EC–1070. A communication from the President of the United States, transmitting, pursuant to law, the Administration's report on a comprehensive plan for responding to the increase in steel imports; to the Committee on Finance.

EC–1071. A communication from the Chief of the Regulations Division, Bureau of Alcohol, Tobacco and Firearms, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Procedures For The Issuance, Denial, And Revocation Of Certificates Of Label Approval, Certificates Of Exemption From Label Approval, And Distinctive Liquor Bottle Approvals'' (RIN1512–AB34) received on January 11, 1999; to the Committee on Finance.

EC–1072. A communication from the Chief Counsel of the Bureau of the Public Debt, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Regulations Governing Book-Entry Treasury Bonds, Notes and Bills'' (No. 2–86) received on January 7, 1999; to the Committee on Finance.

EC–1073. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Permitted Disparity with Respect to Employer-Provided Contributions or Benefits'' (Rev. Rul. 98–53) received on November 17, 1998; to the Committee on Finance.

EC–1074. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Rulings and Determination Letters'' (Rev. Proc. 99–8) received on January 4, 1999; to the Committee on Finance.

EC–1075. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Examination of Returns and Claims for Refund, Credit, or Abatement; Determination of Correct Tax Liability'' (Rev. Proc. 99–2) received on January 4, 1999; to the Committee on Finance.

EC–1076. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Rulings and Determination Letters'' (Rev. Proc. 99–5) received on January 4, 1999; to the Committee on Finance.

EC–1077. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Payment of Employment Taxes with Respect to Disregarded Entities'' (Rev. Proc. 99–6) received on January 5, 1999; to the Committee on Finance.

EC–1078. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Rulings and Determination Letters'' (Rev. Proc. 99–1) received on January 5, 1999; to the Committee on Finance.

EC–1079. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Rulings and Determination Letters'' (Rev. Proc. 99–6) received on January 5, 1999; to the Committee on Finance.

EC–1080. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Low-Income Housing Credit'' (Rev. Rul. 99–1) received on January 11, 1999; to the Committee on Finance.

EC–1081. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Proposed Changes to Final Withholding Regulations Under Section 1441; Proposed Model Qualified Intermediary Withholding Agreement'' (Notice 99–8) received on January 15, 1999; to the Committee on Finance.

EC–1082. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Closing Agreements'' (Rev. Proc. 99–13) received on January 15, 1999; to the Committee on Finance.

EC–1083. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Traveling Expenses'' (Rev. Proc. 99–7) received on January 15, 1999; to the Committee on Finance.

EC–1084. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Timely Mailing Treated as Timely Filing/Electronic Postmark'' (RIN1545–AW82) received on January 15, 1999; to the Committee on Finance.

EC–1085. A communication from the Secretary of the Treasury, transmitting, pursuant to law, the United States Government Annual Report for fiscal year 1998; to the Committee on Finance.

EC–1086. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Low-Income Housing Credit'' (Rev. Proc. 99–1) received on January 11, 1999; to the Committee on Finance.

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. SHELBY (for himself, Mr. DODD, Mr. GRAMM, Mr. SARBANES, Mr. MURKOWSKI, Mr. LOTT, Mr. MACK, Mr. CRAIG, and Mr. BROWNBACK):

S. 313. A bill to repeal the Public Utility Holding Company Act of 1935, to enact the Public Utility Holding Company Act of 1999, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. BOND (for himself, Mr. KERRY, Mr. BENNETT, Mr. DODD, Ms. SNOWE, and Mr. MOYNIHAN):

S. 314. A bill to provide for a loan guarantee program to address the Year 2000 computer problems of small business concerns, and for other purposes; to the Committee on Small Business.

By Mr. ASHCROFT (for himself, Mr. HARKIN, Mr. BOND, Mr. BAUCUS, Mr. BURNS, Mr. DURBIN, Mr. GORTON, Mr. GRAMS, Mr. HAGEL, and Mr. INHOFE):

S. 315. A bill to amend the Agricultural Trade Act of 1978 to require the President to report to Congress on any selective embargo on agricultural commodities, to provide a termination date for the embargo, to provide greater assurances for contract sanctity, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. KENNEDY (for himself, Ms. MIKULSKI, Mr. WELLSTONE, and Mr. KERRY):

S. 316. A bill to amend the Child Care and Development Block Grant Act of 1990 to improve the availability of child care and development services during periods outside normal school hours, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SHELBY (for himself, Mr. DODD, Mr. GRAMM, Mr. SARBANES, Mr. MURKOWSKI, Mr. LOTT, Mr. MACK, Mr. CRAIG, and Mr. BROWNBACK):

S. 313. A bill to repeal the Public Utility Holding Company Act of 1935, to enact the Public Utility Holding Company Act of 1999, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

PUBLIC UTILITY HOLDING COMPANY ACT OF 1999

• Mr. SHELBY. Mr. President, I rise today to introduce the Public Utility Holding Company Act of 1999. This bipartisan bill is designed to help America's energy consumers by repealing an antiquated law that is keeping the benefits of competition from reaching our citizens. I am pleased to be joined by Senator DODD, Senators GRAMM and SARBANES, Chairman and Ranking Member of the Committee on Banking, Housing and Urban Affairs, Senator MURKOWSKI, Chairman of the Energy and Natural Resources Committee, Majority Leader LOTT, and Senators MACK, CRAIG, and BROWNBACK in introducing this important legislation. Our bill, which is identical to legislation voted out of the Senate Banking Committee with bipartisan support in the 105th Congress, repeals the Public Utility Holding Company Act of 1935 (PUHCA).

The original PUHCA legislation passed over 60 years ago in 1935. At that time, a few large holding companies controlled a great majority of the electric utilities and gas pipelines. No longer is a majority of the utility service offered by so few a provider. In fact, over 80 percent of the utility holding companies are currently exempt from PUHCA.

