SENATE *Thursday, June 15, 1989*

(Legislative day of Tuesday, January 3, 1989)

The Senate met at 1:30 p.m., on the expiration of the recess, and was called to order by the Honorable J. ROBERT KERREY, a Senator from the State of Nebraska.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray:

*Love suffereth long, and is kind; love envieth not; love vaunteth not itself, is not puffed up. Doth not behave itself unseemly, seeketh not her own, is not easily provoked, thinketh no evil. Rejoiceth not in iniquity, but rejoiceth in the truth. Beareth all things, believeth all things, hopeth all things, endureth all things. Love never faileth * * *.*—1 Corinthians 13:4-8.

Father in Heaven, in this place and in the democratic process, where controversy, conflict, and compromise are endemic, it seems almost futile to think love which we so easily equate with sentimentalism. Help us to understand tough love, the kind of love that causes a man to lay down his life for a friend, the kind of love that embraces an enemy, the kind of love Jesus Christ demonstrated on the cross. Help us to give love a chance so that controversy, conflict, and compromise may be infused with this most powerful, this mother of virtues, this practice which comprehends all law. Help us to think of love as volitional rather than emotional and give us the grace to will to love. Forgive us for our fear of love as though it is weak and irrelevant. Mighty God who is love, help us to love as Thou doest love us. In His name His love incarnate. Amen.

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. BYRD].

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, June 15, 1989.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable J. ROBERT KERREY, a Senator from the State of Nebraska, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mr. KERREY thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

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

THE JOURNAL

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR MORNING BUSINESS

Mr. MITCHELL. Mr. President, following the time for the two leaders this afternoon there will be a period for morning business not to extend beyond 2:30 p.m. with Senators permitted to speak therein for up to 5 minutes each.

RESERVATION OF THE MAJORITY LEADER'S TIME

Mr. MITCHELL. Mr. President, I reserve the remainder of my leader time.

RECOGNITION OF REPUBLICAN LEADER

The ACTING PRESIDENT pro tempore. The Republican leader.

Mr. DOLE. Mr. President, last evening I requested that we might have 30 minutes of morning business time to discuss the President's crime package. I thought it might be introduced today. Now it may not be introduced until next Monday or Tuesday, so I hope I have not caused anybody any inconvenience by coming in 30 minutes before the leader planned.

Second, I am prepared at this point, if the leader wanted to get consent, to move to the child care bill, to grant that consent following morning business of whenever, or after consultation between the two leaders.

Mr. MITCHELL. Yes. Mr. President, I am grateful to the distinguished Republican leader for his cooperation in that regard. I would like to discuss that briefly with him for a moment, and, therefore, 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. MITCHELL. 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 TO PROCEED TO CONSIDERATION OF S. 5

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of calendar item No. 43, S. 5, the child care bill, at 3 p.m. today.

I further ask unanimous consent that when the Senate begins consideration of S. 5, I be recognized to withdraw the committee-reported substitute and offer a new substitute amendment.

Mr. DOLE. Reserving the right to object, and I just want to make a couple of points. I do not believe I will object, but I would hope the new substitute would not include section 89 and be limited to the child care provisions. I know that the Finance Committee reported a child care provision and modification of section 89 as a package.

That was certainly not the understanding of anyone I can find on our side of the aisle, and we would hope we could limit the debate on child care to child care.

What I am fearful of, to be very frank with the majority leader and others, if we are going to get off into section 89, there are other areas some may feel constrained to raise—catastrophic, repeal of section 89, Social Security earnings limitations and other amendments. I hope we can deal with section 89 freestanding and not a part of the child care package.

Second, I would hope if we cannot get the agreement right now, that we can quickly dispose of two or three nominations.

The ACTING PRESIDENT pro tempore. Is there objection to the request?

Mr. DOLE. Maybe the majority leader can respond to that.

The ACTING PRESIDENT pro tempore. The majority leader.

Mr. MITCHELL. With respect to the nominations, the latter point made by the distinguished Republican leader, we are at this time working on that. It is my hope we will be able to schedule

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

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the three pending matters prior to the recess period, which begins at the end of next week. That is my present intention.

Mr. DOLE. That would be Reed, Secchia, and Hecht?

Mr. MITCHELL. That is right.

As the distinguished Republican leader recognizes, there may be some debate on those, but I understand all he is asking is they be brought forward for debate and disposition in the Senate during that time period.

Mr. DOLE. Further reserving the right to object, on this side of the aisle, they have all been cleared, but they are sort of tied together, as a group. Some of them have been held for some time, I think back to May 10, as in the case of Mr. Reed, and his nomination is an important one; as is Mr. Secchia, the Ambassador designate to Italy; and Mr. Hecht to the Bahamas.

So I would hope that we could dispose of those next week, notwithstanding what may happen to child care; we might still be debating that, because there is a recess period and we would like to have these three nominees in position in the countries they will be representing.

Mr. MITCHELL. That is my intention. I believe, and I am sure the distinguished Republican leader would agree, it is important that the record be clear in this regard.

Mr. Reed was reported by the Committee on Foreign Relations and placed on the calendar on May 10. That has been held up at the request of a Republican Senator. Mr. Secchia was reported by the Foreign Relations Committee and placed on the calendar on May 17. That has been held up at the request of a Republican Senator. Mr. Hecht was reported by the committee and placed on the calendar on June 8. That has been held up at the request of a Democratic Senator.

So the ones who have been held up for a long time have been at the request of Republican Senators, which I attempted to accommodate. However, I can say to the distinguished Republican leader, it is my intention at this time to go to these prior to the recess. We are trying to get that cleared at this moment, so I do not have authority to make the request. But I hope to make that request before the end of today, and perhaps very shortly.

With respect to the first point made by the distinguished Republican leader, as he knows from our previous discussions, I am aware of his concern. I am not able at this time to give the Senator assurance that section 89 will not be in it, but I will discuss it further with the chairman of the Finance Committee and other Members here.

Mr. DOLE. Mr. President, further reserving the right to object, I know that both Senator BENTSEN and Senator PACKWOOD tried to reach each other. They missed each other. They may have had a visit by now.

I know one reason section 89 may be a package is because of revenue flow, but we think that could be taken care of by taking some of the revenue out and putting it in the 1989 package, whatever may be needed. It does seem to us it is going to be a very spirited debate in any event on child care, whether it is ABC or some other proposal, or a proposal from this side, and we prefer not to mix it up with other issues.

If that is not the desire of the majority, then we just want to make it clear they understand we will be offering amendments that may also go beyond child care and beyond section 89, and we hope we would have that right, too.

I have no objection.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MITCHELL. I thank the distinguished Republican leader.

Mr. President, I understand that under the previous order the Senate will now go into morning business until 3 p.m.

The ACTING PRESIDENT pro tempore. That is correct.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 2:30, with Senators permitted to speak therein for not to exceed 5 minutes.

EXTENSION OF MORNING BUSINESS

Mr. MITCHELL. Mr. President, I ask unanimous consent that the period for morning business be extended to 3 p.m.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE PRESIDENT'S CRIME PACKAGE

Mr. BIDEN. Mr. President, I rise in this period of morning business this afternoon to briefly discuss the President's crime package that he announced at Glynnco, GA, today. We do not have the details of that proposal at this moment, so there will be no bill introduced today.

As chairman of the Judiciary Committee, I am willing to, as the bill as I understand it is to be on request, participate in that being introduced to the Senate before my committee. But I would like to make a few comments, while our colleagues are contemplating what the President said today, not on the detail of his crime package but the significance of what he is suggesting we do. I think he made some very good suggestions.

The President's plan contains some things that I support and support very strongly. He is asking for more prosecutors, for more court resources, for more prison beds to guarantee that violent criminals receive swift and sure punishment rather than being put back on the street for lack of facilities. I, and almost everyone in here, have supported every single administration request for more antidrug funds, and I strongly support beefing up the number of prosecutors, court facilities, and prison facilities.

But, Mr. President, it is important to be reminded of one thing, and that is whatever promises the President makes, he has to say how he is going to pay for those promises. How is he going to pay for more prosecutors? How is he going to pay for more prison beds? How does he propose that we pay to up the ante on this war on crime and drugs?

The irony, if I can give you an example, Mr. President, is that I was struck, as I watched the President speak at Glynnco, with a number of law enforcement officers arrayed behind him today, and some of our distinguished colleagues in the Congress with him, and the Attorney General, as he praised the Federal Law Enforcement Training Center and raised it on a pedestal—that it should be, it is a first class operation, it is in Georgia, it provides state-of-the-art training for Federal, State, and local law enforcement officers.

Keep in mind, he is at this facility, talking about what a phenomenal facility it is, how much more we have to provide in the way of law enforcement capability, and yet in the President's 1990 budget that he proposed to us, already he calls for cutting—cutting—the funds for Glynnco. I was somewhat struck by that irony. He is making his case about how we must be tougher; he is offering as an example of the excellence that we, the United States, have at our command through law enforcement the men and women who graduate from Glynnco, and his present budget calls for cutting Glynnco.

I say, Mr. President, that much of what the President has proposed we already passed last year in the drug bill, which we, Democrats and Republicans, House and Senate, and President of the United States, refused to fully fund. We told the American people how important this fight is. The President made the case again today, and he is right. It is the single-most important domestic concern facing the United States of America.

Yet much of what he proposed we already passed. It makes no sense, for example, to hire hundreds of new FBI

agents if we do not fund the 225 new FBI agents we authorized last year and the President refused to fund. He is suggesting we beef up the war on crime, and there is this new crime bill in which he says he wants more FBI agents. Well, Mr. President, we already asked for 225 last year, and he said there was not enough money to do it this year. So where are we going to get the money for these additional FBI agents?

I will not take the Senate's time right now, but it goes all the way down the line. There are a number of things he proposes. For example, he wants to add $14 million for new immigration services and border patrol agents to arrest aliens who are violent criminals. I think that makes great sense, but why does it not make sense to pay the $26 million that we already promised for the exact purpose in last year's bill? Is this 14 above the 26, or is this 14 in place of the 26 that we did not spend?

What is of even greater concern to me are programs that President Bush is not proposing to pay for that we authorized last year and is not suggesting we add this year.

For example, $46 million for more than 700 new Drug Enforcement Agency positions. We said last year we thought that was necessary. We did not come up with the money for it. We are not funding it at all. It is not like the border patrol folks where he is saying 14 this year instead of 26 last year. At least he is saying something. Last year we said $46 million for new DEA agents, and I wonder whether his failure to mention those means he is going to go back and fund $46 million or he does not think we need the $46 million.

Again, I could go into much more detail, but I will not because it might not be fair because we do not have all the detail of his bill. One other example: Almost $500 million to provide 176,000 new outpatient and almost 50,000 new inpatient drug treatment beds that we passed last year. We did not come up with the money for it last year. The President hailed the bill as a breakthrough when he was a candidate. We hailed the bill as necessary. We all went home and said what progress we are making, and then we did not pay for it. There is no mention of it in the new bill. Again, I may be wrong. Maybe he plans on coming up with a supplemental to pay for this. It is a fancy jargon we use to say come up with the money we did not come up with before now. Well, maybe he does.

Firearms he mentions. I will not go into that detail now. Let me conclude to stay within the 5 minutes if I can.

If not, I will ask unanimous consent for a few more. Is my time up, Mr. President?

The ACTING PRESIDENT pro tempore. It is.

Mr. BIDEN. I ask unanimous consent for 2 more minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BIDEN. The reason I rise, Mr. President, is not for the purpose of criticizing the President. The reason I rise is that I believe with every fiber in my being that the issue of crime and drug abuse must be a nonpartisan issue. Second, it must be an issue about which we level with the American people, that we tell them the truth. We spend a lot of time telling them about how bad the problem is. That is the one thing we do not need to tell them about. They know the truth of those assertions. They need no Senator nor Congressman nor President to tell them. But we must tell them the truth about whether or not we mean what we say. Do we mean to fund the effort that we say is necessary?

Mr. President, I serve now as chairman, and as the ranking member of the Judiciary Committee—it is hard for me even to say this—for almost a decade. God, it has been a long time, longer than I want to admit. And Senator THURMOND and I have made a commitment during these years to not play politics with the issue of crime and drugs. These issues are simply too important for partisan politics. That is literally true. We have not played that way, Senator THURMOND and I—when he was chairman and now as ranking member.

That is why we have passed so much. That is why we have done so much. That is why I called Senator THURMOND yesterday to offer to introduce the President's bill with the ranking member of the committee by request, and I will commit to hold hearings. But what I do not want to sign on to is another piece of legislation that contains hollow promises about so-called wars on crime or wars on drugs. The American people will in my view, although it is presumptuous for me to suggest what the American people will think—but I believe the American people are tired of us telling them we are going to do something knowing full well we are not going to provide the resources to do what we said we were going to do.

So, Mr. President, it seems to me one of my obligations as chairman of the committee that has jurisdiction over these issues is to cooperate with the President, to see to it that his legislative initiatives, even some portions of which I disagree with like the exclusionary rule, notwithstanding that, to make sure he gets his day in court if you will and try to help pass these measures.

But I also think—and I say this respectfully—part of my responsibility as chairman of the Judiciary Committee is to hold the President's feet to the fire on this issue. If we are going to do something, we must pay for what we said we need.

I look forward to working with the President on this issue, and also providing the money to pay for these programs.

I thank my colleagues.

The PRESIDING OFFICER (Mr. ROBB). The Chair recognizes the Senator from Connecticut [Mr. LIEBERMAN].

Mr. LIEBERMAN. Thank you, Mr. President.

Mr. President, I am particularly honored to rise at this moment and follow the distinguished Senator from Delaware, who has served so ably as chairman of the Judiciary Committee, and he has been such a steadfast leader, and a truthful leader in the war against crime and drugs.

Mr. President, I rise today to commend President Bush on his crime proposals. He outlined them a few weeks ago on the steps of the Capitol and then he essentially repeated them today at the Federal law enforcement training facility in Georgia.

This, as Senator BIDEN has said, is an issue above all others which demands bipartisan support. The upsurge in crime in this country, particularly drug-related crime, has struck fear into the hearts of our citizens. Personal security is perhaps the most basic and crucial right in society. It is the one without which all the others do not matter. And people have a right to expect that their Government will protect their personal security.

The President's crime initiative recognizes that responsibility, and heads us in the right direction toward upholding it. I support President Bush's call for tougher penalties for those who commit crimes with guns, including imposition of the death penalty for certain crimes with guns that result in a death.

I also believe that the problem of crime today cannot be divorced from the problem of drugs. Eighty percent of all property crimes and 60 percent of violent crimes in my State of Connecticut are drug or alcohol related. And that is typical of the problem nationwide. Yet the 1988 Drug Act has not been fully funded, and I am sorry to say that the President's budget leaves it underfunded. The time has come for the President and for all of us in Congress to put our money where our mouths are, and give our troops the resources to really fight the war on crime and drugs.

I commend President Bush for proposing major funding for additional Federal prison space. I can tell you, Mr. President, that prison overcrowding at the State level is an overwhelming problem because of the huge increase in drug-related arrests, and it is a problem that today makes a mockery

of our system of justice. In my own State of Connecticut most convicted drug dealers are serving only 10 percent of their sentences, and the reason is prison overcrowding. Spending 2 or 3 months in a prison is obviously not much of a deterrent to crime, particulary not to the lucrative crime of dealing in drugs.

This problem has placed the criminal justice system in virtual turmoil throughout our country nullifying successful law enforcement efforts because the punishment is not really there to fit the crime even if it is imposed. It is not carried out in the jails.

Connecticut's Governor, William O'Neill, has called upon the President and those of us in Congress to turn abandoned or underused Federal military facilities into regional drug prisons. The aim of that, of course, would be to relieve the immediate prison crisis that exists at the State level. I think the Governor's idea is a good idea. I hope it is one that we will pursue in this Congress.

Finally, there is a critical oversight role for Congress and the executive branch to play in the war on drugs. Money alone is important, but it will not solve the problem, unless it is spent effectively. Let me just offer one example. There are drug treatment programs in Connecticut with the funds in hand to establish new facilities, but they simply have been unable to find an acceptable location.

As we provide funds for treatment, do we know what types of programs are the most effective? As we provide funds for prison expansion, do we know what types of alternatives to full security incarceration are the most likely to deter or, hopefully, rehabilitate? I hope that we, in this session of Congress, can provide some guidance and oversight as we devote more of our resources to fighting the war on drugs and crime.

Mr. President, in short, I welcome President Bush's crime initiative, with the hope that we in Congress can build upon it to help State and local governments combat the related problems of drugs and crime in our communities and restore to our people some sense of confidence in their personal safety and personal security. Thank you, Mr. President.

The PRESIDING OFFICER. The Chair recognizes the Senator from Louisiana [Mr. BREAUX].

ACTIONS OF CHINESE CONSULAR OFFICIALS AGAINST CHINESE STUDENTS IN THE UNITED STATES

Mr. BREAUX. Mr. President, for over 2 months the eyes of the world have been riveted on China. The student-led democracy movement has captured the imagination of the American people. The brutal massacre of the protesters in Tienanmen Square 11 days ago and the subsequent roundup of students and their sympathizers have drawn cries of condemnation from around the world, and rightfully so.

However, the Chinese Government has not confined its wave of terror to the People's Republic. Press reports in the New York Times and the Washington Post, among others, have detailed a campaign of deliberate harassment of Chinese students in the United States. Officials from Chinese consulates in Houston, New York and San Francisco are reported to have videotaped and photographed students demonstrating in front of their buildings. In addition, employees of the Chinese Embassy here in Washington and consular officers in other cities are alleged to have been visiting Chinese students in order to intimidate them into ceasing their activities in support of freedom in the People's Republic. Other students have been badgered by anonymous callers. In at least one case, the lives of a student's family back in China were threatened. Students favoring the crackdown are reported to have warned others not to protest, or organize demonstrations. Implicit in all of these encounters was a warning to the students that Beijing's reach extends to our shores and that they and their families would ultimately suffer. One student quoted in yesterday's Washington Post said, "I would be shot if I go back. I won't even go to prison. I will go straight to the execution ground." He also feared for his family, saying "they may be held hostage." In addition to the two consular officials who requested asylum last weekend in San Francisco, a husband and wife from the education section of the consulate there are reportedly considering seeking political asylum because they do not want to provide a "blacklist" of Chinese students involved in demonstrations at the consulate.

Mr. President, if these allegations are true, this is an outrageous breach of American law, and international law; and it is an insult to the sovereignty of the United States. I find this pattern of behavior offensive, and I know my colleagues in this Chamber would, as well.

Foreign nationals in the United States are protected by American laws. The Chinese students in this country have exactly the same rights as American citizens. Unlike in their home country, they are free to speak and write as they please and are free to gather to air their grievances in public. Although the Chinese authorities may be within their legal rights to photograph the student demonstrators, their behavior is politically and diplomatically improper.

Other forms of harassment, including telephone calls and visits to individual students are violations of numerous Federal statutes. The use of intimidation and threats, overt or implied is a violation of American law. Monitoring, or conducting surveillance of individuals by agents of a foreign power is a violation of American law. Perhaps the most serious alleged violation of our law is the use of third parties to convey warnings from Chinese Government officials, or to monitor the activities of other individuals. According to legal experts at the Department of State, this activity would constitute a violation of U.S. espionage laws.

If the Chinese have violated American law, they would also be in violation of international law, which mandates adherence by diplomatic personnel to the laws of the host country. In addition, at this time of crisis in China, and tension between the People's Republic and our country, the Chinese have violated the precepts and norms of international behavior through their actions.

Mr. President, I am shocked and outraged by these actions and I hope that my distinguished colleagues share these feelings. It is imperative that any actions by Chinese officials to harass their nationals now in the United States cease immediately.

Mr. President, I have drafted two letters that I hope my colleagues will join me in sending to the Ambassador of the People's Republic, Han Xu, and to Secretary of State James Baker. The letter to the Ambassador will express our opposition to all activities by Chinese officials against Chinese nationals while they are in the United States. The letter to the Secretary of State will ask him to thoroughly investigate these allegations and to take whatever steps are necessary in order to insure that they do not continue.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. 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.

A SETBACK TO CIVIL RIGHTS

Mr. KENNEDY. The end of the term decisions by the Supreme Court on civil rights were a growing cause of concern to Congress and all Americans who care about equal opportunity in our society and equal justice under law.

Today, in the fourth straight decision in 11 days, the Court has once again dealt a significant setback of civil rights. In this atmosphere, the whole is worse than the sum of its

parts. Taken separately, each of these retreats would be a source of genuine concern. Together, they are a serious threat to the 35 years of progress that we have achieved toward a better and fairer society. Congress must not let these decisions stand.

As in the case of the Grove City ruling in 1984, the Senate and the House of Representatives must act to repair the damages. I intend to introduce legislation to achieve this goal. In the Grove City debate, we did not have President Reagan on our side, but this time we hope to have President Bush with us. I look forward to working with the administration to achieve our common goals on civil rights.

Mr. President, I suggest the absence of a quorum

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

JAMES B. HOLDERMAN: LEADING THE UNIVERSITY OF SOUTH CAROLINA INTO THE FIRST RANK

Mr. HOLLINGS. Mr. President, for the last 12 years the University of South Carolina has been led by a hard-charging former political science professor named James B. Holderman. Jim is not only an acute student of politics, he is a superb politican himself—in the best sense of the term. And like the best politicians in this body, Jim approaches his job with 16-hours-a-day, 7-days-a-week zest, a commitment of energy and intellect that has been a boon to the university.

A lengthy profile of Dr. Holderman appears in the May 31 issue of the Chronicle of Higher Education. The article characterizes Jim Holderman as "flamboyant" and "controversial," a president with ambitions of turning USC into the "Michigan of the South" by its 200th birthday in the year 2001. I do not dispute the characterizations, but I do think Jim is too modest about his school's accomplishments. It strikes me that the University of Michigan should be more flattered at being compared to the University of South Carolina than vice versa. Be that as it may, I salute Jim Holderman for the stand-up, stand-out job he has done at the university. What is more, Mr. President, I request unanimous consent that article from the Chronicle of Higher Education be reprinted in the RECORD.

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

FLAMBOYANT PRESIDENT PURSUES HIS FAVORITE HOBBY: PUTTING THE UNIVERSITY OF SOUTH CAROLINA "ON THE MAP"

(By Carolyn J. Mooney)

COLUMBIA, SC.—Some college presidents dream of sabbaticals, of time off from fund raising and budget battles to write books or examine fossils or catch up on their reading.

Not James B. Holderman, the tireless, aggressive, and, yes, flashy president of the University of South Carolina. "I wouldn't want to miss anything," Mr. Holderman says.

He rarely does.

For the past 12 years, Mr. Holderman, whose flamboyance has won him critics and admirers alike, has been pursuing his favorite—and many say only—hobby, running the university's main campus here and its eight regional campuses as if he were the chief executive of a major corporation or a head of state.

In many ways, that's what he is:

He jets around South Carolina in a Beechcraft King Air turboprop airplane owned by the university's foundation, keeping up with campus heads, legislators, donors, and students.

He plays host to a vast array of friends, celebrities, and genuine heads of state who range from the actress Helen Hayes to Ronald Reagan to Pope John Paul II.

A SERIES OF BENCHMARKS

And he delicately brokers deals that, among other things, have allowed the university to build a new $15-million arts center and establish a partnership between its theater program and Washington's Shakespeare Theater at the Folger.

Along the way has come a series of benchmarks—an endowment that has grown from $3-million to $40-million, an honors college that has attracted many of the state's brightest students, a slew of endowed chairs for professors, an international business program that is considered among the best in the country, and, perhaps most important, a place on the map for the University of South Carolina.

"He is one who thinks big," says Richard G. Silvernail, a geography professor who remembers when the university was considered "the gentleman's school" and its land-grant rival, Clemson University, was where you went to get an agricultural or engineering job. The rivalry remains, but the condescending "gentleman's school" image has faded.

Mr. Holderman, however, has sometimes had to pay a price for thinking big. He has been criticized by some faculty members, students, and legislators for giving extravagant gifts to donors and others, for paying high salaries to big-name lecturers such as Jihan Sadat, widow of the slain Egyptian leader, for running a controversial program in which he took students on foreign trips, and for building the university's global image at the expense, some say, of faculty salaries and low tuition.

The president has learned lessons from those controversies, some of which, he says, are part of running a $350-million public-university system with 40,000 students and 2,200 faculty members.

"I'm trying to put the university in a competitive place," says Mr. Holderman, 53 years old, an energetic man with a cheeky grin, a sharp wit, and—many agree on this—a mind that doesn't rest. "I don't believe this is a showy place. I believe this university is worth its salt, and I think more and more people are seeing that."

He adds: "I suppose there are people who say, 'That's flashy showmanship on his part.' So? "

"What's wrong with flash?"

REPRESENTS A NEW SPECIES

To many, Mr. Holderman represents a new species of college president—a species that is as comfortable with corporate leaders, donors, and government officials as it is with academic constituents. Like other presidents seeking new ways to respond to heightened competition and to public pressure to improve quality and value, he is more an entrepreneurial manager than a chief academic, more an orchestrator than a consensus builder.

While he holds a Ph.D. in political science, his career has focused on academic administration, with a few stints at teaching. Before coming to South Carolina in 1977, he served as vice-president of the Lilly Endowment, executive director of the Illinois Board of Higher Education, vice-chancellor of the University of Illinois at Chicago Circle, assistant superintendent of public instruction in Illinois, and assistant professor of government at the University of Illinois at Urbana-Champaign.

"Nobody could accuse him of being a scholar," says Rufus Fellers, an engineering professor here who heads the Faculty Senate.

As it has turned out, many faculty members, including Mr. Fellers, think the university is generally better served by Mr. Holderman's management style than it would be by a scholar's. While some complain he emphasizes image over substance, many of the same critics credit him for making major strides.

"He believes in a high style of living," says Mr. Fellers. "But you have to look at the overall result. The place is much better off."

Margit Resch, a professor of German here, harshly criticizes Mr. Holderman for not making faculty salaries a priority. "He has done a wonderful job putting this university on the map," she says, but adds that he has done so with "flashy programs that are being supported at the expense of faculty and the humanities."

BUILDING INTERNATIONAL IMAGE

The move to put the university on the map began almost immediately after Mr. Holderman arrived: He began recruiting talented faculty members and guest lecturers, and making the university more visible to alumni. He concentrated on increasing private donations, and within three years the university had embarked on its first capital campaign—a three-year effort that raised $38-million. He also worked on making the system more cohesive and sharpening the main campus's role as the state's flagship graduate institution.

All along, the university was building up its international image by establishing academic-exchange programs and sponsoring conferences such as a 1984 summit that attracted leaders of Caribbean nations—and headlines around the world.

Perhaps Mr. Holderman's biggest coup, though, was the Pope's visit in 1987. It was part of an ecumenical year sponsored by the university. Years of planning reaped a huge payoff: On September 11, 1987, the Pope won over a campus audience (not to mention the university's fund-raising and public-relations staff) with three sentences that now adorn a plaque on the grassy, horseshoe-shaped area where he spoke.

Said the Pope: "It is wonderful to be young. It is wonderful to be young and to be

a student. It is wonderful to be young and to be a student of the University of South Carolina."

Mr. Holderman himself couldn't have done a better promotion job.

Recently, Mr. Holderman completed a long-term plan, "Target 2001," in which he outlined a series of steps aimed at making the university system one of the top 10 in the country by the year 2001, when it marks its 200th anniversary. It hardly seemed an accident that the slick "President's Report" detailing the plan resembled an annual corporate report. And it definitely isn't an accident that his office phone number ends with the digits 2001.

Observers of Southern culture say Mr. Holderman's achievements are all the more impressive coming from a new-style president in a state where good-old-boy culture is, as some put it, healthy.

Says John MacNicholas, an English professor and playwright-in-residence at South Carolina: "The state's history and culture have profound strains of xenophobia, and then he comes in and rattles things around. He is willing to set some goals that are beyond the vision of the everyday leader."

Mr. Holderman's days begin early and end late. Because the president's offiical residence is located on the campus's tree-lined horseshoe along with several dormitories, Mr. Holderman is right where he likes to be—watching over the store.

He is notorious for his energy. Even as a child, recalls H. James Baum, who grew up with Mr. Holderman in rural Illinois, Mr. Holderman was an organizer who directed plays and produced a neighborhood newspaper. "It was called—what else?—the *Holderman Herald.*"

A reporter spending a day with Mr. Holderman is asked to meet him at 7:30 a.m. at the university's new Ira and Nancy Koger Center for the Arts, where he will make a brief speech. The center seems an appropriate place to start: It is a symbol of the bureaucracy Mr. Holderman often feels he must battle, of the image he wants for the university, and of a risk he thinks was worth taking. Only after holding lengthy negotiations and securing a large private gift was the center built, with city, county, state, and private money.

Thus did the Koger Center open in January with a gala performance by the London Philharmonic, ushering in what some residents predict will be nothing less than a new cultural age in a city more accustomed to lesser-known orchestras and wrestling matches. (Before the center opened, a local newspaper columnist warned inexperienced arts patrons that the difference between a Mahler concert and a wrestling match is that, at the concert, the musicians—not the fans—make the noise.)

The center's battles aren't over yet. The university is still raising private money to finish paying for the center, which the university's foundation owns and leases back to the university. University officials said that approach would allow the foundation, which is independent and therefore not subject to state regulations, to build it more efficiently. Whether the foundation should open its financial records is a subject of debate here, and has led two newspapers to sue for access to them.

The foundation also supplements Mr. Holderman's $109,167 salary with $75,000 in private money.

After his speech at the center, Mr. Holderman has a strategy session with top administrators. He mainly wants to know how the university's request for state money to help buy a $14-million supercomputer is faring over in the State House nearby.

AN END RUN CHARGED

The supercomputer debate is yet another symbol of the clashes that sometimes occur when Mr. Holderman's ambitions for the university exceed what the state wants to spend. South Carolina's statewide coordinating board, which has budget authority over public higher education, refused to approve the request, saying it wasn't clear the university needed a supercomputer. So the university teamed up with Clemson, which is seeking state money for its own supercomputer, and the two institutions went directly to legislators for the money. The issue was pending last week.

Fred R. Sheheen, the state's higher-education commissioner, whose brother happens to be Speaker of South Carolina's House of Representatives, calls the tactic an "an end run." Says Mr. Sheheen: "There's a clear difference between institutional ambition and the public interest."

The rest of the morning Mr. Holderman spends in more meetings, including one with the university's vice-president for personnel. The state bureaucracy is especially frustrating, in Mr. Holderman's opinion, when it comes to personnel matters. He says he wishes the university weren't treated as just another state agency. Upon hearing that a federal agency has requested extensive statistics, he rolls his eyes. "It's amazing we can operate with all these regulatory agencies," he says.

Next he trots over the library, where he attends a ceremony to mark the completion of a new computerized card-catalog system. He praises the staff, then notes that the system is "long overdue." He wants to know how the university compares with others in terms of technology.

"Moving up," someone calls out.

That's what gives him the most satisfaction, Mr. Holderman tells a visitor during an afternoon interview in his office. The blue-and-white office is tastefully cluttered-with a cartoon of the president and religious leaders, photos of other prominent visitors, and a football from the 1987 South Carolina-Clemson game (South Carolina won, 20 to 7).

"The Michigan of the South" is what he wants to see the university become, he says, in a voice that often drops into low, dramatic cadences. He puts his feet up on his cornflower-blue leather couch and relaxes. He loves discussing the university: He gets excited about a trade meeting where university professors made their presentations in Japanese ("The Japanese were blown away!"), and a planned campaign to raise $200 million.

"We've taken risks, and some have blown up in our face," he says. "But I think you have to take risks to be at the top."

One risk that blew up was the expenditure of more than $300,000—including airfare and other expenses—so Mrs. Sadat could teach a course during each of three semesters. Professors unhappy about their salaries complained that Mrs. Sadat's compensation was way out of line.

His spending practices also prompted sharp criticism from legislators and professors after they learned he had used money from a discretionary fund—some of it public—to buy lavish gifts (including Steuben glass) for friends of the university whose names the university refused to disclose. One amused administrator uses the head-of-state analogy: "There are state visits, so there are state gifts."

And students were upset last year after the Charlotte *Observer* published a detailed account of an elite intern program operated by Mr. Holderman. Some complain that the program wasn't well publicized, and that Mr. Holderman selected "pets" and children of prominent people as interns, who sometimes represented the university on foreign trips.

Mr. Holderman says he now realizes some of the expenditures were excessive for a public-university environment. "Okay, so I have to work in that environment."

He insists he wants to do so until 2001, when the university turns 200 and he turns 65.

Although there is often speculation about whether Mr. Holderman, a Republican, has political ambitions—his name once surfaced as a potential candidate for Education Secretary—he says he's not really interested. Nor would he particularly want to head a bigger and better university.

"The bases you've got to build, the credibility you've to build . . . You make an investment in your life."

Mr. Holderman leaves for the spring faculty meeting, where he presides as usual, bantering with faculty members. He knows most by names.

THE CREATIVE DIMENSION

Professors and administrators describe Mr. Holderman's faculty support as mixed, but generally solid.

"What some faculty would really like," says Carol McGinniss Kay, dean of the College of Humanities and Social Sciences here, "is a Derek Bok, a president who would make profound academic statements. That's not his style. His style is to move the institution forward in financial gain and reputation in order for the faculty to make those statements."

Mr. Holderman does not consider himself an "outside" president who leaves the academic mission to others. "I'm not interested in just managing the business," he says. "I'm interested in the creative dimension."

By now it is late afternoon, and Mr. Holderman is late for a meeting with student leaders who are holding a retreat in Charleston. He is whisked to a nearby airfield, where the foundation's plane is waiting. The foundation owns it because, again, there are fewer regulations to deal with that way. Mr. Holderman uses the plane to visit other campuses, and is quick to point out that it also shuttles professors to Washington to work on grant business.

In Charleston, Mr. Holderman quickly shifts gears. Now it's students; that means questions about why tuition keeps going up. He takes his jacket off, pushes up his sleeves, even manages to drawl a "y'all."

He apologizes for being late, quipping, "I don't like to leave the faculty alone while I'm not there. Again, he knows almost everyone. And he shows an uncanny knack for getting to the gut issues.

He assures students that the university's now-notorious supercomputer proposal won't be financed through higher tuition, as some fear. The university, he says, needs the supercomputer if it is going to become a major research institution—even if the coordinating board doesn't think so.

Soon Mr. Holderman is on the plane again, rushing to make a dinner with legislators back in Columbia. It's a long day, but he's not finished with his work.

Actually, he may never be finished.

29-059 O-90-8 (Pt. 9)

He has big plans for the university, but he also has the students after him about tuition, the faculty after him about raises, and the legislators after him about the money he wants to spend.

It just could be that Mr. Holderman truly enjoys his job as head of state of the University of South Carolina.

It's true that he likes to see the university grab attention. He likes to have important people visit the campus. He likes new buildings.

So?

As Mr. Holderman would say, "What's wrong with flash?"

TERRY ANDERSON

Mr. MOYNIHAN. Mr. President, today is the 1,552d day that Terry Anderson has been held hostage in Beirut.

John Needham, a colleague and friend of Terry Anderson, wrote a revealing essay in the Los Angeles Times on March 20, 1989. I ask unanimous consent that this essay be printed in the RECORD.

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

[From the Los Angeles Times, Mar. 20, 1989]

STILL PRAYING FOR FREEDOM FOR A FRIEND HELD HOSTAGE

(By John Needham)

Every few months, as I'm half-listening to the radio, I'll hear the words "Lebanon . . . hostages," and my heart will start pounding. Maybe this will be it. I'll think, maybe now Terry Anderson will be freed, after 4 years of the bleakest captivity.

Sometimes the captors will release a picture of Anderson. It's clearly him, but it's not the Anderson I remember. My wife looks at the picture and invariably says, "Whenever I think of Terry, I think of him smiling."

Last Thursday marked the fourth anniversary of Anderson's life in Beirut as a hostage of a Shiite Muslim fundamentalist group known as Hezbollah. Next Thursday will be the 10th anniversary of my first meeting with Anderson.

We met in the Foreign Correspondents Club of Japan. He worked for the Associated Press news agency. I worked for the rival news agency United Press International. The agencies battled each other fiercely, and some AP bureau chiefs were said to chastise their reporters for fraternizing with the opposition after hours.

But Anderson wasn't like that.

Days after my wife and I arrived in Japan after 3½ years in India, Anderson invited us to see what I still think of as "Terry's Japan."

He and his wife lived in Kamakura, an ancient capital of Japan about half an hour south of Tokyo by train. It is a graceful old city, dotted with Buddhist temples and shady glades that are oases of calm in bustling Japan.

Anderson escorted us from temple to temple, then brought us to his home to meet his wife, Miki, his daughter, Gabriela, and the family's two Siamese cats. He had met Miki, who is Japanese, while in Japan as a U.S. Marine; her family wasn't too happy about her marrying the *gaijin*, or foreigner, but he felt that they eventually made their peace with the match.

I still remember the kindness of Terry and Miki to my wife and myself. Despite those years in India, Japan seemed so incredibly foreign to us. It was more difficult for us to meet anyone who spoke English than it had been in India. To two people suffering a stiff dose of culture shock, the Andersons offered a refuge and a glimpse of Japan's pleasures.

Terry and I became friends quickly. We were both directors of the correspondents' club and often got together for lunch or a few beers after work. We spent a lot of time in South Korea too, reporting on coups and a civil uprising there, trying to beat each other's brains out during the day and then huddling over dinner to compare how we'd done.

More than once Anderson spoke of his loathing for guns, yet like all of us he followed the gunfire because all too often that's where the story was.

He used to talk about switching from the infantry to the public information unit while a Marine in Vietnam, figuring that although the switch would force him to stay in the country longer it would likely increase his chances of living. And he talked of a cousin who was a New York City policeman, whom Terry wouldn't let enter his apartment with a pistol.

Yet sometimes Anderson did things that weren't quite bright.

In May 1980, opponents of the then-ruler of South Korea, Chun Doo Hwan, took over the South Korean city of Kwangju for nearly a week. Anderson and I entered Kwangju separately to await the inevitable army counterattack.,

It came not long before dawn one morning. I had managed to get a hotel room overlooking the provincial headquarters, where the dissidents had their command post. As the troops massed, I invited Anderson and a few others up to watch the takeover.

When we saw soldiers scaling roofs and moving into position, I left the room to see if any other reporters wanted ringside seats for the action. As I climbed back up the stairs to my room, I heard round after round of automatic weapon fire blasting into the hotel and windows shattering. I turned a corner and saw Anderson and two other reporters crawling on their hands and knees out of the room and down the corridor as fast as they could go.

It turned out that Anderson had inched up the wall to the window of the room to snap off a picture. A soldier on a roof maybe 20 feet away saw him and waved to him to get down. Anderson did, but then edged up again and tried to snap off another picture. This time the soldier started spraying gunfire into the room—first at head level and then at the level of a man's chest if he was kneeling. The bullets ripped through both walls and shattered the furniture in the room. Fortunately, Anderson and the others hadn't just knelt down; they had dropped to their bellies on the floor, so the bullets went over their heads.

But though the picture of Anderson on his belly sticks in the mind, it is overshadowed by remembrances of Terry organizing a wine-tasting party, Terry hosting a beach picnic in Kamakura, Terry donning the helmet that gave him the look of Darth Vader, hopping on his motorcycle and roaring down to the train station for the commute to Tokyo.

Terry left Tokyo more than a year before I did, going first to South Africa and then to Beirut, still with the Associated Press. His marriage broke up. He has a Lebanese wife now and a daughter he hasn't seen. His father—whom I remember coming to Japan to see a delighted Terry—died while Terry was a hostage. So did his brother.

A bit more than 2 years ago, David P. Jacobsen of Huntington Beach appeared before the Orange County Board of Supervisors in Santa Ana to pick up a commendation. Jacobsen had been administrator of American University Hospital in Beirut when he was taken hostage in May 1985, and held for 17 months. At the time of Jacobsen's appearance, the arms-for-hostages dealings between the Reagan administration and Iran were just starting to come to light.

I spoke to Jacobsen after the ceremony to tell him I was a friend of Anderson and wanted to know if he was all right. Jacobsen said he was indeed OK and some day would be free.

I don't think Jacobsen thought it would take this long. I know I certainly didn't think so. Last week I sent a card to Anderson's sister, Peggy Say, who has worked tirelessly to remind politicians and ordinary Americans that her brother and others are still hostage.

I send these cards several times a year, though I've never met Say. I write just about the same message each time: We're praying for Terry and hoping he'll be freed soon.

EXTENSION OF MORNING BUSINESS

Mr. MITCHELL. Mr. President, I ask unanimous consent that the time for morning business be extended until 3:10 p.m., and that at 3:10 p.m., the Senate go to S. 5 under the previous order.

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

Mr. MITCHELL. 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. CONRAD. Mr. President, I ask unanimous consent that further proceedings under the quorum call be rescinded.

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

NORTH DAKOTA TOPS BUSINESS CLIMATE POLL

Mr. CONRAD. Mr. President, yesterday North Dakota was named the State with the most fertile business climate in the country among light-manufacturing States for the second straight year by Grant Thornton, a Chicago-based accounting firm.

Grant Thornton represents manufacturers throughout the country. The annual study assesses States on 21 factors manufacturers believe are crucial to business success. These categories include State and local government fiscal policies; labor and other employment costs; productivity of resources, such as energy costs; and quality of life measures, such as education and health care. In these and other catego-

ries, Mr. President, manufacturers themselves rated North Dakota a State where they can find success.

A key factor was the responsiveness of State government to the needs of business. Mr. President, North Dakota has launched a campaign to attract and retain businesses. We work hard to assist new and existing businesses.

North Dakota is known for its natural landscape—from the Badlands in the west to the expanse of the bountiful Red River Valley in the east. But my State is known mostly for another resource—its people.

Grant Thornton and others have found North Dakotans to be some of the most productive and valuable in the Nation. Our workers are hard working, loyal, and well educated. Ninety-five percent of North Dakota's high school seniors graduate, and 72 percent of these graduates pursue further education.

Employers find that they have a near-zero absenteeism rate, and an extremely high productivity rate. They and their employees also have access to quality education at all levels—elementary, secondary, and higher education—as well as excellent health care services. Medical centers in the major cities provide the latest in medical technology and smaller communities have satellite clinics and community hospitals which cater to the health care needs of the surrounding communities.

North Dakotans also have little crime to contend with and few of the problems of the big city—we have clean, breathable air, clean water, no congestion, and strong communities. Mr. President, the strength of those communities is what makes the quality of life so high. People have a commitment to the community in which they live—to see that it survives and is a pleasant place to live.

I am not surprised to see North Dakota ranked first on the list, Mr. President. The efforts we have made to attract businesses have succeeded by showcasing our best-kept secret: the extremely high quality of life and the favorable business climate enjoyed by our residents. I hope that such assessments will encourage companies to consider locating in North Dakota. If corporate America and rural America could join forces, we could begin to change the enormous trade imbalance that now exists. North Dakota's productive work force could be put to work to keep the United States the leading economic power in the world.

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

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

The legislative clerk proceeded to call the roll.

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

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

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The hour for morning business has arrived, and morning business is now closed.

CHILD CARE IMPROVEMENT ACT

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to the consideration of Calendar Order No. 43, S. 5, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 5) to provide for a Federal program for the improvement of child care, and for other purposes.

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

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Act for Better Child Care Services of 1989".

(b) TABLE OF CONTENTS.—

Sec. 1. Short title and table of contents.
Sec. 2. Findings and purposes.
Sec. 3. Definitions.
Sec. 4. Authorization of appropriations.
Sec. 5. Amounts reserved; allotments.
Sec. 6. Lead agency.
Sec. 7. Application and plan.
Sec. 8. Special rules for use of State allotments.
Sec. 9. Planning grants.
Sec. 10. Continuing eligibility of States.
Sec. 11. State advisory committee on child care.
Sec. 12. Resource and referral programs.
Sec. 13. Training and technical assistance.
Sec. 14. Child care public-private partnership.
Sec. 15. Federal administration of child care.
Sec. 16. Federal enforcement.
Sec. 17. Payments.
Sec. 18. National Advisory Committee on Minimum Child Care Standards.
Sec. 19. Limitations on use of financial assistance for certain purposes.
Sec. 20. Nondiscrimination.
Sec. 21. Preservation of parental rights and responsibilities.
Sec. 22. Child care liability risk retention group.
Sec. 23. Head Start Act authorization of appropriations.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) the number of children living in homes where both parents work, or living in homes with a single parent who works, has increased dramatically over the last decade;

(2) the availability of quality child care is critical to the self-sufficiency and independence of millions of American families, including the growing number of mothers with young children who work out of economic necessity;

(3) high quality child care programs can strengthen our society by providing young children with the foundation on which to learn the basic skills necessary to be productive workers;

(4) the years from birth to age 6 are a critical period in the development of a young child;

(5) a significant number of parents do not have a real choice as they seek adequate child care for their young children because of limited incomes, insufficient State child care standards, and the inadequate supply of child care services in their community;

(6) high quality early childhood development programs provided during such period are cost effective because such programs can reduce the chances of juvenile delinquency and adolescent pregnancy and can improve the likelihood that children will finish high school and become employed;

(7) the number of quality child care arrangements falls far short of the number required for children in need of child care services;

(8) the rapid growth of participation in the labor force by mothers of children under the age of 1 has resulted in a critical shortage of quality child care arrangements for infants and toddlers;

(9) the lack of available child care services results in many preschool and school-age children being left without adequate supervision for significant parts of the day;

(10) many working parents who are unable to afford adequate child care services do not receive adequate financial assistance for such services from employers or public sources;

(11) because of the lack of affordable child care, a large number of parents are not able to work or to seek the training or education they need to become self sufficient;

(12) making adequate child care services available for parents who are employed, seeking employment, or seeking to develop employment skills promotes and strengthens the well-being of families and the national economy;

(13) the payment of the exceptionally low salaries to child care workers adversely affects the quality of child care services by making it difficult to retain qualified staff;

(14) several factors result in the shortage of quality child care options for children and parents, including—

(A) the inability of parents to pay for child care services;

(B) the lack of up-to-date information on child care services;

(C) the lack of training opportunities for staff in child care programs;

(D) the high rate of staff turnover in child care facilities; and

(E) the wide differences among the States in child care licensing and enforcement policies; and

(15) improved coordination of child care services will help to promote the most efficient use of child care resources.

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

(1) to build on and to strengthen the role of the family by seeking to ensure that parents are not forced by lack of available programs or financial resources to place a child in an unsafe or unhealthy child care facility or arrangement;

(2) to promote the availability and diversity of quality child care services to expand child care options available to all families who need such services;

(3) to provide assistance to families whose financial resources are not sufficient to

enable such families to pay the full cost of necessary child care services;

(4) to lessen the chances that children will be left to fend for themselves for significant parts of the day;

(5) to improve the productivity of parents in the labor force by lessening the stresses related to the absence of adequate child care services;

(6) to provide assistance to States to improve the quality of, and coordination among, child care programs;

(7) to increase the opportunities for attracting and retaining qualified staff in the field of child care to provide high quality child care services to children; and

(8) to strengthen the competitiveness of the United States by providing young children with a sound early childhood development experience.

SEC. 3. DEFINITIONS.

As used in this Act:

(1) ADMINISTRATOR.—The term "Administrator" means the Administrator of Child Care appointed under section 15(a).

(2) CAREGIVER.—The term "caregiver" means an individual who provides a service directly to an eligible child on a person-to-person basis.

(3) CENTER-BASED CHILD CARE PROVIDER.—The term "center-based child care provider" means a child care provider that provides child care services in a nonresidential facility.

(4) CHILD CARE CERTIFICATE.—The term "child care certificate" means a certificate that is issued, pursuant to a written agreement between the State and an eligible child care provider, by the State to parents who may use such certificate only as payment for child care services for an eligible child and that provides to an eligible child care provider a right to reimbursement for such services at the same rate charged by that provider for comparable services to children whose parents are not eligible for certificates under this Act or for child care assistance under any other Federal or State program.

(5) COMMUNITY-BASED ORGANIZATION.—The term "community-based organization" has the meaning given such term by section 4(5) of the Job Training and Partnership Act (29 U.S.C. 1503(5)).

(6) ELEMENTARY SCHOOL.—The term "elementary school" means a day or residential school that provides elementary education, as determined under State law.

(7) ELIGIBLE CHILD.—The term "eligible child" means an individual—

(A) who is less than 16 years of age;

(B) whose family income does not exceed 100 percent of the State median income for a family of the same size; and

(C) who—

(i) resides with a parent or parents who are working, seeking employment, or enrolled in a job training or educational program; or

(ii) is receiving, or needs to receive, protective services and resides with a parent or parents not described in clause (i).

(8) ELIGIBLE CHILD CARE PROVIDER.—The term "eligible child care provider" means—

(A) a center-based child care provider, a group home child care provider, a family child care provider, or other provider of child care services for compensation that—

(i) is licensed or regulated under State law;

(ii) satisfies—

(I) the Federal requirements, except as provided in clause (iii); and

(II) the State and local requirements; applicable to the child care services it provides; and

(iii) after the expiration of the 4-year period beginning on the date the Secretary establishes minimum child care standards under section 18(e)(2), complies with such standards that are applicable to the child care services it provides; or

(B) a child care provider that is 18 years of age or older who provides child care services only to an eligible child who is, by affinity or consanguinity, the grandchild, niece, or nephew of such provider, if such provider complies with any State requirements that govern child care provided by relatives.

(9) FAMILY CHILD CARE PROVIDER.—The term "family child care provider" means 1 individual who provides child care services for fewer than 24 hours per day, as the sole caregiver, and in the private residence of such individual.

(10) FAMILY SUPPORT SERVICES.—The term "family support services" means services that assist parents by providing support in parenting and by linking parents with community resources and with other parents.

(11) FULL-WORKING-DAY.—The term "full-working-day" means at least 10 hours per day.

(12) GROUP HOME CHILD CARE PROVIDER.—The term "group home child care provider" means 2 or more individuals who jointly provide child care services for fewer than 24 hours per day and in a private residence.

(13) HANDICAPPING CONDITION.—The term "handicapping condition" means any condition set forth in section 602(a)(1) of the Education of the Handicapped Act (20 U.S.C. 1401(a)(1)) or section 672(1) of the Education of the Handicapped Act (20 U.S.C. 1471(a)).

(14) INDIAN TRIBE.—The term "Indian tribe" has the meaning given it in section 4(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(b)).

(15) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given such term in section 481(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1)), except that with respect to a tribally controlled community college such term has the meaning given it in section 2(a)(5) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(5)).

(16) LEAD AGENCY.—The term "lead agency" means the agency designated under section 6(a).

(17) LOCAL EDUCATIONAL AGENCY.—The term "local educational agency" has the meaning given that term in section 198(a)(10) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2854(a)(10)).

(18) PARENT.—The term "parent" includes a legal guardian or other person standing in loco parentis.

(19) SCHOOL-AGE CHILD CARE SERVICES.—The term "school-age child care services" means child care services that are—

(A) provided during such times of the school day when regular instructional services are not in session; and

(B) not intended as an extension of or replacement for the regular academic program, but are intended to provide an environment which enhances the social, emotional, and recreational development of children of school age;

(20) SECONDARY SCHOOL.—The term "secondary school" means a day or residential school which provides secondary education, as determined under State law.

(21) SECRETARY.—The term "Secretary" means the Secretary of Health and Human Services unless the context specifies otherwise.

(22) SCHOOL FACILITIES.—The term "school facilities" means classrooms and related facilities used to provide education.

(23) SLIDING FEE SCALE.—The term "sliding fee scale" means a system of cost sharing between the State and a family based on income and size of the family with the very low income families having to pay no cost.

(24) STATE.—The term "State" means any of the several States, the District of Columbia, the Virgin Islands of the United States, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Marshall Islands, the Federated States of Micronesia, or Palau.

(25) UNIT OF GENERAL PURPOSE LOCAL GOVERNMENT.—The term "unit of general purpose local government" means any city, county, town, township, parish, village, a combination of such general purpose political subdivisions including those in two or more States, or other general purpose political subdivisions of a State.

(26) TRIBAL ORGANIZATION.—The term "tribal organization" has the meaning given it in section 4(c) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(c)).

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

SEC. 4. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—To carry out this Act, other than section 22, there are authorized to be appropriated $2,500,000,000 for the fiscal year 1990 and such sums as may be necessary in each of the fiscal years 1991 through 1994.

(b) CHILD CARE LIABILITY RISK RETENTION GROUP.—

(1) IN GENERAL.—To carry out section 22, there are authorized to be appropriated $100,000,000 for fiscal year 1990.

(2) AMOUNTS TO REMAIN AVAILABLE.—The amounts appropriated pursuant to paragraph (1) shall remain available for assistance to States for fiscal years 1990, 1991, and 1992 without limitation.

SEC. 5. AMOUNTS RESERVED; ALLOTMENTS.

(a) AMOUNTS RESERVED.—

(1) TERRITORIES AND POSSESSIONS.—The Secretary shall reserve not to exceed one half of 1 percent of the amount appropriated under section 4(a) in each fiscal year for payments to Guam, American Samoa, the Virgin Islands of the United States, the Commonwealth of the Northern Mariana Islands, the Marshall Islands, the Federated States of Micronesia, and Palau, to be allotted in accordance with their respective needs.

(2) INDIANS.—The Secretary shall reserve an amount, not less than 1.5 percent and not more than 3 percent of the amount appropriated under section 4(a) in each fiscal year, to carry out subsection (c) regarding Indian children.

(b) STATE ALLOTMENT.—

(1) GENERAL RULE.—From the remainder of the sums appropriated under section 4(a) for each fiscal year, the Secretary shall allot to each State (excluding jurisdictions referred to in subsection (a)(1)) an amount equal to the sum of—

(A) an amount that bears the same ratio to 50 percent of such remainder as the product of the young child factor of the State and the allotment percentage bears to the sum of the corresponding products for all States; and

(B) an amount that bears the same ratio to 50 percent of such remainder as the product of the school lunch factor of the State and the allotment percentage bears to the sum of the corresponding products for all the States.

(2) YOUNG CHILD FACTOR.—The term "young child factor" means the ratio of the number of children in the State who are less than 5 years of age to the number of children in all the States who are less than 5 years of age.

(3) SCHOOL LUNCH FACTOR.—The term "school lunch factor" means the ratio of the number of children in the State who are receiving free or reduced price lunches under the school lunch program established under the National School Lunch Act (42 U.S.C. 1751 et seq.) to the number of children in all the States who are receiving free or reduced price lunches under such program.

(4) ALLOTMENT PERCENTAGE.—

(A) IN GENERAL.—The allotment percentage for a State is determined by dividing—

(i) the per capita income of all individuals in the United States; by

(ii) the per capita income of all individuals in the State.

(B) LIMITATIONS.—If a sum determined under subparagraph (A)—

(i) exceeds 1.2, then the allotment percentage of that State shall be considered to be 1.2; and

(ii) is less than 0.8, then the allotment percentage of the State shall be considered to be 0.8.

(C) PER CAPITA INCOME.—For purposes of subparagraph (A), per capita income shall be—

(i) determined at 2-year intervals;

(ii) applied for the 2-year period beginning on October 1 of the first fiscal year beginning on the date such determination is made; and

(iii) equal to the average of the annual per capita incomes for the most recent period of 3 consecutive years for which satisfactory data are available from the Department of Commerce at the time such determination is made.

(c) PAYMENTS FOR THE BENEFIT OF INDIAN CHILDREN.—

(1) TRIBAL ORGANIZATIONS.—From the funds reserved under subsection (a)(2), the Secretary may, upon the application of a Indian tribe or tribal organization enter into a contract with, or make a grant to such Indian tribe or tribal organization for a period of 3 years, subject to satisfactory performance, to plan and carry out programs and activities that are consistent with this Act. Such contract or grant shall be subject to the terms and conditions of section 102 of the Indian Self-Determination Act (25 U.S.C. 450f) and shall be conducted in accordance with sections 4, 5, and 6 of the Act of April 16, 1934 (48 Stat. 596; 25 U.S.C. 655-657), that are relevant to such programs and activities.

(2) INDIAN RESERVATIONS.—In the case of an Indian tribe in a State other than the States of Oklahoma, Alaska, and California, such programs and activities shall be carried out on the Indian reservation for the benefit of Indian children.

(3) STANDARDS.—

(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall establish, through the application process, standards applicable to child care services provided under such programs and activities. For purposes of establishing such standards, the Secretary shall take into consideration—

(i) the codes, regulations, and cultural factors of the Indian tribe involved, as expressed by such tribe or the tribal organization that represents such tribe; and

(ii) the State licensing and regulatory requirements applicable to child care services provided in the State in which such program and activities are carried out.

(B) APPLICATION.—

(i) RULE.—Except as provided in clause (ii), after the Secretary establishes minimum child care standards under section 18(e)(2), such minimum standards shall apply with respect to child care services provided under such programs and activities.

(ii) WAIVERS AND MODIFICATIONS.—The Secretary may waive or modify, for a period not to exceed 4 years beginning on the date such minimum standards are established, any of such minimum standards that would limit the capacity of an Indian tribe or tribal organization to receive funds under this Act if the Secretary determines that there is a reasonable expectation that each of such standards requested to be waived will be met by the applicant by the end of the period for which the waiver is requested.

(4) AVAILABILITY OF STATE CHILD CARE SERVICES.—For the purpose of determining whether to approve an application for a contract or grant under this subsection, the Secretary shall take into consideration the availability of child care services provided in accordance with this Act by the State in which the applicant proposes to carry out a program to provide child care services.

(5) RULE OF CONSTRUCTION.—This subsection shall not be construed—

(A) to limit the eligibility of any individual to participate in any program carried out with assistance received under this Act by a State; or

(B) to modify any requirement imposed on a State by any provision of this Act.

(6) COORDINATION.—To the maximum extent practicable, the applicant for a grant or contract under this subsection and the State in which the applicant is located shall coordinate with each other their respective child care programs and activities, including child care programs and activities carried out with assistance received under this Act.

(d) DATA AND INFORMATION.—The Secretary shall obtain from each appropriate Federal agency, the most recent data and information necessary to determine the allotments provided for in subsection (b).

(e) REALLOTMENTS.—

(1) IN GENERAL.—Any portion of the allotment under subsection (b) to a State that the Secretary determines is not required to carry out a State plan approved under section 7(d), in the period for which the allotment is made available, shall be reallotted by the Secretary to other States in proportion to the original allotments to the other States.

(2) LIMITATIONS.—

(A) REDUCTION.—The amount of any reallotment to which a State is entitled to under paragraph (1) shall be reduced to the extent that it exceeds the amount that the Secretary estimates will be used in the State to carry out a State plan approved under section 7(d).

(B) REALLOTMENTS.—The amount of such reduction shall be similarly reallotted among States for which no reduction in an allotment or reallotment is required by this subsection.

(3) AMOUNTS REALLOTTED.—For purposes of any other section of this Act, any amount reallotted to a State under this subsection shall be considered to be part of the allotment made under subsection (b) to the State.

(f) DEFINITION.—For the purposes of this section, the term "State" means any of the several 50 States, the District of Columbia, or the Commonwealth of Puerto Rico.

SEC. 6. LEAD AGENCY.

(a) DESIGNATION.—The chief executive officer of a State desiring to participate in the program authorized by this Act shall designate, in an application submitted to the Secretary under section 7(a), an appropriate State agency that meets the requirements of subsection (b) to act as the lead agency.

(b) REQUIREMENTS.—

(1) ADMINISTRATION OF FUNDS.—The lead agency shall have the capacity to administer the funds provided under this Act to support programs and services authorized under this Act and to oversee the plan submitted under section 7(b).

(2) COORDINATION.—The lead agency shall have the capacity to coordinate the services for which assistance is provided under this Act with the services of other State and local agencies involved in providing services to children.

(3) ESTABLISHMENT OF POLICIES.—The lead agency shall have the authority to establish policies and procedures for developing and implementing interagency agreements with other agencies of the State to carry out the purposes of this Act.

(c) DUTIES.—The lead agency shall—

(1) assess child care needs and resources in the State, and assess the effectiveness of existing child care services and services for which assistance is provided under this Act or under other laws, in meeting such needs;

(2) develop a plan designed to meet the need for child care services in the State for eligible children, including infants, preschool children, and school-age children, giving special attention to meeting the needs for services for low-income children, migrant children, children with a handicapping condition, foster children, children in need of protective services, children of adolescent parents who need child care to remain in school, and children with limited English-language proficiency;

(3) develop, in consultation with the State advisory committee on child care established under section 11, the State plan submitted to the Secretary under section 7(b);

(4) hold hearings, in cooperation with such State advisory committee on child care, annually in each region of the State in order to provide to the public an opportunity to comment on the provision of child care services in the State under the proposed State plan;

(5) assist the chief executive officer in making such periodic reports to the Secretary as the Secretary may by rule require;

(6) coordinate the provision of services under this Act with—

(A) other child care programs and services, and with educational programs, for which assistance is provided under any State, local, or other Federal law, including the State Dependent Care Development Grants Act (42 U.S.C. 9871 et seq.); and

(B) other appropriate services, including social, health, mental health, protective, and nutrition services, available to eligible children under other Federal, State, and local programs;

(7) identify resource and referral programs for particular geographical areas in the State that meet the requirements of section 12; and

(8) establish in accordance with subsection (d)(1) several local advisory councils that collectively represent the entire geographical area in the State.

(d) LOCAL ADVISORY COUNCILS.—

(1) APPOINTMENT.—Each local advisory council established under subsection (c)(8) shall be composed of individuals who are

collectively representative of the local geographical area for which they are appointed and of the ethnic characteristics of the population of such area. Such council shall be composed of individuals appointed from among the following:

(A) Parents of preschool children.

(B) Parents of school-age children.

(C) Individuals who are child care providers.

(D) The heads of Head Start agencies.

(E) The heads of local public agencies that provide social services or human resources.

(F) The heads of local education agencies.

(G) The heads of local public health agencies.

(H) The heads of resource and referral agencies.

(I) Individuals engaged locally in business.

(J) Local representatives of nonprofit private organizations that provide funds for social services or human resources.

(K) Representatives of groups that engage in private activities relating to providing child care services.

(2) DUTIES.—Each local advisory council shall—

(A) assess the extent to which there is an unsatisfied need for child care services in the geographical area for which such council is appointed;

(B) submit to the lead agency, not less frequently than biennially, a report identifying the results of the implementation in such area of the State plan included in the application submitted under section 7;

(C) recommend to the lead agency the uses for which assistance received under this subchapter by the State should be expended in such area, and with respect to each such use, the amount of such funds that should be so expended;

(D) advise local child care providers regarding the means to collectively obtain training, supplies, and insurance relating to providing child care services; and

(E) otherwise assist the lead agency, and the State advisory committee on child care established under section 11 to carry out their respective duties.

(3) ADMINISTRATIVE SUPPORT.—The lead agency shall provide to such council such funds, and administrative support services (including personnel) directly or by contract, as may be necessary to enable such council to carry out its duties.

(4) CONFLICTS OF INTEREST.—A member of such council may not cast a vote on any matter that—

(A) may result in a financial benefit to such member; or

(B) under Federal, State, or local law would create or appear to create a conflict of interest if such vote were cast by such member.

(5) PUBLIC AWARENESS OF COUNCIL PARTICIPATION.—The Secretary shall require by rule that residents of each geographical area for which a local advisory council is appointed are informed of the opportunity to be appointed to such council.

SEC. 7. APPLICATION AND PLAN.

(a) APPLICATION.—To be eligible to receive assistance under this Act, a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require by rule.

(b) PLAN.—The application of a State submitted under subsection (a) shall include an assurance that the State will comply with the requirements of this Act and a State plan that is designed to be implemented during a 4-year period and that meets the requirements of subsection (c).

(c) REQUIREMENTS OF A PLAN.—

(1) LEAD AGENCY.—The plan shall identify the lead agency designated in accordance with section 6(a).

(2) ADVISORY BODIES.—The plan shall demonstrate that the State will establish in accordance with section 11 a State advisory committee on child care.

(3) POLICIES AND PROCEDURES.—The plan shall set forth policies and procedures designed to ensure all of the following:

(A) That, to the maximum extent practicable—

(i) the parents of each eligible child who will receive child care services for which assistance is provided under paragraph (4) are permitted to select the eligible child care provider that will provide such services to such child;

(ii) the State will attempt to place such child with the eligible child care provider selected by such parents; and

(iii) procedures shall be established by the State to ensure that the parents of children eligible for a child care certificate under this Act and the eligible child care provider sign a written agreement with the lead State agency concerning the provision of child care services to such child.

(B) That—

(i) all providers of child care services for which assistance is provided under this Act comply with all licensing and regulatory requirements (including registration requirements) applicable under State and local law; and

(ii) such requirements are imposed and enforced by the State uniformly on all child care providers that provide child care services under similar child care arrangements.

This subparagraph shall not be construed to prohibit a State from imposing more stringent standards or requirements on child care providers who provide services for which assistance is provided under this Act and who also receive State funds under any other law to provide child care services under a contract or other arrangement with the State.

(C) That procedures will be established to ensure that child care providers receiving assistance under this Act or under other publicly-assisted child care programs comply with the minimum child care standards established under section 18(e)(2) after the expiration of the 4-year period beginning on the date the Secretary establishes such standards, and comply with all applicable State and local licensing and regulatory requirements (including registration requirements).

(D) That the State will not—

(i) reduce the categories of child care providers licensed or regulated by the State on the date of enactment of this Act; or

(ii) reduce the level of standards applicable to child care services provided in the State and to the matters specified in sections 13(a) and 18(d), even if such standards exceed the minimum standards established under section 18(e)(2) by the Secretary unless the State, with the concurrence of the State advisory committee established under section 11, requests a waiver of this subparagraph and demonstrates, to the satisfaction of the Secretary, that the proposed reduction is necessary to increase access to and availability of eligible child care providers and will not jeopardize the health and safety of children.

(E) That funds received under this Act by the State will be used only to supplement, not to supplant, the amount of Federal, State, and local funds expended for the support of child care services and related programs in the State, except that States may use existing expenditures in support of child care services to satisfy the State matching requirement under section 17(b) and may not use such expenditures to satisfy the matching requirements of any other Federal program.

(F) That for each fiscal year the State will use an amount not to exceed 8 percent of the amount of funds received under section 5 by the State for such fiscal year to administer the State plan.

(G) That the State will pay funds under this Act to eligible child care providers in a timely fashion to ensure the continuity of child care services to eligible children.

(H) That resource and referral agencies will be made available to families in all regions of the State.

(I) That each eligible child care provider who provides services for which assistance is provided under paragraph (4)—

(i) gives priority for provider services to children of families with very low income, taking into account family size;

(ii) after the expiration of the 4-year period beginning on the date the Secretary establishes minimum child care standards under section 18(e)(2), complies with such standards except as provided in clause (iii);

(iii) if such eligible child care provider is regulated by a State educational agency that—

(I) administers any State law applicable to child care services;

(II) develops child care standards that meet or exceed the minimum standards established under section 18(e)(2) and the State licensing or regulatory requirements (including registration requirements); and

(III) enforces the standards described in subclause (II) that are developed by such agency, using policies and practices that meet or exceed the requirements specified in subparagraphs (A) through (K) of paragraph (11);

complies with the standards described in subclause (II) that are developed by such agency; and

(iv) complies with the State plan and the requirements of this Act.

(J) That child care services for which assistance is provided under paragraph (4) are available to children with a handicapping condition.

(K) That appropriate State regulations will be issued governing the provision of school-age child care services if the State does not already have such regulations.

(L) That child care providers in the State are encouraged to develop personnel policies that include compensated time for staff undergoing training required under this Act.

(M) Encourage the payment of adequate salaries and other compensation—

(i) to full and part-time staff of child care providers who provide child care services for which assistance is provided under paragraph (4);

(ii) to the extent practicable, to such staff in other major Federal and State child care programs; and

(iii) to other child care personnel, at the option of the State.

(N) That child care services for which assistance is provided under paragraph (4) are available for an adequate number of hours and days to serve the needs of parents of eligible children, including parents who work nontraditional hours.

(4) CHILD CARE SERVICES.—The plan shall provide that—

(A) subject to subparagraph (B), the State will use at least 70 percent of the amount allotted to the State in any fiscal year to provide child care services that meet the requirements of this Act to eligible children in the State on a sliding fee scale basis and using funding methods provided for in section 8(a)(1), with priority being given for services to children of families with very low family incomes, taking into consideration the size of the family; and

(B) the State will use at least 10 percent of the funds reserved for the purposes specified in subparagraph (A) in any fiscal year to provide for the extension of part-day programs as described in section 8(b).

(5) ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.—The plan shall provide that the State will use not more than 10 percent of the amount allotted to it in any fiscal year to do each of the following:

(A) Provide financial assistance, pursuant to procedures established under the State Dependent Care Development Grants Act (42 U.S.C. 9801 note), to private nonprofit organizations or public organizations (including units of general purpose local government) that meet the requirements of section 12 for the development, establishment, expansion, operation, and coordination of resource and referral programs specifically related to child care.

(B) Improve the monitoring of compliance with, and enforcement of, the licensing and regulatory requirements (including registration requirements) of the State.

(C) Provide training, technical assistance, and scholarship assistance in accordance with the requirements of subsections (b), (c), and (d) of section 13.

(D) Ensure that adequate salaries and other compensation are paid to full- and part-time staff who provide child care services for which assistance is provided under paragraph (4).

(6) ACTIVITIES TO INCREASE THE AVAILABILITY OF CHILD CARE.—The plan shall provide that the State will use not more than 12 percent of the amount allotted to it in any fiscal year for any of the following activities:

(A) Making grants or low interest loans to existing and potential family child care providers and nonprofit child care providers to help such providers pay the cost of—

(i) establishing child care programs; and

(ii) making renovations and improvements in existing facilities to be used to carry out such programs.

(B) Making grants or low-interest loans to child care providers to assist such providers in meeting Federal, State, and local child care standards, giving priority to providers receiving assistance under this Act or under other publicly assisted child care programs and which serve children of families that have very low incomes.

(C) Providing funds for the child care public-private partnership activities described in section 14.

(D) Providing assistance for the establishment and operation of after school child care programs.

(E) Providing assistance for the temporary care of children who are sick and unable to attend child care programs in which such children are enrolled.

(F) Providing assistance for the establishment and operation of child care programs for homeless children.

(G) Providing assistance to link child care programs with programs designed to assist the elderly.

(H)(i) Establishing and administering a revolving loan fund from which any person desiring to make capital improvements to the principal residence of such person (within the meaning of section 1034 of the Internal Revenue Code of 1986) may obtain a loan in order to become a licensed family child care provider, pursuant to State and local law, and to comply with the minimum standards applicable to such providers as established under section 18(e)(2).

(ii) To permit the use of funds provided under this Act for the activity described in clause (i), the State shall set forth procedures and guidelines to carry out the purposes of such clause, including procedures—

(I) that provide assurances that only applicants who obtain a license for the operation of a child care facility in accordance with the provisions of State and local law and who will meet the minimum standards applicable to family child care services established under section 18(e)(2), benefit from loans made available pursuant to the provisions of clause (i);

(II) to assure that the revolving fund will be administered by the State and will provide loans to qualified applicants, pursuant to the terms and conditions established by such State, in an amount, determined by such State, that is not in excess of $1,500;

(III) to assure that funds used to carry out the purpose of clause (i) are transferred to such fund to provide capital for making loans;

(IV) to assure that interest and principal payments on loans and any other moneys, property, or assets derived from any action concerning such funds are deposited into such fund;

(V) to assure that all loans, expenses, and payments pursuant to the operation of the revolving loan fund are paid from such fund;

(VI) to assure that loans made from such fund are made to qualified applicants to enable such applicants to make capital improvements so that such applicant may obtain a State or local family child care provider license and so that such applicant may meet the minimum standards applicable to such providers established under section 18(e)(2); and

(VII) that specify how such revolving loan fund will continue to be financed in subsequent years, such as through contributions by the State or by some other entity.

(I) Providing assistance for any other activity deemed by the State to be in accordance with the purposes of this paragraph.

(7) DISTRIBUTION OF FUNDS.—The plan shall provide that funds will be distributed—

(A) to a variety of types of child care providers, including center-based child care providers, group home child care providers, and family child care providers; and

(B) equitably among child care providers to provide child care services in rural and urban areas.

(8) REIMBURSEMENTS.—The plan shall provide that for child care services for which assistance is provided under this Act, an eligible child care provider shall have a right to reimbursement at the same rate charged by that provider for comparable services to children of comparable ages and special needs whose parents are not eligible for certificates under this Act or for child care assistance under any other Federal or State program.

(9) PRIORITY.—The plan shall provide that priority will be given, in distributing funds in the State, to child care providers that—

(A) in providing child care services assisted by such funds, will give priority to eligible children of families with very low income;

(B) to the maximum extent feasible, provide child care services to a reasonable mix of children, including children from different socioeconomic backgrounds and children with a handicapping condition;

(C) provide opportunities for parent involvement in all aspects of providing such services; and

(D) to the maximum extent feasible, offer family support services.

(10) SLIDING FEE SCALE.—The plan shall provide for the establishment of a sliding fee scale that requires cost sharing based on the services provided to and the income of the families (adjusted for family size) of eligible children who receive services for which assistance is provided under this Act.

(11) PARENTAL INVOLVEMENT.—The plan shall establish procedures for parental involvement in State and local planning, monitoring, and evaluation of child care programs and services in the State.

(12) ENFORCEMENT OF LICENSING AND OTHER REGULATORY REQUIREMENTS (INCLUDING REGISTRATION REQUIREMENTS).—The plan shall provide that the State, not later than 4 years after the date of enactment of this Act, shall have in effect enforcement policies and practices that will be applicable to all licensed or regulated child care providers (including child care providers required to register) in the State, including policies and practices that—

(A) require personnel who perform inspection functions with respect to licensed or regulated child care services to have or receive training in health and safety, child abuse prevention and detection, program management, and relevant law enforcement;

(B) to the maximum extent feasible, have personnel requirements to ensure that individuals who are hired as licensing inspectors are qualified to inspect and have inspection responsibility exclusively for children's services;

(C) require—

(i) personnel who perform inspection functions with respect to licensed or regulated child care services to make not less than 1 unannounced inspection of each center-based child care provider and each group home child care provider in the State annually; and

(ii) personnel who perform inspection functions with respect to licensed or regulated child care services to make unannounced inspections annually of not less than 20 percent of licensed and regulated family child care providers in the State;

(D) require licensed or regulated child care providers (including registered child care providers) in the State—

(i) to have written policies and program goals and to make a copy of such policies and goals available to parents; and

(ii) to provide parents with unlimited access to their children and to providers caring for their children, during normal hours of operation of such providers and whenever children of such parents are in the care of such providers;

(E) implement a procedure to address complaints that will provide a reasonable opportunity for a parent, or child care provider, that is adversely affected or aggrieved by a decision of the lead agency or any program assisted under this Act, to be heard by the State;

(F) prohibit the operator of a child care facility to take any action against an employee of such operator that would adversely affect the employment, or terms or condi-

tions of employment, of such employee because such employee communicates a failure of such operator to comply with any applicable licensing or regulatory requirement;

(G) implement a consumer education program designed to inform parents and the general public about licensing requirements, complaint procedures, and policies and practices required by this paragraph;

(H) require a child care provider to post, on the premises where child care services are provided, the telephone number of the appropriate licensing or regulatory agency that parents may call regarding a failure of such provider to comply with any applicable licensing or regulatory requirement; and

(I) require the State to maintain a record of parental complaints and to make information regarding substantiated parental complaints available to the public on request.

(13) DATA COLLECTION.—The plan shall provide for the establishment of procedures for data collection by the State designed to show—

(A) by race, sex, ethnic origin, handicapping condition, and family income, how the child care needs of families in the State are being fulfilled, including information on—

(i) the number of children being assisted with funds provided under this Act, and under other State and Federal child care and preschool programs;

(ii) the type and number of child care programs, child care providers, caregivers, and support personnel located in the State;

(iii) the regional cost of child care; and

(iv) such other information as the Secretary considers necessary to establish how funds provided under this Act are being used;

(B) the extent to which the availability of child care has been increased; and

(C) how the purposes of this Act and the objectives of the State set forth in the State plan are being met, including efforts to improve the quality, availability, and accessibility of child care;

and shall provide that data collected by the State under this paragraph shall be submitted to the Secretary.

(d) APPROVAL OF APPLICATION.—The Secretary shall approve an application that satisfies the requirements of this section.

(e) SPECIAL RULE.—In carrying out the provisions of this section, the Secretary shall approve any application with respect to the activities described in the plan submitted under paragraph (5) of subsection (c), if the Secretary determines that the State is making reasonable progress in carrying out the activities which are described in subparagraphs (A) and (D) of paragraph (5).

SEC. 8. SPECIAL RULES FOR USE OF STATE ALLOTMENTS.

(a) FUNDING OF CHILD CARE SERVICES.—

(1) IN GENERAL.—The child care services referred to in section 7(c)(4) that are to be provided out of the allotment to a State, shall be provided—

(A) by contracts with or grants to eligible child care providers who agree to provide such services directly to eligible children;

(B) by grants to units of general purpose local government that agree to enter into contracts with eligible child care providers who agree to provide such services directly to eligible children; or

(C) by distributing child care certificates to parents of eligible children under such terms as the Secretary shall prescribe to enable the recipients of such certificates to purchase child care services from eligible child care providers.

(2) LIMITATION ON CERTIFICATES.—Child care certificates authorized by paragraph (1)(C) may be issued by a State only if a resource and referral program carried out by an organization that meets the requirements of section 12 is available to help parents locate child care services made available by eligible child care providers.

(3) NO ENTITLEMENT TO CONTRACT OR GRANT.—Nothing in this Act shall be construed to entitle any child care provider or recipient of a child care certificate to any contract, grant or benefit, or to limit the right of any State to impose additional limitations or conditions on contracts or grants funded under this Act.

(b) PART-DAY PROGRAMS.—

(1) IN GENERAL.—At least 10 percent of the funds available for activities under section 7(c)(4)(A) shall be used by the State to enable child care providers to extend the hours of operation of the part-day programs described in paragraph (2) to provide full-working-day child care services throughout the year, in order to meet the needs of parents of eligible children.

