type of catastrophe in the future. That is why I was an ardent supporter of the Healthy Forest Restoration Act that was signed into law last year.

I also believe that we must use every resource at our disposal to meet this challenge. In my opinion, youth service and conversation corps can play a significant role in reducing the physical and financial strain that public land management agencies bear and help protect our Nation's public lands from wildfires.

Secondly, this bill allows young people, particularly those youth who are people of color, low income, or are at high risk of dropping out of school, to integrate themselves into their communities and to learn skills that could lead to jobs or a greater interest in higher education in the future.

I have seen firsthand the benefits that youth corps bring to their communities and the difference that the work can make in the lives of at-risk youth.

In 1983, I founded the first urban youth corps as mayor of San Francisco, and during that time I saw a great improvement in the quality of life of the corps members and of the city itself.

When we first began the program, we ran it on a million-dollar budget employing 36 disadvantaged young people ranging in age between 18 and 23 years old who needed some direction, wanted a challenge, and wanted to make themselves socially useful.

That first year, we paid corps members $3.35 an hour to repair bathrooms in affordable housing for senior citizens and ex-offenders, build a park in Hunter's Point, clear scotch broom from the Twin Peaks hillside, and fix up Alcatraz Island. And in the 21 years since the program began, it has grown into a multisite, multifaceted agency that engages more than 500 young adults annually who have completed over 3.5 million hours of community service.

It has given thousands of corps members a sense of personal pride, helped to connect them with their community and see for themselves that hard work pays off.

I started the San Francisco Conservation Corps to help young people break out of the cycle of poverty and crime and improve their job skills by giving them guidance and support through labor-intensive activities.

For this same reason, I am introducing this bill with the hope that the success of the San Francisco Conservation Corps can be duplicated nationwide.

Specifically, this bill does the following: It authorizes the Agriculture and Interior Secretaries to enter into contracts or cooperative agreements with existing State, local, and nonprofit youth conservation corps to carry out land management initiatives on public lands.

It directs the Secretaries to give priority for projects that will reduce hazardous fuels on public land, restore land located in near municipal watersheds and municipal waters supplies, rehabilitate land affected or altered by fire, assess lands afflicted or imminently threatened by disease or insect infestation, work to address windthrown land or at high risk of reburn, provide emergency assistance and disaster relief to communities.

It allows the Secretaries to grant, at their discretion, noncompetitive hiring status for corps alumni for future Federal hiring.

It authorizes $25 million for the alliance for fiscal year 2005–fiscal year 2009.

I know this program will not take all of the burden off public land management agencies as they work to protect and restore public lands, and I know this program will not reach every disadvantaged young person in need of guidance and support. But it is a start and I urge my colleagues to join me in my efforts.

By Mr. DASCHLE (for Mr. DODD (for himself and Mr. CHAFEE):

S. 2254. A bill to encourage and ensure the use of safe equestrian helmets, and for other purposes; to the Committee on Commerce, Science, and Transportation.

Mr. DODD. Mr. President, I ask unanimous consent that the following legislation be introduced and printed in the CONGRESSIONAL RECORD.

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

S. 2254

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 ''Christen O'Donnell Equestrian Helmet Safety Act of 2004''.

SEC. 2. GRANTS REGARDING USE OF SAFE EQUESTRIAN HELMETS.

(a) AUTHORITY TO AWARD GRANTS.—The Secretary of Commerce may award grants to States, political subdivisions of States, Indian tribes, tribal organizations, public organizations, and private nonprofit organizations for activities that encourage individuals to wear approved equestrian helmets.

(b) APPLICATION.—A State, political subdivisions of States, Indian tribes, tribal organizations, public organizations, and private nonprofit organizations seeking a grant under this section shall submit to the Secretary an application for the grant, in such form and containing such information as the Secretary may require.

(c) REVIEW BEFORE AWARD.—

(1) REVIEW.—The Secretary shall review each application for a grant under this section in order to ensure that the applicant for the grant will use the grant for the purposes described in section 3.

(2) SCOPE OF PROGRAMS.—In reviewing applications for grants, the Secretary shall permit applicants wide discretion in designing programs that effectively promote increased use of approved equestrian helmets.

SEC. 3. PURPOSES OF GRANTS.

A grant under section 2 may be used by a grantee to—

(1) encourage individuals to wear approved equestrian helmets;

(2) provide assistance to individuals who may not be able to afford approved equestrian helmets to enable such individuals to acquire such helmets;

(3) educate individuals and their families on the importance of wearing approved equestrian helmets in a proper manner in order to improve equestrian safety; or

(4) carry out any combination of activities described in paragraphs (1), (2), and (3).

SEC. 4. REPORT TO CONGRESS.

(a) REQUIREMENT.—Not later than 1 year after the date of enactment of this Act, the Secretary of Commerce shall submit to the appropriate committees of Congress a report on the effectiveness of grants awarded under section 2.

(b) CONTENTS OF REPORT.—The report shall include a list of grant recipients, a summary of the types of programs implemented by the grant recipients, and any recommendations that the Secretary considers appropriate regarding modification or extension of the authority under section 2.

(c) APPROPRIATE COMMITTEES OF CONGRESS DEFINED.—In this section, the term ''appropriate committees of Congress'' means—

(1) the Committee on Commerce, Science, and Transportation, and the Committee on Health, Education, Labor, and Pensions of the Senate; and

(2) the Committee on Energy and Commerce of the House of Representatives.

SEC. 5. STANDARDS.

(a) IN GENERAL.—Every equestrian helmet manufactured on or after the date that is 9 months after the date of enactment of this Act shall meet—

(1) the interim standard specified in subsection (b), pending the establishment of a final standard pursuant to subsection (c); and

(2) the final standard, once that standard has been established under subsection (c).

(b) INTERIM STANDARD.—The interim standard for equestrian helmets is the American Society for Testing and Materials (ASTM) standard designated as F 1163.

(c) FINAL STANDARD.—

(1) REQUIREMENT.—Not later than 60 days after the date of enactment of this Act, the Consumer Product Safety Commission shall begin a proceeding under section 553 of title 5, United States Code, to—

(A) establish a final standard for equestrian helmets that incorporates all the requirements of the interim standard specified in subsection (b);

(B) provide in the final standard a mandate that all approved equestrian helmets be certified to the requirements promulgated under the final standard by an organization that is accredited to certify personal protection equipment in accordance with ISO Guide 65; and

(C) include in the final standard any additional provisions that the Commission considers appropriate.

(2) INAPPLICABILITY OF CERTAIN LAWS.—Sections 7, 9, and 30(d) of the Consumer Product Safety Act (15 U.S.C. 2056, 2058, and 2079(d)) shall not apply to the proceeding under this subsection, and section 11 of such Act (15 U.S.C. 2060) shall not apply with respect to any standard issued under such proceeding.

(3) EFFECTIVE DATE.—The final standard shall take effect not later than 1 year after the date it is issued.

(d) FAILURE TO MEET STANDARDS.—

(1) FAILURE TO MEET INTERIM STANDARD.—Until the final standard takes effect, an equestrian helmet that does not meet the interim standard, required under subsection (a)(1), shall be considered in violation of a consumer product safety standard promulgated under the Consumer Product Safety Act.

(2) STATUS OF FINAL STANDARD.—The final standard developed under subsection (c) shall be considered a consumer product safety standard promulgated under the Consumer Product Safety Act.

SEC. 6. AUTHORIZATIONS OF APPROPRIATIONS.

(a) DEPARTMENT OF COMMERCE.—There is authorized to be appropriated to the Department of Commerce to carry out section 2, $100,000 for each of fiscal years 2005, 2006, and 2007.

(b) CONSUMER PRODUCT SAFETY COMMISSION.—There is authorized to be appropriated to the Consumer Product Safety Commission to carry out activities under section 5, $500,000 for fiscal year 2005, which amount shall remain available until expended.

SEC. 7. DEFINITIONS.

In this Act:

(1) APPROVED EQUESTRIAN HELMET.—The term ''approved equestrian helmet'' means an equestrian helmet that meets—

(A) the interim standard specified in section 5(b), pending establishment of a final standard under section 5(c); and

(B) the final standard, once it is effective under section 5(c).

(2) EQUESTRIAN HELMET.—The term ''equestrian helmet'' means a hard shell head covering intended to be worn while participating in an equestrian event or activity.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 325—EXPRESSING THE SENSE OF THE SENATE REGARDING THE CREATION OF REFUGEE POPULATIONS IN THE MIDDLE EAST, NORTH AFRICA, AND THE PERSIAN GULF REGION AS A RESULT OF HUMAN RIGHTS VIOLATIONS

Mr. SANTORUM submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 325

Whereas Jews and other ethnic groups have lived mostly as minorities in the Middle East, North Africa, and the Persian Gulf region for more than 2,500 years, more than 1,000 years before the advent of Islam;

Whereas the United States has long voiced its concern about the mistreatment of minorities and the violation of human rights in the Middle East and elsewhere;

Whereas the United States continues to play a pivotal role in seeking an end to conflict in the Middle East and to promoting a peace that will benefit all the people of the region;

Whereas a comprehensive peace in the region will require the resolution of all outstanding issues through bilateral and multilateral negotiations involving all concerned parties;

Whereas the discussion of refugees in the Middle East generally centers on Palestinian refugees, even though estimates indicate that, as a result of the 1948 war in which numerous Arab armies attacked the newly-founded State of Israel, more Jews (approximately 850,000) were displaced from Arab countries than were Palestinians (approximately 726,000);

Whereas the United States has demonstrated interest and concern about the mistreatment, violation of rights, forced expulsion, and expropriation of assets of minority populations in general, and in particular, former Jewish refugees displaced from Arab countries, as evidenced, inter alia, by the following actions:

(1) A Memorandum of Understanding signed by President Jimmy Carter and Israeli Foreign Minister Moshe Dayan on October 4, 1977, states that ''[a] solution of the problem of Arab refugees and Jewish refugees will be discussed in accordance with rules which should be agreed''.

(2) After negotiating the Camp David Accords, the Framework for Peace in the Middle East, President Jimmy Carter stated in a press conference on October 27, 1977 that ''Palestinians have rights . . . obviously there are Jewish refugees . . . they have the same rights as others do''.

(3) In an interview with Israeli television immediately after the issue of the rights of Jews displaced from Arab lands was discussed at Camp David II in July 2000, President Clinton stated clearly that ''[t]here will have to be some sort of international fund set up for the refugees. There is, I think, some interest, interestingly enough, on both sides, in also having a fund which compensates the Israelis who were made refugees by the war, which occurred after the birth of the State of Israel. Israel is full of people, Jewish people, who lived in predominantly Arab countries who came to Israel because they were made refugees in their own land.''.

(4) In Senate Resolution 76, 85th Congress, agreed to January 29, 1957, the Senate—

(A) notes that individuals in Egypt who are tied by race, religion, or national origin with Israel, France, or the United Kingdom have been subjected to arrest, forced exile, confiscation of property, and other punishments although not charged with any crime; and

(B) requests the President to instruct the chief delegate to the United Nations to urge the prompt dispatch of a United Nations observer team to Egypt with a view to obtain a full factual report concerning this violation of rights.

(5) In House Concurrent Resolution 158, 85th Congress, Congress notes that the Government of Egypt had initiated a series of measures against the Jewish community, that many Jews were arrested as a result of such measures, that, beginning in November 1956, many Jews were expelled from Egypt, and that the Jews of Egypt faced sequestration of their goods and assets and denial or revocation of Egyptian citizenship, and resolves that the treatment of Jews in Egypt constituted ''persecution on account of race, religious beliefs, or political opinions'', further resolving that these issues should be raised by the United States either in the United Nations or by other appropriate means.

(6) Section 620 of H.R. 3100, 100th Congress, states that Congress finds that ''with the notable exceptions of Morocco and Tunisia, those Jews remaining in Arab countries continue to suffer deprivations, degradations, and hardships, and continue to live in peril'' and that Congress calls upon the governments of those Arab countries where Jews still maintain a presence to guarantee their Jewish citizens full civil and human rights, including the right to lead full Jewish lives free of fear and to emigrate if they so choose;

Whereas, the seminal United Nations resolution on the Arab-Israeli conflict and other international initiatives refer generally to the plight of ''refugees'' and do not make any distinction between Palestinian and Jewish refugees, including the following:

(1) United Nations Security Council Resolution 242 of November 22, 1967, calls for a ''just settlement of the refugee problem'' without distinction between Palestinian and Jewish refugees. Justice Arthur Goldberg, the United States delegate to the United Nations at that time, has pointed out that ''a notable omission in 242 is any reference to Palestinians, a Palestinian state on the West Bank or the PLO. The resolution addresses the objective of 'achieving a just settlement of the refugee problem.' This language presumably refers both to Arab and Jewish refugees, for about an equal number of each abandoned their homes as a result of the several wars''.

(2) The Madrid Conference, which was first convened in October 1991 and was co-chaired by United States President George H.W. Bush and President of the U.S.S.R. Mikhail Gorbachev, included delegations from Spain, the European Community, the Netherlands, Egypt, Syria, and Lebanon, as well as a joint Jordanian-Palestinian delegation. In his opening remarks before the January 28, 1992, organizational meeting for multilateral negotiations on the Middle East in Moscow, United States Secretary of State James Baker made no distinction between Palestinian refugees and Jewish refugees in articulating the mission of the Refugee Working Group, stating that ''[t]he refugee group will consider practical ways of improving the lot of people throughout the region who have been displaced from their homes''.

(3) The Roadmap to a Permanent Two-State Solution to the Israeli-Palestinian Conflict, in referring to an ''agreed, just fair, and realistic solution to the refugee issue,'' uses language that is equally applicable to all persons displaced as a result of the conflict in the Middle East;

Whereas Egypt, Jordan, and the Palestinians have affirmed that a comprehensive solution to the Middle East conflict will require a just solution to the plight of all ''refugees'' as evidenced by the following:

(1) The 1978 Camp David Accords, the Framework for Peace in the Middle East, includes a commitment by Egypt and Israel to ''work with each other and with other interested parties to establish agreed procedures for a prompt, just and permanent resolution of the implementation of the refugee problem.'' The Treaty of Peace between Israel and Egypt, signed at Washington, D.C. March 26, 1979, in addition to general references to United Nations Security Council Resolution 242 as the basis for comprehensive peace in the region, provides in Article 8 that the ''Parties agree to establish a claims commission for the mutual settlement of all financial claims,'' including those of former Christian and Jewish refugees displaced from Egypt.

(2) Article 8 of the Treaty of Peace Between the State of Israel and the Hashemite Kingdom of Jordan, done at Arava/Araba Crossing Point October 26, 1994, entitled ''Refugees and Displaced Persons'' recognizes ''the massive human problems caused to both Parties by the conflict in the Middle East.'' The reference to massive human problems in a broad manner suggests that the plight of all refugees of ''the conflict in the Middle East'' includes Jewish refugees from Arab countries;

Whereas the United States is encouraged by recent statements by Libyan leader Muammar Qadhafi that he is ready to compensate Libyan Jews whose properties were confiscated and that he is prepared to allow Libyans to travel to Israel;

Whereas the Law of Administration for the State of Iraq for the Transitional Period, signed at Baghdad March 8, 2004, is a landmark document that enshrines the ''right to freedom of thought, conscience, and religious belief and practice'' that had long been denied to Iraqis and states that ''the Transitional Government shall take steps to end the vestiges of the oppressive acts arising from,'' among other things, ''forced displacement, deprivation of citizenship, [and] expropriation of financial assets and property''; and

Whereas, while progress is being made, continued emphasis needs to be placed on the rights and redress for Jewish refugees: Now, therefore, be it

Resolved,

SECTION 1. SENSE OF THE SENATE ON HUMAN RIGHTS AND REFUGEES.