This legislation implements the recommendations of the Securities and Exchange Commission (SEC) made first in 1981 and then again in 1995 following an extensive study of the effects of this antiquated law on our energy markets. In the 1995 report entitled, ''The Regulation of Public-Utility Holding Companies,'' the Division of Investment Management recommended that Congress conditionally repeal the Act since ''the current regulatory system imposes significant costs, indirect administrative charges and foregone economies of scale and scope . . .''

The regulatory restraints imposed by PUHCA on our electric and gas industries are counterproductive in today's global competitive environment and are based on historical assumptions and industry models that are no longer valid. Repeal will not create regulatory gaps; the ability of the States to regulate holding company systems, together with the Federal Energy Regulatory Commission's powers under the Federal Power Act and the Natural Gas Act render PUHCA redundant

Our bill assures the FERC and the States access to the books and records

of holding company systems that are relevant to the costs incurred by jurisdictional public utility companies. As a result, the regulatory framework to protect consumers is not only protected in this bill, but enhanced.

In the competitive environment that we now find ourselves, it is imperative to remove a major bottleneck that constrains the ability of American gas and electric utilities to compete.

This bill has been reported out of the Senate Banking Committee in the last two Congresses, but due to time constraints, was never voted on in the full Senate. I am confident that we have the votes to pass this legislation this session. While it is unclear that a sufficient consensus exists to ensure legislative progress on comprehensive reform of the electric and gas industry, it is very clear that the first step to comprehensive reform is the repeal of PUHCA. I am pleased to announce, Mr. President, that a broad consensus for PUHCA repeal does exist, and the Senate should act on this very important legislation as soon as possible.●

By Mr. BOND (for himself, Mr. KERRY, Mr. BENNETT, Mr. DODD, Ms. SNOWE, and Mr. MOYNIHAN):

S. 314. A bill to provide a loan guarantee program to address the Year 2000 computer problems of small business concerns, and for other purposes; to the Committee on Small Business.

SMALL BUSINESS YEAR 2000 READINESS ACT

● Mr. BOND. Mr. President, I rise today to introduce the Small Business Year 2000 Readiness Act along with my colleagues Senators BENNETT, SNOWE, DODD, KERRY, and MOYNIHAN. This bill provides small businesses with the resources necessary to repair Year 2000 computer problems. Last year I introduced a similar bill that the Committee on Small Business adopted by an 18–0 vote and that the full Senate approved by unanimous consent. Unfortunately, the House of Representatives did not act on the legislation prior to adjournment. I am reintroducing this bill because the consequences of Congress not taking action to assist small business with their Y2K problems are too severe to ignore.

Given the effects a substantial number of small business failures will have on our nation's economy, it is imperative that Congress promptly pass legislation that ensures that small businesses are aware of the Y2K problem and have access to capital to fix such problems. Moreover, it is imperative that Congress pass such legislation before the problem occurs, not after it has already happened. It is, therefore, with a sense of urgency that I am introducing the Small Business Year 2000 Readiness Act.

The problem is that certain computers and processors in automated systems will fail because such systems will not recognize the Year 2000. In fact, a small business is at risk if it uses any computers in its business, if it has customized software, if it is conducting e-commerce, if it accepts credit card payments, if it uses a service bureau for its payroll, if it depends on a data bank for information, if it has automated equipment for communicating with its sales or service force or if it has automated manufacturing equipment.

Last June, the Committee on Small Business, which I chair, held hearings on the effect the Y2K problem will have on small businesses. The outlook is not good—in fact it is poor at best. The Committee received testimony that the entities most at risk from Y2K failures are small and medium-sized companies, not larger companies. The major reason for this anomaly is that many small companies have not begun to realize how much of a problem Y2K failure will be, and many may not have the access to capital to cure such problems before they cause disastrous results.

A study on Small Business and the Y2K Problem sponsored by Wells Fargo Bank and the NFIB found that an estimated 4.75 million small employers are subject to the Y2K problem. This equals approximately 82 percent of all small businesses that have at least two employees. The Committee has also received information indicating that approximately 750,000 small businesses may either shut down due to the Y2K problem or be severely crippled if they do not take action to cure their Y2K problems. Such failures will affect not only the employees and owners or failed small businesses, but also their creditors, suppliers and customers. Lenders will face significant losses if their small business borrowers either go out of business or have a sustained period in which they cannot operate. Most importantly, however, is the fact that up to 7.5 million families may face the loss of paychecks for a sustained period of time if small businesses do not remedy their Y2K problems. Given these facts, it is easy to forecast that there will be severe economic consequences if small businesses do not become Y2K compliant in time and there are only 11 months to go. Indeed the countdown is on.

A good example of how small businesses are dramatically affected by the Y2K problem is the experience of Lloyd Davis, the owner of Golden Plains Agricultural Technologies, Inc., a farm equipment manufacturer in Colby, Kansas. Like many small business owners, Mr. Davis' business depends on trailing technology purchased over the years, including 386 computers running custom software. Mr. Davis uses his equipment to run his entire business, including handling the company's payroll, inventory control, and maintenance of large databases on his customers and their specific needs. In addition, Golden Fields has a web site and sells the farm equipment it manufacturers over the internet.

Unlike many small business owners, however, Mr. Davis is aware of the Y2K problem and tested his equipment to see if it could handle the Year 2000. His tests confirmed his fear—the equipment and software could not process the year 2000 date and would not work properly after December 31, 1999. That is when Mr. Davis's problem began. Golden Fields had to purchase an upgraded software package. That cost $16,000. Of course, the upgraded software would not run on 386 computers, so Golden Fields had to upgrade to new hardware. Golden Fields had a computer on each of its 11 employees' desks, so that each employee could access the program that essentially ran the company and assist filling the internet orders the company received. Replacing all the hardware would have cost Golden Fields $55,000. Therefore, Golden Fields needed to expend $71,000 just to put itself in the same position it was in before the Y2K problem.