(2) ELIGIBLE PROGRAMS.—As used in paragraph (1), the term "part-day programs" means—

(A) programs of schools and nonprofit child care providers (including community-based organizations) receiving State or local funds designated for preschool;

(B) programs established under the Head Start Act (42 U.S.C. 9831 et seq.);

(C) preschool programs for which assistance is provided under chapter 1 of the Education Consolidation and Improvement Act of 1981 (20 U.S.C. 3801 et seq.); and

(D) preschool programs for children with a handicapping condition.

(c) FACILITIES.—

(1) NEW FACILITIES.—No financial assistance provided under this Act shall be expended for the construction of a new facility.

(2) EXISTING FACILITIES.—No financial assistance provided under this Act shall be expended to renovate or repair any facility unless—

(A) the child care provider that receives such financial assistance agrees—

(i) in the case of a grant, to repay to the Secretary or the State, as the case may be, the amount that bears the same ratio to the amount of such grant as the value of the renovation or repair, as of the date such provider ceases to provide child care services in such facility in accordance with this Act, bears to the original value of the renovation or repair; and

(ii) in the case of a loan, to repay immediately to the Secretary or the State, as the case may be, the principal amount of such loan outstanding and any interest accrued, as of the date such provider ceases to provide child care services in such facility in accordance with this Act;

if such provider does not provide child care services in such facility in accordance with this Act throughout the useful life of the renovation or repair; and

(B) if such provider is a sectarian agency or organization, the renovation or repair is necessary to bring such facility into compliance with health and safety requirements imposed by this Act.

SEC. 9. PLANNING GRANTS.

(a) IN GENERAL.—A State desiring to participate in the programs authorized by this Act that cannot fully satisfy the requirements of the State plan under section 7(b) without financial assistance may, in the first year that the State participates in the programs, apply to the Secretary for a planning grant.

(b) AUTHORIZATION.—The Secretary is authorized to make a planning grant to a State described in subsection (a) if the Secretary determines that—

(1) the grant would enable the State to fully satisfy the requirements of a State plan under section 7(b); and

(2) the State will apply, for the remainder of the allotment that the State is entitled to receive for such fiscal year.

(c) AMOUNT OF GRANT.—A grant made to a State under this section shall not exceed 1 percent of the total allotment that the State would qualify to receive in the fiscal year involved if the State fully satisfied the requirements of section 7.

(d) LIMITATION ON ADMINISTRATIVE COSTS.—A grant made under this section shall be considered to be expended for administrative costs by the State for purposes of determining the compliance by the State with the limitation on administrative costs imposed by section 7(c)(3)(F).

SEC. 10. CONTINUING ELIGIBILITY OF STATES.

A State shall be ineligible for assistance under this Act after the expiration of the 4-year period beginning on the date the Secretary establishes minimum child care standards under section 18(e)(2) unless the State demonstrates to the satisfaction of the Secretary that—

(1) all child care providers required to be licensed and regulated in the State—

(A) are so licensed and regulated; and

(B) are subject to the enforcement provisions referred to in the State plan; and

(2) all such providers who are receiving assistance under this Act or under other publicly-assisted child care programs—

(A) satisfy the requirements of subparagraphs (A) and (B) of paragraph (1); and

(B) except as provided in section 18(f), satisfy the minimum child care standards established by the Secretary under section 18(e)(2) of this Act.

SEC. 11. STATE ADVISORY COMMITTEE ON CHILD CARE.

(a) ESTABLISHMENT.—The chief executive officer of a State participating in the program authorized by this Act shall—

(1) establish a State advisory committee on child care (hereinafter in this section referred to as the "committee") to assist the lead agency in carrying out the responsibilities of the lead agency under this Act; and

(2) appoint the members of the committee.

(b) COMPOSITION.—The State committee shall be composed of not fewer than 21 and not more than 30 members who shall include—

(1) at least 1 representative of the lead agency designated under section 6(a);

(2) 1 representative of each of—

(A) the State departments of—

(i) human resources or social services;

(ii) education;

(iii) economic development; and

(iv) health; and

(B) other State agencies having responsibility for the regulation, funding, or provision of child care services in the State;

(3) at least 1 representative of providers of different types of child care services, including caregivers and directors;

(4) at least 1 representative of early childhood development experts;

(5) at least 1 representative of school districts and teachers involved in the provision of child care services and preschool programs;

(6) at least 1 representative of resource and referral programs;

(7) 1 pediatrician;

(8) 1 representative of a citizen group concerned with child care;

(9) at least 1 representative of an organization representing child care employees;

(10) at least 1 representative of the Head Start agencies in the State;

(11) parents of children receiving, or in need of, child care services, including at least 2 parents whose children are receiving or are in need of subsidized child care services;

(12) 1 representative of specialists concerned with children who have a handicapping condition;

(13) 1 representative of individuals engaged in business;

(14) 1 representative of fire marshals and building inspectors;

(15) 1 representative of child protective services; and

(16) 1 representative of units of general purpose local government.

(c) FUNCTIONS.—The committee shall—

(1) advise the lead agency on child care policies;

(2) provide the lead agency with information necessary to coordinate the provision of child care services in the State;

(3) otherwise assist the lead agency in carrying out the functions assigned to the lead agency under section 6(c);

(4) review and evaluate child services for which assistance is provided under this Act or under State law, in meeting the objectives of the State plan and the purposes of this Act;

(5) make recommendations on the development of State child care standards and policies;

(6) participate in the regional public hearings required under section 6(c)(5); and

(7) perform other functions to improve the quantity and quality of child care services in the State.

(d) MEETINGS AND HEARINGS.—

(1) IN GENERAL.—Not later than 30 days after the beginning of each fiscal year, the committee shall meet and establish the time, place, and manner of future meetings of the committee.

(2) MINIMUM NUMBER OF HEARINGS.—The committee shall have at least 2 public hearings each year at which the public shall be given an opportunity to express views concerning the administration and operation of the State plan.

(e) USE OF EXISTING COMMITTEES.—To the extent that a State has established a broadly representative State advisory group, prior to the date of enactment of this Act, that is comparable to the advisory committee described in this section and focused exclusively on child care and early childhood development programs, such State shall be considered to be in compliance with subsections (a) through (c).

(f) SUBCOMMITTEE ON LICENSING.—

(1) COMPOSITION.—The committee shall have a subcommittee on licensing (hereinafter in this section referred to as the "subcommittee") that shall be composed of the members appointed under paragraphs (2)(A)(iv), (3), (6), (7), (11), (14), and (15) of subsection (b).

(2) FUNCTIONS.—The subcommittee shall review the law applicable to, and the licensing requirements and the policies of, each licensing agency that regulates child care services and programs in the State unless the State has reviewed such law, requirements, and policies in the 4-year period ending on the date of the establishment of the committee under subsection (a).

(g) REPORT.—

(1) IN GENERAL.—Not later than 1 year after establishment of the committee under subsection (a), the committee shall prepare and submit to the chief executive officer of the State involved a report.

(2) CONTENTS OF REPORT.—A report prepared under paragraph (1) shall contain—

(A) an analysis of information on child care services provided by center-based child care providers, group home child care providers, and family child care providers;

(B) a detailed statement of the findings and recommendations that result from the subcommittee review under subsection (f)(2), including a description of the current status of child care licensing, regulating, monitoring, and enforcement in the State;

(C) a detailed statement identifying and describing the deficiencies in the existing licensing, regulating, and monitoring programs of the State involved, including an assessment of the adequacy of staff to carry out such programs effectively, and recommendations to correct such deficiencies or to improve such programs; and

(D) comments on the minimum child care standards established by the Secretary under section 18(e)(2).

(3) RECEIPT OF REPORT BY THE CHIEF EXECUTIVE OFFICER OF THE STATE.—Not later than 60 days after receiving the report from the committee, the chief executive officer of the State shall transmit such report to the Secretary with—

(A) the comments of the chief executive officer of the State; and

(B) a plan for correcting deficiencies in, or improving the licensing, regulating, and monitoring, of the child care services and programs referred to in subsection (f)(2).

(h) SERVICES AND PERSONNEL.—

(1) AUTHORITY.—The lead agency is authorized to provide the services of such personnel, and to contract for such other services as may be necessary, to enable the committee and the subcommittee to carry out their functions under this Act.

(2) REIMBURSEMENT.—Members of the committee shall be reimbursed, in accordance with standards established by the Secretary, for necessary expenses incurred by such members in carrying out the functions of the committee and the subcommittee.

(3) SUFFICIENCY OF FUNDS.—The Secretary shall ensure that sufficient funds are made available, from funds available for the administration of the State plan, to the committee and the subcommittee to carry out the requirements of this section.

SEC. 12. RESOURCE AND REFERRAL PROGRAMS.

(a) ELIGIBILITY FOR ASSISTANCE.—Each State receiving funds under this Act shall, pursuant to section 7(c)(5)(A), make grants to or enter into contracts with private nonprofit organizations or public organizations (including units of general purpose local government), as resource and referral agencies to ensure that resource and referral services are available to families in all geographical areas in the State.

(b) FUNDING.—Organizations that receive assistance under subsection (a) shall carry out resource and referral programs—

(1) to identify all types of existing child care services, including services provided by individual family child care providers and by child care providers who provide child care services to children with a handicapping condition;

(2) to provide to interested parents information and referral regarding such services, including the availability of public funds to obtain such services;

(3) to provide or arrange for the provision of information, training, and technical assistance to existing and potential child care providers and to others (including businesses) concerned with the availability of child care services; and

(4) to provide information on the demand for and supply of child care services located in a community.

(c) REQUIREMENTS.—To be eligible for assistance as a resource and referral agency under subsection (a), an organization shall—

(1) have or acquire a database of information on child care services in the State or in a particular geographical area that the organization continually updates, including child care services provided in centers, group home child care settings, nursery schools, and family child care settings;

(2) have the capability to provide resource and referral services in a particular geographical area;

(3) be able to provide parents with information to assist them in identifying quality child care services;

(4) to the maximum extent practicable, notify all eligible child care providers in such area of the functions it performs and solicit such providers to request to be listed to receive referrals made by such organization; and

(5) otherwise comply with regulations promulgated by the State in accordance with subsection (d).

(d) LIMITATION ON INFORMATION.—In carrying out this section, an organization receiving assistance under subsection (a) as a resource and referral agency shall not provide information concerning any child care program or services which are not in compliance with the laws of the State and localities in which such services are provided.

SEC. 13. TRAINING AND TECHNICAL ASSISTANCE.

(a) MINIMUM REQUIREMENT.—A State receiving funds under this Act shall require, not later than 2 years after the date of the enactment of this Act, that all employed or self-employed individuals who provide licensed or regulated child care services (including registered child care services) in a State complete at least 40 hours of training over a 2-year period in areas appropriate to the provision of child care services, including training in health and safety, nutrition, first aid, the recognition of communicable diseases, child abuse detection and prevention, and the needs of special populations of children.

(b) GRANTS AND CONTRACTS FOR TRAINING AND TECHNICAL ASSISTANCE.—

(1) GRANTS AND CONTRACTS.—The State shall make grants to, and enter into contracts with State agencies, units of general purpose local government, institutions of higher education, and nonprofit organizations (including resource and referral organizations, child care food program sponsors, and family child care associations, as appropriate) to develop and carry out child care training and technical assistance programs under which preservice and continuing inservice training is provided to eligible child care providers, including family child care providers, and the staff of such providers including teachers, administrative personnel, and staff of resource and referral programs involved in providing child care services in the State.

(2) ELIGIBILITY REQUIREMENTS FOR GRANTS AND CONTRACTS RELATING TO TRAINING FOR

FAMILY CHILD CARE PROVIDERS.—To be eligible to receive a grant or enter into a contract for a training and technical assistance program for family child care providers under paragraph (1), a nonprofit organization shall—

(A) recruit and train family child care providers, including providers with the capacity to provide night-time and emergency child care services;

(B) operate resource centers to make developmentally appropriate curriculum materials available to family child care providers;

(C) provide grants to family child care providers for the purchase of moderate cost equipment to be used to provide child care services; and

(D) operate a system of substitute caregivers.

(3) ELIGIBILITY REQUIREMENTS FOR GRANTS AND CONTRACTS RELATING TO TECHNICAL ASSISTANCE.—To be eligible to receive a grant, or enter into a contract under subsection (b) to provide technical assistance, an agency, organization, or institution shall agree to furnish technical assistance to child care providers to assist such providers—

(A) in understanding and complying with local regulations and relevant tax and other policies;

(B) in meeting State licensing, regulatory, and other requirements (including registration) pertaining to family child care providers.

(c) SCHOLARSHIP ASSISTANCE.—The State shall provide scholarship assistance to—

(1) individuals who seek a nationally recognized child development associate credential for center-based or family child care and whose income does not exceed the poverty line (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) by more than 100 percent, in amounts sufficient to cover the costs involved in securing such credential; and

(2) caregivers who seek to obtain the training referred to in subsection (a) and whose income does not exceed such poverty line.

(d) CLEARINGHOUSE.—The State shall establish in the lead agency a clearinghouse to collect and disseminate training materials to resource and referral agencies and child care providers throughout the State.

SEC. 14. CHILD CARE PUBLIC-PRIVATE PARTNERSHIP.

(a) ACTIVITIES AUTHORIZED.—Each State using funds as described in section 7(c)(6)(C) shall design activities conducted with such funds to encourage businesses in the State to support or provide child care services to a reasonable mix of children, including children from different socioeconomic backgrounds, and children of employees and nonemployees. Such activities may include—

(1) disseminating information relating to—

(A) model child care programs appropriate for implementation by such businesses;

(B) flexible employee work schedules; and

(C) other technical assistance that would enable employers to establish and operate child care programs;

(2) making grants or loans on a competitive basis to assist employers in establishing innovative child care programs;

(3) establishing a demonstration program under which grants are made to local nonprofit private organizations to improve and expand child care services in cooperation with employees who contribute to the cost of such improvement or expansion;

(4) making grants to non-profit business organizations to provide technical information and assistance to enable employers to develop and operate child care services; and

(5) encouraging such businesses to participate in resource and referral activities carried out by organizations recognized under section 12.

(b) DUTIES OF STATE.—In carrying out the activities described in subsection (a), the State shall—

(1) consult with the State advisory committee on child care established under section 11;

(2) provide outreach to businesses participating in such activities; and

(3) encourage such businesses to contribute to the cost of carrying out such activities.

(c) BUSINESS PARTNERSHIP TASK FORCE.—The State may carry out subsection (a) in consultation with—

(1) a business task force appointed by the State from among representatives of businesses of various sizes in the State; and

(2) a state entity that administers laws relating to productive economic development.

(d) PRESIDENT'S AWARD FOR PROGRESSIVE MANAGEMENT POLICY.—

(1) ESTABLISHMENT AND AWARD.—

(A) IN GENERAL.—There is established the President's Award for Responsive Management Policy to honor public and private sector employers who have—

(i) successfully implemented in their businesses family-oriented personnel programs and policies responsive to the child care needs of working parents; or

(ii) made significant contributions to child care projects in their communities.

(B) CITATION.—The President's Award for Responsive Management Policy shall consist of a certificate, plaque, or other appropriate citation.

(2) NOMINATION AND SELECTION.—

(A) NOMINATIONS.—Each year the President, acting through the Secretary of Labor, shall solicit nominations for the President's Award for Responsive Management Policy from State and local elected officials, educational institutions, State-based employee or business associations, or other State or local entities.

(B) RECIPIENTS.—The President, in conclusion with the Secretary of Labor, shall select not less than 3 such nominees from each State to receive the President's Award for that year.

(C) REPRESENTATION.—Of the nominees selected from each State to receive such awards, at least 1 shall represent—

(i) a small business;

(ii) an intermediate-size business; and

(iii) a large business.

(3) PRESENTATION.—The President shall present the President's Award each year with such ceremonies as the President may consider proper.

(4) REGULATIONS.—The Secretary of Labor shall promulgate such regulations as are necessary to carry out the provisions of this section.

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

(A) INTERMEDIATE-SIZE BUSINESS.—The term "intermediate-size business" means a business with at least 101 but not more than 500 employees.

(B) LARGE BUSINESS.—The term "large business" means a business with 501 or more employees.

(C) SMALL BUSINESS.—The term "small business" means a business with not more than 100 employees.

(D) STATE.—The term "State" means any State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, the Canal Zone, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States.

SEC. 15. FEDERAL ADMINISTRATION OF CHILD CARE.

(a) ADMINISTRATOR OF CHILD CARE.—There is hereby established in the Department of Health and Human Services the position of Administrator of Child Care (hereinafter in this section referred to as the "Administrator"). The Secretary shall appoint an individual to serve as the Administrator at the pleasure of the Secretary.

(b) DUTIES.—The Administrator shall—

(1) coordinate all activities of the Department of Health and Human Services relating to child care, and coordinate such activities with similar activities of other Federal entities;

(2) annually collect and publish State child care standards, including periodic modifications to such standards;

(3) evaluate activities carried out with funds provided under this Act;

(4) act as a clearinghouse to collect and disseminate materials that relate to—

(A) the child care training and technical assistance programs described in section 13(b)(1); and

(B) studies that relate to the salaries paid to individuals employed to provide child care services; and

(5) provide technical assistance to assist States to carry out this Act.

SEC. 16. FEDERAL ENFORCEMENT.

(a) REVIEW OF COMPLIANCE WITH STATE PLAN.—The Secretary shall review and monitor State compliance with this Act and the plan approved under section 7(d) for the State.

(b) NONCOMPLIANCE.—

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

(A) there has been a failure by the State to comply substantially with any provision or any requirements set forth in the plan approved under section 7(d) for the State; or

(B) in the operation of any program or project for which assistance is provided under this Act there is a failure by the State to comply substantially with any provision of this Act;

the Secretary shall notify the State of the finding and that no further payments may be made to such State under this Act (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 such program or activity) until the Secretary is satisfied that there is no longer any such failure to comply or that the noncompliance will be promptly corrected.

(2) ADDITIONAL SANCTIONS.—In the case of a finding of noncompliance made pursuant to this paragraph (1), the Secretary may, in addition to imposing the sanctions described in such paragraph, impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this Act, and disqualification from the receipt of financial assistance under this Act.

(3) NOTICE.—The notice required under paragraph (1) shall include a specific identification of any additional sanction being imposed under paragraph (2).

(c) ISSUANCE OF RULES.—The Secretary shall establish by rule procedures for—

(1) 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 Act; and

(2) imposing sanctions under this section.

SEC. 17. PAYMENTS.

(a) IN GENERAL.—

(1) AMOUNT OF PAYMENT.—Each State that—

(A) has an application approved by the Secretary under section 7(d); and

(B) demonstrates to the satisfaction of the Secretary that it will provide from non-Federal sources the State share of the aggregate amount to be expended by the State under the State plan for the fiscal year for which it requests a grant;

shall receive a payment under this section for such fiscal year in an amount (not to exceed its allotment under section 5 for such fiscal year) equal to the Federal share of the aggregate amount to be expended by the State under the State plan for such fiscal year.

(2) FEDERAL SHARE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the Federal share for each fiscal year shall be 80 percent.

(B) EXCEPTION.—If a State makes the demonstration specified in section 10 throughout a fiscal year for which it requests a grant, then the Federal share shall be 85 percent.

(3) STATE SHARE.—The State share equals 100 percent minus the Federal share.

(4) LIMITATION.—A State may not require any private provider of child care services that receives or seeks funds made available under this Act to contribute in cash or in kind to the State contribution required by this subsection.

(b) METHOD OF PAYMENT.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary may make payments to a State in installments, and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments, as the Secretary may determine.

(2) LIMITATION.—The Secretary may not make such payments in a manner that prevents the State from complying with the requirement specified in section 7(c)(3)(F).

(c) SPENDING OF FUNDS BY STATE.—Payments to a State from the allotment under section 5 for any fiscal year may be expended by the State in that fiscal year or in the succeeding fiscal year.

SEC. 18. NATIONAL ADVISORY COMMITTEE ON MINIMUM CHILD CARE STANDARDS.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—In order to improve the quality of child care services, the Secretary shall establish, not later than 60 days after the date of the enactment of this Act, a National Advisory Committee on Minimum Child Care Standards (hereinafter in this section referred to as the "Committee"), the members of which shall be appointed from among representatives of—

(A) the chief executive officers of the several States;

(B) State legislatures;

(C) units of general purpose local governments;

(D) businesses;

(E) individuals responsible for regulating the insurance industry within the States;

(F) religious institutions;

(G) different types of child care providers;

(H) persons who carry out resource and referral programs;

(I) child care, early childhood development, or early childhood education specialists;

(J) individuals who have expertise in pediatric health care, handicapping conditions, and related fields;

(K) organizations representing child care employees;

(L) individuals who have experience in the regulation of child care services; and

(M) parents who have been actively involved in community child care programs.

(2) APPOINTMENT OF MEMBERS.—The Committee shall be composed of 20 members of which—

(A) 4 members shall be appointed by the President;

(B) 4 members shall be appointed by the majority leader of the Senate;

(C) 4 members shall be appointed by the minority leader of the Senate;

(D) 4 members shall be appointed by the Speaker of the House of Representatives; and

(E) 4 members shall be appointed by the minority leader of the House of Representatives.

(3) CHAIRMAN.—The President shall appoint a chairman from among the members of the Committee.

(4) VACANCIES.—A vacancy occurring on the Committee shall be filled in the same manner as that in which the original appointment was made.

(b) PERSONNEL, REIMBURSEMENT, AND OVERSIGHT.—

(1) PERSONNEL.—The Secretary shall make available to the Committee office facilities, personnel who are familiar with child development and with developing and implementing regulatory requirements, technical assistance, and funds as are necessary to enable the Committee to carry out effectively its functions.

(2) REIMBURSEMENT.—

(A) COMPENSATION.—Members of the Committee who are not regular full-time employees of the United States Government shall, while attending meetings and conferences of the Committee or otherwise engaged in the business of the Committee (including traveltime), be entitled to receive compensation at a rate fixed by the Secretary, but not exceeding the rate specified at the time of such service under GS-18 of the General Schedule established under section 5332 of title 5, United States Code.

(B) EXPENSES.—While away from their homes or regular places of business on the business of the Committee, such members may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in the Government service.

(3) OVERSIGHT.—The Secretary shall ensure that the Committee is established and operated in accordance with the Federal Advisory Committee Act (5 U.S.C. App.).

(c) FUNCTIONS.—The Committee shall—

(1) review Federal policies with respect to child care services and such other data as the Committee may deem appropriate;

(2) not later than 180 days after the date on which a majority of the members of the Committee are first appointed, submit to the Secretary proposed minimum standards described in subsection (d) for child care services, taking into account the different needs of infants, toddlers, preschool and schoolage children; and

(3) develop and make available to lead agencies, for distribution to resource and referral agencies in the State, model requirements for resource and referral agencies.

(d) MINIMUM CHILD CARE STANDARDS.—The proposed child care standards submitted pursuant to subsection (c)(2) shall be minimum standards and shall consist of only the following:

(1) CENTER-BASED CHILD CARE SERVICES.—Such standards submitted with respect to child care services provided by center-based child care providers shall be limited to—

(A) group size limits in terms of the number of caregivers and the number and ages of children;

(B) the maximum appropriate child-staff ratios;

(C) qualifications and background of child care personnel;

(D) health and safety requirements for children and caregivers; and

(E) parental involvement in licensed and regulated child care services.

The standards described in subparagraphs (A) and (B) shall reflect the median standards for all States (using for States which apply separate standards to publicly-assisted programs the most comprehensive or stringent of such standards) as of the date of enactment of this Act.

(2) FAMILY CHILD CARE SERVICES.—Such standards submitted with respect to child care services provided by family child care providers shall be limited to—

(A) the maximum number of children for which child care services may be provided and the total number of infants for which child care services may be provided;

(B) the minimum age for caregivers; and

(C) health and safety requirements for children and caregivers.

(3) GROUP HOME CHILD CARE SERVICES.—Such standards submitted with respect to child care services provided by group home child care providers shall be limited to the matters specified in paragraphs (1)(B) and (2).

(4) LIMITATION.—The Committee shall not submit any standard under subsection (c)(2) that is less or more rigorous than the least or most rigorous standard that exists in any of the States at the time of the submission of such recommendation.

(e) CONSIDERATION AND ESTABLISHMENT OF STANDARDS.—

(1) NOTICE OF PROPOSED RULEMAKING.—Not later than 90 days after receiving the recommendations of the Committee, the Secretary shall—

(A) publish in the Federal Register—

(i) a notice of proposed rulemaking concerning the minimum standards proposed under subsection (d) to the Secretary; and

(ii) such proposed minimum standards for public comment for a period of at least 60 days; and

(B) distribute such proposed minimum standards to each lead agency and each State subcommittee on licensing for comment.

(2) ESTABLISHMENT OF MINIMUM CHILD CARE STANDARDS.—

(A) ISSUANCE OF RULES.—The Secretary shall, in consultation with the committee—

(i) take into consideration any comments received by the Secretary with respect to the standards proposed under subsection (d); and

(ii) not later than 180 days after publication of such standards, shall issue rules establishing minimum child care standards for purposes of this Act. Such standards shall include the nutrition requirements issued, and revised from time to time, under section 17(g)(1) of the National School Lunch Act (42 U.S.C. 1766(g)(1)).

(B) AMENDING STANDARDS.—The Secretary may amend any standard first established under subparagraph (A), except that such standard may not be modified, by amendment or otherwise, to make such standard

less comprehensive or less stringent than it is when first established.

(C) EXTENDED PERIOD FOR COMMENT.—If the Committee recommends a standard under subsection (c)(2) that no State has a requirement concerning, as of the time that such standard is recommended, the Secretary shall provide an additional 30 days during which States may submit comments concerning such standard.

(3) ADDITIONAL COMMENTS.—The National Committee may submit to the Secretary and to the Congress such additional comments on the minimum child care standards established under paragraph (2) as the National Committee considers appropriate.

(f) VARIANCES.—

(1) TIME FOR COMPLIANCE WITH STANDARDS.—Not later than the end of the 4-year period referred to in section 10, States shall comply with the standards established under this section.

(2) EXCEPTION.—At the expiration of the 4-year period referred to in paragraph (1) the chief executive officer, in consultation with the State advisory committee, may submit a request to the Secretary for a 1 year variance from the requirements of one or more particular standards for one or more particular geographic areas of the State.

(3) REQUIREMENTS.—A request for a variance under this subsection shall include—

(A) a statement by the chief executive officer of the State of the steps taken to implement the relevant standards in the relevant geographic areas in the State within the 4-year period;

(B) the specific reasons for the submission of the variance request; and

(C) a detailed plan that outlines the additional procedures and resources to be used to come into compliance with the standards at the end of the variance period.

(4) PERIOD OF VARIANCE.—A variance granted by the Secretary shall be for a 1-year period and may be renewed at the discretion of the Secretary for an additional 1-year period if requested by the State.

(g) TERMINATION OF COMMITTEE.—The National Committee shall cease to exist 90 days after the date the Secretary establishes minimum child care standards under subsection (e)(3).

SEC. 19. LIMITATIONS ON USE OF FINANCIAL ASSISTANCE FOR CERTAIN PURPOSES.

(a) SECTARIAN PURPOSES AND ACTIVITIES.—No financial assistance provided under this Act shall be expended for any sectarian purpose or activity, including sectarian worship and instruction.

(b) TUITION.—With regard to services provided to students enrolled in grades 1 through 12, no financial assistance provided under this Act shall be expended for—

(1) any services provided to such students during the regular school day;

(2) any services for which such students receive academic credit toward graduation; or

(3) any instructional services which supplant or duplicate the academic program of any public or private school.

SEC. 20. NONDISCRIMINATION.

(a) FEDERAL FINANCIAL ASSISTANCE.—Any financial assistance provided under this Act, including a loan, grant, or child care certificate, shall constitute Federal financial assistance for purposes of title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), title IX of the Education Amendments of 1972 (20 U.S.C. 1681, et seq.), the Rehabilitation Act of 1973 (29 U.S.C. 794 et seq.), the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.), and the regulations issued thereunder.

(b) RELIGIOUS DISCRIMINATION.—

(1) IN GENERAL.—Nothing in this section shall be construed to modify or affect the provisions of any other Federal law or regulation that relates to discrimination in employment on the basis of religion, except as provided herein.

(2) DISCRIMINATION AGAINST CHILD.—

(A) IN GENERAL.—A child care provider that receives assistance under this Act shall not discriminate against any child on the basis of religion in providing child care services.

(B) NON-FUNDED CHILD CARE SLOTS.—Nothing in this section shall prohibit a child care provider from selecting children for child care slots that are not funded directly with assistance provided under this Act because such children or their family members participate on a regular basis in other activities of the organization that owns or operates such provider.

(3) EMPLOYMENT IN GENERAL.—

(A) PROHIBITION.—A child care provider that receives assistance under this Act shall not discriminate in employment on the basis of the religion of the prospective employee if such employee's primary responsibility is or will be working directly with children in the provision of child care services.

(B) QUALIFIED APPLICANTS.—If two or more prospective employees are qualified for any position with a child care provider receiving assistance under this Act, nothing in this section shall prohibit such child care provider from employing a prospective employee who is already participating on a regular basis in other activities of the organization that owns or operates such provider.

(C) PRESENT EMPLOYEES.—This paragraph shall not apply to employees of child care providers receiving assistance under this Act if such employees are employed with the provider on the date of enactment of this Act.

(4) EMPLOYMENT AND ADMISSION PRACTICES.—Notwithstanding paragraphs (2) and (3), if assistance provided under this Act, and any other Federal or State program, amounts to 80 percent or more of the operating budget of a child care provider that receives such assistance, the Secretary shall not permit such provider to receive any further assistance under this Act unless the grant or contract relating to the financial assistance, or the employment and admissions policies of the provider, specifically provides that no person with responsibilities in the operation of the child care program, project, or activity of the provider will discriminate against any individual in employment, if such employee's primary responsibility is or will be working directly with children in the provision of child care, or admissions because of the religion of such individual.

(5) SEVERABILITY.—If any provision of this subsection or the application thereof to any individual or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this Act which can be given effect without regard to the invalid provision or application, and to this end the provisions of this subsection shall be severable.

SEC. 21. PRESERVATION OF PARENTAL RIGHTS AND RESPONSIBILITIES.

Nothing in this Act shall be construed or applied in any manner to infringe upon or usurp the moral and legal rights and responsibilities of parents or legal guardians.

SEC. 22. CHILD CARE LIABILITY RISK RETENTION GROUP.

(a) PURPOSE.—It is the purpose of this section—

(1) to increase the availability of child care by alleviating the serious difficulty faced by child care providers in obtaining affordable liability insurance; and

(2) to provide States with a sufficient capital base for liability insurance purposes that may be increased or maintained through mechanisms developed by the State.

(b) FORMATION OF CHILD CARE LIABILITY RISK RETENTION GROUP.—

(1) ASSISTANCE IN FORMATION AND OPERATION OF GROUP.—Any State may assist in the establishment and operation of a child care liability risk retention group in the manner provided under this section.

(2) CHILD CARE LIABILITY RISK RETENTION GROUP DEFINED.—As used in this section, the term "child care liability risk retention group" means any corporation (or other limited liability association)—

(A) whose members are licensed child care providers pursuant to State and local law and who, after the expiration of the 4-year period beginning on the date the Secretary establishes minimum child care standards under section 17(e)(2), complies with such minimum child care standards that are applicable to the child care services provided by such members; and

(B) which otherwise satisfies the criteria for a risk retention group under section 2(4) of the Liability Risk Retention Act of 1986 (15 U.S.C. 3901(4)).

(c) STATE APPLICATIONS.—

(1) APPLICATIONS.—To qualify for assistance under this section, a State shall submit an application to the Secretary, at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require, including information that meets the requirements of subsection (b) of this section.

(2) CONTENT OF STATE APPLICATION.—

(A) LEAD AGENCY.—The application shall identify the lead agency that has been designated and that is to be responsible for the administration of funds provided under this section.

(B) PARTICIPANTS IN RISK RETENTION GROUP.—The application shall assure that all participants in the child care liability risk retention group are licensed child care providers pursuant to State and local law who, after the expiration of the 4-year period beginning on the date the Secretary establishes minimum child care standards under section 18(e)(2), comply with such standards that are applicable to the child care services they provide. In addition, the applicant shall provide for maximum membership of family-based child care providers in the group.

(C) USE OF FUNDS.—The application shall provide that the State shall use at least the amount allotted to the State in any fiscal year to establish or operate a child care liability risk retention group.

(D) CONTINUATION OF RISK RETENTION GROUP.—The application shall contain provisions that specify how the child care liability risk retention group will continue to be financed after fiscal year 1992, including financing through contributions by the State or by members of such group.

(d) FEDERAL ENFORCEMENT.—

(1) REVIEW OF APPLICATIONS.—The Secretary shall review and approve State applications submitted in accordance with this section and shall monitor State compliance with the provisions of this section.

(2) FINDING OF NONCOMPLIANCE.—If the Secretary, after reasonable notice to a State and opportunity for a hearing, finds—

(A) that there has been a failure to comply substantially with any provision or any requirements set forth in the State application of that State; or

(B) that there is a failure to comply substantially with any applicable provision of this section,

the Secretary shall notify such State of the findings and of the fact that no further payments may be made to such State under this section until the Secretary is satisfied that there is no longer any such failure to comply, or that the noncompliance will be promptly corrected.

(e) ALLOTMENT TO STATES.—

(1) IN GENERAL.—The Secretary shall make an allotment to each State from the sums appropriated to carry out the provisions of this section using the same allotment formula established under section 5.

(2) STATE ADMINISTRATIVE COSTS.—Of the amount allotted to a State pursuant to paragraph (1), an amount not to exceed 10 percent shall be used by such State to provide for the administrative costs of carrying out such program.

(f) PAYMENTS.—

(1) ENTITLEMENT.—Each State for which an application has been approved by the Secretary under this section shall be entitled to payments under this subsection for each fiscal year in an amount not to exceed its allotment under subsection (e) to be expended by the State in accordance with the terms of the application for the fiscal year for which the grant is to be made.

(2) METHOD OF PAYMENTS.—The Secretary may make payments to a State in installments, and in advance or, by way of reimbursement, with necessary adjustments on account of overpayments or underpayments, as the Secretary may determine.

(3) STATE SPENDING OF PAYMENTS.—Payments to a State from the allotment under subsection (e) for any fiscal year must be expended by the State in that fiscal year or in the succeeding fiscal year.

SEC. 23. HEAD START ACT AUTHORIZATION OF APPROPRIATIONS.

Section 639 of the Head Start Act (42 U.S.C. 9834) is amended by striking "$1,405,000,000" and inserting "$1,552,000,000".

The PRESIDING OFFICER. Under the previous order, the majority leader is recognized.

AMENDMENT NO. 196

Mr. MITCHELL. Mr. President, I withdraw the pending committee reported substituted amendment, and I send an amendment to the desk.

The PRESIDING OFFICER. The leader has that right.

The clerk will report.

The Senator from Maine [Mr. MITCHELL], on behalf of the committee, proposes an amendment numbered 196.

Mr. MITCHELL. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The text of the amendment is printed in today's RECORD under "Amendments Submitted."

Mr. MITCHELL. Mr. President, the amendment that I have offered incorporates the following principal measures:

First, the Act for Better Child Care Services legislation, sponsored by Senators DODD, HATCH, KENNEDY, and others, as amended by the agreement reached with the National Governors Association;

Second, the child care, child health tax credit, and section 89 package, sponsored by Senator BENTSEN and adopted by the Senate Finance Committee on Tuesday; and

Third, a compromise amendment by Senators FORD and DURENBERGER on the use of certificates for sectarian child care.

These provisions represent a comprehensive package that will effectively respond to our Nation's child care needs.

The Governor's agreement is a carefully crafted balance between providing States with the flexibility they desire and ensuring that the child care available to families provides for a safe and healthy environment.

The agreement would allow States complete discretion to design their own standards within several categories.

After 3 years, States desiring extra assistance can apply for our incentive trust program to help raise the quality of child care.

The agreement also encompasses training and inspections.

And, of interest to many Members, child care by relatives would only be subject to regulation if required by State and local law. Since there is no category in the agreement pertaining to relative care, this issue is left to the complete discretion of the States.

The child care and child health tax credit package is designed to increase child care options and health insurance options to the poorest of American families.

These families, living on the margin, from paycheck to paycheck, would receive a refundable credit based on expenses for child care and expenses for health insurance premiums. Families would not have to choose between the two credits, but could receive them both.

As modified, the dependent care credit would increase the maximum percentage of allowable expenses for child care from 30 percent under current law, to 32 percent for families with income between $8,000 and $10,000 and to 34 percent for families with income below $8,000.

The health care credit is targeted toward working families with income below $21,000. The credit is worth 50 percent of the cost of health insurance up to a maximum of $500.

Like the earned income tax credit, both credits would be refundable on an advance payment basis.

The section 89 provisions incorporate S. 1129, as introduced by the chairman of the Senate Finance Committee last week. Over half the Senate and 18 of the 20 members of the Finance Committee are cosponsors of this legislation to delay section 89 for 1 year and rewrite the nondiscrimination tests under law.

The agreement we have reached on the church-state issue is a sound compromise. It is both fair and constitutional.

The agreement includes the exemption sought by Senators FORD and DURENBERGER from the restrictions under section 19(a), and adding only the proviso that financial assistance under this act shall not be expended in a manner inconsistent with the Constitution.

This is a good package. It provides a great degree of flexibility for States and families. It provides parents and States with real choices for child care.

In a comprehensive manner, the package addresses the quality, availability, and affordability of child care.

This is an issue of great importance to the American family—the care of young children.

Many parents have difficulty finding child care for their children. Other parents can find child care, but can't afford it. Still others find child care, but the care that is available is part time, and they need to work full time to make ends meet.

And others who can find it and afford it express concern about the quality of care that their children receive.

The number of women working today is greater than ever before. More and more women who have very young children are among those who are working.

The latest figures from the Bureau of Labor Statistics indicate that 65 percent of all women with children under 18, 73 percent of mothers with school age children, 56 percent of women with preschool age children, and 51 percent of mothers with infants under 1 were in the labor force during 1988.

Yet, parents report that they cannot find child care services in their community. Other parents have found child care services, but are put on long waiting lists. And, many parents report that they must rely on informal child care arrangements, which can vary daily and sometimes involves two different child care providers and two different settings each day.

For an increasing number of families, child care is almost as expensive as housing. In fact, for many families, the amount of money spent on child care actually exceeds the amount of money spent on housing.

Last summer President Bush told the National Federation of Business and Professional Women's Clubs in New Mexico that "child care is the single most important issue arising from changes in our work force"; and "today, child care is nothing short of a family necessity."

The President was right. This is a family necessity.

We hope to work with the President to develop a package to respond to this necessity.

That program must address the quality of child care in our States. It must also address the availability of that care and the affordability of that care.

That is why the Act for Better Child Care, the ABC bill, is the glue that holds this comprehensive package together.

Since the first ABC bill was introduced in 1987, its sponsors have worked tirelessly to develop a consensus on how best to respond to this country's growing need to meet the demands of families who want reliable, quality child care at a reasonable rate.

Under this bill, 10 percent of the funds are allocated to the States. The States will decide how the funds are to be spent.

There are some general guidelines, but within those guidelines are many choices. Seventy percent of the funds must be spent on direct assistance for families. But States have a wide variety of options from which to choose to deliver that assistance.

Over 20 percent of the funds are to be spent on quality and supply, such as grants and loans to child care providers, and grants and loans of those organizations and individuals who want to establish and improve facilities. Funds could also be used to meet State and local standards, to fund resource and referral centers, and to start employer sponsored child care programs.

There have been several controversial aspects of this bill. I believe they have been effectively addressed.

I congratulate the sponsors of the legislation on their success in reaching an agreement with the Nation's Governors.

The bill, as modified, presents a carefully crafted agreement that balances the need for States to have flexibility while still ensuring that what is provided is of high quality.

The agreement identifies categories within which the States will have complete discretion to set their own laws. The categories were agreed to because the Governors want to ensure that all States address issues such as health and safety, training of providers, and prevention of child abuse.

There have been reports of children injured or placed in life threatening situations because too many children were under the care of the adult in charge; or of infants drugged so that they stop crying. The national wire services have run stories during the past year which focused on the unnecessary deaths of children.

The agreement with the Governors will help prevent these tragedies from happening in the future.

Another issue of concern has been the treatment of relatives and the standards with which relatives would be asked to comply. Several Senators raised valid questions about how the Federal Government could seek to regulate grandmothers.

The bill before us today leaves to the States the authority to decide how to treat child care offered by relatives. The bill does not preclude this type of care nor try to regulate it.

According to the latest census study on child care arrangements, about 7 percent of all child care and 16 percent of child care for children under 5 is provided by grandmothers.

Grandmothers and other relatives would be exempt from training and other categories under the legislation, unless required by State or local law.

Under this bill, the States have a wide array of choices. The discretion is with the States. For example, there is no requirement that States enter into the child care voucher business.

A state can choose to use vouchers, if it wishes to do so. If it does, those vouchers can only be used for constitutional purposes for care that meets State and local laws.

This is a reasonable approach. We will have a chance to review how the certificates are working when the Governors provide data on their programs.

Another issue of importance to families is affordability.

The cost of child care is simply too high for many families.

Two-thirds of the respondents to a 1986 survey of welfare recipients by the National Social Science and Law Center cited difficulties with child care arrangements as the primary problem in seeking and keeping jobs.

I'm not surprised. In 1987 when I first started working on welfare reform, I sent my own survey to 220 child care providers in Maine.

Based on the responses to that survey, the average cost of child care in Maine was $289 per month per child—$3,469 per year. In the Portland area, the average cost of child care was $372 per month per child—$4,473 per year.

While nearly all the facilities that had some subsidy available—either Federal, State, local, or some other source—were operating at capacity, only 56 percent of those facilities not offering any subsidy were at capacity.

Of the half day only facilities responding to the survey, 83 percent were not operating at capacity.

And, yet, throughout the State there were long waiting lists of families who wanted full-time child care.

The evidence is clear. In Maine and throughout the country, there is a real need for substantially more child care options, with affordable rates, offering full-time care.

The measure before us also includes provisions expanding the current dependent care tax credit. As approved by the Finance Committee, the child care credit would be made available to families who do not have any Federal income tax liability. In addition, the value of the dependent care credit would also be increased for families with income under $10,000 a year.

The child care credit in current law is designed to provide a tax benefit that declines as income rises. But because the credit is based on the amount of expenses incurred, and lower income families simply do not have the income to spend, the distribution of benefits of the credit is actually regressing. The average tax subsidy rises with income, the opposite of what is intended under the law.

The legislation as approved by the Finance Committee would reduce the regressivity of current law by making the credit available to families who owe no tax liability and by increasing the amount of the credit for lower income families. But that still does not help families who simply do not have the income to spend in the first place.

That is where the ABC Program will fill in the gap so that we can help the poorest families who cannot afford to spend much for child care.

Two basic facts are generally recognized about the importance of child care.

First, child care assistance is critical if low- and moderate-income mothers are to participate in the work force. And second, quality child care can help provide children with the foundation needed to do well in school and become productive adults.

Both are important national objectives. They can be achieved if we want this historic bill.

Mr. President, I want to make clear that my amendment is not an amendment on behalf of the Labor Committee. Rather, it is an amendment on behalf of myself and the other individual Senators.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The minority leader.

Mr. DOLE. Did the majority leader complete his statement?

Mr. MITCHELL. Yes.

The PRESIDING OFFICER. The minority leader is recognized.

Mr. DOLE. Mr. President, we are going to have an extensive debate on this issue, not that anyone disagrees about the importance of child care. It is important. It is an important problem for millions of American families. But there is a different way to approach it.

It is the view of many on this side, in fact I would say a great majority on this side, nearly every one on this side, that we should use the tax credit approach so that parents could make the decision about the care of their children, not somebody else, not some in-

stitutional day care center, not some mandate from the Government, but the parents would make the decision. We believe that we will have a substitute which I will outline briefly that will demonstrate to the majority of Members on both sides of the aisle that our approach deserves bipartisan support.

I know that the distinguished Senator from Connecticut, the Senator from Massachusetts, the Senators from Utah, and others, have worked long and hard on their approach. I know that the Finance Committee met and basically rubber stamped a child care proposal. Included in that package is a $1.5-billion package on health care credits about which we question the effectiveness. In fact, there are no data to show that these new credits actually increase coverage. It may just be a throwaway, and what you will be doing is subsidizing those who already have health care coverage for their children. Rather than helping more poor families.

So in the package reported by the Finance Committee there was nothing in it for President Bush except the refundability of the existing dependent care tax.

The majority leader has quoted President Bush, and the quote is accurate. This is a necessity. It is a high priority with the President. It is a high priority with the administration. But we believe there is a better way to go than has been proposed by the Senator from Connecticut and we believe that the President articulated his position in the election, the American people knew precisely what it was, and he carried 40 States.

If you want any further indication of how the American people feel, they had a little election on child care out in Fremont, CA, on a proposal where all of the taxpayers were going to put money in a pot for child care. They got 23 or 26 percent of the vote. The parents ought to make the decisions. The parents ought to have the responsibility.

That is what President Bush feels. And where they cannot afford it that is why he has the credit.

So I would say very quickly before turning it over on this side to Senator HATCH, who waffled a bit on this issue, and then he will pass it off to our stalwart, Senator PACKWOOD.

Our package relies principally on tax credits.

First, we have a young child supplement to the earned income tax credit. A young child supplement would provide families with children 4 years old and under an additional credit, in the amount of 8 percent for the first child and an additional 4 percent for two or more children.

This would provide an additional credit up to $500 for the first child and up to $250 for the second.

Like the current earned income tax credit this credit would be refundable. It would be subject to advance payment. In other words, a family would not have to wait until the end of the year but would receive a benefit on a monthly basis or paycheck basis. This benefit would be available to one-earner and two-earner families.

This young child supplement would be in addition to an existing 14-percent earned income tax credit which is available to all working poor families with children.

This is similar to the administration child tax credit in that it allows parents to make the choice as to how to best spend their dollars.

I know some will say, oh, you cannot trust the parents to spend their own money; we have to let the Government determine that; maybe they will not spend it on child care; maybe they will spend it on something else; maybe they might buy health care coverage with it; maybe do something else.

In addition to this new child care supplement, we make the dependent care tax credit [DCTC] refundable and subject to advance payment to give more low-income parents access to this credit.

The DCTC provides poor families with a tax credit based on their documented child care costs, and there is a problem in this. As I understand, more than half of the families with incomes below $15,000 do not benefit from the DCTC because they do not document their child care costs.

Then we have a third provision. Ours is very simple. It is not complicated.

The third part of our three-part package would amend the dependent care block grant to an active 5-year authorization to permit States to undertake child care-related programs in the following areas: Resource and referral, consumer education, training, technical assistance, liability of providers, inspection, enforcement of State standards, and modification of existing structures, to meet State and local health and safety standards, tax credits for families—they could have additional tax credits for families—incentives to employers to provide child care services, and latch key children programs.

These funds could not be used for direct subsidies for child care, construction of facilities, or operating expenses of providers. They are going to be distributed on a basis of per capita income and number of children under the age of 13. There is a match required of 85 percent Federal, 15 percent State.

Mr. President, I ask unanimous consent that a brief summary of this proposal be printed in the RECORD at this point.

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

DOLE CHILD CARE ALTERNATIVE

1. TAX CREDITS

The package relies principally on tax credits to deliver resources directly to needy families with children enabling parents to make their own child care choices.

a. Young Child Supplement to the Earned Income Credit Tax Credit:

Would provide families with children 4 years old and under an additional credit amount of 8% for one child and an additional 4% for two or more children.

This would provide an additional credit of up to $500 for the first child and up to $250 for the second child.

Like the current Earned Income Tax Credit, this credit would be refundable, would be subject to advanced payment and would be available to one earner families.

This Young Child Supplement would be in addition to an existing 14% Earned Income Tax Credit, which is available to all working poor families with children.

This is similar to the Administration's Child Tax Credit in that it allows parents to make the choice as to how to best spend their dollars.

b. Dependent Care Tax Credit Refundability:

The Dependent Care Tax Credit (DCTC) would be made refundable and subject to advance payment to give low-income parents access to this credit. The DCTC provides two earner families with a tax credit based on their documented child care costs.

Refundability of the Dependent Care Tax Credit was a major component of both the Administration's bill and the Packwood Child Care Bill.

2. BLOCK GRANT FOR STATE CHILD CARE SERVICES

a. This title would expand upon the current State Dependent Care Block Grant Program to help states address a wide array of child needs, while allowing States the flexibility to concentrate on the particular child care needs they face:

Amends State Dependent Care Development Grant program to create new, part B, block grant for child care services. Authorizes $400 million for each of 5 years.

Allotments to States based upon number of children under 13, and weighted by per-capita income.

Funds can be used for a wide array of services, including: resource and referral; consumer education; enhanced enforcement of standards; tranining and technical assistance of providers; recruitment and training to increase the number of providers; developing "latch-key" programs; loans or grants for renovations and modifications to meet State and local health and safety standards; liability risk pools; encouraging employer-assistance care; providing tax credits to low-income parents; developing programs for children when they are sick; developing programs for children of parents who work "nontraditional hours"; developing programs for children who are homeless, migrant, disabled, abused, neglected, or children of minors.

But not including: cash payments to recipients, or the direct subsidy for services; payments for cost of construction or land acquisition; use of funds to satisfy state matching requirements of any other Federal grant.

b. State match required; 85% Federal, 15% State and state administration limited to 7% of funds.

c. States would submit to HHS a state plan describing how they are going to use funds, and after each year report to HHS on what they did.

d. 6 months after State reports come to HHS, HHS would report to Congress to summarize what states are doing.

Mr. DOLE. Mr. President, I think we have to be very honest right up front or very candid right up front, and I have no quarrel with the Senator from Connecticut. He has worked long and hard and, as he has indicated to me, he is willing to compromise. He has tried to compromise with the administration. He has met with the administration officials. He has worked with Senator HATCH and they have both been in good faith. I do not quarrel with any of that.

But at this point the administration does not find many redeeming features in the ABC bill.

The administration's view is that the ABC bill, regardless of how you try to coat over it, and we have not had a chance to examine the substitute, which we will do very carefully, what it does it encourages institutionalized day care and takes away the choice for parents.

I do not care how long you talk about it and how much you say you change it, and say, "Oh, we don't have any standards, this is what the bill does," it encourages institutional care and takes away the parents' choice. It subsidizes slots in specific types of day care centers. It does not address the major issue of affordability for all low-income families with children. It says it does, but it does not. Ours does. The earned income tax credit is geared to poor families.

I might add in our case families can qualify for both credits. There is no limit. Some say that is double dipping. Well, these are very low-income families and I guess we have concluded that maybe in some cases they might even get a credit or refund larger than the President anticipated. His is $1,000. This could go maybe as high as $1,300, maybe a bit higher. And that does not please everyone, but it seems to me if we are going to address the needs of poor families and if they can benefit from each of the programs they should benefit.

So it seems to me that if we want to look at who we want to help, my view is we ought to be helping those working mothers, those low-income families, and others. Upper-income ought to take care of themselves.

The Federal Government does not have enough money to take care of day care for everyone in America. We do not have enough money to build facilities everywhere in America. We do not have enough bureaucrats to set standards for every child in America. So we are going to make an effort to defeat that approach.

Because the ABC bill does contain "model" Federal standards, the bill would have the Government telling parents how to care for their children. This is not an acceptable solution to President Bush or the Secretary of Labor. The ABC bill would also discriminate against families in which one parent chooses to stay at home to take care of the children. Anything wrong with staying at home and taking care of the children?

Some would say, "Well, we want to encourage more and more women to work." Sixty-five percent of women with children under age 18 do now. Some women prefer to stay home and take care of the children. Should they be denied some assistance? President Bush does not think so. I do not think most Members of this body think so. And that is a basic difference between our approach and that of Senator DODD.

I think the other point that should be made is funding is heavily weighted in favor of urban areas. Once again, rural America is going to lose out. We have children, too, in our States—Kansas, Georgia, Utah, Oregon, Connecticut.

But I would just say finally, and then I will turn it over to the experts, because Senator HATCH and Senator DODD obviously have spent months on this issue, as has Senator PACKWOOD, Senator KENNEDY, and others. But I would just make the case that this is not a Republican issue or a Democratic issue. In fact, one problem we have had on our side of the aisle is everybody has a child care bill and everybody would like to think that their bill would address all the issues.

But many of us have been able to come together, for the most part, on the package that I have earlier described. There are only three parts to it. It is not very complicated. It does not take long to understand it, because we give the money to the parents. We do not have to worry about pleasing all the Governors or the bureaucracies everywhere. We give it to the parents. We have confidence in the parents that they can make the right choices for their children.

Maybe in some cases that may not happen. But should we apply standards to everyone because in a few cases the parents may not spend the money as we believe they should?

So this is a bipartisan issue. This is the first day of debate. We are going to be on this issue, I would assume, for several days. And what may appear today to be a deadlock may tomorrow disappear. There may be some way to work around the problems that Senators have on each side of the aisle and work with the administration. I certainly do not want to foreclose anything at this point.

But we do differ in our approach. I think everybody agrees on the issues of affordability, quality, and availability. But it is the approach that is different.

I think most of the proposals cost between $2 and $3 billion. There is not much disagreement on the amount.

I know that almost every Senator wants to participate in this debate because it is very important.

The House has a different approach to child care—So whatever passes the Senate ends up in conference with the House. So there is still a lot of negotiating to be done. But I would urge my colleagues, right from the start, to keep an eye on the fundamental differences in the two approaches.

Again I must say that I think President Bush has extended the hand of bipartisanship in his inaugural address and he has done it on several other cases, whether it is the S&L's, whether it is Contra aid, whatever. I think he would like to have a bipartisan solution of this problem, this opportunity.

But there was little in the package that came out of the Finance Committee, that you could say was part of President Bush's proposal.

But we will have more time now on the Senate floor. We will be able to point out that if you want to throw away a billion-and-a-half dollars you go for the health care credit. If you want to just spend money that provides very little help, you go for the health care credit. Let us take that money and put it in the earned income tax credit. Let us really help poor working people.

So there are flaws and maybe they will find flaws in our approach. But that is what the debate is all about.

I commend my colleagues on both sides of the aisle for getting this issue to the floor. It is a matter of priority across the board. I can assure my colleagues that the President is ready, willing, and able to sit down and try to hammer out some of the differences when we get to that point.

I thank my colleagues.

Mr. DODD addressed the Chair.

Mr. KENNEDY. Mr. President, I do not want to interrupt the Senator from Connecticut, but would the leader respond to some questions on this particular proposal, just so we may have a better understanding of where we are going? I know the Senator from Connecticut, the Senator from Utah, as well as myself, would like to make a statement on it. But is he prepared to respond to any questions?

Mr. DOLE. I would be happy to return and do that. I have people in my office who have been there for some time. But Senator PACKWOOD is prepared to respond to questions on it and he will be here, too.

Mr. KENNEDY. Well, I thank the Republican leader for that, because I do think, as we begin the debate and discussion, we ought to have at least some understanding about how many families would actually benefit under the particular proposal of the minority leader and what assurances we could have about the dependent care block grant. When the money goes back to the States, how are we going to know that it is really going to be for day care? As someone who is always glad to see an increase in the earned income credit, how does the Republican leader think that money is actually going to be used for day care, which is really the purpose.

So I just heard the Senator speak and I hope that we might have had some discussion on that particular proposal, but maybe we can do that later in the afternoon.

Mr. DOLE. If the Senator will yield, obviously we need to answer any question the Senator has or anyone else has. We have a number of questions on the substitute, but first we want to read it and find out what is in it. We do not know. It has been changed some. So we have questions, those of us who have not been as close to it as the Senator from Massachusetts, the Senator from Connecticut, the Senator from Utah, the Senator from Oregon, and the Senator from Texas.

So we will be prepared to respond, as we should, and we will need responses, too, from the other side of the aisle on the health care credit and on the ABC bill itself.

As I pointed out, there will probably be some cases where the money, if it is earned income tax credit, the child supplement, maybe it will be improperly spent. But at least we will not have a bureaucrat in each household telling the other parents how to spend theirs.

Mr. KENNEDY. As I say, I look forward to that because I think on the earned income credit, if their proposal goes forward, it does provide funding, expands funds for families with children. I am certainly sympathetic with that, but there is no indication of how that really relates to child care, nor how the dependent care program, which is a block grant to the States, will help families. Again, I just wanted to hear how he believes that this is going to really address the issue. And the refundability of the dependent care tax credit is, of course, already in the bill. But I guess we will have a chance later on to address those issues.

The PRESIDING OFFICER The Senator from Connecticut.

Mr. DODD. Mr. President, I understand my colleague from Tennessee is about to assume the duties of the Chair and would like to make a very quick statement. I am happy to yield to him for that purpose.

The PRESIDING OFFICER The Senator from Tennessee.

Mr. GORE. Mr. President, I appreciate my colleague yielding to me.

Mr. President, I rise in support specifically of the amendment offered by the distinguished majority leader. I am extremely pleased that we are, hopefully, about to take steps to encourage better health care coverage for children and to address concerns regarding section 89. I am particularly delighted that we are about, hopefully, to improve the dependent care tax credit.

I have tried to be at the forefront of efforts to make changes to the dependent care tax credit, which is the largest Federal program providing child care benefits for working parents. In fact, earlier this year I introduced a bill, S. 364, with a companion measure introduced in the other body by Congressman TOM DOWNEY, titled the Employment Incentives Act, which has as one of its key components a provision to modify the dependent care tax credit.

The dependent care tax credit is presently a nonrefundable credit against income tax liability available for up to 30 percent of a limited amount of child care expenses. The tax credit, however, has a major deficiency. It will not provide any relief to a family with income so low that it has no tax liability. Mr. President, low-income families are the ones who frequently need assistance with child care the most, so that they can have an easier time getting into the work force. If they have no money and if they have no child care this program on the books today which is supposed to help with child care does not give them any assistance in getting back on the work roll.

Work pays less for these low-income families than it would were they able, as are wealthier families, to offset employment-related child care expenses. A work subsidy that discriminates against the poor certainly seems counterproductive, to say nothing of ethically troubling. Therefore, making the credit refundable is a step that obviously needs to be made. It is an idea whose time has come. In fact, it came a long time ago. And I am very hopeful that the Senate will endorse this amendment and will make this change. Making the credit refundable will make 1.7 million low-income families eligible for this benefit and bolster their efforts to work and earn a better life for themselves and their children.

I believe that the amendment offered by the majority leader addresses several pressing issues of concern to the Nation. And I urge my colleagues in the strongest possible terms to support this amendment from the majority leader.

I appreciate my colleague yielding and I yield the floor.

Mr. DODD. Mr. President, first I want to thank our colleague from Tennessee for supporting the substitute amendment offered by the majority leader. And, at the very outset, before a word is said about the substance of this legislation, Mr. President, I want to thank my colleague from Massachusetts, the chairman of the Labor Committee, without whose support and backing and tireless efforts we would not be here at this point today. He has been as supportive as any full committee chairman could be of a subcommittee chairman for almost 2½ years on this legislation. Not a moment has passed when he has not offered assistance, provided assistance and good judgment on this legislation.

So, I would like my colleagues in this Chamber and others to be aware that much of what we have accomplished here, in no small measure, is due to his efforts.

I will go into greater length on this particular point, Mr. President, as the debate unfolds. With respect to the ranking minority member of the Labor Committee, the floor manager for the Republican side, Senator ORRIN HATCH of Utah, let it be known in all circles, in all corners of this country, that children have never had a better friend. Children have never had a better friend when it comes to providing some decent child care for them. And this legislation is a reflection of his efforts.

Much of what was in this bill, much of what is in this substitute which has been offered by the majority leader, is as a result of the efforts of the Senator from Utah.

I have developed a lot of good, close friendships in my 9 years in the Senate. I am proud of those friendships. I have developed a great deal of respect for my colleagues, many of them, over the last 9 years. But one of the glorious benefits of serving in this Chamber is the opportunity, from time to time, to work with colleagues, and I have developed both a great friendship and a deep respect for my distinguished friend from Utah. Without his support we would not be on the floor here today. We would not have been able to come out of the committee.

He does not agree with everything in this bill. It is very important that my colleagues understand that. But much of what is in here he does support and I am grateful for that and grateful for his backing, his counsel, his advice almost on a daily basis, Mr. President. Without that advice and counsel, again, we would not have been as successful as we have been and I am confident we will be.

I must say, the majority leader has left the floor but as I listened to the majority leader I must say to the President and others, I am struck with

the note of support for much of what we have included in our ABC package. While there are some significant differences, I am not sure we would have had an alternative had it not been for the fact that we are here debating child care.

I found it somewhat interesting that the President announced his support for a child care package about an hour after the Labor Committee sent out from the committee its child care proposal. I do not argue about when a person comes to confession. But the fact that the person has, is something that I think is worthwhile and I, again, would say at the outset that we are always interested in trying to work with the administration.

Mr. President, every so often we in Washington and in this Chamber have an opportunity to do something that is right for the American family; something which fulfills both our national goals and individual needs; something which is both a prudent expense today and, more importantly, a sound investment for America's future.

Every so often, Mr. President, we turn political rhetoric into bipartisan action. This day, Mr. President, the U.S. Senate has one of those rare opportunities—to pass meaningful child care legislation which will make a difference, a significant difference in the lives of millions of low-income families in this country.

This package, Mr. President, which the majority leader has just placed before the Senate, embodies a truly bipartisan and comprehensive approach to this Nation's child care crisis. It includes the Act for Better Child Care, legislation which was adopted by the Labor Committee in March by a more than 2-to-1 margin; legislation for which funds have been secured in the fiscal year 1990 budget resolution within our deficit targets.

The leader's amendment also includes a package of expanded tax benefits for low-income families with children, which was adopted 17 to 3 by the Finance Committee on Tuesday.

I should say as an aside here, Mr. President, I also want to express my deep thanks to the Senator from Texas, the chairman of the Finance Committee. He has been a leader on these issues. He has spoken about them eloquently. He has included, as part of this package, a very important tax credit package which I think will substantially enhance the child care services of this country. I support strongly what he has included in that package.

The original authorization level for the ABC bill has been reduced, by this substitute, to $1.75 billion, exactly equal to the cost of the tax package in the first full year the tax changes are put into place. So the ABC bill and the tax package are at the same funding levels, not $2.5 billion, as it was initially. Part of the modification brings it down so we are now dealing with a package of equal amounts committed to them in budget authority. There are two equal provisions but one comprehensive approach, Mr. President, to the child care needs of the American family.

I would like to focus briefly, if I could, on the Act for Better Child Care, the first part of this bipartisan package. It has been almost 2 years in the making with a dozen congressional hearings and hundreds of hours of discussions and negotiations.

We have almost one-half of the U.S. Senate as cosponsors of this bill and I am pleased to announce the latest cosponsor, Senator CHUCK ROBB, of Virginia, as a sponsor of the substitute offered by the majority leader. And we have over 130 endorsing organizations, groups representing parents and children, churches, and community organizations, pediatricians and child care providers. After months of hard work, Mr. President, we have the support of the National Governors Association, the National Conference of State Legislatures, the National League of Cities and many others—bipartisan groups, Democrats, Republicans, which represent virtually every State and every city and every county in America.

Why do we have that support? Why have we and all these organizations worked so hard on this piece of legislation for so long?

It is because we are united behind a single goal, a common thesis, that Government can be a positive and active force in helping parents balance their work and family responsibilities. Competing demands, families and careers, love and work—that is the reality, Mr. President, of today's family.

The Department of Labor tells us that only 1 in 10 American families now has dad at home or dad at work while mom stays at home with the children. Fifty-six percent of American women and more than half of all mothers of infants under the age of 1 now work outside the home. We have 29 million two-earner families with 25 million children; almost 8 million single parent families with an equal number of children; 7 million latch key children come home everyday to an empty house, and by 1995, two-thirds of all preschool age children will have mothers working full time in this country.

The statistics, Mr. President, go on and on. We can run, but we certainly cannot hide from them. We can do what is right this week, or we can go into a political stall. But the American family, the children of this Nation, simply will not go away.

Mr. President, let me add right here as well, having just recited these statistics, I do not even like reading them. I regret that we have reached the situation where only 1 in 10 American families have a parent at home. I did not grow up that way. I never remember a single day that I ever came home from school and my mother was not there. I never remember a day, and I wish every American child could have that blessing, could have a parent at home.

I say that with as deep a belief as I can on any issue, but on this one particularly. I think it is regrettable. I wish I could somehow change this. I wish there was some bill someone might be able to offer, a piece of legislation, something that might make it possible that does not force people out of their homes.

I really do not like to see that but, Mr. President, that is not the issue. The question is not what we might like or wish or hope for or regret. What we have to deal with are facts and trends. And the facts are the people are working, single mothers or both spouses, because they have to.

I know there are some in the upper-income categories who do not have to, but we do not do anything for them. There is no relief for that family. The only relief we provide in this legislation is for people who have to work, as regrettable as that is. So when those who stand up and say we do not care about the mother at home, nothing could be further from the truth. The fact is, we have people who do not have the choice of being at home.

What my colleague from Utah and I have tried to do is to do something about that situation. We do not take care of everybody. It is not perfect. But for the first time in 46 years, we have an opportunity to put in place a proposal that will deal effectively, we believe, with the child care needs of the American family. Real families and real problems, Mr. President, that is the story behind these numbers.

They are the divorced mother of three in New York City who makes $375 a week and pays $220 of that for child care. After buying groceries and gas for her car, she has $10 a week left for her family.

There is the mother of two on Florida's waiting list for subsidized care with more than 10,000 other families. One day in 1986 she had to go to work and could not find anyone to watch her children. They climb into a clothes dryer and are burned to death.

There are the mothers and fathers who testified, Mr. President, before my subcommitee over the past 2 years. We had a mother who quit her job and went on welfare because subsidized child care was not available.

By the way, we spend $16 billion of taxpayer money to welfare recipients, and the overwhelming data indicates if you provide decent child care, you can reduce that cost considerably, if you virtually eliminate it.

We are talking about the parent from Springfield, VA, whose infant daughter died from a drug overdose given by an unlicensed family care provider with an unchecked criminal record. We are talking about the mother from Temecula, CA, whose son was blinded by a family provider with no safety training.

Mr. President, I could spend the rest of this day and tomorrow reciting cases like these. They are illustrative; they are not exceptions; they are not rarities, regrettably.

What makes the ABC bill different then? Why this legislation, and not one of the hundreds of proposals now before the Congress? Because, Mr. President, this is truly the first national partnership plan that deals comprehensively with the three pillars of child care: quality, availability, and affordability.

It is a bill which incorporates the best ideas and the best thinking about child care from both sides of the aisle in this Chamber, from parents and experts across the country. It creates not a Federal child care system at all but a national partnership built on existing programs and fueled by the power of parental choice.

The Act for Better Child Care is not a Federal solution but a set of national guidelines and incentives. It is not a complete answer. Mr. President, it is a very sound beginning. The ABC component of the package now before the Senate incorporates the bipartisan agreement which Senators HATCH, KENNEDY, MIKULSKI, CHAFEE, and I have reached with the National Governor Association on standards and other key areas. This agreement retains the Act of Better Child Care's basic principles while enhancing the flexibility of States and communities to respond to their unique needs and financial circumstances.

As with the original ABC bill, at least 70 percent of the funds will go directly to the families through certificates or other State funding streams. Parents will have complete discretion to choose from a wide range of child care services, including care by relatives, churches, family providers, centers, schools, and employers. This is direct service money which, unlike a tax credit, goes right to poor families each month when they need to pay their bills. The remainder of the ABC fund will be used to increase the supply and quality of care in local communities.

These funds may be used for the improvement of State standards, for training, for resource referral programs to enhance parental choice. The funds may also be used for grants and loans, for new providers, for revolving loan funds for family providers or public-private partnerships involving business and local communities. There is also special authorization in the bill for State liability risk retention pools to help increase access to liability insurance, especially for family providers, which is one of the major costs of child care.

Mr. President, I should point out that almost every one of those ideas emanated from the office of my colleague from Utah, Senator ORRIN HATCH.

Under this revised language, the Act for Better Child Care simply requires States to have State standards in place in key areas of health and safety 3 years after this legislation becomes law. They are voluntary standards. These are not standards mandated by the Federal Government. They are standards which each State will decide for themselves—whether it is Tennessee or Connecticut, Utah, Oregon, Massachusetts—each State will decide what those standards are.

A national committee of experts will set recommended standards in the interim which the States may use at their own discretion in developing their own standards. As a special incentive grant program, we would make available additional funds to those States that voluntarily seek to improve their standards toward the national recommended levels. No State loses ABC funds provided their own standards are in place within 3 years. Each State will set its own training requirements for providers and each State will decide which providers to license and how.

Mr. President, one of the arguments is that this bill sets up a Federal bureaucracy. There is not a single penny in this legislation, not a single dime, to establish a Federal bureaucracy. There is a Federal administrator, but that person could be appointed among those presently serving the Department of Health and Human Services.

That is the only issue. So there is no Federal bureaucracy. There is no new Federal agency. There is no permanent commission. There is no established group of people who will sit around this town and decide what will happen in each State. Every State decides for itself what it wants in these areas. There is absolutely no Federal bureaucracy and no mandated standards.

Mr. President, the ABC and tax components of the majority leader's package fit together much like a hand in a glove. Under the ABC approach, low-income families receive funds directly from all forms of care right when the money is needed to pay the bills. And these funds can be used to pay up to the full cost of care for very poor families. The Act for Better Child Care also provides critical help to States and local communities to help implement their own plans to improve the quality and availability of care. None of this is possible through any tax credit approach.

What the Finance Committee tax package does do, however, is critically important. It builds upon the Act for Better Child Care's direct service approach to ensure that child care is made even more affordable for low-income families. We need to help improve the quality and supply of care right away. We need to ensure that poor families have funds when the child care bills come due. But we also need to provide families with additional help in the Tax Code to ensure that no poor family faces the choice of work or family, when we can help to save them have both.

Mr. President, let us be very honest with ourselves. Until now, the politics of child care have generated far more heat than light. But today we have an agreement on a comprehensive child care package. We have the full support of State and local political leaders who, frankly, opposed this legislation just a few short months ago. This agreement is fair. It is balanced. We have legislation which embodies goals that we all share: Fund targeted low-income families, parental choice involvement in the care of their children, and State and local control over standards and licensing decisions.

Let us make a fresh start as well. Let us shed our political baggage and do something truly meaningful for the families of our Nation. Let us help put in place a national child care plan which will help prepare America for the demographic changes we face as we move toward the 21st century.

Mr. President, again I will have much to say, obviously, on various aspects of this legislation as it moves forward. But the substitute offered does in fact take care of many of the concerns that have been raised, and again I want to express publicly what I said at the outset, both about my colleague from Massachusetts as well as my colleague from Utah. We would not be here without either of them.

As I said before, the American children have never had a better friend than they have in ORRIN HATCH, and I am delighted that he is my principal cosponsor of this legislation. It is what we are supposed to do here. It is Republicans and Democrats in the committee sitting down working for 2 years to hammer out a bill. That is what we have done. We have worked with our States. We have worked with our local communities. We have worked with our colleagues. I do not know what else to do, Mr. President. I was told that is the way you legislate. That is what we have tried to do. I have dealt with as many Members as I could possibly corner. In fact, I suspect as colleagues see me they sort of duck, because they know I am going to talk to them about child care when I approach them. But I feel that strongly about this and am confident that we

can do something really worthwhile for the American family by adopting this comprehensive piece of legislation that is now before us.

Mr. President, I yield the floor.

Mr. HATCH. Mr. President, I have been highly honored by my colleague in some of the comments he has made, and I want to tell him how deeply I appreciate it and how much I respect him for the leadership he is providing and has provided on this particular very important issue.

My dear colleague from Connecticut [Mr. DODD] has just made a very eloquent opening statement on the child care issue. He has described this legislation in a comprehensive way. He has said what this bill does and what it does not do. He has explained the provisions of the bill and the reasons for them. I see no particular reason to try to duplicate the information that he has conveyed to the Senate in his remarks.

Instead, I would like to speak to my colleagues on both sides of the aisle about my decision to work with Senator DODD on this issue. I have to confess that I understood him when he said some of his colleagues have avoided him because every time they see him he is talking about child care. He has been indefatigable in his efforts.

In the last Congress, under the original ABC bill, I was one of his most ardent opponents because I felt the original bill was not a good bill. Frankly, he was the first to try to work out the difficulties and the differences. He has been open to everybody. He has been open to the White House. He has been open to all in the administration. He has been open to colleagues on this side. He has tried to accommodate everybody. I do not know anybody who has worked harder on this issue.

I wish to pay my respects to a person I consider to be a super legislator on a super issue of great importance to the American families in this country. After all, our future depends upon our children. I might add that if we allow 5 to 15 million latchkey children to wander around every day without any adult supervision and 20,000—get this, 20,000—children less than 4 years of age with no adult supervision during daylight hours and we are throwing away an awful lot of the future of this country. How does a 1-year-old take care of himself or herself or, for that matter, a 4-year-old? That is a serious crisis.

I also think it is important to understand that women in this country have been in anguish over this issue. It is a family issue, but I am going to emphasize this to a degree. Forty-five percent of all workers in this country today are women. That is up from 30 percent in 1950. More than 70 percent of all women between the ages of 25 and 34 are in the labor force, the chief childbearing years. I might add that by the year 2000, 61.5 percent of all women in this country will be employed. Whether we like it or not, that is going to happen.

I start from the basic premise that it is the most important thing we can do to have a parent in the home with those children. That is the ideal. That is what we want to do. That is what provides for the maximum success for families in the raising of children, but that is not reality in America today. One reason it is not is because of the difficulties of raising families and providing for them in America today, and because of many, many millions of people who did not make adequate incomes to be able to take care of their families where we have to go to two-parent earners.

I might say that three-fifths of all new entrants to the labor force between now and the year 2000 will be women—three-fifths. And two-thirds of all women working outside the home in America today are either single heads of household, meaning they are divorced, widowed, or otherwise unmarried, or they are married to husbands who earn less than $15,000 to $20,000 a year. They have to work.

If the average cost of child care is $3,000, then can you imagine how difficult it must be for those families with just one child, let alone two, three, four, five, and six children? As a father of six children, now having seven grandchildren and two grandchildren on the way, naturally I can see these problems.

There are a lot of other statistics I would like to bring out today, but I think we can take time throughout this debate, because I suspect this will be a lengthy debate and I suspect we will have many amendments. I suspect that the tax components of this bill, whether they are the components as presently constituted in the bill, established by the distinguished Senator from Texas, the chairman of the Finance Committee, or whether they will be the administration's components, which will be argued for by the equally eminent and powerful Senator from Oregon, Senator PACKWOOD, there will be lots of questions about those tax aspects. Both Senator DODD and I are on record in the so-called Hatch-Dodd family earned-income tax credit bill for tax credits which are refundable for families. We think it is a good idea, but we do not think it is the only idea, nor is it the last word in how you solve child care problems. But it is a good idea and we will probably support one or the other of those positions, because we believe it is an idea that we want to be open to as well as the ideas that we have in the current ABC bill.

Now, for those who wonder about the differences between the prior ABC bill and the current ABC bill, Senator DODD did a good job of bringing us up to date. I just want to say at the outset of my remarks that there is a lot of disinformation about the current ABC bill out there. There is a lot of misinformation. There is a lot of false information, and unfortunately most of it comes from my side. Most of it comes from people who in the past have supported me, some of whom have indicated they will never support me again because I have cosponsored the act for Better Child Care.

If that is the case, so be it. I think this is important. I think it is important that we face the responsibilities that we have to help families who really cannot help themselves. I think it is important to help these single heads of households who are just in anguish over what to do with their children rather than walking up and saying there is only one way of doing it. I think it is important for us to get together, Republicans, liberals, conservatives. Let me tell you the refundable tax credit side of this is just as liberal as the direct assistance to the grants that the ABC bill calls for. Both are liberal ideas. I have to say both have unique aspects and unique advantages.

So the distinguished Senator from Connecticut and I are certainly willing to have both. Frankly, do not tell me the direct subsidization is worse than indirect subsidization, or that indirect subsidization is better than direct subsidization. If you think about it, once the tax credit is locked in place, it is almost an entitlement. We have carefully written this bill on the direct help grant side to not be an entitlement program. I think that is important.

When I first introduced my own child care bill in September 1987, the so-called Hatch-Johnston bill, it was the first one introduced. I told the Senate about a Utah mother called Robin Brown. Some of my colleagues may recall Robin Brown's story. She was struggling to raise her four daughters by herself without resorting to welfare. She was working overtime to make ends meet but there was no money for child care. Her oldest daughter, Amy, who was 10 years old at the time, cared for her younger sisters aged 8, 7, and 4.

The Utah Department of Child Protective Services had twice hauled Robin into court to defend herself against neglect charges. She was a good mother. I do not blame the Utah Child Protective Services for investigating. That is its job. But I also do not blame Robin for being frustrated by a social services system that expects her to work and be at home at the very same time. I do not blame her for being angry that the same system which has questioned her fitness as a mother offers no child care assistance. I do not blame her for feeling some de-

spair over her lack of choices. She told the social worker that she had a choice between groceries or child care, and that, Mr. President, in my opinion is no choice at all.

I have supported several child care initiatives, and I will support the ABC bill because Robin is not the only Utahn in this situation nor is she the only parent in this situation in this country.

I would venture that a substantial percentage of the 6 million single-parent families in America today face the very same catch-22 situation. Two-thirds of the women who do so, as I have said, because they are single heads of households or their husbands earn less than $15,000 to $20,000 per year.

Some have argued that parents who cannot afford to care for their own children should not have them. Is that not a cynical viewpoint? Someone should have told that to Robin Brown before her husband ran out on her, or a Mary Smith before her husband died. We do not always control the circumstances which lead families to need child care. Moreover, I find this argument rather elitist.

Under this reasoning millions of children should not have been born because their parents needed two incomes in order to make ends meet. Families of all socioeconomic groups should be able to have children, and I agree completely that Government should not throw up barriers to having families.

Some have also argued the Federal child care program will somehow entice mothers out of the home and into the work force. Frankly, I have trouble believing that this is even a serious argument. Today, in the absence of any Federal child care program, 57 percent of mothers with children under the age of 14 work—57 percent. Half of all children under age 6 have working mothers. There are already 5 to 15 million latchkey children who have no adult supervision during critical daylight hours.