It is the sense of the Senate that—

(1) the United States deplores the past and continuing violation of the human rights and religious freedoms of minority populations in Arab countries;

(2) with respect to Jews and Christians displaced from Arab countries, for any comprehensive Middle East peace agreement to be credible, durable, and enduring, constitute an end to conflict in the Middle East, and provide for finality of all claims, the agreement must address and resolve all outstanding issues, including the legitimate rights of all peoples displaced from Arab countries; and

(3) the United States will work to ensure that the provisions of both the Law of Administration for the State of Iraq for the Transitional Period, signed at Baghdad March 8, 2004, and the permanent constitution to be presented to the people of Iraq for approval in a general referendum no later than October 15, 2005—

(A) are universally applied to all groups forced to leave Iraq; and

(B) will rectify the historical injustices and discriminatory measures perpetrated by previous Iraqi regimes.

SEC. 2. UNITED STATES POLICY ON MIDDLE EAST REFUGEES.

The Senate urges the President to—

(1) instruct the United States Representative to the United Nations and all United States representatives in bilateral and multilateral fora that, when the United States considers or addresses resolutions that allude to the issue of Middle East refugees, the United States delegation should ensure that—

(A) the relevant text refers to the fact that multiple refugee populations have been caused by the Arab-Israeli conflict; and

(B) any explicit reference to the required resolution of the Palestinian refugee issue is matched by a similar explicit reference to the resolution of the issue of Jewish refugees from Arab countries; and

(2) make clear that the United States Government supports the position that, as an integral part of any comprehensive peace, the issue of refugees and the mass violations of human rights of minorities in Arab countries must be resolved in a manner that includes—

(A) redress for the legitimate rights of all refugees displaced from Arab countries; and

(B) recognition of the fact that Jewish and Christian property, schools, and community property was lost as a result of the Arab-Israeli conflict.

AMENDMENTS SUBMITTED & PROPOSED

SA 2937. Mr. GRASSLEY (for Ms. SNOWE (for herself, Mr. DODD, Mr. HATCH, Mr. ALEXANDER, Mr. CARPER, Mr. BINGAMAN, Mr. ROCKEFELLER, Ms. COLLINS, Ms. LANDRIEU, Mrs. MURRAY, Mr. JEFFORDS, Mrs. BOXER, Mr. CHAFEE, Mrs. LINCOLN, Mrs. CLINTON, Ms. MIKULSKI, Mr. COLEMAN, Mr. SCHUMER, and Mr. BAUCUS)) proposed an amendment to the bill H.R. 4, to reauthorize and improve the program of block grants to States for temporary assistance for needy families, improve access to quality child care, and for other purposes.

SA 2938. Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill S. 1637, to amend the Internal Revenue Code of 1986 to comply with the World Trade Organization rulings on the FSC/ETI benefit in a manner that preserves jobs and production activities in the United States, to reform and simplify the international taxation rules of the United States, and for other purposes; which was ordered to lie on the table.

SA 2939. Mr. KENNEDY (for himself and Mr. DASCHLE) submitted an amendment intended to be proposed by him to the bill H.R. 4, to reauthorize and improve the program of block grants to States for temporary assistance for needy families, improve access to quality child care, and for other purposes; which was ordered to lie on the table.

SA 2940. Ms. CANTWELL submitted an amendment intended to be proposed by her to the bill H.R. 4, supra; which was ordered to lie on the table.

SA 2941. Mr. BAUCUS (for himself and Mr. THOMAS) submitted an amendment intended to be proposed by him to the bill S. 1637, to amend the Internal Revenue Code of 1986 to comply with the World Trade Organization rulings on the FSC/ETI benefit in a manner that preserves jobs and production activities in the United States, to reform and simplify the international taxation rules of the United States, and for other purposes; which was ordered to lie on the table.

SA 2942. Mr. CORNYN submitted an amendment intended to be proposed by him

to the bill H.R. 4, to reauthorize and improve the program of block grants to States for temporary assistance for needy families, improve access to quality child care, and for other purposes; which was ordered to lie on the table.

SA 2943. Mr. CORNYN (for himself and Mr. BINGAMAN) submitted an amendment intended to be proposed by him to the bill H.R. 4, supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 2937. Mr. GRASSLEY (for Ms. SNOWE (for herself, Mr. DODD, Mr. HATCH, Mr. ALEXANDER, Mr. CARPER, Mr. BINGAMAN, Mr. ROCKEFELLER, Ms. COLLINS, Ms. LANDRIEU, Mrs. MURRAY, Mr. JEFFORDS, Mrs. BOXER, Mr. CHAFEE, Mrs. LINCOLN, Mrs. CLINTON, Ms. MIKULSKI, Mr. COLEMAN, Mr. SCHUMER, and Mr. BAUCUS)) proposed an amendment to the bill H.R. 4, to reauthorize and improve the program of block grants to States for temporary assistance for needy families, improve access to quality child care, and for other purposes; as follows:

Beginning on page 255, strike line 18 and all that follows through page 257, line 2, and insert the following:

SEC. 116. FUNDING FOR CHILD CARE.

(a) INCREASE IN MANDATORY FUNDING.—Section 418(a)(3) (42 U.S.C. 618(a)(3)), as amended by section 4 of the Welfare Reform Extension Act of 2003 (Public Law 108–040, 117 Stat. 837), is amended—

(1) by striking ''and'' at the end of subparagraph (E);

(2) by striking the period at the end of subparagraph (F) and inserting ''; and''; and

(3) by adding at the end the following:

''(G) $2,917,000,000 for each of fiscal years 2005 through 2009.''.

(b) RESERVATION OF CHILD CARE FUNDS.—

(1) IN GENERAL.—Section 418(a)(4) (42 U.S.C. 618(a)(4)) is amended to read as follows:

''(4) AMOUNTS RESERVED.—

''(A) INDIAN TRIBES.—

''(i) IN GENERAL.—The Secretary shall reserve 2 percent of the aggregate amount appropriated to carry out this section for a fiscal year for payments to Indian tribes and tribal organizations for such fiscal year for the purpose of providing child care assistance.

''(ii) APPLICATION OF CCDBG REQUIREMENTS.—Payments made under this subparagraph shall be subject to the requirements that apply to payments made to Indian tribes and tribal organizations under the Child Care and Development Block Grant Act of 1990.

''(B) TERRITORIES.—

''(i) PUERTO RICO.—The Secretary shall reserve 1.5 percent of the amount appropriated under paragraph (5)(A)(i) for a fiscal year for payments to the Commonwealth of Puerto Rico for such fiscal year for the purpose of providing child care assistance.

''(ii) OTHER TERRITORIES.—The Secretary shall reserve 0.5 percent of the amount appropriated under paragraph (5)(A)(i) for a fiscal year for payments to Guam, American Samoa, the Virgin Islands of the United States, and the Commonwealth of the Northern Mariana Islands in amounts which bear the same ratio to such amount as the amounts allotted to such territories under section 658O of the Child Care and Development Block Grant Act of 1990 for the fiscal year bear to the total amount reserved under such section for that fiscal year.

''(iii) APPLICATION OF CCDBG REQUIREMENTS.—Payments made under this subparagraph shall be subject to the requirements that apply to payments made to territories under the Child Care and Development Block Grant Act of 1990.''.

(2) CONFORMING AMENDMENT.—Section 1108(a)(2) (42 U.S.C. 1308(a)(2)), as amended by section 108(b)(3), is amended by striking ''or 413(f)'' and inserting ''413(f), or 418(a)(4)(B)''.

(c) SUPPLEMENTAL GRANTS.—Section 418(a) (42 U.S.C. 618(a)) is amended—

(1) by redesignating paragraph (5) as paragraph (7); and

(2) by inserting after paragraph (4), the following:

''(5) SUPPLEMENTAL GRANTS.—

''(A) APPROPRIATION.—

''(i) IN GENERAL.—For supplemental grants under this section, there are appropriated—

''(I) $700,000,000 for fiscal year 2005;

''(II) $1,000,000,000 for fiscal year 2006;

''(III) $1,200,000,000 for fiscal year 2007;

''(IV) $1,400,000,000 for fiscal year 2008; and

''(V) $1,700,000,000 for fiscal year 2009.

''(ii) AVAILABILITY.—Amounts appropriated under clause (i) for a fiscal year shall be in addition to amounts appropriated under paragraph (3) for such fiscal year and shall remain available without fiscal year limitation.

''(B) SUPPLEMENTAL GRANT.—In addition to the grants paid to a State under paragraphs (1) and (2) for each of fiscal years 2005 through 2009, the Secretary, after reserving the amounts described in subparagraphs (A) and (B) of paragraph (4) and subject to the requirements described in paragraph (6), shall pay each State an amount which bears the same ratio to the amount specified in subparagraph (A)(i) for the fiscal year (after such reservations), as the amount allotted to the State under paragraph (2)(B) for fiscal year 2003 bears to the amount allotted to all States under that paragraph for such fiscal year.

''(6) REQUIREMENTS.—

''(A) MAINTENANCE OF EFFORT.—A State may not be paid a supplemental grant under paragraph (5) for a fiscal year unless the State ensures that the level of State expenditures for child care for such fiscal year is not less than the sum of—

''(i) the level of State expenditures for child care that were matched under a grant made to the State under paragraph (2) for fiscal year 2003; and

''(ii) the level of State expenditures for child care that the State reported as maintenance of effort expenditures for purposes of paragraph (2) for fiscal year 2003.

''(B) MATCHING REQUIREMENT FOR FISCAL YEARS 2008 AND 2009.—With respect to the amount of the supplemental grant made to a State under paragraph (5) for each of fiscal years fiscal year 2008 and 2009 that is in excess of the amount of the grant made to the State under paragraph (5) for fiscal year 2007, subparagraph (C) of paragraph (2) shall apply to such excess amount in the same manner as such subparagraph applies to grants made under subparagraph (A) of paragraph (2) for each of fiscal years 2008 and 2009, respectively.

''(C) REDISTRIBUTION.—In the case of a State that fails to satisfy the requirement of subparagraph (A) for a fiscal year, the supplemental grant determined under paragraph (5) for the State for that fiscal year shall be redistributed in accordance with paragraph (2)(D).''.

(d) EXTENSION OF MERCHANDISE PROCESSING CUSTOMS USER FEES.—Section 13031(j)(3) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(j)(3)), as amended by section 201 of the Military Family Tax Relief Act of 2003 (Public Law 108–121; 117 Stat. 1343), is amended—

(1) by striking ''Fees'' and inserting ''(A) Except as provided in subparagraph (B), fees''; and

(2) by adding at the end the following:

''(B) Fees may not be charged under paragraphs (9) and (10) of subsection (a) after September 30, 2009.''.

SA 2938. Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill S. 1637, to amend the Internal Revenue Code of 1986 to comply with the World Trade Organization rulings on the FSC/ETI benefit in a manner that preserves jobs and production activities in the United States, to reform and simplify the international taxation rules of the United States, and for other purposes; which was ordered to lie on the table; as follows:

At the end add the following:

TITLE VIII—ENERGY TAX INCENTIVES

Subtitle A—Conservation and Energy Efficiency Provisions

SEC. 801. CREDIT FOR CONSTRUCTION OF NEW ENERGY EFFICIENT HOME.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by this Act, is amended by adding at the end the following new section:

''SEC. 45K. NEW ENERGY EFFICIENT HOME CREDIT.

''(a) IN GENERAL.—For purposes of section 38, in the case of an eligible contractor, the credit determined under this section for the taxable year is an amount equal to the aggregate adjusted bases of all energy efficient property installed in a qualifying new home during construction of such home.

''(b) LIMITATIONS.—

''(1) MAXIMUM CREDIT.—

''(A) IN GENERAL.—The credit allowed by this section with respect to a qualifying new home shall not exceed—

''(i) in the case of a 30-percent home, $1,000, and

''(ii) in the case of a 50-percent home, $2,000.

''(B) 30- OR 50-PERCENT HOME.—For purposes of subparagraph (A)—

''(i) 30-PERCENT HOME.—The term '30-percent home' means—

''(I) a qualifying new home which is certified to have a projected level of annual heating and cooling energy consumption, measured in terms of average annual energy cost to the homeowner, which is at least 30 percent less than the annual level of heating and cooling energy consumption of a qualifying new home constructed in accordance with the latest standards of chapter 4 of the International Energy Conservation Code approved by the Department of Energy before the construction of such qualifying new home and any applicable Federal minimum efficiency standards for equipment, or

''(II) in the case of a qualifying new home which is a manufactured home, a home which meets the applicable standards required by the Administrator of the Environmental Protection Agency under the Energy Star Labeled Homes program.

''(ii) 50-PERCENT HOME.—The term '50-percent home' means a qualifying new home which would be described in clause (i)(I) if 50 percent were substituted for 30 percent.

''(C) PRIOR CREDIT AMOUNTS ON SAME HOME TAKEN INTO ACCOUNT.—The amount of the credit otherwise allowable for the taxable year with respect to a qualifying new home under clause (i) or (ii) of subparagraph (A) shall be reduced by the sum of the credits allowed under subsection (a) to any taxpayer with respect to the home for all preceding taxable years.

''(2) COORDINATION WITH CERTAIN CREDITS.—For purposes of this section—

''(A) the basis of any property referred to in subsection (a) shall be reduced by that portion of the basis of any property which is attributable to the rehabilitation credit (as determined under section 47(a)) or to the energy credit (as determined under section 48(a)), and

''(B) expenditures taken into account under section 25D, 47, or 48(a) shall not be taken into account under this section.

''(3) PROVIDER LIMITATION.—Any eligible contractor who directly or indirectly provides the guarantee of energy savings under a guarantee-based method of certification described in subsection (d)(1)(D) shall not be eligible to receive the credit allowed by this section.

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

''(1) ELIGIBLE CONTRACTOR.—The term 'eligible contractor' means—

''(A) the person who constructed the qualifying new home, or

''(B) in the case of a qualifying new home which is a manufactured home, the manufactured home producer of such home.

If more than 1 person is described in subparagraph (A) or (B) with respect to any qualifying new home, such term means the person designated as such by the owner of such home.

''(2) ENERGY EFFICIENT PROPERTY.—The term 'energy efficient property' means any energy efficient building envelope component, and any energy efficient heating or cooling equipment or system which can, individually or in combination with other components, meet the requirements of this section.

''(3) QUALIFYING NEW HOME.—

''(A) IN GENERAL.—The term 'qualifying new home' means a dwelling—

''(i) located in the United States,

''(ii) the construction of which is substantially completed after September 30, 2004, and

''(iii) the first use of which after construction is as a principal residence (within the meaning of section 121).

''(B) MANUFACTURED HOME INCLUDED.—The term 'qualifying new home' includes a manufactured home conforming to Federal Manufactured Home Construction and Safety Standards (24 C.F.R. 3280).

''(4) CONSTRUCTION.—The term 'construction' includes reconstruction and rehabilitation.

''(5) BUILDING ENVELOPE COMPONENT.—The term 'building envelope component' means—

''(A) any insulation material or system which is specifically and primarily designed to reduce the heat loss or gain of a qualifying new home when installed in or on such home,

''(B) exterior windows (including skylights), and

''(C) exterior doors.

''(d) CERTIFICATION.—

''(1) METHOD OF CERTIFICATION.—

''(A) IN GENERAL.—A certification described in subsection (b)(1)(B) shall be determined either by a component-based method, a performance-based method, or a guarantee-based method, or, in the case of a qualifying new home which is a manufactured home, by a method prescribed by the Administrator of the Environmental Protection Agency under the Energy Star Labeled Homes program.

''(B) COMPONENT-BASED METHOD.—A component-based method is a method which uses the applicable technical energy efficiency specifications or ratings (including product labeling requirements) for the energy efficient building envelope component or energy efficient heating or cooling equipment. The Secretary shall, in consultation with the Administrator of the Environmental Protection Agency, develop prescriptive component-based packages which are equivalent in energy performance to properties which qualify under subparagraph (C).

''(C) PERFORMANCE-BASED METHOD.—

''(i) IN GENERAL.—A performance-based method is a method which calculates projected energy usage and cost reductions in the qualifying new home in relation to a new home—

''(I) heated by the same fuel type, and

''(II) constructed in accordance with the latest standards of chapter 4 of the International Energy Conservation Code approved by the Department of Energy before the construction of such qualifying new home and any applicable Federal minimum efficiency standards for equipment.

''(ii) COMPUTER SOFTWARE.—Computer software shall be used in support of a performance-based method certification under clause (i). Such software shall meet procedures and methods for calculating energy and cost savings in regulations promulgated by the Secretary of Energy.