Like many small business owners facing a large expenditure, Mr. Davis went to his bank to obtain a loan to pay for the necessary upgrades. Because Golden Fields was not already Y2K compliant, his bank refused him a loan because it had rated his company's existing loans as ''high-risk''. Golden Fields was clearly caught in a Catch-22 situation. Nevertheless, Mr. Davis scrambled to save his company. He decided to lease the new hardware instead of purchasing it, but he will pay a price that ultimately will be more expensive than conventional financing. Moreover, instead of replacing 11 computers, Golden Fields only replaced six at a cost of approximately $23,000. Golden Fields will be less efficient as a result. The experience of Mr. Davis and Golden Fields has been and will continue to be repeated across the country as small businesses realize the impact the Y2K problem will have on their business.

A recent survey conducted by Arthur Andersen's Enterprise Group on behalf of National Small Business United indicates that, like Golden Fields, many small businesses will incur significant costs to become Y2K compliant and are very concerned about it. The survey found that to become Y2K compliant, 29 percent of small- to medium-sized businesses will purchase additional hardware, 24 percent will replace existing hardware and 17 percent will need to convert their entire computer system. When then asked their most difficult challenge relating to their information technology, more than 54% of the businesses surveyed cited ''affording the cost.'' Congress must ensure that these businesses do not have the same trouble obtaining financing for their Y2K corrections as Mr. Davis and Golden Fields Agricultural Technologies. Moreover, Congress must deal with the concerns that have recently been raised that there may be a ''credit crunch'' this year with businesses, especially small businesses, unable to obtain financing for any purposes if they are not Y2K compliant.

In addition to the costs involved, there is abundant evidence that small

businesses are, to date, generally unprepared for, and in certain circumstances, unaware of the Y2K problem. The NFIB's most recent survey indicates that 40 percent of small businesses don't plan on taking action or do not believe the problem is serious enough to worry about.

The Small Business Year 2000 Readiness Act that I am introducing today will serve the dual purpose of providing small businesses with the means to continue operating successfully after January 1, 2000, and making lenders and small firms more aware of the dangers that lie ahead. The Act requires the Small Business Administration to establish a limited-term loan program whereby SBA guarantees the principal amount of a loan made by a private lender to assist small businesses in correcting Year 2000 computer problems.

Each lender that participates in the SBA's 7(a) business loan program is eligible to participate in the Y2K loan program. This includes more than 6,000 lenders located across the country. To ensure that the SBA can roll out the loan program promptly, the Act permits a lender to process Y2K loans pursuant to any of the procedures that the SBA has already authorized for that lender. Moreover, to assist small businesses that may have difficulty sustaining sufficient cash flows while developing Y2K solutions, the loan program will permit flexible financing terms so small businesses are able to service the new debt with available cash flow. For example, under certain circumstances, a borrower may defer principal payments for up to a year. Once the Y2K problem is behind us, the Act provides that the loan program will sunset.

To assure that the loan program is made available to those small businesses that need it and to increase awareness of the Y2K problem, the legislation requires SBA to market this program aggressively to all eligible lenders. Awareness of this loan program's availability is of paramount importance. Financial institutions are currently required by Federal banking regulators to contact their customers to ensure that they are Y2K compliant. The existence of a loan program designed to finance Y2K corrections will give financial institutions a specific solution to offer small companies that may not be eligible for additional private capital and will focus the attention of financial institutions and, in turn, their small business customers to the Y2K problem.

This loan program is of vital importance and we must ensure that there are sufficient funds to pay for it. Because the Y2K loan program would be part of the existing 7(a) business loan program, funds that have already been appropriated for the 7(a) program for fiscal year 1999 may be used for the Y2K loan program. Nevertheless, I intend to watch the 7(a) loan program carefully to determine whether the Y2K loan program will cause the 7(a) loan program to run short of funds. If the appropriated amount will not support the expected loan volume of the general 7(a) loan program and the new Y2K loan program, I intend to work with my colleagues on the Appropriations Committee to attempt to secure additional funds targeted specifically for the Y2K loan program.

The Small Business Year 2000 Readiness Act is a necessary step to ensure that the economic health of this country is not marred by a substantial number of small business failures following January 1, 2000, and that small businesses continue to be the fastest growing segment of our economy in the Year 2000 and beyond.

Mr. President, I ask unanimous consent that the full 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. 314

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 ''Small Business Year 2000 Readiness Act''.

SEC. 2. FINDINGS.

Congress finds that—

(1) the failure of many computer programs to recognize the Year 2000 may have extreme negative financial consequences in the Year 2000, and in subsequent years for both large and small businesses;

(2) small businesses are well behind larger businesses in implementing corrective changes to their automated systems;

(3) many small businesses do not have access to capital to fix mission critical automated systems, which could result in severe financial distress or failure for small businesses; and

(4) the failure of a large number of small businesses due to the Year 2000 computer problem would have a highly detrimental effect on the economy in the Year 2000 and in subsequent years.

SEC. 3. YEAR 2000 COMPUTER PROBLEM LOAN GUARANTEE PROGRAM.

(a) PROGRAM ESTABLISHED.—Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by adding at the end the following:

''(27) YEAR 2000 COMPUTER PROBLEM PROGRAM.—

''(A) DEFINITIONS.—In this paragraph—

''(i) the term 'eligible lender' means any lender designated by the Administration as eligible to participate in the general business loan program under this subsection; and

''(ii) the term 'Year 2000 computer problem' means, with respect to information technology, and embedded systems, any problem that adversely effects the processing (including calculating, comparing, sequencing, displaying, or storing), transmitting, or receiving of date-dependent data—

''(I) from, into, or between—

''(aa) the 20th or 21st centuries; or

''(bb) the years 1999 and 2000; or

''(II) with regard to leap year calculations.