I want to assure the opponents of child care legislation that we are not creating an incentive to leave children in day care to make money. We are responding to an existing condition in our society that is crying out for leadership toward a solution. For those who need child care we are trying to make it more affordable, more available, and of acceptable quality.

Many have advocated, as I have said, a tax credit approach to help people like Robin. I agree. I believe a meaningful tax credit is really an excellent idea. I have sponsored such a bill with Senator DODD called the Family Earned Income Tax Credit Act. Senators MIKULSKI, KASTEN, and D'AMATO are also cosponsors of the Family EITC. I am very proud to be a principal cosponsor with Senator DOLE of the proposal submitted by President Bush.

But I also believe parents need choices among an expanded array of child care options. They want assurances that child care is safe. The private sector needs incentives to get involved in child care and family-based providers need some assistance.

So although I enthusiastically support a refundable tax credit for low-income families with young children, I do not consider that the only idea of value. But we cannot enact such a tax credit and then sit back and say that we have solved the child care dilemma for these families.

If an additional $1,000 to $2,000 in the pockets of families will inspire more people to get into the child care market, that is great. But realistically, unless we also do something about the tax treatment providers and address the risks of liability which this bill does, the ABC bill does, I seriously doubt that an unearmarked tax credit will by itself create substantial numbers of new child care slots. It is a good thing to put some extra cash in the pockets of American families, and I do not think we should require proof that they spent the cash on child care. In some cases the family may opt to have a full-time parent at home instead of an extra income, and will use the tax credit to make rent payments, put gas in the car, or pay off medical bills. The tax credit could just as easily provide economic incentives for grocers or landlords to increase goods and services. So it is not the last answer to anything.

I think we are getting from this that maybe the ABC bill has some very, very good alternatives and some very, very good complements to any tax credit approach, and although I commend the President for coming up with this approach, and I commend him for being the driving force behind it, I still think he ought to leave the ABC bill as currently amended because of what it does for affordability, availability, and quality—the three most important matters with regard to child care.

But it has been said that only a tax credit approach will provide choice for parents regarding child care. Of course, this is only partially true. I agree that low- and low-middle-income families should have the choice of having a parent in the home and a tax credit does provide that option. I like that option. That is one reason I support a tax credit. But for parents who need to work for whatever reason, a tax credit will not expand their choice regarding child care.

A tax credit will not necessarily increase the number of child care providers who will care for special-needs children. It will not necessarily expand the number of organized activities for children after school. It will not by itself encourage family-based providers, churches, nonprofit organizations, or businesses to offer child care services. There are other factors that discourage choice in child care which cannot be addressed by simply giving more money to the consumers.

I firmly believe that a tax credit and a discretionary grant program should go together. That is why the ABC bill is so important. As a matter of fact, the Child Care Services Improvement Act, which I have introduced with Congresswoman NANCY JOHNSON, does both.

I am disappointed that the House—by the way, much of that bill was adopted by the ABC. We have taken the good ideas out there and put them in the ABC bill. So there has been a magnificent effort by the distinguished Senator from Connecticut to accommodate almost everyone. When you consider there were over 100 child care bills filed in the last Congress alone, 19 filed by Republicans alone in this Congress in the Senate, you can imagine what a difficult job it is.

Well, I am disappointed that the House Ways and Means Committee continues or seems to be dragging its feet on this score.

It has been suggested that members of the tax writing committee do not want to amend their 1986 handiwork. But, since when, Mr. President, has any revision of the Tax Code been considered holy writ? Why should we blandly accept this reticence to amend the 1986 Tax Code and pass up a golden opportunity to target real assistance to hard-working American families? We need to go forward with a tax credit component so that any child care bill will be comprehensive.

Mr. President, I want to commend the Senate Finance Committee for moving out on this issue. Senator PACKWOOD, the distinguished ranking member of the Finance Committee has suggested his own child care legislation which clearly demonstrates his sincere interest in addressing the child care problems faced by working parents. Senator BENTSEN has acted to report a committee amendment to S. 5, now part of the underlying amendment that we are debating at the present time.

I would like to see this tax component broadened so that families with young children who sacrifice a second income—at a time in their lives when they may need the money the most—get a tax break as well. I also have reservations about the wisdom of the health insurance provisions. But, I do, nonetheless, commend our Senate Finance Committee for recognizing the need to take action on this issue. A year, 2 years ago, nobody was willing to take action on this issue except a few of us. Today almost everybody is. So regardless of what happens, I think

the distinguished Senator from Connecticut deserves a great deal of credit for driving this issue, forcing it and causing people to wake up and realize how important it is in making people sit down and come up with some of these components that probably will wind up as part of this bill.

The bill we are debating today is the second half of the comprehensive child care package I believe we ought to enact. It is the part the Senate has the authority to act on right now. It is the part that has already been the subject of hearings, newspaper editorials, and op-eds, discussion shows on TV, and hundreds of public debates—I think the Senator from Connecticut and I have been participants in most of them—and we were not always on the same side, but we are today.

We have linked arms and we are going to walk this bill through as much as we can together. I hope we will have the support of many of our colleagues, because it is not easy to do.

To say that the bill has been controversial is probably the understatement of the year. Since I made the decision a year ago to try to work out a compromise with Senator DODD on this bill, I have been personally likened to Karl Marx, Benedict Arnold, and even Brutus, in public print.

We have worked hard on this proposal. We have made many significant changes. We have, for example, included provisions giving greater flexibility to States to develop locally based child care programs, removing relative care from Federal standards, and streamlining other requirements in the bill. We have also resolved the matter of standards. In an agreement worked out with the National Governors Association, we have given States the authority to set their own standards. But, it is a compromise, And it is something that we have to continue to work on.

Let me tell you about that aspect of the bill. This bill does not require any State to meet Federal standards, so the disinformation out on that is absolutely incorrect. This bill requires that States set their own standards in only six categories. The category for health and safety is broken down into six subcategories. Most States already have standards in these categories, which would not have to be changed. The recommendations made by the National Committee on Standards are model standards only and do not have to be adopted by the States. But I think most States will want to adopt them, and since they do not have to be adopted by the States, I think they will make the standards reasonable. So no particular region in this country will be imposing its standards on anybody else.

If a State wants to upgrade its child care system by working toward the model standards, they may apply for funds under the incentive programs. These funds will be used for a variety of quality building activities. A State is not obligated to meet these standards, and will not suffer any sanction at all if it refuses to do so. We do have a push in the bill to get them to look at these standards and examine them and, hopefully, take them. It will not make a hill of beans worth of difference if they decide not to. They would be stupid not to, once the standards are suggested. It is up to them.

But, Mr. President, I do not see that this legislation—with or without a tax component—represents the Sovietization or Swedenization of children that many of the bill's organized detractors have asserted that it is. Nowhere in this bill is it required that children be in child care. Nowhere is it required that they be assigned to a specific type of child care. And, nowhere does it say that government will operate child care programs. So all of that disinformation is wrong. I bitterly resent those who are distorting what this bill says. What exactly, is meant by the Sovietization of children?

Is this invective based on the fact that the bill provides direct subsidies for low-income families? If that is so, we crossed the threshold of Sovietization a long time ago when the food stamp, WIC, or school lunch programs were enacted, of which most have solid support.

Is it because it requires States to provide assurances to parents receiving public child care assistance that their children will be in registered family-based or center-based programs that have accepted certain standards of accountability?

Is it philosophically repugnant to require an expansion of resource and referral systems that provide valuable consumer information to parents seeking out child care options?

Is it so reprehensible to require that those individuals who care for children and are paid in full or in part with public funds have some basic training?

How does it follow that encouraging the community, the private sector, and family based providers to initiate child care programs leads to the warehousing of children in cold, impersonal environments?

Mr. President, I consider myself a conservative, but I am going to support this bill. I will support it not in spite of my political philosophy but rather because of it. Conservatives are no less devoted to nurturing the next generations than are our liberal colleagues. We believe children should be raised in wholesome environments; they should be taught honesty, unselfishness, perseverance, and respect. They should be taught to develop their own abilities and interests. And, they need loving discipline.

With all my heart, I wish that more families had the option of having a full-time parent so that this instruction is always consistent with the family's own values. But, wishing will not make it so; and, in fact, the two-parent, one-income family has not existed as the majority since 1979, and it is time we recognize that.

Conservatives also face facts. If a parent cannot be at home for the children on a full-time basis, then quality substitute care must be found. The aim of the ABC bill is to help ease the burden for parents in this position. Its purpose is to prevent children from being left alone, vulnerable to a myriad of dangers and temptations. When it comes to children, we are allowed to be paternalistic in the framing of policy. It is the most constitutional thing we can do.

I urge every Member of this body to look at the revised ABC bill objectively—to look at it as if they had not heard any of the debate which has been raging for the last year—a debate full of emotion and rancor on both sides of the issue. When viewed in this way, the bill's flaws are obvious—but so are its merits. I hope that its attributes will come to the fore during our discussion here in the Senate and that its remaining imperfections will be remedied.

This is our opportunity to act positively in this area. It is our chance to enact a comprehensive package of legislation that will inure to the benefit of millions of American families. It is the right thing to do.

So, Mr. President, again, I want to compliment my dear friend from Connecticut. I have gained a great deal of respect for him throughout this whole process, and that respect is a lasting respect. I am going to support him with regard to this bill with every fiber of my being.

I think it is the right thing to do. It is the right thing for families in America, and it is the right thing for our country. In the end, hopefully, we can alleviate some of these pains and concerns and anguish and problems that face our families in America in observing—if we have any compassion at all or any heart at all—the everyday things like the story of Robin Brown, or the other illustrations of my distinguished friend, which he illustrated so well in his opening remarks kicking off this bill.

I thank all those who have been willing to work, and there have been many who have. I do not want to ignore them in mentioning my affection for my colleague from Connecticut in this issue. Nevertheless, I think we have plenty of time to talk about the bill and everything, every aspect about it.

I yield the floor.

Mr. KENNEDY. Mr. President, at the outset of the debate on the ABC bill, I, too, want to join my colleagues in commending the Senator from Connecticut [Mr. DODD] whose extraordinary effort that has culminated in the Senate debating this issue this afternoon.

This legislation, as has been pointed out during the course of the afternoon, has been evolving and developing over a period of some 2 years, and it bears the imprint of the Senator from Connecticut in just about every paragraph and every line of the legislation.

He deserves very special credit for assuring that this Nation is going to be serious about a matter of such importance to working families in our country.

So, I join in what I consider to be a very well-deserved commendation of his efforts.

I, too, join with him in commending my colleague from Utah [Mr. HATCH]. He has reviewed in his opening comments his serious reservations about certain approaches that were developed in earlier legislation, but he really has taken the time to develop an understanding of these issues with all of their implications. He has been a strong partner to the Senator from Connecticut, and he, too, deserves a great deal of credit in assuring that this legislation would reach the floor of the U.S. Senate. I have had the chance to work with him on other legislation. I think it is a better piece of legislation for all of his efforts, and I join in commending him and for the strength of his support for this program. I think it has been a very important contribution.

I thank the majority leader for being willing to weave the web of different legislative initiatives that included the Finance Committee proposals. Also as a former district judge, he helped to fashion a way for the concerns of individual Members of the Senate on some of the constitutional issues I think, to be constructively resolved. He has brought those measures together in the development of this package, in a very important and commendable act of leadership.

Those of us who have been in strong support of developing a day care program, realize that we are where we are today because of his willingness to work with the different committees and the different interests of this body and to present this package which he did earlier this afternoon and which has the support of those of us who have been supporting the ABC bill.

Mr. President, the legislation now before us provides an excellent opportunity to improve the lives of millions of American families. We are here to help the working parents who wonder each day if their children are safe at an unlicensed child care center or with an untrained babysitter. We are here to help the parents who cannot work outside the home because they have no one to watch their children. Most important, we are here to help the children who spend each day in unsafe, unreliable day care arrangements, or who are left alone to fend for themselves while their parents work to put food on the table. Today, for all these families, we begin consideration of a landmark children's package, assembled by our distinguished majority leader.

The centerpiece of this legislation is the Act for Better Child Care, sponsored by my colleague, Senator DODD. As chairman of our Children's Subcommittee, Senator DODD has worked tirelessly on behalf of young children, on this and many other issues. I commend him for his excellent work in bringing this bill before the Senate, as I do commend Senator HATCH, the ranking member of the Labor Committee, and his leadership and willingness to compromise is greatly appreciated.

Almost two decades have passed since Congress first considered comprehensive child care legislation. In 1971, one-third of mothers of children under 6 worked outside the home. Today, 56 percent of such mothers are in the labor force, including over half of all mothers with infants younger than 2.

All of these families now must rely on a patchwork of child care arrangements—sometimes three or four in a single day. More than 10 million children under 6 require child care for some portion of the work day—yet there are only 2.5 million licensed child care slots in all of our 50 States.

The lack of adequate and affordable child care harms children, harms parents, harms our economy, and harms our country. Absenteeism and turnover related to inadequate child care cost the Nation up to $3 billion a year in economic terms. But we will never know the true price that we pay for sending 30 million Americans to work each day wondering whether their children will be safe and healthy, and whether someone will be there to care for them tomorrow.

Our child care system fails in three critical areas: affordability, supply, and quality. The Act for Better Child Care addresses each of the issues in an effective and efficient manner.

The average cost of a year of child care in this country is $3,000. In Boston, that figure is closer to $5,000. For low-income working families, child care is likely to consume one-third to one-half of the family budget. All of these parents face a Hobson's choice between work and welfare—between taking a job and leaving children unsupervised, or passing up a job and caring for their family on public assistance.

The ABC bill gives real options to parents earning up to the State median income level to choose the kind of child care they prefer. Seventy percent of the $1.75 billion authorized by the bill will be used to subsidize child care, with priority for families with the lowest incomes. ABC will pay the full cost of care for children from low-income families, so that they too will have the option of high quality care.

States may use grants, contracts, or certificates to deliver the services, with fees charged on a sliding scale. Families may select from among a wide array of child care options—including care in the home by relatives, care in other homes in the neighborhood, and care in community-based, employment-based, or church-based centers.

Our bill will also increase the supply of quality child care. According to a recent poll, close to half of those able to pay virtually unlimited amounts for child care are not satisfied with their child care arrangement. The supply of child care simply has failed to meet the demand—at any price.

The ABC bill increases the child care supply by breaking down barriers to entry and offering incentives to bring more providers into the market. Twelve percent of ABC funds may be used for grants and loans to expand child care programs, to recruit new providers, to help communities establish afterschool services and programs for sick or homeless children, and to assist businesses through public-private child care partnerships. In addition, the ABC bill authorizes a one-time appropriation of $100 million to help States establish liability pools, so that child care providers can obtain affordable insurance.

Finally, if we are serious about child care, we must ensure its basic quality. We must do all we can to see that the safety of children does not depend on where they live or how much their families earn. The ABC bill provides incentives to States to improve their standards. In addition, 10 percent of ABC funds may be used to improve licensing enforcement, train existing child care providers, and expand resource and referral networks to that parents can locate the best arrangement for their child.

Last year, the ABC bill came before the Senate as part of a package to help working families. But our opponents argued that Americans did not want comprehensive child care legislation. They argued that we should not even put the bill to a vote.

But today, under the guidance of our majority leader, we have put together a strong children's package that enjoys broad support. Importantly, this package includes agreements

on two key issues: Child care standards and church-state provisions.

I continue to be a strong supporter of Federal minimum standards for child care. Federal regulations protect children in Head Start programs, senior citizens in nursing homes, and workers on the job. But for some reason, it is argued that children in day care centers should not be protected by Federal standards.

The legislation that we put forward today incorporates a compromise on standards worked out between Senator DODD and the National Governors' Association. Under the agreement, States will be required to set their own standards in certain key areas, like health and safety and staff qualifications. States that do not meet Federal recommended standards can compete for quality improvement grants. Through this combination of incentives and Federal guidance, ABC will result in improved child care quality in the States. I hope that finally, we can put this controversy over standards to rest by adopting the ABC bill with this fair and workable agreement

I am also pleased to report that with the assistance of the majority leader, we have worked out a compromise on the use of certificates under the ABC bill for sectarian child care.

Serious questions were raised about the constitutionality of using ABC certificates to support programs that involve religious worship and instruction. Some believe that Federal aid can go to sectarian programs so long as the aid is paid through such certificates, which leave the choice of the child care provider to the individual parent. Others believe that any such Federal payment to sectarian providers is unconstitutional, regardless of the form of the aid.

The compromise provides that parents receiving ABC certificates may choose sectarian programs for their children, as long as funds are spent in a manner consistent with the Constitution. This modification will permit the courts to resolve the issue in an appropriate fashion, consistent with the first amendment.

Each of these agreements has strengthened the bill, paving the way for increased bipartisan support. I commend my colleague Senator DODD for all the work he has done to bring together opponents on these key issues. Because of his leadership, we are very close to enacting this historic legislation.

I am pleased that the majority leader's package also includes Senator BENTSEN's proposal to expand the existing dependent care tax credit to enable us to reach our goals on child care as quickly and effectively as possible.

When I testified before the Finance Committee this spring, I recommended the following principles.

First, any child care tax credit should be tied to actual child care expenses and should not create an incentive for low-cost, substandard care.

Second, the tax credit should be targeted on families earning below the median income, and should benefit as many families as possible within our budget constraints.

Third, I urged that the tax credit be refundable, so that families who do not earn enough to pay taxes will also be able to benefit from the tax incentive.

I commend Senator BENTSEN for the putting together this bipartisan tax package. It is consistent with the principles I have outlined, and will provide an important supplement to ABC.

I am also pleased to support Senator BENTSEN's proposal to provide a refundable tax credit for the purchase of health insurance coverage. This tax credit will provide valuable financial assistance to low-income families that are already stretched to the limit in purchasing the health insurance coverage their families need. The credit may also stimulate some additional coverage—particularly in those cases where an employer pays the health insurance premium for an employee but makes little or no contribution to coverage for the employee. This tax package is an important recognition that poor families need both child care and health care.

Last year, our opponents succeeded in their filibuster of the ABC legislation. That delay has been at great cost to American families. Every day, over 5,000 mothers turn down paid jobs because of lack of child care. Every day, more than 2 million children spend another day alone and unsupervised. Every day, more than 3 million children risk injury or even death in unlicensed day care homes. We have already paid too high a price for our inaction, and there is no justification for additional delay.

The children's package is essential legislation for millions of families struggling to be self-sufficient and for millions of children who have no access to safe care. It is a far-reaching step toward a more enlightened children's policy for the Nation, and I urge the Senate to approve it.

Finally, Mr. President, earlier this afternoon the Republican leader outlined in general terms what was going to be at the heart of the proposal that will be offered as a substitute for this ABC bill. I just want to express a few concerns. I expect that these issues will be, hopefully, resolved prior to the time of the debate.

But it would appear that the Dole substitute includes three parts: an expansion of the earned income tax credit, refundability of the current dependent care tax credit, and the amendments to the dependent care block grant.

There may be very important reasons to support any one of those particular measures, but the legislation, at least as preliminarily outlined by the leader, has very little to do with child care.

The earned income tax credit is an important supplement to the income of families with children. But it is not targeted for child care. It could be used for anything from food to luxury goods. Any family that earns little enough to be eligible for EITC is unlikely to use an income supplement for child care.

While the child care costs an average of $3,000 a year, the EITC will not come close to making that an option.

ABC, on the other hand, will pay the full cost of safe, licensed child care for low-income families. It gives them real choices about the type of care and does not create an incentive for low-cost, unsafe conditions.

The second part of the package is a refundability of the dependent care tax credit. I am fully supportive of this measure as a piece of comprehensive child care legislation, such as the ABC. In fact, that is why the ABC package includes that provision.

If my colleagues support refundability of the dependent care credit, I urge them to support the ABC package which also will improve the supply and quality of child care.

Finally, the Dole package includes a block grant to States for dependent care. But this package will not allow one penny to go to families for child care. If I heard Senator DOLE correctly, this program does not allow States to subsidize child care with these dollars, even for the lowest-income families. In fact, this program will in no way hold States accountable for spending the money in a manner that will improve the child care in the State or increase its supply.

ABC bill will help parents pay for the child care and ABC will increase the supply of child care through grants and loans to child care providers, incentives to employers, and by establishing liability insurance pools. Unlike the package, ABC will improve the quality of child care. It does this without mandating Federal standards. Instead, it uses a carrot approach: States receive dollar incentives to improve their standards.

The National Governors Association, the National Conference of State Legislators, and a host of other State and local organizations think that the incentives in ABC will indeed result in improved child care quality. They are the ones, really, who have the greatest responsibility in the development for that kind of quality and they are all on record believing that the approach that has been used in the ABC Program offers an excellent opportunity for strengthening quality.

So we have to ask ourselves what this package can do for quality. How can they be sure that it will increase the supply, which the ABC bill will do? How do they know that the EITC tax dollars will be spent on child care?

I do not expect that we will have answers to those questions because there really are none.

Mr. President, I yield the floor.

Ms. MIKULSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Ms. MIKULSKI. Mr. President, I rise today in support of the Act for Better Child Care. Child care is one of the greatest needs that many working people just face every day.

As I travel around my own State of Maryland and also around this country discussing family issues, whether you go to work carrying a wine-colored briefcase and you make $120,000 a year or whether you work as a checkout girl making $12,000 a year, one of the things that you continually ask is: "Where can my children be who are preschool, who are infants? Where are my kids going after school? Where are my kids going to go during the summer?"

It is very clear that child care is a compelling national question. One of the things that continually arises is that parents ask us please to pass a national framework that will make child care affordable. Accessible, competent, and safe. I think that is what the ABC bill will do. It will do this by providing States with the resources they need to directly help familes and increase the availability of safe, affordable child care.

Mr. President, we have heard a lot about detail and statistics. Our minds are awash in those kinds of numbers.

Essentially, in town hall meetings and forums, my constituents say: "Senator MIKULSKI, what is this bill going to mean for me?" Well, what it means is the ABC bill will help 1 million kids by providing vouchers to people of modest income to actually pay for child care. In addition to that, it is going to provide basic health and safety protections so moms and dads will not have to worry about the quality of child care their kids are facing.

The whole Nation's attention was gripped when little Jessica McClure fell down that well. At the same time, what we want to make sure is that we cap those wells and we also cap any of the other kinds of safety concerns that parents might have. That is why we want health and safety protections, which is one of the reasons we adocate these mild standards.

The ABC bill will also help countless moms and dads find child care. It is not easy to find child care. I went to visit a Federal agency involved in the national defense of our country. They know what is going on around the world in every missile system. They can tell you about every microchip in a Soviet sub. But they asked me to help them find child care in Maryland. They just did not know how to begin.

One of the things that is absolutely crucial is information and referral services, one-stop shops for both parents and employers to find child care. And that is what this bill does.

The ABC bill helps parents locate and choose. They get to choose safe child care in their communities, by establishing resource referral hotlines and a variety of other programs.

There are many statistics that I could go through, how that would affect my own State of Maryland, and I am not going to go over that. Essentially, with this legislation what we find is it is profamily and it is probusiness because it is a smart investment for employers in the country. Fifty-six percent of all mothers with preschool-age children work outside the home. For the most part these mothers are working out of economic necessity, not because of some passion for self-fulfillment. Not only do they need their jobs, but America needs them in the work force. The very least we can do is help assure them that their children will be safe and that there will be available child care for them.

There is a lot of questions about the standards. Well, standards will not be too tough for providers to meet. First, the States, not the Federal Government, will set their own child care standards based on their own particular needs and concerns. The bill allows us to help out those States that are struggling to get their providers to meet the most minimal standards.

It is not the intention of this bill to establish a kiddie-care OSHA, Mr. President. We do not want to have all kinds of complicated regs that nobody can comply with, because we want to increase the supply of child care. We think the standards that we will be recommending are reasonable and achievable. The main goal of these standards is to protect our children.

I would like to make a comment about tax credits. I support tax credits because I think we need a pluralistic approach, but tax credits will not deal with the availability or quality of child care. Therefore this legislation, coupled with the tax credit, will do it.

You know, Mr. President, when I started talking about this legislation, child care legislation, when I was a Member of the House, this was considered a woman's issue. Then it became a family issue. Now it is a business issue.

I hope we will look at it as an American issue. Mr. President, no employer would build a new facility, be it an office building, a technopark, an industrial-manufacturing center, without providing parking lot slots for their employees. Mr. President, I would like to see us provide day care slots for our kids. I hope we would have the same love for our children as we have passion for our automobiles. Then maybe we can get something done.

I think this bill goes a long way. I would like to compliment Senator DODD for the work that he did on this bill and also Senator ORRIN HATCH for the very collegial way that he worked with us on this legislation and for many of the improvements we have incorporated in the bill. I would like to thank the very fine staffs that they have for their help in fashioning this bill. I think we have come to the point where we have good legislation.

But it is not whether it is good legislation. Is it good for families? Is it good for kids? Is it something States and communities can afford? Do we keep the church-based child care in providing it? The answer is yes to all of this.

Mr. President, I think we have a very fine bill. I am happy to support it and I yield back my time.

The PRESIDING OFFICER (Mr. LAUTENBERG). The Senator from Rhode Island.

Mr. PELL. Mr. President, I rise today in support of S. 5, the Act for Better Child Care Services of 1989. As an original cosponsor of S. 5, and as a member of the Senate Labor and Human Resources Committee and its Subcommittee on Children, Family, Drugs and Alcoholism, I have had the opportunity to participate in the evolution of this comprehensive and innovative child care legislation. I would be remiss if I did not speak of the tremendous dedication, hard work, and leadership of our subcommittee chairman and the sponsor of S. 5, the senior Senator from Connecticut [Mr. DODD], whose understanding of the needs of the families across this Nation, and whose cooperation in addressing the concerns of his colleagues, have resulted in the quality legislation that we have before us today.

Mr. President, the Senate has debated once before legislation designed to address the Nation's need for affordable, quality child care services, and many differing views have been expressed and considered. But we must remember as we discuss this new compromise version of last year's bill that each day we delay, argue, and put off constructive compromise on child care legislation is a day that our children may have inadequate care in an unsafe environment. Those children born when the ABC bill was first introduced in November of 1987 are now about 19 months old. If we delay any longer, another generation of parents will be faced with the terrible choice of sacrificing a badly needed second income to ensure that their children

receive basic, quality child care, or placing their children in care situations which are not the quality environments that all children deserve.

I urge my colleagues to look carefully at S. 5 and the compromise measure that it is today, as well as any amendments which may be offered to address further some Senators' concerns, and to put aside our differences in a spirit of compromise for the children of our Nation. We should take this opportunity to work hard for consensus, and create a child care policy for this Nation that will address the needs of both today's working mothers and fathers, and the needs of generations to come.

ACT FOR BETTER CHILD CARE SERVICES OF 1989

Mr. DASCHLE. Mr. President, I rise today to voice my strong support for the Act for Better Child Care Services of 1989. I commend the distinguished Senator from Connecticut and the Senator from Massachusetts for their leadership in developing a comprehensive child care bill that has earned the endorsement of over 100 national and thousands of State and local advocacy groups.

The United States has experienced a massive demographic shift that has made child care a necessity for every income group. Women are entering the work force in record numbers. Over half of all mothers with infants younger than age 1 are in the work force; almost 60 percent of mothers with preschool children work outside the home. About a quarter of today's working mothers provide the sole support for their children.

The need for child care services in South Dakota is greater than ever. In town after town, I hear families say that they cannot find acceptable child care arrangements. There are approximately 450 licensed family day care homes and 80 licensed day care centers that, together, have the capacity to serve 9,000 children. The number of available licensed day care facilities is clearly insufficient to meet the needs of over 30,000 South Dakota children under the age of 6 with working mothers.

In addition, I have received numerous letters about the lack of financial assistance to help with the burden of child care costs. In South Dakota, 17,000 children under age 5 live in poverty, yet only 64 received child care assistance last year. Spending for child care assistance decreased by 99 percent between 1981 and 1988, and the number of children assisted dropped 97 percent in the same time period.

Of equal concern is the number of children placed in substandard child care settings. We need to help ensure a minimum level of quality provided by day care facilities to protect our youngest Americans. People need a license to cut your hair, but not to care for your child. While States require that your care be inspected each year, there is no such requirement for the facility that takes care of your child. Our children deserve better protection.

Throughout South Dakota and across the Nation, working parents are faced with this triple quandary: child care is hard to find, difficult to afford, and often of distressingly poor quality. I have joined as an original cosponsor of the Act for Better Child Care Services of 1989 in the 100th and 101st Congresses because it addresses these three critical issues and creates a comprehensive child care program.

The Act for Better Child Care Services of 1989 [ABC] addresses the availability problem by authorizing the use of funds to increase the supply of child care. States may use ABC funds to provide grants and low-interest loans to child care providers to establish and expand existing child care programs; to help communities establish after-school services and programs for sick or homeless children; and to assist businesses with child care programs through a new public-private partnership.

The Act provides direct financial assistance to low-income and working families to help them find and afford quality child care services for their children. States must use at least 70 percent of the funds they receive each year for this purpose, with a priority given to families with very low incomes. Parents are given complete discretion to choose from a wide range of licensed or regulated child care services, including nonprofit and for-profit child care centers, family day care homes, school-based care, and church-based care.

In order to ensure quality, the Act requires States to spend at least 10 percent of ABC funds for a variety of activities, including resource and referral programs, State monitoring, licensing and inspection efforts, health and safety training for child care workers, and improvements in child care salaries. The Act no longer mandates compliance with national standards: rather, it requires that States develop within 3 years a set of standards governing child care centers, family day care homes and group care homes. States must enact standards that are essential for children's health and safety, but each State will have discretion over the content of its standards.

I strongly believe that Federal assistance is necessary if South Dakota is to be able to meet the large and growing need for child care. The Act for Better Child Care Services of 1989 will provide $9.7 million to South Dakota, enough to provide 4,365 more children with decent day care. By building an infrastructure from which all parents and children benefit, while targeting financial assistance to those most in need, this legislation comprehensively addresses the Nation's child care needs.

Mr. President, I think this bill will go a long way toward ensuring the availability, affordability, and quality of child care services across the Nation, and I urge the support of my colleagues.

Mr. PACKWOOD. 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. PACKWOOD. 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. PACKWOOD. Mr. President, I am going to address myself to this bill, but before I do, I want to make some definitions, if I might. These are my definitions. Others can quarrel with them and with how this bill got to where it is now, why it was originally written as it was, why it has been changed, why there is strong opposition from some people on the Republican side, and I think some smaller number on the Democratic side, and what the issues are that this bill portrays. It is much bigger than just this issue.

I am going to speak, in some cases, in generalities and I want to again emphasize they are my generalities. Nobody else has to accept them.

I am going to use words like liberal, conservative, and what I think, on average, an average liberal would think and what on average an average conservative thinks, and how that thinking went into the original crafting of the bill and how that thinking has gone into some very intense opposition to it.

I would say as follows: One, liberals, by my definition, are more inclined to think that government can make things much better by regulation, and they like Federal regulation best because it is uniform throughout the Nation. Sometimes they cannot get Federal regulations, and so they will try to mandate State regulation. They know it will be different from State to State, but at least it will be some regulation. That is just a generalization.

Conservatives are more inclined to distrust Government regulation and especially Federal regulation. There are exceptions among liberals, and exceptions among conservatives. You will find conservatives advocating bills that have an absolute plethora of Federal regulations in them. You will find liberals advocating bills that get rid of Federal regulations. I am talking on average, generally.

Those who are more liberal like the idea of regulation—Federal regulation. They have a certain belief in the perfectability of mankind and that per-

fection can be accomplished by rules and regulations. We can make people conform to what we know—speaking now as if I were a liberal—is good for them. They may not know it, but we know it, and we are going to fit them into what we know is good for them by regulation.

Conservatives are inclined to say we are not sure the Government knows what is good for us. We do not want the Government passing these regulations.

But I am now going to give a couple of exceptions to that. They are often in the social area.

Take school prayer, for instance. You go into class and the teacher says, "Children, stand up. Today we are going to recite something from the Bible." All the little children are going to recite the same thing. This is uniformity. This is regulation. Conservatives normally like that. They are not offended by the teacher saying we are going to read from the Bible and the children can either do it or leave the room. That is a form of regulation. Liberals do not like that. In that case they do not want a teacher or a school board issuing regulations that say we will have school prayer. It is a reverse of the normal liberal position.

Abortion would be another exception to the usual liberal and conservative positions. Conservatives, if they had their real desire, would like the Federal Government to outlaw abortion, make it murder nationwide. Or short of that, conservatives would certainly overturn the Supreme Court's decision of 15 years ago which said that a woman has a constitutional right to have an abortion. They would like a regulation to say women cannot have them. Liberals, on the other hand, say, no, that is the woman's choice. Government should not regulate it. Those examples are exceptions to the usual liberal and conservative positions.

Based upon almost 30 years of elective office, 20 years in the U.S. Senate, this is my observation: Liberals like economic and educational uniformity and social diversity. Conservatives like economic and educational diversity and they like social uniformity. Usually when you find dissidents in society, people who do not conform to the norm, people who want to upset the establishment and who are avant-garde, they are more likely to be liberal than conservative. A conservative is more comfortable with what he or she knows is the norm, but wants to have a great deal of economic freedom, and wants a great deal of educational freedom. That is my definition of liberals and conservatives.

Let me now talk about the child care issue. This is not the first time we have dealt with it. The Government now spends about $7 billion a year on child care. The figures range between $7 and $7.5 billion depending upon whether you use the estimates of the Congressional Research Service, the Department of Labor, or the American Enterprise Institutes. $7 to $7.5 billion per year. The two biggest portions of it are the present child care tax credit—which I will later explain—and the Head Start Program, and everyone knows what that is.

The Federal Government appropriated money and enacted a fair number of regulations for the Head Start Program. Liberals and conservatives support it. Money is given out to local governments, and we try to give poor children a head start. The program has worked out wonderfully. It is certainly a child care education program for preschool children.

We are now spending $7.5 billion, roughly, on child care. The present bills we are talking about—whether it be the ABC bill that Senator DODD is the principal sponsor of, or the bill that will be offered on this side—probably spend another $3 billion. This is not an amount to be sneezed at, but it is not nearly as much as we are spending now.

As we look at the ABC bill, I find four issues that separate individuals, separate the parties. The first one is standards; basically, should we have national standards or no national standards? Originally, the ABC bill proposed national standards. The conservatives did not want national standards.

The second issue involves how we should fund child care; tax credits versus appropriations. What should be the method of funding child care?

The third issue is religion; whether or not money should go to religious day-care centers.

The fourth issue is homemakers. A homemaker usually refers to a woman who stays home. She works at home for nothing. Anybody who says a housewife does not work has never met a housewife. She works at home, takes care of the children, is there when her spouse comes home and she does not receive any pay.

Those are the four issues: standards; how child care should be financed, tax credits or appropriations; religious day care; homemakers.

Let us take standards first. The first ABC bill was the genesis of the substitute bill we are debating today. The principal proposed of the original ABC bill was the children's defense fund and Marian Wright Edelman. They wanted national standards, mandated standards, which the States had to comply with or lose a fair portion of the money that the Federal Government would give them for child care.

Based upon my experience in the State legislature I make the following observation: Whenever the Federal Government sets down standards and says if you meet the standards, you will get the money; or if you do not meet the standards, you will not get the money or you will not get as much, the State governments will turn handsprings to meet the Federal standards to get the money.

The original ABC bill had mandated standards that the States had to meet.

The second ABC bill had what I would call model standards, not mandated but model standards; Federal model standards. If the State met those Federal model standards, they put up 15 percent of the money for the State ABC Program and the Federal Government put up 85 percent. If the State did not meet those model standards, the State had to put up 20 percent of the money and the Federal Government put up 80 percent. So there was a 5-percent difference, depending upon whether you met the standards. And States would turn handsprings to get the 5 percent. Whether you call it mandated standards or not, that 5 percent is an immensely large carrot which every State would try to get. So we call them model standards but, in essence, the States would meet them. That was the second ABC bill. As you can see, it has gone through many permutations.

The ABC bill that we have on the floor today no longer has the "carrot" of a reduced State match for meeting the standards. The States are no longer punished if they do not meet the model standards.

However, the model standards are still in the bill. When this bill is passed, a commission at the Federal level is to be created and model standards are to be enunciated. You might say why? If the standards are not binding on anybody, why are there going to be model standards? If the State gets the money whether or not they meet the model standards, why have them?

Here is the reason: The organizations which are proponents of this bill—in their heart of hearts—wish they were mandated standards. If they are not mandated, they wish that there were at least model standards that you must meet or lose money. But they know that if that is in the bill, they will probably lose the bill. They did not know that at the start.

As this bill moved through the congressional process and letters and objections built up, they could sense that national standards were a losing issue. So they backed off for the moment to come back and fight that issue another day. They will go with the model standards, and then every time the State legislature meets, every hearing you have on child care in the State legislature, proponents of standards will say, well, the Federal model standards are this, and why not have the State government meet the model standards? And 2, 3, 4, 5 years from

now when Senator DODD and I and maybe others may be gone from this Senate, the same people who are lobbying for this bill from the outside will one day try to get mandatory Federal standards again. They will retreat on the standards for now. I understand that we all do that. It is half a loaf. They would rather get part of the bill than none, so they retreat on what you cannot get.

The bill in addition to establishing a commission to get Federal model standards, says the States must set standards—must. One of the types of standards we are talking about is child staff ratios. In a day-care center, how many adult care givers must you have for every "X" number of children—1 adult to 5 children; 1 adult to 10 children; 1 adult to 15 children? The bill does not say what the State must conclude. But the State must conclude something in that area, and there will be model Federal standards with which the States will compare themselves.

Group size is another type of standard the States must set under the ABC bill. By group size we mean how many children can be cared for. Most of the child care in this country today is not in an organized day care center. It is in a neighbor's house. The ABC bill says the State must have a standard of how many children can be cared for in one center, whether it is an organized day care center or a neighbor's house.

Qualifications of personnel are another type of standard States must set. How much education must child care workers have? Must it have been in child psychology or education, or do you need a master's degree in something? Those kinds of requirements are qualifications.

States must also set ongoing training requirements. The requirements might mean child care workers have to go back to school every year for 20 hours or 30 hours. The bill originally had 40 hours mandated, 40 hours a year.

Well, you are Susie. You are age 28. You have one child. You want to stay home with your child and pick up some extra money. You are willing to take in three or four of the neighborhood children in your house. You become neighborhood day care center, but it is in your house. And that is the overwhelming bulk of child care in this country today.

But now if the States start to say to Susie, "you have to have one adult for five children, and you can only have seven children and you have to go back to school 40 hours a year to learn how to take care of children," after a while Susie begins to think, "I am not sure it is worthwhile."

And those on the outside who initially pushed the ABC bill do not like having children taken care of in the neighbors' homes. They want them in institutionalized centers run by professionals who have been trained to take care of children, not Susie who lives next door, who in their judgment is utterly incompetent to care for children. But they cannot get that in this bill. They back off but make the States set standards on group size, training, ongoing training, child-staff ratios, and what not.

Now, an argument will be made by the current professionals that they know, because they are professionals and they know better than amateurs, how many children you should have for each adult, and they would give you the impression that all of the studies would conclude that. But let me read some excerpts from some perfectly credible studies. The first one is an audit report on group day care services, done by the New York City Human Resources Administration.

The number of teachers were not as important in delivery of quality care as the kind of people the teachers were. Individuals who had the best qualities of resourcefulness and patience did the best.

This was a study to determine do you need advanced education, and what kind of education? It concluded that the kind of a person you are is more important.

The same report. This is fancier language, but it is the same group. "The lack of success in the group programs studied where high staff qualifications and low staff-child ratios were used"—let me read that again—"The lack of success in the group programs studied where high staff qualifications and low staff-child ratios were used indicated that there were other variables outside of the programs which were responsible for their success or failure."

Take away the fancy language and this is what this means: some programs that had very low adult-child ratios and very highly qualified adults were failures. So the study says it certainly could not have been because of their educational qualifications and the low ratio. It had to be outside variables or, put the other way around, it was not a given that the day care center would be a good center because of the high educational qualifications and the low child-staff ratio.

Another quote, same study.

High teacher qualifications and low staff-child ratios used by administrators to implement the objectives of the program studied had little impact in raising the cognitive ability of children.

Translated into lay English that means this: No matter how highly qualified the teacher and how low the ratio of teachers to children, that did not seem to be the key factor in the childrens' learning. The study goes on and on. There were other factors more relevant.

The ABT study—done out of Cambridge—is an interesting study because the people conducting the study did not select themselves the centers they would study. They asked the Department of Health and Human Services—they asked the best child care professionals they knew—to give them a list of the best day care centers. They were not family neighborhood centers but the best ones in the United States, and out of all the selections they ranked them. They took the top 20 that were recommended as the best in the Nation. Here is what they discovered in looking at them.

Formal education and high pay for staff did not guarantee a high-quality program.

Quality centers studied had anywhere from three to 16 children per staff member.

Two very common ideas about recruiting staff are: First, people with formal education, particularly in teaching or child care fields, make the best staff; and second, the way to get a good staff is to pay a lot; quality care will follow automatically from high salaries. Based upon our observations, we have good reaon to believe that neither of these guidelines is a reliable way to get a good staff.

The last quote, same study.

Our findings lead us to believe that a high proportion of people with formal education is not a prerequisite for building a quality staff.

I talked with the person who was partially responsible for this study. And I was intrigued with what the majority leader said in his opening statement. I may have his percentages wrong, but I think he said 7 percent of care in centers and 23 percent in homes was given by grandmothers. I may be wrong on his figures, but something like that. This person in this study, when I said to her, "If you had to pick one qualification, just one, for the kind of person that should give day care, what qualification would you pick?" She thought for a moment and she said, "grandmothers."

Not Ph.D.'s in education. Grandmothers. To anybody who has lived through life, it makes perfect common sense.

So that is the issue on standards. Should we mandate standards at the Federal level? The bill originally said yes. The bill would have died with that in it. Should we back down from the mandate and say we will have model standards and the States have to meet them or be penalized if they do not? That would have killed the bill. We backed down from that.

We are now going to have model Federal standards and we are going to require the States to have some standards. Those on the outside who want this bill hope someday they get the mandatory standards, and this is why this has become a touchstone philosophical issue between liberals and conservatives, and it is a bigger battle than just the issue we are debating today. That was the first issue.

The second issue is how do we finance day care. For any of the bills we

are going to pass for day care, child care, we are going to spend about $3 billion a year when the bill is in full effect. So what is the best way to spend the money? Well, there are only two ways the Federal Government spends money. One is appropriations and the other is what we call tax credits.

An appropriation works this way. We levy a tax on citizens. We collect the money. We bring it to Washington, DC. We decide in Congress, in conjunction with the President, how the money should be spent. We appropriate it. It goes out to a Federal agency and the Federal agency spends it, or we can give it out to the States and the States spend it.

But the process is tax, bring it here, pass a bill, establish whatever standards you want in the bill, spend the money, federally managed or otherwise.

A good example would be defense. We tax everybody in the country. We bring in the money. We have a defense appropriation bill. We put the money over in the Department of Defense and tell them how to spend it, with an extraordinary amount of fraud and corruption, as the public is well aware. We have inspector generals in every department to try to make sure we spend the money correctly. We are discovering this abuse is not just in the Department of Defense. The Department of Housing and Urban Development absolutely smells to high heaven with corruption and fraud within its low-income housing programs—money we have brought in, collected, apparently given out—I am not making allegations yet but apparently given out fraudulently and corruptly. It is not limited to defense programs.

But by habit and nature in an appropriated program where we tax the citizens, bring the money here, create a program and send it out, we are more inclined to put in more strings and more regulations than in what we call a tax credit program.

A tax credit program works this way. The citizen spends his own money. And then by law he is allowed to deduct part of that from what he owes in taxes. Now, let us use child care as a good example because, as I said earlier, the biggest single expense the Federal Government has today—forget whether this bill passes or not today—in child care is child care tax credits.

Here is the way it works. Take an example. You make $15,000 a year. You owe $2,000 in taxes. Let us say during the year you paid $1,000 in day care expenses. Let us say the law said you get a 50-percent credit. If you paid a thousand dollars for child care during the year, you get a $500 credit, and you get to deduct the $500 from the $2,000 of income taxes you owe. It is a relatively simple system. Again, by habit and nature we put fewer strings and fewer regulations on programs that we finance by tax credits than on programs we finance by appropriations.

So it is understandable, if you go back to my definition of liberals and conservatives, why liberals would prefer appropriated programs and conservatives prefer tax credit programs. The appropriated programs have more strings. Tax credits have fewer. The ABC bill, absent for a moment an amendment that was added to it that came out of the Finance Committee by Senator BENTSEN, was all appropriations; all of it. All the money went to the States. But, remember the original bill—you were going to have these mandated standards. Seventy percent of the money went to the States, and they were to use it for day care—day care with standards that the Federal Government saw fit to establish. If they met the standards, they got the money. Eight percent of the money was for administration, 10 percent was to upgrade standards, and 12 percent to expand facilities. There was no guarantee that the 70 percent got into the hands of the parents because the 70 percent went to the State, and the State spent it. They had to spend it for day care but the State spent it.

The alternative tax credit approach allows the parent to send his kid to the day care center of his choice, and he can subtract a certain percentage of the expense from his income tax. So in the alternative bill that will be offered on this side of the aisle, about 90 percent of the money is in the form of credits, either straight out what we call these day care credits or the earned income tax credit. I will explain that in a bit. Conservatives like the approach. Again it is understandable.

I found the statement of the Senator from Massachusetts which he made earlier after the Senator from Kansas [Mr. DOLE] spoke intriguing. Senator DOLE talked about tax credits. The Senator from Massachusetts said, "how do we know they will spend it on day care?" This statement demonstrates a wonderful liberal philosophy. "How do we know they will spend it on day care, if we allow them to spend it themselves?"

First, unless they want to violate the law, they cannot take the credit unless they do spend it on day care. As I indicated, today the biggest single expenditure we have in the Federal Government for day care is the present day care credit, and people can only get it if they pay the money for day care. Can they violate it, and say "I paid it for day care?" Can some fraudulent person give them a receipt, and say, "They paid me for day care," and the person cheats and takes it on their income tax? Of course that can happen. But in my judgment you are less likely to waste money, lose money, by criminality in that system than you will in appropriated programs where organizations apply to the Government for Government moneys and will fight tooth and nail to get the Government to give it to them.

So, how do we know parents will spend it for day care? You can go back and look at, almost every program that the Federal Government has ever come up with. You always have this battle of liberal versus conservative—can the poor, and most of these programs are scaled downward to disproportionately favor poor people—be trusted to spend food stamps, for example, on the right kind of food? The assumption is they are poor and therefore they are ignorant. What they need is a nutritionist, and the Government to give them the food. That battle was fought. You get your food stamps, you go to the store. Apart from liquor and cigarettes, you can spend the food stamps on what you want. You give the store your food stamp voucher, the store turns it in to the Government and gets its money.

But at the time we debated the bill that created the Food Stamp Program, there was a serious question as to whether or not the poor would spend their food stamps intelligently. So this is not a new battle. The question of the Senator from Massachusetts [Mr. KENNEDY] is how do we know parents will spend the money on day care, or spend it wisely on day care? Would it not be better for the Government to spend it on day care for them? Liberals like that and conservatives do not.

On the issue of credits, fortunately, all of the parties are agreed on two things: refundability and advance payment in the parent's paycheck. Refundability means this simply: you get some money even if you do not owe any taxes. That is important because under the present law, remember, I talked about credits, you pay $1,000, you get a 50 percent credit, $500, and you get to offset it against your $2,000 taxes. It does not do you any good if you do not owe any taxes against which to offset it. And on average, speaking about averages, a man, wife, and couple of kids making $15,000—and believe me there are a great many of those in this country today—because of the tax reform bill we passed in 1986 pay no Federal income taxes today. For anybody single with children under about $12,000, or married with children under about $15,000, as you pay no income taxes, the present Federal child care credit does you no good because you have no taxes against which to offset the credit.

All of the bills that deal with the credit make it refundable. They say even if you owe no taxes but you are entitled to a $500 credit, the Government will give you $500. When you file your tax return, you indicate you paid

it. It is not a refund of what you paid. It is a payment you get even if you owe no taxes.

Second, we have put into the bill a provision allowing the parents to get the tax credit right in their paycheck. It does not do you much good if you are a single woman and working at Woolworth's in a small store, lucky if you are making $1,000 a month and you have a child and are paying $150, $200 a month day care, and you do not have that money. You normally cannot wait until the end of the year when you file your income tax to get $500 in refundable child-care credits when you had to pay out every month or every week your day-care expenses.

So all of the bills that deal with credits say not only will it be refundable, but you will get money if you do not owe it. And we will direct your employer to put it in your paycheck each week. It is no problem for the employer, and the poor person who has to pay $50 a week for day care gets the money back each week. It is a good provision. I do not know anybody who supports credit who opposes it. The administration supports it, and everybody supports it. That is not an issue. The real issue is, should we have credits at all versus appropriated funds.

The third major child care issue, as I indicated, is religion. Here is the problem on religion. About 7 to 8 percent of the child care in this country today is genuinely religious child care centers, and by genuinely religious, I mean it is the purpose of the child care center to teach the child a particular religion. I differentiate this from the roughly 30 to 40 percent of the institutionalized care—that is a secular organization that is right in the church basement. That is not religious day care. But 7 to 8 percent of day care is run by a church or religious organization for the purpose of inculcating in the child that particular religion.

The Federal Government, by direct appropriations, cannot give money to religious organizations. We cannot give it to the Catholic Church, synagogue, or to a Catholic school. It violates the first amendment.

One of the big problems that the original proponents of the ABC bill had, as the money was all appropriations, was what to do about the religious centers, the 7 to 8 percent where they are teaching the child the Torah or the New Testament. They could not get around the first amendment issue because the money was appropriated.

Here is the way the bill originally read: "No financial assistance provided under this Act shall be expended for any sectarian purpose or activity, including sectarian worship or activity."

Now, you think to yourself, why would somebody put that in the bill and go out of their way to thumb their nose at religion by putting that kind of provision in the bill? Here is where you have to consider the groups that are involved. In this case it is not so much the Children's Defense Fund as it is the National Education Association and the American Federation of State, County, and Municipal Employees. They hate the idea of what is called the "tuition tax credit." That does not relate to day care, but it was kicked around this Congress for 10 years, whether or not we should allow somebody to get a credit on their income tax for sending their child to a parochial school.

Any of the public employee unions hate that, because they are more likely to have organized the public schools than the private schools or the parochial schools. They hate anything about a tuition tax credit. They did not want anything in this bill that would allow any kind of payment to a religious day-care center, because it was the nose in the tent of tuition tax credits 5 or 10 years down the road. They fought it tooth and nail. If the ABC bill had a provision allowing payments to religious day care it would have killed the bill.

You had on the other side of this provision, the Catholic Conference, principal lobbying group for the Catholic Church. Obviously, they do not want a prohibition that says you cannot give money to a religious organization. So the poor devils, the sponsors of the ABC bill are in this bind, if they tilt toward helping and say maybe we can give some money to religious organizations, and that angers the National Education Association and the American Federation of State, County, and Municipal Employees. And if they keep the provision in that says none of the money is going to go to any religious organization, then there goes the Catholic Conference and most of the fundamental Protestants who run day-care centers. The sponsors are caught betwixt and between, as to what to do on it.

Direct appropriations to a religious organization are clearly unconstitutional. The next step from direct appropriations is what we call the voucher or the certificate. The way it works is that you give a certificate or a voucher to a parent. They take their child to the day-care center, and they pay for it with the voucher. It is like you pay for food with a food stamp. The provider, the day-care center, now takes the voucher, it turns it over to the Federal Government or State government, who gives you the money for the voucher, like the grocer gets paid for the food stamp. It is arguable whether or not that is constitutional. It may be or may not. We are not sure. There is another problem. In redeeming this voucher that they have given to the parent, the State may have to look into the affairs of the religious day-care center sufficiently to become what the Supreme Court calls "entangled," in which case it violates the first amendment and separation of church and state, just like the direct appropriation.

Today the majority leader said, "I am putting into this bill the Ford-Durenberger amendment," which says that certificates will be exempt from this religious proscription. The religious proscription is still there, but the certificates are exempt.

Whether it is constitutional or not, that they are exempt, we are not sure. But they will be exempt, so you can get a certificate—until the court says otherwise—take it and give it to the day-care center, and they will turn it into the Government and get the money.

Now, direct appropriation is unconstitutional. Vouchers or certificates, used for a religious organization, may be unconstitutional also. The court really has never irrevocably said. But tax credits are different. You are the parent, you take your child down to the B'nai B'rith day-care center, and on your income tax you are entitled to a 50-percent credit on your payment, the B'nai B'rith day-care center. Without question, this is constitutional. The Supreme Court has said so.

So here, again, you have this bind for those who want appropriated funds which may be unconstitutional. Liberals like the appropriations and the regulatory process; but if they insist upon it here, they will lose the bill. The conservatives like the tax credit approach, and they like the religious diversity.

So, religion is a difficult issue for the proponents of the bill. At the start it was really quite humorous. There is no question about the appropriated funds to the 7 or 8 percent that are run by churches for the purpose of inculcating the child. That is unconstitutional. But what do you do about the 30 to 40 percent of day care in a church basement, but run by a nonchurch organization.

The ABC bill, as originally drafted, in attempting to deal with that, said that you would have to put a shroud over the crucifix and hide any Star of David, so that the religious house, the church, did not look like a church. Well, they have gotten rid of all that now. I do not know if it is constitutional or not, but you can now go in, and if you happen to see a cross or a Star of David, at least the bill says you can do it. I do not know if the court will say it is constitutional. Those are the problems, none of which you have if you use the tax credit approach.

If you move in any direction where the Government, by credits or vouchers or appropriations, does anything that would encourage private schools, especially religious schools, you run absolutely into a stone wall with the

unions that organize public employment—mainly, the American Federation of State, County, and Municipal Employees, and the National Education Association. If you want them to support your bill, you better not tilt too much toward religion. If you want religious organizations to support your bill, you better not tilt too much toward the National Education Association. You are between a rock and a hard place. Tax credits resolve the constitutionality but irritate the NEA.

Remember, there are four issues: Standards; credits versus appropriations; what do you do about religion; and the fourth is homemakers.

Here again there is a liberal-conservative connotation to homemakers. I realize there can be men homemakers, but most people use the word "woman," and for purposes of illustration, I will say that. Should the woman be eligible for a credit only if she works; in other words, is this a workplace-related credit, or should she be able to get it even if she stayed home?

The dependency exemption that all of us take for our children on our income taxes is in essence a homemaker credit. You get it whether you work for money or not. If you stay home you still work but you just do not work for any money. That is a homemaker credit for lack of a better term. You get it. But the present law on the child-care tax credit is that it is a workplace credit. You only get it if you work for money in the marketplace and pay child-care expenses to enable you to work.

Now, conservatives are convinced that the country would be better off—again I am generalizing—if women stayed home and did not work in the marketplace and were there when their kids came home and had soup for them and cookies and milk, and were ready at the door when dad came home. We would have less crime problems, better education, no drugs. That is an honest philosophy. I do not mean to make fun of it.

Real conservatives do not even like the present existing child-care credit in the present law. They would like to get rid of it and the money we spend on it and instead spread it over what they would call a homemaker credit so that you could get it whether you stayed home or not.

The ABC bill makes no provision for homemakers. The tax credit approach that will be offered next week by the Republicans does.

So now think back to your definition of liberal and conservative and you can understand the forces that shape this bill.

If you are a conservative, you do not like Government regulation usually, and this bill as originally introduced was Government appropriations and regulation; whereas, liberals like regulation and especially Federal regulation, conservatives by and large, if they have to pay for something, would rather pay for it with tax credit. They pay the money where they want, take something off their income tax, rather than the appropriation process where you are taxed and the money comes to Washington and goes back through appropriations. Liberals by and large prefer the tax approach and bring the money here because then we can regulate the spending of it better.

On religion, the third issue as I said, if you are conservative you are more likely to be quite religious and you like the church idea and you like your child being in the church day-care center and the church school and you would like to do everything you can to tilt toward that direction.

But the outside liberal forces, the NEA, the American Federation of State, County and Municipal Employees, the Children's Defense Fund, do not in any way, shape, or form want to start down the road toward the Government, even if constitutional, starting to help private and especially private religious day-care centers in education.

So it is no wonder we have a liberal-conservative split on this issue also.

The issue comes down really at the end how best to spend the $3 billion? We will vote on this next week. I do not know where it is going to come out. The differences are honest and they are not held with malice, but they are genuine liberal-conservative issues, as to what is the proper method for the Government to encourage or do something, not should we have $3 billion spent on child care or not have $3 billion. We are going to spend it. But should we spend it in the least obtrusive way possible with the fewest regulations tilting toward parental choice and encouraging or at least being neutral toward religion and favoring homemakers and nonhomemakers equally, or should the bill be regulatory, Federal, antireligious, in my judgment, and aimed solely toward the workplace?

Those are the issues. I do not know any other way to lay them out.

I am regarded ironically as a liberal Republican. I am prochoice on abortion. I have grave misgivings about what I call compulsory school prayer where the teacher comes in and says, "Stand up, we are going to read the fourth psalm."

But I come down on the side that we are better off to spend this money with as much parental choice as possible, with as much diversity in the providers of day care as possible, with as much tilt toward the use of the tax credit rather than appropriations as possible.

By the end of next week I think we will know which way this Senate feels.

Thank you, Mr. President.

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

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

Mr. JEFFORDS. Mr. President, S. 5, the Act for Better Child Care or ABC bill is the product of intense negotiations and sincere bipartisan efforts to fashion a bill to address the critical issue of providing sound child care. This has been going on for several years. While I support passage of the ABC bill, I have serious reservations regarding the religious discrimination language. I also reserve judgment on the tax provisions added by the Finance Committee.

The lack of good quality, affordable child care in this country has been well documented. We have all heard testimony about the common problems faced by working parents who need child care; the difficulty of locating an acceptable child-care provider, the even greater difficulty of finding a good quality child-care provider, and of course the huge bite that child-care expenses take out of a working family's income. This bill contains several initiatives aimed at addressing each of these problems.

Under the bill, low- and middle-income families would be eligible for direct financial assistance in paying for their child-care costs. The amount of assistance would be calculated on a sliding fee scale based on family income. This provision allows eligible families to have complete discretion to choose from a wide range of child-care services.

A significant factor in the overall cost of child-care services has been the high cost of liability insurance. To help limit provider costs, the bill would foster the establishment of child-care liability risk retention groups. These insurance pools provide access to affordable liability insurance through a shared risk pool system thus limiting the effect of liability premiums on overall cost.

Quality would be improved by encouraging States to adopt "recommended model standards." Currently, States have their own standards for child care to fit the unique nature of that State, its constituency, and its child-care needs. The revised ABC bill acknowledges these differences among States, while at the same time, provides incentives for States to meet and exceed the Federal model standards.

The revised bill further includes language to assure adequate training for child-care providers without cumber-

some and excessive requirements for family-care givers. In addition, the bill establishes the creation of resource and referral centers that help parents identify child-care providers in their area.

Given the demographic changes that have taken place and are continuing to take place in our workplace, it is likely that private employers will increasingly realize the advantages of assisting employees in meeting their child-care needs. To encourage this trend, S. 5 includes a new child-care public-private partnership section that would promote greater employer involvement in the provision of child-care services. By providing incentives to private employers, we are able to supplement public efforts in a very cost-effective way.

All in all, this ABC bill represents landmark legislation. It puts the Federal Government firmly on the record in support of child-care services. It recognizes that many parents have no choice but to work. It also recognizes that these families cannot always afford decent child-care services and it recognizes that families that use home child-care services also need assistance. I am pleased that the bill was expanded to include a number of provisions to address some of my initial concerns with the bill. Among them include the provision to enhance business involvement as well as the establishment of the child-care liability risk retention groups. Both provisions provide better child-care services as well as making child care more affordable to families. I am pleased to be a sponsor of this bill.

Having said that, though, I cannot conclude without voicing my disappointment in the nondiscrimination language.

With respect to church-state issues, since the introduction of the ABC bill, many of us have struggled with the constitutional hurdles that must be overcome in a government program that envisions participation by religious organizations.

The issue is not an easy one, it is rife with emotion and replete with complexity and confusion. However, let us not forget that we recently completed a 4-year struggle for the passage of the Civil Rights Restoration Act. With that act, we reaffirmed our support for the broadest possible civil rights coverage in programs funded with Federal money. We said it did not matter where you discriminate; we rejected the notion that you have to trace Federal money to the point of discrimination. We said, "If you take Federal money, you can not discriminate. Period."

With that as a precedent, we crafted a child-care bill that would uphold these principles. Since its inception a number of revisions were made to the original church-state language. The Committee on Labor and Human Resources passed compromise language in an attempt to balance the delicate relationship between the church and state. At the same time it tried to recognize the important role that religious institutions have played in providing child-care services. It should be noted, for the record, that this was a compromise, and a difficult one. A thoughtful compromise yet a compromise all the same. The language prohibits use of ABC funds for sectarian purposes, but still allows the 80-percent test. That test states that if a program receives less than 80 percent of funds from State or Federal sources, it is not prohibited from, "hiring persons already associated with the organization sponsoring the child-care program, nor from admitting children to slots not funded by the ABC on the basis of their affiliation with the sponsoring organization."

I supported this agreement with great reluctance because it included a severability component that ensured that if "any provision regarding religious discrimination is held invalid, it shall not be construed to affect the validity of the other provisions of the title." In other words, this provision assures that those programs unaffected by constitutional questions will continue to be funded and not jeopardized. To me, that was critical. It is an important caveat so that the bill, which we have labored on so diligently, will not be abandoned.

With that provision, I accepted the compromise. Yet, as I mentioned earlier, it does compromise on the principles set forth in the Civil Rights Restoration Act. To accept yet another compromise, added to this version, will weaken the standards that we fought so diligently to establish in the Grove City bill.

Without strong language we would be taking a step backward and retreat to pre-Restoration Act theory of discrimination. Thus far, no one has been able to give me a good policy reason to weaken the nondiscrimination provisions in the original bill that was reported out of committee. Nondiscrimination provisions make sense both as a matter of law and of policy.

Unfortunately, I think we have strayed from this fundamental concept. Instead, we are creating a precedent in favor of overlooking the problem every time it arises. Besides, in other programs involving participation by churches and synagogues, we do impose nondiscrimination requirements. Head Start and CETA had nondiscrimination provisions. So do revenue sharing. Religious nondiscrimination requirements appear in VISTA, the Foster Grandparents Program, Hill-Burton hospital construction grants, and the National Older American Volunteer Program.

As I stated earlier, we had compromised already. We now allow discrimination against both children and employees. We simply cannot justify chipping away at the principles that have made this Nation strong: the principles of civil liberties to all citizens regardless of race, creed, color, national origin, sex, political, or religious affiliation.

Mr. LIEBERMAN. Mr. President, the question before us today is no longer whether the Federal Government should pay a role in the provision of quality child care for our children. The question is what kind of role should the Federal Government play?

I am very proud to be a cosponsor of the Act for Better Child Care introduced by my friend, the senior Senator from Connecticut, CHRIS DODD, because I believe it is critical that we ensure that sufficient quality child care is available for our Nation's children.

Mr. President, CHRIS DODD deserves our admiration for his dedication to designing legislation which will be truly helpful to America's families. As I talk to so many families across the State of Connecticut, and I am sure it is true, Mr. President, in your State of Nevada and throughout this country, the provision of quality child care, the question of who takes care of the child when mom and dad are at work, is right at the top of the concern of people.

I am very proud, as the junior Senator from Connecticut, that my senior colleague, CHRIS DODD, has taken the lead most constructively in this issue, and I hope the Senate will ratify his efforts by enacting this legislation and enabling American families to find safe and affordable care for their children.

This country desperately needs to improve the provision of child care. The fact is that 50 percent of all mothers return to work before their babies are a year old. They need work to put food on their table—it is as simple as that—and a roof over their children's heads. They need to know that their children are safe while they are at work. There are today 10 million children under the age of 6 in need of child care for some part of the day. That is why we have to act now to aid in the provision of quality child care for those children and their parents.

We suffer as a nation when our children are not receiving quality care. Forty-eight percent of women and 24 percent of men have indicated in surveys that they take time away from work to attend to their children's needs, making phone calls to assure that the child is safe, driving their children from one caretaker to another, and staying home when a child is ill.

Studies have shown that concerns about child care arrangements have a

very decidedly negative effect on worker productivity. At a time when this Nation is fighting to remain competitive in the world market, it is interesting to note that our economic competitors throughout the world all do more than we do to ensure that working fathers and mothers can find decent child care for their children. This country will therefore be more productive and our youth better cared for if we enact this ABC bill.

A recent survey found that 75 percent of women and 57 percent of men report difficulty in finding child care with which are satisfied. I can tell you that in my own State of Connecticut there are 90,000 slots in State-approved day-care centers and day-care homes, but there are more than 280,000 children in need of child care. Many parents express dissatisfaction with their child care arrangements and find that they must often make alternative arrangements, as the patchwork quilt of child care that they have painstakingly pieced together rips apart. The time has come to increase the availability and quality of child care in America.

I believe that this leadership package will ease the concerns of many in this Chamber and outside about parts of the original legislation. It ensures both that we will increase the availability and quality of child care and that we will provide real financial assistance to families through the dependent care tax credit. I strongly and sincerely commend the majority leader and the other Senators who have worked so hard with Senator DODD and Senator HATCH to put this package together.

I am proud to support the legislation. The Act for Better Child Care will provide funds to improve the quality and availability of child care, it will encourage the development of different types of child care to satisfy the needs and preferences of families, and it will ensure that low-income working families are able to afford safe and decent child care for their children. The lack of affordable care harms children, parents, and our country. It is time, Mr. President, for this body, for the Congress and the President, to take steps to ensure that these harms do not continue. This bill will do just that.

I thank the Chair.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MITCHELL. 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. MITCHELL. Mr. President, there will be no rollcall votes today.

MORNING BUSINESS

Mr. MITCHELL. Mr. President, I ask unanimous consent that there now be a period for morning business not to extend beyond the hour of 6:20 p.m.

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

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Kalbaugh, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations and a withdrawal which were referred to the appropriate committees.

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

COMPREHENSIVE VIOLENT CRIME CONTROL ACT—MESSAGE FROM THE PRESIDENT—PM 51

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers; which was referred to the Committee on the Judiciary:

To the Congress of the United States:

Today I am pleased to transmit proposed legislation entitled the "Comprehensive Violent Crime Control Act of 1989." As the American people are aware, our Nation is experiencing a surge of violent criminal behavior, linked in no small degree to the scourge of illegal drugs currently prevalent in our border areas, our cities, and our neighborhoods.

On May 15, 1989, I outlined a comprehensive program, consisting of both legislative and non-legislative items, to combat violent crime. This program is a logical approach to the violent crime problem that focuses on four major objectives: strengthening current laws; augmenting enforcement; enhancing prosecution; and expanding prison capacity. The seven-title proposal that I am sending you today represents the actions that we believe the Congress should take in each of these areas. Its enactment would help reduce the incidence of violent crime in our society.

Dealing with crime is not a novel problem, nor is it one with which we can ever expect fully to succeed. Nevertheless, assuring the physical safety of our citizens and inhabitants is among the very highest responsibilities of government, and it is a top priority of my Administration.

Traditionally, dealing with violent crime has been, and should properly remain, primarily the function of State and local law enforcement authorities. Yet it is clear that the Federal Government also has an important leadership role to play.

The Federal Government cannot properly discharge its duties in this regard, however, unless the Nation's criminal laws, the essential backbone of the Federal justice system, are modernized and strengthened. A substantial strengthening of our laws would help all elements of the Federal criminal justice system—law enforcement officials, prosecutors, judges, and correctional authorities—to execute their responsibilities with maximum effectiveness.

In recent years, substantial progress has been made toward this goal. Each of the last three Congresses, with the participation of the previous Administration, passed a major, bipartisan piece of anti-crime legislation. Together, these enactments have served greatly to assist in the struggle against violent and drug-related crime.

But much remains to be done to create the statutory framework necessary to cope with the still rising incidence of drug-related violent crime. *Now* is the time for this Congress to act—before the end of this year—on the proposed legislation I am transmitting today. Long-range solutions also lie in other directions, such as better education and job opportunities for our citizens. Our immediate task, however, and the one with which the present set of proposals is concerned, is to improve the Federal criminal justice system to render it able to dispense swift, sure, and fair justice. Persons who endanger society through the commission of violent offenses must know that their behavior will not be tolerated.

The present bill would improve the criminal justice system in several important ways.

First, the laws relating to firearms possession and use need to be carefully scrutinized to insure that, while the legitimate rights of firearm owners are protected, illegitimate use and possession of firearms are subject to proper punishment. In this regard, the Congress passed a major firearms statute in 1986, which generally struck a proper balance in this area. But our examination has revealed a number of instances in which the provisions of that law should be strengthened.

For example, I do not think it was the intention of the Congress to permit convicted felons, imprisoned for dangerous crimes, to be able to purchase firearms immediately upon their release from prison, merely because State law generally restores

rights of citizenship to persons who have served their sentences. Yet that result may be required under the Federal statute as it is written today. Similarly, persons who use a semiautomatic weapon to commit a violent or drug felony are punished no more severely under present law than if an ordinary handgun had been employed. Existing Federal law also contains no penalty for stealing a firearm and lacks a clear definition of the offense of burglary. These defects and others would be remedied under a package of proposed firearms amendments that is included in the proposed legislation.

Second, building on the work of the 100th Congress, which, for the first time in recent memory, created a limited Federal death penalty for certain drug-related killings, this proposal would establish procedures necessary to institute a capital sanction for murders committed in violation of other Federal statutes, such as those involving murder-for-hire and the murder of a kidnap victim or a Federal prison guard. The proposed provisions are in compliance with all relevant Supreme Court decisions, and their enactment is long overdue. I believe it is absolutely essential to bring Federal law into conformity with the law in the more than three-quarters of the States that have passed statutes to reinstate the death penalty for a limited number of heinous crimes.

Third, the proposal includes provisions designed to impose several restrictions on ammunition clips and other ammunition feeding devices frequently used to enable so-called "assault weapons" to fire a large number of rounds rapidly and without reloading. Under my Administration's proposal, a magazine or other ammunition feeding device with a capacity of greater than 15 rounds would be subject to strict regulation and generally could no longer be imported, manufactured, received, or possessed. Persons already in possession of such devices would be allowed to retain and use them lawfully. No transfer to another owner would be permitted unless a record was made of that transfer, which would permit tracing in the event of a criminal misuse.

Limited manufacture or importation for purposes of export or for sale to Government agencies would be authorized, but such large-capacity devices, like a firearm today, would be subject to identification by requiring serial numbers. While an ammunition feeding device, like a firearm itself, is not inherently evil, the enhanced potential for danger to law-abiding citizens posed by the unlawful use of weapons equipped with such devices in criminal hands makes it necessary to impose these restrictions in the interest of public safety.

Fourth, my proposal would establish a nationwide program of mandatory drug testing for defendants on post-conviction release, including probation, parole, or supervised release. It is estimated that upward of 81,000 individuals will be on some form of Federal supervised release in 1990. The known association between criminal behavior and drug abuse is such that drug testing as a condition of release for convicted persons is an essential precaution to help enhance the public safety, while also promoting rehabilitative goals. I have proposed that $10.7 million be appropriated for this activity in fiscal year 1990.

Fifth, the proposal contains provisions to reform the so-called "exclusionary rule." Under this rule, Federal courts today exclude or suppress probative evidence obtained by searches and seizures conducted in good faith by law enforcement officials. The result is that factually guilty individuals avoid conviction and punishment. Under my proposal, any evidence that is obtained as a result of a search or seizure undertaken in objectively reasonable good faith, as determined by a court, would be admissible at trial, notwithstanding that a magistrate or judge later found that the search did not satisfy constitutional requirements.

Suppression of evidence in criminal trials—which are supposed to represent a search for truth on the issue of a defendant's guilt or innocence—is not an appropriate remedy to redress innocent mistakes. Law enforcement officers must frequently make split-second decisions on matters involving difficult constitutional issues on which even judges may disagree. Enactment of this proposal is necessary in order to make the justice system work effectively.

The exclusionary rule would remain, under my proposal, as a permissible sanction for intentional violations, but no longer would a criminal escape punishment because of a technical mistake in conducting a search or seizure. The House of Representatives last year passed a similar proposal, which unfortunately was deleted in the conference agreement on the Anti-Drug Abuse Act of 1988. The proposal should be enacted this year.

Sixth, the proposed bill would restore an appropriate degree of finality to State and Federal criminal convictions by curtailing abuses of the writ of *habeas corpus*. Under current interpretations of Federal statutes, defendants whose convictions have been affirmed by courts of appeals may nonetheless later seek to relitigate in Federal courts the claims previously raised or waived on direct appeal. Not infrequently, defendants with nothing to lose exercise this novel opportunity, which is afforded by no other civilized society in the world, through several rounds of litigation lasting many years and tying up our already overburdened Federal courts.

With the massive delays in many Federal districts occasioned by an overwhelming caseload, we can no longer afford the luxury of this system of excessive opportunity for review of "final" criminal judgments. An effective justice system requires that final adjudications not be subject to continuous review. No innocent individual should be denied an avenue through which to petition the Federal courts to review his or her conviction. But at the same time, those persons who have been tried and found guilty, and whose legal claims have been rejected after full and fair consideration, should not be allowed to relitigate endlessly in the Federal courts.

Under the proposed amendments, the opportunity for certain kinds of collateral attacks upon a conviction would be limited by a time period of 1 or 2 years, with due exceptions for the assertion of rights newly created or facts newly discovered. Similarly, Federal courts would be admonished to give presumptive validity to any full and fair determination of a factual issue by a State court.

A nearly identical proposal was overwhelmingly passed by the Senate in 1984. Its enactment this year would improve the justice system and relieve the Federal courts, thereby freeing them to hear other cases and to dispense justice to others more promptly.

Seventh, and finally, the proposed bill would authorize appropriations for several activities of the Department of Justice to augment Federal law enforcement personnel, increase prosecutorial efforts, and expand prison capacity. These appropriation authorizations, along with the increased funding I have requested for the Judiciary and the Bureau of Alcohol, Tobacco and Firearms in the Department of the Treasury—a total government-wide increase of about $1.2 billion in 1990—will make possible a tougher, more vigorous, and more effective fight against violent crime.

When I stood before the United States Capitol on May 15 and addressed the families of the brave and valiant peace officers who gave lives in the battle to rid America of drugs and crime, I promised them—as I did the American people on the day I assumed this office—that "this scourge will stop." Enactment of the set of proposals that I present to you today, as well as implementation of the other initiatives that I announced last month, will be a major step in keeping that promise. I urge that these important proposals promptly be considered and enacted. We owe the people of our great Nation no less.

GEORGE BUSH.

THE WHITE HOUSE, June 15, 1989.

MESSAGES FROM THE HOUSE

ENROLLED JOINT RESOLUTION SIGNED

At 1:33 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the Speaker has signed the following enrolled joint resolution:

H.J. Res. 274. Joint resolution to designate the week beginning June 1, 1989, as "National Scleroderma Awareness Week."

The enrolled joint resolution was subsequently signed by the Acting President pro tempore [Mr. KERREY].

At 4:30 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House disagrees to the amendments of the Senate to the bill (H.R. 1722) to amend the Natural Gas Policy Act of 1978 to eliminate wellhead price and nonprice controls on the first sale of natural gas, and to make technical and conforming amendments to such act; it agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and appoints Mr. DINGELL, Mr. SHARP, Mr. TAUZIN, Mr. LENT, and Mr. MOORHEAD as managers of the conference on the part of the House.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1258. A communication from the Chief of the U.S. Forest Service, Department of Agriculture, transmitting, pursuant to law, the 1988 annual report of the Forest Service; to the Committee on Agriculture, Nutrition and Forestry.

EC-1259. A communication from the Assistant Secretary of the Army (Installations and Logistics), transmitting a draft of proposed legislation to authorize, when in the interest of the government or under unusual circumstances, exempting certain categories of individuals from paying the full meal rate for a meal consumed in a dining facility of the armed forces; to the Committee on Armed Services.

EC-1260. A communication from the General Counsel of the Department of the Treasury, transmitting a draft of proposed legislation to authorize the Secretary of the Treasury to engrave and print the currency, bonds, and other security obligations of a foreign country or engage in research and development for printing the currency, bonds, and other security documents on behalf of a foreign country on a reimbursable basis; to the Committee on Banking, Housing, and Urban Affairs.

EC-1261. A communication from the Acting General Counsel of the Federal Emergency Management Agency, transmitting a draft of proposed legislation to amend the Defense Production Act of 1950 to support mobilization of the defense industrial base of the United States; to the Committee on Banking, Housing, and Urban Affairs.

EC-1262. A communication from the President of the United States, transmitting, pursuant to law, a report on the direct loan authority available to the Export-Import Bank for fiscal year 1989; to the Committee on Banking, Housing, and Urban Affairs.

EC-1263. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the National Driver Register Act of 1982 to assist in the identification of merchant mariners who have an adverse driving record by permitting access to the National Driver Register, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC-1264. A communication from the Surgeon General, transmitting, for the information of the Senate, the proceedings of his workshop on drunk driving; to the Committee on Commerce, Science, and Transportation.

EC-1265. A communication from the Secretary of the Interior, transmitting, pursuant to law, a report on options for the potential redistribution of royalty receipts in the State of Louisiana; to the Committee on Energy and Natural Resources.

EC-1266. A communication from the Coordinator of Governmental and Public Affairs of the Tennessee Valley Authority, transmitting, pursuant to law, statistical summaries of the annual report for fiscal year 1988; to the Committee on Environment and Public Works.

EC-1267. A communication from the U.S. Trade Representative, transmitting a draft of proposed legislation amending the Superfund petroleum tax to conform to the GATT; to the Committee on Finance.

EC-1268. A communication from the General Counsel of the Department of the Treasury, transmitting a draft of proposed legislation to provide for the recovery by the U.S. Customs Service of the cost of processing of imported articles, and for other purposes; to the Committee on Finance.

EC-1269. A communication from the Assistant Legal Advisor for Treaty Affairs of the State Department, transmitting, pursuant to law, international agreements other than treaties entered into by the United States and a list of the agreements; to the Committee on Foreign Relations.

EC-1270. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report on the Agency for International Development's expenditure of $17.7 million in humanitarian assistance to the Nicaraguan Democratic Resistance from April 1 through September 30, 1988; to the Committee on Foreign Relations.