''(D) GUARANTEE-BASED METHOD.—

''(i) IN GENERAL.—A guarantee-based method is a method which guarantees in writing to the homeowner energy savings of either 30 percent or 50 percent over the 2000 International Energy Conservation Code for heating and cooling costs. The guarantee shall be provided for a minimum of 2 years and shall fully reimburse the homeowner any heating and cooling costs in excess of the guaranteed amount.

''(ii) COMPUTER SOFTWARE.—Computer software shall be selected by the provider to support the guarantee-based method certification under clause (i). Such software shall meet procedures and methods for calculating energy and cost savings in regulations promulgated by the Secretary of Energy.

''(2) PROVIDER.—A certification described in subsection (b)(1)(B) shall be provided by—

''(A) in the case of a component-based method, a local building regulatory authority, a utility, or a home energy rating organization,

''(B) in the case of a performance-based method or a guarantee-based method, an individual recognized by an organization designated by the Secretary for such purposes, or

''(C) in the case of a qualifying new home which is a manufactured home, a manufactured home primary inspection agency.

''(3) FORM.—

''(A) IN GENERAL.—A certification described in subsection (b)(1)(B) shall be made in writing in a manner which specifies in readily verifiable fashion the energy efficient building envelope components and energy efficient heating or cooling equipment installed and their respective rated energy efficiency performance, and

''(i) in the case of a performance-based method, accompanied by a written analysis documenting the proper application of a permissible energy performance calculation method to the specific circumstances of such qualifying new home, and

''(ii) in the case of a qualifying new home which is a manufactured home, accompanied by such documentation as required by the Administrator of the Environmental Protection Agency under the Energy Star Labeled Homes program.

''(B) FORM PROVIDED TO BUYER.—A form documenting the energy efficient building envelope components and energy efficient heating or cooling equipment installed and their rated energy efficiency performance shall be provided to the buyer of the qualifying new home. The form shall include labeled R-value for insulation products, NFRC-labeled U-factor and solar heat gain coefficient for windows, skylights, and doors, labeled annual fuel utilization efficiency (AFUE) ratings for furnaces and boilers, labeled heating seasonal performance factor (HSPF) ratings for electric heat pumps, and labeled seasonal energy efficiency ratio (SEER) ratings for air conditioners.

''(C) RATINGS LABEL AFFIXED IN DWELLING.—A permanent label documenting the ratings in subparagraph (B) shall be affixed to the front of the electrical distribution panel of the qualifying new home, or shall be otherwise permanently displayed in a readily inspectable location in such home.

''(4) REGULATIONS.—

''(A) IN GENERAL.—In prescribing regulations under this subsection for performance-based and guarantee-based certification methods, the Secretary shall prescribe procedures for calculating annual energy usage and cost reductions for heating and cooling and for the reporting of the results. Such regulations shall—

''(i) provide that any calculation procedures be fuel neutral such that the same energy efficiency measures allow a qualifying new home to be eligible for the credit under this section regardless of whether such home uses a gas or oil furnace or boiler or an electric heat pump, and

''(ii) require that any computer software allow for the printing of the Federal tax forms necessary for the credit under this section and for the printing of forms for disclosure to the homebuyer.

''(B) PROVIDERS.—For purposes of paragraph (2)(B), the Secretary shall establish requirements for the designation of individuals based on the requirements for energy consultants and home energy raters specified by the Mortgage Industry National Home Energy Rating Standards.

''(e) APPLICATION.—Subsection (a) shall apply to qualifying new homes the construction of which is substantially completed after September 30, 2004, and purchased during the period beginning on such date and ending on—

''(1) in the case of any 30-percent home, December 31, 2005, and

''(2) in the case of any 50-percent home, December 31, 2007.''.

(b) CREDIT MADE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (relating to current year business credit), as amended by this Act, is amended by striking ''plus'' at the end of paragraph (20), by striking the period at the end of paragraph (21) and inserting '', plus'', and by adding at the end the following new paragraph:

''(22) the new energy efficient home credit determined under section 45K(a).''.

(c) DENIAL OF DOUBLE BENEFIT.—Section 280C (relating to certain expenses for which credits are allowable) is amended by adding at the end the following new subsection:

''(d) NEW ENERGY EFFICIENT HOME EXPENSES.—No deduction shall be allowed for that portion of expenses for a qualifying new home otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for such taxable year under section 45K(a).''.

(d) LIMITATION ON CARRYBACK.—Section 39(d) (relating to transition rules), as amended by this Act, is amended by adding at the end the following new paragraph:

''(16) NO CARRYBACK OF NEW ENERGY EFFICIENT HOME CREDIT BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the credit determined under section 45K may be carried back to any taxable year ending before October 1, 2004.''.

(e) DEDUCTION FOR CERTAIN UNUSED BUSINESS CREDITS.—Section 196(c) (defining qualified business credits) is amended by striking ''and'' at the end of paragraph (9),

by striking the period at the end of paragraph (10) and inserting ", and", and by adding after paragraph (10) the following new paragraph:

"(11) the new energy efficient home credit determined under section 45K(a).".

(f) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by this Act, is amended by adding at the end the following new item:

"Sec. 45K. New energy efficient home credit.".

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to homes the construction of which is substantially completed after September 30, 2004.

SEC. 802. CREDIT FOR ENERGY EFFICIENT APPLIANCES.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business-related credits), as amended by this Act, is amended by adding at the end the following new section:

"SEC. 45L. ENERGY EFFICIENT APPLIANCE CREDIT.

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—For purposes of section 38, the energy efficient appliance credit determined under this section for the taxable year is an amount equal to the sum of the amounts determined under paragraph (2) for qualified energy efficient appliances produced by the taxpayer during the calendar year ending with or within the taxable year.

"(2) AMOUNT.—The amount determined under this paragraph for any category described in subsection (b)(2)(B) shall be the product of the applicable amount for appliances in the category and the eligible production for the category.

"(b) APPLICABLE AMOUNT; ELIGIBLE PRODUCTION.—For purposes of subsection (a)—

"(1) APPLICABLE AMOUNT.—The applicable amount is—

"(A) $50, in the case of—

"(i) a clothes washer which is manufactured with at least a 1.42 MEF, or

"(ii) a refrigerator which consumes at least 10 percent less kilowatt hours per year than the energy conservation standards for refrigerators promulgated by the Department of Energy and effective on July 1, 2001,

"(B) $100, in the case of—

"(i) a clothes washer which is manufactured with at least a 1.50 MEF, or

"(ii) a refrigerator which consumes at least 15 percent (20 percent in the case of a refrigerator manufactured after 2006) less kilowatt hours per year than such energy conservation standards, and

"(C) $150, in the case of a refrigerator manufactured before 2007 which consumes at least 20 percent less kilowatt hours per year than such energy conservation standards.

"(2) ELIGIBLE PRODUCTION.—

"(A) IN GENERAL.—The eligible production of each category of qualified energy efficient appliances is the excess of—

"(i) the number of appliances in such category which are produced by the taxpayer during such calendar year, over

"(ii) the average number of appliances in such category which were produced by the taxpayer during calendar years 2000, 2001, and 2002.

"(B) CATEGORIES.—For purposes of subparagraph (A), the categories are—

"(i) clothes washers described in paragraph (1)(A)(i),

"(ii) clothes washers described in paragraph (1)(B)(i),

"(iii) refrigerators described in paragraph (1)(A)(ii),

"(iv) refrigerators described in paragraph (1)(B)(ii), and

"(v) refrigerators described in paragraph (1)(C).

"(c) LIMITATION ON MAXIMUM CREDIT.—

"(1) IN GENERAL.—The amount of credit allowed under subsection (a) with respect to a taxpayer for all taxable years shall not exceed $60,000,000, of which not more than $30,000,000 may be allowed with respect to the credit determined by using the applicable amount under subsection (b)(1)(A).

"(2) LIMITATION BASED ON GROSS RECEIPTS.—The credit allowed under subsection (a) with respect to a taxpayer for the taxable year shall not exceed an amount equal to 2 percent of the average annual gross receipts of the taxpayer for the 3 taxable years preceding the taxable year in which the credit is determined.

"(3) GROSS RECEIPTS.—For purposes of this subsection, the rules of paragraphs (2) and (3) of section 448(c) shall apply.

"(d) DEFINITIONS.—For purposes of this section—

"(1) QUALIFIED ENERGY EFFICIENT APPLIANCE.—The term 'qualified energy efficient appliance' means—

"(A) a clothes washer described in subparagraph (A)(i) or (B)(i) of subsection (b)(1), or

"(B) a refrigerator described in subparagraph (A)(ii), (B)(ii), or (C) of subsection (b)(1).

"(2) CLOTHES WASHER.—The term 'clothes washer' means a residential clothes washer, including a residential style coin operated washer.

"(3) REFRIGERATOR.—The term 'refrigerator' means an automatic defrost refrigerator-freezer which has an internal volume of at least 16.5 cubic feet.

"(4) MEF.—The term 'MEF' means Modified Energy Factor (as determined by the Secretary of Energy).

"(e) SPECIAL RULES.—

"(1) IN GENERAL.—Rules similar to the rules of subsections (c), (d), and (e) of section 52 shall apply for purposes of this section.

"(2) AGGREGATION RULES.—All persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414 shall be treated as 1 person for purposes of subsection (a).

"(f) VERIFICATION.—The taxpayer shall submit such information or certification as the Secretary, in consultation with the Secretary of Energy, determines necessary to claim the credit amount under subsection (a).

"(g) TERMINATION.—This section shall not apply—

"(1) with respect to refrigerators described in subsection (b)(1)(A)(ii) produced after December 31, 2004, and

"(2) with respect to all other qualified energy efficient appliances produced after December 31, 2007.".

(b) CREDIT MADE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (relating to current year business credit), as amended by this Act, is amended by striking "plus" at the end of paragraph (21), by striking the period at the end of paragraph (22) and inserting ", plus", and by adding at the end the following new paragraph:

"(23) the energy efficient appliance credit determined under section 45L(a).".

(c) LIMITATION ON CARRYBACK.—Section 39(d) (relating to transition rules), as amended by this Act, is amended by adding at the end the following new paragraph:

"(17) NO CARRYBACK OF ENERGY EFFICIENT APPLIANCE CREDIT BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the energy efficient appliance credit determined under section 45L may be carried to a taxable year ending before October 1, 2004.".

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by this Act, is amended by adding at the end the following new item:

"Sec. 45L. Energy efficient appliance credit.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to appliances produced after September 30, 2004, in taxable years ending after such date.

SEC. 803. CREDIT FOR RESIDENTIAL ENERGY EFFICIENT PROPERTY.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 25B the following new section:

"SEC. 25C. RESIDENTIAL ENERGY EFFICIENT PROPERTY.

"(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

"(1) 15 percent of the qualified photovoltaic property expenditures made by the taxpayer during such year,

"(2) 15 percent of the qualified solar water heating property expenditures made by the taxpayer during such year,

"(3) 30 percent of the qualified fuel cell property expenditures made by the taxpayer during such year,

"(4) 30 percent of the qualified wind energy property expenditures made by the taxpayer during such year, and

"(5) the sum of the qualified Tier 2 energy efficient building property expenditures made by the taxpayer during such year.

"(b) LIMITATIONS.—

"(1) MAXIMUM CREDIT.—The credit allowed under subsection (a) shall not exceed—

"(A) $2,000 for property described in paragraph (1), (2), or (5) of subsection (d),

"(B) $500 for each 0.5 kilowatt of capacity of property described in subsection (d)(4), and

"(C) for property described in subsection (d)(6)—

"(i) $150 for each electric heat pump water heater,

"(ii) $125 for each advanced natural gas, oil, propane furnace, or hot water boiler,

"(iii) $150 for each advanced natural gas, oil, or propane water heater,

"(iv) $50 for each natural gas, oil, or propane water heater,

"(v) $50 for an advanced main air circulating fan,

"(vi) $150 for each advanced combination space and water heating system,

"(vii) $50 for each combination space and water heating system, and

"(viii) $250 for each geothermal heat pump.

"(2) SAFETY CERTIFICATIONS.—No credit shall be allowed under this section for an item of property unless—

"(A) in the case of solar water heating property, such property is certified for performance and safety by the non-profit Solar Rating Certification Corporation or a comparable entity endorsed by the government of the State in which such property is installed,

"(B) in the case of a photovoltaic property, a fuel cell property, or a wind energy property, such property meets appropriate fire and electric code requirements, and

"(C) in the case of property described in subsection (d)(6), such property meets the performance and quality standards, and the certification requirements (if any), which—

"(i) have been prescribed by the Secretary by regulations (after consultation with the Secretary of Energy or the Administrator of the Environmental Protection Agency, as appropriate),

"(ii) in the case of the energy efficiency ratio (EER) for property described in subsection (d)(6)(B)(viii)—

''(I) require measurements to be based on published data which is tested by manufacturers at 95 degrees Fahrenheit, and

''(II) do not require ratings to be based on certified data of the Air Conditioning and Refrigeration Institute, and

''(iii) are in effect at the time of the acquisition of the property.

''(c) CARRYFORWARD OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section and section 25D), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.

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

''(1) QUALIFIED SOLAR WATER HEATING PROPERTY EXPENDITURE.—The term 'qualified solar water heating property expenditure' means an expenditure for property to heat water for use in a dwelling unit located in the United States and used as a residence by the taxpayer if at least half of the energy used by such property for such purpose is derived from the sun.

''(2) QUALIFIED PHOTOVOLTAIC PROPERTY EXPENDITURE.—The term 'qualified photovoltaic property expenditure' means an expenditure for property which uses solar energy to generate electricity for use in a dwelling unit located in the United States and used as a residence by the taxpayer.

''(3) SOLAR PANELS.—No expenditure relating to a solar panel or other property installed as a roof (or portion thereof) shall fail to be treated as property described in paragraph (1) or (2) solely because it constitutes a structural component of the structure on which it is installed.

''(4) QUALIFIED FUEL CELL PROPERTY EXPENDITURE.—The term 'qualified fuel cell property expenditure' means an expenditure for qualified fuel cell property (as defined in section 48(a)(4)) installed on or in connection with a dwelling unit located in the United States and used as a principal residence (within the meaning of section 121) by the taxpayer.

''(5) QUALIFIED WIND ENERGY PROPERTY EXPENDITURE.—The term 'qualified wind energy property expenditure' means an expenditure for property which uses wind energy to generate electricity for use in a dwelling unit located in the United States and used as a residence by the taxpayer.

''(6) QUALIFIED TIER 2 ENERGY EFFICIENT BUILDING PROPERTY EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified Tier 2 energy efficient building property expenditure' means an expenditure for any Tier 2 energy efficient building property.

''(B) TIER 2 ENERGY EFFICIENT BUILDING PROPERTY.—The term 'Tier 2 energy efficient building property' means—

''(i) an electric heat pump water heater which yields an energy factor of at least 1.7 in the standard Department of Energy test procedure,

''(ii) an advanced natural gas, oil, propane furnace, or hot water boiler which achieves at least 95 percent annual fuel utilization efficiency (AFUE),

''(iii) an advanced natural gas, oil, or propane water heater which has an energy factor of at least 0.80 in the standard Department of Energy test procedure,

''(iv) a natural gas, oil, or propane water heater which has an energy factor of at least 0.65 but less than 0.80 in the standard Department of Energy test procedure,

''(v) an advanced main air circulating fan used in a new natural gas, propane, or oil-fired furnace, including main air circulating fans that use a brushless permanent magnet motor or another type of motor which achieves similar or higher efficiency at half and full speed, as determined by the Secretary,

''(vi) an advanced combination space and water heating system which has a combined energy factor of at least 0.80 and a combined annual fuel utilization efficiency (AFUE) of at least 78 percent in the standard Department of Energy test procedure,

''(vii) a combination space and water heating system which has a combined energy factor of at least 0.65 but less than 0.80 and a combined annual fuel utilization efficiency (AFUE) of at least 78 percent in the standard Department of Energy test procedure, and

''(viii) a geothermal heat pump which has an energy efficiency ratio (EER) of at least 21.