''(B) ESTABLISHMENT OF PROGRAM.—The Administration shall—

''(i) establish a loan guarantee program, under which the Administration may, during the period beginning on the date of enactment of this paragraph and ending on December 31, 2000, guarantee loans made by eligible lenders to small business concerns in accordance with this paragraph; and

''(ii) notify each eligible lender of the establishment of the program under this paragraph, and otherwise take such actions as may be necessary to aggressively market the program under this paragraph.

''(C) USE OF FUNDS.—A small business concern that receives a loan guaranteed under this paragraph shall only use the proceeds of the loan to—

''(i) address the Year 2000 computer problems of that small business concern, including the repair and acquisition of information technology systems, the purchase and repair of software, the purchase of consulting and other third party services, and related expenses; and

''(ii) provide relief for a substantial economic injury incurred by the small business concern as a direct result of the Year 2000 computer problems of the small business concern or of any other entity (including any service provider or supplier of the small business concern), if such economic injury has not been compensated for by insurance or otherwise.

''(D) LOAN AMOUNTS.—

''(i) IN GENERAL.—Notwithstanding paragraph (3)(A) and subject to clause (ii) of this subparagraph, a loan may be made to a borrower under this paragraph even if the total amount outstanding and committed (by participation or otherwise) to the borrower from the business loan and investment fund, the business guaranty loan financing account, and the business direct loan financing account would thereby exceed $750,000.

''(ii) EXCEPTION.—A loan may not be made to a borrower under this paragraph if the total amount outstanding and committed (by participation or otherwise) to the borrower from the business loan and investment fund, the business guaranty loan financing account, and the business direct loan financing account would thereby exceed $1,000,000.

''(E) ADMINISTRATION PARTICIPATION.—Notwithstanding paragraph (2)(A), in an agreement to participate in a loan under this paragraph, participation by the Administration shall not exceed—

''(i) 85 percent of the balance of the financing outstanding at the time of disbursement of the loan, if the balance exceeds $100,000;

''(ii) 90 percent of the balance of the financing outstanding at the time of disbursement of the loan, if the balance is less than or equal to $100,000; and

''(iii) notwithstanding clauses (i) and (ii), in any case in which the subject loan is processed in accordance with the requirements applicable to the SBAExpress Pilot Program, 50 percent of the balance outstanding at the time of disbursement of the loan.

''(F) PERIODIC REVIEWS.—The Inspector General of the Administration shall periodically review a representative sample of loans guaranteed under this paragraph to mitigate the risk of fraud and ensure the safety and soundness of the loan program.

''(G) ANNUAL REPORT.—The Administration shall annually submit to the Committees on Small Business of the House of Representatives and the Senate a report on the results of the program carried out under this paragraph during the preceding 12-month period, which shall include information relating to—

''(i) the total number of loans guaranteed under this paragraph;

''(ii) with respect to each loan guaranteed under this paragraph—

''(I) the amount of the loan;

''(II) the geographic location of the borrower; and

''(III) whether the loan was made to repair or replace information technology and other automated systems or to remedy an economic injury; and

''(iii) the total number of eligible lenders participating in the program.''.

(b) GUIDELINES.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, the Administrator of the Small Business Administration shall issue guidelines to carry out the program under section 7(a)(27) of the Small Business Act, as added by this section.

(2) REQUIREMENTS.—Except to the extent that it would be inconsistent with this section or section 7(a)(27) of the Small Business Act, as added by this section, the guidelines issued under this subsection shall, with respect to the loan program established under section 7(a)(27) of the Small Business Act, as added by this section—

(A) provide maximum flexibility in the establishment of terms and conditions of loans originated under the loan program so that such loans may be structured in a manner that enhances the ability of the applicant to repay the debt;

(B) if appropriate to facilitate repayment, establish a moratorium on principal payments under the loan program for up to 1 year beginning on the date of the origination of the loan;

(C) provide that any reasonable doubts regarding a loan applicant's ability to service the debt be resolved in favor of the loan applicant; and

(D) authorize an eligible lender (as defined in section 7(a)(27)(A) of the Small Business Act, as added by this section) to process a loan under the loan program in accordance with the requirements applicable to loans originated under another loan program established pursuant to section 7(a) of the Small Business Act (including the general business loan program, the Preferred Lender Program, the Certified Lender Program, the Low Documentation Loan Program, and the SBAExpress Pilot Program), if—

(i) the eligible lender is eligible to participate in such other loan program; and

(ii) the terms of the loan, including the principal amount of the loan, are consistent with the requirements applicable to loans originated under such other loan program.

(c) REPEAL.—Effective on December 31, 2000, this section and the amendments made by this section are repealed.●

● Mr. KERRY. Mr. President, today I join my colleagues—Chairman BOND of the Small Business Committee and Senators BENNETT and DODD of the Special Committee on the Year 2000 Technology Problem—to introduce a bill that provides affordable loans to small businesses preparing for or responding to the Year 2000 computer problem.

As Ranking Member of the Committee on Small Business, I believe it is in our economic best interest to make sure that our small businesses, some 20 million if we include the self-employed, are still up and running, creating jobs and providing services, on and after January 1, 2000.

Will the new year bring national ''hiccups'' or ''worldwide recession''? It depends on who you ask. Peter de Jager, considered one of the first Year-2000 crusaders, believes there will be problems, but not devastation. As published in the December 31, 1998 issue of ''ITAA's (Information Technology Association of America) Year 2000 Outlook'': De Jager says ''a blackout across North America is 'inconceivable' and power brown-outs, should they occur, will be localized.''

However, if you ask a particular senior executive at Barclays about the millennium computer bug, his advice would be to sell your home, stockpile cash and buy gold in case of a global economic collapse. He and other international bank managers fear a run on deposits.