EC-1271. A communication from the Secretary of Transportation, transmitting, pursuant to law, the semiannual report of the Inspector General of the Department of Transportation for the period ending March 31, 1989; to the Committee on Governmental Affairs.

EC-1272. A communication from the Administrator of the U.S. Small Business Administration, transmitting, pursuant to law, the semiannual report of the Inspector General of the Small Business Administration for the period ending March 31, 1989; to the Committee on Governmental Affairs.

EC-1273. A communication from the Secretary of Veterans Affairs, transmitting, pursuant to law, the semiannual report of the Inspector General, Department of Veterans' Affairs, for the period ending March 31, 1989; to the Committee on Governmental Affairs.

EC-1274. A communication from the Acting Assistant Secretary of the Army (Manpower and Reserve Affairs), transmitting a draft of proposed legislation to amend title 5, United States Code, to provide a remote maintenance allowance to certain officers and employees of the United States assigned to Johnston Island; to the Committee on Governmental Affairs.

EC-1275. A communication from the Secretary of Transportation, transmitting, pursuant to law, the semiannual report of the Inspector General of the Department of Transportation for the period ending March 31, 1989; to the Committee on Governmental Affairs.

EC-1276. A communication from the Executive Secretary of the Federal Deposit Insurance Corporation, transmitting, pursuant to law, the report on the establishment of a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC-1277. A communication from the Administrator of the U.S. Environmental Protection Agency, transmitting, pursuant to law, the semiannual report on the Inspector General of the Environmental Protection Agency; to the Committee on Governmental Affairs.

EC-1278. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled The Public Service: Issues Affecting Its Quality, Effectiveness, Integrity, and Stewardship; to the Committee on Governmental Affairs.

EC-1279. A communication from the Attorney General, transmitting, pursuant to law, the annual competition advocacy report for the period ending September 30, 1988; to the Committee on Governmental Affairs.

EC-1280. A communication from the Secretary of Housing and Urban Development, transmitting, pursuant to law, the report of the Office of Inspector General of the Department of Housing and Urban Development for the period ending March 31, 1989; to the Committee on Governmental Affairs.

EC-1281. A communication from the Executive Secretary of the Federal Deposit Insurance Corporation, transmitting, pursuant to law, a report on proposed changes to its Privacy Act system of records; to the Committee on Governmental Affairs.

EC-1282. A communication from the Director of the Central Intelligence Agency, transmitting a draft proposed legislation entitled The Intelligence Authorization Act for Fiscal Years 1990 and 1991; to the Select Committee on Intelligence.

EC-1283. A communication from the Secretary of Labor, transmitting, pursuant to law, the annual report of the Department under the Freedom of Information Act for calendar year 1988; to the Committee on the Judiciary.

EC-1284. A communication from the Secretary of Education, transmitting, pursuant to law, a document entitled Notice of Final Priorities for Fiscal Years 1989 and 1990—Rehabilitation Training Program; to the Committee on Labor and Human Resources.

EC-1285. A communication from the Secretary of Education, transmitting, pursuant to law, the 11th annual report on progress being made in special education; to the Committee on Labor and Human Resources.

EC-1286. A communication from the Secretary of Education, transmitting, pursuant to law, a document entitled Final Regulations for the Student Assistance General Provisions and Guaranteed Student Loan

and PLUS Programs; to the Committee on Labor and Human Resources.

EC-1287. A communication from the Secretary of Health and Human Services, transmitting the ninth annual report on implementation of the Age Discrimination Act of 1975; to the Committee on Labor and Human Resources.

EC-1288. A communication from the Secretary of Education, transmitting a draft of proposed legislation entitled The Howard University Endowment Amendments of 1989; to the Committee on Labor and Human Resources.

EC-1289. A communication from the Secretary of Health and Human Services, transmitting a draft of proposed legislation to amend the Public Health Service Act to facilitate the revitalization of the Commissioned Corps of the Public Health Service; to the Committee on Labor and Human Resources.

EC-1290. A communication from the Secretary of Education, transmitting, pursuant to law, a document entitled Final Regulations—National Diffusion Network; to the Committee on Labor and Human Resources.

EC-1291. A communication from the General Counsel of the Department of the Treasury, transmitting a draft of proposed legislation to amend section 516 of title 44, United States Code, with respect to the prosecution of defaulting contractors by the General Counsel for the Department of the Treasury; to the Committee on Rules and Administration.

EC-1292. A communication from the Chairman of the Federal Election Commission, transmitting pursuant to law, the 14th annual report of the Federal Election Commission; to the Committee on Rules and Administration.

EC-1293. A communication from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, section 203(b) United States Code, to delete the requirement that settlements of claims in excess of $1,000,000 on a construction contract be provided for specifically in an appropriate law, and to provide instead that the Secretary notify the House and Senate Committees on Appropriations of construction contract claims settlements of more than $1,000,000; to the Committee on Veterans Affairs.

EC-1294. A communication from the Secretary of Veterans' Affairs, transmitting a draft of proposed legislation to authorize a headstone allowance for prepurchased grave markers; to the Committee on Veterans Affairs.

EC-1295. A communication from the Director of the Defense Security Assistance Agency, transmitting pursuant to law, required information concerning the Department of the Air Force's proposed letter(s) of offer and acceptance [LOA] to Saudi Arabia for Defense articles estimated to cost $50 million or more; to the Committee on Armed Services.

PETITIONS AND MEMORIALS

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

POM-135. A joint resolution adopted by the Legislature of the State of California; to the Committee on Appropriations:

"ASSEMBLY JOINT RESOLUTION No. 3

"Whereas, The west dam of Lake Norconian in the City of Norco, which is owned and maintained by the United States Navy, has been determined to be unstable and subject to liquefaction in an earthquake; and

"Whereas, The present condition of the dam was documented in a dam safety report rendered in November 1983, under contract with the United States Navy; and

"Whereas, The report determined that the approximately 50-year old dam should be repaired to eliminate the liquefaction potential since the area immediately downstream is residential and does not contain flood control features adequate to protect against dam failure; and

"Whereas, The City of Norco was assured by the Navy in 1985 that the repair project would be designed and constructed in 1987 but was recently informed that funding for the repair project will be delayed until 1991; and

"Whereas, Plans and specifications for the projects are nearing completion, and the Navy is now requesting that funding for construction of the project be moved up to the spring of 1989; and

"Whereas, In addition to the danger to existing downstream residential development, the construction of additional residential projects and a New Riverside Community College Campus in Norco will be delayed if the dam repair is not completed by the summer of 1989, now, therefore, be it

"Resolved by the Assembly and the Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to fund construction by the United States Navy of the repair of the west dam of Lake Norconian during the 1989 fiscal year in order to provide urgently needed protection for the people of the City of Norco and to ensure that a number of vitally needed developments within the city are not delayed; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice-President of the United States, the Speaker of the House of Representatives, the Secretary of the Navy, and to each Senator and Representative from California in the Congress of the United States."

POM-136. A resolution adopted by the House of Representatives of the State of Illinois; to the Committee on Appropriations:

"HOUSE RESOLUTION No. 202

"Whereas, Mental illness strikes millions of people with tragic consequences for them and their families; and

"Whereas, The designation, mental illness, includes: brain disease, schizophrenia, affective disorders, clinical depression, psychotic and obsessive compulsive disorders, among others; and

"Whereas, The causes of many of these illnesses are unknown; and

"Whereas, In addition to the human costs resulting from these diseases, the economic cost to our nation is 73 billion dollars annually; and

"Whereas, The total amount spent by all states is $7 billion per year and growing; and

"Whereas, 100,000 psychiatric hospital beds are occupied each year by persons with schizophrenia and thousands more by persons with affective disorders; and

"Whereas, Homeless persons with mental illness are most poignantly in need of community services; and

"Whereas, Thousands of persons with mental illness are in our jails throughout the country for crimes occasioned by their illness and are in need of appropriate mental health care, not incarceration; and

"Whereas, Thousands more persons with mental illness are inappropriately placed in the nation's nursing homes; and

"Whereas, Research will underscore that these are medical diseases, not character defects, thereby reducing the stigma attached to them today: therefore, be it

"Resolved, by the House of Representatives of the Eighty-Sixth General Assembly of the State of Illinois, that we urge the United States Congress to appropriate funds so that the National Institute of Mental Health may pursue research into the causes and care of these diseases; that funds be appropriated at a level consistent with the best professional estimate, which is $500 Million for Fiscal Year 1990, of what is required to investigate the causes, cures, prevention, and improved treatment of these diseases; and be it further

"Resolved, That suitable copies of this preamble and resolution be presented to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Illinois Congressional Delegation."

POM-137. A concurrent resolution adopted by the Legislature of the State of Texas; to the Committee on Appropriations:

"HOUSE CONCURRENT RESOLUTION

"Whereas, The greatness of a nation is measured by its willingness to explore the unknown, pursue knowledge for its own sake, and invest in the future without expectation of immediate reward;

"Whereas, The soaring achievements of the United States space program have won the respect and admiration of the world and have contributed immeasurably to our nation's prestige as the scientific and technological leader of the free world; and

"Whereas, It has been proven that for every one dollar the federal government invests in space exploration, our society receives back over nine dollars in benefits from thousands of related discoveries in transportation, medicine, manufacturing, and the environment, which improve our quality of life and ability to compete scientifically, technologically, and economically with other nations in the international marketplace; and

"Whereas, United States students continue to perform poorly in math and science compared to students of other nations, placing our nation's future scientific and economic competitiveness in jeopardy; and

"Whereas, It has been proven that an active and successful space program excites the imagination of our youth, inspires them to excel in math and science, and motivates them to pursue careers in science and engineering that help ensure our nation's future competitiveness; and

"Whereas, United States spending on space programs as a percent of federal outlays has dropped by almost two-thirds since 1966, while other nations' spending on space has increased dramatically, with the result that other nations are challenging United Stats leadership in space; and

"Whereas, A permanently manned space station is the next logical step for the United States space program and is needed to serve as a launch pad and staging center for future space exploration programs; and

"Whereas, The NASA space station Freedom will serve the nation in many diferent ways including as a permanently manned national space center capable of providing

scientific data about outer space impossible to obtain from unmanned satellites or occasional, short-term missions in space; a research laboratory for new discoveries in physics, materials science, biology, and other sciences; a manufacturing facility to create life-saving drugs and advanced industrial products impossible to manufacture on earth; an astronomical observatory to advance knowledge about the universe beyond earth's atmosphere and to study earth ecology and solve environmental problems; and an industrial park for the creation of commercial space industries; and

"Whereas, NASA, working in cooperation with private industry, other governmental agencies, and international science committees, has developed a sound and fiscally responsible design for a cost-efficient and productive space station which has been reviewed and approved by the National Science Foundation and which is designed to grow to meet future needs and evolve with future technological advancements; and

"Whereas, NASA's space station program is currently in a critical stage in its development in which an adequate and dependable flow of funding is necessary to keep the program moving steadily toward its goal of regaining United States space leadership before the end of the 20th century; and

"Whereas, The proposed space station budget is reasonable considering that today the United States spends less than one percent of all federal outlays on NASA programs, compared to more than four percent in 1966, when the United States was preparing to land the first man on the moon; now, therefore, be it

"*Resolved,* That the 71st Legislature of the State of Texas hereby request the Congress of the United States to grant the National Aeronautics and Space Administration all the funds it requests to launch the space station Freedom before the year 1996; and, be it further

"*Resolved,* That the Texas secretary of state forward official copies of this resolution to the president of the senate, the speaker of the house, the members of the appropriations budget, and commerce committees, and the members of the Texas congressional delegation, with the request that this resolution be officially entered in the Congressional Record as a memorial to the Congress of the United States."

POM-138. A concurrent resolution adopted by the legislature of the State of Alaska; to the Committee on Armed Services:

"CONCURRENT RESOLUTION

"Whereas, schools located on Fort Richardson, Fort Wainwright, Fort Greeley, Elmendorf Air Force Base, Eielson Air Force Base, Adak Naval Station, and the Kodiak Coast Guard Support Center are operated by the local school district or rural educational attendance area; and

"Whereas, the federal government owns these schools; and

"Whereas, most of these school buildings are significantly below building standards when compared to other schools within these areas; and

"Whereas, the local school districts are expressly prohibited from conducting major maintenance or selling general obligation bonds to raise money for these schools; and

"Whereas, the state has appropriated funds to provide for the maintenance of these schools at a time when state revenue is in severe decline; and

"Whereas, the U.S. Department of Education, Office of Impact Aid has made a commitment to provide major assistance for school maintenance; and

"Whereas, schools on military bases in the state are the second highest national priority of the U.S. Department of Education; and

"Whereas, repairs by the federal government may not begin for another two to three years due to a federal program of resurveying maintenance needs at these schools, known as the Dole Study; and

"Whereas, parents of children attending these schools believe their children could receive better treatment and that federal officials have not been responsive to their concerns; and be it

"*Resolved by the Alaska State Legislature,* That the federal government is requested to carry out its responsibility for necessary replacement, repair, or upgrade work on schools located on Fort Richardson, Fort Wainwright, Fort Greely, Elmendorf Air Force Base, Eielson Air Force Base, Adak Naval Station, and the Kodiak Coast Guard Support Center; and be it further

"*Resolved,* That after necessary replacement, repair, or upgrade work is completed consideration should be given to transferring ownership of the schools to those local school districts that desire to assume ownership or to the state."

POM-139. A resolution adopted by the house of representatives of the State of Illinois; to the Committee on Banking, Housing, and Urban Affairs:

"HOUSE RESOLUTION No. 275

"Whereas, The State of Illinois supports the dual banking arrangement that has provided our nation with an innovative and responsive banking system that serves the financial needs of individual states, their economies, and citizens; and

"Whereas, The Federal Reserve Board's responsibilities under the Bank Holding Company Act are limited to the important and complementary role of regulating bank holding companies and their nonbanking subsidiaries; and

"Whereas, The State's authority over the activities of State banks and their subsidiaries is clearly defined in the Bank Holding Company Act; and

"Whereas, The Legislature and Governor and State banking regulators have always exercised that authority in order to promote the safety and soundness of the State's financial institutions while simultaneously recognizing the need for such institutions to evolve in order to compete in the changing financial marketplace; and

"Whereas, The State's ability to respond to unique and changing economic and financial variables is a fundamental right necessary to insure the State's ability to provide an environment conducive to its economic development goals; and

"Whereas, The amendments to Regulation Y proposed by the Federal Reserve Board would directly interfere with and usurp the historic authority of states to determine the range of activities in which state chartered financial institutions may engage; and

"Whereas, The citizens of a state are entitled to the benefits of a competitive financial services industry and the ability to establish such a system by working through their elected state officials and designated regulatory agencies; and

"Whereas, The Amendments to Regulation Y proposed by the Federal Reserve Board threaten the continued viability of the dual banking system; Therefore, be it

"*Resolved, by the House of Representatives of the Eighty-Sixth General Assembly of the State of Illinois,* That we strongly oppose the efforts on the part of the Federal Reserve Board to amend Regulation Y (specifically 12 CFR 225.22(d)(2)), thus undermining the nation's dual banking system by abrogating the authority of states to determine which activities a state chartered bank owned by a bank holding company should be allowed to offer; and be it further

"*Resolved,* That a suitable copy of this preamble and resolution be presented to the Federal Reserve Board and each member of the Illinois Congressional Delegation."

POM-140. A joint resolution adopted by the legislature of the State of Alaska; to the Committee on Banking, Housing, and Urban Affairs:

"JOINT RESOLUTION

"Whereas, the state fully supports the prudent and orderly development of the state's outer continental shelf oil and gas resources in an environmentally acceptable manner; and

"Whereas, the state has been very responsive to the nation's need to decrease its dependence on foreign oil; and

"Whereas, there are presently 10 Alaskan planning areas on the Federal Outer Continental Shelf leasing schedule, encompassing approximately 480,000,000 acres; and

"Whereas, with the exception of the North Aleutian Basin, the state has not requested a ban or moratorium on oil and gas leasing and drilling on any of Alaska's outer continental shelf planning areas; and

"Whereas, the North Aleutian Basin lease sale area has relatively low hydrocarbon potential; and

"Whereas, over 1,300,000 marine mammals inhabit or migrate through the North Aleutian Basin area; and

"Whereas, virtually the entire world's population of black brant and emperor geese stage in nearby coastal areas during the fall migration; and

"Whereas, an annual average of 45,000,000 to 60,000,000 adult salmon have migrated through the North Aleutian Basin each year since 1978; and

"Whereas, domestic Bristol Bay fisheries have an average export of crude oil to the United States at more competitive prices than North Slope crude oil because of the transportation savings; and

"Whereas, the additional cost of shipping Alaskan North Slope crude oil to the Gulf Coast and eastern states imposes an unnecessary burden on those states, reduces federal and state tax revenue, reduces state royalties, and discourages exploration and development of North Slope reserves; and be it

"*Resolved,* That the Alaska State Legislature respectfully requests the United States Congress to enact laws providing for the export of Alaska crude oil, regardless of the oil's point of production in the state, on a barrel-for-barrel basis for oil imported from other countries in this hemisphere, under terms that afford enhanced economic benefits for the nation without diminishing domestic security or reducing crude oil available for domestic purposes; and be it further

"*Resolved,* That the Alaska Congressional delegation and the Governor are urged to continue using their best efforts to obtain passage of legislation permitting the export of Alaska crude oil, regardless of the oil's point of production within the state."

POM-141. A resolution adopted by the senate of the State of Alaska; to the Committee on Banking, Housing, and Urban Affairs:

"SENATE RESOLUTION NO. 13

"Whereas, in addition to the transit system found in Alaska's largest city, Anchorage, most of the medium size cities and many rural communities have bus and van lines supported only by state and local resources; and

"Whereas, there is a substantial imbalance in the funding authorized by the Congress for transportation services in urban and rural areas; and

"Whereas, under present law, communities with populations under 50,000 receive less than three percent of the transit funding through the U.S. Department of Transportation; and

"Whereas, the Congress should be concerned about public transportation generally and not only urban transportation; and

"Whereas, in 1989 the Congress offered only $66,200,000 in mass transit funds to rural America while making more than $168,000,000 available to Washington, D.C.; and

"Whereas, legislation has been introduced in the Congress that would double the share of Urban Mass Transit Administration (UMTA) Section 18 grants for the construction and operation of public transit systems in communities of fewer than 50,000 people; and

"Whereas, the legislation would also establish a state-administered block grant program for rural areas and small cities and seek federal subsidies for 'essential bus service' on otherwise unprofitable bus routes; and

"Whereas, a doubling of the funds available would still not represent equity to the rural areas because that doubling would involve only six percent of amounts available under UMTA's formula budget; and

"Whereas, the Administration has proposed a 50-percent reduction in UMTA's 1990 budget proposal: Now, therefore be it

"Resolved, That the Senate supports the Rural Transportation Equity Act of 1989 and the concept that equity requires the rural areas of the Nation to receive a proportionate amount of the funds made available by the Congress for public transportation; and be it further

"Resolved, That the Senate opposes the Administration's proposal to decrease the amounts available for public transportation."

POM-142. A joint resolution adopted by the Legislature of the State of Washington; to the Committee on the Budget:

"HOUSE JOINT MEMORIAL NO. 4001

"Whereas, The Washington Legislature believes it is inappropriate that the dedicated trust funds for highways and airports are subject to the Unified Federal Budget process; and

"Whereas, The highway and airport trust funds are funded by user fees collected in advance of expenditure and are dedicated to highway and airport improvement programs; and

"Whereas, Inclusion in the Unified Federal Budget has limited appropriations from the Highway Trust Fund and from the Airport and Airway Trust Fund; and

"Whereas, The inclusion of appropriations from the highway and airport trust funds in the Unified Federal Budget prevents Washington from receiving all of the highway funds and airport funds to which the state is entitled; and

"Whereas, Reductions in highway and airport transportation trust fund appropriations hamper Washington's, as well as the other states' ability to address identified, critical transportation needs; and

"Whereas, The money in the highway and airport trust funds cannot be transferred to other programs included in the Unified Federal Budget; and

"Whereas, Limitations on highway and airport trust fund expenditures reduce only the total federal budget but do not result in a real reduction in the federal deficit;

"Now, Therefore, Your Memorialists respectfully pray that Congress remove the Highway Trust Fund and the Airport and Airway Trust Fund from the Unified Federal Budget; and be it

"Resolved, That copies of this Memorial be immediately transmitted to the Honorable George Bush, President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, and each member of Congress from the State of Washington."

POM-143. A concurrent resolution adopted by the Legislature of the State of Hawaii; to the Committee on the Budget:

"HOUSE CONCURRENT RESOLUTION NO. 110

"Whereas, the federal budget has not been balanced since 1969; and

"Whereas, the federal deficit has grown larger as the years have passed; and

"Whereas, the continuation of runaway deficits is harmful to the economic and fiscal stability of the nation; and

"Whereas, every family has to struggle with balancing its resources and its desires to maintain its financial stability and not leave an intolerable debt burden for its descendants; and

"Whereas, it is the concern of every family in America that the government exercise the same level of fiscal responsibility so that the next generation is not buried under the debt run up for current consumption; and

"Whereas, it is important that the federal government take action to correct this situation and reinstitute the practice of regularly balancing the federal budget; and

"Whereas, the attempt to balance the federal budget through the Gramm-Rudman-Hollings deficit reduction law, which was to achieve a balanced budget by 1991, does not appear likely to meet its goal; now, therefore, be it

"Resolved, by the House of Representatives of the Fifteenth Legislature of the State of Hawaii, Regular Session of 1989, the Senate concurring, that the Legislature requests that Congress and the Bush administration work diligently together to reduce the federal deficit; and be it further

"Resolved, That certified copies of this Concurrent Resolution be transmitted to the Clerk and the Speaker of the United States House of Representatives, the Secretary and the President of the United States Senate, and to each member of Hawaii's Congressional delegation."

POM-144. A resolution adopted by the Legislature of the State of Hawaii; to the Committee on the Budget:

HOUSE RESOLUTION NO. 133

"Whereas, the federal budget has not been balanced since 1969; and

"Whereas, the federal budget deficit has grown larger over the business cycle as the years have passed; and

"Whereas, the continuation of runway deficits is harmful to the economic and fiscal stability of the nation; and

"Whereas, every family has to struggle with balancing its resources and its desires to maintain its financial stability and not leave an intolerable debt burden for its descendants; and

"Whereas, it is the concern of every family in America that the government exercise the same level of fiscal responsibility so that the next generation not be buried under the debt run up for temporary advantages; and

"Whereas, it is important that the government take action to correct this situation and reinstitute the practice of regularly balancing the federal budget on the part of the executive and legislative branches; and

"Whereas, the legislative attempt to correct the situation through the Gramm-Rudman-Hollings deficit reduction law, which was to achieve a balanced budget by 1991, does not appear likely to meet its goal; now therefore, be it

Resolved by the House of Representatives of the Fifteenth Legislature of the State of Hawaii, Regular Session of 1989, that the Legislature requests that Congress work toward reducing the federal deficit; and be it further.

Resolved, That certified copies of this Resolution be transmitted to the Clerk and the Speaker of the United States House of Representatives, the Secretary and the President of the United States Senate, and to each member of Hawaii's Congressional delegation."

POM-145. A joint resolution adopted by the Legislature of the State of Washington; to the Committee on Commerce, Science, and Transportation:

"Whereas, The state of Washington is a coastal state presently affected by sea level rise and land subsidence; and

"Whereas, An acceleration of sea level rise due to global warming caused by the green house effect will aggravate existing as well as cause additional problems including:

"(1) An increased frequency and intensity of coastal storm surges and flooding, coastal erosion, and landsliding threatening life and property;

"(2) Loss of wetlands and shallow water habitat essential to the economic health of this state's fish and shellfish industry;

"(3) An eventual inundation of low-lying coastal lands causing an adverse financial and fiscal impact upon private and public coastal property and facilities owners; and

"Whereas, The Department of Ecology has initiated a sea level rise response program involving a cross-section of state agencies, local governments, business, industry, and environmental interests which is dependent upon certain federal activities such as:

"(1) Basic research into sea level rise scenarios and impacts by the United States Environmental Protection Agency and the National Oceanic and Atmospheric Administration;

"(2) Funding for coastal zone management programs by the National Oceanic and Atmospheric Administration, Office of Ocean and Coastal Zone Management; and

"Whereas, Sea level rise response must be a partnership of federal, state, and local government efforts;

"Now, Therefore, Your Memorialists respectfully pray that Congress continue to support federal and international greenhouse effect and sea level rise research and

management programs including technical assistance and funding support for state and loal governments through the United States Environmental Protection Agency and the Coastal Zone Management Program, and be it

"Resolved, That copies of this Memorial be immediately transmitted to the Honorable George Bush, President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, and each member of Congress from the State of Washington."

POM-146. A joint resolution adopted by the Legislature of the State of Alaska; to the Committee on Commerce, Science, and Transportation;

"SENATE JOINT RESOLUTION No. 44

"Whereas salmon and steelhead are a vital part of the commercial and sport fishing industries of the western coast of the United States and contribute billions of dollars to the national economy each year; and

"Whereas Alaska salmon and steelhead are among the state's most important natural resources; and

"Whereas Alaska salmon and steelhead are fully utilized by domestic fisheries, constitute the primary economic base of many coastal and river communities in the state, and are important to the state's developing tourist industry; and

"Whereas high seas harvests of Alaska salmon defeat the state's careful fisheries management and enhancement programs for salmon and deprive the state of an economic return on its investment in salmon hatcheries; and

"Whereas poor salmon runs in Alaska in 1988, the increased incidence of net marked salmon and steelhead, and recent reports of large quantities of illegally harvested salmon being sold in Europe and Asia have heightened public concern over high seas interception of salmon and steelhead; and

"Whereas the agencies and organizations monitoring the high seas interception of salmon believe that about 10,000 metric tons of salmon were caught in 1988, primarily by Taiwanese fishermen who market the salmon through Singapore, Thailand, and other countries; and

"Whereas the Taiwanese squid fleet now contains more than 100 vessels, most of which fish with gill net gear that is just the right size to capture immature salmon on the high seas, and is virtually unregulated and unmonitored; and

"Whereas tens of thousands of marine mammals and hundreds of thousands of sea birds may die in Taiwanese gill nets each year; and

"Whereas Taiwan is not a member of the International North Pacific Fisheries Commission or any other treaty organization for North Pacific fisheries; and

"Whereas the United States Secretary of Commerce has yet to reach agreements with Taiwan for monitoring of fishing activities of the Taiwanese drift net fishing fleet and enforcement of fishing laws and agreements as directed by the Driftnet Impact Monitoring, Assessment, and Control Act of 1987 (P.L. 100-220); and

"Whereas the prospects for reaching monitoring and enforcement agreements with Taiwan by June 30, 1989, are very poor; and

"Whereas the failure of Taiwan to enter into monitoring and enforcement agreements with the United States by June 30, 1989, will result in a certification to the President under section 8(a) of the Fishermen's Protective Act of 1967, known as the Pelly Amendment, that Taiwanese fishermen are conducting fishing operations in a manner that diminishes the effectiveness of international fishery conservation programs; and

"Whereas the President may, under the Pelly Amendment, prohibit the importation into the United States of fish and aquatic products from an offending nation; and

"Whereas the value of products that may be subject to a sanction under the Pelly Amendment against Taiwan was $445,000,000 in 1987; and be it

"Resolved, That the Alaska State Legislature respectfully requests the President to invoke immediately the full extent of Pelly Amendment sanctions that are possible against Taiwan if Taiwan fails to enter into monitoring and enforcement agreements by June 30, 1989, as required by the Driftnet Impact Monitoring, Assessment, and Control Act."

POM-147. A resolution adopted by the House of Representatives of the State of Hawaii; to the Committee on Commerce, Science, and Transportation:

"HOUSE RESOLUTION No. 235

"Whereas, in countries throughout the world controversy over foreign investment rises and falls with the exchange rate of the local currency and the availability of capital; and

"Whereas, foreign investment becomes an issue in a community when it is perceived that negative impacts outweigh community benefits; and

"Whereas, it is unlikely that the issue of foreign investment will go away as the countries of the world continue to move towards an interdependent global economy with constantly shifting international flows of capital; and

"Whereas, the free flow of capital can be a productive force in a community, creating jobs, building and improving physical plants, and providing additional tax revenues, thereby allowing expanded government services and projects

"Whereas, the free flow of capital, left purely to regional or international market forces, can also be a destructive force in a community, rapidly overturning the economic structure on which the community is based; and

"Whereas, in order for a community to achieve maximum benefits and minimize negative effects of foreign investment, the flow of capital should be directed by policy makers toward explicit economic goals of the community, as well as its cultural and social objectives; and

"Whereas, nowhere is the issue of foreign investment and the free flow of capital more visible than in Hawaii, where total cumulative foreign investment has been estimated at $4.7 billion between 1959 and 1987; and

"Whereas, accurate figures and information on the scope and composition of foreign investment in Hawaii are difficult to obtain, providing opportunities for misconceptions, provocative pronouncements, and manipulation of the issue by both public officials and the general public; and

"Whereas, the Legislature believes that proper dislcosure and reporting of investments are essential for the State and decision-makers to form appropriate policies directing the flow of capital into Hawaii's economy; and

"Whereas, the most effective way to achieve significant disclosure is through federal legislation, as the federal government has more leverage to enforce disclosure on foreign firms than does a single state; and

"Whereas, the federal government already collects economic and demographic information that can be cross-tabulated with foreign investment disclosure information to provide perspective on the foreign investment information; and

"Whereas, disclosure measures are currently under extensive and serious discussion in Congress, with intense lobbying efforts and major hearings planned on foreign direct investment measures in at least 13 different committees in Congress; and

"Whereas, during the 100th Session of Congress the Bryant Amendment was introduced by Congressman Bryant of Texas and passed the House of Representatives; and

"Whereas, this measure has been reintroduced as H.R. 5 in the United States House of Representatives this session, and a similar bill, S. 289, has been introduced in the United States Senate; and

"Whereas, under H.R. 5, disclosure would be required of foreign investors and such information would be collected by the Department of Commerce and be made available to a central state agency in each state; now, therefore, be it

"Resolved by the House of Representatives of the Fifteenth Legislature of the State of Hawaii, Regular Session of 1989, that the State of Hawaii supports disclosure at the federal level; and be it further

"Resolved, That the State of Hawaii strongly supports the Bryant Bill, H.R. 5, and similar legislation which will allow each state the opportunity to obtain the disclosed information so that appropriate polices may be developed at the state level to minimize the negative effects of foreign investment; and be it further

"Resolved, That certified copies of this Resolution be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, the Chairman of the Senate Committee on Commerce, Science, and Transportation, the Chairman of the House Committee on Energy and Commerce, Congressman John Bryant of Texas, Hawaii's Congressional delegation, and the Governor of the State of Hawaii."

POM-148. A joint resolution adopted by the legislature of the State of Washington; to the Committee on Energy and Natural Resources:

"HOUSE JOINT RESOLUTION

"Whereas, the Greenhouse effect and possibly other biospheric phenomena may require fundamental change in energy production and consumption methods to maintain human well-being; and

"Whereas, the increasing reliance on foreign oil supplies poses a growing risk to national security and the economy; and

"Whereas, energy conservation, or increase in energy use efficiency, is the most economical and productive approach in the near term to mitigate these effects and therefore should be regarded as a prime, but not the only, energy resource; and

"Whereas, additional research and development can lead to further energy efficiency improvements; and

"Whereas, the Hanford Reservation is well-suited geographically and climatologically for research and development of renewable energy resources, especially geothermal, hydroelectric, solar, and wind; and

"Whereas, nuclear energy, one potential mitigative approach, needs improvements in the areas of public acceptance, waste disposal techniques, and cost-effectiveness of new reactors, and these problems require research and development for resolution; and

"Whereas, the Hanford heritage is such that there is abundant experience in nuclear and other energy resources research, development, and construction; and

"Whereas, the wealth of information and experience in energy conservation and renewable energy resources accumulated by the Pacific Northwest Electric Power and Conservation Planning Council and the Bonneville Power Administration would be available to an energy research and development program at Hanford; and

"Whereas, extensive laboratory and other facilities have been constructed at Hanford to support past programs and are available to support future programs; and

"Whereas, numerous highly trained management, scientific, engineering, and construction tradespeople with commanding knowledge of the energy field reside in the area; and

"Whereas, land has been reserved immediately adjacent to Washington public power supply system nuclear plant number 2, and warm water availability from that plant is a condition of certification by the state, and, consequently, a unique opportunity exists at Hanford for research and development of a variety of warm water uses, including farming, food processing, and space heating; and

"Whereas, recent and prospective termination of significant facilities at Hanford will make many highly trained and skilled persons of relevant disciplines available for new work in nuclear and other energy areas;

"Now therefore, your memorialists respectfully pray that the federal government establish the Hanford National Energy Center on the Hanford Reservation; and be it

"Resolved, That this center be given first consideration as a possible site for the location of energy research, development, and production facilities of all types, as may be anticipated or planned by the United States and its states; and be it further

"Resolved, That copies of this Memorial be immediately transmitted to the Honorable George Bush, President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, and each member of Congress from the State of Washington."

POM-149. A joint resolution adopted by the legislature of the State of Nevada; to the Committee on Energy and Natural Resources:

"ASSEMBLY JOINT RESOLUTION No. 11

"Whereas, the State of Nevada has approximately 90,000 to 100,000 families of low income who are in need of affordable housing; and

"Whereas, these families include a large number of senior citizens, a segment of the population that has increased by approximately 112 percent since 1977; and

"Whereas, the current shortage of afforadable housing is directly related to the high cost of available land; and

"Whereas, Mobile home parks provide a major source of affordable housing, especially for senior citizens of low income; and

"Whereas, Congress controls a considerable amount of federal land in this state that could be used to provide affordable mobile home parks for senior citizens and other persons of low income; now, therefore, be it

"Resolved by the Assembly and Senate of the State of Nevada, jointly, That Congress is hereby urged to enact legislation allocating federal land for affordable mobile home parks in the State of Nevada; and be it further.

Resolved, That a copy of this resolution be transmitted by the Chief Clerk of the Assembly to the Vice President of the United States as the presiding officer of the Senate, the Speaker of the House of Representatives and each member of the Nevada Congressional Delegation."

POM-150. A joint resolution adopted by the legislature of the State of Alaska; to the Committee on Energy and Natural Resources:

"HOUSE JOINT RESOLUTION 8

"Whereas, the higher transportation cost associated with shipping Alaska North Slope crude oil through the Panama Canal to the Gulf Coast states reduces the wellhead price of the oil; and

"Whereas, lower wellhead prices raise the economic threshold for exploring for and producing all North Slope oil and, as a result, production for certain existing and newly discovered oil fields is currently uneconomic; and

"Whereas, domestic exploration and development of newly discovered oil reserves will enhance the nation's energy and economic security; and

"Whereas, the foreign export of Alaska North Slope crude oil will provide an incentive for further domestic oil exploration and development; and

"Whereas, new discoveries and production resulting from increased domestic exploration will facilitate the development of infrastructure and production facilities needed to produce currently uneconomic North Slope reserves and, thus, lower the average development costs of all North Slope production; and

"Whereas, exporting oil to Pacific Rim nations will decrease the substantial trade deficit with nations that have expressed a strong interest in purchasing Alaskan-produced oil, as evidenced by the sale under a United States Department of Commerce export license of Alaska Cook Inlet oil to a Taiwanese company; and

"Whereas, Canada, Mexico, and Venezuela, among other neighboring countries in this hemisphere, may provide stable, secure wholesale value of $250,000,000 and employ over 10,000 people annually; and

"Whereas, the Bristol Bay area coastal habitats and fish and wildlife resources are highly vulnerable to oil spill damage and disturbance; and

"Whereas, the Alaska rural population depends heavily on commercial and subsistence use of these fish and wildlife resources; and

"Whereas, significant gaps exist in understanding the distribution, abundance, and population dynamics associated with many of these renewable resources; and

"Whereas, industry has failed in its efforts to contain or control the catastrophic oil spill in Prince William Sound even under favorable meterological and oceanographic conditions; and

"Whereas, industry has not demonstrated the ability to adequately contain and clean up oil spills under the extreme meteorological and oceanographic conditions common in Bristol Bay; and

"Whereas, the people of the state, acting through their duly elected representatives, have delayed oil and gas leasing in adjacent state waters; and

"Whereas, by delaying leasing in state waters and delaying drilling in federal waters in the Bristol Bay area, the opportunity exists to gain additional knowledge and develop additional technologies that will protect fish and wildlife resources in the presence of oil and gas activities, and further assess potential impacts to these resources from the presence of oil and gas activities; and

"Whereas, given the facts stated above, it is not in the nation's or the state's best interest to prmit drilling in the North Aleutian Basin at this time; and be it

"Resolved, That the Alaska State Legislature respectfully requests the Secretary of the United States Department of the Interior to suspend and reevaluate the approval or permitting of any drilling, exploration activity, or other development on the North Aleutian Basin Outer Continental Shelf; and be it further

"Resolved, That the legislature respectfully requests the President to suspend Lease Sale 92 and to include oil and gas leasing in Bristol Bay and the North Aleutian Basin to the work assigned to the President's Special Task Force set up to measure the potential for environmental damage in the offshore areas of California and Florida, including the potential for a buy-back of those leases; and be it further

"Resolved, That the legislature respectfully requests the Congress of the United States to prohibit the expenditure by the Department of the Interior of any money for the conduct of leasing or the approval of permitting of any drilling or other exploration activity on the North Aleutian Basin Outer Continental Shelf at this time."

POM-151. A resolution adopted by the House of Representatives of the State of Hawaii, to the Committee on Environment and Public Works:

"HOUSE RESOLUTION No. 196

"Whereas, the Earth's biological diversity is being rapidly reduced at an alarming rate without precedent in human history, and this trend is expected to increase greatly in the near future; and

"Whereas, although the most rapid losses of biological diversity are occurring outside of the United States, biological impoverishment remains a serious problem within this country; and

"Whereas, biological diversity is not only valuable as a source of intellectual and scientific knowledge, recreation, and aesthetic pleasure, but its reduction may have serious consequences for human welfare as untapped resources for research and agricultural, medicinal, and industrial development are irretrievably lost; and

"Whereas, reduced biological diversity will diminish the raw materials available for scientific and technical advancement, including the development of improved varieties of cultivated plants and domesticated animals; and

"Whereas, nowhere in this nation is biological diversity so evident than in Hawaii where 90 per cent of all the different plant and animal species are not found elsewhere in the world, thereby ranking Hawaii as number one in the world for its tally of endemic species; and

"Whereas, however, the problem is that many of these endemic species are also en-

dangers; just in terms of Hawaii's endemic plant species alone, approximately 800 species are considered endangered today; and

"Whereas, although scientific and academic expertise are available to study this unique environment, fewer than 10 percent of Hawaii's plants and animals have been studied for useful pharmaceutical or other properties; and

"Whereas, to begin the process of addressing this problem, the United States Congress is currently reviewing legislation that would establish a national policy for the conservation of biological diversity and mechanisms for carrying out the national policy and for coordinating related activities; and

"Whereas, this proposed legislation could set an example for the rest of the world and begin to reverse the trend of wholesale, destruction of unique organisms on this planet; now, therefore, be it

"Resolved by the House of Representatives of the Fifteenth Legislature, State of Hawaii, Regular Session of 1989, That this body urges the United States Congress to support HR 4335 ("National Biological Diversity Conservation and Environmental Research Act") that proposes to establish a national policy for the conservation of biological diversity; and be it further

"Resolved, That given Hawaii's unique role as caretaker for such an inordinately large and fragile population of endemic plants and animals, the United States Congress is further urged to give serious consideration for the establishment of the National Center for Biological Diversity in this State or at least a Regional Center for Tropical Biology that could take advantage of Hawaii's unique climate; and be it further

"Resolved, That certified copies of this Resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and to each member of Hawaii's Congressional delegation."

POM-152. A concurrent resolution adopted by the Legislature of the State of Texas; to the Committee on Environment and Public Works:

"HOUSE CONCURRENT RESOLUTION NO. 77

"Whereas, the dredging of a channel between the city of Freeport, in Brazoria County, Texas, and the Gulf of Mexico has created an artificial island opposite the port city; and

"Whereas, volume 19 of the Coastal Barrier Resource System Report to Congress on Recommendations for Additions and Deletions includes the environs of Freeport as an area to be added under this system because of the artificial island created by dredging activities; and

"Whereas, only natural barrier islands should be included in the Coastal Barrier Resource System and not artificial or manmade deposits as in the case of Freeport; and

"Whereas, the inclusion of Freeport in the Coastal Barrier Resource System would prohibit the construction of facilities that are necessary for the operation of a deepwater port and work to the great detriment of the citizens of Freeport and the surrounding area; now, therefore, be it

"Resolved, That the 71st Legislature of the State of Texas hereby memorialize the Congress of the United States to exclude the coastal mainland of Brazoria County from the Coastal Barrier Resource System; and, be it further

"Resolved, That the Texas secretary of state forward official copies of this resolution to the president of the United States, to the speaker of the United States House of Representatives, to the president of the United States Senate, and to all members of the Texas delegation to the congress, with the request that this resolution be officially entered in the Congressional Record as a memorial to the Congress of the United States of America."

POM-153. A concurrent resolution adopted by the Legislature of the State of Hawaii; to the Committee on Finance:

"HOUSE CONCURRENT RESOLUTION NO. 248

"Whereas, under the present federal law, Section 1612(a) of the Social Security Act, elderly parents living with their children, in Hawaii, for example, must court their rooming privileges as "in-kind" income and lose some or all of their Social Security supplemental income; and

"Whereas, caring for elderly parents at home is a tradition and customary practice in Hawaii and may be considered a socially beneficial practice for all Americans, and such practice should be encouraged rather than penalized by our Social Security laws; and

"Whereas, a bill has been introduced in Congress to amend our present Social Security Act to provide that support and maintenance furnished in kind in the form of room or rent to any individual by an immediate family member shall be disregarded in determining the amount of the individual's Social Security benefits; and

"Whereas, if such measure were to be enacted it would in effect eliminate the penalty against our senior citizens who find living quarters amongst their family members and children; now, therefore be it

"Resolved by the House of Representatives of the Fifteenth legislature of the State of Hawaii Regular Session of 1989, the Senate concurring, that this honorable body hereby expresses support for the pending measure in Congress which would have the effect of Social Security penalty against our elderly recipients who live with their families."

POM-154. A joint resolution adopted by the Legislature of the State of Nevada; to the Committee on Finance:

"SENATE JOINT RESOLUTION NO. 15

"Whereas, Nevada is one of the fastest growing states in the union; and

"Whereas, the continuous influx of people into this state promotes a growing, healthy and diversified economy; and

"Whereas, many of the people who migrate to this state are retired and live on limited and fixed incomes; and

"Whereas, many of these people retire to Nevada with the exception of being exempt from any state income tax and have planned their finances accordingly; and

"Whereas, for many of these people their pension income and the income earned from savings and other investments are barely enough to pay their expenses and offset inflation; and

"Whereas, other states have enacted legislation that authorizes the imposition of an income tax on pension income that originates in those states, even if the person who earns the income resides in another state; and

"Whereas, as a result, many of the people who have retired to Nevada are required to pay income tax on their pension income; and

"Whereas, these laws have placed an unexpected and oftentimes insurmountable financial burden on many of these people; and

"Whereas, S. 434 and H.R. 1227 of the 101st Congress, 1st Session (1989), would prohibit each state from imposing an income tax on the pension income of any person who is not a resident of that state; now, therefore, be it

"Resolved by the Senate and Assembly of the State of Nevada, jointly, That the Nevada Legislature urges the Congress of the United States to pass S. 434 and H.R. 1227 of the 101st Congress, 1st Session (1989); and be it further

"Resolved, That copies of this resolution be prepared and transmitted by the Secretary of the Senate to the Vice President of the United States as presiding officer of the Senate, the Speaker of the House of Representatives and to each member of the Nevada Congressional Delegation; and be it further

"Resolved, That this resolution becomes effective upon passage and approval."

POM-155. A joint resolution adopted by the Legislature of the State of Washington; to the Committee on Foreign Relations:

Substitute Senate Joint Memorial No. 8001

"Whereas, the salmon and steelhead resource of the state of Washington is important to the commercial fishing industry and to the recreational fishing public; and

"Whereas, Juvenile and adult salmon and steelhead feed in the open areas of the Pacific Ocean before returning to their home rivers to spawn; and

"Whereas, foreign high seas fisheries which ostensibly fish for squid with gill nets are actually targeting on juvenile and adult salmon and steelhead which originate in North American streams; and

"Whereas, the foreign high seas fisheries are causing a significant depletion of salmon and steelhead runs and are having a serious economic and conservational impact on Washington state salmon and steelhead resource; and

"Whereas, the United States Coast Guard and the National Marine Fisheries Service are empowered to enforce fishery regulations within the fisheries conservation zone;

"Now, Therefore, Your Memorialists respectfully pray that:

"(1) The Senate and House of Representatives of the United States, in Congress assembled, instruct the secretary of state to pursue vigorous sanctions upon foreign fishing nations who are harvesting Washington state salmon and steelhead on the high seas and to take any other diplomatic measures which will cause a reduction in their interceptions; and

"(2) The Congress instruct the Secretary of State to pursue treaties establishing no-fishing-zones in each ocean's international waters so that juvenile fish can return to their native waters without being subjected to mixed stock fisheries in international waters; and

"(3) The Congress instruct the National Marine Fisheries Service and the United States Coast Guard to fully enforce all fisheries regulations within their respective authorities; and

"(4) The Congress be encouraged to fully fund the United States Coast Guard enforcement operations and consider the increased manpower needs for such enforcement; and be it

"Resolved, That copies of this Memorial be immediately transmitted to the Honorable George Bush, President of the United States, the United States Secretary of State, the United States Secretary of Commerce, the United States Secretary of Defense, the President of the United States Senate, the Speaker of the House of Reperesentatives, and each member of Congress from the State of Washington."

POM-156. A resolution adopted by the House of Representatives of the State of Illinois; to the Committee on Governmental Affairs:

"HOUSE RESOLUTION No. 142

"Whereas, a representative form of government was the foundation upon which this country was founded; and

"Whereas, a means to insure fair representation in government, and equitable distribution of programs and services from that government, is an accurate accounting of a nation's peoples as provided every ten years through those acts performed by the United States Census Bureau; and

"Whereas, the Illinois House of Representatives is concerned over recent attempts by Congress and the National Conference of State Legislators to enact legislation which would mandate a different approach to the 1990 Census and establish a fundamental change upon which all reapportionment would be based; and

"Whereas, of greatest concern to this legislative body are those changes which would eliminate from the 1990 Census all aliens, both legal permanent residents and undocumented aliens; and

"Whereas, legislation introduced in the United States House of Representatives, which mandates that the Census Bureau include only U.S. Citizens in its 1990 enumeration to Congress, would disenfranchise countless members of the Hispanic community who are presently legalizing their resident status and will not become U.S. citizens until 1993 at the earliest; and

"Whereas, this significantly different approach by the Census Bureau would have a detrimental impact upon Hispanic communities as states with large Hispanic populations would suffer a loss of representation in Congress and a concomitant reduction in federal grants and assistance; therefore, be it

"Resolved, by the House of Representatives of the Eighty-Sixth General Assembly of the State of Illinois, That we urge the Congress to insure that the United States Census Bureau will conduct the 1990 Census in a manner which will accurately and fairly reflect those populations which actually exist within Hispanic communities, and that Congress exert every effort to devise an equitable means to obtain those vital statistics, including the active recruitment of Spanish-speaking census takers, in order to obtain that information which will substantiate the true composition of Hispanic communities; and be it further

"Resolved, That we urge the Congress to resist those efforts by restrictionist movements to exclude various segments of the Hispanic community from the 1990 Census, a proposal that would only serve to thwart the recognition and involvement of a nation's people and fail to recognize a basic premise that social concerns can never be addressed by denying their existence; and be it further

"Resolved, That copies of this preamble and resolution be presented to the Speaker of the United States House of Representatives, the President of the United States Senate and each and every member of the Illinois Congressional Delegation."

POM-157. A resolution adopted by the House of Representatives of the State of Illinois; to the Committee on Governmental Affairs.

HOUSE RESOLUTION No. 327

"Whereas, the Bureau of the Census of the U.S. Department of Commerce will hire many temporary employees as it conducts the 1990 census; and

"Whereas, many residents of Illinois who are receiving public assistance would welcome an opportunity to obtain gainful employment and work experience; and

"Whereas, employment of persons receiving public assistance as census employees could help to reduce dependence on welfare and increase self-sufficiency; therefore, be it

"Resolved, by the House of Representatives of the Eighty-sixth General Assembly of the State of Illinois, That we urge the United States Congress to favorably consider legislation to give preference to persons receiving public assistance when openings occur for work on the 1990 census; and be it further

"Resolved, That a suitable copy of this preamble and resolution be presented to the President of the United States Senate, the Speaker of the United States House of Representatives, and to each member of the Illinois Congressional Delegation."

POM-158. A joint resolution adopted by the Legislature of the State of Colorado; to the Committee on the Judiciary.

HOUSE JOINT RESOLUTION No. 1029

"Whereas, the Tenth Amendment to the United States Constitution, which is part of the original Bill of Rights, provides: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."; and

"Whereas, the limits of Congress's authority to regulate state activity prescribed by the Tenth Amendment have been considered by the United States Supreme Court in the cases of *Garcia* v. *San Antonio Metropolitan Transit Authority,* 469 U.S. 1005 (1985) and *South Carolina* v. *Baker,* 108 S. Ct. 1355 (1988); and

"Whereas, the Supreme Court held in such cases that the limits of the Tenth Amendment are structural not substantive, leaving states to seek protection from congressional overreaching through the national political process rather than through judicially defined spheres of unregulable state activity; and

"Whereas, such Supreme Court decisions invite further federal preemption of state authority; now, therefore be it

"Resolved, by the House of Representatives of the Fifty-seventh General Assembly of the State of Colorado, the Senate concurring herein: That it is the consensus of this body that the Tenth Amendment to the Constitution of the United States is and always has been of operational force governing and balancing the respective powers of the States and the Federal Government. It is the further sense of this body to affirm that the Tenth Amendment is a substantive limit on national power and should so be applied as a test by the Courts of the United States and of the several states in the cases coming before them where a question of the exercise of the federal authority is raised; and be it further

"Resolved, That this resolution be forwarded to the President and to the U.S. Congress urging them in the carrying out of their responsibilities to protect and strengthen the position of the states in the federal union, avoid intrusion upon state prerogatives and afford protection to the proper governing authorities of the states."

POM-159. A resolution adopted by the House of Representatives of the State of Illinois; to the Committee on the Judiciary:

"HOUSE RESOLUTION No. 449

"Whereas, Representatives from a coalition of over 40 Chicago based immigrant and refugee organizations as well as leaders of major religious communities, including the Church Federation of Greater Chicago and the Archdiocese of Chicago, are united in their support of S. 448, a bill introduced by Senator Simon that marks the first serious attempts to strengthen pro-family provisions of United States immigration law and increase visa numbers since Congressional passage of the Immigration Reform and Control Act of 1986; and

"Whereas, there has been great concern in the immigrant community over the splitting of families caused by the 1986 law, and under its provisionis over 130,000 immigrants in Illinois applied for legalization and are currently working towards permanent residency and citizenship; and

"Whereas, many immigrants who applied have family members living with them who did not quality and who are forced to remain in undocumented status living in constant fear of deportation; and

"Whereas, Cardinal Joseph Bernardin stated at the end of the legalization program that he had 'great concern for the ongoing effect of the 1986 law on families, especially those faced with the issue of the family separation which has not been adequately resolved'; and

"Whereas, S. 448 would grant a 'stay of deportation and work authorization' to spouses and children of legal immigrants, reduce delays in certain visa categories that now have family members waiting for up to twelve years, and reduce the waiting period for legal immigrants wishing to apply for naturalization; therefore, be it

"Resolved, by the House of Representatives of the Eighty-sixth General Assembly of the State of Illinois, That this body encourages the adoption of S. 448, amending the U.S. Immigration and Control Act of 1986, and encourages the members of the Illinois Congressional delegation to support the provisions addressed by S. 448; and be it further

"Resolved, That a suitable copy of this preamble and resolution be presented to the chair of the Senate Committee on the Judiciary, the President of the Senate and Speaker of the House of Representatives of the United States Congress, and to each member of the Illinois Congressional delegation."

POM-160. A joint resolution adopted by the Legislature of the State of Texas; to the Committee on the Judiciary:

"HOUSE JOINT RESOLUTION No. 6

"SECTION 1. The Legislature of the State of Texas, pursuant to Article V of the United States Constitution, does hereby ratify an amendment to the Constitution of the United States proposed by resolution of the First Congress of the United States in New York, New York, on September 25, 1789, which reads as follows, to wit:

"'Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, two thirds of both Houses concurring, that the following [Article] be proposed to the Legislatures of the several States, . . . which [Article], when ratified by three fourths of the said Legislatures, to be valid to all intents and purposes, as part of the said Constitution, viz.:

"'[An article] in addition to, and Amendment of the Constitution of the United States of America, proposed by Congress, and ratified by the Legislatures of the several States, pursuant to the fifth Article of the original Constitution.

"'Article the second . . . No law, varying the compensation for the services of the Senators and Representatives, shall take effect, until an election of Representatives shall have intervened.'"

"Sec. 2. The Legislature of the State of Texas acknowledges that the above-quoted article of amendment to the United States Constitution has already been ratified by the legislatures of the following states on the dates indicated, to wit:

"Maryland on December 19, 1789;

"North Carolina on December 22, 1789;

"South Carolina on January 19, 1790;

"Delaware on January 28, 1790;

"Vermont on November 3, 1791;

"Virginia on December 15, 1791;

"Ohio on May 6, 1873 [70 Ohio Laws 409-10];

"Wyoming on March 3, 1978 [124 Cong. Rec. 7910; 133 Cong. Rec. S12949];

"Maine on April 27, 1983 [130 Cong. Rec. H9097, S11017];

"Colorado on April 18, 1984 [131 Cong. Rec. S17687; 132 Cong. Rec. H6446];

"South Dakota on February 21, 1985 [131 Cong. Rec. H971, S3306];

"New Hampshire on March 7, 1985 [131 Cong. Rec. H1378, S3597];

"Arizona on April 3, 1985 [131 Cong. Rec. H2060, S4750];

"Tennessee on May 23, 1985 [131 Cong. Rec. H6672, S10797, S13504];

"Oklahoma on July 10, 1985 [131 Cong. Rec. H7263, S13504];

"New Mexico on February 13, 1986 [132 Cong. Rec. H827, S2207-8, S2300];

"Indiana on February 19, 1986 [132 Cong. Rec. H1634, S4663];

"Utah on February 25, 1986 [132 Cong. Rec. S6750, S7578; 133 Cong. Rec. H9866];

"Arkansas on March 5, 1987 [134 Cong. Rec. H3721, S7518];

"Montana on March 11, 1987 [133 Cong. Rec. H1715, S6155];

"Connecticut on May 13, 1987 [133 Cong. Rec. H7406, S11891];

"Wisconsin on June 30, 1987 [133 Cong. Rec. H7406, S12948, S13359];

"Georgia on February 2, 1988 [134 Cong. Rec. H2638, S5239];

"West Virginia on March 10, 1988 [134 Cong. Rec. H2492, S4784];

"Louisiana on July 6, 1988 [134 Cong. Rec. H5783, S9939];

"Iowa on February 7, 1989 [135 Cong. Rec. H836, S3509-10];

"Idaho on March 23, 1989;

"Nevada on April 26, 1989;

"Alaska on May 5, 1989;

"Oregon on May 19, 1989; and

"Minnesota on May 22, 1989.

"Sec. 3. The Legislature of the State of Texas further acknowledges that measures to ratify the proposed amendment to the Constitution of the United States have recently been adopted by the House of Representatives of the State of North Dakota on January 26, 1987, and again on February 3, 1989; the House of Representatives of the State of Illinois on June 22, 1988; and the Senate of the State of Michigan on March 15, 1989.

"Sec. 4. The Legislature of the State of Texas further acknowledges that the above-quoted article of amendment to the United States Constitution may still be ratified by the state legislatures as a result of the ruling by the United States Supreme Court in the landmark case of *Coleman* v. *Miller* [307 U.S. 433 (1939)] in which it was opined that Congress is the final arbiter on the question of whether too much time has elapsed between the original submission of a particular amendment proposed by the Congress and the most recent state legislature's ratification of same if the Congress, in proposing the amendment, did not specify a deadline on the amendment's consideration.

"Sec. 5. The secretary of state of the State of Texas shall notify the archivist of the United States (pursuant to 1 U.S.C. 106b and 112; as amended by Public Law No. 98-497 [98 Stat. 2291]) of the action of the 71st Legislature of the State of Texas, Regular Session, 1989, by sending to him a copy of this resolution.

"Sec. 6. The secretary of state of the State of Texas shall also send copies of this resolution to both United States senators from Texas, to all United States representatives from Texas, to the vice-president of the United States, and to the speaker of the United States House of Representatives with the request that it be printed in full in the Congressional Record.

"Sec. 7. The secretary of state of the State of Texas shall also send copies of this resolution to the presiding officers of the legislatures of those states that have not as yet ratified the proposed amendment to the United States Constitution."

POM-161. A joint resolution adopted by the Legislature of the State of Washington; to the Committee on Labor and Human Resources:

"House Joint Memorial No. 4015

"Whereas the State of Washington is concerned that too many students are acquiring excessive loan burdens; and

"Whereas the State of Washington shares the concern of Congress regarding the problem of defaulted student loans; and

"Whereas institutions do not have the authority to deny access to federal student loans to those students, who in the opinion of the institution will be unable to repay their loans, given starting salaries in their major fields of study; and

"Whereas the Department of Education has proposed restricting institutional eligibility, to participate in federal student aid programs, at those campuses which have high rates of default; and

"Whereas loss of any institutional eligibility to participate in federal student aid programs would deprive the neediest of students from access to higher education; Now, therefore

Your Memorialists respectfully pray that the United States Congress reconsider the issue and grant authority to institutions of higher education to deny the certification of federal student loan applications for those students, who in the opinion of the institution, have acquired an excessive loan burden; and that the Congress provide other self-help programs, such as work-study programs, to assist these needy students; and be it

"*Resolved*, That copies of this Memorial be immediately transmitted to the Honorable George Bush, President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, and each member of Congress from the State of Washington."

POM-162. A concurrent resolution adopted by the Legislature of the State of Hawaii; to the Committee on Rules and Administration:

"House Concurrent Resolution No. 390

"Whereas the State of Hawaii is celebrating its thirtieth anniversary of statehood on August 18, 1989; and

"Whereas the year 1989 also marks the bicentennial celebration of both the convening of our great nation's law making body, the United States Congress, and the institution of the United States Constitution in 1789; and

"Whereas as citizens of the Fiftieth State in the Union, Hawaii residents enjoy the privilege and opportunity to pursue peace, happiness and freedom as provided for in the laws, rights and amendments embodied in the United States Constitution; and

"Whereas the United States Congress convenes in the United States Capitol building located in Washington, D.C. to legislate public policy that impacts the rights and privileges of freedom that all Americans enjoy; and

"Whereas the dome of the United States Capitol building is surmounted by a bronze statue which stands nineteen and one-half feet tall and weights seven and one-half tons; and

"Whereas this statute symbolizes "freedom in peace and war" and is officially known as the Statue of Freedom, hence forth referred to as "Freedom"; and

"Whereas Freedom was created and scupited by American sculptor Thomas Crawford who also designed the bronze doors of the House and Senate wings (United States Capitol Building), the statuary of the Senate tympanum, and the statues of Justice and History above the Senate bronze doors; and

"Whereas Freedom is depicted as a woman clad in flowing draperies held in place by a brooch bearing the letters "U S"; and

"Whereas Freedom's right hand rests upon a sheathed sword while her left holds a wreath and shield; and

"Whereas her head is covered by a helmet encircled with stars and surmounted by a crest composed of an eagle's head and an arrangement of feathers; and

"Whereas Freedom stands on an iron globe encircled by the words "E Pluribus Unum"; and

"Whereas when Freedom was erected on December 2, 1863, it was determined that her location of the Capitol dome made it impossible for the American public to experience the statue, and all it stands for, prompting a decision to place the plaster model from which the bronze statue was cast on public display in a more accessible location; and

"Whereas after twenty-two years of storage in the Capitol building, the plaster model of Freedom was placed on public display in the Smithsonian Institute's Arts and Industries building in 1890 where it was enjoyed by American and foreign visitors alike until March 2, 1967 when it was dismantled, removed, and placed in storage to accommodate building renovations; and

"Whereas the plaster model of Freedom has been in storage in the Smithsonian's Silver Hill storage facility for over twenty-two years; and

"Whereas the 100th Congress passed legislation, H.R. 4587, which in Section 105, authorizes the Architect of the Capitol building to accept donations to restore and relocate the plaster model for public display; and

"Whereas, upon completion, the restored plaster statue of Freedom will once again be placed on public display for Americans and foreign visitors to enjoy in the rotunda of the Russell Senate building in Washington, D.C.; and

"Whereas once the model of Freedom is restored, it will be possible to replicate the statue so that Americans and people of other nations may experience Freedom and all she symbolizes without having to travel to our nation's capitol; and

"Whereas replicas of Freedom may serve as a symbol of America's continued commitment to the promotion of world peace and freedom that may be given or exchanged as gifts from the people of the United States to people of other nations; Now, therefore, be it

"*Resolved* by the House of Representatives of the Fifteenth legislature of the State of Hawaii, Regular Session of 1989, the Senate concurring, that in celebration of the thirtieth anniversary of statehood, the bicentennial celebration of the Constitution and the United States Congress, and in appreciation of the rights and privileges of freedom which we enjoy as the Fiftieth State of the United States of America, the Hawaii State Legislature hereby recognizes the importance and significance of the Statue of Freedom and its plaster model as symbols of peace and freedom; and be it further

"*Resolved*, That the Hawaii State Legislature, in continued support of this nation's commitment and effort to promote world peace and freedom, also recognizes the importance of restoring the plaster model of Freedom which would provide for its relocation and replication so that American and foreign citizens alike might once again enjoy and experience Freedom and all she represents and symbolizes; and be it further

"*Resolved*, That certified copies of this Concurrent Resolution be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Represenatives, and Hawaii's congressional delegation."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JOHNSTON, from the Committee on Energy and Natural Resources, without amendment:

S. 633. A bill to promote the development of technologies which will enable fuel cells to use alternative fuel sources (Rept. No. 101-52).

S. 634. A bill to develop a national policy for the utilization of fuel cell technology (Rept. No. 101-53).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HOLLINGS (for himself, Mr. BENTSEN, Mr. BRYAN, Mr. ROCKEFELLER, and Mr. BINGAMAN):

S. 1191. A bill to authorize appropiations for the Department of Commerce's Technology Administration, to speed the development and application of economically strategic technologies, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. BENTSEN (for himself and Mr. MOYNIHAN):

S. 1192. A bill to amend title II of the Social Security Act to increase the retirement test exempt amount to $10,620 in 1990, to lower the reduction factor for certain earnings to 25 percent, to extend eligibility to certain adopted children, to provide for the issuance of earnings and benefit statements and for other purposes; to the Committee on Finance.

By Mr. MOYNIHAN (for himself, Mr. D'AMATO, Mr. NUNN, Mr. DECONCINI and Mr. CRANSTON):

S. 1193. A bill to establish a comprehensive program for the rehabilitation of drug dependent Federal offenders; to the Committee on the Judiciary.

By Mr. GRAHAM (for himself and Mr. MACK):

S. 1194. A bill to provide for a nationally coordinated program of research, promotion, and consumer information regarding limes that is designed to expand domestic and foreign markets for limes, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. CRANSTON (by request):

S. 1195. A bill to amend title 38, section 203(b), United States Code, to delete the requirement that settlements of claims in excess of $1,000,000 on a construction contract be provided for especially in an appropriation law, and to provide instead that the Secretary notify the House and Senate Committees on Appropriations of construction contract claims settlements of more than $1,000,000; to the Committee on Veterans Affairs.

By Mr. LEVIN (for himself, Mrs. KASSEBAUM, Mr. SIMON, Mr. KENNEDY, Mr. ADAMS, Mr. BOREN, Mr. BOSCHWITZ, Mr. BURDICK, Mr. LAUTENBERG, Mr. CHAFEE, Mr. COHEN, Mr. CRANSTON, Mr. D'AMATO, Mr. DECONCINI, Mr. DIXON, Mr. DODD, Mr. DURENBERGER, Mr. GORE, Mr. GRAHAM, Mr. HEINZ, Mr. KERRY, Mr. LIEBERMAN, Mr. METZENBAUM, Ms. MIKULSKI, Mr. MITCHELL, Mr. MOYNIHAN, Mr. RIEGLE, Mr. ROCKEFELLER, Mr. SARBANES, Mr. SPECTER, Mr. WIRTH, Mr. BRADLEY, and Mr. BENTSEN):

S.J. Res. 157. Joint resolution designating June 16, 1989, as "Soweto Remembrance Day"; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

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

By Mr. DOLE (for himself and Mrs. KASSEBAUM):

S. Res. 145. Resolution to congratulate Wichita State University on winning the 1989 NCAA Baseball Championship; considered and agreed to.

By Mr. ADAMS:

S. Res. 146. Resolution authorizing the printing of additional copies of a compilation containing the eulogies of the late Senator Warren G. Magnuson; considered and agreed to.

By Mr. MOYNIHAN (for himself, Mr. MITCHELL, Mr. PACKWOOD, Mr. PELL, Mr. METZENBAUM, Mr. KENNEDY, Mr. BOSCHWITZ, Mr. KERRY, Mr. SIMPSON, Mr. DANFORTH, Mr. CRANSTON and Mr. LEVIN):

S. Con. Res. 45. Concurrent resolution relating to congressional support of a Presidential waiver of the provisions of the Jackson-Vanik amendment with respect to the Soviet Union; to the Committee on Finance.

By Mr. DECONCINI:

S. Con. Res. 46. Concurrent resolution condemning the brutal treatment of, and blatant discrimination against, the Turkish minority by the Government of the People's Republic of Bulgaria; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HOLLINGS (for himself, Mr. BENTSEN, Mr. BRYAN, Mr. ROCKEFELLER, and Mr. BINGAMAN):

S. 1191. A bill to authorize appropriations for the Department of Commerce's Technology Administration, to speed the development and application of economically strategic technologies, and for other purposes; to the Committee on Commerce, Science, and Transportation.

TECHNOLOGY ADMINISTRATION AUTHORIZATION ACT

Mr. HOLLINGS. Mr. President, today I am introducing the Technology Administration Authorization Act of 1989, a bill to help speed the commercialization of new American technologies and to help restore the Nation's sagging leadership in industrial technology. The bill addresses needs in such areas as advanced electronics and television, superconductivity, and manufacturing, and aims to make government a reliable partner in industry's efforts to restore U.S. economic competitiveness. I am pleased that several of our colleagues have joined me in sponsoring this important legislation.

The bill would provide fiscal year 1990 authorizations for most activities of the Commerce Department's new Technology Administration, a unit that includes the National Institute of Standards and Technology [NIST] and several smaller agencies. This bill does not include fiscal year 1990 authorizations for either the National Telecommunications and Information Administration [NTIA], which is the subject of separate legislation, or several specific programs which already have been authorized for the next fiscal year.

The new bill builds upon two solid technology acts that I sponsored during the last Congress. First, the

Trade Act upgraded the earlier National Bureau of Standards into the new NIST and gave the agency expanded authority and responsibilities. Then a subsequent authorization statute created the Technology Administration itself and created the new position of Under Secretary of Commerce for Technology.

Together, these new acts direct the Commerce Department to provide industry with the foundation of fundamental technologies—with the civilian technology base—that American companies need to maintain their long-term economic survival. The new bill that I am introducing today builds on the last Congress' solid accomplishments. It also responds to some very real needs.

AMERICA'S ERODING LEAD IN TECHNOLOGY

Mr. President, the United States is no longer the world's clear leader in industrial technology. We continue to lead the world in basic science, in new ideas, and in Nobel Prizes. But we are losing the lead in key commercial technologies, and our share of important world markets continues to drop at an alarming rate. We are rapidly becoming a second-rate industrial power, with all that implies for both national defense and economic prosperity.

A table produced recently by the Council on Competitiveness dramatically illustrates how far the market shares held by American firms have fallen, even in technologies that Americans developed and even here in our own U.S. market. The table lists our decline in 13 industries. In color television, for example, American companies had 90 percent of the U.S. market in 1970; in 1987, they had 10 percent. In phonographs, our companies went from 90 percent to 1 percent. Americans invented the VCR but now hold less than 1 percent of the domestic market. In machining centers, a key type of machine tool, we went from 100 percent to 35 percent over this period. In semiconductors, we dropped from 89 percent to 64. Mr. President, I ask unanimous consent that a copy of this table be printed in the RECORD at the conclusion of my statement.

I could list other studies. For example, as early as 1986 the National Research Council, the operating arm of the National Academies of Sciences and Engineering, found that the Japanese were ahead in 7 out of 11 emerging technologies critical for future electronic and optoelectronic devices.

Other countries continue to target key industries and key technologies. They continue, for example, to make huge investments in commercially oriented research and development [R&D]. Americans—government and industry together—invest 1.8 percent of our gross national product in nondefense R&D. West Germany invests 2.6 percent, and Japan invests 2.8 percent. Japanese industry now funds 80 percent of that nation's nondefense R&D, but the Government provides many indirect incentives to encourage private R&D and still uses its 20 percent for research and seed money in areas of great economic importance.

The amounts that Japan and Europe now invest in advanced technology are staggering. In high-definition television [HDTV], Japan has invested over $700 million, and Europe's Eureka-95 project has committed $232 million, half from governments. In the semiconductor field, we now have our Sematech consoritum, designed to help deal with some of the problems described in the 1986 report I mentioned. Sematech has $100 million of Federal support per year, matched by industry. But the "JESSI" semiconductor project in Europe will receive $4 billion in funds from government and industry.

Japan also has invested heavily in the semiconductor manufacturing technology that will be used after 1995—a technology that uses x rays to etch circuit lines on ultraminiature chips. According to recent testimony before the Commerce Committee, Japanese agencies and companies are now building or plan to build 19 of these very expensive x-ray facilities. Only one U.S. group, IBM, is building such a facility here. In addition, Japan and Europe are making large investments in superconductivity, advanced ceramics, biotechnology, and other fields.

We certainly do not have to match our competitors dollar for dollar. But to pretend that these government-sponsored projects do not exist or pretend that they will not affect our economic future is sheer blindness.

Of course, technology problems are not the only cause of our competitiveness problems. In 1985, the President's Commission on Industrial Competitiveness identified four key areas: Technology, the cost of capital, trade policy, and human resources.

At other times, I have presented proposals to deal with our huge problems in the other three areas—high U.S. interest rates, fed by gaping Federal budget deficits; a so-called trade policy that tolerates massive dumping and closed foreign markets; and an American education system that often fails our children and our Nation. I will continue to work on all four areas.

For example, the American Electronics Association [AEA] has proposed that the Federal Government provide loans and loan guarantees to cut the cost of the capital needed to build a new generation of television factories. Predictably, some critics have called this idea "industrial policy," without, of course, offering any viable proposal of their own for reducing capital costs to the point where American companies can afford long-term investments similar to Japan's. Neither the Reagan administration nor President Bush has done anything substantive to lower the Federal budget deficit and high U.S. interest rates. As a result, interest rates in this country remain about three times as high as Japan's. Some Republicans suggest tax cuts to stimulate greater investment, but tax breaks only work when one has profits to tax, not in an area, such as HDTV, where it will take years to make substantial profits. If Congress continues to ignore the issue of capital costs, we in effect abandon not only HDTV but also other sectors which require large amounts of long-term investment. For that reason, I will consider AEA's request carefully and urge my colleagues to do the same.

Meanwhile, today's legislation will address the research and technology side of the equation.

GUIDING PRINCIPLES FOR AMERICAN TECHNOLOGY POLICY

Mr. President, last year's Trade Act and the new bill that I present today both reflect a new technology policy that industry and government are forging together. That new policy rests on several fundamental principles, and to avoid misunderstanding about what this bill does and does not do, I want briefly to list those principles here.

First, in today's world, technological leadership is absolutely vital to our economic strength and national defense. The President's Commission on Industrial Competitiveness stated this reality well in its 1985 report: "Technology propels our economy forward. Without doubt, it has been our strongest competitive advantage. Innovation has created whole new industries and the renewal of existing ones. * * * America owes much of its standard of living to U.S. preeminence in technology."

Second, maintaining U.S. technological leadership requires that the Federal Government help support the Nation's civilian technology base. The need here has best been summarized by Dr. Robert White, president of the National Academy of Engineering:

> The United States lack a national technology policy. Although the political consensus has long been that it is the obligation of the federal government to support the science base of this nation, this consensus has not extended to the support of the technology base.
>
> Some might argue that this is as it should be, that securing our national technology bases is the mainstay of the private sector. But the view that the strength of civil technology in our country will be sustained by the private sector under all circumstances, with the give and take of the free market inevitably determining the allocation of resources for technological development in the national interest, is simply incorrect. In field after field—electronics, machine tools, construction, automobiles, and photonics, among others—declines have occurred willy-nilly. U.S. corporations struggling to main-

tain profitability in a global economy, and government agencies repeatedly torqued by political fashion, have frequently been unable to compete against the concerted efforts of government and the private sector in other nations.

In no case should the Government develop products. However, just as the Government has long supported scientific research that no one company can afford but which is vital to progress, the Government should help support the basic technological research needed to keep our country competitive.

Third, maintaining a sound national civilian technology base requires both the creation and deployment of new basic technologies. It requires, first, the creation of fundamental support technologies, such as measurement techniques, that all companies need. It requires the encouragement of industry's own efforts, including research consortia, to develop the long-term generic technologies needed to turn laboratory products into successful commercial products and to build technological competence throughout our industries. And in those cases where the marketplace is not getting new technology to companies that need it, such as small manufacturing firms, it requires that the Federal Government work with the States to create technology extension programs.

Fourth, building a strong, sensible technology base does not get the Government into the business of picking winners and losers. American companies will decide for themselves which products to invest in. Government's role is to help ensure that the Nation has a broad base of basic technologies that will enable our companies to participate in new industries if they so choose. Moreover, joint industry-government projects, such as consortia in areas like semiconductors and HDTV, will be industry-led efforts in which companies propose the research and provide most of the funding.

Fifth, the Commerce Department, not the Defense Department, should be the lead Federal agency for promoting the civilian technology base. DOD and particularly its Defense Advanced Research Projects Agency [DARPA] have superb technical experts but must always focus on their vital military mission. Defense and Commerce should continue to work together, but DOC is the agency which understands international trade and can best take the lead on working with industry.

Sixth, while both science and technology are increasingly international activities, the Federal Government has a responsibility to ensure that taxpayer funds are used to advance U.S. interests. As a result, American technology should not be just given away, nor should foreign companies be allowed to participate in taxpayer-assisted research consortia until foreign governments open up their projects to Americans.

THE BILL

The bill I am introducing today first would provide fiscal year 1990 authorizations for three general offices at the new Technology Administration—the Office of the Under Secretary, Technology Policy, and Commercial Policy. The bill also would provide authorizations for all three of NIST's main programs—its core laboratory program, which conducts research and provides technical services; its technology extension activities; and its Advanced Technology Program. These NIST activities would become the centerpiece of Federal efforts to strengthen the U.S. civilian technology base.

NIST

NIST remains the one Federal laboratory with an explicit mission to assist U.S. industry. For nearly a century, NIST's in-house laboratory programs have provided technical services and new supporting or infrastructure technologies that are absolutely vital to American industry. NIST researchers provide the precise measurements, measurement techniques, engineering data, and quality assurance methods necessary to ensure precise, high-quality production in every technical field from manufacturing to superconductivity to bioprocess engineering. These are the technical services American industry needs if it is to speed the commercialization of new discoveries and inventions, to turn them from laboratory curiosities into finished, competitive products. Increasingly, NIST also provides basic new equipment and techniques in the vital fields of automated manufacturing and materials processing.

In addition, NIST provides vital services to protect public health and safety. For example, it develops reliable methods to test the fire-resistance of upholstry and carpets, the ability of construction materials to withstand earthquakes, the accuracy of medical laboratory tests, and methods to protect the security of computer files. NIST helped develop the home smoke detector and now will help develop alternative refrigerating chemicals that will not destroy the Earth's protective layer of ozone.

NIST's in-house laboratory programs suffered in the fiscal year 1989 Appropriations Act, falling from $144,783,000 in fiscal year 1988 to $143,850,000 in fiscal year 1989. To strengthen essential areas, and to provide American industry with the services and basic technologies needed to speed commercialization and improve manufacturing, this bill authorizes targeted increases.

These increases, with only minor variations, are based on four sources: The Commerce Department's own fiscal year 1990 request to OMB, OMB's recommendation to increase support for bioprocess engineering, the need to continue support for fire and building safety programs that OMB wants to cut, and my interest in adding $7,500,000 for research and precise measurement techniques in advanced imaging electronics, the area underlying HDTV and related technologies. The DOC-requested increases include additional funds to develop support technologies for advanced chemical processes, high-performance composites, superconductivity, advanced semiconductors, fiber optics, and computer security. The total authorization proposed in my bill for in-house laboratory programs, both research and technical services, is $196,360,000.

A table listing my proposed increases is attached to this statement, and I ask unanimous consent, Mr. President, that it be printed immediately following my remarks.

NIST TECHNOLOGY EXTENSION ACTIVITIES

The most important of NIST's new extension and outreach activities—the new Manufacturing Technology Center program—already has been authorized for fiscal year 1990. The attached budget table lists what I would like to see spent for these centers in fiscal year 1990. An amount of $12,000,000 in fiscal year 1990 funds, in addition to the anticipated fiscal year 1989 carryover of $6,000,000, would allow NIST to continue the three existing centers and start three new ones.

These centers transfer NIST's expertise in automated manufacturing to a group of American companies particularly hard-hit by foreign competition—our small- medium-sized manufacturers. Often these firms lack information on how to take advantage of new equipment that can increase productivity and profits. The centers will combine NIST technical expertise with outreach networks in the States to reach and assist these firms. The Commerce Department made the three initial center awards, all competitively determined, last December.