''(7) LABOR COSTS.—Expenditures for labor costs properly allocable to the onsite preparation, assembly, or original installation of the property described in paragraph (1), (2), (4), (5), or (6) and for piping or wiring to interconnect such property to the dwelling unit shall be taken into account for purposes of this section.

''(8) SWIMMING POOLS, ETC., USED AS STORAGE MEDIUM.—Expenditures which are properly allocable to a swimming pool, hot tub, or any other energy storage medium which has a function other than the function of such storage shall not be taken into account for purposes of this section.

''(e) SPECIAL RULES.—For purposes of this section—

''(1) DOLLAR AMOUNTS IN CASE OF JOINT OCCUPANCY.—In the case of any dwelling unit which is jointly occupied and used during any calendar year as a residence by 2 or more individuals the following rules shall apply:

''(A) The amount of the credit allowable, under subsection (a) by reason of expenditures (as the case may be) made during such calendar year by any of such individuals with respect to such dwelling unit shall be determined by treating all of such individuals as 1 taxpayer whose taxable year is such calendar year.

''(B) There shall be allowable, with respect to such expenditures to each of such individuals, a credit under subsection (a) for the taxable year in which such calendar year ends in an amount which bears the same ratio to the amount determined under subparagraph (A) as the amount of such expenditures made by such individual during such calendar year bears to the aggregate of such expenditures made by all of such individuals during such calendar year.

''(2) TENANT-STOCKHOLDER IN COOPERATIVE HOUSING CORPORATION.—In the case of an individual who is a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in such section), such individual shall be treated as having made his tenant-stockholder's proportionate share (as defined in section 216(b)(3)) of any expenditures of such corporation.

''(3) CONDOMINIUMS.—

''(A) IN GENERAL.—In the case of an individual who is a member of a condominium management association with respect to a condominium which the individual owns, such individual shall be treated as having made the individual's proportionate share of any expenditures of such association.

''(B) CONDOMINIUM MANAGEMENT ASSOCIATION.—For purposes of this paragraph, the term 'condominium management association' means an organization which meets the requirements of paragraph (1) of section 528(c) (other than subparagraph (E) thereof) with respect to a condominium project substantially all of the units of which are used as residences.

''(4) ALLOCATION IN CERTAIN CASES.—Except in the case of qualified wind energy property expenditures, if less than 80 percent of the use of an item is for nonbusiness purposes, only that portion of the expenditures for such item which is properly allocable to use for nonbusiness purposes shall be taken into account.

''(5) WHEN EXPENDITURE MADE; AMOUNT OF EXPENDITURE.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), an expenditure with respect to an item shall be treated as made when the original installation of the item is completed.

''(B) EXPENDITURES PART OF BUILDING CONSTRUCTION.—In the case of an expenditure in connection with the construction or reconstruction of a structure, such expenditure shall be treated as made when the original use of the constructed or reconstructed structure by the taxpayer begins.

''(C) AMOUNT.—The amount of any expenditure shall be the cost thereof.

''(6) PROPERTY FINANCED BY SUBSIDIZED ENERGY FINANCING.—For purposes of determining the amount of expenditures made by any individual with respect to any dwelling unit, there shall not be taken into account expenditures which are made from subsidized energy financing (as defined in section 48(a)(5)(C)).

''(f) BASIS ADJUSTMENTS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(g) TERMINATION.—The credit allowed under this section shall not apply to expenditures after December 31, 2007.''.

(b) CREDIT ALLOWED AGAINST REGULAR TAX AND ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Section 25C(b), as added by subsection (a), is amended by adding at the end the following new paragraph:

''(3) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under this subpart (other than this section and section 25D) and section 27 for the taxable year.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 25C(c), as added by subsection (a), is amended by striking ''section 26(a) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section and section 25D)'' and inserting ''subsection (b)(3)''.

(B) Section 23(b)(4)(B) is amended by inserting ''and section 25C'' after ''this section''.

(C) Section 24(b)(3)(B) is amended by striking ''23 and 25B'' and inserting ''23, 25B, and 25C''.

(D) Section 25(e)(1)(C) is amended by inserting ''25C,'' after ''25B,''.

(E) Section 25B(g)(2) is amended by striking ''section 23'' and inserting ''sections 23 and 25C''.

(F) Section 26(a)(1) is amended by striking ''and 25B'' and inserting ''25B, and 25C''.

(G) Section 904(h) is amended by striking ''and 25B'' and inserting ''25B, and 25C''.

(H) Section 1400C(d) is amended by striking ''and 25B'' and inserting ''25B, and 25C''.

(c) ADDITIONAL CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (30), by striking the period at the

end of paragraph (31) and inserting ''; and'', and by adding at the end the following new paragraph:

''(32) to the extent provided in section 25C(f), in the case of amounts with respect to which a credit has been allowed under section 25C.''.

(2) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25B the following new item:

''Sec. 25C. Residential energy efficient property.''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided by paragraph (2), the amendments made by this section shall apply to expenditures after September 30, 2004, in taxable years ending after such date.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to taxable years beginning after September 30, 2004.

SEC. 804. CREDIT FOR BUSINESS INSTALLATION OF QUALIFIED FUEL CELLS AND STATIONARY MICROTURBINE POWER PLANTS.

(a) IN GENERAL.—Section 48(a)(3)(A) (defining energy property) is amended by striking ''or'' at the end of clause (i), by adding ''or'' at the end of clause (ii), and by inserting after clause (ii) the following new clause:

''(iii) qualified fuel cell property or qualified microturbine property,''.

(b) QUALIFIED FUEL CELL PROPERTY; QUALIFIED MICROTURBINE PROPERTY.—Section 48(a) (relating to energy credit) is amended by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following new paragraph:

''(4) QUALIFIED FUEL CELL PROPERTY; QUALIFIED MICROTURBINE PROPERTY.—For purposes of this subsection—

''(A) QUALIFIED FUEL CELL PROPERTY.—

''(i) IN GENERAL.—The term 'qualified fuel cell property' means a fuel cell power plant which—

''(I) generates at least 0.5 kilowatt of electricity using an electrochemical process, and

''(II) has an electricity-only generation efficiency greater than 30 percent.

''(ii) LIMITATION.—In the case of qualified fuel cell property placed in service during the taxable year, the credit otherwise determined under paragraph (1) for such year with respect to such property shall not exceed an amount equal to $500 for each 0.5 kilowatt of capacity of such property.

''(iii) FUEL CELL POWER PLANT.—The term 'fuel cell power plant' means an integrated system comprised of a fuel cell stack assembly and associated balance of plant components which converts a fuel into electricity using electrochemical means.

''(iv) TERMINATION.—The term 'qualified fuel cell property' shall not include any property placed in service after December 31, 2007.

''(B) QUALIFIED MICROTURBINE PROPERTY.—

''(i) IN GENERAL.—The term 'qualified microturbine property' means a stationary microturbine power plant which—

''(I) has a capacity of less than 2,000 kilowatts, and

''(II) has an electricity-only generation efficiency of not less than 26 percent at International Standard Organization conditions.

''(ii) LIMITATION.—In the case of qualified microturbine property placed in service during the taxable year, the credit otherwise determined under paragraph (1) for such year with respect to such property shall not exceed an amount equal $200 for each kilowatt of capacity of such property.

''(iii) STATIONARY MICROTURBINE POWER PLANT.—The term 'stationary microturbine power plant' means an integrated system comprised of a gas turbine engine, a combustor, a recuperator or regenerator, a generator or alternator, and associated balance of plant components which converts a fuel into electricity and thermal energy. Such term also includes all secondary components located between the existing infrastructure for fuel delivery and the existing infrastructure for power distribution, including equipment and controls for meeting relevant power standards, such as voltage, frequency, and power factors.

''(iv) TERMINATION.—The term 'qualified microturbine property' shall not include any property placed in service after December 31, 2006.''.

(c) ENERGY PERCENTAGE.—Section 48(a)(2)(A) (relating to energy percentage) is amended to read as follows:

''(A) IN GENERAL.—The energy percentage is—

''(i) in the case of qualified fuel cell property, 30 percent, and

''(ii) in the case of any other energy property, 10 percent.''.

(d) CONFORMING AMENDMENTS.—

(A) Section 29(b)(3)(A)(i)(III) is amended by striking ''section 48(a)(4)(C)'' and inserting ''section 48(a)(5)(C)''.

(B) Section 48(a)(1) is amended by inserting ''except as provided in subparagraph (A)(ii) or (B)(ii) of paragraph (4),'' before ''the energy''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after September 30, 2004, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

SEC. 805. ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.

(a) IN GENERAL.—Part VI of subchapter B of chapter 1 (relating to itemized deductions for individuals and corporations) is amended by inserting after section 179A the following new section:

''SEC. 179B. ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.

''(a) IN GENERAL.—There shall be allowed as a deduction for the taxable year in which a building is placed in service by a taxpayer, an amount equal to the energy efficient commercial building property expenditures made by such taxpayer with respect to the construction or reconstruction of such building for the taxable year or any preceding taxable year.

''(b) MAXIMUM AMOUNT OF DEDUCTION.—The amount of energy efficient commercial building property expenditures taken into account under subsection (a) shall not exceed an amount equal to the product of—

''(1) $2.25, and

''(2) the square footage of the building with respect to which the expenditures are made.

''(c) ENERGY EFFICIENT COMMERCIAL BUILDING PROPERTY EXPENDITURES.—For purposes of this section—

''(1) IN GENERAL.—The term 'energy efficient commercial building property expenditures' means amounts paid or incurred for energy efficient property installed on or in connection with the construction or reconstruction of a building—

''(A) for which depreciation is allowable under section 167,

''(B) which is located in the United States, and

''(C) which is the type of structure to which the Standard 90.1–2001 of the American Society of Heating, Refrigerating, and Air Conditioning Engineers and the Illuminating Engineering Society of North America is applicable.

Such term includes expenditures for labor costs properly allocable to the onsite preparation, assembly, or original installation of the property.

''(2) ENERGY EFFICIENT PROPERTY.—For purposes of paragraph (1)—

''(A) IN GENERAL.—The term 'energy efficient property' means any property which reduces total annual energy and power costs with respect to the lighting, heating, cooling, ventilation, and hot water supply systems of the building by 50 percent or more in comparison to a building which meets the minimum requirements of Standard 90.1–2001 of the American Society of Heating, Refrigerating, and Air Conditioning Engineers and the Illuminating Engineering Society of North America, using methods of calculation described in subparagraph (B) and certified by qualified individuals as provided under paragraph (5).

''(B) METHODS OF CALCULATION.—The Secretary, in consultation with the Secretary of Energy, shall promulgate regulations which describe in detail methods for calculating and verifying energy and power costs.

''(C) COMPUTER SOFTWARE.—

''(i) IN GENERAL.—Any calculation described in subparagraph (B) shall be prepared by qualified computer software.

''(ii) QUALIFIED COMPUTER SOFTWARE.—For purposes of this subparagraph, the term 'qualified computer software' means software—

''(I) for which the software designer has certified that the software meets all procedures and detailed methods for calculating energy and power costs as required by the Secretary,

''(II) which provides such forms as required to be filed by the Secretary in connection with energy efficiency of property and the deduction allowed under this section, and

''(III) which provides a notice form which summarizes the energy efficiency features of the building and its projected annual energy costs.

''(3) ALLOCATION OF DEDUCTION FOR PUBLIC PROPERTY.—In the case of energy efficient commercial building property expenditures made by a public entity with respect to the construction or reconstruction of a public building, the Secretary shall promulgate regulations under which the value of the deduction with respect to such expenditures which would be allowable to the public entity under this section (determined without regard to the tax-exempt status of such entity) may be allocated to the person primarily responsible for designing the energy efficient property. Such person shall be treated as the taxpayer for purposes of this section.

''(4) NOTICE TO OWNER.—Any qualified individual providing a certification under paragraph (5) shall provide an explanation to the owner of the building regarding the energy efficiency features of the building and its projected annual energy costs as provided in the notice under paragraph (2)(C)(ii)(III).

''(5) CERTIFICATION.—

''(A) IN GENERAL.—The Secretary shall prescribe procedures for the inspection and testing for compliance of buildings by qualified individuals described in subparagraph (B). Such procedures shall be—

''(i) comparable, given the difference between commercial and residential buildings, to the requirements in the Mortgage Industry National Home Energy Rating Standards, and

''(ii) fuel neutral such that the same energy efficiency measures allow a building to be eligible for the credit under this section regardless of whether such building uses a gas or oil furnace or boiler or an electric heat pump.

''(B) QUALIFIED INDIVIDUALS.—Individuals qualified to determine compliance shall be

only those individuals who are recognized by an organization certified by the Secretary for such purposes. The Secretary may qualify a home energy ratings organization, a local building regulatory authority, a State or local energy office, a utility, or any other organization which meets the requirements prescribed under this paragraph.

''(C) PROFICIENCY OF QUALIFIED INDIVIDUALS.—The Secretary shall consult with nonprofit organizations and State agencies with expertise in energy efficiency calculations and inspections to develop proficiency tests and training programs to qualify individuals to determine compliance.

''(d) BASIS REDUCTION.—For purposes of this subtitle, if a deduction is allowed under this section with respect to any energy efficient property, the basis of such property shall be reduced by the amount of the deduction so allowed.

''(e) REGULATIONS.—The Secretary shall promulgate such regulations as necessary to take into account new technologies regarding energy efficiency and renewable energy for purposes of determining energy efficiency and savings under this section.

''(f) TERMINATION.—This section shall not apply with respect to any energy efficient commercial building property expenditures in connection with a building the construction of which is not completed on or before December 31, 2009.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (31), by striking the period at the end of paragraph (32) and inserting '', and'', and by adding at the end the following new paragraph:

''(33) to the extent provided in section 179B(d).''.

(2) Section 1245(a) is amended by inserting ''179B,'' after ''179A,'' both places it appears in paragraphs (2)(C) and (3)(C).

(3) Section 1250(b)(3) is amended by inserting before the period at the end of the first sentence ''or by section 179B''.

(4) Section 263(a)(1) is amended by striking ''or'' at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting '', or'', and by inserting after subparagraph (H) the following new subparagraph:

''(I) expenditures for which a deduction is allowed under section 179B.''.

(5) Section 312(k)(3)(B) is amended by striking ''or 179A'' each place it appears in the heading and text and inserting '', 179A, or 179B''.

(c) CLERICAL AMENDMENT.—The table of sections for part VI of subchapter B of chapter 1 is amended by inserting after section 179A the following new item:

''Sec. 179B. Energy efficient commercial buildings deduction.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after September 30, 2004.

SEC. 806. THREE-YEAR APPLICABLE RECOVERY PERIOD FOR DEPRECIATION OF QUALIFIED ENERGY MANAGEMENT DEVICES.

(a) IN GENERAL.—Section 168(e)(3)(A) (defining 3-year property) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) any qualified energy management device.''.

(b) DEFINITION OF QUALIFIED ENERGY MANAGEMENT DEVICE.—Section 168(i) (relating to definitions and special rules) is amended by inserting at the end the following new paragraph:

''(15) QUALIFIED ENERGY MANAGEMENT DEVICE.—

''(A) IN GENERAL.—The term 'qualified energy management device' means any energy management device which is placed in service before January 1, 2008, by a taxpayer who is a supplier of electric energy or a provider of electric energy services.

''(B) ENERGY MANAGEMENT DEVICE.—For purposes of subparagraph (A), the term 'energy management device' means any meter or metering device which is used by the taxpayer—

''(i) to measure and record electricity usage data on a time-differentiated basis in at least 4 separate time segments per day, and

''(ii) to provide such data on at least a monthly basis to both consumers and the taxpayer.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after September 30, 2004, in taxable years ending after such date.

SEC. 807. THREE-YEAR APPLICABLE RECOVERY PERIOD FOR DEPRECIATION OF QUALIFIED WATER SUBMETERING DEVICES.

(a) IN GENERAL.—Section 168(e)(3)(A) (defining 3-year property), as amended by this Act, is amended by striking ''and'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', and'', and by adding at the end the following new clause:

''(v) any qualified water submetering device.''.