Because our economy is inter-dependent and most of our technology is date-dependent, either scenario concerns me, particularly for small businesses. National surveys and conversations with Y2K consultants and commercial lenders in Massachusetts tell a story that varies from ignorance to denial to paralysis to apathy.

That's serious when you consider a 1998 Arthur Andersen Enterprise Group and National Small Business United survey that found 94 percent of all small and mid-sized businesses have computers, and only 62 percent of all small and mid-sized businesses, regardless of whether they rely on computers or date-dependent equipment, have ''begun addressing'' Y2K issues. The good news is that a greater percentage of small and mid-sized businesses are preparing for Y2K than last summer; the bad news is that they've only ''begun'' and a significant group is taking a wait-and-see approach.

And what about those who have been slow to act or have no plans to act? How do we reach them and facilitate assessment and remediation of their businesses? By making the solution affordable.

The Andersen and NSBU study showed that 54 percent of all respondents said ''affording the cost [was the] most difficult challenge in dealing with information technology.'' Cost is a legitimate, albeit risky, reason to delay addressing the Y2K problem—saving till you're a little ahead or waiting until the last possible moment to take on new debt to finance changes are strategies many small businesses are forced to adopt.

Most of the media attention has been on big business, the challenges they face and the costs they are bearing to fix the problem. Small businesses face the same effects of the Y2K problem as big businesses, but, as the study found, they often have little or no resources to devote to detecting the extent of the problem or developing a workable and cost-effective solution. If you own your facility, is the HVAC (Heating Ventilation and Air Conditioning) system in compliance and how much will it cost to fix a system that serves 5,000 square feet? Does the security system need an upgrade or to be replaced? If you own a dry cleaner and you hire a consultant to assess your equipment in your franchise, will remediation eat all your profits or set you back? These are questions to which some business owners can't afford to hear the answers. It may come down to a choice between debt or dissolution.

The Year 2000 Readiness Act gives eligible business owners a viable option. To make it easy for lenders and timely for borrowers, this Act, like the Y2K small business loan bill I introduced last Congress, expands the 7(a) loan program, one of the U.S. Small Business Administration's most popular and successful guaranteed lending programs.

Currently, the 7(a) program is intended to give small businesses credit and capital, including working capital to grow their companies. If the Year 2000 Readiness Act is enacted, that program could be used until the end of the year 2000 to address Y2K problems through assessment, planning, remediation and testing computers and equipment, or to provide relief for substantial economic injury a small business suffers as a direct result of Y2K problems, such as a brown-out or a temporarily incapacitated supplier.

The terms of 7(a) loans are familiar to lenders and small-business owners alike and, therefore, the loans are easy to apply for and process. They are structured to be approved or denied, in most cases, in less than 48 hours. We expect the average Y2K 7(a) loan to be less than $100,000.

To give lenders an incentive to make 7(a) loans to small businesses for Y2K problems and related economic injury, this Act raises the government guaranties of the existing 7(a) program by ten percent. Under special circumstances, it also raises the dollar cap of loan guaranties from $750,000 to $1 million for these Y2K small business loans.

For Y2K 7(a) loans of more than $100,000, the government will guarantee 85 percent, and for such loans of $100,000 or less, the government will guarantee 90 percent. For those lenders with special authority to approve their loans, this Act allows them to use the SBA Express Pilot Program—a pilot that makes it easy for lenders to process loans worth up to $150,000 using their own paperwork and making same-day approval—for Y2K loans. SBA Express loans are guaranteed at 50 percent.

This legislation encourages lenders to work with small businesses addressing Y2K-related problems by arranging for affordable financing. When quality of credit comes into question, lenders are directed to resolve reasonable doubts about the applicant's ability to repay the debt in favor of the borrower. And when appropriate, to establish a moratorium for up to one year on principal payments on Y2K 7(a) loans, beginning when the loans are originated.

To protect against fraud, abuse or double compensation, this Act prohibits a business from qualifying for a Y2K 7(a) loan if it has already received insurance proceeds for Y2K problems or economic injury related to Y2K problems.

As important as this Y2K loan program is, it must be available in addition to, and not in lieu of, the existing 7(a) program. The 7(a) program is a vital capital source for small businesses, providing more than 42,000 loans in 1998, totaling $9 billion. Nine hundred sixty-six of those loans went to small businesses in Massachusetts.

With defaults down, recoveries up and the government's true cost, called the subsidy rate, at 1.39 percent, we should not create burdens that would slow or reverse this trend. To protect the existing 7(a) program, we need to make sure that it is adequately funded for fiscal years 1999 and 2000. Because the Y2K loan program would be part of the existing 7(a) business loan program, funds that have already been appropriated for the 7(a) program may be used for the Y2K loan program. As of two weeks past the end of the first quarter of fiscal year 1999, SBA's records show that the program has already used $2.5 billion (roughly 23 percent) of the total $10 billion appropriated. Typically the demand for these loans increases by as much as ten percent in the spring and summer. If this holds true for this fiscal year, it is an indication that the program will need nearly all of its funds to meet the regular loan demand.

Under these circumstances, we must be diligent about monitoring the 7(a) loan program to make sure the Y2K loans don't drain the program and cause it to run out of money. If we do find that the appropriated amount is inadequate to support the general 7(a) loan program and the new Y2K loan program, we will need to get more funding. Though it's never easy to get more money, Chairman BOND, who also serves on the Committee on Appropriations and is chairman of one of the Appropriation subcommittees, has agreed to attempt to secure additional funds targeted specifically for the Y2K loan program. I thank Chairman BOND for his commitment, and offer my help if the need arises.

I am hopeful that this legislation can be passed in the Small Business Committee and the full Senate as quickly as possible to begin assisting small businesses in need of this important initiative. This is a good program, which with adequate funding, will help many small businesses get a strong start in 2000 and the new millennium.●

● Mr. DODD, Mr. President, I rise today to join my colleagues in supporting this very important legislation. Together with Senators BOND, KERRY, and BENNETT, I recognize the necessity of strengthening the ability of America's small businesses to negotiate the complex challenges related to the Year 2000 computer problem. This legislation is designed to assist the 14.5 million small businesses that may have Y2K concerns. According to various studies, almost half of all of the small businesses in America are not ready to respond to the possible effects of the Y2K computer problem.