The Trade Act also provided fiscal year 1990 authorizations for two related programs—one sponsored by Senators ROCKEFELLER and MCCAIN to assist State technology extension activities and a new Clearinghouse on State and Local Initiatives in Productivity, Technology, and Innovation, which Senator BUMPERS authored. The attached budget table lists what I believe should be spent for these programs during fiscal year 1990.

My new bill also would authorize $2,000,000 for an expanded Technology Evaluation Program, a proven NIST activity which evaluates inventions from individuals and small firms and helps promising proposals get private venture capital. Finally, it would authorize an additional $2,000,000 for

general NIST management and outreach activities in the technology extension area.

ADVANCED TECHNOLOGY PROGRAM

The next part of the bill, and the largest new step taken in it, is to begin activities under the NIST Advanced Technology Program [ATP] created by last year's Trade Act. The ATP's mission is to encourage and, in selected cases, financially assist private sector efforts to expand long-term R&D and, in the process, to create the new generic—precompetitive—technologies necessary to speed the commercialization of new products and improve manufacturing. ATP's authority includes, but is not limited to, encouraging both multicompany research consortia—joint research and development ventures—and additional research by small businesses.

The ATP's main purpose is to serve as a forum and catalyst for encouraging private companies to increase R&D in economically important areas. This is not a new idea. For example, since the National Cooperative Research Act of 1984 made multicompany research consortia a legal way to pool resources in order to conduct generic research that will benefit an entire industry, the Commerce Department has encouraged the formation of over 100 of these consortia.

The new bill would strengthen DOC's existing authority to provide seed money to encourage expanded efforts in those fields which industry leaders and technical experts say are particularly important to the Nation's future. So far, Federal funding for such efforts has come primarily from the Defense Department, including support for the semiconductor industry's Sematech project and a manufacturing technology consortium, the National Center for Manufacturing Sciences.

These steps by the Defense Department and enactment of the 1988 Trade Act show clearly that the Federal Government has a role and a responsibility to help speed the development of new basic technology. Federal assistance to a joint venture is particularly necessary when the economic stakes are high and companies by themselves have trouble moving quickly. These conditions can happen under two circumstances—when the cost of research or facilities is very high, or when the technology is so new and undeveloped that companies are slow to make major long-term investments. The question before us now is whether the Government is going to back up this broadly acknowledged responsibility with real resources and a clear focus on civilian technology needs.

My bill would back this new Federal role with real funding, not just rhetoric. It would authorize Federal seed money for one or more industry consortia in each of four critical areas of technology—advanced electronics, including advanced television; superconductivity; advanced manufacturing; and x-ray lithography, the technique of using x rays to make semiconductor chips. Modest direct appropriations would be offered in all four cases. In the case of advanced electronics and television, where actual products may be developed relatively soon and royalties collected on consortium patents, the bill also would authorize limited amounts of Federal loan guarantees to aid R&D efforts.

In addition, the bill also would authorize modest assistance to small businesses which have competed successfully in the Government's existing Small Business Innovation Research Program [SBIR]. Small firms have a great deal of economically promising technology which should be nurtured.

Advanced electronics, including advanced television, is an example of where the cost of new research and facilities is very high. HDTV is the part of this issue that has received the most attention, but the problem and the stakes are much broader than simply a new form of TV. Whoever controls the HDTV market will be in a position to control much of the world's production of semiconductors and personal computers, as well as related fields such as medical imaging. The American Electronics Association has documented the need and shown industry's deep interest in this field.

Given that industry leadership, my bill would authorize both direct funds and loan guarantees to assist company efforts to develop basic technologies in such areas as displays, display processing, and advanced video cassette recorders. The objective is to support work on a range of promising technologies, often small projects in specific companies, with the patents then shared among consortium members. The effort would not favor one television delivery system over another but rather would address common technical barriers. I propose that this ATP effort be closely coordinated with the research support now provided by DARPA.

In the other three areas covered in the bill—superconductivity, automated manufacturing, and x-ray lithography—major companies are expressing interest in working with the Government to conduct fundamental technological research. Superconductivity is an example of where profits are distant and the economic stakes huge. Manufacturing and x-ray lithography, like advanced television, require expensive research projects. The justification for Government assistance is there. Moreover, NIST has considerable in-house expertise in all three areas.

In superconductivity, a special committee of the White House Science Council has recommended the creation of four to six research consortia, each consisting of companies, a research university, and a Federal laboratory. These consortia would have the explicit purpose of helping to build technological competence within American companies. The first such consortium has now formed, consisting of IBM, AT&T, MIT, and possibly DARPA. I would like to see at least one more consortium, perhaps built around NIST's own excellent superconductivity group.

In the area of advanced manufacturing technology, one major research consortium already exists, the National Center for Manufacturing Sciences. This group has identified 13 areas where new American technology research efforts are needed. These include new computer control devices for machine tools, precision machining and assembly technology, and the use and perfection of new materials. This group is certainly not the only consortium that would be eligible to apply for any ATP funds, but it is a leader that has shown the depth of the challenge we face in the manufacturing area. Japan and West Germany have become the leaders in many types of machine tools and manufacturing equipment. We must take steps to keep our industry competitive or risk its elimination.

X-ray lithography is a highly technical area but a vital one. As mentioned earlier, Japan now plans 19 large, expensive x-ray lithography machines; the United States has only one, at IBM. X-ray technology is a generation beyond what Sematech can develop, and the United States runs the risk of having little capability in this field once x-ray lithography becomes the major semiconductor production technology of the late 1990's. In recent testimony before the Commerce Committee, Jack Kuehler, then IBM's Vice Chairman and now its President, pointed out that IBM has offered to open its facility for use by the Federal Government and U.S. semiconductor companies. He added that his company is interested in participating in a Sematech-type cooperative effort for x-ray lithography. I take this offer seriously, as I take seriously the need to keep the United States competitive in chip technology.

The ATP is neither industrial policy nor a technology pork-barrel. Industry takes the lead, and no Federal moneys are awarded unless companies provide the bulk of the funding. Businessmen, not politicians, will decide which projects are undertaken. This is industry-led technology policy, the only appropriate way to proceed.

ATP TERMS AND CONDITIONS

My bill also states additional conditions which would apply to any consortium applying for Commerce Department support. In addition to the

matching fund requirement, already part of the Trade Act language, the new bill would require each group applying for ATP assistance to submit a credible business plan acceptable to the Secretary of Commerce.

The bill also would prohibit foreign companies from belonging to a DOC-assisted consortium, although given the new economic ties between the United States and Canada, I do recommend allowing Canadian-owned firms to participate. The prohibition on foreign participation already applies to the Sematech project.

I am aware that the United States subsidiaries of some foreign companies have large research and production facilities in this country and contribute to our economy. I also note, however, that apparently neither Japan or Europe has gone out of their way to invite American companies into their research projects in any meaningful way. In Japan, for example, the state-owned NHK broadcasting company has funded much of the work on HDTV. Yet at a recent Commerce Committee hearing, a representative of Sony could not identify a single instance of foreign firms being eligible to apply for NHK research funds. I may revisit this eligibility issue later, but until we see the possibility of genuine reciprocity in Government-assisted research projects, I will propose a ban on foreign participation in taxpayer-supported research efforts.

The bill, however, does provide for ways in which a DOC-assisted consortium may license its technology to non-members, including foreign companies. Following a recommendation made by the American Electronics Association, my bill proposes to tie licensing fees for consortia-developed technology to how much a company—foreign or domestic—agrees to develop and manufacture related products here in the United States and to use American-made components, such as U.S. semiconductor chips. In my view, this approach strikes a good balance between making technology available and ensuring that taxpayer-supported work creates U.S. jobs and benefits our economy.

These provisions undoubtedly will be controversial with those foreign companies and governments that are used to getting American technology at little or no cost to themselves. However, when our colleagues study this issue in depth, I believe that they will agree with me that the United States should not simply give its technology away, particularly in an era when technology is our Nation's great competitive strength.

ADDITIONAL PROVISIONS

The final portion of my bill, Mr. President, contains two amendments to the Trade Act's technology section and requires several reports.

The two amendments pertain to NIST's ATP. One would allow the ATP to provide loan guarantees for research projects, including prototype equipment and facilities, as well as direct funds. The existing law does not provide for the kind of R&D loan guarantees that I propose for advanced electronics. The second amendment would allow the Secretary of Commerce to hire temporary personnel from industry, universities, and the States to help run the ATP. At any given time, the Department will need certain kinds of experts to help it review industry's proposals. Yet none of us wants a large, permanent ATP bureaucracy. I want a small, flexible group drawing on both NIST's own experts and selected outside people. Fortunately, a good model exists. For years, the National Science Foundation [NSF] has had authority to hire university and industry experts for a year or two. My ATP amendment follows this NSF language.

The first of three reporting requirements amends the Stevenson-Wydler Technology Innovation Act to require the Secretary of Commerce to submit an annual technology report, a document that will analyze economically-critical technologies, identify areas targeted by our competitors, compare America's position in these fields with our main competitors, and evaluate whether current Federal and private investments in R&D sufficiently address any shortcomings.

Such a report is badly needed. Nowhere today can policymakers or industry leaders find a concise analysis of where the United States is ahead in technology, where we lag, and what must be done to catch up. We need good information that will help us develop a game plan, a vision of what will be important in 10 years, a vision of where we want to be in 10 years. The Secretary of Commerce, who can draw upon the Department's technical experts and a broad range of economic and trade specialists, is the logical official to prepare such a survey.

The next two reports are one-time analyses of two manufacturing issues. First, a leader of the Young Presidents Organization, an association of younger corporate presidents, has proposed creating a NIST-affiliated quality institute that would identify U.S. companies that have improved manufacturing quality and productivity dramatically, and arrange for executives from other companies to tour these leading firms and learn from them. Model courses also might be established and shared with technical colleges around the country. New forms of team-oriented organizations would receive particular attention. The bill would mandate that in one report, the Secretary would evaluate the advisability of such a quality institute and the possibility of creating a totally privately-funded foundation to pay its operating expenses. A similar private foundation already supports NIST's Malcolm Baldrige National Quality Award Program.

A second report would examine the idea of shared-manufacturing systems—a valuable new way to link small manufacturers to central facilities that have the most advanced manufacturing equipment. The Navy, NIST, and 18 companies already are developing this technology for military applications under a program that I sponsored called RAMP, the Rapid Acquisition of Manufactured Parts. Under it, companies can share a central facility, each sending product specifications electronically to advanced computer-controlled manufacturing equipment. By sharing a highly flexible central facility, and by sharing product information instantaneously, companies and the Navy can cut costs and speed production.

It is clear to me that this new technology can also greatly help civilian industry. Shared-manufacturing systems would particularly help small manufacturing companies, giving them access to highly productive automated equipment that few small firms can afford on their own. Others are also excited about this approach, including William Norris, the chairman emeritus of Control Data Corp. and a leading expert on applying computers to manufacturing. I want the Commerce Department to report back to Congress on the advantages of shared manufacturing and on what barriers exist to the widespread adoption of this approach by the civilian economy.

COSTS AND FUNDING

Mr. President, this bill and existing fiscal year 1990 authorizations in the Trade Act envision the Technology Administration—excluding NTIA—spending a total of $314,360,000 during fiscal year 1990, nearly double the fiscal year 1989 level. This number includes my proposed spending levels for those programs for which the Trade Act already provides fiscal year 1990 authorizations. The new bill also would authorize loan guarantees to raise, over 3 years, $225,000,000 of private money to help support research in advanced electronics. The previously mentioned budget sheet, attached to this statement, provides details.

These are all well-conceived and needed increases, but in the present budget climate any growth is difficult. These increases cannot be funded through cuts in existing DOC programs, since the Commerce Department is already very hard-pressed after years of budget austerity. I will continue to pursue this matter with my colleagues. At a time when Congress is considering literally hundreds of billions of dollars to subsidize failed parts of the savings and loan industry,

we should be able to find some funds to invest in this country's economic future.

CONCLUSION

Mr. President, in concluding I want to restate a basic fact. As a nation we face a stark choice: we can continue to go out of business as a producing nation, in which case Japan and Europe will continue to take the lead in one industry after another, or we can return to the American tradition of investing in the future and working together to ensure that American technology and products once again lead the world.

In debating these issues, we face a supreme irony. At one time most American leaders, especially conservatives, knew well that to remain a major world power the United States needs a strong economy, a healthy and well-educated population, and world-class technology. Alexander Hamilton knew that when he wrote his famous Report on Manufactures and laid the foundation for American industrialization. Henry Clay knew it when he created the American system of investments in public works and national infrastructure and when he and many others supported investments in public education.

Today, however, many American leaders seem unconcerned about our lagging performance in technology and industry. Many of them actually oppose steps to keep this country strong. I particularly disagree with three emerging groups.

Members of one group say that they favor a strong America, but apparently they have forgotten that national power rests on economic and social strength as well as a large military. Yale historian Paul Kennedy recently noted the great difference between these Americans and British conservatives at the turn of the century. Faced with Britain's relative decline as an economic and political power, British conservatives worked hard but ultimately unsuccessfully to strengthen their nation. Says Kennedy:

> . . . it was the British political right, not the left, that worried about industrial decay, the loss of skill trades, the erosion of strategically important manufacturing, the inadequate number of engineers.

Kennedy then makes a point I very much agree with:

> With that British example in mind, it is the more mysterious to this reviewer . . . why today's American right pays so little attention to the technological, educational and social health of the country they passionately desire to remain as number one.

A second group goes even further: It thinks that U.S. economic and political strength is now irrelevant. Walter Mossberg, an astute critic of this viewpoint, recently summarized it in the Wall Street Journal:

> They are the economists and academics who believe that in a global economy, with goods and especially capital surging across political borders, the economic fortunes of individual countries aren't important anymore. The U.S. trade deficit and other statistics, they argue, are only artificial figures in what has become a multinational corporate economy in which political distinctions matter little. It's all one big market, they contend, so why worry about it?

Needless to say, Mr. President, I do worry about it. The world may become one large market, but which nations prosper and which decline depends on their relative strengths and competitiveness. I do not want the United States to become a second-rate industrial power, with poor jobs and a low standard of living, yet that is exactly what a do-nothing policy will produce.

Finally, there are those who claim that strong United States policies in technology and trade will lead to a horrible trade war. The reply, of course, is that we are already in a trade war, or perhaps more accurately a market war—a serious competition among nations to see who will dominate the world markets of the future. Japan, for example, is not going to give up its quest for market domination. The Japanese have never advocated free trade and probably never will. Their policies have worked well for them, and they will continue to pursue them. To compete successfully in the real world, and to make real progress in opening up foreign markets, the United States needs a much more realistic strategy.

I'm not angry with the Japanese. They are simply pursuing their own national interests. I'm angry with our own Government. We need American Government on industry's side, not sitting on the sidelines.

Current U.S. policy will simply assure the destruction of more American industries. To pretend that somehow the rest of the world suddenly will adopt America's old vision of free trade and no government role is to declare economic surrender. To avoid that fate, we must maintain technological leadership, we must take serious actions to negotiate open markets, we must take serious steps to reduce the Federal deficit and bring down interest rates, and we must provide for the health and education of all our citizens.

Mr. President, today's new legislation is one important step toward assuring long-term American economic success. It is part of my continuing efforts to reorient Federal research policy, to provide U.S. industry with the basic technologies they need, and generally to promote U.S. economic security.

Several fundamental principles guide this technology legislation—the fact that technology is this Nation's strongest competitive advantage; the need for Federal research efforts to promote U.S. commercial strength; and the principle that the Department of Commerce and not the Defense Department should be the lead Federal agency for promoting U.S. commercial technology.

I am pleased that several of my colleagues have cosponsored this bill, and I hope that other Members will join us in this important effort. I look forward to working with our House colleagues and the new administration to enact this vital legislation.

Mr. President, I ask unanimous consent that the bill and a sheet summarizing its provisions be printed in the RECORD immediately following this statement and the two tables that I mentioned earlier.

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

S. 1191

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Technology Administration Authorization Act of 1989".

STATEMENT OF POLICY

SEC. 2. Congress finds that in order to help United States industries to speed the development of new products and processes and in order to maintain the economic competitiveness of the Nation, targeted increases are required in the programs and activities of the Department of Commerce's Technology Administration (hereafter in this Act referred to as the "Administration") and its National Institute of Standards and Technology (hereinafter in this Act referred to as the "Institute").

TECHNOLOGY ADMINISTRATION

SEC. 3. There is authorized to be appropriated to the Secretary of Commerce (hereafter in this Act referred to as the "Secretary "), to carry out executive and analytical activities performed by the Administration, $4,675,000 for fiscal year 1990, which shall be available for the following line items:

(1) Executive Direction, $1,013,000.

(2) Technology Policy and Commercial Affairs, $2,662,000.

(3) Japanese Technical Literature, $1,000,000.

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

SEC. 4. (a) FINDING.—Congress finds that the Institute can assist United States industry in three ways to speed the commercialization of new products and processes: through the Institute's internal research and services programs, which provide industry with precise measurement and quality assurance techniques and with new generic manufacturing and process technologies; through its technology extension activities, which disseminate technical information and advanced manufacturing techniques to a wide range of companies; and through its Advanced Technology Program, which can promote and assist industry's own efforts to develop new generic technologies.

(b) INTERNAL RESEARCH AND SERVICES.—There is authorized to be appropriated to the Secretary, to carry out the internal science and technology research and services activities of the Institute, $193,360,000 for fiscal year 1990, which shall be available for the following line items:

(1) Measurement Research and Standards, $50,185,000, of which $3,200,000 shall be available for chemical measurements and quality assurance and $2,500,000 for research on the atomic-level performance of electrical and optical systems.

(2) Materials Science and Engineering, $27,084,000, of which $3,600,000 shall be available to develop improved processing procedures for high-performance composites, and $2,000,000 for steel technology.

(3) Engineering Measurements and Standards, $69,428,000, of which $7,500,000 shall be available to develop measurement and quality assurance techniques for applications in advanced imaging electronics, including advanced television, $7,800,000 for research in superconductivity, $7,500,000 for lightwave and optoelectronic technology, $2,500,000 for a new initiative in advanced semiconductors, $2,500,000 for a new initiative in automation research, $3,650,000 for the development of measurement and quality assurance techniques for bioprocess engineering, and $9,912,000 for fire and building research.

(4) Computer Science and Technology, $15,088,000, of which $7,500,000 shall be available for computer security activities pursuant to the Computer Security Act of 1987 (Public Law 100-235; 100 Stat. 1724).

(5) Research Support Activities, $34,575,000, of which $6,000,000 shall be available for improvements in computer support and $6,500,000 shall be available for the Cold Neutron Research Facility.

(c) INDUSTRIAL TECHNOLOGY EXTENSION ACTIVITIES.—In addition to the sums already authorized by statute to be appropriated for fiscal year 1990 for Regional Centers for the Transfer of Manufacturing Technology and for assistance to State technology extension services, there is authorized to be appropriated to the Secretary to carry out the industrial technology extension activities of the Institute for fiscal year 1990, $4,000,000, of which $2,000,000 shall be available for the Technology Evaluation Program and $2,000,000 shall be available for the Institute's management of its industrial technology extension activities.

(d) TRANSFERS.—(1) Funds may be transferred among the line items listed in subsection (b), so long as—

(A) the net funds transferred to or from any line item do not exceed 10 percent of the amount authorized for that line item in such subsection; and

(B) the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Science, Space, and Technology of the House of Representatives are notified in advance of any such transfer.

(2) The Secretary may propose transfers to or from any line item exceeding 10 percent of the amount authorized for the line item in subsection (b), but such proposed transfer may not be made—

(A) unless a full explanation of any such proposed transfer and the reasons therefor are transmitted in writing to the Speaker of the House of Representatives, the President of the Senate, and the appropriate authorizing committees of the House of Representatives and the Senate; and

(B) until the expiration of the 30-day period following the transmission of such written explanation.

(e) OFFICE OF INDUSTRIAL TECHNOLOGY SERVICES.—Section 26 of the Act of March 3, 1901 (15 U.S.C. 278l), is amended by adding at the end the following new subsection:

"(c) There is established within the Institute an Office of Industrial Technology Services, which shall supervise the Centers program, the Institute's assistance to State technology programs, and such other activities or programs as the Secretary or Director may specify.".

ADVANCED TECHNOLOGY PROGRAM

SEC. 5. (a) FINDINGS AND STATEMENT OF POLICY.—Congress finds and declares the following:

(1) It is in the national interest for the Federal Government to encourage and, in selected cases, provide limited financial assistance to industry-led private sector efforts to increase research and development in economically critical areas of technology. Further, both joint research and development ventures (hereafter in this section referred to as "joint ventures") and selected research assistance to small firms are established and effective ways to create economically-valuable new technology. Joint ventures are a particularly effective and appropriate way to pool resources to conduct research that no one company is likely to undertake but which will create new generic technologies that will benefit an entire industry and the welfare of the Nation.

(2) In accordance with existing national policy, both the technology developed by any joint venture supported by the Department of Commerce as well as the resulting products should be made available, on a license and royalty basis and subject to the terms and conditions listed in this section, to nonparticipants.

(3) When a joint venture receives financial assistance from the Department of Commerce, the technology resulting from the joint venture should be licensed in such a way that the technology promotes the domestic manufacture of resulting products and components.

(b) ADVANCED ELECTRONICS, INCLUDING ADVANCED TELEVISION.—In addition to any sums otherwise authorized by this Act, appropriations to the Secretary and loan guarantees by the Secretary, pursuant to section 28 of the Act of March 3, 1901 (15 U.S.C. 278n), as amended by section 6 of this Act, and subject to the terms specified in subsections (d) and (e) of this section, are authorized at the following levels to assist one or more industry-led joint ventures in advanced electronics, including advanced television, to create and test the genetic enabling technologies necessary to develop a United States industry to produce advanced electronic products, including advanced televisions:

(1) for fiscal year 1990, appropriations of $30,000,000 and, in addition, commitments to guarantee 90 percent of the payment of the outstanding principal and interest on $50,000,000 in private loans;

(2) for fiscal year 1991, commitments to guarantee 90 percent of the payment of the outstanding principal and interest on an additional $75,000,000 in private loans; and

(3) for fiscal year 1992, commitments to guarantee 90 percent of the payment of the outstanding principal and interest on an additional $100,000,000 in private loans.

(c) OTHER INDUSTRY-LED RESEARCH PROJECTS.—In addition to the sums authorized under subsection (b) of this section and any other sums otherwise authorized by this Act, there is authorized to be appropriated to the Secretary, to carry out through the Director of the Institute further activities under section 28 of the Act of March 3, 1901 (15 U.S.C. 278n), $70,000,000 for fiscal year 1990, which shall be available for the following line items:

(1) Assistance to additional industry-led joint ventures, $58,000,000, which shall be available for the following categories:

(A) Applications of high-temperature superconducting materials, $15,000,000.

(B) Advanced manufacturing, $18,000,000.

(C) Semiconductor production equipment, specifically a synchrotron radiation project to assist the United States semiconductor industry to develop x-ray lithography as a method of producing semiconductor chips, $25,000,000.

(2) Assistance to United States small businesses which have held Small Business Innovation Research Program Phase I awards from other Federal agencies and which the Institute judges to have promising technologies in economically important technical fields, $10,000,000.

(3) Program management, analyses, and workshops, $2,000,000.

(d) GENERAL TERMS AND CONDITIONS FOR AID TO JOINT VENTURES.—Subsequent to any appropriation made pursuant to the authorizations in subsection (b) and subsection (c)(1) of this section, the Secretary shall invite requests for financial assistance from existing or proposed joint ventures in the designated technical areas. If requests are made, the Secretary, after an appropriate review of the technical and economic merits of each request, shall judge which individual requests or combination thereof, if any, merit assistance and shall decide what type and level of assistance each such meritorious proposal shall receive, except that in addition to the terms and conditions set forth in section 28 of the Act of March 3, 1901, as amended by section 6 of this Act, the Secretary shall make no award of any funds appropriated, or any loan guarantee, pursuant to an authorization contained in subsection (b) or subsection (c)(1) of this section unless and until—

(1) the joint venture is led by at least one North American company which operates in more than one State or region of the Nation;

(2) the joint venture demonstrates that it has raised, or has firm commitments for, private funds which exceed the level of Federal funds that the joint venture has requested from the Secretary and the fair market value of any loan guarantee commitments so requested;

(3) the joint venture has developed and submitted to the Secretary a business plan which, in the judgment of the Secretary, adequately—

(A) states a clear and focused research and development agenda, including the prototype products and production processes to be created and how that agenda complements a related research project or projects already being funded by Federal departments or agencies;

(B) provides assurance that the joint venture will have a sound management team;

(C) demonstrates that a party to the joint venture, acting on the joint venture's behalf, has filed a written notification with the Attorney General and the Federal Trade Commission, as required under section 6 of the National Cooperative Research Act of 1984 (15 U.S.C. 4305);

(D) provides, as appropriate, for participation in the joint venture by small businesses owned by United States citizens;

(E) considers metrology needs, and as appropriate, draws upon the technology, expertise, and facilities in the Institute's laboratories;

(F) sets forth provisions regarding the disposition of intellectual property resulting

from the joint venture, including the rapid transfer of that intellectual property to members of the joint venture; the licensing, as appropriate, of the intellectual property to other North American companies and to foreign companies, in accordance with the provisions set forth in subsection (e) of this section; and, as appropriate, requirements for royalties which will return funds to the investors in the joint venture, including the United States Government; and

(G) sets forth reporting and auditing procedures; and

(4) the Secretary, after an appropriate review of the business plan, judges that the proposed research and development agenda and the proposed management team have high technical merit.

(e) PARTICIPATION AND LICENSING BY FOREIGN COMPANIES AND NON-MEMBERS OF A JOINT VENTURE.—(1) In addition to the terms and conditions set forth in section 28 of the Act of March 3, 1901 (15 U.S.C. 278n), and subsection (d) of this section, the terms and conditions set forth in paragraphs (2) and (3) of this subsection also shall apply to any joint venture which receives any financial assistance from the Secretary pursuant to the authorizations provided in subsections (b) and (c)(1) of this section.

(2) No joint venture which contains a foreign company or a subsidiary thereof shall be eligible to receive financial assistance from the Secretary, and no foreign company shall participate in any joint venture which has receive financial assistance from the Secretary.

(3) A joint venture which receives financial assistance from the Secretary may grant licenses to companies, including foreign companies, that are not members of the joint venture, for the use of intellectual property which the joint venture has developed, only if—

(A) licensing fees for the intellectual property are based on—

(i) the amount of research and development, product design, and manufacturing of products using the intellectual property that the company performs within the United States and Canada;

(ii) the percentage of domestically-manufactured components, including electronic components, used in products which incorporate the intellectual property; and

(iii) in the case of a foreign company, the amount of reciprocal access North American companies have to that company's home market, as determined by the Secretary; and

(B) in the case of a foreign company, that company, in the judgment of the Secretary, has not within the past five years engaged in dumping practices within the United States or engaged in practices, either in the United States or abroad, which have the effect of infringing on or otherwise damaging the intellectual property rights of North American companies.

(4) The Secretary shall prescribe such rules and collect such information as may be necessary to monitor and enforce any requirements set forth in paragraphs (2) and (3) of this subsection.

(f) DEFINITIONS.—As used in this section, the term—

(1) "foreign company" means a company or other business entity in which majority ownership or control is held by individuals who are not citizens of the Untied States or Canada.

(2) "North American company" means a company or other business entity in which majority ownership or control is held by individuals who are citizens of the United States, or citizens of Canada, or a combination of United States and Canadian citizens, except that such term includes a company owned or controlled by Canadian citizens only if, in the judgment of the Secretary, the company is not acting, with respect to the joint venture concerned, as an agent or intermediary for a third-country company or foreign government.

(g) COORDINATION.—(1) When reviewing private sector requests for Department of Commerce assistance to proposed joint ventures, and when monitoring the progress of assisted joint ventures, the Secretary shall, as appropriate, coordinate with the Secretary of Defense and other senior Federal officials to ensure cooperation and coordination in Federal technology programs and to avoid unnecessary duplication of effort. The Secretary is authorized to work with the Secretary of Defense and other appropriate Federal officials to form interagency working groups or special project offices to coordinate Federal technology activities.

(2) As appropriate, the Secretary shall coordinate Advanced Technology Program policies and activities with the economic, trade, and security policies of the Department of Commerce so as to promote the economic competitiveness of United States industries and shall, when so instructed by the President, coordinate these policies with the science, technology, economic, trade, and security policies of other Federal departments and agencies.

(h) ADVICE AND REVIEW.—In order to analyze the need for and value of joint ventures in specific technical fields, to evaluate any joint ventures for which North American companies request the Secretary's assistance, or to monitor the progress of any joint venture which receives Federal funds or loan guarantees pursuant to the authorizations contained in this section, the Secretary, the Under Secretary of Commerce for Technology, and the Director of the Institute may—

(1) organize and seek advice from such industry advisory committees as they consider useful and appropriate;

(2) organize an Advanced Electronics Advisory Board for the purpose of developing a plan for research and development in advanced electronics, including advanced television; and

(3) commission studies or reviews by the National Research Council.

AMENDMENTS TO ADVANCED TECHNOLOGY PROGRAM PROVISIONS

SEC. 6. (a) Subparagraph (B) of section 28(b)(1) of the Act of March 3, 1901 (15 U.S.C. 278n(b)(1)), is amended to read as follows:

"(B) participation in such joint ventures, if the Secrtetary, acting through the Director, determines participation to be appropriate, which may include (i) partial start-up funding, (ii) provision of a minority share of the cost of such joint ventures for up to 5 years, (iii) guarantees, and commitments to guarantee, for up to 90 percent of the interest and unpaid principal of private loans to fund a minority share of such joint ventures for up to 5 years, and (iv) making available equipment, facilities, and personnel,".

(b) Section 28 of the Act of March 3, 1901 (15 U.S.C. 278n), is further amended—

(1) by redesignating subsection (e) as subsection (h); and

(2) by inserting immediately after subsection (d) the following new subsections:

"(e) The Secretary may provide no financial assistance, including loan guarantees, under subsection (b)(1) of this section except to the extent authorized by law and provided for in advance in appropriations Acts.

"(f) Any loan guarantees made by the Secretary pursuant to subsection (b)(1)(B) of this section shall, in addition to the requirements set forth in subsection (e) of this section, be subject to the following conditions:

"(1) Each loan guarantee shall be on such terms and conditions as the Secretary determines, except that a guarantee shall be made only if—

"(A) the loan bears interest at a rate not to exceed such annual percentage on the principal obligation outstanding as the head of the designated agency determines to be reasonable, taking into account the range of interest rates prevailing in the private sector for similar loans and risks by the United States;

"(B) the terms of the loan require full repayment over a period not to exceed 30 years, or the useful life of any physical asset to be financed by such loan, whichever is less (as determined by the Secretary);

"(C) in the judgment of the Secretary, the amount of the loan (when combined with amounts available to the qualified borrower from other sources) will be sufficient to carry out the joint venture; and

"(D) in the judgment of the Secretary, there is reasonable assurance of repayment of the loan by the qualified borrower of the guaranteed indebtedness.

"(2) A loan guarantee shall not be terminated, cancelled, or otherwise revoked, except in accordance with the terms thereof, and shall be conclusive evidence—

"(A) of the full compliance of that guarantee with the provisions of this Act; and

"(B) of the approval and legality of the principal amount, interest rate, and all other terms of the securities, obligations, or loans and of the guarantee.

"(3) The terms and conditions of a loan guarantee shall provide that, if the Secretary makes a payment of principal or interest upon default by a borrower, the Secretary shall be subrogated to the rights of the recipient of such payment (and such subrogation shall be expressly set forth in the loan guarantee or related agreements).

"(g)(1) The Secretary may, for the purposes of managing the Program, employ at the Institute such technical and professional personnel and fix their compensation without regard to the provisions of title 5, United States Code, as the Secretary may deem necessary for the discharge of responsibilities under this section.

"(2) The Secretary may, under the authority provided by paragraph (1) of this subsection, appoint for a limited term or on a temporary basis, scientists, engineers, and other technical and professional personnel on leave of absence from industrial, academic, research, or State institutions to work for the Program.

"(3) The Secretary may pay, to the extent authorized for certain other Federal employees by section 5723 of title 5, United States Code, travel expenses for any individual appointed for a limited term or on a temporary basis and transportation expenses of his or her immediate family and his or her household goods and personal effects from that individual's residence at the time of selection or assignment to his or her duty station. The Secretary may pay such travel expenses and transportation expenses to the same extent for such an individual's return to the former place of residence from his or her duty station, upon separation from the Federal service following an

agreed period of service. The Secretary may also pay a per diem allowance at a rate not to exceed the daily amounts prescribed under section 5702 of title 5, United States Code, to such an individual, in lieu of and when less than transportation expenses of the immediate family and household goods and personal effects, for the period of his or her employment with the Program. Notwithstanding any other provision of law, the employer's contribution to any retirement, life insurance, or health benefit plan for an individual appointed for a term of one year or less, which could be extended for no more than one additional year, may be made or reimbursed from appropriations available to the Secretary.".

SALARY ADJUSTMENTS

SEC. 7. In addition to any sums otherwise authorized by this Act, there are authorized to be appropriated to the Secretary for fiscal year 1990 such additional sums as may be necessary to make any adjustments in salary, pay, retirement, and other employee benefits which may be provided for by law.

AVAILABILITY OF APPROPRIATIONS

SEC. 8. Appropriations made under the authority provided in this Act shall remain available for obligation, for expenditure, or for obligation and expenditure for periods specified in the Acts making such appropriations.

ANNUAL INDUSTRIAL TECHNOLOGY REPORT

SEC. 9. Section 5 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3704) is amended by adding at the end the following new subsection:

"(f) ANNUAL INDUSTRIAL TECHNOLOGY REPORT.—(1) By February 15 of each year following the date of enactment of this subsection, the Secretary, through the Under Secretary, shall submit to Congress a report on the state of United States industrial technology. Each such report shall include, but not be limited to—

"(A) a list of what the Secretary and Department of Commerce technical experts consider to be the most economically-important technologies and the estimated current and future size of domestic and international markets for products derived from these technologies;

"(B) a list of the technologies and markets targeted by major trading partners for development or capture;

"(C) an assessment of the current state of United States product technology, process technology, and manufacturing capability in the fields of technology and the markets identified under subparagraph (A), as compared with the current levels of such technologies and manufacturing capability achieved, or future levels likely to be achieved, by major trading partners;

"(D) an identification of the types of research and development needed to close any significant gaps or deficiencies in the technology base of the United States, as compared with the technology bases of major trading partners;

"(E) an analysis of private and public investments in the United States in research and development, including Federal research and development investments, by department and agency, in the specific fields of technology and the markets identified under subparagraph (A); a summary of Federal policies, including research policies, to promote United States industrial competitiveness in those fields of technology and markets; and an analysis of what additional private and Federal actions are needed to close gaps between the civilian technology base of the United States and the technology bases of major trading partners, including what steps are necessary to ensure that the Institute can provide North American companies with the support technologies needed to remain competitive in those fields of technology and markets;

"(F) an evaluation of flows of industrial technology between the United States and major trading partners, including flows of technology through licenses and patent-sharing or cross-licensing, corporate investments and acquisitions, investments in universities and government laboratories, technical literature, and personnel exchanges, and a summary and analysis of annual foreign investments in, and acquisitions of, high-technology firms or organizations within the United States; and

"(G) a statement concerning any policies, regulatory obstacles, or other institutional problems which, in the judgment of the Secretary adversely affect the creation and use of industrial technology in the United States or limit the contribution that Federal research and development makes to United States leadership in industrial technology.

"(2) The Secretary may, to the extent permitted by other Acts, to collect such information as may be necessary to prepare the annual report required by this subsection.

"(3) The Directors of the Office of Science and Technology Policy, the Office of Management and Budget, and the National Science Foundation, as well as the heads of other Federal departments and agencies, shall provide such information and assistance in the preparation of the annual report as the Secretary may request.".

REPORTS ON MANUFACTURING

SEC. 10. By December 1, 1989, the Secretary shall submit to Congress the following two reports:

(1) A report on the feasibility and advisability of establishing, in affiliation with the Institute, a Quality Institute and a privately-funded foundation to support that Quality Institute, the purpose of which would be—

(A) to conduct workshops and company tours to share with managers, engineers, and production employees in the United States advanced techniques for improving manufacturing organization, quality, and productivity, including team-oriented organizational approaches to managing production technology and corporate research and development;

(B) to help develop and disseminate model curricula in advanced manufacturing which might be used by technical colleges and other educational institutions to provide training to students and manufacturing company employees.

(2) A report analyzing the advantages and disadvantages of small manufacturing firms in the United States participating in new multi-company manufacturing centers, either on a local or regional scale, and what steps, if any, in the judgment of the Secretary, the Federal Government can and should take to encourage the development of such new organizations for manufacturing.

THE EROSION OF THE U.S. SHARE OF TECHNOLOGY MARKETS

Technology	Pioneered by	U.S. companies' share of domestic American market (percent)				Estimated 1987 value of U.S. market (millions)
		1970	1975	1980	1987	
Phonographs	United States	90	40	30	1	$630
Televisions:						
Black and white	do	65	30	15	2	175
Color	do	90	80	60	10	5,150
Audio tape recorders	do	40	10	10	1	500
Video cassette recorders	do	10	10	1	1	2,895
Ballbearings	Germany	88	83	71	71	1,657
Machine tools:						
Horizontal numerically controlled lathes	United States	[1] 100	[1] 92	70	40	401
Machining centers	do	[1] 100	[1] 97	79	35	485
Telephone sets	do	99	95	88	25	2,000
Semiconductors [2]	do	89	71	65	64	[1] 19,100
Semiconductor manufacturing equipment [1]	do	100	90	75	75	1,856
Cellular telephones	Scandinavia-United States	(4)	(4)	(4)	40	740
Facsimile machines	United States-Japan	(4)	(4)	(4)		750

[1] Estimates.
[2] Data is for semiconductor merchant companies only. U.S. company share includes production of foreign subsidiaries operating in the United States.
[3] Estimates only. No official data exists.
[4] Not introduced into the U.S. market.

Source: Council on Competitiveness, "Picking Up the Pace: The Commercial Challenge to American Innovation," September 1988, p. 15, using data from the U.S. Department of Commerce.

BUDGET TABLE FOR COMMERCE DEPARTMENT TECHNOLOGY PROGRAMS: AUTHORIZATION LEVELS PROPOSED BY THE TECHNOLOGY ADMINISTRATION AUTHORIZATION ACT

[In thousands of dollars]

	Fiscal year—				Bill's increase over fiscal year 1989
	1989 base	1990 DOC request to OMB	1990 OMB request	1990 (bill)	
General tech. administration:					
Exec. direction (Under Sec.)	0		1,013	1,013	1,013
Tech policy/commercial affairs	2,054		2,662	2,662	608
Japanese technical literature	425		425	1,000	575
Clearinghouse [1]	250			1,500	1,250
Total	2,729		4,100	6,175	3,446
NIST laboratory programs:					
Measurement research	41,775	50,185	44,435	50,185	[2] 8,410
Chemical process control	(400)	(3,200)	(2,500)	(3,200)	(2,800)
Perform elec. systems	(0)	(2,500)	(0)	(2,500)	(2,500)
Materials	23,544	27,084	24,418	27,084	[2] 3,540
High-perform composites	(1,600)	(3,600)	(2,600)	(3,600)	(2,000)
Engineering	41,490	55,606	43,102	69,428	[2] 27,938
Imaging electronics/TV	(0)	(0)	(0)	(7,500)	(7,500)
Superconductivity	(2,800)	(7,800)	(3,500)	(7,800)	(5,000)
Advanced semiconductors	(0)	(5,000)	(0)	(2,500)	(2,500)
Lightwave (fiber optics)	(1,950)	(7,500)	(4,550)	(7,500)	(5,550)
New automation research	(0)	(0)	(0)	(2,500)	(2,500)
Bioprocess engr	(1,350)	(1,350)	(3,650)	(3,650)	(2,300)
Fire/building safety [3] [4]	(9,372)	(5,288)	(5,000)	(9,912)	(540)
Computer sciences	9,488	11,203	13,043	15,088	5,600
Computer security	(2,500)	(5,500)	(6,000)	(7,500)	(5,000)
Research support	27,533	34,575	30,611	34,575	[2] 7,022
Computer upgrade	(0)	(6,000)	(3,122)	(6,000)	(6,000)
Subtotal	142,850	180,653	155,609	196,360	52,510
NIST tech. extension: [4]					
Manufacturing centers [1]	7,500	0	0	12,000	4,500
Special center	7,500	0	0	0	(−7,500)
Assistance to States [1]	0	0	0	2,000	2,000
Inventions evaluation	150	0	0	2,000	1,850
Program management	0	0	0	2,000	2,000
Subtotal	15,150	0	0	18,000	2,850
Advanced tech. program: [4]					
Electronics/television	0	0	0	30,000	30,000
Superconductivity	0	0	0	15,000	15,000
Manufacturing	0	0	0	18,000	18,000
X-ray lithography	0	0	0	25,000	25,000
Small business	0	0	0	10,000	10,000
Program mgmt/analyses	0	0	0	2,000	2,000
Subtotal	0	0	0	100,000	100,000
Total authorization	159,000	180,652	155,609	14,360	155,360
Loan guarantees: Electronics televison	0	0	0	50,000	50,000

[1] Fiscal year 1990 authorizations for these programs were included in the Omnibus Trade And Competitiveness Act of 1988. Table's fiscal year 1990 amount for manufacturing centers is in addition to fiscal year 1989 carryover.
[2] Increases over fiscal year 1989 include laboratory adjustments to base (inflation increases) plus program increases.
[3] Includes research on ignition and toxicity of upholstery and research on alternative refrigerants.
[4] In its request to DOC, NIST proposed to retore fire and building cuts and to receive $41,800,000 to implement Trade Act provisions such as manufacturing centers and the Advanced Technology Program. However, the DOC budget office opposed any funding to implement new responsibilities under the Trade Act, despite Reagan administration support of the act's technology provisions.

SUMMARY OF PROVISIONS: TECHNOLOGY ADMINISTRATION AUTHORIZATION ACT OF 1989

Section 2. Statement of Policy. To help industries speed the commercialization of new products and in order to maintain the economic competitiveness of the Nation, targeted increases are required in the programs of the Commerce Department's Technology Administration and its National Institute of Standards and Technology (NIST).

Section 3. Technology Administration. Authorizes Technology Administration executive and analytical activities for FY90 at the level requested by OMB.

Section 4. National Institute of Standards and Technology. Provides FY90 authorization for NIST's internal laboratory program. The authorization level reflects DOC's own request to OMB, plus funds for advanced imaging electronics/television and the restoration of proposed cuts in NIST's fire and building safety activities. The total authorization for in-hourse programs is $196,360,000 (see attached budget sheet). Provides a small authorization for two NIST industrial technology extension activities; other extension activities, including the Manufacturing Technology Centers, already have received FY90 authorizations in the 1988 Trade Act. The attached budget sheet assumes the continuation of the current three centers, plus the creation of three additional centers.

Section 5. Advanced Technology Program. This program, created in the 1988 Trade Act, authorizes the Secretary of Commerce to encourage and, in selected cases, financially assist new private sector technology research efforts, including multicompany joint research and development ventures (research consortia). The bill authorizes appropriations to provide seed funds (which must be matched by at least equal amounts of private money) for joint ventures in four key areas: advanced electronics, including advanced television; superconductivity; advanced manufacturing; and semiconductor production equipment. Also authorizes limited assistance to small business. The total FY90 authorization level is $100,000,000, plus loan guarantees for research in the advanced electronics area. Also sets certain terms and conditions for financial assistance to joint ventures. Prohibits participation of foreign firms in DOC-assisted consortia but allows for technology to be licensed to nonmember firms, including foreign-owned. Directs the Secretary of Commerce to coordinate with the Secretary of Defense.

Section 6. Amendments to Advanced Technology Program Provisions. Amends 1988 Program legislation to allow the Secretary of Commerce, subject to the authorization and appropriations processes, to offer loan guarantees as well as direct funding to joint research ventures. Also amends 1988 language to allow the Secretary to hire temporary personnel; this amendment is based on language from the National Science Foundation Act.

Section 7. Salary Adjustments. Authorizes funds to pay for increases in salary and benefits.

Section 8. Availability of Appropriations. Appropriations made under this authority shall remain available for the periods specified in appropriations Acts.

Section 9. Annual Industrial Technology Report. Amends the Stevenson-Wydler Technology Innovation Act to require the Secretary of Commerce to submit an annual report listing key technologies, which technologies have been targeted for development by major trading partners, how the U.S. compares with other nations in these areas, and what steps are needed to close gaps.

Section 10. Reports on manufacturing. Requires two one-time reports, one on the feasibility of establishing a privately-funded Manufacturing Institute in affiliation with NIST; this group would prepare workshops, company tours, and model curricula to help U.S. companies organize themselves to take advantage of advanced manufacturing tech-

nology. The second would examine the concept of shared manufacturing facilities.

Mr. BINGAMAN. Mr. President, I am pleased to cosponsor the Technology Administration Authorization Act of 1989. I commend the distinguished chairman of the Commerce Committee, Senator HOLLINGS, for developing this important legislation.

This bill goes beyond a simple reauthorization of the Commerce Department's Technology Administration and National Institute of Standards and Technology. This bill continues the work started last year in the Omnibus Trade and Competitiveness Act. For example, the bill continues funding for the three manufacturing technology centers created last year and authorizes three additional centers.

The bill includes essential programs for the support of important developing technologies, such as advanced television technology, advanced manufacturing, semiconductor production, and superconductivity. I firmly believe that these joint public-private sector research projects are important steps toward improving America's technological capabilities.

I am especially pleased that this bill parallels much of my own work in the Defense Industry and Technology Subcommittee of the Armed Services Committee. It is extremely crucial that we have coordinated civilian and miltiary research in critical technological areas. This bill requires such coordination and makes the Secretary of Commerce a key player in the process.

In addition, the legislation requires a report on critical technologies, including an assessment of the current state of American technology relative to our major trading partners. This is something we required last year that the Defense Department do on an annual basis with respect to critical military technologies. I would hope we would be able to create a means of coordinating these two reports.

Mr. President, I believe that this is a very important piece of legislation. Over the past 8 years this Nation has suffered from a neglect of our civilian technological base. This bill will reverse that trend. I am pleased to be a cosponsor and urge its swift consideration and passsage.

By Mr. BENTSEN (for himself and Mr. MOYNIHAN):

S. 1192. A bill to amend title II of the Social Security Act to increase the retirement test exempt amount to $10,620 in 1990, to lower the reduction factor for certain earnings to 25 percent, to extend eligibility to certain adopted children, to provide for the issuance of earnings and benefit statements, and for other purposes; to the Committee on Finance.

SOCIAL SECURITY EARNINGS TEST MODIFICATIONS

● Mr. BENTSEN. Mr. President, I am pleased today to introduce S. 1192, together with my esteemed colleague from New York, Senator MOYNIHAN.

It is a bill designed to help older Americans. There are those who scoff at this idea. It has been pointed out that America's senior citizens are the wealthiest, best fed, best housed, healthiest, most self-reliant older population in our history.

All that's true and thank God for it.

But it's not the whole story. It doesn't describe the millions of older people living in one-room apartments with only a few framed photos to remind them of better days; or the ones who can't write a check the last week of the month because there's nothing in the account until Social Security comes in; or the ones who have to calculate to the penny before they can say yes to going to a restaurant once a month. For most older people life is not a bed of roses.

It's only in this centruy that we've begun to care about retirement issues, and with good reason. In 1900, the average American retirement was only about a year long. Now it's 14 years—almost 20 percent of life.

This means older Americans have to plan carefully for retirement. It also means there are more and more Americans who want and need to work during those years.

And why not? They know a lot. They're experienced. They'd be an asset whether they were making cheeseburgers in MacDonald's, keeping books—or even being a United States Senator from Texas. In fact, last month we paid tribute to this country's leading example of the abilities of older Americans, Claude Pepper, who once said: "Some people dodder at 30, others at 80, and some pass through life without doddering at all." Claude Pepper didn't dodder at 30. Or at 80. Or for a moment during his long, productive life. And there are millions like him.

The problem is the barrier we put in the way of older people who want to work. Say a man my age wants to work—and has a job paying him $15,000 a year. Once he hits that Social Security earnings threshold, he feels like he's been hit. Over the head. After he gets through paying Federal income tax, the Social Security tax, the catastrophic premium—too high, in my book—and his reduction in Social Security benefits, he only gets to keep 41 cents out of every additional dollar he earns.

That's not right. We want older people to be able to work for a living. Their paychecks should go to them—not to Washington.

So, today, Senator MOYNIHAN and I am proposing legislation permitting older Americans to earn more money while keeping more of their Americans benefits.

My amendment would raise the threshold of earnings under present law, when you begin to lose Social Security benefits. And once you cross that threshold it would allow you to keep more benefits than you can now.

It isn't exactly a new idea. In fact, since the early 1970's Congress has voted to raise that threshold about a dozen times. Recently Senator ARMSTRONG tried to add such an amendment to the minimum wage bill.

It was a good idea. I just thought it didn't go far enough. It also took benefits away from about 100,000 older Americans. And it cost the Federal Government money—something which in the era of $200 billion deficits, we can't afford.

Now we have a proposal that overcomes those objections. It increases the amount of earnings exempt from reduction under the retirement test by $1,260—from $9,360 to $10,620. People making between that amount and $15,620 now lose a dollar in benefits for every three they earn—A 33 percent reduction. Under S. 1192, the ratio would be 1 to 4—25 percent.

How is this financed? In a way that doesn't add a cent to the deficit.

The purpose of the Social Security Program is to provide an ongoing monthly cash income to beneficiaries. Sometimes, through, we'll pay several months benefits in a lump sum—for example, when a beneficiary discovers belatedly he is entitled to benefits for several months before he actually applied.

Also, there are times when an individual already getting benefits has his benefits recomputed to see whether some recent earnings will result in a higher benefit rate. It takes about 14 months to process these adjustments; if the rate is actually increased, Social Security will send a retroactive payment, also as a lump sum.

Under S. 1192, the Social Security Program will continue to make these payments but in the form of a higher permanent benefit rate. The result? What the Social Security Program pays out in higher benefits is almost exactly matched by what it saves by stretching out the lump sum payments.

Not a revolutionary concept. Just one that makes life easier for hundreds of thousands of older Americans, and does so in a practical and equitable way. A typical retiree earning $15,000 in additional income would be able to keep almost $800 more of Social Security benefits in 1990, instead of paying those benefits to the Government in form of taxes.

The Gray Panthers' Maggie Kuhn once wrote this, in an article she called "to rest is to rust:"

The junkyard haunts me, because I don't want to be dumped on the scrap heap. I don't want to be isolated from mainstream living, or from the companionship of people of all ages. And there are millions more like me.

Mr. President, we can't afford to keep healthy, vigorous, hardworking older Americans out of the American work force. It's like keeping your best hitters on the bench.

I'd rather have them in the lineup. It's unlikely they'll make rookie of the year. But they've got a few hits left, and they're playing for our team.

The bill I am introducing today also includes two other important improvements in the Social Security Program. It corrects a longstanding inequity in the treatment of adopted children. Under the Social Security Program, benefits are provided not only for retired and disabled workers but also for their dependent children. If the beneficiary has a child, that child immediately becomes eligible. But if a beneficiary adopts a child, that child often will not be eligible. My bill will provide equal treatment for natural and adopted children.

A third element of the bill I am introducing provides for earnings and benefit statements to be sent to those who pay into the program. This is a concept which has been strongly advanced by my cosponsor, Senator MOYNIHAN, and I am happy to join with him in including it in this package. Workers know from looking at their paystubs and their W-2 forms that they are paying significant amounts into the Social Security Program. But we do not now have in place a system for assuring them that these contributions are being properly credited and for letting them know what they are getting for their money. The bill I am introducing today will require the Social Security Administration to phase in such a system so that ultimately all participants in the program will get an annual report on what Social Security records show them to have paid into the program along with an estimate of the benefits that they and their family can expect to qualify for.

Mr. President, I encourage our colleagues to join us as cosponsors of this important piece of legislative relief that will improve the quality of life for hundreds of thousands of elderly Americans and for those who can benefit from their wisdom and experience. I ask unanimous consent that the text of S. 1192 be printed in the RECORD immediately following my remarks, along with a factsheet describing the bill in more detail.

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

S. 1192

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

SECTION 1. RETIREMENT TEST EXEMPT AMOUNT INCREASED TO $10,620 IN 1990.

(a) IN GENERAL.—Subparagraph (D) of section 203(f)(8) of the Social Security Act (42 U.S.C. 403(f)(8)) is amended to read as follows:

"(D) Notwithstanding any other provision of this subsection, the exempt amount which is applicable to an individual who has attained retirement age (as defined in section 216(l)) before the close of the taxable year involved shall be $885 for each month of any taxable year ending after 1989 and before 1991.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1989.

SEC. 2. REDUCTION FACTOR WITH RESPECT TO CERTAIN EARNINGS LOWERED TO 25 PERCENT.

(a) IN GENERAL.—Paragraph (3) of section 203(f) of the Social Security Act (42 U.S.C. 403(f)) is amended by striking "33⅓ percent" and all that follows through "paragraph (8)" and inserting "equal to the sum of (A) 25 percent of so much of his earnings for such year in excess of the product of the applicable exempt amount as determined under paragraph (8) as does not exceed $5,000, and (B) 33⅓ percent of so much of such earnings in excess of such product as exceeds $5,000,".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1989.

SEC. 3. PAYMENT OF RECOMPUTED BENEFITS.

(a) IN GENERAL.—Subparagraph (D) of section 215(f)(2) of the Social Security Act (42 U.S.C. 415(f)(2)) is amended by striking subparagraph (D) and inserting the following new subparagraphs:

"(D) A recomputation under this paragraph with respect to any year shall be effective—

"(i) in the case of an individual who did not die in that year, for the earlier of—

"(I) monthly benefits beginning with benefits for the fifteenth month following the end of such year, or

"(II) monthly benefits beginning with benefits for the month in which the individual submits a written request for such recomputation; or

"(ii) in the case of an individual who died in that year, for monthly benefits beginning with benefits for the month in which he died.

"(E) Under regulations of the Secretary, monthly benefits increased as a result of a recomputation under this paragraph which became effective pursuant to subparagraph (D)(i) shall be further increased on an actuarial basis (taking into account the age of the individual) to include the value of benefits which would have otherwise been paid if the recomputation were effective beginning with benefits for January of the year following the year with respect to which the recomputation is made.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to recomputations made after the date of enactment of this Act.

SEC. 4. PAYMENT OF CERTAIN RETROACTIVE BENEFITS.

(a) IN GENERAL.—Subparagraph (B) of section 202(j)(4) of the Social Security Act (42 U.S.C. 402(j)(4)) is amended—

(1) by redesignating clause (v) as clause (vi), and

(2) by inserting after clause (iv) the following new clause:

"(v) Any retroactive benefits for which an individual is eligible because of clause (i) or (iv) shall be paid to the individual as an increase in the individual's monthly benefit amounts, determined on an actuarial basis pursuant to regulations prescribed by the Secretary.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to applications for benefits made after the date of enactment of this Act.

SEC. 5. ELIMINATION OF THE DEPENDENCY TEST APPLICABLE TO CERTAIN ADOPTED CHILDREN.

(a) IN GENERAL.—Section 202(d)(8)(D) of the Social Security Act (42 U.S.C. 402(d)(8)(D)) is amended—

(1) by adding "and" after the comma at the end of clause (i); and

(2) by striking clauses (ii) and (iii) and inserting in lieu thereof the following:

"(ii) in the case of a child who attained the age of 18 prior to the commencement of proceedings for his adoption, the child was living with or receiving at least one-half of his support from such individual for the year immediately preceding the month in which his adoption is decreed.".

(b) CONFORMING AMENDMENT.—Paragraph (8) of section 202(d) of such Act (42 U.S.C. 402(d)) is amended by striking the last sentence.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to benefits payable for months after the month in which this Act is enacted, but only on the basis of applications filed on or after the date of the enactment of this Act.

SEC. 6. MANDATORY PROVISION OF SOCIAL SECURITY ACCOUNT STATEMENT.

(a) IN GENERAL.—Part A of title XI of the Social Security Act (42 U.S.C. 1301-1320b-10) is amended by adding at the end thereof the following new section:

"SOCIAL SECURITY ACCOUNT STATEMENTS

"Provision Upon Request

"SEC. 1141. (a)(1) Beginning not later than October 1, 1990, the Secretary shall provide upon the request of an eligible individual a social security account statement (hereinafter referred to as the 'statement').

"(2) Each statement shall contain—

"(A) the amount of wages paid to and self-employment income derived by the eligible individual as shown by the records of the Secretary at the date of the request;

"(B) an estimate of the employee and self-employment, old age, survivors, and disability insurance contributions of the eligible individual as shown by the records of the Secretary at the date of the request;

"(C) a separate estimate of the employee and self-employment hospital insurance contributions of the eligible individual; and

"(D) an estimate of the potential monthly retirement, disability, survivor, and auxiliary benefits payable on the eligible individual's account together with a description of the benefits payable under the medicare program of title XVIII.

"(3) For purposes of this section, the term 'eligible individual' means an individual who—

"(A) has a social security number,

"(B) has attained age 25 or over, and

"(C) has wages or net earnings from self-employment.

"Notice to Eligible Individuals

"(b) The Secretary shall to the maximum extent practicable take such steps as are necessary to assure that eligible individuals are informed of the availability of the statement described in subsection (a).

"Mandatory Provision of Statements

"(c)(1) By not later than September 30, 1994, the Secretary shall provide a statement to each eligible individual who has attained age 60 by October 1, 1993, and who is not receiving benefits under title II and for whom a current mailing address can be determined through such methods as the Secretary deems appropriate. In fiscal years 1994 through 1999 the Secretary shall provide a statement to each eligible individual who attains age 60 in such fiscal years and who is not receiving benefits under title II and for whom a current mailing address can be determined through such methods as the Secretary deems appropriate. The Secretary shall provide with each statement to an eligible individual notice that such statement is updated annually and is available upon request.

"(2) Beginning not later than October 1, 1999, the Secretary shall provide a statement on a biennial basis to each eligible individual who is not receiving benefits under title II and for whom a mailing address can be determined through such methods as the Secretary deems appropriate. With respect to statements provided to eligible individuals who have not attained age 50 such statements need not include estimates of monthly retirement benefits. However, if such statements provided to eligible individuals who have not attained age 50 do not include estimates of retirement benefit amounts, such statements shall include a description of the benefits (including auxiliary benefits) that are available upon retirement.".

(b) REPORT TO CONGRESS AND STUDY.—

Not later than October 1, 1996, the Secretary shall submit to Congress a report on the implementation of the requirements of this Act and on his specific plans for implementing the final requirements contained in such Act, particularly with regard to estimating retirement benefit amounts for individuals who have not attained the age of 60.

(c) DISCLOSURE OF ADDRESS INFORMATION BY INTERNAL REVENUE SERVICE TO SOCIAL SECURITY ADMINISTRATION.—

(1) IN GENERAL.—Section 6103(m) of the Internal Revenue Code of 1986 (relating to disclosure of taxpayer identity information) is amended by adding at the end thereof the following new paragraph:

"(6) SOCIAL SECURITY ACCOUNT STATEMENTS FURNISHED BY SOCIAL SECURITY ADMINISTRATION.—Upon written request by the Commissioner of Social Security, the Secretary may disclose the mailing address of any taxpayer who is entitled to receive a social security account statement pursuant to section 1141(c) of the Social Security Act, for use only by officers, employees, or agents of the Social Security Administration for purposes of mailing such statement to such taxpayer.".

(2) SAFEGUARDS.—The last sentence of section 6103(p)(4) of such Code (relating to safeguards) is amended by striking out "subsection (m)(2) or (4)" and inserting in lieu thereof "paragraphs (2), (4), or (6) of subsection (m)".

(3) UNAUTHORIZED DISCLOSURE PENALTIES.—Paragraph (2) of section 7213(a) of such Code (relating to unauthorized disclosure of returns and return information) is amended by striking out "(m)(2) or (4)" and inserting in lieu thereof "(m) (2), (4), or (6)".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of enactment of this Act.

FACTSHEET ON BENTSEN-MOYNIHAN BILL

RETIREMENT TEST IMPROVEMENTS

How the retirement test works.—The primary purpose of the social security program is to provide an income for older individuals who are retired. As a way of determining whether an individual is retired, the program looks at the individual's age and earnings. Those age 70 or above are automatically considered retired and get full benefits without regard to earnings. Those under age 70 are considered retired and eligible for full benefits only if their earnings are lower than a specified exemption level. In 1990, the exemption level for retirees aged 65 to 69 is estimated by CBO to be $9,360. Above that level, individuals have their social security benefits phased out of the basis of a $1 reduction in benefits for every $3 of earnings above $9,360.

Earnings level	Benefit reduction [1]	Remaining benefits [2]	Total income
$9,360	([3])	$8,000	$17,360
15,000	$1,880	6,120	21,120
25,000	5,213	2,787	27,787
34,000	7,880	120	34,120

[1] One-third of earnings above $9,360.
[2] Age 65 retiree with approximately average lifetime earnings.
[3] None.

Changes made by the Bentsen bill. —The proposal would increase the amount of earnings totally exempt from reduction under the retirement test by $1,260 per year. This would bring the exemption level up to $10,620. In addition, the bill would lower the rate of reduction on earnings for an additional $5,000 above that exempt amount. For earnings between $10,620 and $15,620, the reduction rate under the retirement test would be 25 percent in place of the current law rate of 33⅓ percent. (Under current law, the reduction rate goes down from 50 percent to 33⅓ percent starting in 1990.)

Earnings level	Benefit reduction		Reduction rate for each additional dollar earned (percent)		Added benefits under proposal
	Present law	Proposal	Present law	Proposal	
$9,360	([1])	([1])	33⅓	0	([1])
10,620	$420	([1])	33⅓	25	$420
15,000	1,880	$1,095	33⅓	25	785

[1] None.

How is the bill financed?—The purpose of the social security program is to provide an ongoing monthly cash income to beneficiaries. In some instances, however, several months benefits are paid out in a lump-sum because of retroactive entitlement. This happens, for example, when an individual who files for benefits in a given month discovers that he or she could have claimed benefits for one or more of the 6 preceding months. The law allows them to backdate their application up to 6 months in order to get those benefits. The proposal would continue to allow applicants to claim up to 6 months' back benefits. However, that entitlement would be paid out in the form of a higher permanent monthly benefit rather than as a one-time lump sum. (This change would apply only to retroactive benefits for months prior to age 65.)

The bill would also make a similar change in the case of automatic benefit adjustments based on recent earnings. When an individual who has applied for benefits continues to work, his or her benefits are automatically recomputed each year to see if the new earnings will result in a higher benefit rate. It takes about 14 months to process these readjustments so that the first check now includes a lump-sum retroactive payment. This bill would continue to make that payment, but would do so in the form of a higher permanent benefit rate instead of a one-time lump sum.

SOCIAL SECURITY FOR ADOPTIVE CHILDREN

Minor and disabled children of individuals who had paid social security taxes can qualify for benefits when those individuals die, become disabled, or retire in old age. In the case of natural children, these benefits are paid without regard to whether the child was born before or after the individual retired or became disabled. In the case of adoptive children, however, the law requires that the child must have been adopted before the individual became eligible for disability or retirement benefits (or, at least, must have been dependent on the individual at that time.)

The present law distinction between adoptive and natural children was apparently based on a concern over possible abuse. However, there does not appear to be any evidence to support that concern. The adoption of a child is a fairly complex and often expensive process which requires the adopting parent to assume serious legal responsibilities. In view of the substantial policy interest in encouraging adoptions, this bill would permit children adopted by retired and disabled social security beneficiaries to receive benefits on the same basis as natural children.

EARNINGS STATEMENTS

When fully effective in the year 1999, the Bentsen-Moynihan bill would require that annual earnings and benefit statements be sent to those who have paid social security taxes. These statements would show what they have contributed to the social security program, estimate their future benefits at retirement (or at least describe those benefits in the case of persons under age 50), and describe the benefits that will be provided by Medicare. In the short run, the bill would require that such statements be provided when requested and, starting in 1994, that they be provided to all individuals age 60 and above.

There are two basic reasons for this proposal. One very practical reason is that social security individual earnings' records

are sometimes not properly credited. Such a situation can cause a loss of benefits and is very difficult to correct if it is not caught until several years after the fact. Providing annual earnings statements would increase the probability that individuals would learn about such errors on a timely basis. The second reason for the proposal is to provide individuals with better information about the benefit entitlement that their social security tax payments are earning for them.●

By Mr. MOYNIHAN (for himself, Mr. D'AMATO, Mr. NUNN, Mr. DECONCINI, and Mr. CRANSTON):

S. 1193. A bill to establish a comprehensive program for the rehabilitation of drug dependent Federal offenders; to the Committee on the Judiciary.

DRUG DEPENDENT OFFENDER REHABILITATION ACT

● Mr. MOYNIHAN. Mr. President, I rise to introduce a bill that will increase our commitment to drug abuse treatment in the Federal prison system and create a special program of supervised release for nonviolent inmates who complete treatment. I do so in the belief that drug dependent offenders are at once the most dangerous criminals in our system and the inmates in whom we can invest the greatest hope. They are dangerous because they are the most likely to commit crimes after release. But we can invest hope in them because their criminality stems from what may be a treatable condition.

We have heard much alarming news on this floor about overcrowding in the Federal prison system. Our prisons are, indeed, filled beyond capacity. On January 1 of 1988, Federal prisons housed 43,946 inmates, 62 percent above their capacity of 26,473. We have acceded to a wholly unacceptable state of affairs. Make no mistake about it, more prison construction is necessary. There can be no waiting list for a prison cell.

But I would say to my colleagues that our prisons face a problem greater than overcrowding. To wit: recidivism. According to the Bureau of Prisons, 43 percent of all Federal prisoners are rearrested within 3 years of release. It is safe to assume that even more than 43 percent commit crimes for which they are not arrested or imprisoned. Recidivism is even greater in State prisons. According to the Bureau of Justice Statistics, 63 percent of State prisoners are rearrested within 3 years. Put bluntly, Mr. President, recidivism rates are failure rates. Our prison system has done precious little good for society when criminals arrested for selling heroin in 1982 return to the streets in 1988 only to start selling crack. Instead of rehabilitation, what we are left with is an endless cycle of arrest, prosecution, jail, and rearrest.

I hold that there is a simple explanation for much of this tragic state of affairs. Forty-three percent of incoming Federal inmates are self-described substance abusers. The numbers for local prisons are, once again more startling. Eighty percent of male arrestees in New York and 67 percent of male arrestees in Washington test positive for drugs. Few of them are arrested for using illegal drugs; most are arrested for activities associated with drug use. Drug dealing. Drug smuggling. Robbery. Burglary. Prison, indeed, punishment of any kind, is not likely to deter such crimes when they are committed to support addiction—a drug habit which is in fact a disease of the brain. A March 1988 report from the National Institute of Justice, "A Criminal Justice System Strategy for Treating Cocaine-Heroin Abusing Offenders in Custody," came to the same conclusion:

> To the extent that criminal sanctions are applied, their ability to interrupt the life style of the vast majority of cocaine-heroin abusers is minimal.

This bill will authorize an additional $15 million for drug treatment in Federal prisons, and for postrelease followup programs. Effective drug treatment in prison has been demonstrated to reduce recidivism. A May 1989 study on correctional treatment programs in Oregon revealed that 74 percent of inmates who completed an inpatient drug treatment program in prison had not returned to prison 3 years after release. Only 15 percent of those who left the treatment program after 60 days had avoided prison 3 years after release. The inmates who went through the program were hardened criminals. On average, they had been arrested 14 times and spent 7 years in prison. On average, they first used drugs when they were 12½ years old.

Regrettably, existing drug treatment efforts in Federal prisons are inadequate. Only four separate unit treatment facilities, in which drug-dependent inmates live separately from the general prison population, exist in the Federal system. Twenty-one existed in 1978. Separation is crucial. Successful treatment depends on isolating drug-dependent inmates from criminal inmate subcultures that value lying to authority, embrace drugs and crime, and glamorize fighting the system. Thus, the bill requires the Bureau of Prisons to separate prisoners undergoing treatment from the general prison population to the greatest extent possible.

In addition, the bill gives nonviolent inmates who successfully complete treatment the opportunity for supervised release 1 year ahead of schedule. Early supervised release would only be possible if the sentencing judge approves. It would not be offered to murderers, rapists, kingpins, and inmates sentenced to life in prison. The National Institute of Justice study I mentioned on correctional drug treatment recommends that "prisoners in therapeutic communities who make good treatment progress should be paroled prior to completion of their sentence." Ideally, inpatient treatment should be timed so its completion coincides with release.

Inmates on early supervised release would have to spend the first 6 months of release in a half-way house facility. For the first year of supervised release they would have to submit to drug testing at least once every 60 days. If the tests indicate they are still using drugs, they would be sent back to jail. They would also be required to attend addiction support groups and participate in outpatient treatment. They would be intensely supervised. Rewarded for progress. And punished for relapse.

Mr. President, this is a good, tough bill. It is aimed at reducing crime and reducing recidivism. I grant that our greatest problems are at the State and local levels, rather than in the Federal prison system. But reform at the Federal level will represent a beginning. And, one hopes, an example.

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

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

S. 1193

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 "Drug Dependent Offender Rehabilitation Act of 1989".

SEC. 2. FINDINGS.

The Congress finds that—

(1) the Federal Bureau of Prisons estimates that 42 percent of all incoming Federal prisoners abuse drugs or alcohol;

(2) the number of separate unit inpatient drug treatment programs in Federal prisons has declined from 21 in 1978 to 4 today;

(3) 43 percent of Federal prisoners are rearrested within 3 years of release;

(4) offenders who continue to use drugs after release from prison are more likely to resume criminal activities than those who do not; and

(5) overcrowding in Federal prisons has reached such crisis proportions that on January 1, 1988, Federal prisons housed 42,946 inmates, 62 percent above their capacity of 26,473.

SEC. 3. AUTHORIZATION OF APPROPRIATIONS FOR TREATMENT SERVICES.

(a) IN GENERAL.—There are authorized to be appropriated to the Federal Prison System $15,000,000 for fiscal year 1990, and such sums as may be necessary for each of the fiscal years 1991 and 1992. Such appropriation shall be in addition to any appropriations provided in regular appropriations Acts or continuing resolutions for the fiscal year ending September 30, 1990.

(b) USES OF APPROPRIATION.—The additional appropriation authorized by subsection (a) shall be used as follows:

(1) to provide high intensity inpatient substance abuse treatment services to drug dependent offenders;

(2) to train appropriate prison employees in the diagnosis and treatment of drug and alcohol addiction;

(3) to hire psychologists and substance abuse counselors to serve drug dependent offenders;

(4) to enter into contracts with qualified community substance abuse treatment providers to offer inmates treatment services; and

(5) to ensure intensive supervision of drug dependent offenders while they are on parole or supervised release, including urine drug testing, as provided for by section 3583(h) of title 18, United States Code, as added by section 4 of this Act.

(c) SEPARATION OF INMATES.—The Bureau of Prisons shall, to the greatest extent possible, separate drug dependent offenders undergoing treatment from the general prison population and avoid returning such offenders to the general prison population after the completion of the treatment program.

SEC. 4. SPECIAL SUPERVISED RELEASE FOR DRUG DEPENDENT OFFENDERS.

(a) IN GENERAL.—Section 3583 of title 18, United States Code, is amended by adding at the end thereof the following:

"(h) EARLY SUPERVISED RELEASE FOR QUALIFIED DRUG DEPENDENT OFFENDERS.—(1) In the case of a qualified drug dependent offender, the sentencing court may modify the term of imprisonment pursuant to section 3582(c) by reducing the period of incarceration by not more than one year. If the court reduces the period of incarceration pursuant to this subsection, the court shall also impose a period of supervised release of one year, or in the event that a period of supervised release was previously ordered, it shall extend the period of supervised release by one year, notwithstanding the maximum term of supervised release otherwise provided in this title. Such periods of supervised release, or extended periods of supervised release, shall be subject to all of the conditions and procedures set forth in this section.

"(2) To qualify for early supervised release under this subsection, a drug dependent offender—

"(A) shall have been continuously incarcerated in a Federal correctional institution for no less than three-fourths of the time the offender was originally sentenced to serve prior to becoming eligible for supervised release;

"(B) shall not have been convicted of homicide, attempted homicide, kidnapping, assault with a deadly weapon, espionage, rape, or attempted rape;

"(C) shall not have been sentenced to life in prison;

"(D) shall have successfully completed, while incarcerated, a program of substance abuse treatment approved for these purposes by the Director of the Federal Prison System; and

"(E) after successfully completing treatment, shall have received approval for early supervised release from the sentencing judge acting upon the recommendation of the individual responsible for administering substance abuse treatment programs in the facility in which the offender has been incarcerated.

"(3) Upon release, and for a period of 6 months after release, the drug dependent offender shall reside in a half-way house in which intensive counseling and supervision is available.

"(4) Upon release, and for a period of 1 year after release, the drug dependent offender shall, in addition to fulfilling the other requirements of supervised release ordered by the court under this section—

"(A) submit to periodic urine drug testing at least once every 60 days;

"(B) regularly attend meetings of support groups such as Narcotics Anonymous, Alcoholics Anonymous, and Cocaine Anonymous; and

"(C) participate in an outpatient substance abuse counseling program.

"(5) Notwithstanding any other provisions of this section, if the drug dependent offender tests positive for illegal use of controlled substances on 2 separate urine drug tests taken at least 3 weeks apart, the court shall revoke the term of supervised release and require the offender to serve all or part of the term of supervised release in prison, without credit for time previously served on post-release supervision.

"(6)(A) No action may be taken against an offender pursuant to this section on the basis of a urine drug test unless the test was conducted in accordance with the requirements and procedures prescribed by the Director of the Administrative Office of the United States Courts which shall be substantially consistent with the Mandatory Guidelines on Federal Employee Drug Testing Programs issued by the Secretary of Health and Human Services on April 11, 1988.

"(B) The Director shall include in the regulations prescribed pursuant to subparagraph (A) the following requirements:

"(i) The laboratory which conducts drug testing shall follow laboratory analysis procedures, including the chain of custody procedures, required by the guidelines referred to in subparagraph (A), except that an initially positive test may be confirmed using Gas Chromatography (GC) techniques or such test as the Secretary of Health and Human Services may determine to be of equivalent accuracy.

"(ii) The laboratory shall perform Gas Chromatography-Mass Spectrometry (GC-MS) reconfirmation, or such reconfirmation as the Secretary of Health and Human Services may determine to be of equivalent accuracy, in any case in which—

"(I) an offender's urine specimen is tested using GC techniques for confirmation; and

"(II) within 10 days after receiving notice of positive test results, the offender notifies the Director that he disputes such results.

"(iii) The laboratory shall retain all records pertaining to each urine specimen for at least 2 years after the date on which the results of the test are transmitted to the court and limit access to any such records to protect the confidentiality of the subject.".

(b) ORDER OF SUPERVISED RELEASE.—Section 3582(c) of title 18 of the United States Code is amended by—

(1) striking "and" after the semicolon in paragraph (1);

(2) striking the period at the end of paragraph (2) and inserting "; and"; and

(3) adding at the end thereof the following:

"(3) in the case of a qualified drug dependent offender, the court may order supervised release up to 1 year prior to the previously scheduled date of release as provided by section 3583(h).".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect January 1, 1990.●

By Mr. GRAHAM (for himself and Mr. MACK):

S. 1194. A bill to provide for a nationally coordinated program of research, promotion, and consumer information regarding limes that is designed to expand domestic and foreign markets for limes, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

FRESH LIME RESEARCH, PROMOTION, AND CONSUMER INFORMATION ACT

● Mr. GRAHAM. Mr. President, today I am introducing, along with the junior Senator from Florida [Mr. MACK] legislation designed to expand the marketing and promotion program for lime producers.

Florida currently supplies about half of all the limes consumed in the United States, and it is important for us to recognize and support this valuable commodity. The bill, which is identical to legislation in the House sponsored by my good friends in the House of Representatives, DANTE FASCELL and TOM LEWIS, will enable lime producers and handlers to expand the market for limes through production and marketing research and development projects. I ask the support of my colleagues in the Senate in sponsoring and passing this important bill.

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

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

S. 1194

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 "Fresh Lime Research, Promotion, and Consumer Information Act".

SEC. 2. FINDINGS, PURPOSES, AND LIMITATIONS.

(a) FINDINGS.—Congress finds that—

(1) domestically produced limes are grown by many individual producers;

(2) virtually all domestically produced limes are grown in the State of Florida;

(3) limes move in large part in channels of interstate and foreign commerce;

(4) in recent years, large quantities of limes have been imported into the United States;

(5) the maintenance and expansion of existing domestic and foreign markets for limes and the development of additional and improved markets for limes are vital to the welfare of lime producers and other persons concerned with producing, marketing, or processing limes;

(6) a coordinated program of research, promotion, and consumer information regarding limes is necessary for the maintenance and development of such markets; and

(7) lime producers, lime producer-handlers, lime handlers, and lime importers are unable to implement and finance such a program without cooperative action.

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

(1) to authorize the establishment of an orderly procedure for the development and financing (through an adequate assessment) of an effective and coordinated program of research, promotion, and consumer information regarding limes designed—

(A) to strengthen the position of the lime industry in domestic and foreign markets; and

(B) to maintain, develop, and expand markets for limes; and

(2) to treat domestic and foreign producers of limes equitably.

(c) LIMITATIONS.—

(1) QUALITY STANDARDS AND PRODUCTION.—Nothing in this Act shall be construed to require quality standards for limes, control the production of limes, or otherwise limit the right of the individual producers to produce limes.

(2) IMPORTED LIMES.—Nothing in this Act shall be construed as a trade barrier to limes produced in foreign countries.

SEC. 3. DEFINITIONS.

For purposes of this Act:

(1) BOARD.—The term "Board" means the Lime Board provided for under section 5(b).

(2) CONSUMER INFORMATION.—The term "consumer information" means any action taken to provide information to, and broaden the understanding of, the general public regarding the use, nutritional attributes, and care of limes.