(b) DEFINITION OF QUALIFIED WATER SUBMETERING DEVICE.—Section 168(i) (relating to definitions and special rules), as amended by this Act, is amended by inserting at the end the following new paragraph:

''(16) QUALIFIED WATER SUBMETERING DEVICE.—

''(A) IN GENERAL.—The term 'qualified water submetering device' means any water submetering device which is placed in service before January 1, 2008, by a taxpayer who is an eligible resupplier with respect to the unit for which the device is placed in service.

''(B) WATER SUBMETERING DEVICE.—For purposes of this paragraph, the term 'water submetering device' means any submetering device which is used by the taxpayer—

''(i) to measure and record water usage data, and

''(ii) to provide such data on at least a monthly basis to both consumers and the taxpayer.

''(C) ELIGIBLE RESUPPLIER.—For purposes of subparagraph (A), the term 'eligible resupplier' means any taxpayer who purchases and installs qualified water submetering devices in every unit in any multi-unit property.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after September 30, 2004, in taxable years ending after such date.

SEC. 808. ENERGY CREDIT FOR COMBINED HEAT AND POWER SYSTEM PROPERTY.

(a) IN GENERAL.—Section 48(a)(3)(A) (defining energy property), as amended by this Act, is amended by striking ''or'' at the end of clause (ii), by adding ''or'' at the end of clause (iii), and by inserting after clause (iii) the following new clause:

''(iv) combined heat and power system property,''.

(b) COMBINED HEAT AND POWER SYSTEM PROPERTY.—Section 48(a) (relating to energy credit), as amended by this Act, is amended by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively, and by inserting after paragraph (4) the following new paragraph:

''(5) COMBINED HEAT AND POWER SYSTEM PROPERTY.—For purposes of this subsection—

''(A) COMBINED HEAT AND POWER SYSTEM PROPERTY.—The term 'combined heat and power system property' means property comprising a system—

''(i) which uses the same energy source for the simultaneous or sequential generation of electrical power, mechanical shaft power, or both, in combination with the generation of steam or other forms of useful thermal energy (including heating and cooling applications),

''(ii) which has an electrical capacity of more than 50 kilowatts or a mechanical energy capacity of more than 67 horsepower or an equivalent combination of electrical and mechanical energy capacities,

''(iii) which produces—

''(I) at least 20 percent of its total useful energy in the form of thermal energy which is not used to produce electrical or mechanical power (or combination thereof), and

''(II) at least 20 percent of its total useful energy in the form of electrical or mechanical power (or combination thereof),

''(iv) the energy efficiency percentage of which exceeds 60 percent (70 percent in the case of a system with an electrical capacity in excess of 50 megawatts or a mechanical energy capacity in excess of 67,000 horsepower, or an equivalent combination of electrical and mechanical energy capacities), and

''(v) which is placed in service before January 1, 2007.

''(B) SPECIAL RULES.—

''(i) ENERGY EFFICIENCY PERCENTAGE.—For purposes of subparagraph (A)(iv), the energy efficiency percentage of a system is the fraction—

''(I) the numerator of which is the total useful electrical, thermal, and mechanical power produced by the system at normal operating rates, and expected to be consumed in its normal application, and

''(II) the denominator of which is the lower heating value of the primary fuel source for the system.

''(ii) DETERMINATIONS MADE ON BTU BASIS.—The energy efficiency percentage and the percentages under subparagraph (A)(iii) shall be determined on a Btu basis.

''(iii) INPUT AND OUTPUT PROPERTY NOT INCLUDED.—The term 'combined heat and power system property' does not include property used to transport the energy source to the facility or to distribute energy produced by the facility.

''(iv) PUBLIC UTILITY PROPERTY.—

''(I) ACCOUNTING RULE FOR PUBLIC UTILITY PROPERTY.—If the combined heat and power system property is public utility property (as defined in section 168(i)(10)), the taxpayer may only claim the credit under this subsection if, with respect to such property, the taxpayer uses a normalization method of accounting.

''(II) CERTAIN EXCEPTION NOT TO APPLY.—The matter following paragraph (3)(D) shall not apply to combined heat and power system property.

''(v) NONAPPLICATION OF CERTAIN RULES.—For purposes of determining if the term 'combined heat and power system property' includes technologies which generate electricity or mechanical power using back-pressure steam turbines in place of existing pressure-reducing valves or which make use of waste heat from industrial processes such as by using organic rankin, stirling, or kalina heat engine systems, subparagraph (A) shall be applied without regard to clauses (i), (iii), and (iv) thereof.

''(C) EXTENSION OF DEPRECIATION RECOVERY PERIOD.—If a taxpayer is allowed a credit under this section for a combined heat and power system property which has a class life of 15 years or less under section 168, such property shall be treated as having a 22-year class life for purposes of section 168.''.

(c) LIMITATION ON CARRYBACK.—Section 39(d) (relating to transition rules), as amended by this Act, is amended by adding at the end the following new paragraph:

''(18) NO CARRYBACK OF ENERGY CREDIT BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the energy credit with respect to property described in section 48(a)(5) may be carried back to a taxable year ending before October 1, 2004.''.

(d) CONFORMING AMENDMENTS.—

(A) Section 25C(e)(6), as added by this Act, is amended by striking ''section 48(a)(5)(C)'' and inserting ''section 48(a)(6)(C)''.

(B) Section 29(b)(3)(A)(i)(III), as amended by this Act, is amended by striking ''section 48(a)(5)(C)'' and inserting ''section 48(a)(6)(C)''.

(e) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after September 30, 2004, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

SEC. 809. CREDIT FOR ENERGY EFFICIENCY IMPROVEMENTS TO EXISTING HOMES.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits), as amended by this Act, is amended by inserting after section 25C the following new section:

''SEC. 25D. ENERGY EFFICIENCY IMPROVEMENTS TO EXISTING HOMES.

''(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 10 percent of the amount paid or incurred by the taxpayer for qualified energy efficiency improvements installed during such taxable year.

''(b) LIMITATION.—The credit allowed by this section with respect to a dwelling for any taxable year shall not exceed $300, reduced (but not below zero) by the sum of the credits allowed under subsection (a) to the taxpayer with respect to the dwelling for all preceding taxable years.

''(c) CARRYFORWARD OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.

''(d) QUALIFIED ENERGY EFFICIENCY IMPROVEMENTS.—For purposes of this section, the term 'qualified energy efficiency improvements' means any energy efficient building envelope component which is certified to meet or exceed the latest prescriptive criteria for such component in the International Energy Conservation Code approved by the Department of Energy before the installation of such component, or any combination of energy efficiency measures which are certified as achieving at least a 30 percent reduction in heating and cooling energy usage for the dwelling (as measured in terms of energy cost to the taxpayer), if—

''(1) such component or combination of measures is installed in or on a dwelling which—

''(A) is located in the United States,

''(B) has not been treated as a qualifying new home for purposes of any credit allowed under section 45K, and

''(C) is owned and used by the taxpayer as the taxpayer's principal residence (within the meaning of section 121),

''(2) the original use of such component or combination of measures commences with the taxpayer, and

''(3) such component or combination of measures reasonably can be expected to remain in use for at least 5 years.

''(e) CERTIFICATION.—

''(1) METHODS OF CERTIFICATION.—

''(A) COMPONENT-BASED METHOD.—The certification described in subsection (d) for any component described in such subsection shall be determined on the basis of applicable energy efficiency ratings (including product labeling requirements) for affected building envelope components.

''(B) PERFORMANCE-BASED METHOD.—

''(i) IN GENERAL.—The certification described in subsection (d) for any combination of measures described in such subsection shall be—

''(I) determined by comparing the projected heating and cooling energy usage for the dwelling to such usage for such dwelling in its original condition, and

''(II) accompanied by a written analysis documenting the proper application of a permissible energy performance calculation method to the specific circumstances of such dwelling.

''(ii) COMPUTER SOFTWARE.—Computer software shall be used in support of a performance-based method certification under clause (i). Such software shall meet procedures and methods for calculating energy and cost savings in regulations promulgated by the Secretary of Energy.

''(2) PROVIDER.—A certification described in subsection (d) shall be provided by—

''(A) in the case of the method described in paragraph (1)(A), a third party, such as a local building regulatory authority, a utility, a manufactured home primary inspection agency, or a home energy rating organization, or

''(B) in the case of the method described in paragraph (1)(B), an individual recognized by an organization designated by the Secretary for such purposes.

''(3) FORM.—A certification described in subsection (d) shall be made in writing on forms which specify in readily inspectable fashion the energy efficient components and other measures and their respective efficiency ratings, and which include a permanent label affixed to the electrical distribution panel of the dwelling.

''(4) REGULATIONS.—

''(A) IN GENERAL.—In prescribing regulations under this subsection for certification methods described in paragraph (1)(B), the Secretary, after examining the requirements for energy consultants and home energy ratings providers specified by the Mortgage Industry National Home Energy Rating Standards, shall prescribe procedures for calculating annual energy usage and cost reductions for heating and cooling and for the reporting of the results. Such regulations shall—

''(i) provide that any calculation procedures be fuel neutral such that the same energy efficiency measures allow a dwelling to be eligible for the credit under this section regardless of whether such dwelling uses a gas or oil furnace or boiler or an electric heat pump, and

''(ii) require that any computer software allow for the printing of the Federal tax forms necessary for the credit under this section and for the printing of forms for disclosure to the owner of the dwelling.

''(B) PROVIDERS.—For purposes of paragraph (2)(B), the Secretary shall establish requirements for the designation of individuals based on the requirements for energy consultants and home energy raters specified by the Mortgage Industry National Home Energy Rating Standards.

''(f) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) DOLLAR AMOUNTS IN CASE OF JOINT OCCUPANCY.—In the case of any dwelling unit which is jointly occupied and used during any calendar year as a residence by 2 or more individuals the following rules shall apply:

''(A) The amount of the credit allowable under subsection (a) by reason of expenditures for the qualified energy efficiency improvements made during such calendar year by any of such individuals with respect to such dwelling unit shall be determined by treating all of such individuals as 1 taxpayer whose taxable year is such calendar year.

''(B) There shall be allowable, with respect to such expenditures to each of such individuals, a credit under subsection (a) for the taxable year in which such calendar year ends in an amount which bears the same ratio to the amount determined under subparagraph (A) as the amount of such expenditures made by such individual during such calendar year bears to the aggregate of such expenditures made by all of such individuals during such calendar year.

''(2) TENANT-STOCKHOLDER IN COOPERATIVE HOUSING CORPORATION.—In the case of an individual who is a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in such section), such individual shall be treated as having paid his tenant-stockholder's proportionate share (as defined in section 216(b)(3)) of the cost of qualified energy efficiency improvements made by such corporation.

''(3) CONDOMINIUMS.—

''(A) IN GENERAL.—In the case of an individual who is a member of a condominium management association with respect to a condominium which the individual owns, such individual shall be treated as having paid the individual's proportionate share of the cost of qualified energy efficiency improvements made by such association.

''(B) CONDOMINIUM MANAGEMENT ASSOCIATION.—For purposes of this paragraph, the term 'condominium management association' means an organization which meets the requirements of paragraph (1) of section 528(c) (other than subparagraph (E) thereof) with respect to a condominium project substantially all of the units of which are used as residences.

''(4) BUILDING ENVELOPE COMPONENT.—The term 'building envelope component' means—

''(A) any insulation material or system which is specifically and primarily designed to reduce the heat loss or gain or a dwelling when installed in or on such dwelling,

''(B) exterior windows (including skylights), and

''(C) exterior doors.

''(5) MANUFACTURED HOMES INCLUDED.—For purposes of this section, the term 'dwelling' includes a manufactured home which conforms to Federal Manufactured Home Construction and Safety Standards (24 C.F.R. 3280).

''(g) BASIS ADJUSTMENT.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(h) TERMINATION.—Subsection (a) shall not apply to qualified energy efficiency improvements installed after December 31, 2006.''.

(b) CREDIT ALLOWED AGAINST REGULAR TAX AND ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Section 25D(b), as added by subsection (a), is amended—

(A) by striking ''The credit'' and inserting the following:

''(1) DOLLAR AMOUNT.—The credit'', and

(B) by adding at the end the following new paragraph:

''(2) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under this subpart (other than this section) and section 27 for the taxable year.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 25D(c), as added by subsection (a), is amended by striking ''section 26(a) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section)'' and inserting ''subsection (b)(2)''.

(B) Section 23(b)(4)(B), as amended by this Act, is amended by striking ''section 25C'' and inserting ''sections 25C and 25D''.

(C) Section 24(b)(3)(B), as amended by this Act, is amended by striking ''and 25C'' and inserting ''25C, and 25D''.

(D) Section 25(e)(1)(C), as amended by this Act, is amended by inserting ''25D,'' after ''25C,''.

(E) Section 25B(g)(2), as amended by this Act, is amended by striking ''23 and 25C'' and inserting ''23, 25C, and 25D''.

(F) Section 26(a)(1), as amended by this Act, is amended by striking ''and 25C'' and inserting ''25C, and 25D''.

(G) Section 904(h), as amended by this Act, is amended by striking ''and 25C'' and inserting ''25C, and 25D''.

(H) Section 1400C(d), as amended by this Act, is amended by striking ''and 25C'' and inserting ''25C, and 25D''.

(c) ADDITIONAL CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (32), by striking the period at the end of paragraph (33) and inserting ''; and'', and by adding at the end the following new paragraph:

''(34) to the extent provided in section 25D(g), in the case of amounts with respect to which a credit has been allowed under section 25D.''.

(2) The table of sections for subpart A of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 25C the following new item:

''Sec. 25D. Energy efficiency improvements to existing homes.''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided by paragraph (2), the amendments made by this section shall apply to property installed after September 30, 2004, in taxable years ending after such date.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to taxable years beginning after September 30, 2004.

Subtitle B—Oil and Gas Provisions

SEC. 811. OIL AND GAS FROM MARGINAL WELLS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business credits), as amended by this Act, is amended by adding at the end the following new section:

''SEC. 45M. CREDIT FOR PRODUCING OIL AND GAS FROM MARGINAL WELLS.

''(a) GENERAL RULE.—For purposes of section 38, the marginal well production credit for any taxable year is an amount equal to the product of—

''(1) the credit amount, and

''(2) the qualified crude oil production and the qualified natural gas production which is attributable to the taxpayer.

''(b) CREDIT AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—The credit amount is—

''(A) $3 per barrel of qualified crude oil production, and

''(B) 50 cents per 1,000 cubic feet of qualified natural gas production.

''(2) REDUCTION AS OIL AND GAS PRICES INCREASE.—

''(A) IN GENERAL.—The $3 and 50 cents amounts under paragraph (1) shall each be reduced (but not below zero) by an amount which bears the same ratio to such amount (determined without regard to this paragraph) as—

''(i) the excess (if any) of the applicable reference price over $15 ($1.67 for qualified natural gas production), bears to

''(ii) $3 ($0.33 for qualified natural gas production).

The applicable reference price for a taxable year is the reference price of the calendar year preceding the calendar year in which the taxable year begins.

''(B) INFLATION ADJUSTMENT.—

''(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2004, each of the dollar amounts contained in subparagraph (A) shall be increased to an amount equal to such dollar amount multiplied by the inflation adjustment factor for such calendar year.

''(ii) INFLATION ADJUSTMENT FACTOR.—For purposes of clause (i)—

''(I) IN GENERAL.—The term 'inflation adjustment factor' means, with respect to a calendar year, a fraction the numerator of which is the GDP implicit price deflator for the preceding calendar year and the denominator of which is the GDP implicit price deflator for the calendar year 2003.

''(II) GDP IMPLICIT PRICE DEFLATOR.—The term 'GDP implicit price deflator' means, for any calendar year, the most recent revision of the implicit price deflator for the gross domestic product as of June 30 of such calendar year as computed by the Department of Commerce before October 1 of such calendar year.

''(C) REFERENCE PRICE.—For purposes of this paragraph, the term 'reference price' means, with respect to any calendar year—

''(i) in the case of qualified crude oil production, the reference price determined under section 29(d)(2)(C), and

''(ii) in the case of qualified natural gas production, the Secretary's estimate of the annual average wellhead price per 1,000 cubic feet for all domestic natural gas.