I would like to take a moment and thank Chairman BOND and Ranking Member JOHN KERRY of the Small Business Committee for their leadership and cooperation with the Special Committee on the Year 2000, on which I serve as Vice-Chair. The object of this cooperation between our two Committees is to strengthen the economic backbone of America, small businesses, as they face a potentially devastating threat to their very existence. This is not to alarm anyone, but merely to warn of a possible danger. As I have said on numerous occasions, I believe very strongly that we must prepare and plan for any Y2K contingency. We must be vigilant and provide assistance for small businesses. Unfortunately, many small businesses do not consider themselves in danger from the effects of the Y2K problem and so have taken little, if any, steps to address problems that may arise. This extends to reviewing whether all of their suppliers, customers and financial institutions are free from the Y2K glitch. Even if our small enterprises were aware of all problems that face them, not all of them have access to the necessary funds to take corrective measures.

This legislation helps our nation's small enterprises in two ways. First, if a company wants to remediate or fix its own equipment that is not Y2K compliant, this bill provides easier access to loans. Hopefully, this will encourage the small business owners to learn of their companies deficiencies, and then correct them in a timely manner so that company does not stop working.

Second, if a company faces economic disruption due to outside Y2K related problems, then that company may apply for funds to assist it. This is the area to which I am especially sensitive. We do not know exactly what will work and what will need immediate attention so that our lives, our jobs, our economic well being, can continue. To address that lack of knowledge, this bill will allow small business owners access to financial support guaranteed by the Small Business Administration until December 31, 2000. This is very important. Our concern is not just January 1, 2000, but the continual smooth operation of our nation and our nation's small businesses throughout this momentous year.

Less than one-third of small businesses have checked the Y2K preparedness of the companies that they depend upon to continue to function everyday. Though only half of the small businesses in America classify themselves as dependent upon computers, many of the small businesses in America are dependent on other businesses, which are dependent upon computers. Like a cog in the wheel of our nation's economy, if one small business suddenly ceases to function, its effects may be felt across the country. That is why I am glad to support this legislation to assist the United States small business community.

An ounce of prevention is worth a pound of cure. We must help our nation's small businesses regardless of when they become aware of the problems facing them. This legislation is designed to do exactly that.●

● Mr. MOYNIHAN. Mr. President, I am pleased to join the Chairman and Ranking Members of the Committee on Small Business and the Special Committee on the Year 2000 Technology Problem—CHRISTOPHER S. BOND, JOHN F. KERRY, ROBERT F. BENNETT, and CHRISTOPHER J. DODD,—and Senator OLYMPIA SNOWE—in introducing the Small Business Year 2000 Readiness Act. I began warning about the Y2K problem three years ago. Since that time, people have begun to listen and progress has been made on the Y2K front. The Federal Government and large corporations are expected to have their computers functioning on January 1, 2000. Good news indeed. But small businesses and state and local governments are lagging behind in fixing the millennium computer problem.

Last week, Chairman BENNETT, Senator DODD, and I introduced the Y2K State and Local Government Assistance Programs Act of 1999. This bill provides a matching grant for states to work on the millennium computer problem. Failure of state computers could have a devastating effect on those individuals who rely on essential state-administered poverty programs, such as Medicaid, food stamps, and child welfare and support. These individuals cannot go a day, a week, or a month if these programs are not working properly. Similarly, the collapse of small businesses' computer systems could have the same paralyzing effect on society as a collapse of state and local government's computer systems.

The Small Business Year 2000 Readiness Act, which we are introducing today, will assist small businesses in preparing for the year 2000. It expands the Small Business Administration's 7(a) loan program to provide guaranteed loans to small businesses to address the Y2K problem. This bill raises the government guaranties of the existing 7(a) program by ten percent. For Y2K 7(a) loans of more than $100,000, the government will guarantee 85 percent, and for such loans of $100,000 or less, the government will guarantee 90 percent. The increase in the loan guarantee is to encourage lenders to make Y2K-related loans to small businesses. And the numbers show that small businesses need a great deal of assistance.

A Wells Fargo Bank survey in December of 1998 found that ''Y2K is not a priority for most small business owners and for as many as one-third of all owners who are vulnerable to the millennium bug, it is not a priority.'' The report goes on to say that ''it is likely that over one million small employers, and perhaps as high as 1.5 million, exposed to the Y2K problem will enter the next century having taken no preventive measures.'' The GartnerGroup found that as of the third quarter of 1998, small companies have just five percent of their computers remediated, and only 30 percent of small businesses have begun testing. The GartnerGroup expects that 50 percent to 60 percent of small companies will experience at least one mission critical system failure. We must not let this happen.

Historically the fin de siècle has caused quite a stir. Prophets, prelates,

monks, mathematicians, and soothsayers warn Anno Domini 2000 will draw the world to its catastrophic conclusion. I am confident that the Y2K problem will not play a part in this. But we must continue to work on this problem with purpose and dedication. Benjamin Disraeli wrote: ''Man is not the creature of circumstances. Circumstances are the creatures of men.'' We created the Y2K problem and we must fix it. ●

By Mr. ASHCROFT (for himself, Mr. HARKIN, Mr. BOND, Mr. BAUCUS, Mr. BURNS, Mr. DURBIN, Mr. GORTON, Mr. GRAMS, Mr. HAGEL, and Mr. INHOFE):

S. 315. A bill to amend the Agricultural Trade Act of 1978 to require the President to report to Congress on any selective embargo on agricultural commodities, to provide a termination date for the embargo, to provide greater assurances for contract sanctity, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

● Mr. BURNS. Mr. President, I rise today as a co-sponsor of a bill that I envision as just one piece in Congressional efforts to correct the inequitable treatment our Federal government forces on our nation's farmers. How many times do we need to impress upon this Administration that agriculture is a foundation for our economy? Agriculture producers are at the beginning of the food chain—they provide the food that feeds our nation and we, as American consumers of these products, enjoy the world's best food distribution system in the world.