(3) HANDLE.—The term "handle" means to sell, purchase, or package fresh limes.

(4) HANDLER.—The term "handler" means any person in the business of handling fresh limes.

(5) IMPORTER.—The term "importer" means any person who—

(A) imports limes into the United States; or

(B) acts as an agent, broker, or consignee for any person or nation that produces limes outside of the United States for sale in the United States.

(6) LIME.—The term "lime" means the fruit of a citrus aurantifolia tree.

(7) MARKETING.—The term "marketing" means the sale or other disposition of limes in commerce.

(8) ORDER.—The term "order" means a lime research, promotion, and consumer information order issued by the Secretary under section 4(a).

(9) PERSON.—The term "person" means any individual, group of individuals, partnership, corporation, association, cooperative, or other entity.

(10) PRODUCER.—The term "producer" means any person who produces limes in the United States for sale in commerce.

(11) PRODUCER-HANDLER.—The term "producer-handler" means any person who is both a producer and handler of limes.

(12) PROMOTION.—The term "promotion" means any action taken under this Act (including paid advertising) to present a favorable image for limes to the general public with the express intent of improving the competitive position and stimulating the sale of limes.

(13) RESEARCH.—The term "research" means any type of research relating to the use and nutritional value of limes and designed to advance the image, desirability, marketability, or quality of limes.

(14) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

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

SEC. 4. LIME RESEARCH PROMOTION AND CONSUMER INFORMATION ORDER.

(a) AUTHORITY OF THE SECRETARY.—Subject to this Act, and to effectuate the declared purposes of this Act, the Secretary shall issue and, from time to time, amend lime research, promotion, and consumer information orders applicable to handlers, producers, producer-handlers, and importers of limes.

(b) NOTICE AND PUBLIC COMMENT.—The Secretary shall publish each order proposed to be issued under subsection (a) and give due notice and opportunity for public comment on such order. For purposes of this subsection, an amendment to an order shall be considered as an order.

(c) SUBMISSION OF A PROPOSED ORDER OR AMENDMENT.—A proposal for an order or amendment under subsection (a) may be submitted by, and an opportunity for public comment may be requested by, any person affected by this Act.

(d) INITIAL PROPOSAL.—In the case of the first proposal for an order the Secretary receives under subsection (c), the Secretary shall comply with subsection (b) not later than the end of the 30-day period beginning on the date the Secretary receives such proposal.

(e) FINDINGS AND ISSUANCE OF AN ORDER.—After notice of and an opportunity for public comments have been provided under subsection (b), the order or amendment that is the subject of such notice and public comment shall be issued if the Secretary finds that, on the evidence introduced by such public comment, the issuance of the order or amendment and all the terms and conditions in the order or amendment will further the purposes of this Act. The Secretary shall include such findings in the order or amendment.

(f) EFFECTIVE DATE.—An order issued under subsection (a) shall take effect on the date such order is issued.

SEC. 5. REQUIRED TERMS OF AN ORDER.

(a) IN GENERAL.—An order issued by the Secretary under section 4(a) shall contain the terms and conditions described in this section and, except as provided in section 6, no other terms or conditions.

(b) LIME BOARD.—Such order shall provide for the establishment of a Lime Board as follows:

(1) MEMBERSHIP.—The Board shall be composed of—

(A) seven members who are producers and who are not exempt from an assessment under subsection (d)(5)(A);

(B) three members who are importers and who are not exempt from an assessment under subsection (d)(5)(A); and

(C) one member appointed from the general public.

(2) APPOINTMENT AND NOMINATION.—The Secretary shall appoint the members of the Board. The seven members who are producers shall be appointed from individuals nominated by lime producers. The three members who are importers shall be appointed from individuals nominated by lime importers. The public representative shall be appointed from nominations of the Board. If producers and importers fail to nominate individuals for appointment, the Secretary may appoint members on a basis provided for in the order. If the Board fails to nominate a public representative, such member may be appointed without a nomination.

(3) ALTERNATES.—The Secretary shall appoint an alternate for each member of the Board. An alternate shall—

(A) be appointed in the same manner as the member for whom such individual is an alternate; and

(B) serve on the Board if such member is absent from a meeting or is disqualified under paragraph (5).

(4) TERMS.—Members of the Board shall be appointed for a term of 3 years. Of the members first appointed—

(A) three members shall be appointed for a term of 1 year;

(B) four members shall be appointed for a term of 2 years; and

(C) four members shall be appointed for a term of 3 years;

as designated by the Secretary at the time of appointment.

(5) REPLACEMENT.—If a member or alternate of the Board who was appointed as a producer, importer, or public representative ceases to belong to the group for which such member was appointed, such member or alternate shall be disqualified from serving on the Board.

(6) COMPENSATION.—Members and alternates of the Board shall serve without pay.

(7) REIMBURSEMENT OF EXPENSES.—While away from their homes or regular places of business in the performance of duties for the Board, members and alternates shall be allowed travel expenses, including a per diem allowance in lieu of subsistence, in the same manner as persons employed intermittently in Government service are allowed travel expenses under section 5703 of title 5, United States Code.

(8) POWERS AND DUTIES.—The Board shall—

(A) administer orders issued by the Secretary under section 4(a), and amendments to such orders, in accordance with their terms and provisions and consistent with this Act;

(B) prescribe rules and regulations to effectuate the terms and provisions of such orders;

(C) receive, investigate, and report to the Secretary accounts of violations of such orders;

(D) make recommendations to the Secretary with respect to amendments that should be made to such orders; and

(E) employ a manager and staff.

(c) BUDGETS AND PLANS.—Such order shall provide for periodic budgets and plans as follows:

(1) BUDGETS.—The Board shall prepare and submit to the Secretary a budget (on a fiscal period basis determined by the Secretary) of the anticipated expenses and disbursements of the Board in the administration of the order, including probable costs of research, promotion, and consumer information. A budget shall take effect on the approval of the Secretary.

(2) PLANS.—Each budget shall include a plan for research, promotion, and consumer information regarding limes. A plan under this paragraph shall take effect on the approval of the Secretary. The Board may enter into contracts and agreements, with the approval of the Secretary, for—

(A) the development and carrying out of such plan; and

(B) the payment of the cost of such plan with funds collected pursuant to this Act.

(d) ASSESSMENTS.—Such order shall provide for the imposition and collection of assessments with regard to the production and importation of fresh limes as follows:

(1) RATE.—The assessment rate shall not exceed $.01 per pound of fresh limes.

(2) COLLECTION BY FIRST HANDLERS.—Except as provided in paragraph (4), the first handler of limes shall—

(A) be responsible for the collection from the producer, and payment to the Board, of assessments under this subsection; and

(B) maintain a separate record of the limes of each producer so handled, including the limes owned by the handler.

(3) PRODUCER-HANDLERS.—For purposes of paragraph (2), a producer-handler shall be

considered the first handler of limes produced by such producer-handler.

(4) IMPORTERS.—The assessment on imported limes shall be paid by the importer at the time of entry into the United States and shall be remitted to the Board.

(5) EXCEPTIONS.—

(A) CERTAIN PERSONS.—The following persons are exempt from an assessment under this subsection—

(i) a producer who produces less than 35,000 pounds of limes per year;

(ii) a producer-handler who produces and handles less than 35,000 pounds of limes per year; and

(iii) an importer who imports less than 35,000 pounds of limes per year

(B) INTRASTATE SHIPMENTS.—Intrastate shipments of limes shall—

(i) be exempt from assessment under this subsection; and

(ii) not be included in the calculation of limes produced or handled for purposes of subparagraph (A).

(6) CLAIMING AN EXEMPTION.—To claim an exemption under paragraph (5) for a particular year, a person shall submit an application to the Board—

(A) stating the basis for such exemption; and

(B) certifying that such person will not exceed the limitation required for such exemption in such year.

(e) USE OF ASSESSMENTS.—

(1) IN GENERAL.—Such order shall provide that funds paid to the Board as assessments under subsection (d) may be used by the Board to—

(A) pay for research, promotion, and consumer information described in the then current budget of the Board under subsection (c) and for other expenses incurred by the Board in the administration of an order;

(B) pay such other expenses for the administration, maintenance, and functioning of the Board as may be authorized by the Secretary;

(C) fund a reserve established under section 6(5); and

(D) pay the administrative costs incurred by the Secretary under this Act after the initial order has been issued.

(2) REFERENDA.—Such order shall provide that the Board shall reimburse the Secretary, from assessments collected under subsection (d), for any expenses incurred by the Secretary in conducting referenda under this Act.

(f) FALSE CLAIMS.—Such order shall provide that any promotion funded with assessments collected under subsection (d) may not make—

(1) any false or unwarranted claims on behalf of limes; and

(2) any false or unwarranted statements with respect to the attributes or use of any product that competes with limes for sale in commerce.

(g) GOVERNMENT INFLUENCE.—Such order shall provide that funds collected through assessments authorized by this Act may not, in any manner, be used for the purpose of influencing governmental policy or action, except for making recommendations to the Secretary as provided for in this Act.

(h) BOOKS, RECORDS, AND REPORTS.—

(1) BY THE BOARD.—Such order shall require the Board—

(A) to maintain books and records with respect to the receipt and disbursement of funds received by the Board;

(B) to submit to the Secretary from time to time such reports as the Secretary may require for appropriate accounting; and

(C) to submit to the Secretary at the end of each fiscal year a complete audit report regarding the activities of the Board during such fiscal year.

(2) BY OTHERS.—So that information and data will be available to the Board and the Secretary that is appropriate or necessary for the effectuation, administration, or enforcement of this Act (or any order or regulation issued under to this Act), such order shall require handlers, producer-handlers, and importers who are responsible for the collection of assessments under subsection (d)—

(A) to maintain and make available for inspection by the Secretary such books and records as may be required by the order; and

(B) to file, at the times, in the manner, and having the content prescribed by the order, reports regarding the collection of such assessments.

(i) CONFIDENTIALITY.—

(1) IN GENERAL.—Such order shall require that all information obtained pursuant to subsection (h)(2) shall be kept confidential by all officers and employees of the Department of Agriculture and of the Board. Only such information as the Secretary considers relevant shall be disclosed and only in a suit or administrative hearing brought at the request of the Secretary or to which the Secretary or any officer of the United States is a party involving the order with respect to which the information was furnished or acquired.

(2) LIMITATIONS.—Nothing in this subsection prohibits—

(A) issuance of general statements based on the reports of a number of handlers, producer-handlers, importers subject to an order, if the statements do not identify the information furnished by any person; or

(B) the publication by direction of the Secretary, of the name of any person violating an order issued under section 4(a), together with a statement of the particular provisions of the order violated by such person.

SEC. 6. PERMISSIVE TERMS AND PROVISIONS.

On the recommendation of the Board and with the approval of the Secretary, an order issued under section 4(a) may—

(1) provide authority to the Board to exempt from such order limes exported from the United States, subject to such safeguards as the Board may establish to ensure proper use of the exemption;

(2) provide that, with respect to any marketing order regulating limes issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, that—

(A) is in effect before the date of the enactment of this Act; and

(B) the Secretary determines is comparable to the program established under this Act;

there shall be paid to the Board as provided in section 5(d) that portion of the assessment under such section that is greater than the assessment, if any, actually paid on the limes pursuant to such other marketing order;

(3) provide authority to the Board to designate different handler payment and reporting schedules to recognize differences in marketing practices and procedures;

(4) provide that the Board may convene from time to time working groups drawn from producers, handlers, producer-handlers, importers, exporters, or the general public to assist in the development of research and marketing programs for limes;

(5) provide authority to the Board to accumulate reserve funds from assessments collected pursuant to section 5(d) to permit an effective and continuous coordinated program of research, promotion, and consumer information, in years in which production and assessment income may be reduced, except that any reserve fund so established may not exceed the amount budgeted for operation for 1 year;

(6) provide authority to the Board to use, with the approval of the Secretary, funds collected under section 5(d) for the development and expansion of lime sales in foreign markets; and

(7) provide for terms and conditions—

(A) incidental to, and not inconsistent with, the terms and conditions specified in this Act; and

(B) necessary to effectuate the other provisions of such order.

SEC. 7. PETITION AND REVIEW.

(a) PETITION.—

(1) IN GENERAL.—A person subject to an order may submit, within a period prescribed by the Secretary, to the Secretary a written petition—

(A) stating that such order, a provision of such order, or an obligation imposed in connection with such order is not in accordance with law; and

(B) requesting a modification of the order or an exemption from the order.

(2) HEARINGS.—A person submitting a petition under paragraph (1) shall be given an opportunity for a hearing on the petition, in accordance with regulations issued by the Secretary.

(3) RULING.—After the hearing, the Secretary shall make a ruling on the petition that shall be subject to review under subsection (b).

(b) REVIEW.—

(1) COMMENCEMENT OF ACTION.—A person aggrieved by a ruling under subsection (a)(3) may obtain a review of such ruling by commencing, within the 20-day period beginning on the date such ruling is made, a civil action in the district court of the United States for the district in which—

(A) such person resides; or

(B) carries on business related to the subject matter of such action.

(2) PROCESS.—Service of process in such civil action may be made on the Secretary by delivering to the Secretary a copy of the complaint.

(3) REMANDS.—If the court determines that the ruling is not in accordance with law, the court shall remand the proceedings to the Secretary with directions—

(A) to make the ruling as the court shall determine to be in accordance with law; or

(B) to take such further proceedings as, in the opinion of the court, the law requires.

(4) ENFORCEMENT.—The pendency of proceedings instituted pursuant to this subsection shall not impede, hinder, or delay the United States or the Secretary from obtaining relief pursuant to section 8.

SEC. 8. ENFORCEMENT.

(a) JURISDICTION.—The district courts of the United States shall have jurisdiction specifically to enforce, and to prevent and restrain any person from violating, an order or regulation issued under this Act.

(b) REFERRAL TO ATTORNEY GENERAL.—The facts relating to any civil action authorized to be brought under this section shall be referred to the Attorney General for appropriate action, except that the Secretary

shall not be required to refer to the Attorney General a violation of this Act if the Secretary believes that the administration and enforcement of the order would be adequately served by administrative action under subsection (c) or suitable written notice or warning to any person committing the violation.

(c) CIVIL PENALTIES AND ORDERS.—

(1) CIVIL PENALTIES.—Any person who violates any provision of any order issued by the Secretary under section 4(a), or who fails or refuses to pay, collect, or remit any assessment or fee duly required of the person under the order, shall be liable to the United States for a civil penalty assessed under subsection (d) in an amount not less than $500 nor more than $5,000 for each violation. Each violation shall be considered as a separate offense.

(2) CEASE AND DESIST ORDERS.—In addition to, or in lieu of, a civil penalty, the Secretary may issue an order under subsection (d) requiring the person to cease and desist from continuing the violations.

(d) ASSESSMENT OR ISSUANCE BY SECRETARY AFTER NOTICE AND HEARING.—A civil penalty payable under subsection (c)(1) may be assessed, and a cease and desist order authorized under subsection (c)(2) may be issued, only by the Secretary on the record after notice and an opportunity for a hearing.

(e) REVIEW BY COURT OF APPEALS.—

(1) COMMENCEMENT OF ACTION.—A person aggrieved by a civil penalty assessed or cease and desist order issued under subsection (d) may obtain review of the penalty or order by—

(A) filing, within the 20-day period beginning on the date such penalty is assessed or order issued, a notice of appeal in—

(i) the court of appeals of the United States for the circuit in which the person resides or carries on business; or

(ii) the United States Court of Appeals for the District of Columbia Circuit; and

(B) simultaneously sending a copy of the notice by certified mail to the Secretary.

(2) RECORD.—As part of the response of the Secretary to a notice under paragraph (1), the Secretary shall file in the court the record on which the civil penalty or cease and desist order is based.

(3) STANDARD OF REVIEW.—The findings of fact made by the Secretary shall be conclusive if supported by substantial evidence in the record taken as a whole.

(f) FAILURE TO OBEY ORDERS.—Any person who fails to obey a cease and desist order after the order has become final and unappealable, or after the appropriate court of appeals has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review under the procedures specified in subsections (d) and (e) of not more than $500 for each offense. Each day during which the failure continues shall be considered as a separate offense.

(g) FAILURE TO PAY ASSESSMENTS.—If any person fails to pay an assessment of a civil penalty after the assessment has become a final and unappealable assessment, or after the appropriate court of appeals has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in an appropriate district court of the United States. In the action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

SEC. 9. INITIAL REFERENDUM.

(a) REQUIREMENT.—Not later than 2 years after the date on which the Secretary first issues an order under section 4(a), the Secretary shall conduct a referendum among producers, producer-handlers, and importers who—

(1) are not exempt from assessment under section 5(d)(5); and

(2) produced or imported limes during a representative period as determined by the Secretary.

(b) PURPOSE OF REFERENDUM.—The referendum referred to in subsection (a) is for the purpose of determining whether the issuance of the order is approved or favored by not less than a majority of the producers, producer-handlers, and importers voting in the referendum. The order shall continue in effect only with such a majority.

(c) CONFIDENTIALITY.—The ballots and other information or reports that reveal, or tend to reveal, the vote of any person under this section, or section 10, shall be held strictly confidential and shall not be disclosed.

SEC. 10. SUSPENSION AND TERMINATION.

(a) FINDING OF SECRETARY.—If the Secretary finds that an order issued under section 4(a), or a provision of such order, obstructs or does not tend to effectuate the purposes of this Act, the Secretary shall terminate or suspend the operation of such order or provision.

(b) PERIODIC REFERENDA.—The Secretary may periodically conduct a referendum to determine if lime producers, producer-handlers, and importers favor the continuation, termination, or suspension of any order issued under section 4(a) and in effect at the time of such referendum.

(c) REQUIRED REFERENDA.—The Secretary shall hold a referendum under subsection (b)—

(1) at the request of the Board;

(2) if not less than 25 percent of the lime producers, producer-handlers, and importers subject to assessment under this Act submit a petition requesting such a referendum; and

(3) whenever the Secretary conducts a referendum regarding limes pursuant to a marketing order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.

(d) VOTE.—The Secretary shall suspend or terminate the order at the end of the marketing year if the Secretary determines that—

(1) the suspension or termination of the order is favored by not less than a majority of those persons voting in a referendum under subsection (b); and

(2) the producers, producer-handlers, and importers comprising this majority produce and import more than 50 percent of the volume of limes produced and imported by those voting in the referendum.●

● Mr. MACK. Mr. President, I am introducing legislation today that will expand the U.S. market for limes.

This legislation will authorize a marketing order to be wholly supported by the lime growers. The objective of the marketing order is to create a self-help program for lime producers to promote and advertise their product. Such a program is permitted by the Agriculutural Marketing Agreement Act of 1937 and similar programs are used by many commodity producing groups in the United States. It is an effective way for producers to expand their markets without Federal supports or subsidies.

Mr. President, it is my hope that this legislation will benefit both lime growers and lime consumers in the United States, and I hope that my colleagues will support this bill.●

By Mr. CRANSTON (by request):

S. 1195. A bill to amend title 38, section 203(b), United States Code, to delete the requirement that settlements of claims in excess of $1 million on a construction contract be provided for specifically in an appropriation law, and to provide instead that the Secretary notify the House and Senate Committees on Appropriations of construction contract claims settlements of more than $1 million; to the Committee on Veterans' Affairs.

DELETING A REQUIREMENT OF APPROVAL FOR CERTAIN VETERANS' AFFAIRS CONSTRUCTION SETTLEMENTS

Mr. CRANSTON. Mr. President, as chairman of the Veterans' Affairs Committee, I have today introduced, by request, S. 1195, to delete a requirement of specific congressional approval for the settlement for certain claims of Department of Veterans' Affairs construction contractors. The Secretary of Veterans' Affairs submitted this legislation by letter dated June 2, 1989, to the President of the Senate.

My introduction of this measure is in keeping with the policy which I have adopted of generally introducing—so that there will be specific bills to which my colleagues and others may direct their attention and comments—all administration-proposed draft legislation referred to the Veterans' Affairs Committee. Thus, I reserve the right to support or oppose the provisions of, as well as any amendment to, this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD at this point, together with the June 2, 1989, transmittal letter and the analysis of the proposed bill.

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

S. 1195

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 203(b) of title 38, United States Code, is amended—

SEC. 2. By striking "and the settlement is provided for specifically in an appropriation law" after "Any funds appropriated to the Department of Veterans Affairs for the purposes of construction may be used for a settlement of more than $1,000,000 on a construction contract only if settlement is audited independently for reasonableness and appropriateness of expenditures" in subsection (b).

SEC. 3. By inserting "The Secretary shall promptly notify the House and Senate Committees on Appropriations, in writing, of such settlements.", after the first sentence of subsection (b).

VETERANS' ADMINISTRATION,
Washington, DC, June 2, 1989.

Hon. DAN QUAYLE,
President of the Senate,
Washington, DC.

DEAR MR. PRESIDENT: There is transmitted herewith a draft bill, "To amend title 38, section 203(b), United States Code, to delete the requirements that settlement of claims in excess of $1,000,000 on a construction contract be provided for specifically in an appropriation law, and to provide instead that the Secretary notify the House and Senate Committees on Appropriations of construction contract claims settlements of more than $1,000,000." It is requested that the bill be referred to the appropriate committee and that it be favorably considered for enactment.

This draft bill would allow the Department of Veterans Affairs (VA) to settle construction contract claims of more than $1,000,000 without obtaining a specific appropriation law by using any funds appropriated to the Department for purposes of construction. The Secretary would, however, notify each committee of the settlement action.

Under the current procedures it has taken up to 1 year or more for construction contract claims to be paid after the date of settlement. Substantial interest charges on the settlement amount accrue during the time it now takes to secure passage of the specific appropriation law. If the requirement for a specific appropriation law were deleted, the delay between settlement and payment of claims would be lessened. In instances where there were sufficient funds in the contract account, the payment would be expeditiously processed within the VA with notification of the settlement to Congress. If the contract does not contain sufficient funds, a reprogramming or request for new budget authority would be necessary. It has been the VA's experience that reprogrammings are acted upon by Congress within 30-45 days. If sufficient funds are not available in the working reserve for reprogramming, new budget authority would be requested to pay the settled claim. Under either process, Congress would continue to participate substantially in the payment of construction contract claims in excess of $1,000,000. However, unlike the current procedures, interest would not necessarily have to accure for an extended period of time if the notification and reprogramming option could be used.

The provision of title 38, section 203(b), United States Code, which requires that settlement cannot be made until the settlement is audited independently for reasonableness and appropriateness of expenditures would remain in effect. Therefore, all settlements would continue to be thoroughly analyzed and evaluated prior to payment.

This proposal would not produce any additional costs if enacted. Although substantial savings are expected to accrue, the amount cannot be determined with specificity because it will depend on unforeseeable factors. These include the number of claims filed, their amounts, the interest rate charged, and the period of time saved between settlement of such claims and their payment.

The Office of Management and Budget has advised that there is no objection to the submission of this draft bill to the Congress from the standpoint of the Administration's program.

Sincerely yours,
EDWARD J. DERWINSKI,
Secretary.

ANALYSIS OF PROPOSED BILL

Section 1 of the draft bill provides that section 203(b) of title 38 shall be amended.

Section 2 of the draft bill would delete the requirement that a settlement of a contract claim in excess of $1,000,000 on a construction contract be provided for specifically in an appropriation law and allow the claim to be paid from any funds appropriated to the Department for purposes of construction. Enactment of this requirement would shorten the time between settlement and payment of such claims, and is expected to result in substantial cost savings through reduced interest charges which accrue on such claims.

Section 3 of the draft bill would add the requirement that the Secretary will promptly notify the House and Senate Committees on Appropriations, in writing, of construction contract claims settlements for more than $1,000,000. This would allow Congress to remain informed of the Department of Veterans Affairs' disposition of such settlements.

By Mr. LEVIN (for himself, Mrs. KASSEBAUM, Mr. SIMON, Mr. KENNEDY, Mr. ADAMS, Mr. BOREN, Mr. BOSCHWITZ, Mr. BURDICK, Mr. LAUTENBERG, Mr. CHAFEE, Mr. COHEN, Mr. CRANSTON, Mr. D'AMATO, Mr. DECONCINI, Mr. DIXON, Mr. DODD, Mr. DURENBERGER, Mr. GORE, Mr. GRAHAM, Mr. HEINZ, Mr. KERRY, Mr. LIEBERMAN, Mr. METZENBAUM, MS. MIKULSKI, Mr. MITCHELL, Mr. MOYNIHAN, Mr. RIEGLE, Mr. ROCKEFELLER, Mr. SARBANES, Mr. SPECTER, Mr. WIRTH, Mr. BRADLEY, Mr. BENTSEN, and Mr. ROBB):

S.J. Res. 157. Joint resolution designating June 16, 1989, as "Soweto Remembrance Day"; to the Committee on the Judiciary.

SOWETO REMEMBRANCE DAY

● Mr. LEVIN. Mr. President, June 16 marks the 13th anniversary of the tragic Soweto uprising. On that day, thousands of black high school students engaged in a peaceful demonstration against a government decree that required Afrikaans, the language of apartheid, to be used in black schools. The demonstration turned ugly when South African police suddenly opened fire, fatally shooting in the back 13-year-old Hector Peterson. The police action touched off further demonstrations by the people of Soweto. But the Government's response was even more police brutality, resulting in the vicious murder of hundreds of people, many of them children. The Government of South Africa reported a death toll of 600. More reliable sources reported over 1,000 killed and thousands more wounded and arrested.

Mr. President, to remind us of this tragedy and in an effort to keep public focus on the deteriorating situation in South Africa, I am today introducing with Senator KASSEBAUM and 32 of our colleagues, a joint resolution designating June 16, 1988, as "Soweto Remembrance Day." The resolution calls on the American people to participate in local activities designed to commemorate the victims of Soweto and to show solidarity with the courageous people of all races in South Africa and throughout the world who are fighting to end the evil of apartheid.

Mr. President, since the declaration of the 1985 state of emergency imposed by the Government of South Africa, more than 40,000 black South Africans, including over 12,000 children, have been detained indefinitely without charge or trial. The Government has also placed approximately 1,000 ex-detainees under virtually banning orders without charge or trial, and has sentenced almost 100 political activists to death.

On Friday, June 16, I hope that we remember Hector Peterson and the countless other South Africans who have died in the hope of creating a better society in South Africa.

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

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

S.J. RES. 157

Whereas on June 16, 1976, the Soweto demonstrations and massacre took place in South Africa;

Whereas on that occasion, more than 1,000 children were brutally murdered, and an additional 5,000 wounded by South African police in one of the worst displays of state-sponsored terrorism of modern times;

Whereas these children were demanding that they be allowed to complete their education in English, and were protesting the government's decision to require that certain subjects be taught in Afrikaans;

Whereas these children were protesting the fact that they were not allowed to be educated in their native language in their land where their families have lived for generations;

Whereas the Republic of South Africa has become even more repressive, causing the deaths of more than 4,000 men, women, and children;

Whereas since the declaration of the 1985 State of Emergency, more then 40,000 black South Africans, including more than 12,000 children, have been detailed indefinitely without charge or trial by the Botha regime;

Whereas the Government of South Africa has placed approximately 1,000 ex-detainees under virtually banning orders without charge or trial, and has sentenced almost 100 political activists to death;

Whereas South Africa's State of Emergency is now in its fourth year, and the government has stated that it has no intention of relinquishing the virtually unlimited powers the State of Emergency confers; and

Whereas the apartheid system and its continued denial of basic human rights and freedoms to the black majority population of the Republic of South Africa offends the sensibilities of freedom-loving people and its repugnant to the ideals which our Nation's founders embraced in the Declaration of Independence, Constitution, and Bill of Rights: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) June 16, 1989, is hereby designated as "Soweto Remembrance Day".

(b) The citizens of the United States are encouraged to participate in local activities designed to commemorate the victims of Soweto and to show solidarity with the courageous people of all races in South Africa and throughout the world who are fighting to end the peril of apartheid.

ADDITIONAL COSPONSORS

S. 135

At the request of Mr. GLENN, the name of the Senator from New Jersey [Mr. LAUTENBERG] was added as a cosponsor of S. 135, a bill to amend title 5, United States Code, to restore to Federal civilian employees their right to participate voluntarily, as private citizens, in the political processes of the Nation, to protect such employees from improper political solicitations, and for other purposes.

S. 169

At the request of Mr. HOLLINGS, the name of the Senator from Hawaii [Mr. MATSUNAGA] was added as a cosponsor of S. 169, a bill to amend the National Science and Technology Policy, Organization, and Priorities Act of 1976 in order to provide for improved coordination of national scientific research efforts and to provide for a national plan to improve scientific understanding of the Earth system and the effect of changes in that system on climate and human well-being.

S. 247

At the request of Mr. METZENBAUM, the names of the Senator from Georgia [Mr. FOWLER] and the Senator from Tennessee [Mr. SASSER] were added as cosponsors of S. 247, a bill to amend the Energy Policy and Conservation Act to increase the efficiency and effectiveness of State energy conservation programs carried out pursuant to such Act, and for other purposes.

S. 355

At the request of Mr. RIEGLE, the names of the Senator from Pennsylvania [Mr. HEINZ], the Senator from Wyoming [Mr. WALLOP], and the Senator from Florida [Mr. MACK] were added as cosponsors of S. 355, a bill to amend the Internal Revenue Code of 1986 to extend through 1992 the period during which qualified mortgage bonds and mortgage credit certificates may be issued.

S. 454

At the request of Mr. ROCKEFELLER, the name of the Senator from Ohio [Mr. METZENBAUM] was added as a cosponsor of S. 454, a bill to provide additional funding for the Appalachian development highway system.

S. 455

At the request of Mr. ROCKEFELLER, the name of the Senator from Ohio [Mr. METZENBAUM] was added as a cosponsor of S. 455, a bill to extend the Appalachian Regional Development Act of 1965 and to provide authorizations for the Appalachian Highway and Appalachian Area Development Programs.

S. 488

At the request of Mr. FOWLER, the names of the Senator from Nevada [Mr. REID] and the Senator from North Dakota [Mr. BURDICK] were added as cosponsors of S. 488, a bill to provide federal assistance and leadership to a program of research, development and demonstration of renewable energy and energy efficiency technologies, and for other purposes.

S. 511

At the request of Mr. INOUYE, the name of the Senator from New Jersey [Mr. LAUTENBERG] was added as a cosponsor of S. 511, a bill to recognize the organization known as the National Academies of Practice.

S. 565

At the request of Mr. CRANSTON, the name of the Senator from Connecticut [Mr. LIEBERMAN] was added as a cosponsor of S. 565, a bill to authorize a new corporation to support State and local strategies for achieving more affordable housing; to increase homeownership; and for other purposes.

S. 566

At the request of Mr. CRANSTON, the name of the Senator from Connecticut [Mr. LIEBERMAN] was added as a cosponsor of S. 566, a bill to authorize a new corporation to support State and local strategies for achieving more affordable housing, to increase homeownership, and for other purposes.

S. 579

At the request of Mr. GLENN, the name of the Senator from California [Mr. WILSON] was added as a cosponsor of S. 579, a bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 to direct the Secretary of Transportation to establish Federal motor vehicle safety standards to require that a schoolbus is equipped with a system of mirrors that provide the driver when seated with an unobstructed view of certain areas under and alongside of the schoolbus, and for other purposes.

S. 771

At the request of Mr. REID, the name of the Senator from Kentucky [Mr. MCCONNELL] was added as a cosponsor of S. 771, a bill to amend the Internal Revenue Code of 1986 to disallow deductions for costs in connection with oil and hazardous substances cleanup unless the requirements of all applicable Federal laws concerning such cleanup are met, and for other purposes.

S. 805

At the request of Mr. MCCLURE, the name of the Senator from South Carolina [Mr. HOLLINGS] was added as a cosponsor of S. 805, a bill to amend the Food Security Act of 1985 to permit certain school districts to receive assistance to carry out the school lunch program in the form of all cash assistance or all commodity letters of credit assistance.

S. 849

At the request of Mr. DASCHLE, the names of the Senator from North Dakota [Mr. BURDICK] and the Senator from Wisconsin [Mr. KASTEN] were added as cosponsors of S. 849, a bill to repeal section 2036(c) of the Internal Revenue Code of 1986, relating to valuation freezes.

S. 918

At the request of Mr. BOREN, the name of the Senator from Delaware [Mr. ROTH] was added as a cosponsor of S. 918, a bill to enable producers of fresh mushrooms to develop, finance, and carry out a nationally coordinated program for fresh mushroom promotion, research, and consumer information, and for other purposes.

S. 1041

At the request of Mr. CONRAD, the name of the Senator from Alabama [Mr. HEFLIN] was added as a cosponsor of S. 1041, a bill to amend the Internal Revenue Code of 1986 to provide tax relief for farmers who realize capital gain on the transfer of farm property to satisfy an indebtedness, and for other purposes.

S. 1067

At the request of Mr. GORE, the names of the Senator from Wisconsin [Mr. KASTEN] and the Senator from North Dakota [Mr. CONRAD] were added as a cosponsor of S. 1067, a bill to provide for a coordinated Federal research program to ensure continued United States leadership in high-performance computing.

S. 1183

At the request of Mr. KENNEDY, the name of the Senator from Wisconsin [Mr. KASTEN] was added as a cosponsor of S. 1183, a bill to provide for certain forms of assistance to Poland and Hungary to encourage the process of democratic reforms in those countries.

SENATE JOINT RESOLUTION 81

At the request of Mr. DIXON, the names of the Senator from West Virginia [Mr. BYRD], the Senator from Tennessee [Mr. SASSER], the Senator from Tennessee [Mr. GORE], the Senator from Colorado [Mr. WIRTH], the Senator from Indiana [Mr. COATS], the Senator from Florida [Mr. GRAHAM], the Senator from Oregon [Mr. PACKWOOD], the Senator from Idaho [Mr. SYMMS], the Senator from Idaho [Mr.

McCLURE], the Senator from Kansas [Mrs. KASSEBAUM], the Senator from Florida [Mr. MACK], and the Senator from California [Mr. WILSON] were added as cosponsors of Senate Joint Resolution 81, a joint resolution to designate the week of October 1 through October 7, 1989, as "National Health Care Food Service Week."

SENATE JOINT RESOLUTION 111

At the request of Mr. CRANSTON, the names of the Senator from Connecticut [Mr. DODD], the Senator from Illinois [Mr. DIXON], the Senator from Washington [Mr. ADAMS], the Senator from Texas [Mr. BENTSEN], the Senator from North Dakota [Mr. BURDICK], the Senator from North Dakota [Mr. CONRAD], the Senator from Tennessee [Mr. GORE], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Connecticut [Mr. LIEBERMAN], the Senator from Ohio [Mr. METZENBAUM], the Senator from Maine [Mr. MITCHELL], the Senator from New York [Mr. MOYNIHAN], the Senator from Virginia [Mr. ROBB], the Senator from New York [Mr. D'AMATO], the Senator from Rhode Island [Mr. CHAFEE], the Senator from Indiana [Mr. LUGAR], the Senator from Wyoming [Mr. SIMPSON], and the Senator from Alaska [Mr. STEVENS] were added as cosponsors of Senate Joint Resolution 111, a joint resolution to designate the week of October 8 through October 14, 1989, as "National Week of Commitment to Helping the Homeless."

SENATE JOINT RESOLUTION 132

At the request of Mr. SASSER, the names of the Senator from Rhode Island [Mr. CHAFEE], the Senator from Delaware [Mr. ROTH], the Senator from Arizona [Mr. DECONCINI], the Senator from California [Mr. CRANSTON], and the Senator from Mississippi [Mr. COCHRAN] were added as cosponsors of Senate Joint Resolution 132, a joint resolution designating September 1 through September 30, 1989, as "National Alcohol and Drug Treatment Month."

SENATE JOINT RESOLUTION 143

At the request of Mr. HUMPHREY, the names of the Senator from Florida [Mr. MACK] and the Senator from Maryland [Mr. SARBANES] were added as cosponsors of Senate Joint Resolution 143, a joint resolution to designate the week of December 10, 1989 through December 16, 1989, as "National Drunk and Drugged Driving Awareness Week."

SENATE RESOLUTION 13

At the request of Mr. DOLE, the names of the Senator from Maine [Mr. COHEN], the Senator from Connecticut [Mr. LIEBERMAN], the Senator from New York [Mr. D'AMATO], and the Senator from Virginia [Mr. ROBB] were added as cosponsors of Senate Resolution 13, a resolution to amend Senate Resolution 28 to implement closed caption broadcasting for hearing-impaired individuals of floor proceedings of the Senate.

SENATE CONCURRENT RESOLUTION 45—RELATING TO A WAIVER OF THE JACKSON-VANIK AMENDMENT WITH RESPECT TO THE SOVIET UNION

Mr. MOYNIHAN (for himself, Mr. MITCHELL, Mr. PACKWOOD, Mr. PELL, Mr. METZENBAUM, Mr. KENNEDY, Mr. BOSCHWITZ, Mr. KERRY, Mr. SIMPSON, Mr. DANFORTH, Mr. CRANSTON, and Mr. LEVIN) submitted the following concurrent resolution; which was referred to the Committee on Finance:

S. CON. RES. 45

Whereas a sustained improvement in the number of citizens allowed to emigrate from the Union of Soviet Socialist Republics is clearly evident in recent months;

Whereas total emigration from the Soviet Union in 1988 exceeded that in any previous year, and the total emigration for the first 4 months of 1989 shows further improvement at an annualized rate of 134,000 persons and an annualized rate of 44,000 for Soviet Jews in particular;

Whereas it is clearly in the interest of all people of the United States to see these positive developments continued;

Whereas it is essential to the continued improvements of these circumstances in the Soviet Union that the United States positively acknowledge the liberalizing reforms that have taken place thus far;

Whereas the trade and financial sanctions (including the denial of nondiscriminatory treatment (MFN treatment)) imposed on the Soviet Union under section 402 of the Trade Act of 1974 (commonly known as the Jackson-Vanik amendment) may be waived if the President—

(1) determines that the waiver will substantially promote freedom of emigration in that country, and

(2) has received assurances that the emigration practices of the country will henceforth lead substantially to such freedom; and

Whereas the Congress anticipates significant Soviet progress on the cases of long-term refuseniks, resolution of the "poor relatives" problem, and strict limits on the "state secrets" restriction on emigration;

Whereas there are adequate safeguards for thereafter revoking such a waiver if the basis on which it is granted no longer obtains; and

Whereas the President has indicated his willingness to grant such a waiver if the Soviet Union codifies its emigration laws in compliance with international standards and implements those laws faithfully: Now, therefore, be it

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

(1) is prepared to support a Presidential waiver of the Jackson-Vanik amendment with respect to the Soviet Union at such time as the President has received appropriate assurances that the Soviet government is firmly on a course toward sustained high levels of emigration and the removal of all unreasonable impediments to or against persons wishing to emigrate; and

(2) will continue to monitor with great interest Soviet efforts to institutionalize its liberalized emigration policy through law and practice.

● Mr. MOYNIHAN. Mr. President, I rise today to offer a concurrent resolution concerning the Jackson-Vanik amendment, and to help reaffirm the vision of Senator Henry M. Jackson of Washington.

Seventeen years have passed since Senator Jackson first proposed "an unprecedented measure to bring the blessings of liberty to these brave men and women who have asked only for the chance to find freedom in a new land."

It took Scoop Jackson 2 long years of painstaking effort to convince the Congress of the United States and eventually the administration to accept his proposition that our national defense should not be divided from the traditional American concern for human rights.

Scoop Jackson was my closest friend in the U.S. Senate. He often said that this legislation would only be deemed a success when the President could exercise the waiver provision.

Today, we will submit a concurrent resolution declaring that the Congress will support such a waiver "at such a time as the President has received the appropriate assurances that the Soviet Government is firmly on a course toward sustained high levels of emigration and removed all unreasonable impediments to or against persons wishing to emigrate."

At the same time, this concurrent resolution states that the Congress will "continue to monitor with great interest the Soviet efforts to institutionalize its liberalized emigration policy through law and practice."

The Soviet Government is well aware of our steadfastness on this issue. In August 1987, I headed a delegation of U.S. Senators who visited the Soviet Union as guests of the Supreme Soviet. We were granted the unusual honor of holding a live-press conference in Moscow at which a Soviet reporter asked when the Jackson-Vanik amendment might be waived. I replied that "anything less than the established and agreed fact by the community involved that those who wish to leave, have left or have serious prospects of leaving, would not warrant any change in our policy."

The increase in Soviet emigration since that time has been dramatic. When we visited Moscow, less than 500 Jews a month were leaving the Soviet Union. During the first 5 months of this year, some 55,000 Soviet citizens, including over 18,000 Jews, were permitted to leave the Soviet Union. Scoop Jackson spoke of an annual rate of 60,000 emigrants a year when he introduced his legislation. At the current rate of emigration the Soviets will be allowing over twice that number of individuals to emigrate during 1989.

The decision to submit today's concurrent resolution was not taken lightly. Members of Congress have consulted with the leadership of the National Conference on Soviet Jewry. We in New York have listened carefully to the sage counsel of our Coalition to Free Soviet Jews whose executive director, Zeesy Schnur, is with us this afternoon. I have spoken to those who worked with Scoop Jackson in formulating his original legislation and yesterday I called our dear friend Helen Jackson in Seattle to discuss this question with her.

Of course, the worldwide struggle for human rights is far from over. We remain deeply concerned about religious freedom within the Soviet Union. We will continue to press these concerns as we enter the long-awaited second phase of the Jackson-Vanik process—a phase that will hopefully lead to the speedy institutionalization of free emigration that we referred to during our Moscow press conference.●

SENATE CONCURRENT RESOLUTION 46—RELATING TO THE TREATMENT OF THE TURKISH MINORITY BY THE GOVERNMENT OF BULGARIA

Mr. DECONCINI submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 46

Whereas the Government of the People's Republic of Bulgaria is a signatory to the 1947 Paris Peace Treaty, the Universal Declaration on Human Rights by the United Nations, and the Helsinki Declaration of the Conference on Security and Cooperation in Europe;

Whereas the Helsinki Accords express the commitment of the participating states to respect the fundamental freedoms of conscience, religion, expression, and emigration, and to guarantee the rights of minorities;

Whereas the 1971 constitution of the People's Republic of Bulgaria declares that fundamental rights will not be restricted because of distinction of national origin, race, or religion, and guarantees monorities the right to study in their mother tongue and freely practice their religion;

Whereas despite its international obligations and constitutional guarantees, the Government of the People's Republic of Bulgaria has taken numerous steps to repress Turkish language and culture, including prohibiting the study of the Turkish language in schools, banning the use of the Turkish language in public, making the receipt and reading of Turkish publications a punishable act, and jamming the reception of Turkish radio and television programs in Bulgaria;

Whereas the right of the ethnic Turkish community to freedom of religion has been severely circumscribed by the Government of the People's Republic of Bulgaria, which has closed a number of mosques and barred the importation of copies of the Koran;

Whereas emigration by ethnic Turks and others has been banned with only a few exceptions;

Whereas beginning in December 1984, the Bulgarian authorities forced the Turkish minority of change their Turkish names to Bulgarian ones, and hundreds of ethnic Turks were killed, injured, or arrested by Bulgarian forces in 1984 and 1985 when they protested this new policy;

Whereas the Bulgarian authorities have used both force and Coercion to resettle ethnic Turks from their local villages to areas in Bulgaria with small Turkish populations;

Whereas in May, 1989, Bulgarian troops and police attacked ethnic Turks and others who were peacefully demonstrating against their discriminatory treatment in Bulgaria;

Whereas hundreds of demonstrators were killed or wounded in these attacks, and hundreds more were arrested; and

Whereas since these demonstrations, the Government of the People's Republic of Bulgaria has forcibly expelled or coerced into emigrating to Turkey thousands of ethnic Turks without either their money or their possessions, often resulting in the separation of families: Now, therefore, be it

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

(1) strongly condemns the brutal treatment of, and blatant discrimination against, the Turkish minority by the Government of the People's Republic of Bulgaria;

(2) calls upon the Bulgarian authorities to immediately cease all discriminatory practices against this community and to release all ethnic Turks and others currently imprisoned because of their participation in nonviolent political acts;

(3) calls upon the Bulgarian Government to honor its obligations and public statements concerning the right of all Bulgarian citizens to emigrate freely; and

(4) urges the President and Secretary of State to make strong diplomatic representations to Bulgaria protesting its discriminatory treatment of its Turkish minority and to raise this issue in all appropriate international fora, including the Conference on Security and Cooperation in Europe meeting on the environment in Sofia, Bulgaria, this year.

● Mr. DECONCINI. Mr. President, as chairman of the Commission on Security and Cooperation in Europe, I am introducing today a resolution condemning Bulgaria's treatment of its ethnic Turkish minority. The resolution calls upon the Bulgarian Government to honor its obligations and public statements concerning the right of all Bulgarian citizens to emigrate freely. It also urges the administration to make strong diplomatic representations to Bulgaria protesting its discriminatory treatment of its Turkish minority and to raise this issue in all international fora, including the Conference on Security and Cooperation in Europe meeting on the environment, which will take place this fall in Sofia, Bulgaria. A similar resolution is being introduced in the House by my distinguished colleagues and friends STEVEN SOLARZ of New York and STENY HOYER, Cochairman of the Commission.

As demands for pluralism and liberalization spread throughout the Soviet Union, the nationalities question is becoming increasingly salient. The world is watching to see how the Soviets will reconcile nationalist aspirations that may threaten the Communist Party's control with the need to decentralize the economy. The world, however, is paying far less attention to the desperate struggle going on in Bulgaria between the Government and the ethnic Turkish community. While the national minorities in the Soviet Union are working to expand their political and civil rights, approximately 1 million ethnic Turks of Bulgaria are fighting to keep the Government from encroaching any further upon their basic human rights.

Since the 1950's, Butgaria has been waging a campaign to assimilate forcibly its ethnic Turkish minority. In the early 1950's, there were more than 1,000 Turkish schools in Bulgaria; there are none today. Similarly, the number of imams, Muslim religious leaders, in Bulgaria exceeded 1,800 in the 1950's; now the number has been whittled down to about 500.

In 1984, the regime accelerated its assimilation campaign, compelling the Turkish-speaking minority, sometimes at gunpoint, to adopt Bulgarian names. Those who refused were imprisoned. In 1985, the Government stated that the restoration of Bulgarian names had been "safely completed."

Despite the implementation of the name change campaign, the Turkish minority has not submitted to Bulgarization. Consequently, the Government continues to institute repressive measures that seek to destroy the community's cultural and religious identity. The use of Turkish language is prohibited and punishable by fine. Most of Bulgaria's mosques have been closed, and Muslim rites such as circumcisions, weddings, and burials are severely restricted or forbidden. Religious education of children is also prohibited and the Koran is not published in Bulgaria nor can it be imported. Restrictions on travel outside of Bulgaria make it virtually impossible for the ethnic Turks to participate in the Hadj, the annual pilgrimage to Mecca which all Muslims are supposed to make at least once in their lifetime.

Those who protest assimilation or attempt to practice Islam beyond very narrow limitations are punished. In reaction to this harsh policy, ethnic Turks participated in demonstrations in Bulgaria last month. These protests were violently dispersed by security forces. Estimates of the casualties go as high as 30 ethnic Turks killed and hundreds wounded.

Since May 25, several thousand members of the Turkish minority have been separated from their families and forcibly deported from Bulgaria, with no warning and no compensation for the property and valuables left behind.

Mr. President, incredibly, the assimilation campaign in Bulgaria has been

29-059 O-90-10 (Pt. 9)

going on since the 1950's without attracting a good deal of attention from the outside world. That was partly because it was difficult to get information from Bulgaria, due to the Government's rigid control of who and what enters and leaves the country. It was also because human rights were not accepted as a legitimate area of international concern, with many countries viewing the issue as a strictly internal affair.

Both of those factors have changed. While information is still sometimes hard to come by in Bulgaria, there are enough reports from Western diplomats and Bulgarian emigres to give us a reliable picture. As for human rights, most of the world community now insists that they are a proper and fitting issue for international scrutiny, comment, and action.

The international community has not been vocal enough in expressing its outrage against Bulgaria's violations of the human rights of its ethnic Turkish citizens. We must do more: the urgency of the Turkish minority's plight demands it; our own sense of humanity requires it.

Mr. President, I ask unanimous consent that the text of my resolution and the June 15, 1989, Washington Post article, entitled "Thousands of Ethnic Turks Deported in Bulgarian Assimilation Campaign," be printed in the RECORD.

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

[From the Washington Post, June 15, 1989]

THOUSANDS OF ETHNIC TURKS DEPORTED IN BULGARIAN ASSIMILATION CAMPAIGN

(By Thomas Golz)

EDIRNE, TURKEY.—Thousands of ethnic Turks uprooted and expelled by Bulgarian authorities are streaming across the border into Turkey as the Sofia government presses its five-year-old draconian campaign to assimilate its large Turkish minority into the Bulgarian cultural mainstream.

The mass deportations are apparently the latest response from Bulgarian authorities to demonstrations by ethnic Turks in recent weeks in protest of assimilation decrees forcing the 900,000-member Turkish minority to accept new identities as "Bulgarian Moslems" and outlawing the use of Turkish names, language and dress.

Deportees and diplomatic sources said that a number of protest demonstrations and other displays of civil disobedience were broken up violently by Bulgarian police and troops, leaving an undetermined number of civilians fatally injured. While Bulgarian officials acknowledge that about a half-dozen civilians had been killed in the bloody crackdown, the London-based human-rights monitoring group Amnesty International put the figure at about 100.

The U.S. State Department has estimated the number of ethnic Turks expelled from Bulgaria since the protest began at more than 3,000 but Turkish border officials say they have accepted at least six or seven times that many, with no end in sight.

The Bulgarian ambassador in Washington has been summoned to the State Department three times recently to hear official protests of his government's actions, and U.S. officials this week canceled a scheduled visit to Washington by a Bulgarian deputy trade minister.

U.S. Embassy officials in Sofia, meanwhile, have requested formal discussions with the Bulgarian government on the issue under human-rights provisions of the multinational Conference on Security and Cooperation, and ambassadors to both the European Community and NATO have been meeting to discuss a possible joint response.

On Tuesday, the State Department issued a new statement condemning "Bulgaria's violent actions against its ethnic Turkish minority." The statement noted that there have been "numerous deaths and injuries." that "tanks have entered villages, and government forces have fired on peaceful demonstrators." It called upon Bulgaria to "cease [such actions] at once."

Bulgaria, which began the assimilation campaign in late 1984 and declared it complete two months later, has long rejected such criticism, maintaining that its so-called ethnic Turkish minority—about 10 percent of the total population—are not Turks at all but Bulgars whose forebears were forced to embrace Islam during the 500 years the region was part of the Ottoman Empire. In March of 1985, Bulgarian officials announced that there was "not one Turk" left in the country, but resistance to the cultural incorporation has persisted, chiefly in large ethnic Turkish communities in the east and south.

Many of the ethnic Turks crossing the border here said they were allowed no more than 24 hours to pack their possessions and leave after being given passports valid only for Turkey. A number said they were obliged to leave property, bank accounts and family members behind in a headlong rush to the border.

"It is theft by the state," said Mehmet Yusufoglu, 47, an electrician who crossed with his medical-student son and a group of other students. "They told me that if I didn't take part in the demonstrations they would let me go, and so I started packing my bags and keeping my head low. I went to the bank and drew out all my savings. Then at the frontier they forced me to leave 3,500 leva ($1,700) at customs and told me I could claim it when I came back, although they knew perfectly well that I never want to see this place again."

Yusufoglu's son, Sefket, said that neither he nor any of his medical-student friends participated in any of the anti-assimilation demonstrations, but that they, too, were being forced out of the country. "If they are kicking out people like myself, it means they intend to kick out all the Turks," he said.

Another deportee, Celattin Kader, said: "I didn't march, I didn't fast. I didn't do anything. My only crime was that I wanted to keep my Turkish name. Well, now I have it."

Under the crush of refugees the area around the border gate at Kapikule looks like it was hit by a tornado. Scattered over three acres lie the detritus of uprooted lives—metal bed frames piled at crazy angles atop dressers and portable clothes cabinets. Here and there exhausted mothers huddle under tents made of carpets and blankets feeding their children, while husbands and brothers roam through the ruins searching for friends and family.

Their stories are monotonous in their Kafkaesque quality. Knocks on the door in the middle of the night, anonymous security men handing out passports to Turks made out to their new Slavic names along with threats that if they weren't used, worse would come.

"There's no one left in our village," said one man from Varna Province near the Black Sea. "We were 500 families on Friday, and they said we all had to go. We left, leaving everything behind.●

SENATE RESOLUTION 145—CONGRATULATING WICHITA STATE UNIVERSITY ON WINNING THE 1989 NCAA BASEBALL CHAMPIONSHIP

Mr. DOLE (for himself and Mrs. KASSEBAUM) submitted the following resolution; which was considered and agreed to:

S. RES. 145

Whereas the Wichita State University baseball team once again battled its way to the College World Series;

Whereas the Shockers from Wichita fought off elimination six times during the tournament despite injuries and having to win their way through the toughest brackets;

Whereas Coach Gene Stephenson and his talented Wichita State Baseball players showed America that "Field of Dreams" isn't only a movie. It's a baseball diamond in Omaha, Nebraska where the indomitable shockers won the College World Series; now, therefore, be it

Resolved, That the United States Senate recognizes and congratulates the Wichita State University baseball team for its thrilling achievement in winning the 1989 NCAA baseball crown.

SENATE RESOLUTION 146—AUTHORIZING THE PRINTING OF ADDITIONAL COPIES OF A COMPILATION OF EULOGIES OF THE LATE SENATOR WARREN G. MAGNUSON

Mr. ADAMS submitted the following resolution; which was considered and agreed to:

S. RES. 146

Resolved, That there shall be printed as a Senate document a collection of statements made in tribute to the late Senator Warren G. Magnuson and published in the Congressional Record, together with appropriate illustrations and other materials relating to his death. In addition to the usual number, there shall be printed, for the use of the Senate, the lesser of 300 copies or such number as does not exceed a cost of $1,200.

AMENDMENTS SUBMITTED

ACT FOR BETTER CHILD CARE SERVICES

MITCHELL (AND OTHERS) AMENDMENT NO. 196

Mr. MITCHELL (for himself, Mr. DODD, Mr. HATCH, Mr. KENNEDY, Mr. CHAFEE, Ms. MIKULSKI, Mr. BYRD, Mr. ROBB, Mr. JEFFORDS, Mr. GORE, Mr.

PELL, Mr. KERREY, Mr. KOHL, Mr. DECONCINI, Mr. DASCHLE, Mr. LIEBERMAN, Mr. KERRY, Mr. MOYNIHAN, Mr. BRYAN, Mr. BIDEN, Mr. INOUYE, Mr. LEVIN, Mr. WIRTH, Mr. SIMON, and Mr. EXON) proposed an amendment to the bill (S. 5) to provide for a Federal program for the improvement of child care, and for other purposes, as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Act for Better Child Care Services of 1989".

(b) TABLE OF CONTENTS.—

TITLE I—CHILD CARE SERVICES

Sec. 101. Short title.
Sec. 102. Findings and purposes.
Sec. 103. Definitions.
Sec. 104. Authorization of appropriations.
Sec. 105. Amounts reserved; allotments.
Sec. 106. Lead agency.
Sec. 107. Application and plan.
Sec. 108. Special rules for use of State allotments.
Sec. 109. Planning grants.
Sec. 110. Continuing eligibility of States.
Sec. 111. State advisory committee on child care.
Sec. 112. Resource and referral programs.
Sec. 113. Training and technical assistance.
Sec. 114. Child care public-private partnership.
Sec. 115. Federal administration of child care.
Sec. 116. Federal enforcement.
Sec. 117. Payments.
Sec. 118. National Advisory Committee on Recommended Child Care Standards.
Sec. 119. Child care standards improvement incentive grant program.
Sec. 120. National study on child care standards.
Sec. 121. Limitations on use of financial assistance for certain purposes.
Sec. 122. Nondiscrimination.
Sec. 123. Preservation of parental rights and responsibilities.
Sec. 124. Child care liability risk retention group.
Sec. 125. Head Start Act authorization of appropriations.

TITLE II—INTERNAL REVENUE CODE PROVISIONS

Sec. 201. Short title.

SUBTITLE A—TAX CREDIT FOR CERTAIN HEALTH INSURANCE PREMIUMS AND CHILD CARE

Sec. 211. Credit for health insurance premium costs.
Sec. 212. Dependent care and health insurance premium credit made refundable.
Sec. 213. Modifications of dependent care credit.
Sec. 214. Study of advance payments.
Sec. 215. Program to increase public awareness.
Sec. 216. Demonstration projects to extend health insurance to children not covered by public or private health programs.

SUBTITLE B—EMPLOYEE BENEFIT NONDISCRIMINATION RULES

Sec. 221. 1-year delay in application of section 89 rules.
Sec. 222. Revision of antidiscrimination rules for certain employee benefit plans for years beginning after 1989.
Sec. 223. Other provisions relating to nontaxable benefits.
Sec. 224. Study of section 89.

SUBTITLE C—OTHER REVENUE PROVISIONS

Sec. 231. Permanent extension of telephone excise tax.
Sec. 232. Estimated tax payments required for S corporations.

TITLE I—CHILD CARE SERVICES

SEC. 101. SHORT TITLE.

This title may be cited as the "Act for Better Child Care".

SEC. 102. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) the number of children living in homes where both parents work, or living in homes with a single parent who works, has increased dramatically over the last decade;

(2) the availability of quality child care is critical to the self-sufficiency and independence of millions of American families, including the growing number of mothers with young children who work out of economic necessity;

(3) high quality child care programs can strengthen our society by providing young children with the foundation on which to learn the basic skills necessary to be productive workers;

(4) the years from birth to age 6 are a critical period in the development of a young child;

(5) a significant number of parents do not have a real choice as they seek adequate child care for their young children because of limited incomes, insufficient State child care standards, and the inadequate supply of child care services in their community;

(6) high quality early childhood development programs provided during such period are cost effective because such programs can reduce the chances of juvenile delinquency and adolescent pregnancy and can improve the likelihood that children will finish high school and become employed;

(7) the number of quality child care arrangements falls far short of the number required for children in need of child care services;

(8) the rapid growth of participation in the labor force by mothers of children under the age of 1 has resulted in a critical shortage of quality child care arrangements for infants and toddlers;

(9) the lack of available child care services results in many preschool and school-age children being left without adequate supervision for significant parts of the day;

(10) many working parents who are unable to afford adequate child care services do not receive adequate financial assistance for such services from employers or public sources;

(11) because of the lack of affordable child care, a large number of parents are not able to work or to seek the training or education they need to become self sufficient;

(12) making adequate child care services available for parents who are employed, seeking employment, or seeking to develop employment skills promotes and strengthens the well-being of families and the national economy;

(13) the payment of the exceptionally low salaries to child care workers adversely affects the quality of child care services by making it difficult to retain qualified staff;

(14) several factors result in the shortage of quality child care options for children and parents, including—

(A) the inability of parents to pay for child care services;

(B) the lack of up-to-date information on child care services;

(C) the lack of training opportunities for staff in child care programs;

(D) the high rate of staff turnover in child care facilities; and

(E) the wide differences among the States in child care licensing and enforcement policies; and

(15) improved coordination of child care services will help to promote the most efficient use of child care resources.

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

(1) to build on and to strengthen the role of the family by seeking to ensure that parents are not forced by lack of available programs or financial resources to place a child in an unsafe or unhealthy child care facility or arrangement;

(2) to promote the availability and diversity of quality child care services to expand child care options available to all families who need such services;

(3) to provide assistance to families whose financial resources are not sufficient to enable such families to pay the full cost of necessary child care services;

(4) to lessen the chances that children will be left to fend for themselves for significant parts of the day;

(5) to improve the productivity of parents in the labor force by lessening the stresses related to the absence of adequate child care services;

(6) to provide assistance to States to improve the quality of, and coordination among, child care programs;

(7) to increase the opportunities for attracting and retaining qualified staff in the field of child care to provide high quality child care services to children; and

(8) to strengthen the competitiveness of the United States by providing young children with a sound early childhood development experience.

SEC. 103. DEFINITIONS.

As used in this title:

(1) ADMINISTRATOR.—The term "Administrator" means the Administrator of Child Care appointed under section 115(a).

(2) CAREGIVER.—The term "caregiver" means an individual who provides a service directly to an eligible child on a person-to-person basis.

(3) CENTER-BASED CHILD CARE PROVIDER.—The term "center-based child care provider" means a child care provider that provides child care services in a nonresidential facility.

(4) CHILD CARE CERTIFICATE.—The term "child care certificate" means a certificate that is issued by the State to parents who may use such certificate only as payment for child care services for an eligible child and that provides to an eligible child care provider a right to payment for such services at the same rate charged by that provider for comparable services to children whose parents are not eligible for certificates under this title or for child care assistance under any other Federal or State program.

(5) COMMUNITY-BASED ORGANIZATION.—The term "community-based organization" has the meaning given such term by section 4(5) of the Job Training and Partnership Act (29 U.S.C. 1503(5)).

(6) ELEMENTARY SCHOOL.—The term "elementary school" means a day or residential school that provides elementary education, as determined under State law.

(7) ELIGIBLE CHILD.—The term "eligible child" means an individual—

(A) who is less than 16 years of age;

(B) whose family income does not exceed 100 percent of the State median income for a family of the same size; and

(C) who—

(i) resides with a parent or parents who are working, seeking employment, or enrolled in a job training or educational program; or

(ii) is receiving, or needs to receive, protective services and resides with a parent or parents not described in clause (i).

(8) ELIGIBLE CHILD CARE PROVIDER.—The term "eligible child care provider" means—

(A) a center-based child care provider, a group home child care provider, a family child care provider, or other provider of child care services for compensation that—

(i) is licensed or regulated under State law;

(ii) satisfies—

(I) the Federal requirements; and

(II) the State and local requirements;

applicable to the child care services it provides; and

(iii) not later than 3 years after the date of enactment of this title, complies with State standards in each of the categories described in section 118(d) that are applicable to the child care services provided by such provider; or

(B) a child care provider that is 18 years of age or older who provides child care services only to an eligible child who is, by affinity or consanguinity, the grandchild, niece, or nephew of such provider, if such provider complies with any State requirements that govern child care provided by relatives.

(9) FAMILY CHILD CARE PROVIDER.—The term "family child care provider" means 1 individual who provides child care services for fewer than 24 hours per day, as the sole caregiver, and in the private residence of such individual.

(10) FAMILY SUPPORT SERVICES.—The term "family support services" means services that assist parents by providing support in parenting and by linking parents with community resources and with other parents.

(11) FULL-WORKING-DAY.—The term "full-working-day" means at least 10 hours per day.

(12) GROUP HOME CHILD CARE PROVIDER.—The term "group home child care provider" means 2 or more individuals who jointly provide child care services for fewer than 24 hours per day and in a private residence.

(13) HANDICAPPING CONDITION.—The term "handicapping condition" means any condition set forth in section 602(a)(1) of the Education of the Handicapped Act (20 U.S.C. 1401(a)(1)) or section 672(1) of the Education of the Handicapped Act (20 U.S.C. 1471(a)).

(14) INDIAN TRIBE.—The term "Indian tribe" has the meaning given it in section 4(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(b)).

(15) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given such term in section 481(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1)), except that with respect to a tribally controlled community college such term has the meaning given it in section 2(a)(5) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(5)).

(16) LEAD AGENCY.—The term "lead agency" means the agency designated under section 106(a).

(17) LOCAL EDUCATIONAL AGENCY.—The term "local educational agency" has the meaning given that term in section 198(a)(10) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2854(a)(10)).

(18) PARENT.—The term "parent" includes a legal guardian or other person standing in loco parentis.

(19) SCHOOL-AGE CHILD CARE SERVICES.—The term "school-age child care services" means child care services that are—

(A) provided during such times of the school day when regular instructional services are not in session; and

(B) not intended as an extension of or replacement for the regular academic program, but are intended to provide an environment which enhances the social, emotional, and recreational development of children of school age;

(20) SECONDARY SCHOOL.—The term "secondary school" means a day or residential school which provides secondary education, as determined under State law.

(21) SECRETARY.—The term "Secretary" means the Secretary of Health and Human Services unless the context specifies otherwise.

(22) SCHOOL FACILITIES.—The term "school facilities" means classrooms and related facilities used to provide education.

(23) SLIDING FEE SCALE.—The term "sliding fee scale" means a system of cost sharing between the State and a family based on income and size of the family.

(24) STATE.—The term "State" means any of the several States, the District of Columbia, the Virgin Islands of the United States, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Marshall Islands, the Federated States of Micronesia, or Palau.

(25) UNIT OF GENERAL PURPOSE LOCAL GOVERNMENT.—The term "unit of general purpose local government" means any city, county, town, township, parish, village, a combination of such general purpose political subdivisions including those in two or more States, or other general purpose political subdivisions of a State.

(26) TRIBAL ORGANIZATION.—The term "tribal organization" has the meaning given it in section 4(c) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(c)).

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

SEC. 104. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—To carry out this title, other than section 122, there are authorized to be appropriated $1,750,000,000 for the fiscal year 1990 and such sums as may be necessary in each of the fiscal years 1991 through 1994.

(b) STANDARDS IMPROVEMENT INCENTIVE GRANT PROGRAM.—Of the amounts appropriated in each of the fiscal years 1993 and 1994 under subsection (a), the Secretary shall make available 10 percent of such amounts in each such fiscal year to make grants under section 119. In no event shall amounts made available under this subsection be less than $35,000,000 nor more than $75,000,000 in each such fiscal year.

(c) CHILD CARE LIABILITY RISK RETENTION GROUP.—

(1) IN GENERAL.—To carry out section 122, there are authorized to be appropriated $100,000,000 for fiscal year 1990.

(2) AMOUNTS TO REMAIN AVAILABLE.—The amounts appropriated pursuant to paragraph (1) shall remain available for assistance to States for fiscal years 1990, 1991, and 1992 without limitation.

SEC. 105. AMOUNTS RESERVED; ALLOTMENTS.

(a) AMOUNTS RESERVED.—

(1) TERRITORIES AND POSSESSIONS.—The Secretary shall reserve not to exceed one half of 1 percent of the amount appropriated under section 104(a) in each fiscal year for payments to Guam, American Samoa, the Virgin Islands of the United States, the Commonwealth of the Northern Mariana Islands, the Marshall Islands, the Federated States of Micronesia, and Palau, to be allotted in accordance with their respective needs.

(2) INDIANS.—The Secretary shall reserve an amount, not less than 1.5 percent and not more than 3 percent of the amount appropriated under section 104(a) in each fiscal year, to carry out subsection (c) regarding Indian children.

(b) STATE ALLOTMENT.—

(1) GENERAL RULE.—From the remainder of the sums appropriated under section 104(a) for each fiscal year, the Secretary shall allot to each State (excluding jurisdictions referred to in subsection (a)(1)) an amount equal to the sum of—

(A) an amount that bears the same ratio to 50 percent of such remainder as the product of the young child factor of the State and the allotment percentage bears to the sum of the corresponding products for all States; and

(B) an amount that bears the same ratio to 50 percent of such remainder as the product of the school lunch factor of the State and the allotment percentage bears to the sum of the corresponding products for all the States.

(2) YOUNG CHILD FACTOR.—The term "young child factor" means the ratio of the number of children in the State who are less than 5 years of age to the number of children in all the States who are less than 5 years of age.

(3) SCHOOL LUNCH FACTOR.—The term "school lunch factor" means the ratio of the number of children in the State who are receiving free or reduced price lunches under the school lunch program established under the National School Lunch Act (42 U.S.C. 1751 et seq.) to the number of children in all the States who are receiving free or reduced price lunches under such program.

(4) ALLOTMENT PERCENTAGE.—

(A) IN GENERAL.—The allotment percentage for a State is determined by dividing—

(i) the per capita income of all individuals in the United States; by

(ii) the per capita income of all individuals in the State.

(B) LIMITATIONS.—If a sum determined under subparagraph (A)—

(i) exceeds 1.2, then the allotment percentage of that State shall be considered to be 1.2; and

(ii) is less than 0.8, then the allotment percentage of the State shall be considered to be 0.8.

(C) PER CAPITA INCOME.—For purposes of subparagraph (A), per capita income shall be—

(i) determined at 2-year intervals;

(ii) applied for the 2-year period beginning on October 1 of the first fiscal year beginning on the date such determination is made; and

(iii) equal to the average of the annual per capita incomes for the most recent period of 3 consecutive years for which satisfactory data are available from the Department of Commerce at the time such determination is made.

(c) PAYMENTS FOR THE BENEFIT OF INDIAN CHILDREN.—

(1) TRIBAL ORGANIZATIONS.—From the funds reserved under subsection (a)(2), the Secretary may, upon the application of a Indian tribe or tribal organization enter into a contract with, or make a grant to such Indian tribe or tribal organization for a period of 3 years, subject to satisfactory performance, to plan and carry out programs and activities that are consistent with this title. Such contract or grant shall be subject to the terms and conditions of section 102 of the Indian Self-Determination Act (25 U.S.C. 450f) and shall be conducted in accordance with sections 4, 5, and 6 of the Act of April 16, 1934 (48 Stat. 596; 25 U.S.C. 655-657), that are relevant to such programs and activities.

(2) INDIAN RESERVATIONS.—In the case of an Indian tribe in a State other than the States of Oklahoma, Alaska, and California, such programs and activities shall be carried out on the Indian reservation for the benefit of Indian children.

(3) STANDARDS.—The Secretary shall establish, through the application process, standards applicable to child care services provided under such programs and activities. For purposes of establishing such standards, the Secretary shall take into consideration—

(A) the codes, regulations, and cultural factors of the Indian tribe involved, as expressed by such tribe or the tribal organization that represents such tribe; and

(B) the State standards, and licensing and regulatory requirements applicable to child care services provided in the State in which such program and activities are carried out.

(4) AVAILABILITY OF STATE CHILD CARE SERVICES.—For the purpose of determining whether to approve an application for a contract or grant under this subsection, the Secretary shall take into consideration the availability of child care services provided in accordance with this title by the State in which the applicant proposes to carry out a program to provide child care services.

(5) RULE OF CONSTRUCTION.—This subsection shall not be construed—

(A) to limit the eligibility of any individual to participate in any program carried out with assistance received under this title by a State; or

(B) to modify any requirement imposed on a State by any provision of this title.

(6) COORDINATION.—To the maximum extent practicable, the applicant for a grant or contract under this subsection and the State in which the applicant is located shall coordinate with each other their respective child care programs and activities, including child care programs and activities carried out with assistance received under this title.

(d) DATA AND INFORMATION.—The Secretary shall obtain from each appropriate Federal agency, the most recent data and information necessary to determine the allotments provided for in subsection (b).

(e) REALLOTMENTS.—

(1) IN GENERAL.—Any portion of the allotment under subsection (b) to a State that the Secretary determines is not required to carry out a State plan approved under section 107(d), in the period for which the allotment is made available, shall be reallotted by the Secretary to other States in proportion to the original allotments to the other States.

(2) LIMITATIONS.—

(A) REDUCTION.—The amount of any reallotment to which a State is entitled to under paragraph (1) shall be reduced to the extent that it exceeds the amount that the Secretary estimates will be used in the State to carry out a State plan approved under section 107(d).

(B) REALLOTMENTS.—The amount of such reduction shall be similarly reallotted among States for which no reduction in an allotment or reallotment is required by this subsection.

(3) AMOUNTS REALLOTTED.—For purposes of any other section of this title, any amount reallotted to a State under this subsection shall be considered to be part of the allotment made under subsection (b) to the State.

(f) DEFINITION.—For the purposes of this section, the term "State" means any of the several 50 States, the District of Columbia, or the Commonwealth of Puerto Rico.

SEC. 106. LEAD AGENCY.

(a) DESIGNATION.—The chief executive officer of a State desiring to participate in the program authorized by this title shall designate, in an application submitted to the Secretary under section 107(a), an appropriate State agency that meets the requirements of subsection (b) to act as the lead agency.

(b) REQUIREMENTS.—

(1) ADMINISTRATION OF FUNDS.—The lead agency shall have the capacity to administer the funds provided under this title to support programs and services authorized under this title and to oversee the plan submitted under section 107(b).

(2) COORDINATION.—The lead agency shall have the capacity to coordinate the services for which assistance is provided under this title with the services of other State and local agencies involved in providing services to children.

(3) ESTABLISHMENT OF POLICIES.—The lead agency shall have the authority to establish policies and procedures for developing and implementing interagency agreements with other agencies of the State to carry out the purposes of this title.

(c) DUTIES.—The lead agency shall—

(1) assess child care needs and resources in the State, and assess the effectiveness of existing child care services and services for which assistance is provided under this title or under other laws, in meeting such needs;

(2) develop a plan designed to meet the need for child care services in the State for eligible children, including infants, preschool children, and school-age children, giving special attention to meeting the needs for services for low-income children, migrant children, children with a handicapping condition, foster children, children in need of protective services, children of adolescent parents who need child care to remain in school, and children with limited English-language proficiency;

(3) develop, in consultation with the State advisory committee on child care established under section 111, the State plan submitted to the Secretary under section 107(b);

(4) hold hearings, in cooperation with such State advisory committee on child care, annually in the State in order to provide to the public an opportunity to comment on the provision of child care services in the State under the proposed State plan;

(5) assist the chief executive officer in making such periodic reports to the Secretary as the Secretary may by rule require;

(6) coordinate the provision of services under this title with—

(A) other child care programs and services, and with educational programs, for which assistance is provided under any State, local, or other Federal law, including the State Dependent Care Development Grants Act (42 U.S.C. 9871 et seq.); and

(B) other appropriate services, including social, health, mental health, protective, and nutrition services, available to eligible children under other Federal, State, and local programs;

(7) as appropriate, identify resource and referral programs for particular geographical areas in the State that meet the requirements of section 112; and

(8) establish in accordance with subsection (d)(1) several local advisory councils that collectively represent the entire geographical area in the State.

(d) LOCAL ADVISORY COUNCILS.—

(1) APPOINTMENT.—Each local advisory council established under subsection (c)(8) shall be composed of individuals who are collectively representative of the local geographical area for which they are appointed and of the ethnic characteristics of the population of such area. Such council shall be composed of individuals appointed from among the following:

(A) Parents of preschool children.

(B) Parents of school-age children.

(C) Individuals who are child care providers.

(D) The heads of Head Start agencies.

(E) The heads of local public agencies that provide social services or human resources.

(F) The heads of local education agencies.

(G) The heads of local public health agencies.

(H) The heads of resource and referral agencies.

(I) Individuals engaged locally in business.

(J) Representatives of units of local purpose government.

(K) Local representatives of nonprofit private organizations that provide funds for social services or human resources.

(L) Representatives of groups that engage in private activities relating to providing child care services.

(2) DUTIES.—Each local advisory council shall—

(A) assess the extent to which there is an unsatisfied need for child care services in the geographical area for which such council is appointed;

(B) submit to the lead agency, not less frequently than biennially, a report identifying the results of the implementation in such area of the State plan included in the application submitted under section 107;

(C) recommend to the lead agency the uses for which assistance received under this subchapter by the State should be expended in such area, and with respect to each such use, the amount of such funds that should be so expended;

(D) advise local child care providers regarding the means to collectively obtain training, supplies, and insurance relating to providing child care services; and

(E) otherwise assist the lead agency, and the State advisory committee on child care established under section 111 to carry out their respective duties.

(3) ADMINISTRATIVE SUPPORT.—The lead agency shall provide to such council such funds, and administrative support services

(including personnel) directly or by contract, as the State determines necessary to enable such council to carry out its duties.

(4) CONFLICTS OF INTEREST.—A member of such council may not cast a vote on any matter that—

(A) may result in a financial benefit to such member; or

(B) under Federal, State, or local law would create or appear to create a conflict of interest if such vote were cast by such member.

(5) PUBLIC AWARENESS OF COUNCIL PARTICIPATION.—The Secretary shall require by rule that residents of each geographical area for which a local advisory council is appointed are informed of the opportunity to be appointed to such council.

SEC. 107. APPLICATION AND PLAN.

(a) APPLICATION.—To be eligible to receive assistance under this title, a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary shall require by rule.

(b) PLAN.—The application of a State submitted under subsection (a) shall include an assurance that the State will comply with the requirements of this title and a State plan that is designed to be implemented during a 3-year period and that meets the requirements of subsection (c).

(c) REQUIREMENTS OF A PLAN.—

(1) LEAD AGENCY.—The State plan contained in the application submitted under subsection (a), shall identify the lead agency designated in accordance with section 106(a).

(2) ADVISORY BODIES.—The plan shall demonstrate that the State will establish in accordance with section 111 a State advisory committee on child care.

(3) POLICIES AND PROCEDURES.—The plan shall set forth policies and procedures designed to ensure all of the following:

(A) That, to the maximum extent practicable—

(i) the parents of each eligible child who will receive child care services for which assistance is provided under paragraph (4) are permitted to select the eligible child care provider that will provide such services to such child; and

(ii) if the State places such child under the methods provided in section 108(a)(1)(A) or (B), the State will attempt to place such child with the eligible child care provider selected by such parents.

(B) That—

(i) all providers of child care services for which assistance is provided under this title comply with all licensing or regulatory requirements (including registration requirements) applicable under State and local law; and

(ii) such requirements are imposed and enforced by the State uniformly on all licensed and regulated child care providers within the same category of care.

This subparagraph shall not be construed to prohibit a State from imposing more stringent standards or requirements on child care providers who provide services for which assistance is provided under this title and who also receive State funds under any other law to provide child care services under a contract or other arrangement with the State.

(C) That procedures will be established to ensure that child care providers receiving assistance under this title or under other publicly-assisted child care programs comply, not later than 3 years after the date of enactment of this title, with State child care standards in each of the categories described in section 118(d) that are applicable to the child care services provided by such providers, and comply with all applicable State and local licensing or regulatory requirements (including registration requirements).

(D) That the State will not—

(i) reduce the categories of child care providers licensed or regulated by the State on the date of enactment of this title; or

(ii) reduce the level of standards applicable to child care services provided in the State and to the matters specified in sections 113(a) and 118(d) unless the State, with the concurrence of the State advisory committee established under section 111, requests a waiver of this subparagraph and demonstrates, to the satisfaction of the Secretary, that the proposed reduction is necessary to increase access to and availability of eligible child care providers and will not jeopardize the health and safety of children.