''(c) QUALIFIED CRUDE OIL AND NATURAL GAS PRODUCTION.—For purposes of this section—

''(1) IN GENERAL.—The terms 'qualified crude oil production' and 'qualified natural gas production' mean domestic crude oil or domestic natural gas which is produced from a qualified marginal well.

''(2) LIMITATION ON AMOUNT OF PRODUCTION WHICH MAY QUALIFY.—

''(A) IN GENERAL.—Crude oil or natural gas produced during any taxable year from any well shall not be treated as qualified crude oil production or qualified natural gas production to the extent production from the well during the taxable year exceeds 1,095 barrels or barrel equivalents.

''(B) PROPORTIONATE REDUCTIONS.—

''(i) SHORT TAXABLE YEARS.—In the case of a short taxable year, the limitations under this paragraph shall be proportionately reduced to reflect the ratio which the number of days in such taxable year bears to 365.

''(ii) WELLS NOT IN PRODUCTION ENTIRE YEAR.—In the case of a well which is not capable of production during each day of a taxable year, the limitations under this paragraph applicable to the well shall be proportionately reduced to reflect the ratio which the number of days of production bears to the total number of days in the taxable year.

''(3) NONCOMPLIANCE WITH POLLUTION LAWS.—Production from any well during any period in which such well is not in compliance with applicable Federal pollution prevention, control, and permit requirements shall not be treated as qualified crude oil production or qualified natural gas production.

''(4) DEFINITIONS.—

''(A) QUALIFIED MARGINAL WELL.—The term 'qualified marginal well' means a domestic well—

''(i) the production from which during the taxable year is treated as marginal production under section 613A(c)(6), or

''(ii) which, during the taxable year—

''(I) has average daily production of not more than 25 barrel equivalents, and

''(II) produces water at a rate not less than 95 percent of total well effluent.

''(B) CRUDE OIL, ETC.—The terms 'crude oil', 'natural gas', 'domestic', and 'barrel' have the meanings given such terms by section 613A(e).

''(C) BARREL EQUIVALENT.—The term 'barrel equivalent' means, with respect to natural gas, a conversation ratio of 6,000 cubic feet of natural gas to 1 barrel of crude oil.

''(d) OTHER RULES.—

''(1) PRODUCTION ATTRIBUTABLE TO THE TAXPAYER.—In the case of a qualified marginal well in which there is more than 1 owner of operating interests in the well and the crude oil or natural gas production exceeds the limitation under subsection (c)(2), qualifying crude oil production or qualifying natural gas production attributable to the taxpayer shall be determined on the basis of the ratio which taxpayer's revenue interest in the production bears to the aggregate of the revenue interests of all operating interest owners in the production.

''(2) OPERATING INTEREST REQUIRED.—Any credit under this section may be claimed only on production which is attributable to the holder of an operating interest.

''(3) PRODUCTION FROM NONCONVENTIONAL SOURCES EXCLUDED.—In the case of production from a qualified marginal well which is eligible for the credit allowed under section 29 for the taxable year, no credit shall be allowable under this section unless the taxpayer elects not to claim the credit under section 29 with respect to the well.''.

(b) CREDIT TREATED AS BUSINESS CREDIT.—Section 38(b) (relating to current year business credit), as amended by this Act, is amended by striking ''plus'' at the end of paragraph (22), by striking the period at the end of paragraph (23) and inserting '', plus'', and by adding at the end the following new paragraph:

''(24) the marginal oil and gas well production credit determined under section 45M(a).''.

(c) NO CARRYBACK OF MARGINAL OIL AND GAS WELL PRODUCTION CREDIT BEFORE EFFECTIVE DATE.—Section 39(d) (relating to transition rules), as amended by this Act, is amended by adding at the end the following new paragraph:

''(19) NO CARRYBACK OF MARGINAL OIL AND GAS WELL PRODUCTION CREDIT BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the marginal oil and gas well production credit determined under section 45M may be carried back to a taxable year ending before October 1, 2004.''.

(d) COORDINATION WITH SECTION 29.—Section 29(a) (relating to allowance of credit) is amended by striking ''There'' and inserting ''At the election of the taxpayer, there''.

(e) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by this

Act, is amended by adding at the end the following new item:

''Sec. 45M. Credit for producing oil and gas from marginal wells.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to production in taxable years beginning after September 30, 2004.

SEC. 812. NATURAL GAS GATHERING LINES TREATED AS 7-YEAR PROPERTY.

(a) IN GENERAL.—Section 168(e)(3)(C) (defining 7-year property) is amended by striking ''and'' at the end of clause (i), by redesignating clause (ii) as clause (iii), and by inserting after clause (i) the following new clause:

''(ii) any natural gas gathering line, and''.

(b) NATURAL GAS GATHERING LINE.—Section 168(i) (relating to definitions and special rules), as amended by this Act, is amended by adding at the end the following new paragraph:

''(17) NATURAL GAS GATHERING LINE.—The term 'natural gas gathering line' means—

''(A) the pipe, equipment, and appurtenances used to deliver natural gas from the wellhead or a commonpoint to the point at which such gas first reaches—

''(i) a gas processing plant,

''(ii) an interconnection with a transmission pipeline certificated by the Federal Energy Regulatory Commission as an interstate transmission pipeline,

''(iii) an interconnection with an intrastate transmission pipeline, or

''(iv) a direct interconnection with a local distribution company, a gas storage facility, or an industrial consumer, or

''(B) any other pipe, equipment, or appurtenances determined to be a gathering line by the Federal Energy Regulatory Commission.

(c) ALTERNATIVE SYSTEM.—The table contained in section 168(g)(3)(B) (relating to special rule for certain property assigned to classes) is amended by inserting after the item relating to subparagraph (C)(i) the following new item:

''(C)(ii) ..... 14''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after September 30, 2004, in taxable years ending after such date.

SEC. 813. EXPENSING OF CAPITAL COSTS INCURRED IN COMPLYING WITH ENVIRONMENTAL PROTECTION AGENCY SULFUR REGULATIONS.

(a) IN GENERAL.—Part VI of subchapter B of chapter 1 (relating to itemized deductions for individuals and corporations), as amended by this Act, is amended by inserting after section 179B the following new section:

''SEC. 179C. DEDUCTION FOR CAPITAL COSTS INCURRED IN COMPLYING WITH ENVIRONMENTAL PROTECTION AGENCY SULFUR REGULATIONS.

''(a) TREATMENT AS EXPENSE.—

''(1) IN GENERAL.—A small business refiner may elect to treat any qualified capital costs as an expense which is not chargeable to capital account. Any qualified cost which is so treated shall be allowed as a deduction for the taxable year in which the cost is paid or incurred.

''(2) LIMITATION.—

''(A) IN GENERAL.—The aggregate costs which may be taken into account under this subsection for any taxable year with respect to any facility may not exceed the applicable percentage of the qualified capital costs paid or incurred for the taxable year with respect to such facility.

''(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—Except as provided in clause (ii), the applicable percentage is 75 percent.

''(ii) REDUCED PERCENTAGE.—In the case of any facility with average daily refinery runs or average retained production for the period described in subsection (b)(2) in excess of 155,000 barrels, the percentage described in clause (i) shall be reduced (but not below zero) by the product of—

''(I) such percentage (before the application of this clause), and

''(II) the ratio of such excess to 50,000 barrels.

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

''(1) QUALIFIED CAPITAL COSTS.—The term 'qualified capital costs' means any costs which—

''(A) are otherwise chargeable to capital account, and

''(B) are paid or incurred for the purpose of complying with the Highway Diesel Fuel Sulfur Control Requirement of the Environmental Protection Agency, as in effect on the date of the enactment of this section, with respect to a facility placed in service by the taxpayer before such date.

''(2) SMALL BUSINESS REFINER.—The term 'small business refiner' means, with respect to any taxable year, a refiner of crude oil—

''(A) which, within the refinery operations of the business, employs not more than 1,500 employees on any day during such taxable year, and

''(B) the average daily refinery run or average retained production of which for all facilities of the taxpayer for the 1-year period ending on the date of the enactment of this section did not exceed 410,000 barrels.

''(c) COORDINATION WITH OTHER PROVISIONS.—Section 280B shall not apply to amounts which are treated as expenses under this section.

''(d) BASIS REDUCTION.—For purposes of this title, the basis of any property shall be reduced by the portion of the cost of such property taken into account under subsection (a).

''(e) CONTROLLED GROUPS.—For purposes of this section, all persons treated as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as a single employer.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 263(a)(1), as amended by this Act, is amended by striking ''or'' at the end of subparagraph (H), by striking the period at the end of subparagraph (I) and inserting '', or'', and by inserting after subparagraph (I) the following new subparagraph:

''(J) expenditures for which a deduction is allowed under section 179C.''.

(2) Section 263A(c)(3) is amended by inserting ''179C,'' after ''section''.

(3) Section 312(k)(3)(B), as amended by this Act, is amended by striking ''or 179B'' each place it appears in the heading and text and inserting ''179B, or 179C''.

(4) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (33), by striking the period at the end of paragraph (34) and inserting '', and'', and by adding at the end the following new paragraph:

''(35) to the extent provided in section 179C(d).''.

(5) Section 1245(a), as amended by this Act, is amended by inserting ''179C,'' after ''179B,'' both places it appears in paragraphs (2)(C) and (3)(C).

(6) The table of sections for part VI of subchapter B of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 179B the following new item:

''Sec. 179C. Deduction for capital costs incurred in complying with Environmental Protection Agency sulfur regulations.''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to expenses paid or incurred after December 31, 2002, in taxable years ending after such date.

SEC. 814. ENVIRONMENTAL TAX CREDIT.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business-related credits), as amended by this Act, is amended by adding at the end the following new section:

''SEC. 45N. ENVIRONMENTAL TAX CREDIT.

''(a) IN GENERAL.—For purposes of section 38, the amount of the environmental tax credit determined under this section with respect to any small business refiner for any taxable year is an amount equal to 5 cents for every gallon of low-sulfur diesel fuel produced at a facility by such small business refiner during such taxable year.

''(b) MAXIMUM CREDIT.—

''(1) IN GENERAL.—For any small business refiner, the aggregate amount determined under subsection (a) for any taxable year with respect to any facility shall not exceed the applicable percentage of the qualified capital costs paid or incurred by such small business refiner with respect to such facility during the applicable period, reduced by the credit allowed under subsection (a) with respect to such facility for any preceding year.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1)—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the applicable percentage is 25 percent.

''(B) REDUCED PERCENTAGE.—The percentage described in subparagraph (A) shall be reduced in the same manner as under section 179C(a)(2)(B)(ii).

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

''(1) IN GENERAL.—The terms 'small business refiner' and 'qualified capital costs' have the same meaning as given in section 179C.

''(2) LOW-SULFUR DIESEL FUEL.—The term 'low-sulfur diesel fuel' means diesel fuel containing not more than 15 parts per million of sulfur.

''(3) APPLICABLE PERIOD.—The term 'applicable period' means, with respect to any facility, the period beginning on the day after the date of the enactment of this section and ending with the date which is 1 year after the date on which the taxpayer must comply with the applicable EPA regulations with respect to such facility.

''(4) APPLICABLE EPA REGULATIONS.—The term 'applicable EPA regulations' means the Highway Diesel Fuel Sulfur Control Requirements of the Environmental Protection Agency, as in effect on the date of the enactment of this section.

''(d) CERTIFICATION.—

''(1) REQUIRED.—Not later than the date which is 30 months after the first day of the first taxable year in which a credit is allowed under this section with respect to a facility, the small business refiner shall obtain a certification from the Secretary, in consultation with the Administrator of the Environmental Protection Agency, that the taxpayer's qualified capital costs with respect to such facility will result in compliance with the applicable EPA regulations.

''(2) CONTENTS OF APPLICATION.—An application for certification shall include relevant information regarding unit capacities and operating characteristics sufficient for the Secretary, in consultation with the Administrator of the Environmental Protection Agency, to determine that such qualified capital costs are necessary for compliance with the applicable EPA regulations.

''(3) REVIEW PERIOD.—Any application shall be reviewed and notice of certification, if applicable, shall be made within 60 days of receipt of such application. In the event the

Secretary does not notify the taxpayer of the results of such certification within such period, the taxpayer may presume the certification to be issued until so notified.

''(4) STATUTE OF LIMITATIONS.—With respect to the credit allowed under this section—

''(A) the statutory period for the assessment of any deficiency attributable to such credit shall not expire before the end of the 3-year period ending on the date that the period described in paragraph (3) ends with respect to the taxpayer, and

''(B) such deficiency may be assessed before the expiration of such 3-year period notwithstanding the provisions of any other law or rule of law which would otherwise prevent such assessment.

''(e) CONTROLLED GROUPS.—For purposes of this section, all persons treated as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as a single employer.

''(f) COOPERATIVE ORGANIZATIONS.—

''(1) APPORTIONMENT OF CREDIT.—

''(A) IN GENERAL.—In the case of a cooperative organization described in section 1381(a), any portion of the credit determined under subsection (a) for the taxable year may, at the election of the organization, be apportioned among patrons eligible to share in patronage dividends on the basis of the quantity or value of business done with or for such patrons for the taxable year.

''(B) FORM AND EFFECT OF ELECTION.—An election under subparagraph (A) for any taxable year shall be made on a timely filed return for such year. Such election, once made, shall be irrevocable for such taxable year.

''(2) TREATMENT OF ORGANIZATIONS AND PATRONS.—

''(A) ORGANIZATIONS.—The amount of the credit not apportioned to patrons pursuant to paragraph (1) shall be included in the amount determined under subsection (a) for the taxable year of the organization.

''(B) PATRONS.—The amount of the credit apportioned to patrons pursuant to paragraph (1) shall be included in the amount determined under subsection (a) for the first taxable year of each patron ending on or after the last day of the payment period (as defined in section 1382(d)) for the taxable year of the organization or, if earlier, for the taxable year of each patron ending on or after the date on which the patron receives notice from the cooperative of the apportionment.

''(3) SPECIAL RULES FOR DECREASE IN CREDITS FOR TAXABLE YEAR.—If the amount of the credit of a cooperative organization determined under subsection (a) for a taxable year is less than the amount of such credit shown on the return of the cooperative organization for such year, an amount equal to the excess of—

''(A) such reduction, over

''(B) the amount not apportioned to such patrons under paragraph (1) for the taxable year,

shall be treated as an increase in tax imposed by this chapter on the organization. Such increase shall not be treated as tax imposed by this chapter for purposes of determining the amount of any credit under this chapter or for purposes of section 55.''.

(b) CREDIT MADE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (relating to current year business credit), as amended by this Act, is amended by striking ''plus'' at the end of paragraph (23), by striking the period at the end of paragraph (24) and inserting '', plus'', and by adding at the end the following new paragraph:

''(25) in the case of a small business refiner, the environmental tax credit determined under section 45N(a).''.

(c) DENIAL OF DOUBLE BENEFIT.—Section 280C (relating to certain expenses for which credits are allowable), as amended by this Act, is amended by adding at the end the following new subsection:

''(e) ENVIRONMENTAL TAX CREDIT.—No deduction shall be allowed for that portion of the expenses otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for the taxable year under section 45N(a).''.

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by this Act, is amended by adding at the end the following new item:

''Sec. 45N. Environmental tax credit.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to expenses paid or incurred after December 31, 2002, in taxable years ending after such date.

SEC. 815. DETERMINATION OF SMALL REFINER EXCEPTION TO OIL DEPLETION DEDUCTION.

(a) IN GENERAL.—Paragraph (4) of section 613A(d) (relating to limitations on application of subsection (c)) is amended to read as follows:

''(4) CERTAIN REFINERS EXCLUDED.—If the taxpayer or 1 or more related persons engages in the refining of crude oil, subsection (c) shall not apply to the taxpayer for a taxable year if the average daily refinery runs of the taxpayer and such persons for the taxable year exceed 60,000 barrels. For purposes of this paragraph, the average daily refinery runs for any taxable year shall be determined by dividing the aggregate refinery runs for the taxable year by the number of days in the taxable year.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after September 30, 2004.

SEC. 816. MARGINAL PRODUCTION INCOME LIMIT EXTENSION.