This bill, the Selective Agriculture Embargoes Act of 1999, requires the President to report to Congress on any selective embargo on agricultural commodities and also provides a termination date for the embargo. In the past, we've seen this Administration take steps to sanction a foreign country in an attempt to coerce that country's policy or behavior. I question the effectiveness of these measures in today's global environment—what may have worked forty years ago may not be today's solution.

The Administration's use of this negotiating tool has an economic impact, not only on the country being sanctioned, but also on the rest of the global economy. And that is the important issue—not what we are trying to accomplish with the sanction, but what impact such actions are having on other nations' exporters at the expense of America's exporters.

In Montana, and other states that rely on farmers and ranchers to fuel our nation's economy, the sanctioning process has a very substantial impact. Last year, Congress recognized an embargo on Pakistan based on it's nuclear policies was a bad policy decision and corrected the Administration's policy. Pakistan was recently ranked as the fifth largest importer of United States wheat and in recent years has emerged as the single largest buyer of soft wheat from the United States.

Think about the impact on our producers when you reduce United States wheat exports by 1.7 million metric tons and that's just to Pakistan alone.

Let's back up a little bit and talk about what has happened to farm exports, and especially to farmers in the Northwest. We need to keep in mind the global economy has helped to bring U.S. agriculture to it's knees over the past couple of years and in very short period of time.

I am overwhelmed to think that the financial collapse of the economies in Japan, Indonesia, Malaysia, Thailand and South Korea could put a farmer in Shelby, Montana out of business. But that's the reality of this situation—we are so tied into the global economy that every foreign policy decision made has an impact on our domestic economy. That's a powerful notion, but again, it's a reality. If you don't believe me, go talk to my farming friends in Montana.

Prior to the plague of the Asian flu, I was very convinced that you cannot let the economies in four major importing countries of agricultural products cave in and it not affect this country. Sadly, I was correct. So our exports to that part of the world have decreased dramatically. Then the President came along with sanctions.

Let me tell you a little about sanctions. I have never been convinced that sanctions on agriculture commodities really work. I will tell you in an instant that if we unilaterally sanction a country on American agricultural exports, the following will occur: that country is still capable of buying a supply from somebody else in the world. However, the market is aware of these sanctions; therefore, the rest of the world maybe increases the price per bushel of wheat by 1 or 2 cents. Now, 1 or 2 cents doesn't sound like a lot for a bushel of wheat that weighs 60 pounds, but when you're buying 300,000 metric tons, it is a lot of money. To the farmer, it is the difference between making the land payment and not making the land payment—that's the value of 2 cents a bushel.

Once that sale is made to the country that we have sanctioned, other wheat exporting nations pour the rest of their crop on the world market. So our farmers compete for fewer markets at a lesser price. That is not right. Sanctions do not deny a country of a food supply for the people who live there, but it has denied our farmers entry into the marketplace a place to compete.

In the last 4 years the United States has imposed 61 unilateral economic sanctions on 35 countries containing 40 percent of the world's population. Now, what action does that country take in reaction to the sanction? It retaliates: I am not going to buy American products at any price.

So, in essence, we have denied our grain producers access to that market to even be considered to compete. We are talking about food here—I realize that to some folks that is not very important—until it comes suppertime. But to a farmer who only gets one or two paychecks a year, that is how he makes his payment on his operation, his fertilizer, his machinery, his land payment. It contributes to his community, his county, his state and his nation.

U.S. farmers have developed export markets because of two factors: quantity and reliability. We are a reliable trade partner. We approach trade policy from a free market perspective—we compete against subsidized grain from many of the world's major exporters. We don't pool our wheat and we don't sell our wheat on the international market by a decision made by Government.

So I ask my colleagues to support this bill and support the American farmer and, in turn, support the U.S. economy.●

● Mr. HAGEL. Mr. President I rise today in support of this measure which will inject some much-needed commonsense into our nation's agricultural trade policy. This measure amends the Agricultural Trade Act of 1978 and restricts the President's ability to single out agriculture when foreign embargoes are imposed.

Food is basic humanitarian need and should not be included in economic embargoes or sanctions imposed by the United States. Our relationships with other nations must not be held captive to one issue. But our relationships with other nations are complicated. They include trade and commerce. They include U.S. interests abroad, national defense, human rights, and humanitarian efforts. But we must not allow one dynamic of our relationship with all other nations on this globe to be held captive to just one issue.

Trade and U.S. agriculture are virtually indistinguishable. The Soviet grain embargo of 1976 cost the U.S. $2.3 billion in lost farm exports and USDA compensation to farmers. When the U.S. cut off sales of wheat to protest Soviet invasion of Afghanistan—France, Canada, Australia, and Argentina stepped in to claim this market and the former Soviet states have been timid buyers of U.S. farm products ever since.

In recent months, Nebraska farmers, on many occasions, discussing the negative effects of the Carter grain embargo and many fear that a similar action could happen again. With more focus on sanctions and foreign policy, an anti-agriculture embargo measure is timely.

History has shown, Mr. President, that trade and commerce engagement in reaching out does more to change attitudes and alter behavior than any one thing. Why? It improves diets; it improve standards of living; it opens society; it exposes people who have lived under totalitarian rule, who have had limited exposure to freedom, to liberty, to economic freedom, products, choice, consumerism. That is what

trade does. Not one among us believes that just trade alone is all we need. But it is an important, integral part of our relationships around the world.