(E) That funds received under this title by the State will be used only to supplement, not to supplant, the amount of Federal, State, and local funds expended for the support of child care services and related programs in the State, except that States may use existing expenditures in support of child care services to satisfy the State matching requirement under section 117(b), but in no event shall such expenditures be used to satisfy the matching requirements of any other Federal program.

(F) That for each fiscal year the State will use an amount not to exceed 8 percent of the amount of funds received under section 105 by the State for such fiscal year to administer the State plan.

(G) That the State will pay funds under this title to eligible child care providers in a timely fashion to ensure the continuity of child care services to eligible children.

(H) That resource and referral services will be made available to families in the State.

(I) That each eligible child care provider described in section 103(8)(A) who provides services for which assistance is provided under paragraph (4)—

(i) gives priority for provider services to children of families with very low income, taking into account family size, or children with special needs;

(ii) not later than 3 years after the date of enactment of this title, complies with State child care standards in each of the categories described in section 118(d) that are applicable to the child care services provided by such providers;

(iii) if such eligible child care provider is regulated by a State educational agency that—

(I) administers any State law applicable to child care services;

(II) develops child care standards that meet or exceed the State child care standards in each of the categories described in section 118(d) that are applicable to the child care services provided by such providers, and the State licensing or regulatory requirements (including registration requirements); and

(III) enforces the standards described in subclause (II) that are developed by such agency, using policies and practices that meet or exceed the requirements specified in subparagraphs (A) through (K) of paragraph (11);

complies with the standards described in subclause (II) that are developed by such agency; and

(iv) complies with the State plan and the requirements of this title.

(J) That child care services for which assistance is provided under paragraph (4) are available to children with a handicapping condition.

(K) That the State will review existing State regulations to determine if such regulations are appropriate for school-age child care services.

(L) That child care providers in the State are encouraged to develop personnel policies that include compensated time for staff undergoing training required under this title.

(M) Encourage the payment of adequate salaries and other compensation—

(i) to full- and part-time staff of child care providers who provide child care services for which assistance is provided under paragraph (4);

(ii) to the extent practicable, to such staff in other major Federal and State child care programs; and

(iii) to other child care personnel, at the option of the State.

(N) That child care services for which assistance is provided under paragraph (4) are available for an adequate number of hours and days to serve the needs of parents of eligible children, including parents who work nontraditional hours.

(4) CHILD CARE SERVICES.—The plan shall provide that—

(A) subject to subparagraph (B), the State will use at least 70 percent of the amount allotted to the State in any fiscal year to provide child care services that meet the requirements of this title to eligible children in the State on a sliding fee scale basis and using funding methods provided for in section 108(a)(1), with priority being given for services to children of families with very low family incomes, taking into consideration the size of the family, or children with special needs; and

(B) the State will use at least 10 percent of the funds reserved for the purposes specified in subparagraph (A) in any fiscal year to provide for the extension of part-day programs as described in section 108(b).

(5) ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.—The plan shall provide that the State will use not less than 10 percent of the amount allotted to it in any fiscal year to do the following:

(A) Provide financial assistance, pursuant to procedures established under the State Dependent Care Development Grants Act (42 U.S.C. 9801 note), to private nonprofit organizations or public organizations (including units of general purpose local government) that meet the requirements of section 112 for the development, establishment, expansion, operation, and coordination of resource and referral programs specifically related to child care.

(B) Improve the monitoring of compliance with, and enforcement of, the licensing and regulatory requirements (including registration requirements) of the State.

(C) Provide training, technical assistance, and scholarship assistance in accordance with the provisions of subsections (b), (c), and (d) of section 113.

(D) Ensure that adequate salaries and other compensation are paid to full- and part-time staff who provide child care services for which assistance is provided under paragraph (4).

(6) ACTIVITIES TO INCREASE THE AVAILABILITY OF CHILD CARE.—The plan shall provide that the State will use not more than 12 percent of the amount allotted to it in any

fiscal year for any of the following activities:

(A) Making grants or low interest loans to existing and potential family child care providers and nonprofit child care providers to help such providers pay the cost of—

(i) establishing child care programs; and

(ii) making renovations and improvements in existing facilities to be used to carry out such programs.

(B) Making grants or low-interest loans to child care providers to assist such providers in meeting recommended Federal child care standards, or State and local child care standards, giving priority to providers receiving assistance under this title or under other publicly assisted child care programs and which serve children of families that have very low incomes.

(C) Providing funds for the child care public-private partnership activities described in section 114.

(D) Providing assistance for the establishment and operation of after school child care programs.

(E) Providing assistance for the temporary care of children who are sick and unable to attend child care programs in which such children are enrolled.

(F) Providing assistance for the establishment and operation of child care programs for homeless children.

(G) Providing assistance to link child care programs with programs designed to assist the elderly.

(H)(i) Establishing and administering a revolving loan fund from which any person desiring to make capital improvements to the principal residence of such person (within the meaning of section 1034 of the Internal Revenue Code of 1986) may obtain a loan in order to become a licensed or regulated family child care provider, pursuant to State and local law, and to comply with the standards applicable to such providers as established by the State in each of the categories described in section 118(d)(2).

(ii) To permit the use of funds provided under this title for the activity described in clause (i), the State shall set forth procedures and guidelines to carry out the purposes of such clause, including procedures—

(I) that provide assurances that only applicants who with licensed or regulated to operate a child care facility in accordance with the provisions of State and local law and who will meet the State standards applicable to family child care services in each of the categories described in section 118(d)(2), benefit from loans made available pursuant to the provisions of clause (i);

(II) to assure that the revolving fund will be administered by the State and will provide loans to qualified applicants, pursuant to the terms and conditions established by such State, in an amount, determined by such State, that is not in excess of $1,500;

(III) to assure that funds used to carry out the purpose of clause (i) are transferred to such fund to provide capital for making loans;

(IV) to assure that interest and principal payments on loans and any other moneys, property, or assets derived from any action concerning such funds are deposited into such fund;

(V) to assure that all loans, expenses, and payments pursuant to the operation of the revolving loan fund are paid from such fund;

(VI) to assure that loans made from such fund are made to qualified applicants to enable such applicants to make capital improvements so that such applicants are able to become a licensed or regulated family child provider, pursuant to state and local tax and so that such applicants are able to meet the State standards applicable to such providers in each of the categories described in section 118(d)(2); and

(VII) that specify how such revolving loan fund will continue to be financed in subsequent years, such as through contributions by the State or by some other entity.

(I) Providing assistance for any other activity deemed by the State to be in accordance with the purposes of this paragraph.

(7) DISTRIBUTION OF FUNDS.—The plan shall provide that funds will be distributed—

(A) to a variety of types of child care providers, including center-based child care providers, group home child care providers, and family child care providers; and

(B) equitably among child care providers to provide child care services in rural and urban areas.

(8) PAYMENTS.—The plan shall provide that for child care services for which assistance is provided under this title, an eligible child care provider shall have a right to payment at the same rate charged by providers in the State or substate area for comparable services to children of comparable ages and special needs whose parents are not eligible for certificates under this title or for child care assistance under any other Federal or State program.

(9) PRIORITY.—The plan shall provide that priority will be given, in distributing funds in the State, to child care providers that—

(A) in providing child care services assisted by such funds, will give priority to eligible children of families with very low income, or children with special needs;

(B) to the maximum extent feasible, provide child care services to a reasonable mix of children, including children from different socioeconomic backgrounds and children with a handicapping condition;

(C) provide opportunities for parent involvement in all aspects of providing such services; and

(D) to the maximum extent feasible, offer family support services.

(10) SLIDING FEE SCALE.—The plan shall provide for the establishment of a sliding fee scale that requires cost sharing based on the services provided to and the income of the families (adjusted for family size) of eligible children who receive services for which assistance is provided under this title.

(11) PARENTAL INVOLVEMENT.—The plan shall establish procedures for parental involvement in State and local planning, monitoring, and evaluation of child care programs and services in the State.

(12) ENFORCEMENT OF LICENSING AND OTHER REGULATORY REQUIREMENTS (INCLUDING REGISTRATION REQUIREMENTS).—The plan shall provide that the State, not later than 3 years after the date of enactment of this title, shall have in effect enforcement policies and practices that will be applicable to all licensed or regulated child care providers (including child care providers required to register) in the State, including policies and practices that—

(A) require personnel who perform inspection functions with respect to licensed or regulated child care services to have knowledge concerning health and safety, child abuse prevention and detection, program management, and relevant law enforcement practices and policies;

(B) to the maximum extent feasible, have personnel requirements to ensure that individuals who are hired as licensing or regulatory inspectors are qualified to inspect and have inspection responsibility exclusively for children's services;

(C) require—

(i) personnel who perform inspection functions with respect to licensed or regulated child care services to make not less than 1 unannounced inspection of each center-based child care provider in the State annually; and

(ii) personnel who perform inspection functions with respect to licensed or regulated child care services to make periodic, unannounced inspections of all licensed or regulated family child care providers and group home child care providers in the State;

(D) require licensed or regulated child care providers (including registered child care providers) in the State—

(i) to have written program policies and to make a copy of such policies available to parents; and

(ii) to provide parents with unlimited access to their children and to providers caring for their children, during normal hours of operation of such providers and whenever children of such parents are in the care of such providers;

(E) implement a procedure to address complaints that will provide a reasonable opportunity for a parent, or child care provider, that is adversely affected or aggrieved by a decision of the lead agency or any program assisted under this title, to be heard by the State;

(F) prohibit the operator of a child care facility to take any action against an employee of such operator that would adversely affect the employment, or terms or conditions of employment, of such employee because such employee communicates a failure of such operator to comply with any applicable licensing or regulatory requirement;

(G) make consumer education information available to parents and the general public about licensing and regulatory requirements, complaint procedures, and policies and practices required by this paragraph;

(H) make readily available to parents the telephone number of the appropriate licensing or regulatory agency that parents may call regarding a failure of such provider to comply with any applicable licensing or regulatory requirement; and

(I) require the State to maintain a record of parental complaints and to make information regarding substantiated parental complaints available to the public on request.

(13) DATA COLLECTION.—The plan shall provide for the establishment of procedures for data collection by the State designed to show—

(A) by race, sex, ethnic origin, handicapping condition, and family income, how the child care needs of families in the State are being fulfilled, including information on—

(i) the number of children being assisted with funds provided under this title, and under other Federal child care and preschool programs;

(ii) the type and number of child care programs, child care providers, caregivers, and support personnel located in the State;

(iii) the average cost of child care in the State; and

(iv) such other information as the Secretary considers necessary to establish how funds provided under this title are being used;

(B) the extent to which the availability of child care has been increased; and

(C) how the purposes of this title and the objectives of the State set forth in the State plan are being met, including efforts to improve the quality, availability, and accessibility of child care;

and shall provide that data collected by the State under this paragraph shall be submitted to the Secretary.

(d) APPROVAL OF APPLICATION.—The Secretary shall approve an application that satisfies the requirements of this section.

(e) SPECIAL RULE.—Subject to compliance with the standards, licensing, and enforcement requirements of sections 107 and 110, the Secretary shall strongly encourage States to undertake the activities described in subparagraphs (A) and (D) of subsection (c)(5).

SEC. 108. SPECIAL RULES FOR USE OF STATE ALLOTMENTS.

(a) FUNDING OF CHILD CARE SERVICES.—

(1) IN GENERAL.—The child care services referred to in section 107(c)(4) that are to be provided out of the allotment to a State, shall be provided—

(A) by contracts with or grants to eligible child care providers who agree to provide such services directly to eligible children;

(B) by grants to units of general purpose local government, or by contracts to nonprofit private organizations designated by the State, that agree to enter into contracts with eligible child care providers who agree to provide such services directly to eligible children; or

(C) by distributing child care certificates to parents of eligible children under such terms as the Secretary shall prescribe to enable the recipients of such certificates to purchase child care services from eligible child care providers.

(2) LIMITATION ON CERTIFICATES.—Child care certificates authorized by paragraph (1)(C) may be issued by a State only if a resource and referral program carried out by an organization that meets the requirements of section 112 is available to help parents locate child care services made available by eligible child care providers.

(3) NO ENTITLEMENT TO CONTRACT OR GRANT.—Nothing in this title shall be construed to entitle any child care provider or recipient of a child care certificate to any contract, grant or benefit, or to limit the right of any State to impose additional limitations or conditions on contracts or grants funded under this title.

(b) PART-DAY PROGRAMS.—

(1) IN GENERAL.—At least 10 percent of the funds available for activities under section 107(c)(4)(A) shall be used by the State to enable child care providers to extend the hours of operation of the part-day programs described in paragraph (2) to provide full-working-day child care services throughout the year, in order to meet the needs of parents of eligible children.

(2) ELIGIBLE PROGRAMS.—As used in paragraph (1), the term "part-day programs" means—

(A) programs of schools and nonprofit child care providers (including community-based organizations) receiving State or local funds designated for preschool;

(B) programs established under the Head Start Act (42 U.S.C. 9831 et seq.);

(C) preschool programs for which assistance is provided under chapter 1 of the Education Consolidation and Improvement Act of 1981 (20 U.S.C. 3801 et seq.); and

(D) preschool programs for children with a handicapping condition.

(c) FACILITIES.—

(1) NEW FACILITIES.—No financial assistance provided under this title shall be expended for the construction of a new facility.

(2) EXISTING FACILITIES.—No financial assistance provided under this title shall be expended to renovate or repair any facility unless—

(A) the child care provider that receives such financial assistance agrees—

(i) in the case of a grant, to repay to the Secretary or the State, as the case may be, the amount that bears the same ratio to the amount of such grant as the value of the renovation or repair, as of the date such provider ceases to provide child care services in such facility in accordance with this title, bears to the original value of the renovation or repair; and

(ii) in the case of a loan, to repay immediately to the Secretary or the State, as the case may be, the principal amount of such loan outstanding and any interest accrued, as of the date such provider ceases to provide child care services in such facility in accordance with this title;

if such provider does not provide child care services in such facility in accordance with this title throughout the useful life of the renovation or repair; and

(B) if such provider is a sectarian agency or organization, the renovation or repair is necessary to bring such facility into compliance with health and safety requirements imposed by this title.

SEC. 109. PLANNING GRANTS.

(a) IN GENERAL.—A State desiring to participate in the programs authorized by this title that cannot fully satisfy the requirements of the State plan under section 107(b) without financial assistance may, in the first year that the State participates in the programs, apply to the Secretary for a planning grant.

(b) AUTHORIZATION.—The Secretary is authorized to make a planning grant to a State described in subsection (a) if the Secretary determines that—

(1) the grant would enable the State to fully satisfy the requirements of a State plan under section 107(b); and

(2) the State will apply, for the remainder of the allotment that the State is entitled to receive for such fiscal year.

(c) AMOUNT OF GRANT.—A grant made to a State under this section shall not exceed 1 percent of the total allotment that the State would qualify to receive in the fiscal year involved if the State fully satisfied the requirements of section 107.

(d) LIMITATION ON ADMINISTRATIVE COSTS.—A grant made under this section shall be considered to be expended for administrative costs by the State for purposes of determining the compliance by the State with the limitation on administrative costs imposed by section 107(c)(3)(F).

SEC. 110. CONTINUING ELIGIBILITY OF STATES.

A State shall be ineligible for assistance under this title after the expiration of the 3-year period beginning on the date of enactment of this title unless the State demonstrates to the satisfaction of the Secretary that—

(1) the State has established State child care standards in each of the categories described in paragraphs (1), (2), and (3) of section 118(d);

(2) all child care providers required to be licensed or regulated by the State—

(A) are so licensed or regulated; and

(B) are subject to the enforcement provisions referred to in the State plan; and

(3) all such providers who are receiving assistance under this title or under other publicly-assisted child care programs—

(A) satisfy the requirements of subparagraphs (A) and (B) of paragraph (2); and

(B) satisfy the State child care standards in each of the categories described in section 118(d) that are applicable to the child care services provided by such providers.

SEC. 111. STATE ADVISORY COMMITTEE ON CHILD CARE.

(a) ESTABLISHMENT.—The chief executive officer of a State participating in the program authorized by this title shall—

(1) establish a State advisory committee on child care (hereinafter in this section referred to as the "committee") to assist the lead agency in carrying out the responsibilities of the lead agency under this title; and

(2) appoint the members of the committee.

(b) COMPOSITION.—The State committee shall be composed of not fewer than 21 and not more than 30 members who shall include—

(1) at least 1 representative of the lead agency designated under section 106(a);

(2) 1 representative of each of—

(A) the State departments of—

(i) human resources or social services;

(ii) education;

(iii) economic development; and

(iv) health; and

(B) other State agencies having responsibility for the regulation, funding, or provision of child care services in the State;

(3) at least 1 representative of providers of different types of child care services, including caregivers and directors;

(4) at least 1 representative of early childhood development experts;

(5) at least 1 representative of school districts and teachers involved in the provision of child care services and preschool programs;

(6) at least 1 representative of resource and referral programs;

(7) 1 pediatrician;

(8) 1 representative of a citizen group concerned with child care;

(9) at least 1 representative of an organization representing child care employees;

(10) at least 1 representative of the Head Start agencies in the State;

(11) parents of children receiving, or in need of, child care services, including at least 2 parents whose children are receiving or are in need of subsidized child care services;

(12) 1 representative of specialists concerned with children who have a handicapping condition;

(13) 1 representative of individuals engaged in business;

(14) 1 representative of fire marshals and building inspectors;

(15) 1 representative of child protective services; and

(16) 1 representative of units of general purpose local government.

(c) FUNCTIONS.—The committee shall—

(1) advise the lead agency on child care policies;

(2) provide the lead agency with information necessary to coordinate the provision of child care services in the State;

(3) otherwise assist the lead agency in carrying out the functions assigned to the lead agency under section 106(c);

(4) in conjunction with the lead State agency, review and evaluate child services for which assistance is provided under this title or under State law, in meeting the ob-

jectives of the State plan and the purposes of this title;

(5) make recommendations on the development of State child care standards and policies;

(6) participate in the public hearings required under section 106(c)(4); and

(7) perform other functions to improve the quantity and quality of child care services in the State.

(d) MEETINGS AND HEARINGS.—

(1) IN GENERAL.—Not later than 30 days after the beginning of each fiscal year, the committee shall meet and establish the time, place, and manner of future meetings of the committee.

(2) MINIMUM NUMBER OF HEARINGS.—The committee shall have at least 1 public hearing each year at which the public shall be given an opportunity to express views concerning the administration and operation of the State plan.

(e) SUBCOMMITTEE ON LICENSING.—

(1) COMPOSITION.—The committee shall have a subcommittee on licensing (hereinafter in this section referred to as the "subcommittee") that shall be composed of the members appointed under paragraphs (2)(A)(iv), (3), (6), (7), (11), (14), (15), and (16) of subsection (b).

(2) FUNCTIONS.—The subcommittee shall review the law applicable to, and the licensing and regulatory requirements and the policies of, each licensing agency that regulates child care services and programs in the State unless the State has reviewed such law, requirements, and policies in the 3-year period ending on the date of the establishment of the committee under subsection (a).

(f) USE OF EXISTING COMMITTEES OR SUBCOMMITTEES.—To the extent that a State has established broadly representative State advisory groups, prior to the date of enactment of this title, that are comparable to the advisory committee or the subcommittee on licensing described in this section and focused exclusively on child care and early childhood development programs, such State shall be considered to be in compliance with subsections (a) through (c), or (e), as appropriate.

(g) REPORT.—

(1) IN GENERAL.—Not later than 3 years after the date of enactment of this title, the committee shall prepare and submit to the chief executive officer of the State involved a report that meets the requirements of paragraph (2).

(2) CONTENTS OF REPORT.—A report prepared under paragraph (1) shall contain information on child care services provided by center-based child care providers, group home child care providers, and family child care providers, including—

(A) a detailed statement of the findings and recommendations that result from the subcommittee review under subsection (e)(2), including a description of the current status of child care licensing, regulating, monitoring, and enforcement in the State;

(B) a detailed statement identifying and describing the deficiencies in the existing licensing, regulating, and monitoring programs of the State involved, including an assessment of the adequacy of staff to carry out such programs effectively, and recommendations to correct such deficiencies or to improve such programs; and

(C) comments on the relationship between the child care standards of the State and the national recommended child care standards established by the Secretary under section 118(e)(2).

(3) RECEIPT OF REPORT BY THE CHIEF EXECUTIVE OFFICER OF THE STATE.—Not later than 60 days after receiving the report from the committee, the chief executive officer of the State shall transmit such report to the Secretary with—

(A) the comments of the chief executive officer of the State; and

(B) a plan for addressing deficiencies in, or improving the licensing, regulating, and monitoring, of the child care services and programs referred to in subsection (f)(2).

(h) SERVICES AND PERSONNEL.—

(1) AUTHORITY.—The lead agency is authorized to provide the services of such personnel, and to contract for such other services as may be necessary, to enable the committee and the subcommittee to carry out their functions under this title.

(2) REIMBURSEMENT.—Members of the committee shall be reimbursed, in accordance with standards established by the Secretary, for necessary expenses incurred by such members in carrying out the functions of the committee and the subcommittee.

(3) SUFFICIENCY OF FUNDS.—The Secretary shall ensure that sufficient funds are made available, from funds available for the administration of the State plan, to the committee and the subcommittee to carry out the requirements of this section.

SEC. 112. RESOURCE AND REFERRAL PROGRAMS.

(a) ELIGIBILITY FOR ASSISTANCE.—Grants or contracts made or entered into by the State, pursuant to section 107(c)(5)(A), shall be made to, or entered into with, private nonprofit organizations or public organizations (including units of general purpose local government) who shall provide resource and referral services to families in the State.

(b) FUNDING.—Organizations that receive assistance under subsection (a) shall carry out resource and referral programs—

(1) to identify all types of existing child care services, including services provided by individual family child care providers and by child care providers who provide child care services to children with a handicapping condition;

(2) to provide to interested parents information and referral regarding such services, including the availability of public funds to obtain such services;

(3) to provide or arrange for, at the discretion of the State, the provision of information, training, and technical assistance to existing and potential child care providers and to others (including businesses) concerned with the availability of child care services; and

(4) to provide information on the demand for and supply of child care services located in a community.

(c) REQUIREMENTS.—To be eligible for assistance as a resource and referral agency under subsection (a), an organization shall—

(1) have or acquire a database of information on child care services in the State or in a particular geographical area that the organization continually updates, including child care services provided in centers, group home child care settings, nursery schools, and family child care settings;

(2) have the capability to provide resource and referral services in a particular geographical area;

(3) be able to provide parents with information to assist them in identifying quality child care services;

(4) to the maximum extent practicable, notify all eligible child care providers in such area of the functions it performs and solicit such providers to request to be listed to receive referrals made by such organization; and

(5) otherwise comply with regulations promulgated by the State in accordance with subsection (d).

(d) LIMITATION ON INFORMATION.—In carrying out this section, an organization receiving assistance under subsection (a) as a resource and referral agency shall not provide information concerning any child care program or services which are not in compliance with the laws of the State and localities in which such services are provided.

SEC. 113. TRAINING AND TECHNICAL ASSISTANCE.

(a) MINIMUM REQUIREMENT.—A State receiving funds under this title shall require, not later than 3 years after the date of the enactment of this title, that all employed or self-employed individuals who provide licensed or regulated center-based, family and group home child care services (including registered child care services) in a State complete a minimum number of hours of in-service training each year in areas appropriate to the provision of child care services, such as training in health and safety, nutrition, first aid, the recognition of communicable diseases, child abuse detection and prevention, and the needs of special populations of children.

(b) GRANTS AND CONTRACTS FOR TRAINING AND TECHNICAL ASSISTANCE.—

(1) GRANTS AND CONTRACTS.—The State may make grants to, and enter into contracts with State agencies, units of general purpose local government, institutions of higher education, and nonprofit organizations (including resource and referral organizations, child care food program sponsors, and family child care associations, as appropriate) to develop and carry out child care training and technical assistance programs under which preservice and continuing in-service training is provided to eligible child care providers, including family child care providers, and the staff of such providers including teachers, administrative personnel, and staff of resource and referral programs involved in providing child care services in the State.

(2) ELIGIBILITY REQUIREMENTS FOR GRANTS AND CONTRACTS RELATING TO TRAINING FOR FAMILY CHILD CARE PROVIDERS.—To be eligible to receive a grant or enter into a contract for a training and technical assistance program for family child care providers under paragraph (1), a nonprofit organization shall—

(A) recruit and train family child care providers, including providers with the capacity to provide night-time and emergency child care services;

(B) operate resource centers to make developmentally appropriate curriculum materials available to family child care providers;

(C) provide grants to family child care providers for the purchase of moderate cost equipment to be used to provide child care services; and

(D) if appropriate, operate a system of substitute caregivers.

(3) ELIGIBILITY REQUIREMENTS FOR GRANTS AND CONTRACTS RELATING TO TECHNICAL ASSISTANCE.—To be eligible to receive a grant, or enter into a contract under subsection (b) to provide technical assistance, an agency, organization, or institution shall agree to furnish technical assistance to child care providers to assist such providers—

(A) in understanding and complying with local regulations and relevant tax and other policies;

(B) in meeting State licensing, regulatory, and other requirements (including registra-

tion) pertaining to family child care providers.

(c) SCHOLARSHIP ASSISTANCE.—The State may provide scholarship assistance to—

(1) individuals who seek a nationally recognized child development associate credential for center-based or family child care in amounts sufficient to cover the costs involved in securing such credential; and

(2) caregivers who seek to obtain the training referred to in subsection (a) and whose income does not exceed such poverty line.

(d) CLEARINGHOUSE FUNCTION.—The State shall establish in the lead agency a clearinghouse function to collect and disseminate training materials to resource and referral agencies and child care providers throughout the State.

SEC. 114. CHILD CARE PUBLIC-PRIVATE PARTNERSHIP.

(a) ACTIVITIES AUTHORIZED.—Each State using funds as described in section 107(c)(6)(C) shall design activities conducted with such funds to encourage businesses in the State to support or provide child care services to a reasonable mix of children, including children from different socioeconomic backgrounds, and children of employees and nonemployees. Such activities may include—

(1) disseminating information relating to—

(A) model child care programs appropriate for implementation by such businesses;

(B) flexible employee work schedules; and

(C) other technical assistance that would enable employers to establish and operate child care programs;

(2) making grants or loans on a competitive basis to assist employers in establishing innovative child care programs;

(3) establishing a demonstration program under which grants are made to local nonprofit private organizations to improve and expand child care services in cooperation with employees who contribute to the cost of such improvement or expansion;

(4) making grants to non-profit business organizations to provide technical information and assistance to enable employers to develop and operate child care services; and

(5) encouraging such businesses to participate in resource and referral activities carried out by organizations recognized under section 112.

(b) DUTIES OF STATE.—In carrying out the activities described in subsection (a), the State shall—

(1) consult with the State advisory committee on child care established under section 111;

(2) provide outreach to businesses participating in such activities; and

(3) encourage such businesses to contribute to the cost of carrying out such activities.

(c) BUSINESS PARTNERSHIP TASK FORCE.—The State may carry out subsection (a) in consultation with—

(1) a business task force appointed by the State from among representatives of businesses of various sizes in the State; and

(2) a state entity that administers laws relating to productive economic development.

(d) PRESIDENT'S AWARD FOR PROGRESSIVE MANAGEMENT POLICY.—

(1) ESTABLISHMENT AND AWARD.—

(A) IN GENERAL.—There is established the President's Award for Progressive Management Policy to honor public and private sector employers who have—

(i) successfully implemented in their businesses family-oriented personnel programs and policies responsive to the child care needs of working parents; or

(ii) made significant contributions to child care projects in their communities.

(B) CITATION.—The President's Award for Responsive Management Policy shall consist of a certificate, plaque, or other appropriate citation.

(2) NOMINATION AND SELECTION.—

(A) NOMINATIONS.—Each year the President, acting through the Secretary of Labor, shall solicit nominations for the President's Award for Responsive Management Policy from State and local elected officials, educational institutions, State-based employee or business associations, or other State or local entities.

(B) RECIPIENTS.—The President, in conclusion with the Secretary of Labor, shall select not less than 3 such nominees from each State to receive the President's Award for that year.

(C) REPRESENTATION.—Of the nominees selected from each State to receive such awards, at least 1 shall represent—

(i) a small business;

(ii) an intermediate-size business; and

(iii) a large business.

(3) PRESENTATION.—The President shall present the President's Award each year with such ceremonies as the President may consider proper.

(4) REGULATIONS.—The Secretary of Labor shall promulgate such regulations as are necessary to carry out the provisions of this section.

SEC. 115. FEDERAL ADMINISTRATION OF CHILD CARE.

(a) ADMINISTRATOR OF CHILD CARE.—There is hereby established in the Department of Health and Human Services the position of Administrator of Child Care (hereinafter in this section referred to as the "Administrator"). The Secretary shall appoint an individual to serve as the Administrator at the pleasure of the Secretary.

(b) DUTIES.—The Administrator shall—

(1) coordinate all activities of the Department of Health and Human Services relating to child care, and coordinate such activities with similar activities of other Federal entities;

(2) annually collect and publish State child care standards, including periodic modifications to such standards;

(3) evaluate activities carried out with funds provided under this title;

(4) act as a clearinghouse to collect and disseminate materials that relate to—

(A) the child care training and technical assistance programs described in section 113(b)(1); and

(B) studies that relate to the salaries paid to individuals employed to provide child care services; and

(5) provide technical assistance to assist States to carry out this title.

SEC. 116. FEDERAL ENFORCEMENT.

(a) REVIEW OF COMPLIANCE WITH STATE PLAN.—The Secretary shall review and monitor State compliance with this title and the plan approved under section 107(d) for the State.

(b) NONCOMPLIANCE.—

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

(A) there has been a failure by the State to comply substantially with any provision or any requirements set forth in the plan approved under section 107(d) for the State; or

(B) in the operation of any program or project for which assistance is provided under this title there is a failure by the State to comply substantially with any provision of this title;

the Secretary shall notify the State of the finding and that no further payments may be made to such State under this title (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 such program or activity) until the Secretary is satisfied that there is no longer any such failure to comply or that the noncompliance will be promptly corrected.

(2) ADDITIONAL SANCTIONS.—In the case of a finding of noncompliance made pursuant to this paragraph (1), the Secretary may, in addition to imposing the sanctions described in such paragraph, impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this title, and disqualification from the receipt of financial assistance under this title.

(3) NOTICE.—The notice required under paragraph (1) shall include a specific identification of any additional sanction being imposed under paragraph (2).

(c) ISSUANCE OF RULES.—The Secretary shall establish by rule procedures for—

(1) 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 title; and

(2) imposing sanctions under this section.

SEC. 117. PAYMENTS.

(a) IN GENERAL.—

(1) AMOUNT OF PAYMENT.—Each State that—

(A) has an application approved by the Secretary under section 107(d); and

(B) demonstrates to the satisfaction of the Secretary that it will provide from non-Federal sources the State share of the aggregate amount to be expended by the State under the State plan for the fiscal year for which it requests a grant;

shall receive a payment under this section for such fiscal year in an amount (not to exceed its allotment under section 105 for such fiscal year) equal to the Federal share of the aggregate amount to be expended by the State under the State plan for such fiscal year.

(2) FEDERAL SHARE.—

The Federal share for each fiscal year shall be 80 percent.

(3) STATE SHARE.—The State share equals 100 percent minus the Federal share.

(4) LIMITATION.—A State may not require any private provider of child care services that receives or seeks funds made available under this title to contribute in cash or in kind to the State contribution required by this subsection.

(b) METHOD OF PAYMENT.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary may make payments to a State in installments, and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments, as the Secretary may determine.

(2) LIMITATION.—The Secretary may not make such payments in a manner that prevents the State from complying with the requirement specified in section 107(c)(3)(F).

(c) SPENDING OF FUNDS BY STATE.—Payments to a State from the allotment under section 105 for any fiscal year may be expended by the State in that fiscal year or in the succeeding fiscal year.

SEC. 118. NATIONAL ADVISORY COMMITTEE ON RECOMMENDED CHILD CARE STANDARDS.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—In order to improve the quality of child care services, the Secretary shall establish, not later than 60 days after the date of the enactment of this title, a National Advisory Committee on Recommended Child Care Standards (hereinafter in this section referred to as the "Committee"), the members of which shall be appointed from among representatives of—

(A) the chief executive officers of the several States;

(B) State legislatures;

(C) units of general purpose local governments;

(D) businesses;

(E) individuals responsible for regulating the insurance industry within the States;

(F) religious institutions;

(G) different types of child care providers;

(H) persons who carry out resource and referral programs;

(I) child care, early childhood development, or early childhood education specialists;

(J) individuals who have expertise in pediatric health care, handicapping conditions, and related fields;

(K) organizations representing child care employees;

(L) individuals who have experience in the regulation of child care services; and

(M) parents who have been actively involved in community child care programs.

(2) APPOINTMENT OF MEMBERS.—The Committee shall be composed of 20 members of which—

(A) 4 members shall be appointed by the President;

(B) 4 members shall be appointed by the majority leader of the Senate;

(C) 4 members shall be appointed by the minority leader of the Senate;

(D) 4 members shall be appointed by the Speaker of the House of Representatives; and

(E) 4 members shall be appointed by the minority leader of the House of Representatives.

(3) CHAIRMAN.—The President shall appoint a chairman from among the members of the Committee.

(4) VACANCIES.—A vacancy occurring on the Committee shall be filled in the same manner as that in which the original appointment was made.

(b) PERSONNEL, REIMBURSEMENT, AND OVERSIGHT.—

(1) PERSONNEL.—The Secretary shall make available to the Committee office facilities, personnel who are familiar with child development and with developing and implementing regulatory requirements, technical assistance, and funds as are necessary to enable the Committee to carry out effectively its functions.

(2) REIMBURSEMENT.—

(A) COMPENSATION.—Members of the Committee who are not regular full-time employees of the United States Government shall, while attending meetings and conferences of the Committee or otherwise engaged in the business of the Committee (including traveltime), be entitled to receive compensation at a rate fixed by the Secretary, but not exceeding the rate specified at the time of such service under GS-18 of the General Schedule established under section 5332 of title 5, United States Code.

(B) EXPENSES.—While away from their homes or regular places of business on the business of the Committee, such members may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in the Government service.

(3) OVERSIGHT.—The Secretary shall ensure that the Committee is established and operated in accordance with the Federal Advisory Committee Act (5 U.S.C. App.).

(c) FUNCTIONS.—The Committee shall—

(1) review Federal policies with respect to child care services and such other data as the Committee may determine appropriate;

(2) not later than 180 days after the date on which a majority of the members of the Committee are first appointed, submit to the Secretary proposed recommended standards, as described in subsection (d), for child care services, taking into account the different needs of infants, toddlers, preschool and school-age children; and

(3) develop and make available to lead agencies, for distribution to resource and referral agencies in the State, model requirements for resource and referral agencies.

(d) RECOMMENDED CHILD CARE STANDARDS.—The proposed child care standards submitted by the Committee pursuant to subsection (c)(2) and the child care standards issued by the Secretary pursuant to subsection (e) shall be recommended standards and shall consist of only the following:

(1) CENTER-BASED CHILD CARE SERVICES.—Such standards submitted with respect to child care services provided by center-based child care providers shall be limited to—

(A) group size limits in terms of the number of caregivers and the number and ages of children;

(B) the maximum appropriate child-staff ratios;

(C) preservice qualifications and background of child care personnel;

(D) requirements for inservice training in areas appropriate to the provision of such child care services, including a minimum number of training hours requirement;

(E) health and safety requirements for children and caregivers, including requirements for—

(i) the prevention and control of infectious diseases (including immunization and handwashing procedures);

(ii) injury prevention, control and treatment;

(iii) building and physical premises safety;

(iv) general health and nutrition;

(v) children with special needs; and

(vi) prevention of child abuse; and

(F) requirements for parental involvement in licensed and regulated child care services.

(2) FAMILY CHILD CARE SERVICES.—Such standards submitted with respect to child care services provided by family child care providers shall be limited to—

(A) the maximum number of children for which child care services should be provided and the maximum number of infants for which child care services should be provided;

(B) the minimum age for caregivers;

(C) requirements for inservice training in areas appropriate to the provision of such child care services, including a minimum number of training hours requirement; and

(D) health and safety requirements for children and caregivers, including those described in paragraph (1)(E), as appropriate for family child care services.

(3) GROUP HOME CHILD CARE SERVICES.—Such standards submitted with respect to child care services provided by group home child care providers shall be limited to the matters specified in paragraphs (1)(B) and (2).

(4) LIMITATION.—The Committee shall not submit any standard under subsection (c)(2) and the Secretary shall not establish any standard under subsection (e) that is less or more rigorous than the least or most rigorous standard that exists in any of the States at the time of the submission or establishment of such recommendation.

(e) CONSIDERATION AND ESTABLISHMENT OF RECOMMENDED STANDARDS.—

(1) NOTICE OF PROPOSED RULEMAKING.—Not later than 90 days after receiving the recommendations of the Committee, the Secretary shall—

(A) publish in the Federal Register for public comment for a period of at least 60 days—

(i) the proposed recommended standards of the Committee submitted under subsection (c)(2); and

(ii) the proposed recommended standards of the Secretary; and

(B) distribute the proposed recommended standards of the Committee and the proposed recommended standards of the Secretary to each lead agency and each State subcommittee on licensing for comment.

(2) ESTABLISHMENT OF RECOMMENDED CHILD CARE STANDARDS.—

(A) ISSUANCE OF RULES.—The Secretary shall—

(i) take into consideration any comments received by the Secretary with respect to the standards published under paragraph (1); and

(ii) not later than 180 days after publication of such standards, issue rules establishing recommended child care standards for purposes of this title. Such standards shall include the nutrition requirements issued, and revised from time to time, under section 117(g)(1) of the National School Lunch Act (42 U.S.C. 1766(g)(1)).

(B) AMENDING STANDARDS.—The Secretary may amend any standard first established under subparagraph (A), except that such standard may not be modified, by amendment or otherwise, to make such standard less comprehensive or less stringent than it is when first established.

(C) EXTENDED PERIOD FOR COMMENT.—If the Secretary proposes a recommended standard under paragraph (2) that no State has a requirement concerning, as of the time that such standard is recommended, the Secretary shall provide an additional 30 days during which States may submit comments concerning such standard.

(3) ADDITIONAL COMMENTS.—The National Committee may submit to the Secretary and to the Congress such additional comments on the recommended child care standards established under paragraph (2) as the National Committee considers appropriate.

(f) TERMINATION OF COMMITTEE.—The National Committee shall cease to exist 90 days after the date the Secretary establishes recommended child care standards under subsection (e)(2).

SEC. 119. CHILD CARE STANDARDS IMPROVEMENT INCENTIVE GRANT PROGRAM.

(a) ESTABLISHMENT.—Not later than 3 years after the date of enactment of this title, the Secretary shall establish a child care standards improvement incentive grant program to make grants to eligible States to assist such States in improving State child care standards in the categories described in section 118(d).

(b) ELIGIBLE STATES.—To be eligible to receive a grant under this section a State shall prepare and submit to the Secretary an application in accordance with subsection (c).

(c) APPLICATION.—To be eligible to receive a grant under this section, a State shall prepare, and submit to the Secretary, an application at such time, in such form, and containing such information as the Secretary shall require, including—

(1) a certification that the State has consulted with the licensing subcommittee of the State in preparing the application and has provided an opportunity for public comment on such;

(2) an assurance that the State will meet the matching requirements of subsection (g);

(3) information that shall—

(A) describe the present level of child care standards that are in effect in such State;

(B) describe the prospective use of such grant; and

(C) describe the expected improvement in the child care standards of the State;

(4) an assurance that the State will use any amounts received under a grant under this section to specifically improve its child care standards; and

(5) any other information that the Secretary determines appropriate.

(d) CONSIDERATION AND AWARDING OF GRANTS BY SECRETARY.—

(1) INITIAL GRANTS.—The Secretary shall consider applications submitted by the States under subsection (c), and shall award the initial grants under this section to States on a competitive basis after considering the following criteria—

(A) the relative quality of the existing child care standards of the State as described in the application in comparison to such standards of other States that submit applications;

(B) the level of child care standards that the State desires to adopt and the State plans for achieving this improved level of standards; and

(C) the relative fiscal capacity of the State in comparison to that of other States that submit applications.

(2) SUBSEQUENT GRANTS.—In determining whether a State that submits an application under subsection (c) for subsequent grant under this section after the expiration of the previous grant, the Secretary shall award such grant based on the compliance of the State with the application for the previous grant. The Secretary may award a subsequent grant to a State that has not complied with such application of the State if the Secretary determines that factors beyond the control of the State significantly contributed to such non-compliance.

(e) USE OF GRANTS.—

(1) IN GENERAL.—States that receive grants under this section shall use amounts provided under such grants to specifically carry out the State application for improving its child care standards, as submitted by the State under subsection (c).

(2) SPECIFIC USES.—In meeting the requirement of paragraph (1), a State may use such amounts for any of the activities described in section 107(c)(5) if such activities are directly related to the State application for improving its child care standards.

(f) ADMINISTRATIVE PROVISIONS.—

(1) TERM OF GRANTS.—Grants made under this section shall be for a 2-year period with no State receiving more than three consecutive grants.

(2) TRANSFER OF FUNDS.—The Secretary may transfer funds made available for grants under this section to the amounts made available for allotments under section 105(b) if the Secretary determines that there is an insufficient number of qualified applications for grants under this section to utilize the entire amount of funds made available for such grants.

(3) TERMINATION.—The grant program established under this section shall terminate 8 years after the date of enactment of this title, or on the date on which funds are no longer appropriated under section 104(a), whichever occurs first.

(g) MATCHING REQUIREMENT.—

(1) IN GENERAL.—Each State that receives a grant under this section shall provide from non-Federal sources the State share of the aggregate amount of the grant.

(2) FEDERAL SHARE.—The Federal share for each fiscal year shall be 80 percent.

(3) STATE SHARE.—The State share equals 100 percent minus the Federal share.

(4) LIMITATION.—A State may not require any private provider of child care services that receives or seeks funds made available under this title to contribute in cash or in kind to the State contribution required by this subsection.

SEC. 120. NATIONAL STUDY ON CHILD CARE STANDARDS.

(a) IN GENERAL.—Not later than 4 years after the date of enactment of this title, the Secretary, in consultation with the Office of Technology Assessment, shall conduct a national study on child care standards that is based on the data collected by the States under section 107(c)(13) and the State reports submitted under section 111, and shall prepare and submit, to the appropriate Committees of Congress a report concerning such study.

(b) CONTENTS.—The report submitted under subsection (a) shall contain—

(1) an assessment of the compliance of the States with the requirement described in section 110 that the States have in place, not later than 3 years after the date of enactment of this title, State standards in each of the categories described in section 118(d);

(2) an assessment of the propriety of the recommendations of the National Advisory Committee on Recommended Child Care Standards and a summary of the level of standards in each State in relation to such recommendations;

(3) an assessment of the progress of the States and the activities undertaken by the States since the date of enactment of this title to meet the recommended child care standards; and

(4) recommendations for Congress concerning efforts that should be undertaken to further improve the access of the public to quality and affordable child care in the United States.

SEC. 121. LIMITATIONS ON USE OF FINANCIAL ASSISTANCE FOR CERTAIN PURPOSES.

(a) SECTARIAN PURPOSES AND ACTIVITIES.—No financial assistance provided under this title shall be expended for any sectarian purpose or activity, including sectarian worship and instruction, except that this subsection shall not apply to funds received by any eligible provider resulting from the distribution of a child care certificate to a parent under section 108(a)(1)(C). Financial assistance provided under this title shall not be expended in a manner inconsistent with the Constitution.

(b) TUITION.—With regard to services provided to students enrolled in grades 1 through 12, no financial assistance provided under this title shall be expended for—

(1) any services provided to such students during the regular school day;

(2) any services for which such students receive academic credit toward graduation; or

(3) any instructional services which supplant or duplicate the academic program of any public or private school.

SEC. 122. NONDISCRIMINATION.

(a) FEDERAL FINANCIAL ASSISTANCE.—Any financial assistance provided under this title, including a loan, grant, or child care certificate, shall constitute Federal financial assistance for purposes of title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), title IX of the Education Amendments of 1972 (20 U.S.C. 1681, et seq.), the Rehabilitation Act of 1973 (29 U.S.C. 794 et seq.), the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.), and the regulations issued thereunder.

(b) RELIGIOUS DISCRIMINATION.—

(1) IN GENERAL.—Nothing in this section shall be construed to modify or affect the provisions of any other Federal law or regulation that relates to discrimination in employment on the basis of religion, except as provided herein.

(2) DISCRIMINATION AGAINST CHILD.—

(A) IN GENERAL.—A child care provider that receives assistance under this title shall not discriminate against any child on the basis of religion in providing child care services.

(B) NON-FUNDED CHILD CARE SLOTS.—Nothing in this section shall prohibit a child care provider from selecting children for child care slots that are not funded directly with assistance provided under this title because such children or their family members participate on a regular basis in other activities of the organization that owns or operates such provider.

(3) EMPLOYMENT IN GENERAL.—

(A) PROHIBITION.—A child care provider that receives assistance under this title shall not discriminate in employment on the basis of the religion of the prospective employee if such employee's primary responsibility is or will be working directly with children in the provision of child care services.

(B) QUALIFIED APPLICANTS.—If two or more prospective employees are qualified for any position with a child care provider receiving assistance under this title, nothing in this section shall prohibit such child care provider from employing a prospective employee who is already participating on a regular basis in other activities of the organization that owns or operates such provider.

(C) PRESENT EMPLOYEES.—This paragraph shall not apply to employees of child care providers receiving assistance under this title if such employees are employed with the provider on the date of enactment of this title.

(4) EMPLOYMENT AND ADMISSION PRACTICES.—Notwithstanding paragraphs (2) and (3), if assistance provided under this title, and any other Federal or State program, amounts to 80 percent or more of the operating budget of a child care provider that receives such assistance, the Secretary shall not permit such provider to receive any further assistance under this title unless the grant or contract relating to the financial assistance, or the employment and admissions policies of the provider, specifically provides that no person with responsibilities in the operation of the child care program, project, or activity of the provider will discriminate against any individual in employment, if such employee's primary responsibility is or will be working directly with children in the provision of child care, or admis-

sions because of the religion of such individual.

(5) SEVERABILITY.—If any provision of this section or the application thereof to any individual or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this title which can be given effect without regard to the invalid provision or application, and to this end the provisions of this section shall be severable.

SEC. 123. PRESERVATION OF PARENTAL RIGHTS AND RESPONSIBILITIES.

Nothing in this title shall be construed or applied in any manner to infringe upon or usurp the moral and legal rights and responsibilities of parents or legal guardians.

SEC. 124. CHILD CARE LIABILITY RISK RETENTION GROUP.

(a) PURPOSE.—It is the purpose of this section—

(1) to increase the availability of child care by alleviating the serious difficulty faced by child care providers in obtaining affordable liability insurance; and

(2) to provide States with a sufficient capital base for liability insurance purposes that may be increased or maintained through mechanisms developed by the State.

(b) FORMATION OF CHILD CARE LIABILITY RISK RETENTION GROUP.—

(1) ASSISTANCE IN FORMATION AND OPERATION OF GROUP.—Any State may assist in the establishment and operation of a child care liability risk retention group in the manner provided under this section.

(2) CHILD CARE LIABILITY RISK RETENTION GROUP DEFINED.—As used in this section, the term "child care liability risk retention group" means any corporation (or other limited liability association)—

(A) whose members are licensed or regulated child care providers pursuant to State and local law and who, not later than 3 years after the date of enactment of this title, comply with State child care standards in each of the categories described in section 118(d) that are applicable to the child care services provided by such members; and

(B) which otherwise satisfies the criteria for a risk retention group under section 2(4) of the Liability Risk Retention Act of 1986 (15 U.S.C. 3901(4)).

(c) STATE APPLICATIONS.—

(1) APPLICATIONS.—To qualify for assistance under this section, a State shall submit an application to the Secretary, at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require, including information that meets the requirements of subsection (b) of this section.

(2) CONTENT OF STATE APPLICATION.—

(A) LEAD AGENCY.—The application shall identify the lead agency that has been designated and that is to be responsible for the administration of funds provided under this section.

(B) PARTICIPANTS IN RISK RETENTION GROUP.—The application shall assure that all participants in the child care liability risk retention group are licensed or regulated child care providers pursuant to State and local law who, not later than 3 years after the date of enactment of this title, comply with State child care standards in each of the categories described in section 118(d) that are applicable to the child care services they provide. In addition, the applicant shall provide for maximum membership of family-based child care providers in the group.

(C) USE OF FUNDS.—The application shall provide that the State shall use at least the amount allotted to the State in any fiscal year to establish or operate a child care liability risk retention group.

(D) CONTINUATION OF RISK RETENTION GROUP.—The application shall contain provisions that specify how the child care liability risk retention group will continue to be financed after fiscal year 1992, including financing through contributions by the State or by members of such group.

(d) FEDERAL ENFORCEMENT.—

(1) REVIEW OF APPLICATIONS.—The Secretary shall review and approve State applications submitted in accordance with this section and shall monitor State compliance with the provisions of this section.

(2) FINDING OF NONCOMPLIANCE.—If the Secretary, after reasonable notice to a State and opportunity for a hearing, finds—

(A) that there has been a failure to comply substantially with any provision or any requirements set forth in the State application of that State; or

(B) that there is a failure to comply substantially with any applicable provision of this section,

the Secretary shall notify such State of the findings and of the fact that no further payments may be made to such State under this section until the Secretary is satisfied that there is no longer any such failure to comply, or that the noncompliance will be promptly corrected.

(e) ALLOTMENT TO STATES.—

(1) IN GENERAL.—The Secretary shall make an allotment to each State from the sums appropriated to carry out the provisions of this section using the same allotment formula established under section 105.

(2) STATE ADMINISTRATIVE COSTS.—Of the amount allotted to a State pursuant to paragraph (1), an amount not to exceed 10 percent shall be used by such State to provide for the administrative costs of carrying out such program.

(f) PAYMENTS.—

(1) ENTITLEMENT.—Each State for which an application has been approved by the Secretary under this section shall be entitled to payments under this subsection for each fiscal year in an amount not to exceed its allotment under subsection (e) to be expended by the State in accordance with the terms of the application for the fiscal year for which the grant is to be made.

(2) METHOD OF PAYMENTS.—The Secretary may make payments to a State in installments, and in advance or, by way of reimbursement, with necessary adjustments on account of overpayments or underpayments, as the Secretary may determine.

(3) STATE SPENDING OF PAYMENTS.—Payments to a State from the allotment under subsection (e) for any fiscal year must be expended by the State in that fiscal year or in the succeeding fiscal year.

SEC. 125. HEAD START ACT AUTHORIZATION OF APPROPRIATIONS.

Section 639 of the Head Start Act (42 U.S.C. 9834) is amended by striking "$1,405,000,000" and inserting "$1,552,000,000".

SEC. 126. SEVERABILITY.

The provisions of this title are declared to be separable. If any one or more provisions of this title is held to be unconstitutional, the same shall not affect the validity of other provisions of this title.

TITLE II—INTERNAL REVENUE CODE PROVISIONS

SEC 201. SHORT TITLE.

This title may be cited as the "Child Care and Health Insurance Act of 1989".

Subtitle A—Tax Credit for Certain Health Insurance Premiums and Child Care

SEC. 211. CREDIT FOR HEALTH INSURANCE PREMIUM COSTS.

(a) ALLOWANCE OF CREDIT.—Paragraph (1) of section 21(a) of the Internal Revenue Code of 1986 is amended to read as follows:

"(1) IN GENERAL.—In the case of an individual who maintains a household which includes as a member 1 or more qualifying individuals, 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—

"(A) the applicable percentage of the employment-related expenses paid by such individual during the taxable year, plus

"(B) the credit percentage of the qualified health insurance expenses paid by such individual during the taxable year."

(b) CREDIT PERCENTAGE.—Section 21(a) of the Internal Revenue Code of 1986 is amended by adding at the end thereof the following new paragraph:

"(3) CREDIT PERCENTAGE.—For purposes of paragraph (1), the term 'credit percentage' means 50 percent reduced (but not below zero) by 5 percentage points for each $1,000 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds $12,000."

(c) LIMITATIONS.—

(1) DOLLAR LIMITATION.—Section 21(c) of the Internal Revenue Code of 1986 is amended to read as follows:

"(c) LIMITATIONS.—

"(1) DOLLAR LIMIT ON EMPLOYMENT-RELATED EXPENSES.—The amount of the employment-related expenses paid during any taxable year which may be taken into account under subsection (a)(1)(A) shall not exceed—

"(A) $2,400 if there is 1 qualifying individual with respect to the taxpayer for such taxable year, or

"(B) $4,800 if there are 2 or more such qualifying individuals.

The amount determined under subparagraph (A) or (B) (whichever is applicable) shall be reduced by the aggregate amount excludable from gross income under section 129 for the taxable year.

"(2) QUALIFIED HEALTH INSURANCE EXPENSES.—The amount of the qualified health insurance expenses paid during any taxable year which may be taken into account under subsection (a)(1)(B) shall not exceed $1,000."

(2) EARNED INCOME LIMITATION.—

(A) IN GENERAL.—Section 21(d) of such Code is amended by adding at the end thereof the following new paragraph:

"(3) SPECIAL RULE FOR QUALIFIED HEALTH INSURANCE EXPENSES.—The amount of the qualified health insurance expenses paid during any taxable year which may be taken into account under subsection (a)(1)(B) shall not exceed the excess (if any) of—

"(A) the earned income of the taxpayer for the taxable year, over

"(B) the amount of employment-related expenses taken into account under subsection (a)(1)(A)."

(B) CONFORMING AMENDMENT.—Paragraph (1) of section 21(d) of such Code is amended by striking "subsection (a)" and inserting "subsection (a)(1)(A)".

(d) DEFINITIONS AND RULES.—

(1) QUALIFIED HEALTH INSURANCE EXPENSES.—Section 21(b) of the Internal Revenue Code of 1986 is amended by adding at

the end thereof the following new paragraph:

"(3) QUALIFIED HEALTH INSURANCE EXPENSES.—

"(A) IN GENERAL.—The term 'qualified health insurance expenses' means amounts paid during the taxable year for insurance—

"(i) which constitutes medical care (within the meaning of section 213(d)(1)(C)), and

"(ii) under which coverage includes at least 1 qualifying individual.

For purposes of this paragraph, the rules of section 213(d)(6) shall apply.

"(B) QUALIFYING INDIVIDUAL.—For purposes of this paragraph and subsection (a)(1)(B), the term 'qualifying individual' means an individual described in paragraph (1)(A), except that such paragraph shall be applied by substituting 'age of 19' for 'age of 13'.

"(C) ELECTION NOT TO TAKE CREDIT.—A taxpayer may elect for any taxable year to have amounts described in subparagraph (A) not treated as qualified health insurance expenses."

(2) IDENTIFYING INFORMATION REQUIRED.—Section 21(e)(9) of such Code is amended by adding at the end thereof the following new sentence: "In the case of the credit allowable under subsection (a)(1)(B) for qualified health insurance expenses, the Secretary may require an insurance policy number in addition to (or in lieu of) the taxpayer identification number."

(e) COORDINATION WITH DEDUCTION FOR SELF-EMPLOYED INDIVIDUALS.—Section 162(l) of the Internal Revenue Code of 1986 is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

"(5) COORDINATION WITH HEALTH INSURANCE PREMIUM CREDIT.—Paragraph (1) shall not apply to any amount taken into account in computing the amount of the credit allowed under section 21."

(f) CONFORMING AMENDMENTS.—

(1) The heading for section 21 of the Internal Revenue Code of 1986 is amended by inserting "; HEALTH INSURANCE EXPENSES" after "EMPLOYMENT".

(2) The item relating to section 21 in the table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting "; health insurance expenses" after "employment".

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1990.

SEC. 212. DEPENDENT CARE AND HEALTH INSURANCE PREMIUM CREDIT MADE REFUNDABLE.

(a) CREDIT MADE REFUNDABLE.—Section 21 of the Internal Revenue Code of 1986 (relating to credit for household and dependent care services) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) CREDIT REFUNDABLE FOR LOW AND MODERATE INCOME TAXPAYERS.—

"(1) IN GENERAL.—For purposes of this subtitle, in the case of an applicable taxpayer, the credit allowable under subsection (a) for any taxable year shall be treated as a credit allowable under subpart C of this part.

"(2) APPLICABLE TAXPAYER.—For purposes of this subsection, the term 'applicable taxpayer' means a taxpayer whose adjusted gross income for the taxable year does not exceed $28,000 ($14,000 in the case of a married individual filing a separate return).

"(3) COORDINATION WITH ADVANCE PAYMENTS AND MINIMUM TAX.—Rules similar to the rules of subsections (g) and (h) of section 32 shall apply with respect to the portion of any credit to which this subsection applies."

(b) ADVANCE PAYMENT OF CREDIT.—

(1) IN GENERAL.—Chapter 25 of the Internal Revenue Code of 1986 is amended by inserting after section 3507 the following new section:

"SEC. 3507A. ADVANCE PAYMENT OF DEPENDENT CARE CREDIT.

"(a) GENERAL RULE.—Except as otherwise provided in this section, every employer making payment of wages with respect to whom a dependent care eligibility certificate is in effect shall, at the time of paying such wages, make an additional payment equal to such employee's dependent care advance amount.

"(b) DEPENDENT CARE ELIGIBILITY CERTIFICATE.—For purposes of this title, a dependent care eligibility certificate is a statement furnished by an employee to the employer which—

"(1) certifies that the employee will be eligible to receive the credit provided by section 21 for the taxable year,

"(2) certifies that the employee reasonably expects to be an applicable taxpayer (within the meaning of section 21(f)) for the taxable year,

"(3) certifies that the employee does not have a dependent care eligibility certificate in effect for the calendar year with respect to the payment of wages by another employer,

"(4) states whether or not the employee's spouse has a dependent care eligibility certificate in effect,

"(5) states the number of qualifying individuals in the household maintained by the employee, and

"(6) estimates the amount of employment-related expenses and qualified health insurance expenses for the calendar year.

"(c) DEPENDENT CARE ADVANCE AMOUNT.—

"(1) IN GENERAL.—For purposes of this title, the term 'dependent care advance amount' means, with respect to any payroll period, the amount determined—

"(A) on the basis of the employee's wages from the employer for such period,

"(B) on the basis of the employee's estimated employment-related expenses and qualified health insurance expenses included in the dependent care eligibility certificate, and

"(C) in accordance with tables provided by the Secretary.

"(2) ADVANCE AMOUNT TABLES.—The tables referred to in paragraph (1)(C) shall be similar in form to the tables prescribed under section 3402 and, to the maximum extent feasible, shall be coordinated with such tables and the tables prescribed under section 3507(c).

"(d) OTHER RULES.—For purposes of this section, rules similar to the rules of subsections (d) and (e) of section 3507 shall apply."

(2) CONFORMING AMENDMENT.—The table of sections for chapter 25 of such Code is amended by adding after the item relating to section 3507 the following new item:

"Sec. 3507A. Advance payment of dependent care credit."

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 1989.

(2) ADVANCE PAYMENT OF CREDIT.—The amendments made by subsection (b) shall apply to taxable years beginning after December 31, 1991.

(3) ONLY PORTION OF CREDIT REFUNDABLE IN 1990.—In the case of any taxpayer to whom section 21(f) of the Internal Revenue Code of 1986 (as added by subsection (a)) applies for any taxable year beginning in 1990—

(A) one-third of the amount of the credit allowable under section 21(a) of such Code for such taxable year shall be treated as a credit allowable under subpart C of part IV of subchapter A of chapter 1 of such Code, and

(B) the remaining two-thirds of the amount of such credit shall be treated as a credit allowable under section 21 of such Code.

SEC. 213. MODIFICATIONS OF DEPENDENT CARE CREDIT.

(a) INCREASE IN CREDIT FOR EXPENSES RELATING TO DEPENDENT CARE.—Paragraph (2) of section 21(a) of the Internal Revenue Code of 1986 is amended to read as follows:

"(2) APPLICABLE PERCENTAGE DEFINED.—For purposes of paragraph (1)—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'applicable percentage' means 30 percent reduced (but not below 20 percent) by 1 percentage point for each $2,000 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds $10,000.

"(B) HIGHER PERCENTAGES FOR LOW-INCOME TAXPAYERS.—The term 'applicable percentage' means in the case of any taxpayer with an adjusted gross income for the taxable year of—

"(i) $8,000 or less, 34 percent, and

"(ii) more than $8,000 but less than $10,000, 32 percent."

(b) CERTAIN SUBSIDIZED EXPENSES NOT ELIGIBLE FOR CREDIT.—Section 21(e) of the Internal Revenue Code of 1986 is amended by adding at the end there the following new paragraph:

"(10) SUBSIDIZED EXPENSES.—No expense shall be treated as an employment-related expense or qualifying health insurance expense to the extent such expense is paid, reimbursed, or subsidized (whether by being disregarded for purposes of another program or otherwise) by the Federal Government, a State or local government, or any agency or instrumentality thereof."

(c) EFFECTIVE DATES.—The amendments made by this section shall apply to taxable years beginning after December 31, 1989.

SEC. 214. STUDY OF ADVANCE PAYMENTS.

(a) IN GENERAL.—The Comptroller General of the United States shall, in consultation with the Secretary of the Treasury, conduct a study of advance payments required by section 3507A of the Internal Revenue Code of 1986 (as added by section 212(b)(1)) to determine—

(1) the effectiveness of the advance payment system, and

(2) the manner in which such system can be implemented to alleviate administrative complexity, if any, for small business.

(c) REPORT.—Not later than 1 year after the date of the enactment of this title, the Comptroller shall report the results of the study conducted under subsection (a), together with any recommendations, to the Committee on Finance of the United States Senate and the Committee on Ways and Means of the House of Representatives.

SEC. 215. PROGRAM TO INCREASE PUBLIC AWARENESS.

Not later than the first day of the first calendar year following the date of the enactment of this title, the Secretary of the Treasury, or the Secretary's delegate, shall establish a taxpayer awareness program to

inform the taxpaying public of the availability of the credit for dependent care and health insurance premiums allowed under section 21 of the Internal Revenue Code of 1986 (as amended by this subtitle). Such public awareness program shall be designed to assure that individuals who may be eligible are informed of the availability of such credit and filing procedures. The Secretary shall use public service and paid commercial advertising, direct-mail contact, and any other appropriate means of communication to carry out the provisions of this section.

SEC. 216. DEMONSTRATION PROJECTS TO EXTEND HEALTH INSURANCE TO CHILDREN NOT COVERED BY PUBLIC OR PRIVATE HEALTH PROGRAMS.

Section 1115 of the Social Security Act (42 U.S.C. 1315) is amended by adding at the end thereof the following new subsection:

"(d)(1)(A) The Secretary shall conduct demonstration projects to evaluate and extend the provision of health insurance to—

"(i) children under the age of 19 who are not covered by other public or private health programs, and

"(ii) at the option of the organization described in subparagraph (B), the parents of such children who are not so covered.

"(B) Subject to the provisions of paragraph (2), the Secretary may enter into agreements to provide coverage described in subparagraph (A) through public and private cooperative arrangements sponsored by organizations, including (but not limited to)—

"(i) school based programs;

"(ii) programs operated under the auspices of nonprofit entities offering health insurance; and

"(iii) programs operated by nonprofit hospitals.

"(2) Any agreement entered into between the Secretary and any organization under paragraph (1)(B)(ii) shall provide—

"(A) that such agreement will be in effect for a period of 5 years, except that such agreement shall be terminated for failure to meet the requirements of this paragraph;

"(B) that the portion of the costs of any coverage program under the agreement to be funded from amounts provided by non-Federal sources shall not be less than the greater of—

"(i) the percentage (not less than 50 percent) specified by the Secretary, or

"(ii) if, at the time the agreement is entered into, such organization is conducting a program similar to the program covered by the agreement, the portion of such similar program funded by such non-Federal sources; and

"(C) that the coverage program provided by such organization shall not—

"(i) restrict enrollment in such program on the basis of a child's medical condition, or

"(ii) impose waiting periods or exclusions for preexisting conditions.

"(3) The Secretary in conducting demonstration projects under this subsection shall provide in any agreement that any organization described in paragraph (1)(B) may charge a premium to individuals enrolling in the coverage program provided by such organization.

"(4) The demonstration projects conducted under this subsection shall evaluate the effects of program coverage under any agreement on—

"(A) access to health services,

"(B) availability of insurance coverage to participating children and their families,

"(C) characteristics of participating children and their families, and

"(D) health care costs.

"(5) The Secretary shall publish no later than January 1, 1990, criteria governing the eligibility and participation of organizations in the demonstration projects conducted under this subsection.

"(6) For purposes of carrying out the demonstration projects described in this subsection there are authorized to be appropriated $25,000,000 for each of the fiscal years 1990, 1991, 1992, 1993, and 1994."

Subtitle B—Employee Benefit Nondiscrimination Rules

SEC. 221. 1-YEAR DELAY IN APPLICATION OF SECTION 89 RULES.

(a) 1-YEAR DELAY.—Paragraph (1) of section 1151(k) of the Tax Reform Act of 1986 is amended to read as follows:

"(1) IN GENERAL.—The amendments made by this section shall apply to years beginning after December 31, 1989."

(b) CONFORMING AMENDMENT.—Subparagraph (F) of section 1011B(a)(22) of the Technical and Miscellaneous Revenue Act of 1988 is amended by striking "January 1, 1989" and inserting "January 1, 1990".

SEC. 222. REVISION OF ANTIDISCRIMINATION RULES FOR CERTAIN EMPLOYEE BENEFIT PLANS FOR YEARS BEGINNING AFTER 1989.

(a) GENERAL RULE.—Section 89 of the Internal Revenue Code of 1986 is amended to read as follows:

"SEC. 89. HEALTH BENEFITS PROVIDED TO HIGHLY COMPENSATED EMPLOYEES.

"(a) INCLUSION IN INCOME.—

"(1) IN GENERAL.—Notwithstanding any provision of part III of this subchapter, gross income of a highly compensated employee who is a participant in a health plan during any testing year shall include an amount equal to such employee's taxable benefit under such plan for such testing year.

"(2) YEAR OF INCLUSION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B)—

"(i) any amount included in gross income under paragraph (1) shall be taken into account for the taxable year of the employee with or within which the testing year ends, and

"(ii) any deduction of the employer attributable to such amount shall be allowable for the taxable year of the employer with or within which the testing year ends.

"(B) ELECTION TO DELAY INCLUSION FOR 1 YEAR.—If an employer maintains a plan with a testing year ending after September 30 and on or before December 31 and elects the application of this subparagraph—

"(i) amounts included in gross income under paragraph (1) with respect to employees of such employer shall be taken into account for the taxable year of the employee following the taxable year determined under subparagraph (A), but

"(ii) any deduction of the employer which is attributable to such amounts shall be allowable for the taxable year with or within which the testing year following the testing year in which the taxable benefits were provided ends.

"(b) TAXABLE BENEFIT.—For purposes of this section—

"(1) TAXABLE BENEFIT UNDER PLANS NOT MEETING ELIGIBILITY REQUIREMENTS.—The taxable benefit of any highly compensated employee under any health plan not meeting the requirements of subsection (c) is the amount of such employee's employer-provided benefit under such plan.

"(2) TAXABLE BENEFIT UNDER PLANS MEETING ELIGIBILITY REQUIREMENTS.—

"(A) IN GENERAL.—The taxable benefit of any highly compensated employee under health plans meeting the requirements of subsection (c) is the excess (if any) of—

"(i) such employee's aggregate employer-provided benefit under such plans, over

"(ii) 133 percent of the base benefit with respect to such employee.

"(B) BASE BENEFIT.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'base benefit' means, with respect to any employee, the smallest employer-provided benefit for participants with the same number of covered individuals as such employee under any plan which was taken into account in determining whether the requirements of subsection (c)(1)(B) are met with respect to such participants.

"(ii) BASE BENEFIT WHERE MULTIPLE FAMILY OPTIONS AVAILABLE.—If there is no plan meeting the requirements of subsection (c)(1)(B) with respect to participants with the same number of covered individuals as an employee, the base benefit for such employee shall be the smallest employer-provided benefit under the plan which meets such requirements for participants with the next lowest number of covered individuals.

"(iii) BASE BENEFIT ZERO IN CERTAIN CASES.—If—

"(I) no plan of an employer meets the requirements of subsection (c)(1)(B) for participants with self-only coverage, or

"(II) an employer elects the application of this clause for any testing year,

the base benefit for all employees of such employer shall be zero.

"(C) AGGREGATION OF PLANS.—For purposes of subparagraph (A)(ii), an employer may elect to treat any group of 2 or more health plans as 1 plan if—

"(i) each of such plans is available to the same group of employees with the same eligibility requirements, and

"(ii) such plans when so aggregated qualify as a qualified core health plan.

"(c) REQUIREMENTS.—

"(1) IN GENERAL.—For purposes of this section, a health plan meets the requirements of this subsection if—

"(A) such plan does not contain any provision relating to eligibility to participate which (by its terms or otherwise) discriminates in favor of highly compensated employees, and

"(B) the employer maintains 1 or more qualified core health plans and at least 90 percent of all employees are eligible to participate in any of such plans.

"(2) QUALIFIED CORE HEALTH PLAN.—For purposes of this section, the term 'qualified core health plan' means any health plan if—

"(A) the employer-provided benefit under such plan primarily consists of core benefits, and

"(B) such health plan does not require contributions by an employee in excess of the reasonably expected allowable cost of the coverage provided to the employee.

Such term does not include any plan which includes a flexible spending arrangement.

"(3) ALLOWABLE COST.—For purposes of paragraph (2)(B)—

"(A) SELF-ONLY COVERAGE.—In the case of self-only coverage, the allowable cost is 40 percent of the cost of such coverage.

"(B) OTHER COVERAGE.—In the case of coverage other than self-only coverage, the allowable cost is an amount equal to the sum of—

"(i) 40 percent of the cost of such coverage, plus

"(ii) the amount (if any) by which the amount determined under subparagraph (A) exceeds the amount an employee is required to contribute for self-only coverage.

"(C) COST.—For purposes of this paragraph, cost shall be determined under subsection (f)(3)(B)(i) or (f)(3)(C), whichever applies.

"(4) CORE BENEFITS.—For purposes of this section, the term 'core benefits' means—

"(A) comprehensive major medical benefits,

"(B) comprehensive hospitalization benefits, and

"(C) at the election of the employer, other benefits specified by the Secretary.

"(5) SPECIAL RULE FOR SMALL EMPLOYERS.—

"(A) IN GENERAL.—In the case of a plan maintained by a small employer, if the number of employees determined under paragraph (1)(B) is not a whole number, such number shall be rounded to the next lowest whole number (or to 1 if such number is less than 1).

"(B) SMALL EMPLOYER.—For purposes of this paragraph, the term 'small employer' means an employer which normally employs 20 or fewer employees per day during the plan year. All employers treated as 1 employer for purposes of subsection (b), (c), (m), (n), or (o) of section 414 shall be so treated for purposes of the preceding sentence.

"(d) EXCLUDED EMPLOYEES.—

"(1) IN GENERAL.—The following employees shall be excluded from consideration under this section:

"(A) Employees who have not completed 6 months of service. An employee shall be excluded from consideration until the 1st day of the 1st month (or 1st day of a period of less than 31 days specified by the plan) beginning after completion of the period of service required under the preceding sentence.

"(B) Employees who normally work less than 30 hours per week.

"(C) Employees who normally work during not more than 6 months during any year.

"(D) Employees who have not attained age 21.

"(E) Employees who are nonresident aliens and who receive no earned income (within the meaning of section 911(d)(2)) from the employer which constitutes income from sources within the United States (within the meaning of section 861(a)(3)).

"(F) Employees who are students if—

"(i) such students are performing services described in section 3121(b)(10), and

"(ii) core benefits are made available to such students by such employer.

"(G) Any of the following:

"(i) Individuals who have attained the age of 55 and—

"(I) who are enrolled in a federally subsidized program under title V of the Older Americans Act, or

"(II) whose employment is funded under a grant or cooperative agreement made pursuant to the Environmental Programs Assistance Act of 1984.

"(ii) Individuals who are students employed under a cooperative education program which is qualified, or would be qualified, under title VIII of the Higher Education Act of 1965.

"(iii) Individuals who perform services at a rehabilitation facility and—

"(I) who are holding a certificate issued pursuant to section 14(c) of the Fair Labor Standards Act of 1938, or

"(II) who are receiving benefits under section 223 or title XVI of the Social Security Act.

"(iv) Individuals who are imprisoned in a correctional facility operated by or for the United States or a State (or political subdivision thereof) and who are performing services under a program operated by or for such facility.

"(v) Individuals who are performing services under any other similar Federal or State subsidized program specified by the Secretary.

"(2) SPECIAL RULES FOR EMPLOYEES EXCLUDED ON BASIS OF PERIOD OF SERVICE.—

"(A) SHORTER PERIOD.—If a plan specifies a shorter period of service than the period specified in paragraph (1)(A), paragraph (1)(A) shall be applied by using such shorter period.

"(B) SEPARATE APPLICATION.—If employees not meeting the service requirements of paragraph (1)(A) (after application of subparagraph (A)) are covered under a health plan of the employer, the requirements of this section shall be applied separately with respect to such employees.

"(3) EXCLUSION OF MEDICALLY UNINSURABLE EMPLOYEES OF SMALL EMPLOYERS.—In the case of a small employer (within the meaning of subsection (c)(5)(B)), there shall be excluded from consideration under this section employees of the employer who are determined to be medically uninsurable by a third party insurer providing coverage under the health plan.

"(e) SPECIAL RULES RELATING TO OTHER CLASSES OF EMPLOYEES.—For purposes of this section—

"(1) TREATMENT OF UNION EMPLOYEES.—

"(A) IN GENERAL.—If an employer has employees included in any qualified bargaining unit, this section shall be applied separately with respect to employees included in each such unit.

"(B) QUALIFIED BARGAINING UNIT.—For purposes of subparagraph (A), the term 'qualified bargaining unit' means any unit of employees covered by an agreement which the Secretary finds to be a collective bargaining agreement between employee representatives and 1 or more employers if—

"(i) there is evidence that health benefits were the subject of good faith bargaining between the employee representatives and such employer or employers, and

"(ii) not more than a de minimis number of such employees are professional employees.

"(2) EXCEPTIONS FOR EMPLOYEES OF MULTIEMPLOYER PLANS AND SIMILAR EMPLOYEES.—

"(A) IN GENERAL.—There shall be excluded from consideration under this section—

"(i) employees covered by a collective bargaining agreement pursuant to which a health plan which is a multiemployer plan is maintained, and

"(ii) employees with respect to which employer contributions to a health plan are required under—

"(I) the Act of March 3, 1931, commonly referred to as the Davis-Bacon Act (40 U.S.C. 276a, et seq.), or

"(II) any similar Federal law specified by the Secretary.

"(B) SPECIAL RULES FOR PROFESSIONALS AND NONUNION EMPLOYEES.—

"(i) PROFESSIONAL EMPLOYEES.—Subparagraph (A)(i) shall not apply to any employees covered by a multiemployer plan who are professional employees unless there is no more than a de minimis number of such employees covered by such plan.

"(ii) NONUNION EMPLOYEES.—Notwithstanding subparagraph (A)(i), if a multiemployer plan covers a de minimis number of individuals—

"(I) who are employees of the plan, and

"(II) who are not covered by any collective bargaining agreement pursuant to which the plan is maintained,

such individuals shall be excluded from consideration under this section.

"(3) TREATMENT OF FORMER EMPLOYEES.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), this section shall be applied separately to former employees under requirements similar to the requirements that apply to employees.

"(B) MODIFICATIONS OF REQUIREMENTS.—Except as provided in regulations, in applying this section to former employees—

"(i) subsection (c)(2)(B) shall not apply, and

"(ii) in determining whether the requirements of subsection (c)(1)(B) are met, the employer may take into account reasonable differences in eligibility to participate based on the age or service of the former employee.

"(C) FORMER EMPLOYEES SEPARATING BEFORE 1990.—This section shall not apply to any former employee who was separated from service before January 1, 1990 (and who was not reemployed on or after such date).

"(f) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) HEALTH PLAN.—The term 'health plan' means an accident or health plan within the meaning of section 105(e). Such term shall not include a plan maintained by a church for church employees. For purposes of the preceding sentence, the term 'church' means any church (as defined in section 3121(w)(3)(A)) or qualified church-controlled organization (as defined in section 3121(w)(3)(B)).

"(2) HIGHLY COMPENSATED EMPLOYEE.—The term 'highly compensated employee' has the meaning given such term by section 414(q); except that paragraph (5)(B) of such section shall not apply.

"(3) EMPLOYER-PROVIDED BENEFIT.—

"(A) IN GENERAL.—An employee's employer-provided benefit under any health plan is the value of the coverage provided during the testing year to or on behalf of such employee to the extent attributable to contributions made by the employer.

"(B) VALUE OF COVERAGE.—

"(i) IN GENERAL.—Except as provided in clause (ii), the value of the coverage provided under any health plan shall be determined in substantially the same manner as costs under a health plan are determined under section 4980B(f)(4).

"(ii) ELECTION BY EMPLOYER.—At the election of the employer, and except as provided in regulations, the value of the coverage shall be determined under any other reasonable method selected by the employer. This clause shall not apply for purposes of subsection (b) or (c)(2)(B).

"(C) SPECIAL RULE FOR SMALL EMPLOYERS.—Except as provided by the Secretary, in the case of a qualified core health plan with respect to which costs are individually rated, such employer may elect to determine the value of the coverage under the plan for all employees on the basis of the average cost for employees with the same coverage.

"(4) SEPARATE LINE OF BUSINESS EXCEPTION.—

"(A) IN GENERAL.—If, under section 414(r), an employer is treated as operating separate lines of business for a year, the employer may apply the provisions of this section separately with respect to employees in each such separate line of business. The preceding sentence shall not apply to any plan unless such plan is available to a group of employees as qualify under a classification set up by the employer and found by the Secretary not to be discriminatory in favor of highly compensated employees.

"(B) OPERATING UNITS.—In applying section 414(r)(7) for purposes of this section, an operating unit shall be treated as in a separate geographic area from another unit if such units are at least 35 miles apart.