Section 613A(c)(6)(H) (relating to temporary suspension of taxable income limit with respect to marginal production) is amended by striking ''2005'' and inserting ''2007''.

SEC. 817. AMORTIZATION OF DELAY RENTAL PAYMENTS.

(a) IN GENERAL.—Section 167 (relating to depreciation) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

''(h) AMORTIZATION OF DELAY RENTAL PAYMENTS FOR DOMESTIC OIL AND GAS WELLS.—

''(1) IN GENERAL.—Any delay rental payment paid or incurred in connection with the development of oil or gas wells within the United States (as defined in section 638) shall be allowed as a deduction ratably over the 24-month period beginning on the date that such payment was paid or incurred.

''(2) HALF-YEAR CONVENTION.—For purposes of paragraph (1), any payment paid or incurred during the taxable year shall be treated as paid or incurred on the mid-point of such taxable year.

''(3) EXCLUSIVE METHOD.—Except as provided in this subsection, no depreciation or amortization deduction shall be allowed with respect to such payments.

''(4) TREATMENT UPON ABANDONMENT.—If any property to which a delay rental payment relates is retired or abandoned during the 24-month period described in paragraph (1), no deduction shall be allowed on account of such retirement or abandonment and the amortization deduction under this subsection shall continue with respect to such payment.

''(5) DELAY RENTAL PAYMENTS.—For purposes of this subsection, the term 'delay rental payment' means an amount paid for the privilege of deferring development of an oil or gas well under an oil or gas lease.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after September 30, 2004.

SEC. 818. AMORTIZATION OF GEOLOGICAL AND GEOPHYSICAL EXPENDITURES.

(a) IN GENERAL.—Section 167 (relating to depreciation), as amended by this Act, is amended by redesignating subsection (i) as subsection (j) and by inserting after subsection (h) the following new subsection:

''(i) AMORTIZATION OF GEOLOGICAL AND GEOPHYSICAL EXPENDITURES.—

''(1) IN GENERAL.—Any geological and geophysical expenses paid or incurred in connection with the exploration for, or development of, oil or gas within the United States (as defined in section 638) shall be allowed as a deduction ratably over the 24-month period beginning on the date that such expense was paid or incurred.

''(2) SPECIAL RULES.—For purposes of this subsection, rules similar to the rules of paragraphs (2), (3), and (4) of subsection (h) shall apply.''.

(b) CONFORMING AMENDMENT.—Section 263A(c)(3) is amended by inserting ''167(h), 167(i),'' after ''under section''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to costs paid or incurred in taxable years beginning after September 30, 2004.

SEC. 819. EXTENSION AND MODIFICATION OF CREDIT FOR PRODUCING FUEL FROM A NONCONVENTIONAL SOURCE.

(a) IN GENERAL.—Section 29 (relating to credit for producing fuel from a nonconventional source) is amended by adding at the end the following new subsection:

''(h) EXTENSION FOR OTHER FACILITIES.—

''(1) OIL AND GAS.—In the case of a well or facility for producing qualified fuels described in subparagraph (A) or (B) of subsection (c)(1) which was drilled or placed in service after September 30, 2004, and before January 1, 2007, notwithstanding subsection (f), this section shall apply with respect to such fuels produced at such well or facility before the close of the 3-year period beginning on the date that such well is drilled or such facility is placed in service.

''(2) FACILITIES PRODUCING FUELS FROM AGRICULTURAL AND ANIMAL WASTE.—

''(A) IN GENERAL.—In the case of facility for producing liquid, gaseous, or solid fuels from qualified agricultural and animal wastes, including such fuels when used as feedstocks, which was placed in service after September 30, 2004, and before January 1, 2007, this section shall apply with respect to fuel produced at such facility before the close of the 3-year period beginning on the date such facility is placed in service.

''(B) QUALIFIED AGRICULTURAL AND ANIMAL WASTE.—For purposes of this paragraph, the term 'qualified agricultural and animal waste' means agriculture and animal waste, including by-products, packaging, and any materials associated with the processing, feeding, selling, transporting, or disposal of agricultural or animal products or wastes.

''(3) WELLS PRODUCING VISCOUS OIL.—

''(A) IN GENERAL.—In the case of a well for producing viscous oil which was placed in service after September 30, 2004, and before January 1, 2007, this section shall apply with respect to fuel produced at such well before the close of the 3-year period beginning on the date such well is placed in service.

''(B) VISCOUS OIL.—The term 'viscous oil' means heavy oil, as defined in section 613A(c)(6), except that—

''(i) '22 degrees' shall be substituted for '20 degrees' in applying subparagraph (F) thereof, and

''(ii) in all cases, the oil gravity shall be measured from the initial well-head samples, drill cuttings, or down hole samples.

''(C) WAIVER OF UNRELATED PERSON REQUIREMENT.—In the case of viscous oil, the requirement under subsection (a)(2)(A) of a sale to an unrelated person shall not apply to any sale to the extent that the viscous oil is not consumed in the immediate vicinity of the wellhead.

''(4) FACILITIES PRODUCING REFINED COAL.—

''(A) IN GENERAL.—In the case of a facility described in subparagraph (C) for producing refined coal which was placed in service after September 30, 2004, and before January 1, 2007, this section shall apply with respect to fuel produced at such facility before the close of the 5-year period beginning on the date such facility is placed in service.

''(B) REFINED COAL.—For purposes of this paragraph, the term 'refined coal' means a fuel which is a liquid, gaseous, or solid synthetic fuel produced from coal (including lignite) or high carbon fly ash, including such fuel used as a feedstock.

''(C) COVERED FACILITIES.—

''(i) IN GENERAL.—A facility is described in this subparagraph if such facility produces refined coal using a technology which results in—

''(I) a qualified emission reduction, and

''(II) a qualified enhanced value.

''(ii) QUALIFIED EMISSION REDUCTION.—For purposes of this subparagraph, the term 'qualified emission reduction' means a reduction of at least 20 percent of the emissions of nitrogen oxide and either sulfur dioxide or mercury released when burning the refined coal (excluding any dilution caused by materials combined or added during the production process), as compared to the emissions released when burning the feedstock coal or comparable coal predominantly available in the marketplace as of January 1, 2003.

''(iii) QUALIFIED ENHANCED VALUE.—For purposes of this subparagraph, the term 'qualified enhanced value' means an increase of at least 50 percent in the market value of the refined coal (excluding any increase caused by materials combined or added during the production process), as compared to the value of the feedstock coal.

''(iv) QUALIFYING ADVANCED CLEAN COAL TECHNOLOGY UNITS EXCLUDED.—A facility described in this subparagraph shall not include a qualifying advanced clean coal technology unit (as defined in section 48A(b)).

''(5) COALMINE GAS.—

''(A) IN GENERAL.—This section shall apply to coalmine gas—

''(i) captured or extracted by the taxpayer during the period beginning after September 30, 2004, and ending before January 1, 2007, and

''(ii) utilized as a fuel source or sold by or on behalf of the taxpayer to an unrelated person during such period.

''(B) COALMINE GAS.—For purposes of this paragraph, the term 'coalmine gas' means any methane gas which is—

''(i) liberated during or as a result of coal mining operations, or

''(ii) extracted up to 10 years in advance of coal mining operations as part of a specific plan to mine a coal deposit.

''(C) SPECIAL RULE FOR ADVANCED EXTRACTION.—In the case of coalmine gas which is captured in advance of coal mining operations, the credit under subsection (a) shall be allowed only after the date the coal extraction occurs in the immediate area where the coalmine gas was removed.

''(D) NONCOMPLIANCE WITH POLLUTION LAWS.—This paragraph shall not apply to the capture or extraction of coalmine gas from coal mining operations with respect to any period in which such coal mining operations are not in compliance with applicable State and Federal pollution prevention, control, and permit requirements.

''(6) SPECIAL RULES.—In determining the amount of credit allowable under this section solely by reason of this subsection—

''(A) FUELS TREATED AS QUALIFIED FUELS.—Any fuel described in paragraph (2), (3), (4), or (5) shall be treated as a qualified fuel for purposes of this section.

''(B) DAILY LIMIT.—The amount of qualified fuels sold during any taxable year which may be taken into account by reason of this subsection with respect to any project shall not exceed an average barrel-of-oil equivalent of 200,000 cubic feet of natural gas per day. Days before the date the project is placed in service shall not be taken into account in determining such average.

''(C) CREDIT AMOUNT.—The dollar amount applicable under subsection (a)(1) shall be $3 (and the inflation adjustment under subsection (b)(2) shall not apply to such amount).''.

(b) CLARIFICATION OF PLACED IN SERVICE DATE FOR CERTAIN LANDFILL GAS FACILITIES.—Section 29(d) (relating to other definitions and special rules), as amended by this Act, is amended by adding at the end the following new paragraph:

''(10) CLARIFICATION OF PLACED IN SERVICE DATE FOR CERTAIN LANDFILL GAS FACILITIES.—

''(A) IN GENERAL.—In the case of a landfill placed in service on or before the date of the enactment of this paragraph—

''(i) a facility for producing qualified fuel from such landfill shall include all wells, pipes, and related components used to collect landfill gas, and

''(ii) production of landfill gas from such landfill attributable to wells, pipes, and related components placed in service after such date of enactment shall be treated as produced from a facility placed in service on the date such wells, pipes, and related components were placed in service.

''(B) LANDFILL GAS.—The term 'landfill gas' means gas described in subsection (c)(1)(B)(ii) and derived from the biodegradation of municipal solid waste.''.

(c) EXTENSION FOR CERTAIN FUEL PRODUCED AT EXISTING FACILITIES.—Section 29(f)(2) (relating to application of section) is amended by inserting ''(January 1, 2006, in the case of any coke, coke gas, or natural gas and byproducts produced by coal gasification from lignite in a facility described in paragraph (1)(B))'' after ''January 1, 2003''.

(d) STUDY OF COALBED METHANE.—

(1) IN GENERAL.—The Secretary of the Treasury shall conduct a study regarding the effect of section 29 of the Internal Revenue Code of 1986 on the production of coalbed methane.

(2) CONTENTS OF STUDY.—The study under paragraph (1) shall estimate the total amount of credits under section 29 of the Internal Revenue Code of 1986 claimed annually and in the aggregate which are related to the production of coalbed methane since the date of the enactment of such section 29. Such study shall report the annual value of such credits allowable for coalbed methane compared to the average annual wellhead price of natural gas (per thousand cubic feet of natural gas). Such study shall also estimate the incremental increase in production of coalbed methane which has resulted from the enactment of such section 29, and the cost to the Federal Government, in terms of the net tax benefits claimed, per thousand cubic feet of incremental coalbed methane produced annually and in the aggregate since such enactment.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to fuel sold after September 30, 2004, in taxable years ending after such date.

(2) EXISTING FACILITIES.—The amendments made by subsection (c) shall apply to fuel sold after December 31, 2002, in taxable years ending after such date.

SA 2939. Mr. KENNEDY (for himself and Mr. DASCHLE) submitted an amendment intended to be proposed by him to the bill H.R. 4, to reauthorize and improve the program of block grants to States for temporary assistance for needy families, improve access to quality child care, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. FAIR MINIMUM WAGE.

(a) SHORT TITLE.—This section may be cited as the ''Fair Minimum Wage Act of 2004''.

(b) INCREASE IN THE MINIMUM WAGE.—

(1) IN GENERAL.—Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

''(1) except as otherwise provided in this section, not less than—

''(A) $5.85 an hour, beginning on the 60th day after the date of enactment of the Fair Minimum Wage Act of 2004;

''(B) $6.45 an hour, beginning 12 months after that 60th day; and

''(C) $7.00 an hour, beginning 24 months after that 60th day;''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect 60 days after the date of enactment of this Act.

(c) APPLICABILITY OF MINIMUM WAGE TO THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS.—

(1) IN GENERAL.—Section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) shall apply to the Commonwealth of the Northern Mariana Islands.

(2) TRANSITION.—Notwithstanding paragraph (1), the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) shall be—

(A) $3.55 an hour, beginning on the 60th day after the date of enactment of this Act; and

(B) increased by $0.50 an hour (or such lesser amount as may be necessary to equal the minimum wage under section 6(a)(1) of such Act), beginning 6 months after the date of enactment of this Act and every 6 months thereafter until the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under this subsection is equal to the minimum wage set forth in such section.

SA 2940. Ms. CANTWELL submitted an amendment intended to be proposed by her to the bill H.R. 4, to reauthorize and improve the program of block grants to States for temporary assistance for needy families, improve access to quality child care, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

TITLE ___—UNEMPLOYMENT COMPENSATION

SEC. ___01. EXTENSION OF THE TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION ACT OF 2002.

(a) IN GENERAL.—Section 208 of the Temporary Extended Unemployment Compensation Act of 2002 (Public Law 107–147; 116 Stat.

30), as amended by Public Law 108–1 (117 Stat. 3) and the Unemployment Compensation Amendments of 2003 (Public Law 108–26; 117 Stat. 751), is amended—

(1) in subsection (a)(2), by striking ''December 31, 2003'' and inserting ''June 30, 2004'';

(2) in subsection (b)(1), by striking ''December 31, 2003'' and inserting ''June 30, 2004'';

(3) in subsection (b)(2)—

(A) in the heading, by striking ''DECEMBER 31, 2003'' and inserting ''JUNE 30, 2004''; and

(B) by striking ''December 31, 2003'' and inserting ''June 30, 2004''; and

(4) in subsection (b)(3), by striking ''March 31, 2004'' and inserting ''September 30, 2004''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of the Temporary Extended Unemployment Compensation Act of 2002 (Public Law 107–147; 116 Stat. 21) and shall apply with respect to payments for weeks of unemployment beginning on or after the date of enactment this Act.

SEC. ___02. ADDITIONAL REVISION TO CURRENT TEUC–X TRIGGER.

(a) IN GENERAL.—Section 203(c)(2)(B) of the Temporary Extended Unemployment Compensation Act of 2002 (Public Law 107–147; 116 Stat. 30) is amended to read as follows:

''(B) such a period would then be in effect for such State under such Act if—

''(i) section 203(d) of such Act were applied as if it had been amended by striking '5' each place it appears and inserting '4'; and

''(ii) with respect to weeks of unemployment beginning after December 27, 2003—

''(I) paragraph (1)(A) of such section 203(d) did not apply; and

''(II) clause (ii) of section 203(f)(1)(A) of such Act did not apply.''.

(b) APPLICATION.—Section 203(c)(2)(B)(ii) of the Temporary Extended Unemployment Compensation Act of 2002 (Public Law 107–147; 116 Stat. 30), as added by subsection (a), shall apply with respect to payments for weeks of unemployment beginning on or after the date of enactment this Act.

SEC. ___03. TEMPORARY STATE AUTHORITY TO WAIVE APPLICATION OF LOOKBACKS UNDER THE FEDERAL-STATE EXTENDED UNEMPLOYMENT COMPENSATION ACT OF 1970.

For purposes of conforming with the provisions of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note), a State may, during the period beginning on the date of enactment of this Act and ending on June 30, 2004, waive the application of either subsection (d)(1)(A) of section 203 of such Act or subsection (f)(1)(A)(ii) of such section, or both.

SA 2941. Mr. BAUCUS (for himself and Mr. THOMAS) submitted an amendment intended to be proposed by him to the bill H.R. 1637, to amend the Internal Revenue Code of 1986 to comply with the World Trade Organization rulings on the FSC/ETI benefit in a manner that preserves jobs and production activities in the United States, to reform and simplify the international taxation rules of the United States, and for other purposes; which was ordered to lie on the table; as follows:

At the end of the bill, add the following:

TITLE V—WOOL TRUST FUND

SEC. 501. EXTENSION AND MODIFICATION OF PROVISIONS RELATING TO THE WOOL RESEARCH, DEVELOPMENT, AND PROMOTION TRUST FUND.

(a) EXTENSION OF TEMPORARY DUTY REDUCTIONS.—

(1) HEADING 9902.51.11.—Heading 9902.51.11 of the Harmonized Tariff Schedule of the United States is amended—

(A) by striking ''2005'' and inserting ''2010''; and

(B) by striking ''17.5 %'' and inserting ''10 %''.