We live in a very dynamic time. The light of change today in the world is unprecedented in modern history, and maybe all of history. Food, fiber, and trade are common denominators of mutual interests of all the peoples of the world.

We must not isolate ourselves. Trade embargoes isolate those who impose trade embargoes. We need dynamic policies for dynamic times. The world is not static.

This is a strong step forward. This is the beginning of the larger debate that this Congress will have and must have about the role of the United States in the world and how we intend to engage the world, and trade is a very important part of that.

Embargoes and sanctions without the support of our allies only hurt us. From a foreign policy perspective, embargoes rarely achieve their goal. Their real harm is on U.S. agricultural producers. It's estimated that sanctions and embargoes cost the U.S. economy more than $20 billion each year. We have got to bring some common sense to our trade policy.

American agriculture and the U.S. government must send a strong message to our many customers and our competitors. U.S. farmers, ranchers, and agribusinesses are a consistent and reliable supplier of quality and plentiful agricultural products. Support of the Agriculture-Specific Embargo Act will send a strong message that U.S. agriculture will be once again considered a reliable supplier of food and fiber around the globe.

Mr. President, I am very proud to join my friends and colleagues who have worked on these issues diligently, who will continue to provide leadership, not just to this body but to the country, to the world, and to our farmers and our ranchers, our producers, and our citizens.

I encourage all of my colleagues to support this very important measure. Again, I say to my colleagues that this is an engagement we must be a part of today.●

By Mr. KENNEDY (for himself, Ms. MIKULSKI, Mr. WELLSTONE, and Mr. KERRY):

S. 316. A bill to amend the Child Care and Development Block Grant Act of 1990 to improve the availability of child care and development services during periods outside normal school hours, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

AMERICA AFTER SCHOOL ACT

● Mr. KENNEDY. Mr. President, today Senators MIKULSKI, WELLSTONE, KERRY, and I are introducing the America After School Act. With this legislation, the nation can do much more to provide the care and activities that children need when they are not in school.

Over 17 million parents rely on others to care for their children before and after the school bell rings each day. Over 5 million children are left home alone after school. The need for responsible after-school activities is urgent. Hundreds of thousands of families are on waiting lists across the country for such programs.

Today's students deserve the best and brightest future possible. After school programs provide a unique opportunity to help to meet this challenge. Tutoring, mentoring, recreational, and cultural activities are all key components of strong, stimulating after school programs. These activities can help young men and women strengthen their computer skills, explore prospective careers, learn about the arts, and develop their physical fitness. They are an investment in education, children, and our future.

After school programs help reduce crime. Police across the nation report that juvenile delinquency peaks between 3 and 8 p.m. each day. We know that unsupervised children are more likely to engage in destructive behavior. Effective after school programs help keep young people off the streets, away from gangs, and out of trouble. All children deserve a safe and productive environment in which to spend their time out of school.

Parents want safe, effective after school programs for their children, and this legislation helps meet that need. The legislation significantly expands after school care for low-income families by increasing the Child Care and Development Block Grant. Title I of the bill, authorizes a $3 billion increase in such grants over the next 5 years. With this higher level of investment, we can reduce waiting lists and provide after school care to hundreds of thousands of additional children from low-income working families. Communities with high concentrations of poverty and at-risk youth will receive priority for this funding, so that the help will be available where it is needed most. The needs of children with disabilities are also specifically addressed.

After school programs should challenge children, stimulate their curiosity, and enhance their creativity. We get what we pay for. On the average, child care providers earn less than bus drivers and garbage collectors. We need stronger incentives to develop and retain skilled child care providers. Our bill designates 25 percent of the increase for indirect services that include salary incentives for training care givers.

Our bill also strengthens and expands the 21st Century Learning Centers program. In the last Congress, we provided $200 million to expand this worthwhile program and increase after school programs to serve up to a half million more children. This action was an important step forward—but even with this increase, a tremendous need remains.

To address this problem, President Clinton has proposed to triple the federal investment in these centers: The additional funds will ensure that one million more youths will be in safe, effective after school care. Our America After School Act builds on this momentum. By strengthening the 21st Century Learning Centers program, we will provide greater opportunities for hundreds of thousands more children and their families. This additional funding will support mentoring programs, academic assistance programs, and drug, alcohol, and gang prevention activities.

Title III of this bill provides $1.25 billion over the next five years to expand grants by the Justice Department for after-school programs to prevent juvenile delinquency. Both public and private agencies will be eligible to apply for these grants, and awards will be made on a matching basis. To maximize its effectiveness, recipients must coordinate their efforts with state and local law enforcement officials. After school educational and recreational programs in high crime neighborhoods will receive priority, since children in these neighborhoods face the highest risk.

We must do all we can to prepare students for the future. Providing safe and worthwhile afterschool activities is an essential part of achieving this goal. We owe our children no less.●

ADDITIONAL COSPONSORS

S. 4

At the request of Mr. WARNER, the name of the Senator from Missouri (Mr. ASHCROFT) was added as a cosponsor of S. 4, a bill to improve pay and retirement equity for members of the Armed Forces; and for other purposes.

S. 9

At the request of Mr. DASCHLE, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 9, a bill to combat violent and gang-related crime in schools and on the streets, to reform the juvenile justice system, target international crime, promote effective drug and other crime prevention programs, assist crime victims, and for other purposes.

S. 89

At the request of Mr. HUTCHINSON, the name of the Senator from New Hampshire (Mr. SMITH) was added as a cosponsor of S. 89, a bill to state the policy of the United States with respect to certain activities of the People's Republic of China, to impose certain restrictions and limitations on activities of and with respect to the People's Republic of China, and for other purposes.

S. 136

At the request of Mr. KENNEDY, the name of the Senator from New Jersey (Mr. LAUTENBERG) was added as a cosponsor of S. 136, a bill to provide for teacher excellence and classroom help.