"(5) TREATMENT OF SALARY REDUCTION ARRANGEMENTS.—

"(A) IN GENERAL.—Any contribution by reason of a salary reduction arrangement shall be treated as an employer contribution for purposes of determining the employer-provided benefit of a highly compensated employee.

"(B) ALLOWABLE COST TEST.—For purposes of subsection (c)(2)(B)—

"(i) IN GENERAL.—Any contribution by reason of a salary reduction arrangement (other than a qualified cash payment) shall be treated as an employee contribution.

"(ii) TREATMENT OF QUALIFIED CASH PAYMENTS.—Qualified cash payments shall be treated as employer contributions.

"(C) BASE BENEFIT.—For purposes of subsection (b)(2)(A)(ii), the base benefit under a plan shall be determined—

"(i) by treating any qualified cash payment as an employer-provided benefit, and

"(ii) by treating any other contribution by reason of a salary reduction arrangement as an employer-provided benefit only to the extent such contribution is matched dollar for dollar by an employer contribution which is not made by reason of a salary reduction arrangement.

"(D) QUALIFIED CASH PAYMENT.—For purposes of this paragraph, the term 'qualified cash payment' means an amount which is payable in cash to an employee and which is made solely because—

"(i) such employee elects not to be covered by any plan of the employer providing core benefits, and

"(ii) the employee indicates that he is covered by a health plan providing core benefits maintained by another employer.

"(6) TESTING YEAR.—The term 'testing year' means—

"(A) any 12-month period beginning with the calendar month designated in the plan for purposes of this section, or

"(B) if there is no such designation, the calendar year.

No period may be designated under subparagraph (A) unless the same period is designated with respect to all other health plans of the employer. Any designation under subparagraph (A) may be changed only with the consent of the Secretary.

"(7) TIME FOR TESTING.—

"(A) IN GENERAL.—Except as provided in regulations prescribed by the Secretary, determinations under this section (other than the determination of a highly compensated employee's actual employer-provided benefit) shall be made on the basis of the facts as of the testing day.

"(B) TESTING DAY.—For purposes of this paragraph, the term 'testing day' means—

"(i) the day designated for the plan as the testing day for purposes of this paragraph, or

"(ii) if there is no day so designated, the last day of the testing year.

"(C) LIMITATIONS.—

"(i) DESIGNATION MUST BE CONSISTENT FOR ALL HEALTH PLANS.—No day may be designated under subparagraph (B)(i) with respect to any plan unless the same day is so designated with respect to all other health plans of the employer.

"(ii) DESIGNATION BINDING.—Any designation under subparagraph (B)(i) shall apply to the testing year for which made and all subsequent years unless revoked with the consent of the Secretary.

"(D) SPECIAL RULE FOR MULTIPLE EMPLOYER PLAN.—In the case of a plan maintained by more than 1 employer (other than a multiemployer plan), each employer may, subject to such rules as the Secretary may prescribe, elect its own testing year under paragraph (6) and its own testing date under this paragraph.

"(8) SPECIAL RULES FOR CERTAIN DISPOSITIONS OR ACQUISITIONS.—

"(A) IN GENERAL.—If a person becomes, or ceases to be, a member of a group described in subsection (b), (c), (m), or (o) of section 414, then the requirements of subsection (c) shall be treated as having been met during the transition period with respect to any plan covering employees of such person or any other member of such group if—

"(i) such requirements were met immediately before such change, and

"(ii) either—

"(I) the coverage under such plan is not significantly changed during the transition period (other than by reason of the change in members of such group), or

"(II) such plan meets such other requirements as the Secretary may prescribe by regulation.

"(B) TRANSITION PERIOD.—For purposes of subparagraph (A), the term 'transition period' means the period—

"(i) beginning on the date of the change in members of a group, and

"(ii) ending on the last day of the 1st plan year beginning after such date of change.

"(9) COORDINATION WITH MEDICARE, ETC.—

"(A) IN GENERAL.—If a plan is coordinated with health or disability benefits provided under any Federal, State, or foreign law or under any other health plan covering the employee or family member of the employee, such plan shall not fail to meet the requirements of subsection (c) merely because the amount of benefits provided to an employee or family member are coordinated in a manner which does not discriminate in favor of highly compensated employees.

"(B) CERTAIN DISABILITY PLANS EXEMPT FROM NONDISCRIMINATION RULES.—This section shall not apply to any disability coverage other than disability coverage the benefits of which are excludable from gross income under section 105 (b) or (c).

"(C) ACCIDENTAL DEATH AND DISMEMBERMENT.—In the case of accidental death and dismemberment benefits—

"(i) this section shall not apply, and

"(ii) rules similar to the rules of section 79(d) shall apply to such benefits.

"(10) EMPLOYERS WITH ONLY HIGHLY COMPENSATED EMPLOYEES.—This section shall not apply to any health plan for any year if the only employees of the employer maintaining such plan are highly compensated employees.

"(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section."

(b) EXCISE TAX ON PLANS NOT MEETING CERTAIN REQUIREMENTS.—

(1) IN GENERAL.—Chapter 43 of such Code is amended by adding at the end thereof the following new section:

"SEC. 4980C. FAILURE TO SATISFY CERTAIN REQUIREMENTS WITH RESPECT TO EMPLOYEE BENEFITS PLANS.

"(a) IMPOSITION OF TAX.—

"(1) GENERAL RULE.—There is hereby imposed a tax equal to 34 percent of the amounts paid or incurred during any taxable year under a specified employee benefit plan which at any time during the taxable year does not meet the requirements of subsection (c).

"(2) LIABILITY FOR TAX.—The following shall be liable for the tax imposed by paragraph (1):

"(A) In the case of a plan other than a multiemployer plan, the employer.

"(B) In the case of a multiemployer plan, the plan.

"(b) LIMITATIONS ON AMOUNT OF TAX.—

"(1) TAX NOT TO APPLY WHERE FAILURE NOT DISCOVERED EXERCISING REASONABLE DILIGENCE.—No tax shall be imposed by subsection (a) on any failure during any period for which it is established to the satisfaction of the Secretary that none of the persons referred to in subsection (a)(2) knew, or exercising reasonable diligence would have known, that such failure existed.

"(2) TAX NOT TO APPLY TO FAILURES CORRECTED WITHIN 180 DAYS.—No tax shall be imposed by subsection (a) on any failure if—

"(A) such failure was due to reasonable cause and not to willful neglect, and

"(B) such failure is corrected during the 180-day period beginning on the 1st date any of the persons referred to in subsection (a)(2) knew, or exercising reasonable diligence would have known, that such failure existed.

"(3) WAIVER BY THE SECRETARY.—In the case of a failure which is due to reasonable cause and not to willful neglect, the Secretary may waive part or all of the tax imposed by subsection (a) to the extent that the payment of such tax would be excessive relative to the failure involved.

"(c) REQUIREMENTS.—A specified employee benefit plan does not meet the requirements of this subsection unless, except to the extent provided in regulations—

"(1) such plan is in writing,

"(2) the employee's rights under such plan are legally enforceable,

"(3) employees are provided reasonable notification of benefits available in the plan,

"(4) such plan is maintained for the exclusive benefit of employees, and

"(5) such plan was established with the intention of being maintained for an indefinite period of time.

In the case of a plan described in subsection (d)(1) maintained by a small employer (within the meaning of section 89(c)(5)(B)), the requirements of paragraph (1) shall be treated as met if the plan consists of an insurance policy issued by a third party insurer.

"(d) SPECIFIED EMPLOYEE BENEFIT PLAN.—For purposes of this section, the term 'specified employee benefit plan' means—

"(1) an accident or health plan (within the meaning of section 105(e)),

"(2) any plan of an employer for providing group-term life insurance (within the meaning of section 79),

"(3) a qualified tuition reduction program (within the meaning of section 117(d)),

"(4) a cafeteria plan (within the meaning of section 125), and

"(5) a plan to which section 505 applies.

Such term shall not include a plan maintained by a church (within the meaning of section 89(f)(1)) for church employees.

"(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section."

(2) CLERICAL AMENDMENT.—The table of sections for chapter 43 of such Code is amended by adding at the end thereof the following new item:

"Sec. 4980C. Failure to satisfy certain requirements with respect to employee benefits plans."

(c) NONDISCRIMINATION REQUIREMENTS FOR GROUP-TERM LIFE INSURANCE.—

(1) RESTORATION OF PRIOR LAW.—The amendment made by section 1151(c)(1) of the Tax Reform Act of 1986 is hereby repealed and section 79(d) of the Internal Revenue Code of 1986 shall be applied and administered as if the amendment made by such section 1151(c)(1) had not been enacted.

(2) EXCLUSION OF CERTAIN EMPLOYEES.—Subparagraph (B) of section 79(d)(3) of such Code (as in effect on the day before the date of the enactment of the Tax Reform Act of 1986) is amended to read as follows:

"(B) EXCLUDED EMPLOYEES.—For purposes of subparagraph (A), there shall be excluded from consideration employees—

"(i) who are excluded from consideration under rules similar to the rules under section 89(d), determined—

"(I) by substituting '1 year' for '6 months' in paragraph (1)(A) thereof, and

"(II) without regard to paragraph (3) thereof, and

"(ii) employees not included in the plan who are included in a unit of employees covered by an agreement which the Secretary finds to be a collective bargaining agreement between employee representatives and 1 or more employees, if the benefits provided under the plan were the subject of good faith bargaining between such representatives and employers."

(d) CONFORMING AMENDMENTS.—

(1)(A) Sections 117(d)(4), 125(b)(3), and 127(b)(2) of such Code are each amended by striking "section 89(h)" and inserting "rules similar to the rules of subsection (d) of section 89 (determined by substituting '1 year' for '6 months' in paragraph (1)(A) and without regard to paragraph (3))".

(B) Paragraph (2) of section 120(c) of such Code is amended to read as follows:

"(2) ELIGIBILITY.—

"(A) IN GENERAL.—The plan shall benefit employees who qualify under a classification set up by the employer and found by the Secretary not to be discriminatory in favor of employees who are described in paragraph (1).

"(B) EXCLUDED EMPLOYEES.—For purposes of subparagraph (A), there shall be excluded from consideration employees—

"(i) who are excluded from consideration under rules similar to the rules of section 89(d), determined—

"(I) by substituting '1 year' for '6 months' in paragraph (1)(A), and

"(II) without regard to paragraph (3), and

"(ii) employees not included in a plan who are included in a unit of employees covered by an agreement which the Secretary finds to be a collective bargaining agreement between employee representatives and 1 or more employers, if there is evidence that group legal services plan benefits were the subject of good faith bargaining between such representatives and employees."

(C) Paragraph (8) of section 129(d) of such Code is amended to read as follows:

"(8) EXCLUDED EMPLOYEES.—For purposes of paragraphs (2), (3), and (7), there shall be excluded from consideration employees—

"(A) who are excluded from consideration under rules similar to the rules of section 89(d), determined—

"(i) by substituting '1 year' for '6 months' in paragraph (1)(A), and

"(ii) without regard to paragraph (3), and

"(B) employees not included in a program who are included in a unit of employees covered by an agreement which the Secretary finds to be a collective bargaining agreement between employee representatives and 1 or more employers, if there is evidence that dependent care benefits were the subject of good faith bargaining between such representatives and employees."

(D) Paragraph (2) of section 505(b) of such Code is amended to read as follows:

"(2) EXCLUDED EMPLOYEES.—For purposes of paragraph (1), there shall be excluded from consideration employees—

"(A) who are excluded from consideration under rules similar to the rules of section 89(d), determined—

"(i) by substituting '1 year' for '6 months' in paragraph (1)(A), and

"(ii) without regard to paragraph (3), and

"(B) employees not included in a program who are included in a unit of employees covered by an agreement which the Secretary finds to be a collective bargaining agreement between employee representatives and 1 or more employers, if there is evidence that the class of benefits involved were the subject of good faith bargaining between such representatives and employers."

(2) Sections 120(b)(2), 125(c)(1), 127(b)(1)(B), and 129(d)(1)(B) of such Code are each amended by striking "89(k)" and inserting "4980C".

(3) Subparagraph (C) of section 125(c)(2) of such Code is amended by striking the last sentence thereof.

(4) Paragraph (1) of section 125(e) of such Code is amended by striking "section 89(a)" and inserting "sections 79(d) and 89(a)".

(5) Subparagraph (B) of section 162(l)(2) of such Code is amended by inserting "and treating individuals who are employees within the meaning of section 401(c)(1) as employees" before the period at the end thereof.

(6)(A) Subsection (b) of section 4976 of such Code is amended by striking paragraph (5).

(B) Subparagraph (B) of section 4976(c)(1) of such Code is amended to read as follows:

"(B) a health or group-term life insurance plan is part of such fund and benefits under such plan are taxable under chapter 1 by reason of section 79(d) or 89,".

(C) Clause (i) of section 4976(c)(2)(A) of such Code is amended to read as follows:

"(i) the aggregate taxable benefits referred to in paragraph (1)(B), or".

(D) Clause (ii) of section 4976(c)(2)(A) of such Code is amended by striking "such testing year" and inserting "the plan year".

(E) Section 4976(c) is amended by adding at the end thereof the following new paragraph:

"(3) TAX NOT TO APPLY IF AMOUNTS REPORTED ON W-2 FORMS.—No tax shall be imposed under paragraph (1) for any plan year if the employer meets the requirements of section 6051(g) for such year."

(7) Section 6051 of such Code is amended by adding at the end thereof the following new subsection:

"(g) REPORTING REQUIREMENTS FOR CERTAIN TAXABLE FRINGE BENEFITS.—

"(1) IN GENERAL.—If an employee of an employer maintaining any plan is required to include any amount in gross income under section 79(d) or 89 for any year ending with or within a calendar year, the employer shall separately include such amount on the statement which the employer is required to provide the employee under subsection (a) (and any statement required to be furnished under subsection (d)).

"(2) PENALTY.—

"For penalty for failure to report, see section 6652(k)."

(8)(A) Paragraph (1) of section 6652(k) of such Code is amended by striking "89(l)" and inserting "6051(g)".

(B) Paragraph (2) of section 6652(k) of such Code is amended by striking subparagraph (B) and inserting the following:

"(B) an amount which bears the same ratio to the employer-provided benefit with respect to the individual to whom such failure relates as the amount required to be but not shown on timely statements under sections 6051(a) and 6051(d) bears to the amount required to be shown.

For purposes of subparagraph (B), the term 'employer-provided benefit' means the employer-provided benefit determined under section 89 in the case of a health benefit and the cost of insurance determined under section 79(c) in case of a plan providing group-term life insurance."

(9) The table of sections for part II of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 89 and inserting the following:

"Sec. 89. Health benefits provided to highly compensated employees."

(10) Paragraphs (1), (2), and (3) of section 3021(c) of the Technical and Miscellaneous Revenue Act of 1988 are hereby repealed.

(11) Section 6070 of the Technical and Miscellaneous Revenue Act of 1988 is hereby repealed.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply as if included in the amendments made by section 1151 of the Tax Reform Act of 1986.

(2) SPECIAL RULE FOR COLLECTIVELY BARGAINED PLANS.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified before the date of the enactment of the Child Care and Health Insurance Act of 1989, the amendments made by subsection (a) shall not apply to any employee covered by such an agreement in years beginning before the earlier of—

(A) the date on which the agreement covering such employee expires (without regard to any extension thereof after such date of enactment), or

(B) January 1, 1993.

(3) ELECTION NOT TO HAVE AMENDMENTS APPLY.—

(A) IN GENERAL.—An employer may elect not to have the amendments made by subsection (a) apply to health plans maintained by the employer for years beginning in 1990 or 1991. Such election shall be made each year and shall apply to all health plans of the employer maintained during such year.

(B) EFFECT OF AN ELECTION.—If an election is made under subparagraph (A), section 89 of the Internal Revenue Code of 1986 (as in effect before the amendments made by subsection (a)) shall apply; except that—

(i) such section shall be treated as if it only applied to health plans,

(ii) section 89(d) of such Code (as in effect after such amendments) shall apply in lieu of section 89(h) of such Code (as in effect before such amendments), and

(iii) paragraphs (2) and (3) of section 89(e) of such Code (as in effect after such amendments) shall apply.

(4) ELECTION NOT TO HAVE AMENDMENTS APPLY TO DEPENDENT CARE ASSISTANCE PROGRAMS.—

(A) IN GENERAL.—An employer maintaining a dependent care assistance program to which section 129 of the Internal Revenue Code of 1986 applies may elect (in the same manner as under paragraph (2)) not to have the amendments made by this section (to the extent such amendments apply to such program) apply for years beginning in 1990 or 1991.

(B) EFFECT.—If an election is made under this paragraph, paragraph (2)(B) shall apply to the program, except that "dependent care assistance programs" shall be substituted for "health plans".

SEC. 223. OTHER PROVISIONS RELATING TO NONTAXABLE BENEFITS.

(a) TREATMENT OF LEASED EMPLOYEES.—

(1) REPLACEMENT OF HISTORICAL TEST WITH CONTROL TEST.—Subparagraph (C) of section 414(n)(2) of the Internal Revenue Code of 1986 is amended to read as follows:

"(C) such services are performed by such person under the control of the recipient."

(2) SERVICES INCIDENTAL TO SALES OR CONSTRUCTION DISREGARDED.—Paragraph (2) of section 414(n) of such Code is amended by adding at the end thereof the following new flush sentence.

"The term 'leased employee' shall not include an individual solely because such individual is performing services incidental to the sale of goods or equipment or incidental to the construction of a facility. Such term shall include the support staff of professional employees."

(b) DEPENDENT CARE ASSISTANCE.—

(1) INCLUSION IN INCOME OF EXCESS BENEFITS.—Paragraph (7) of section 129(d) of such Code is amended by adding at the end thereof the following new paragraph:

"(C) FAILURE TO MEET REQUIREMENTS.—

"(i) IN GENERAL.—If a plan fails to meet the requirements of this paragraph for any plan year—

"(I) such plan shall be treated as a plan which is a dependent care assistance program to which subsection (a) applies, but

"(II) there shall be included in the gross income of each highly compensated employee for the taxable year of such employee with or within which the plan year ends an amount equal to such employee's excess benefit.

"(ii) EXCESS BENEFIT.—For purposes of this subparagraph, the excess benefit of any employee is the excess of the employee's employer-provided benefit under the plan over the highest permitted benefit.

"(iii) HIGHEST PERMITTED BENEFIT.—For purposes of clause (ii), the highest permitted benefit under any plan shall be determined by reducing the nontaxable benefits of highly compensated employees (beginning with employees with the greatest nontaxable benefits) until such plan would be treated as meeting the requirements of subparagraph (A) if such reduced benefits were taken into account."

(2) INFORMATION REPORTING.—Paragraph (9) of section 6051(a) of such Code is amended by inserting "and the amount of such assistance required to be included in gross income by reason of section 129(d)(7)(C)" after "section 129(d)".

(c) GROUP-TERM LIFE INSURANCE.—

(1) HIGHLY COMPENSATED EMPLOYEES.—

(A) Section 79(d) of such Code is amended by striking "key" each place it appears (other than paragraph (6)) and inserting "highly compensated".

(B) Paragraph (6) of section 79(d) of such Code is amended to read as follows:

"(6) HIGHLY COMPENSATED EMPLOYEE.—For purposes of this subsection, the term 'highly compensated employee' has the meaning given such term by section 414(q)."

(2) COMPENSATION LIMIT.—Paragraph (5) of section 79(d) of such Code is amended by adding at the end thereof the following new sentence: "For purposes of the preceding sentence, compensation for any year shall not be taken into account for such year to the extent it exceeds the amount in effect under section 401(a)(17) for such year."

(d) HIGHLY COMPENSATED EMPLOYEES.—

(1) COMPENSATION THRESHOLDS.—Subparagraph (D) of section 414(q)(1) of such Code is amended to read as follows:

"(D) was at any time an officer and received compensation in excess of the amount in effect under subparagraph (C) for such year."

(2) ROUNDING.—Paragraph (1) of section 414(q) of such Code is amended by adding at the end thereof the following new sentence: "If the amount determined under the preceding sentence is not a multiple of $1,000, such amount shall be rounded to the nearest $1,000 (other than for purposes of applying the preceding sentence)."

(e) LINE OF BUSINESS TEST.—

(1) APPLICATION FOR PERIOD BEFORE GUIDELINES ISSUED.—In the case of any plan year beginning on or before the date the Secretary of the Treasury or his delegate issues guidelines under section 414(r)(2)(C) of the Internal Revenue Code of 1986 (and begins issuing determination letters with respect to such section), an employer meeting the requirements of section 414(r)(2) (A) and (B) of such Code with respect to a line of business may treat it as a separate line of business if the employer reasonably determines it to be separate.

(2) APPLICATION TO DEPENDENT CARE PROGRAMS.—Paragraph (1) of section 414(r) of such Code is amended by inserting ", 129(d)(7)," after "section 89".

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall take effect as if included in the amendments made by section 1151 of the Tax Reform Act of 1986.

(2) SUBSECTION (a).—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1983.

(3) SUBSECTION (b).—The amendments made by subsection (b) shall apply to years beginning after December 31, 1988.

(4) LINE OF BUSINESS.—The provisions of subsection (e)(1) shall apply to years beginning after December 31, 1986.

SEC. 224. STUDY OF SECTION 89.

The United States Bipartisan Commission on Comprehensive Health Care established under section 401 of the Medicare Catastrophic Coverage Act of 1988 (42 U.S.C. 1395b note) shall study the implementation and effectiveness of section 89 of the Internal Revenue Code of 1986. The Commission shall include in its report under section 406(b) of such Act the results of the study, including recommendations with respect to—

(1) improving the effectiveness of section 89 in making employer-provided health insurance more accessible and affordable to low- and middle-income employees, and

(2) alternative methods for improving accessibility and affordability of health insurance available in the work place.

Subtitle C—Other Revenue Provisions

SEC. 331. PERMANENT EXTENSION OF TELEPHONE EXCISE TAX.

(a) IN GENERAL.—Paragraph (2) of section 4251(b) of the Internal Revenue Code of 1986 is amended by striking "percent;" and all that follows through the period and inserting "percent.".

(b) TIME FOR DEPOSIT OF TELEPHONE EXCISE TAXES.—Section 4251 of the Internal Revenue Code of 1986 is amended by adding at the end thereof the following new subsection:

"(d) TIME FOR DEPOSIT OF TAXES.—If, under regulations prescribed by the Secretary, a person is required to make deposits of any tax imposed by this section with respect to amounts considered collected by such person during any semi-monthly period, such deposits shall be made not later than the third day (not including Saturdays, Sundays, or legal holidays) after the close of the first week of the second semi-monthly period following the period to which such amounts relate."

(c) ONE-TIME FILING OF TELEPHONE EXCISE TAX EXEMPTION CERTIFICATES.—Section 4253 of the Internal Revenue Code of 1986 is amended by adding at the end thereof the following new subsection:

"(k) FILING OF EXEMPTION CERTIFICATES.—

"(1) IN GENERAL.—In order to claim an exemption under subsection (c), (h), (i), or (j), a person shall provide to the provider of communications services a statement (in such form and manner as the Secretary may provide) certifying that such person is entitled to such exemption.

"(2) DURATION OF CERTIFICATE.—Any statement provided under paragraph (1) shall remain in effect until—

"(A) the provider of communications services has actual knowledge that the information provided in such statement is false, or

"(B) such provider is notified by the Secretary that the provider of the statement is no longer entitled to an exemption described in paragraph (1).

If any information provided in such statement is no longer accurate, the person providing such statement shall inform the provider of communications services within 30 days of any change of information."

(d) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall take effect on the date of the enactment of this title.

(2) SUBSECTION (b).—The amendment made by subsection (b) shall apply to the payment of taxes considered collected for semi-monthly periods beginning after June 30, 1990.

(3) SUBSECTION (c).—

(A) IN GENERAL.—The amendment made by subsection (c) shall apply to any claim for exemption made after the date of the enactment of this title.

(B) DURATION OF EXISTING CERTIFICATES.—Any annual certificate of exemption effective on the date of the enactment of this title shall remain effective until the end of the annual period.

SEC. 232. ESTIMATED TAX PAYMENTS REQUIRED FOR S CORPORATIONS.

(a) IN GENERAL.—Section 6655(g) of the Internal Revenue Code of 1986 is amended by

adding at the end thereof the following new paragraph:

"(4) APPLICATION OF SECTION TO CERTAIN TAXES IMPOSED ON S CORPORATIONS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), this section shall apply to any of the following taxes imposed on an S corporation:

"(i) The tax imposed by section 1374(a) (or corresponding prior provision of law).

"(ii) The tax imposed by section 1375(a).

"(iii) Any tax imposed by reason of section 1371(d)(2).

"(B) SPECIAL RULES.—In applying this section to an S corporation—

"(i) clause (ii) of subsection (d)(1)(B) shall not apply to the taxes described in clauses (i) and (iii) of subparagraph (A), and

"(ii) paragraph (2) of subsection (d) shall not apply."

(b) EFFECTIVE DATE.—

(1) GENERAL RULE.—Except as provided in paragraph (2), the amendments made by this section shall apply to installments required to be made after the date of the enactment of this title with respect to taxable years ending after such date.

(2) SPECIAL RULES.—

(A) PAYMENTS SPREAD OVER REMAINING INSTALLMENTS.—Notwithstanding section 6655(d)(1)(A) of the Internal Revenue Code of 1986, any estimated payment of any tax relating to an item arising before the date of enactment of this title for any taxable year beginning on or before and ending after such date shall be taken into account ratably among the installments required to be made after such date for such taxable year.

(B) ANNUALIZED INSTALLMENT PAYMENTS.—If subsection (e) of section 6655 of such Code applies with respect to payments described in subparagraph (A), subclauses (II), (III), and (IV) of paragraph (2)(A)(i) of such subsection shall be applied by using the longer time periods prescribed under such subclauses.

(C) NUMBER OF REQUIRED INSTALLMENT.—For purposes of this paragraph, paragraph (1) shall be disregarded in determining the number of any required installment.

SHELBY AMENDMENT NO. 197

Mr. SHELBY submitted an amendment intended to be proposed by him to the bill S. 5, supra, as follows:

At the appropriate place add the following:

SEC. . USE OF CAMPAIGN CONTRIBUTIONS.—Section 313 of the Federal Election Campaign Act of 1971 (2 U.S.C. 439a) is amended by striking out "except that, with respect to any individual who is not a Senator or Representative in, or Delegate or Resident Commissioner to, the Congress of January 8, 1980," and inserting in lieu thereof "except that".

NOTICES OF HEARINGS

COMMITTEE ON SMALL BUSINESS

Mr. BUMPERS. Mr. President, I would like to announce that the Small Business Committee will hold a field hearing on Tuesday, June 27, 1989, to assess the impact of takeovers on small business opportunities. The hearing will be held in the Moot Court Room of the Hamline University School of Law, located at 1536 Hewitt Avenue, St. Paul, MN. For further information, please call Pete Coyle, minority staff director for the committee at 224-8494.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. DODD. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation, be authorized to meet during the session of the Senate on June 15, 1989, at 2 p.m. to hold a hearing on the nomination of Jeffrey Neil Shane, of the District of Columbia, to be Assistant Secretary of Transportation for Policy and International Affairs and on the nomination of Kate Leader Moore, of the District of Columbia, to be Assistant Secretary of Transportation for Budget and Programs.

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

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. DODD. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet during the session of the Senate on Thursday, June 15, 1989, at 10 a.m. to conduct a hearing on "The Condition of Academic Research Facilities."

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

COMMITTEE ON ARMED SERVICES

Mr. DODD. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet on Thursday, June 15, 1989, at 9 a.m., in open session to receive testimony in review of the programs recommended for termination in the amended budget submission for the Department of Defense for fiscal years 1990 and 1991, S. 1085, and to review the budget authority and outlay estimates of DOD and CBO for fiscal year 1990.

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

SUBCOMMITTEE ON STRATEGIC FORCES AND NUCLEAR DETERRENCE

Mr. DODD. Mr. President, I ask unanimous consent that the Subcommittee on Strategic Forces and Nuclear Deterrence of the Committee on Armed Services be authorized to meet on Thursday, June 15, 1989, at 1 p.m. in closed session to receive testimony on the requirements for and budget request for the strategic defense initiative in review of S. 1085, the Department of Defense authorization bill for fiscal years 1990 and 1991.

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

SUBCOMMITTEE ON NUTRITION AND INVESTIGATIONS

Mr. DODD. Mr. President, I ask unanimous consent that the Subcommittee on Nutrition and Investigations of the Committee on Agriculture, Nutrition, and Forestry, be authorized to meet during the session of the Senate on Thursday, June 15, 1989, at 2 p.m. to hold a hearing on the reauthorization of the child nutrition programs and the Special Supplemental Food Program on WIC.

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

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. DODD. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation, be authorized to meet during the session of the Senate on June 15, 1989, at 9:30 a.m. to hold a hearing on S. 561, legislation which would require drug and alcohol testing of safety-sensitive workers in the rail, aviation and motor carrier industries.

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

SUBCOMMITTEE ON SUPERFUND, OCEANS AND WATER PROTECTION

Mr. DODD. Mr. President, I ask unanimous consent that the Subcommittee on Superfund, Ocean and Water Protection, Committee on Environment and Public Works, be authorized to meet during the session of the Senate on Thursday, June 15, beginning at 9:30 a.m., to conduct an oversight hearing to examine EPA's report on the Agency's 90-day review of the Superfund Program and related issues.

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

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. DODD. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs be authorized to meet on Thursday, June 15, at 9:30 a.m., on the subject of "averting alcohol abuse," new directions in prevention policy.

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

SUBCOMMITTEE ON ENERGY RESEARCH AND DEVELOPMENT

Mr. DODD. Mr. President, I ask unanimous consent that the Subcommittee on Energy Research and Development of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on June 15, 1989, 9:30 a.m. for a hearing to receive testimony on S. 488, a bill to provide Federal assistance and leadership to a program of research, development and demonstration of renewable energy and energy efficiency technologies; relevant provisions in S. 964, a bill to authorize appropriations to the Department of Energy for civilian energy programs for fiscal years 1990 and 1991; and the Department of Energy's fiscal year 1990 budget request for conservation and renewable energy programs.

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

SELECT COMMITTEE ON INTELLIGENCE

Mr. DODD. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Thursday, June 15, 1989 at 10 a.m. to hold a closed hearing on intelligence matters.

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

SUBCOMMITTEE ON SECURITIES

Mr. DODD. Mr. President, I ask unanimous consent that the Subcommittee on Securities of the Committee on Banking, Housing, and Urban Affairs be allowed to meet during the session of the Senate on Thursday, June 15, 1989, at 9:30 a.m., to conduct hearings on the globalization of securities markets, and S. 646, the International Securities Enforcement Cooperation Act of 1989.

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

SUBCOMMITTEE ON IMMIGRATION AND REFUGEE AFFAIRS

Mr. DODD. Mr. President, I ask unanimous consent that the Subcommittee on Immigration and Refugee Affairs of the Committee on the Judiciary, be authorized to meet during the session of the Senate on Thursday, June 15, 1989 at 2:30 p.m., to hold a hearing on immigration naturalization procedures.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. DODD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, June 15, at 9:45 a.m. to hold a nomination hearing on Donald Gregg, to be Ambassador to South Korea.

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

ADDITIONAL STATEMENTS

HEE HAW

● Mr. SASSER. Mr. President, I rise today to recognize one of the truly remarkable television series—"Hee Haw," which is produced in my hometown of Nashville, TN.

"Hee Haw" is now taping new hours for its 22d season on national television. It is one of the most successful television shows ever and is currently seen on 200 television stations nationwide.

The series was created in 1969 and was an instant hit on CBS-TV. Although the series was dropped by the network, the producers knew they had a successful series. "Hee Haw" was always high in the Nielsen ratings.

Fortunately, the Federal Communications Commission had just established the prime time access rule and this allowed "Hee Haw" to become one of the instant successes of the new prime time access hour in the fall of 1971. In fact, "Hee Haw" was one of the pioneers of the booming syndicated first-run television industry of today.

I would like to commend Gaylord Program Services, Gaylord Syndicom, and Gaylord Broadcasting for their support of this series. And the dedicated work of producer Sam Lovullo and director Bob Boatman have made "Hee Haw" the great show it is.

I also want to mention the great work that Roy Clark has done as host of "Hee Haw" since its beginning in 1969. Roy has recently returned from a tour of the Soviet Union—proving once again the universal appeal of country music.

This series has been successful because it provides the audience with good family entertainment, including music and comedy. We in Tennessee are proud of what "Hee Haw" has done to popularize country music and quality television for more than two decades.●

DR. THOMAS McPHERSON BROWN: FIRST TO ISOLATE MYCOPLASMA ORGANISM FROM EXUDATE OF RHEUMATOID ARTHRITIS PATIENT AND FIRST TO USE ORAL AND INTRAVENOUS ANTIBIOTICS IN TREATMENT OF RHEUMATOID ARTHRITIS

● Mr. DECONCINI. Mr. President, for 50 years, Dr. Thomas McPherson Brown vigorously pursued the theory that rheumatoid arthritis was a tissue hypersensitivity reaction to certain agents in the bloodstream of rheumatoid arthritics. Dr. Brown believed that the source of these agents was the mycoplasma organism—formerly known as a pleuropneumonia-like organism—and was the first to isolate that organism from the exudate of a rheumatoid arthritis patient. He was also the first to recognize the link between infectious agents and rheumatic diseases. He developed a treatment program aimed directly at the mycoplasma organism which consists of oral and intravenous antibiotics administered over an extended period of time, usually at least 5 years. Dr. Brown was ahead of his time both as to the theory of the cause of rheumatoid arthritis and the development of his successful treatment program. Dr. Brown died on April 17, 1989.

I would like to share with my colleagues the testimony of Barbara A. Matia regarding Dr. Brown's work, articles published in the New York Times and Science magazine, Dr. Brown's curriculum vitae and his publications. I ask that the testimony and attached documents be printed in the RECORD.

The curriculum vitae follows:

Mr. Chairman, Senators and Staff: I am Barbara Matia of Scottsdale, Arizona. I appreciate the opportunity to testify before you for the third time. For those of you who have not heard me testify in the past, I believe that it is important for you to know that I was completely bedridden 11 years ago with rheumatoid arthritis. I was treated by Dr. Thomas McPherson Brown with Oral and intravenous antibiotics over a long period of time. After getting through the period during which this treatment causes you to feel worse, I improved each year, watching my blood tests go from an initial rheumatoid factor of 10,000 to a zero reading after 5 years. As you can tell by looking at me today, I am totally functional and am living a normal healthy life.

Dr. Brown and Dr. Homer Swift, who has been referred to as the father of modern rheumatology, first reported the isolation of a mycoplasma organism (then referred to as a pleuropneumonia-like organism or PPLO) in the March 24, 1939 issue of Science Magazine. Both the New York Times and the New York Post carried articles on this achievement with headlines which read as follows: "Rheumatism Germ Found, Say Rockefeller Doctors;" "Rheumatic Fever Cause Clues Are Found by Science." That discovery occurred 50 years ago last month. Dr. Brown persisted in the direction of the infectious theory of arthritis for 50 years. Last Monday, April 17, 1989, . . . he died. The gift he left to the world is that there is real hope for the arthritics today. He was way ahead of his time with his theory, that rheumatoid arthritis is a long-term acute illness rather than a chronic illness, and that if treated properly with antibiotics over a long period of time it is potentially curable.

Because of my experience with this disease and that of thousands of other patients which Dr. Brown has successfully treated, I know that when a clinical trial is completed on the antibiotic treatment program and when the research is finally completed on the cause of the disease, it will be established that Dr. Brown was right both as to the cause and the treatment of rheumatoid arthritis.

According to the National Institutes of Health, there are over 100 different forms of arthritis, all needing specific research in the various scientific disciplines such as genetics and immunology, and all needing separate clinical trials to test proper dosages of medicines found to be effective against one or more of those forms. This is going to be an endless task when you consider that the NIAMSD is the third lowest Institute at the NIH in funding and has the lowest grant payline of all of the Institutes and that the award rate for 1989 appropriations for the NIAMSD is only 27 percent where the other Institutes have award rates of 29 percent.

When you say you have arthritis, people do not associate with it the tragedy which they associate with cancer or heart disease. Arthritis is not generally a killer. But there is a tragedy in the immeasurable suffering which arthritics endure. And arthritis has an additional, almost ironic, tragedy associated with it. Because arthritis is not a killer, the economic loss to America from the reduced productivity and lost earnings, which has been estimated in the tens of billions of dollars annually, and the economic burden of long-term medical and custodial care which often becomes necessary, is a real American tragedy.

If we would devote substantial additional dollars to solving the arthritis mystery, this staggering annual economic loss would

begin to diminish and the economic gain from such a result would more than pay the investment.

I urge you to seriously consider increasing the NIAMS appropriation to $200 million for fiscal year 1990. This money will have a significant positive impact on balancing future budgets.

RHEUMATISM GERM FOUND, SAY ROCKEFELLER DOCTORS: MAY SOLVE PROBLEM OF ONE OF MOST SERIOUS DISEASES OF MANKIND

Two doctors of the Hospital of the Rockefeller Institute for Medical Research today announced the discovery of a germ which may solve the problem of rheumatic fever and rheumatic heart disease.

One of the most serious diseases of mankind because it is so often followed by progressive heart impairment, particularly in children, rheumatic fever has baffled medical scientists seeking both its true cause and an effective cure.

Dr. Homer F. Swift, considered the world's leading research scientist on rheumatic fever, and Dr. Thomas McPherson Brown, announce their discovery in the current issue of Science.

There is a possibility that the rheumatic fever germ they have found is the same one announced two weeks ago by Dr. A. B. Sabin, also of the Rockefeller Institute, as a probable cause of arthritis.

The two diseases, rheumatic fever and arthritis, together constitute one of the major cause of chronic illness and disability.

For years medical scientists have pursued the belief that the two diseases have been caused by some type or types of the common streptococcus, the most frequent cause of infections.

Serums, vaccines and antitoxins have been produced with only slight success to fight both diseases.

The new germ or germs, both called "pleuropneuomonia-like microorganisms" by the three doctors, may be the missing element in the cause of rheumatic fever and arthritis, with the streptococcus also playing a causative role.

The germ isolated by Drs. Swift and Brown was found after using highly ingenious techniques to cultivate a bacteriological response from secretions developed by a child with rheumatic fever.

The germ cultivation was done by implantation of the secretion in one of the special membranes of chicken eggs. It was only after taking the fluid from one planting and placing it into a new one for five successive times that a recognizable response was observed. This compares with ordinary bacteriological germ cultivation in which suspected material is planted in a medium and germ growth begins immediately.

Drs. Swift and Brown were able to produce a lung inflammation in mice with their germ, a response which Dr. Sabin was unable to do with his almost identical arthritis germ.

The two doctors believe that the difference may be only one of selectivity of site by a different type of the same germ. Dr. Sabin's germ produced lesions in the joints of rabbits but not pneumonia.

All three doctors are now concentrating on better methods to cultivate the germ and to further establish its connection with human arthritis and rheumatic fever.

Once this is done, research will be started to find ways to fight the germ, just as ways have been found to fight other diseases once the true cause was established.

RHEUMATIC FEVER CAUSE CLUES ARE FOUND BY SCIENCE—VICIOUS DISEASE OF SCHOOL AGE CHILDREN IN NORTHEAST FREQUENTLY KILLS

NEW YORK, March 23.—Clues to the unknown cause of rheumatic fever, a disease that attacks 1 of every 100 Americans, were announced today in science.

Rheumatic fever is a particularly vicious disease of school age children in the northeastern United States. It frequently results in damaged hearts, and often in death a few years after the rheumatic attack.

An unidentified streptococcus has been suspected. But at the Rockefeller Institute a new microorganism, said to resemble the pneumonia germ, has been found in rheumatic fever sufferers.

The evidence on this new cause of disease is unusual, all being "backhanded." Two Rockefeller scientists, Homer F. Swift and Thomas McPherson Brown, announce that this new organism causes pneumonia in mice and even other ills in animals deliberately infected with it.

Two weeks ago A.B. Sabin of the institute reported discovery that this same new organism caused chronic arthritis in mice.

In all cases the new germ or virus, was obtained from human beings with rheumatic fever. This cumulative evidence puts the new germ on the spot as the possible cause of the rheumatism.

[From Science magazine, Mar. 24, 1939]

PATHOGENIC PLEUROPNEUMONIA-LIKE MICROORGANISMS FROM ACUTE RHEUMATIC EXUDATES AND TISSUES

(By Homer F. Swift and Thomas McPherson Brown)

The inoculation of chorioallantoic members of chicken eggs with exudates obtained from a number of patients with acute rheumatic fever has resulted in the development of characteristic lesions which have not appeared when similar membranes were inoculated with non-rheumatic exudates. These lesions have had the same general appearance in a number of different series where the inocula have been derived from arthritic exudates, pleural exudates or an excised erythema nondosum nodule. The characteristic lesions have usually not become definite until the third to fifth serial passage; but once having appeared they have been easily induced in as many as twenty-four passages at two- to four-day intervals. The use of a 10 per cent human serum-saline mixture as a medium in which the ground membranes are suspended has proven an important part of the technique. Macroscopically the characteristic lesions consist of granules or pearl-like bodies, often best seen when viewed from the entodermal surface. Microscopically these areas eventually appear like globular structures surrounded with flattened epithelium, but containing in their center condensed eosinophilic material, apparently derived from the mesoderm, and varying amounts of mesodermal inflammatory reaction. The bodies appear to originate in the ectoderm; as they enlarge, they press downward into the mesoderm, and often push the entoderm ahead of themselves, so that they are most easily seen from the under surface of the membrane.

Occasionally membranes have become contaminated with ordinary bacteria. Under these circumstances they have presented quite a different appearance from that described above. When bacterial contamination has occurred, the ground membrane suspension has been subjected to Berkefeld N or V filtration, which has allowed the infectious agent to pass through.

Etherized mice inoculated intranasally with rheumatic arthritic or pleural exudates and with suspensions of chorioallantoic membranes, showing the characteristic lesions described above, have sickened and developed pneumonia in which the inciting agent has been transmissible from series to series by using as inocula, ground pneumonic lungs suspended in broth. Filtrates of these suspensions, passed through Berkefeld V candles, have induced the same type of pneumonia; and from these lungs ordinary bacteria have been absent, both from films and cultures. The equivocal nature of the evidence obtained from mouse pneumonia was recognized, because of the findings of Dochez [1] and Gordon,[2] respectively, and their collaborators, and of similar results in the Laboratories of the International Health Division.[3] In all those experiments, however, the induced pneumonia did not appear until after two or more mouse lung passages, while in our experience the characteristic pneumonia appeared after the primary intranasal inoculation. Suspensions of these pneumonic lungs which had been ground have induced the same characteristic lesions on the chorioallantoic membranes as those previoulsy mentioned.

As Dr. Albert Sabin has consulted with us frequently during his work in recovering pleuropneumonia-like microorganisms from normal mice [4] and inducing with these cultures chronic arthritis in mice,[5] we applied the cultural techniques he was using and also some of the methods employed by Kleineberger.[6] After a few sub-cultures in beef-serum-dextrose-broth or on solid media rich in serum, it was possible to grown pleuropneumonia-like microorganisms from the pneumonic mouse lungs and also from the abnormal chorioallantoic membranes. This was highly suggestive evidence that this agent has arisen from a common source—*viz.*, the exudates or lesions of patients with rheumatic fever—although the possibility was recognized that these pleuropneumonia-like microorganisms might have come from carriers among the sick mice, even though that possibility seemed improbable.

It, therefore, became important to cultivate, if possible, these microorganisms directly from rheumatic exudates; and by using the same culture media and applying the same repeated passage techniques that were used in culturing the chorioallantoic membranes and pneumonic mouse lungs, similar appearing cultures and microorganisms have been obtained from the arthritic exudate of a child early in the course of her second attack of rheumatic fever, and also from an erythema nodosum nodule excised from a patient with typical rheumatic polyarthritis. This furnished evidence that the pleuropneumonia-like microorganisms obtained from both the choriollantoic membranes and from the mouse pneumonic lungs were probably derived originally from the rheumatic exudates.

The pathogenicity of the cultures from the three different sources is being investi-

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[1] A. R. Dochez, K. C. Mills and B. Mulliken, *Proc. Soc. Exp. Biol. and Med.*, 36: 683, 1937.

[2] F. B. Gordon, G. Freeman and J. M. Clampit, *Proc. Soc. Exp. Biol. and Med.*, 39: 450-453, 1938.

[3] F. L. Horsfall, personal communication.

[4] A. B. Sabin, Science, 88: 575-576, 1938.

[4] A. B. Sabin, Science, 89: 228-229, 1939.

[6] E. Kleineberger, *Jour. Hygiene*, 38: 458-475, 1938.

gated. A culture, free from ordinary bacteria, was obtained from the nineteenth chorioallantoic membrane passage where the original inoculum was a rheumatic pleural exudate. One tenth of a cubic centimeter of this culture, after four days' incubation, was injected into the vitreous of the eyes of three rabbits. Two of them developed marked iritis and also a systemic reaction indicated by diarrhea of several days' duration; the third had a panophthalmitis with some form of cocci as contaminating agents. Another set of three rabbits was inoculated with the seventh and eighth subcultures from an arthritic exudate (this culture had never undergone animal passage); one rabbit developed marked iritis and diarrhea, the second mild iritis; while the eye of the third has so far remained free from macroscopic lesions. Two out of three other rabbits inoculated with a 24-hour-old culture of the same strain developed definite iritis after 9 or 10 days; while the iritis in the first two groups appeared between the second and fifth days after inoculation and persisted from the seventh to tenth.

Four series of Swiss mice, of a stock known to be free from mouse typhoid infection, were inoculated intranasally with the same cultures that had been injected into rabbits' eyes. During the following six days, animals in each set were obviously sick and had dyspnea. When autopsied on the sixth or seventh days, 3 out of 5 mice inoculated with the 4-day-old culture showed only macroscopically equivocal pulmonary lesions. On the other hand, marked pneumonia was present in 2 out of 5 mice in each of the three sets inoculated with either 1- or 2-day-old cultures. Another macroscopically normal appearing mouse lung was found upon microscopic examination to have foci of interstitial pneumonia, perivascular hyperplasia and bronchi distended with polymorphonuclear cells, a picture that has been peculiar to all the pneumonic lungs examined.

It thus appears that pleuropneumonia-like microorganisms cultured directly from rheumatic exudates can induce the same type of pneumonia in mice that is obtained by inoculating these animals with rheumatic exudates, or with suspensions of chorioallantoic membranes in which characteristic lesions have been induced by these exudates. These pulmonic lesions have appeared in the first mice inoculated with these various materials, as well as in those where serial transfers have been carried out; hence we feel that the organotropism of these microorganisms is different from those of the pleuropneumonia-like microorganisms recovered from mice by Dr. Sabin, for he has been unable to induce pneumonia in mice with his cultures.[7] A few mice inoculated either intracerebrally, intravenously or intraperitoneally with cultures have, so far, shown no characteristic lesions, even though some of them have been obviously sick. The series has been too small, however, and the time since inoculation too short for final judgment concerning the pathogenicity of these cultures.

SUMMARY

In suitable cell-free media it has been possible to cultivate pleuropneumonia-like microorganisms from the following materials, first, from chorioallantoic membranes in which lesions were apparently induced by exudates from patients with rheumatic fever; second, from pneumonic lungs of mice inoculated with similar exudates or with suspensions of the above-mentioned abnormal membranes; and third, directly from the arthritic exudate of a patient with rheumatic fever, and also from an erythema nodosum nodule excised from a patient with this same disease. With three different subcultures from joint fluid, iritis has been induced in rabbits; and following intranasal inoculation with the same cultures there has developed in mice a pneumonia similar to that found in mice inoculated with rheumatic exudates and with suspensions of chorioallantoic membranes infected with rheumatic exudates. Therefore it seems probable that in all instances the pathogenic agent was derived from similar sources, *viz.*, patients with rheumatic fever. Further work will be required to demonstrate the etiologic significance of these pathogenic agents in rheumatic fever.

HOMER F. SWIFT,
THOMAS MCPHERSON BROWN.
Hospital of the Rockefeller Institute for Medical Research, New York, NY.

[7] A.B. Sabin, personal communication.

CURRICULUM VITAE

Thomas McPherson Brown, M.D.: Director/Chairman, Arthritis Institute of National Hospital; President, Arthritis Clinic of Northern Virginia, 2455 Army Navy Drive, Arlington, VA 22206, (703) 533-2431 & 920-0767.

Born: June 20, 1906, Washington, D.C.

Married: July 6, 1937 to Olive Young.

Children: Gael.

Home Address: 814 26th Place, S., Arlington, VA 22202.

Social Security: [redacted].

Education: Swarthmore College, Swarthmore, PA; A.B.—1929 (Joshua Lippincott Fellowship); Johns Hopkins Medical School, Baltimore, MD. M.D.—1933 (Henry Dennison Strong Fellowship) (May 1932-October 1932, University of Gottingen, Germany and Rotunda Hospital, Dublin).

Professional Career:

Internship, Johns Hopkins Hospital, Baltimore, MD (12 months). 1933-1934.

Residency at Johns Hopkins University Hospital, Baltimore, MD. Total of 36 months as an Assistant Resident, 1934-1937.

Instructor in Medicine at Johns Hopkins University.

Resident on Rheumatic Fever Division, Rockefeller Institute Hospital, New York, NY. 1937-1939.

Chief Resident, Medical Service, Johns Hopkins Hospital, Baltimore, MD. Associate in Medicine, Johns Hopkins Hospital. 1939-1940.

Co-director of Biological Division, Johns Hopkins Hospital, Baltimore, MD. Associate in Medicine, full-time, 1940-1942.

Assistant Professor of medicine, leave of absence, Johns Hopkins Hospital, Baltimore, MD, 1943-1946.

Service in Army: April 1942-May 1945: Major, 118th General Hospital, Medical Officer; May 1945-September 1945: Major, 118th General Hospital, Chief of Medical Staff; September 1945-November 1945: Lt. Col. 118th General Hospital Commanding Officer.

Assistant Professor of Medicine, full-time, Johns Hopkins Hospital, Baltimore, MD. (January-July) 1946.

Chief of Medicine and Director of Arthritis Research, Veterans Administration Hospital, Washington, D.C. Adjunct Clinical Professor, George Washington University School of Medicine, 1946-1948.

Professor of Medicine, Executive Officer, Department of Medicine, George Washington University School of Medicine, Washington, D.C., 1948-1955.

Chairman, Department of Medicine, George Washington University School of Medicine, Washington, D.C. Chief of Medicine, George Washington University Hospital, 1948-1969.

Director, Arthritis Research Unit, George Washington University, 1948-1970.

Eugene Meyer Professor of Medicine, Department of Medicine, George Washington University School of Medicine, 1955-1970.

Consultant in Arthritis and Infectious Diseases, Veterans Administration Hospital, Washington, D.C., 1948-1962.

Co-Director, Rehabilitation Research and Training Center (RT-9), 1965-1967.

Director, Rehabilitation Research and Training Center (RT-9) 1967-1970.

Director, Section of Rheumatology, Department of Medicine, George Washington University, 1969-1970.

Professor Emeritus, George Washington University, 1970 to present.

Director, Arthritis Institute of the National Hospital, Arlington, VA, 1970 to present.

Professional Memberships: Society for Clinical Investigation, American Clinical and Climatological Association, Southern Society for Clinical Research, American Rheumatism Association, American Medical Association, Washington Academy of Sciences, American College of Physicians, D.C. Society of Internal Medicine, American Board of Internal Medicine (Diplomate), Arthritis and Rheumatism Association of Metropolitan Washington, D.C. Rheumatism Society, Arlington County Medical Society, Medical Society of Virginia, and Medical Society of D.C.

Professional Positions Held: Director, Arthritis Institute of the National Hospital, Arlington, VA; Chairman of the Board, Arthritis Institute of the National Hospital, Arlington, VA; President, Arthritis Clinic of Northern Virginia, Arlington, VA; Member of the Board of Trustees, National Hospital, Arlington, VA; Member of the Board of Directors, Sidwell Friends School; Member of the Board, Lupus Foundation, Washington, D.C.; and Member of the National Arthritis Advisory Board, Food & Drug Administration.

Honors: Phi Beta Kappa, Sigma Xi, Ivy Medal (Swarthmore), Cum Laude Society, Alpha Omega Alpha, American Men of Science, Who's Who, Encyclopedia Brittanica, Outstanding Service Citation—President's Committee for Handicapped—1956, and Physician of the Year—District of Columbia.

Past Positions Held: Vice-Chairman, Subcommittee on Medicine, National Research Council; Member, Council American Medical Association; Member, Research Study Section, Vocational Rehabilitation Service; Department of Health, Education & Welfare; George Washington University Committee of Eighteen; George Washington University Senate, Executive Committee; Chairman, Faculty Committee to Advice and Consult with the Board of Trustees on the Selection of a President, George Washington University; Member of Board of Managers, Swarthmore College; Director, George Washington Medical Division, D.C. General Hospital; President, D.C. Rheumatism Society; Vice-President Eugene and Agnes Meyer Foundation, VA; Section on Medicine, National Research Council; Consultant, National Institute of Arthritis and Metabolic Diseases, National Institutes of Health; National Committee Member, American Rheumatism Association; Con-

sultant to the White House; Member, Council on Drugs, American Medical Association; and Co-founder, Arthritis Foundation Metropolitan Washington Chapter.

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SEX EDUCATION AND SELF-ESTEEM

● Mr. BREAUX. Mr. President, I rise today to call to the attention of my colleagues an article by Ms. Betsy Gambel recently published in the Times-Picayune newspaper in New Orleans, LA, on the subject of sex education and the self-esteem of our Nation's youth.

At a time when teenage pregnancy runs rampant in areas of my home State, as well as many other places across the Nation including here in our Nation's Capital, I find Mr. Michael Carrera's proposal extremely illuminating as to how we might best combat this problem.

I believe that his formula for building self-esteem among your youth could not only help us fight the epidemic of teen pregnancy, but also the scourge of drugs plaguing the youth of our cities.

Mr. President, I ask that the article be included in the RECORD so that all my colleagues might have the benefit of Mr. Carrera's insights.

The article follows:

[From the Times-Picayune, Apr. 14, 1989]

SEX EDUCATION AND SELF-ESTEEM URGED BY EXPERT

(By Betsie Gambel)

Sex education expert Michael Carrera's formula for prevention of teen pregnancies is rooted in helping kids build their self-esteem.

"If we want to help our kids handle themselves responsibly when the opportunity for intercourse presents itself, we have to start from the moment they're born—building self-esteem and respect for other people," he says. "I maintain that this is the best form of birth-control education.

"A kid who feels good about himself and has been taught not to use other people will be a lot less likely to make an irresponsible decision when the time comes."

So how can parents build a child's self-esteem? Carrera suggests that affection and appreciation are the key. Kids who live with praise will grow up feeling good about themselves while kids who grow up with criticism will grow up being critical of others.

It's also important for parents to offset media messages about sex, Carrera says, adding that television often portrays relationships between men and women as tempestuous.

"You rarely see examples of real tenderness, affection, honesty, self-control—those qualities that form the bedrock of a healthy sexuality," he says.

And Carrera says that parents shouldn't be afraid to let their children see them in non-erotic relations; it's OK for members of the opposite sex to be just friends.

"Sex doesn't always have to be an issue in male-female relationships," he says.

Carrera, whose book, "Sex, the Facts, the Acts and Your Feelings," has been translated into 17 languages, will speak here at 7:30 p.m. Tuesday, April 18, and will conduct a workshop at Junior League of New Orleans headquarters, 4319 Carondelet St., from 9:30 to 1:30 a.m. April 19. The programs, sponsored by the Junior League, are free and open to the adult community.

Carrera has put his philosophy to work in New York City centers operated by the Children's Air Society and other organizations in areas with high school dropout and teen-pregnancy rates.

Although the centers are in predominantly black and Hispanic communities, Carrera says his program cuts across racial and socio-economic lines. He says that in three years, only two teens who have participate have become pregnant.

Program participants include males and females, teen-agers and parents. Carrera says, "You don't want to be caught in the trap of other programs that say you should teach young women to say no. On sexuality issues, if you don't couple that with teach-

ing men not to ask, then you're guilty of a sexist double standard."

The nuts and bolts of Carrera's approach is providing programs for teens that build their self-esteem. The major components of the program include:

A "job club." Teens get their Social Security cards, and fill out job applications and work papers. They're coached by counselors in interview skills and in how to dress appropriately for a particular job. The participants then are given a full- or part-time job. Their on-the-job performance determines their salary, anywhere from nothing to $50. They then are required to open a bank account.

Academic assessment. The young people go through a skills checklist for proficiency in math, reading and writing. Tutoring is available by community volunteers.

Sports programs. The kids are introduced to sports such as squash, golf, tennis and swimming. Self-discipline is the key ingredient. Carrera says, "If you want to have fun and win, you have to have control. You can transfer that into real-life situations when discipline is needed."

Creativity through the performing arts. Local theater groups involve the teens in role-playing, acting, improvisation and music.

Sex education. This course in human sexuality is for the parents and the children. Not only is the human reproductive system a subject to be taught, but also family planning and importance of the family unit.

Medical and health services. Physicals and gynecological examinations are offered, and contraception is available. Program staffers do talk to those teenagers who are sexually active about their responsibilities and rights.

Carrera has served as president of the board of directors of the Sex Information and Education Council of the United States (SIECUS), and as president of the American Association of Sex Educators, Counselors and Therapists (AASPECT). ●

THE NATION'S SPACE FUTURE: COLORADO LEADS THE WAY

● Mr. ARMSTRONG. Mr. President, yesterday, with the first launch of the Nation's largest, most powerful space launch vehicle, the United States took another bold step into the future and Colorado led the way. Colorado is known for its frontier spirit, hard work, and creative citizenry. From gold rush to space launch, these combined attributes have kept Colorado on the cutting edge for more than 100 years.

But today, Coloradans everywhere have three reasons to be especially proud of Martin Marietta's successful Titan 4 launch. First, and foremost, yesterday's launch, on a space booster manufactured in Denver, puts the United States' space launch capability back on the road to recovery. Second, it comes during the 30th anniversary of successful launches of Colorado-built Titans, and third, it again demonstrates Colorado's leadership in extremely reliable high technology products.

The launch of the Titan 4 marks an important point in U.S. history: The U.S. Space Program is well on its way to recovery. The Titan 4 space launch vehicle was manufactured by Martin Marietta in Denver, CO, and it is the biggest, most powerful unmanned launch vehicle in the U.S. inventory.

After the 1986 *Challenger* accident, we became painfully aware of the lack of launch capability necessary to ensure that satellites necessary for everyday life in America were able to be launched. Key decisionmakers termed it a "lack of assured access to space," and at that's what it was. To combat the problem, the Air Force began what we now can see was a very farsighted investment in unmanned or expendable launch vehicle technology. Two components of this new fleet of expendable launch vehicles are now made in Colorado: the Delta II, a medium-powered launch vehicle, manufactured in Pueblo and the most powerful, the Titan 4.

Today, the United States faces an enormous backlog of key satellite payloads already manufactured and ready to go, yet without any available booster to get them into orbit. For a nation that depends as heavily as the United States does on space—for everything from cross-country telephone calls to Home Box Office movies to warning of impending ballistic missile attack—the recovery of the U.S. space launch capability cannot be overstated. And Colorado's role in support of both the successful Delta II Program and yesterday's successful Titan 4 is pivotal.

Not only does the successful Titan 4 launch signal clearly that the U.S. Space Program is on the road to recovery, however. It also comes at an important—and joyful—juncture in the history of Titan rockets built in Denver—1989 marks the 30th anniversary of the successful launch of the first Denver-built Titan, the Titan I. It was in 1959—at the same launch site as yesterday's launch—that the first test flight of a Titan I intercontinental ballistic missile [ICBM] occurred.

Colorado's dedication to the U.S. Space Program—both millitary and civilian—is long lasting. Nothing is better evidence than yesterday's launch.

So far, report are that it came off "without a hitch"—great news in light of our recent years of other space launch difficulties. But high reliability is not new for the Titan rocket family. It's their hallmark.

Since their earliest days, Titans have been known as tried and true launch vehicles. In fact, it was just such trustworthiness that resulted in the selection in 1965 of the Titan II as the powerplant for the Gemini Manned Space Flight Program. During the course of that NASA program, these highly dependable Denver-built Titan II's powered 10 manned and 2 unmanned missions into space.

More recent events highlight the high standards of the Martin Marietta in Denver. The model immediately preceding the new Titan 4, the Titan 34D, has performed successfully in 96 percent of its flights.

High reliability for the Titan rocket system of this size and complexity doesn't come easily, however.

Martin Marietta builds the first and second stages of the rocket at its plant that sits on the outskirts of Denver. Each stage is huge by itself—together, they are enormous. For instance, the first stage stands 86.5 feet high—more than eight stories tall. Its diameter is 10 feet wide, and it produces a phenomenal one-half million pounds of thrust—that is the same as more than 10 Boeing 747 engines all firing at once. The second stage is more than three stories tall and produces over 100,000 pounds of thrust.

Once the first and second stage have been completed, the entire propulsion system must be integrated with other components manufactured at other facilities throughout the United States. In addition to the liquid first and second stages, the rocket is powered by 2 solid rocket motors, each more than 100 feet tall and producing 1.7 million pounds of thrust—that is equivalent to more than 33 747 engines firing at once. These must be integrated with the other portions of the system, the payload added, and a plethora of other functions performed to ready the spacecraft for launch.

The excellence demonstated by the Titan family's high reliability rate is something that we in Colorado are very proud of. Martin Marietta in Denver has taken an extremely difficult challenge, and brought it to fruition. Yesterday's successful launch is another example of what the hard-working, no-nonsense people of Colorado can do.

More specifically though, Martin Marietta's Astronautics Group in Denver should be highly commended for yesterday's successful launch. Leading the charge there is Mr. Peter B. Teets, assisted by Gary Flora, the space launch systems group manager. The manager responsible for Titan 4 program itself is Mr. Al Schaefle.

All of these men, and all the hard-working Coloradans who contributed in many varied ways to yesterday's successful launch should be highly commended for their efforts on behalf of our Nation's future.●

ECONOMIC BENEFITS TO THE UNITED STATES FROM THE ACTIVITIES OF THE INTERNATIONAL BANKING COMMUNITY

● Mr. GARN. Mr. President, I would like to share with you the results of a research study I recently received from Larry Uhlick of the Institute of International Bankers entitled "Economic Benefits to the United States

From the Activities of the International Banking Community." This study, prepared by the institute, highlights the economic and financial benefits that foreign banks have been able to bring to the United States as a result of the open banking markets we enjoy here under the policy of national treatment. It strengthens my conviction that the elimination of the remaining regulatory barriers between the securities and the banking industries, by opening up new markets for competition, can only be to the benefit of U.S. financial markets and U.S. consumers of banking and securities services.

The institute surveyed its members to obtain information on the direct economic benefits provided by the U.S. operations of foreign banks in terms of employment, use of real estate, and total payroll, operating and capital expenditures. The key findings of the paper are as follows: Total employment by foreign banks in the United States was more than 100,000 persons during 1988, of which the vast majority were U.S. citizens. Total payroll, operating and capital expenditures by U.S. operations of foreign banks were nearly $8 billion and utilization of office space by foreign banks in the United States was at least 34 million square feet during 1988. Using multipliers developed by the Bureau of Economic Analysis of the U.S. Department of Commerce to measure the ripple effect of expenditures in the economy, the institute's study estimates that the $8 billion in expenditures by U.S. operations of foreign banks created at least 127,000 additional jobs and $10.9 billion in additional expenditures for goods and services.

In addition to quantifying the direct economic benefits provided by foreign banks, the study also describes the financial benefits to the United States. These include contributing to product innovations—such as new money market rates like the London Interbank Offered Rate [LIBOR]—and providing competitive pricing on loans and credit enhancement for corporate, municipal, and other borrowers. The study also highlights the role of foreign banks in facilitating trade and investment between the United States and other countries, including export finance, and in contributing to the development and continued prominence of international banking centers in New York, Los Angeles, San Francisco, Chicago, Miami, and Atlanta. The importance of U.S. financial markets would be diminished if foreign banks were discouraged from maintaining a presence in this country.

In an overview of international banking, the study points out that the cross-border presence of foreign banks in the United States, as well as the presence of U.S. and nondomestic banks in other countries, is a natural consequence of the internationalization of the world's financial and economic markets. Indeed, the cross-border presence of international banks has become an essential element in the global system of trade and finance. The study notes that nondomestic banks have a significant presence in other major national economies and typically provide economic benefits in those countries similar to those provided by foreign banks in the United States. In this regard, international operations of U.S. banks continue to be very important. As of the end of 1987, U.S. banks had at least 900 foreign branches and, as recently reported in the May 30 issue of American Banker, international profits of U.S. money center banks as a percentage of total earnings have increased in recent years.

Finally, the institute's study discusses the U.S. policy of national treatment and concludes that the policy has worked well. The policy of national treatment for foreign banks not only provides benefits to our economy but also encourages other countries to provide national treatment to U.S. and other nondomestic banks.

An underlying theme of the institute's paper is that competition promotes the public welfare by encouraging innovation and reducing costs. Just as the U.S. policy of national treatment has fostered such competition in the U.S. banking industry, I continue to believe that further deregulation of the U.S. financial markets will result in greater competition to the benefit of the public and the economy. Accordingly, I urge my colleagues to pass legislation, as soon as possible after we finish our review of the thrift issues, that will eliminate the Glass-Steagall restrictions on the securities activities of banks. The greater competition that such deregulation will provide will accrue to the benefit of U.S. corporations, State and local governments, consumers, and U.S. financial markets in general.●

GLOBAL POPULATION GROWTH

● Mr. BRADLEY. Mr. President, the signals are all around us, and they are becoming more numerous and harder to overlook: the future of our global environment and of the human family itself is in jeopardy. The pressures of population growth in the Third World and of pollution throughout the world are mounting, harming human health, damaging the environment, crippling economic development in countries that need it most, and threatening the stability of fragile democracies.

I would like to share with my colleagues an editorial that appeared in the Camden, NJ, Courier-Post on April 3, 1989, which highlights some of the problems posed by rapid global population growth. I believe it is time for more of us to think about these matters, and to work together with the Bush administration to come up with workable solutions to them.

I ask that the attached article be printed in the RECORD at this point.

The article follows:

[From the Camden (NJ) Courier-Post, Apr. 3, 1989]

CURB POPULATION TO SAVE PLANET

Experts who have been warning for years that the planet is adding too many people too quickly are now stepping up those warnings in terms that ought to strike home. Just look at the smog-choked cities, the fouled oceans, the "greenhouse" effect that is heating up the Earth at an alarming rate. Environmental problems are fueled by an ever-growing number of people putting demands on an already overburdened Earth.

The Population Institute, a non-profit organization that has long been in the forefront of lobbying for population control, notes that 92 percent of the world's population growth is in Third World countries. The West, which has its population under control and has developed a respect for the environment that it lacked even a few years ago, is now trying to convince the underdeveloped countries not only to control their populations, but to refrain from polluting the environment or exploiting their natural resources. Brazil, for example, is under pressure to stop cutting and burning its vast rain forests, vital to the world as a source of oxygen.

These less developed countries, which have long been plundered by the industrial giants, naturally resent the Johnny-come-lately environmental "purity" of the West. Fortunately, however, their basic objective of feeding, clothing and sheltering their people coincides with the world's need to control population. Governments in many lands are trying, through family planning education and birth control, to curb growth. Often they face stiff opposition, in terms of cultural and religious traditions that favor large families or prohibit contraception. In many countries, furthermore, a large portion of the population is just reaching childbearing age, which makes population control even more difficult. In Mexico, for example, 60 percent of the population is 16 years of age and under.

The Population Institute reports several success stories. About 30 countries, including Mexico, Brazil, Nigeria, Zimbabwe, Jordan, Indonesia and China—home to 1 billion of Earth's 5 billion inhabitants—have made strides in reducing the rate of population growth. With more help, they and the 90 or so other countries still facing runaway growth could do better.

With the global population projected to double in 40 years, the specter rises of people pitted against each other in a struggle for what clean air, clean water, arable land and fossil fuels remain. Such a struggle for resources is an open invitation to war if not strangulation from pollution. Which makes it all the more important to get behind efforts now to curb population growth.

U.S. Sen. Timothy Wirth, D-Colo., is chief sponsor of a bill called the National Energy Policy Act, which is aimed at reducing the buildup of carbon dioxide and air pollutants that have been linked to the warming of the Earth. Among the bill's proposals is a call to make global population part of a national

energy imperative. The Wirth bill would provide some $1.6 billion (up from $200 million) to support international family planning programs for three years.

This is not just a good investment. It's an imperative one. Isn't it better that the United States unite now with the rest of the world to curb population than fight it later in the midst of shortages and pollution?●

CONFIRMATION OF AMBASSADOR JOHN NEGROPONTE

● Mr. DECONCINI. Mr. President, I want to extend my congratulations to John Negroponte who was confirmed yesterday by the Senate as the United States Ambassador to Mexico. I am pleased the Senate acted in a timely manner and am especially pleased that John Negroponte was confirmed without opposition.

I have met with Ambassador Negroponte on a number of occasions and I must say that I am impressed. He has a strong diplomatic record from his time in Honduras and is well versed with events and the players in the region. He also impresses me as one who will be able to deal firmly and fairly with the Mexican Government and who will be able to represent well United States interests in Mexico.

Our top diplomatic post in Mexico City is an extremely sensitive and important one. Mexico, our friend and neighbor to the south, has many social and cultural ties with the United States, in general, and the Southwest in particular. In recent years, our ties have become even more intertwined as our business relations have expanded. These ties must be carefully nurtured.

Unfortunately, the otherwise strong ties between the United States and Mexico have not extended into the area of cooperation on the drug front. Only within recent months has the Salinas government begun cooperating with U.S. Customs Service and Drug Enforcement Agency officials in stemming the flow the drugs into this country and in bringing drug lords to justice.

This spotty record of enforcement and cooperation must be strengthened and I feel that Ambassador Negroponte has the experience and tools available to do the job. If we are serious about the war on drugs—and this Senator remains strongly committed to that effort—then we must ensure that the Mexican Government knows that cooperation on the drug front remains a top priority of the United States. I am certain that John Negroponte will be the man who will carry the United States message on drugs to the Government of Mexico and I wish him well as he assumes his new duties.●

ORDERS FOR FRIDAY, JUNE 16, 1989

Mr. MITCHELL. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 10 a.m. tomorrow, Friday, June 16; and that following the time of the two leaders, there be a period for morning business not to extend beyond 10:30 a.m.; with Senators permitted to speak therein for up to 5 minutes each; and that at the close of morning business, the Senate resume consideration of S. 5.

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

ORDERS FOR MONDAY, JUNE 19, 1989

Mr. MITCHELL. Mr. President, I further ask unanimous consent that when the Senate recesses on Friday, June 16, it stand in recess until 11:30 a.m. on Monday, June 19; and that following the time for the two leaders, there be a period for morning business not to extend beyond 12 noon, with Senators permitted to speak for up to 5 minutes each; and at the close of morning business, the Senate then resume consideration of S. 5.

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

ROLLCALL VOTES

Mr. MITCHELL. Mr. President, I ask unanimous consent that any rollcall votes ordered during the Senate session on Friday or Monday not occur prior to 5:30 p.m. on Monday, June 19.

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

THE SCHEDULE

Mr. MITCHELL. Mr. President, Senators should be aware of the following schedule: The Senate will be in session tomorrow and Monday considering S. 5. Senators who wish to speak or offer amendments to that legislation are encouraged to do so. Any rollcall votes which may be ordered during the session tomorrow and on Monday will occur not prior to 5:30 p.m. on Monday. Therefore, there will be no rollcall votes tomorrow. Any rollcall votes that may be ordered tomorrow or Monday will not occur prior to 5:30 p.m. on Monday.

Senators should also be aware that next week, the week immediately prior to the Fourth of July recess, is likely to involve lengthy sessions. This is an important bill in which all Senators have a keen interest. There is considerable disagreement on, if not the objectives of the bill, then at least the best way to achieve it. Therefore, Senators should be prepared next week, in accordance with the notice I provided in writing some weeks ago as to the upcoming schedule, that there could be late evenings and lengthy sessions with respect to this legislation next week.

It is my hope and intention, as I have expressed previously to the distinguished Republican leader, that we will complete action on this legislation next week.

I now yield to the distinguished Republican leader for any comments he may have on the subject.

Mr. DOLE. Mr. President, I have no comments. I share the views of the majority leader. I hope we can conclude action on this bill next week. I do know there is a bicentennial dinner on Tuesday evening. It starts at 7 p.m. But I know of nothing on Wednesday or Thursday or even Friday that will prevent us from completing action on the bill.

Mr. MITCHELL. The Senator is correct about the bicentennial dinner. He and I have attended numerous functions celebrating the 200th anniversary of the Congress, and by my count, next Tuesday's event will be the 200th such event we have attended and, in all probability, the last. It is likely that we will attempt to make some accommodation on that.

As the distinguished Republican leader has noted, Senators should be aware of this so everyone understands with respect to the schedule, it may be necessary to remain in session on Friday for some period of time if we have not reached that point. I hope that we will, and I believe that we will. So that Senators can be prepared in making up their schedules, it is possible, if not likely, that we are going to have several lengthy sessions next week on this subject.

I thank the distinguished Republican leader for his cooperation in this regard.

CONGRATULATIONS TO WICHITA STATE UNIVERSITY—1989 NCAA BASEBALL CHAMPIONS

Mr. DOLE. Mr. President, I send a resolution to the desk on behalf of myself and Senator KASSEBAUM and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 145) to congratulate Wichita State University on winning the 1989 NCAA Baseball Championship.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 145) was agreed to.

The preamble was agreed to.

The resolution, and its preamble, are as follows:

S. RES. 145

Whereas the Wichita State University baseball team once again battled its way to the College World Series;

Whereas the Shockers from Wichita fought off elimination six times during the tournament despite injuries and having to win their way through the toughest brackets;

Whereas Coach Gene Stephenson and his talented Wichita State baseball players showed America that "Field of Dreams" isn't only a movie. It's a baseball diamond in Omaha, Nebraska, where the indomitable Shockers won the College World Series: Now, therefore, be it

Resolved, That the United States Senate recognizes and congratulates the Wichita State University baseball team for its thrilling achievement in winning the 1989 NCAA baseball crown.

Mr. DOLE. Mr. President, I ask unanimous consent that the Secretary be instructed to transmit a copy of that resolution to the president of the university. I also move to reconsider the vote by which the resolution was agreed to.

Mr. JEFFORDS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PRINTING OF THE EULOGIES OF THE LATE SENATOR WARREN G. MAGNUSON

Mr. LIEBERMAN. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Senate Resolution 146, submitted earlier by Senator ADAMS, authorizing the printing of a compilation of the eulogies of the late Senator Warren Magnuson.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 146) authorizing the printing of copies of a compilation containing the eulogies of the late Senator Warren Magnuson.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 146) was agreed to, as follows:

S. RES. 146

Resolved, That there shall be printed as a Senate document a collection of statements made in tribute to the late Senator Warren G. Magnuson and published in the CONGRESSIONAL RECORD, together with appropriate illustrations and other materials relating to his death. In addition to the usual number, there shall be printed, for the use of the Senate, the lesser of 300 copies or such number as does not exceed a cost of $1,200.

Mr. LIEBERMAN. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. JEFFORDS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TRANSFER TO THE REPUBLIC OF THE PHILIPPINES

Mr. LIEBERMAN. Mr. President, I ask unanimous consent that the Committee on Armed Services be discharged from further consideration of H.R. 3244, a bill to authorize the transfer of two excess naval vessels to the Republic of the Philippines, and that the Senate proceed to its immediate consideration.

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

The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 2344) to authorize the transfer to the Republic of the Philippines of two excess naval vessels.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill was ordered to a third reading, was read the third time, and passed.

Mr. LIEBERMAN. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. JEFFORDS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

STAR PRINT OF SENATE REPORT 101-28

Mr. LIEBERMAN. Mr. President, I ask unanimous consent that a star print be made of Senate Report No. 101-28 to reflect the changes that I will now send to the desk.

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

RECESS UNTIL 10 A.M. TOMORROW

Mr. LIEBERMAN. Mr. President, if the distinguished acting Republican leader, my colleague from the State of Vermont, has no further business, and if no Senator is seeking recognition, I now ask unanimous consent that the Senate stand in recess under the previous order until 10 a.m., Friday, June 16.

There being no objection, the Senate, at 6:29 p.m., recessed until Friday, June 16, 1989, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate June 15, 1989:

DEPARTMENT OF STATE

FREDERICK MORRIS BUSH, OF MARYLAND, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO LUXEMBOURG.

CHAS. W. FREEMAN, JR., OF RHODE ISLAND, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE KINGDOM OF SAUDI ARABIA.

DEPARTMENT OF THE INTERIOR

STELLA GARCIA GUERRA, OF TEXAS, TO BE AN ASSISTANT SECRETARY OF THE INTERIOR, VICE JANET J. MCCOY, RESIGNED.

DEPARTMENT OF VETERANS' AFFAIRS

EDWARD T. TIMPERLAKE, OF VIRGINIA, TO BE AN ASSISTANT SECRETARY OF VETERANS' AFFAIRS (CONGRESSIONAL AND PUBLIC AFFAIRS) (NEW POSITION).

RAOUL LORD CARROLL, OF THE DISTRICT OF COLUMBIA, TO BE GENERAL COUNSEL, DEPARTMENT OF VETERANS' AFFAIRS (NEW POSITION).

IN THE MARINE CORPS

THE FOLLOWING-NAMED OFFICER TO BE PLACED ON THE RETIRED LIST IN THE GRADE OF LIEUTENANT GENERAL UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 1370:

To be lieutenant general

EDWIN J. GODFREY, [redacted]/9903 U.S. MARINE CORPS.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

MAJ. GEN. ROBERT F. MILLIGAN [redacted]/9903 USMC.

WITHDRAWAL

Executive nomination withdrawn by the President from further Senate consideration, June 15, 1989:

DEPARTMENT OF THE INTERIOR

JANET J. MCCOY, OF OREGON, TO BE AN ASSISTANT SECRETARY OF THE INTERIOR, VICE RICHARD THOMAS MONTOYA, RESIGNED, WHICH WAS SENT TO THE SENATE ON JANUARY 3, 1989.