(2) HEADING 9902.51.12.—Heading 9902.51.12 of the Harmonized Tariff Schedule of the United States is amended by striking ''2005'' and inserting ''2010''.

(3) HEADING 9902.51.13.—Heading 9902.51.13 of the Harmonized Tariff Schedule of the United States is amended by striking ''2005'' and inserting ''2010''.

(4) HEADING 9902.51.14.—Heading 9902.51.14 of the Harmonized Tariff Schedule of the United States is amended by striking ''2005'' and inserting ''2010''.

(b) MODIFICATION OF LIMITATION ON QUANTITY OF IMPORTS.—

(1) NOTE 15.—U.S. Note 15 to subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States is amended—

(A) by striking ''and'' after ''2002'';

(B) by striking ''year 2003'' and all that follows through the end period and inserting the following: ''years 2003 and 2004, and 5,500,000 square meter equivalents in calendar year 2005 and each calendar year thereafter for the benefit of manufacturers of men's and boys' suits.''.

(2) NOTE 16.—U.S. Note 16 to subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States is amended—

(A) by striking ''and'' after ''2002''; and

(B) by striking ''year 2003'' and all that follows through the end period and inserting the following: ''years 2003 and 2004, and 5,000,000 square meter equivalents in calendar year 2005 and each calendar year thereafter for the benefit of manufacturers of men's and boys' suits, and 2,000,000 square meter equivalents in calendar year 2005 and each calendar year thereafter for the benefit of manufacturers of worsted wool fabric suitable for use in men's and boys' suits.''.

(3) CONFORMING AMENDMENTS.—

(A) SUNSET STAGED REDUCTION REQUIREMENT.—Paragraph (2) of section 501(a) of the Trade and Development Act of 2000 (Public Law 106–200; 114 Stat. 299) is amended by adding before the period ''for goods entered, or withdrawn from warehouse for consumption, before January 1, 2005''.

(B) ALLOCATION OF TARIFF-RATE QUOTAS.—Subsection (e) of section 501 of the Trade and Development Act of 2000 (Public Law 106–200; 114 Stat. 200) is amended—

(i) by inserting ''for manufacturers of men's and boys' suits'' after ''implementing the limitation''; and

(ii) by inserting at the end the following new sentence: ''In implementing the limitation for manufacturers of worsted wool fabric on the quantity of worsted wool fabrics under heading 9902.51.12 of the Harmonized Tariff Schedule of the United States, as required by U.S. Note 16 of subchapter II of chapter 99 of such Schedule, for the entry, or withdrawal from warehouse for consumption, the Secretary of Commerce shall prescribe regulations to allocate fairly the quantity of worsted wool fabrics required under United States note 16 of such schedule to manufacturers who weave worsted wool fabric in the United States.''.

(C) SUNSET AUTHORITY TO MODIFY LIMITATION ON QUANTITY.—Subsection (b) of section 504 of the Trade and Development Act of 2000 (Public Law 106–200; 114 Stat. 301) is repealed effective January 1, 2005.

(c) EXTENSION OF DUTY REFUNDS AND WOOL RESEARCH TRUST FUND.—

(1) IN GENERAL.—The United States Customs Service shall make 5 additional payments to each manufacturer that receives a payment under section 505 of the Trade and Development Act of 2000 (Public Law 106–200; 114 Stat. 303) during calendar year 2005, and that, not later than March 1 of each year of an additional payment, provides an affidavit that it remains a manufacturer in the United States as of January 1 of the year of that payment. Each payment shall be equal to the amount of the payment received for calendar year 2005 as follows:

(A) The first payment to be made after January 1, 2006, but on or before April 15, 2006.

(B) The second, third, fourth, and fifth payments to be made after January 1, but on or before April 15, of each of the following 4 calendar years.

(2) EXTENSION OF WOOL RESEARCH, DEVELOPMENT, AND PROMOTION TRUST FUND.—Section 506(f) of the Trade and Development Act of 2000 (Public Law 106–200; 114 Stat. 304) is amended by striking ''2006'' and inserting ''2011''.

(3) COMMERCE AUTHORITY TO PROMOTE DOMESTIC EMPLOYMENT.—The Secretary of Commerce shall provide grants through December 31, 2010 to manufacturers of worsted wool fabric in the amount of $2,666,000 annually to manufacturers of worsted wool fabric of the kind described in heading 9902.51.12 of the Harmonized Tariff Schedule of the United States during calendar years 1999, 2000, and 2001, and $2,666,000 annually to manufacturers of worsted wool fabric of the kind described in heading 9902.51.11 of the Harmonized Tariff Schedule of the United States during such calendar years, allocated based on the percentage of each manufacturer's production of the fabric described in such heading for such 3 years compared to the production of such fabric for all such applicants who qualify under this paragraph for such grant category. Any grant awarded by the Secretary under this section shall be final and not subject to appeal or protest.

(4) SPECIAL RULE FOR SUCCESSOR-IN-INTEREST.—

(A) IN GENERAL.—Any person that becomes a successor-in-interest to a manufacturer entitled to payment, under title V of the Trade and Development Act of 2002 (Public Law 106–200; 114 Stat. 299) or this title, shall be eligible to claim payments as if the successor-in-interest was the original claimant without regard to section 3727 of title 31, United States Code. The right to claim payment as a successor-in-interest under the preceding sentence shall be effective as if the right was included in section 505 of the Trade and Development Act of 2000.

(B) STATUS AS SUCCESSOR-IN-INTEREST.—A person may become a successor-in-interest for purposes of subparagraph (A) pursuant to—

(i) an assignment of the claim for payment under title V of the Trade and Development Act of 2002;

(ii) an assignment of the original claimant's right to manufacture under the same trade name as the original claimant;

(iii) a reorganization; or

(iv) some other legally recognized manner.

(5) AUTHORIZATION.—There is authorized to be appropriated and is hereby appropriated out of amounts in the general fund of the Treasury not otherwise appropriated such sums as are necessary to carry out the provisions of this subsection.

(6) EFFECTIVE DATE.—The grants described in paragraph (3) shall commence on or after January 1, 2005, and before December 31, 2010.

(d) EFFECTIVE DATE.—The amendment made by subsection (a)(1)(B) shall apply to goods entered, or withdrawn from warehouse for consumption, on or after January 1, 2005.

SEC. 502. LABELING OF WOOL PRODUCTS TO FACILITATE COMPLIANCE AND PROTECT CONSUMERS.

(a) IN GENERAL.—Section 4 of the Wool Products Labeling Act of 1939 (15 U.S.C. 68b(a)) is amended by adding at the end the following new paragraph:

''(5) In the case of a wool product stamped, tagged, labeled, or otherwise identified in any one of the following subparagraphs, the average fiber diameter may be subject to a variation of 0.25 microns, and may be subject to such other standards or deviations as prescribed by regulation by the Commission:

''(A) 'Super 80's' or '80's' if the average fiber diameter thereof does not average 19.5 microns or finer.

''(B) 'Super 90's' or '90's' if the average fiber diameter thereof does not average 19.0 microns or finer.

''(C) 'Super 100's' or '100's' if the average fiber diameter thereof does not average 18.5 microns or finer.

''(D) 'Super 110's' or '110's' if the average diameter of wool fiber thereof does not average 18.0 microns or finer.

''(E) 'Super 120's' or '120's' if the average diameter of wool fiber thereof does not average 17.5 microns or finer.

''(F) 'Super 130's' or '130's' if the average diameter of wool fiber thereof does not average 17.0 microns or finer.

''(G) 'Super 140's' or '140's' if the average diameter of wool fiber thereof does not average 16.5 microns or finer.

''(H) 'Super 150's' or '150's' if the average diameter of wool fiber thereof does not average 16.0 microns or finer.

''(I) 'Super 160's' or '160's' if the average diameter of wool fiber thereof does not average 15.5 microns or finer.

''(J) 'Super 170's' or '170's' if the average diameter of wool fiber thereof does not average 15.0 microns or finer.

''(K) 'Super 180's' or '180's' if the average diameter of wool fiber thereof does not average 14.5 microns or finer.

''(L) 'Super 190's' or '190's' if the average diameter of wool fiber thereof does not average 14.0 microns or finer.

''(M) 'Super 200's' or '200's' if the average diameter of wool fiber thereof does not average 13.5 microns or finer.

''(N) 'Super 210's' or '210's' if the average diameter of wool fiber thereof does not average 13.0 microns or finer.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to wool products manufactured on or after January 1, 2005.

SA 2942. Mr. CORNYN submitted an amendment intended to be proposed by him to the bill H.R. 4, to reauthorize and improve the program of block grants to States for temporary assistance for needy families, improve access to quality child care, and for other purposes; which was ordered to lie on the table; as follows:

On page 341, between lines 8 and 9, insert the following:

SEC. ___. ELECTRONIC DISBURSEMENT OF CHILD SUPPORT PAYMENTS TO FAMILIES.

Section 454A(g) (42 U.S.C. 654a(g)) is amended by inserting at the end the following:

''(3) ELECTRONIC DISBURSEMENT REQUIREMENT.—

''(A) IN GENERAL.—Not later than October 1, 2008, each State disbursement unit operated under section 454B shall implement a system to electronically disburse, through direct deposit or a widely accessible card-based system, all child support collections disbursed to families under that section.

''(B) STATE OPTION TO REQUIRE CARD-BASED PAYMENT.—A State may require a payment recipient to accept payment through a card-based system if the recipient has declined to accept payment by direct deposit or does not have an account to which payment may be made by direct deposit.

''(C) OPT-OUT.—Notwithstanding subparagraph (A), a State disbursement unit may maintain a nonelectronic system for disbursing child support collections to custodial parents under section 454B after October 1, 2008, if the State notifies the Secretary in writing by October 1, 2008, that the State intends to maintain such a system.''.

SEC. ___. OPTIONAL EXPANSION OF STATE DISBURSEMENT UNIT TO CREATE A CENTRALIZED PAYMENT LOCATION FOR ALL CHILD SUPPORT WAGE WITHHOLDING.

Section 454B(a)(1)(B) (42 U.S.C. 654b(a)(1)(B)) is amended by inserting ''or, at State option, all support orders, regardless of date issued,'' after ''in which the support order is initially issued in the State on or after January 1, 1994,''.

SA 2943. Mr. CORNYN (for himself and Mr. BINGAMAN) submitted an amendment intended to be proposed by him to the bill H.R. 4, to reauthorize and improve the program of block grants to States for temporary assistance for needy families, improve access to quality child care, and for other purposes; which was ordered to lie on the table; as follows:

On page 355, between lines 3 and 4, insert the following:

SEC. 603. CLARIFICATION OF AUTHORITY OF STATES AND LOCAL AUTHORITIES TO PROVIDE HEALTH CARE TO IMMIGRANTS.

(a) IN GENERAL.—Section 411 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1621) is amended—

(1) in subsection (b)—

(A) by striking paragraphs (1) and (3); and

(B) by redesignating paragraphs (2) and (4) as paragraphs (1) and (2), respectively;

(2) in subsection (c)—

(A) in paragraph (1)—

(i) in the matter preceding subparagraph (A), by striking ''(2) and (3)'' and inserting ''(2), (3), and (4)''; and

(ii) in subparagraph (B), by striking ''health,''; and

(B) by adding at the end the following new paragraph

''(4) Such term does not include any health benefit for which payments or assistance are provided to an individual, household, or family eligibility unit by an agency of a State or local government or by appropriated funds of a State or local government.''; and

(3) in subsection (d), by inserting ''or who otherwise is not a qualified alien (as defined in subsections (b) and (c) of section 431)'' after ''United States''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to health care furnished before, on, or after the date of enactment of this Act.

NOTICE OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. DOMENICI. Mr. President, I would like to announce for the information of the Senate and the public that the following hearing has been scheduled before the Committee on Energy and Natural Resources.

The hearing will be held on May 11, 2004, at 10 a.m. in room SD–366.

The purpose of this hearing is to gain an understanding of the impacts and costs of last year's fires and then look forward to the potential 2004 fire season. The hearing will give all Committee members a solid understanding of the problems faced last year and what problems the agencies and the land they oversee may face this next season, including aerial fire fighting assets and crew, and overhead availability.

Because of the limited time available for the hearings, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Committee on Energy and Natural Resources, United States Senate, SD–364, Washington, D.C. 20510–6150.

For further information, please contact Frank Gladies (202–224–2878) or Amy Millet (202–224–7556).

PRIVILEGES OF THE FLOOR

Mr. BAUCUS. Mr. President, I ask unanimous consent that the privilege of the floor be granted to the following Finance Committee fellows and interns during consideration of H.R. 4, the welfare bill: Shannon Augare, Steve Beasley, Jane Bergeson, Diana Birkett, Simon Chabel, Jodi George, Tyson Hill, Scott Landes, Pascal Niedermann, Jeremy Seidlitz, Matt Stokes, and Trace Thaxton.

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

Mr. BAUCUS. Mr. President, in addition, I ask unanimous consent that the following staff members of Senator GRASSLEY be granted the privilege of the floor for the duration of the debate on H.R. 4: Trenton Norman, Jarret Heil, and Jill Gotts.

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

Mr. BAUCUS. Mr. President, I ask unanimous consent that Abigail Kurland of Senator DODD's staff be granted floor privileges during the consideration of H.R. 4.

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

The Senator from Kentucky.

MEASURE READ THE FIRST TIME—S. 2250

Mr. MCCONNELL. Mr. President, I understand that S. 2250 is at the desk. I ask for its first reading.

The PRESIDING OFFICER. The clerk will read the bill by title.

The assistant legislative clerk read as follows:

A bill (S. 2250) to extend the Temporary Extended Unemployment Compensation Act of 2002, and for other purposes.

Mr. MCCONNELL. Mr. President, I ask for its second reading in order to place the bill on the calendar.

Under the provisions of rule XIV, I object to my own request.

The PRESIDING OFFICER. Objection is heard. The bill will be read a second time on the next legislative day.

ORDERS FOR TUESDAY, MARCH 30, 2004

Mr. MCCONNELL. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until 9:45 a.m. tomorrow, Tuesday, March 30.

I further ask unanimous consent that following the prayer and pledge, the morning hour be deemed expired, the Journal of proceedings be approved to date, the time for the two leaders be reserved for their use later in the day and the Senate then begin a period of morning business for up to 60 minutes, with the first 30 minutes under the control of the Democratic leader or his designee, and the final 30 minutes under the control of the majority leader or his designee; provided that following morning business the Senate resume consideration of H.R. 4, the welfare reform reauthorization bill, and that the time until 12:15 be equally divided between the two leaders or their designees; provided further that at 12:15 p.m. the Senate proceed to a vote in relation to the Snowe amendment as provided under the previous order. I further ask unanimous consent that the Senate recess tomorrow following the conclusion of the vote on the Snowe amendment for the weekly party luncheons.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, either I misheard or my distinguished colleague misspoke. I think he said 9:40, and I think it is 9:45 we come in tomorrow, just so that is clear in the RECORD.

Mr. MCCONNELL. I thought I had said 9:45.

The PRESIDING OFFICER. Nine forty-five for the RECORD.

Is there objection?

Without objection, it is so ordered.

PROGRAM

Mr. MCCONNELL. Tomorrow, following morning business, the Senate will resume consideration of H.R. 4, the welfare reform reauthorization bill. Under a previous agreement, at 12:15 p.m., the Senate will vote on the pending Snowe amendment on childcare. The vote on the Snowe amendment will be the first vote of tomorrow's session. For the remainder of the day, the Senate will continue debate on the welfare reauthorization bill.

As the majority leader stated earlier today, we hope that Senators will offer relevant amendments to the bill so we can finish this important legislation this week.

Additional rollcall votes are expected tomorrow afternoon as we try to make progress on the underlying welfare reauthorization bill.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, before the Senator calls the Senate to conclusion, we have on our side a significant number of people who wish to speak in the morning. This is just to give notice to all the offices that we have no objection to anyone who wants to speak, but the time will be drastically limited from the time we have been told they want to speak because we will not be able to change the 12:15 time because of our party caucuses.

ADJOURNMENT UNTIL 9:45 A.M. TOMORROW

Mr. MCCONNELL. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 7:02 p.m., adjourned until Tuesday, March 30, 2004, at 9:45 a.m.