deployment of United States ground forces in Kosovo, a province in southern Serbia, for peacemaking or peacekeeping purposes; to the Committee on Foreign Relations.

By Mr. D'AMATO (for himself and Mr. WYDEN):

S. Con. Res. 126. A concurrent resolution expressing the sense of Congress that the President should reassert the traditional opposition of the United States to the unilateral declaration of a Palestinian State; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SPECTER:

S. 2579. A bill to amend the Fair Labor Standards Act of 1938 to permit certain youth to perform certain work with wood products; to the Committee on Labor and Human Resources.

LEGISLATION AMENDING THE FAIR LABOR STANDARDS ACT

Mr. SPECTER. Mr. President, I have sought recognition today to introduce legislation designed to permit certain youths (those exempt from attending school) between the ages of 14 and 18 to work in sawmills under special safety conditions and close adult supervision. While I realize that this legislation cannot be enacted so late in the session, I believe it is important to introduce the bill and promote a serious discussion on this issue.

As Chairman of the Labor, Health and Human Services and Education Appropriations Subcommittee, I have strongly supported increased funding for the enforcement of the important child safety protections contained in the Fair Labor Standards Act. I also believe, however, that accommodation must be made for youths who are exempt from compulsory school-attendance laws after the eighth grade. It is extremely important that youths who are exempt from attending school be provided with access to jobs and apprenticeships in areas that offer employment where they live.

The need for access to popular trades is demonstrated by the Amish community. Earlier this week I toured an Amish sawmill in Lancaster County, Pennsylvania, and had the opportunity to meet with some of my Amish constituency. They explained that while the Amish once made their living almost entirely by farming, they have increasingly had to expand into other occupations as farmland disappears in many areas due to pressure from development. As a result, many of the Amish have come to rely more and more on work in sawmills to make their living. The Amish culture expects youth upon the completion of their education at the age of 14 to begin to learn a trade that will enable them to become productive members of society. In many areas work in sawmills is one of the major occupations available for the Amish, whose belief system limits the types of jobs they may hold. Unfortunately, these youths are currently prohibited by law from employment in this industry until they reach the age of 18. This prohibition threatens both the religion and lifestyle of the Amish.

The House has already passed by a voice vote H.R. 4257, introduced by my distinguished colleague, Representative JOSEPH R. PITTS, which is similar to the bill I am introducing today. I am aware that concerns to H.R. 4257 exist: safety issues have been raised by the Department of Labor and Constitutional issues have been raised by the Department of Justice. I have addressed these concerns in my legislation.

Under my legislation youths would not be allowed to operate power machinery, but would be restricted to performing activities such as sweeping, stacking wood, and writing orders. My legislation requires that the youths must be protected from wood particles or flying debris and wear protective equipment, all while under strict adult supervision. The Department of Labor must monitor these safeguards to insure that they are enforced.

The Department of Justice has stated that H.R. 4257 would ''raise serious concerns'' under the Establishment Clause. The House measure confers benefits only to a youth who is a ''member of a religious sect or division thereof whose established teachings do not permit formal education beyond the eighth grade.'' By conferring the ''benefit'' of working in a sawmill only to the adherents of certain religions, the Department argues that the bill appears to impermissibly favor religion to ''irreligion.'' In drafting my legislation, I attempted to overcome such an objection by conferring permission to work in sawmills to all youths who ''are exempted from compulsory education laws after the eighth grade.'' Indeed, I think a broader focus is necessary to create a sufficient range of vocational opportunities for all youth who are legally out of school and in need of vocational opportunities.

I also believe that the logic of the Supreme Court's 1972 decision in Wisconsin v. Yoder supports my bill. Yoder held that Wisconsin's compulsory school attendance law requiring children to attend school until the age of 16 violated the Free Exercise clause. The Court found that the Wisconsin law imposed a substantial burden on the free exercise of religion by the Amish since attending school beyond the eighth grade ''contravenes the basic religious tenets and practices of the Amish faith.'' I believe a similar argument can be made with respect to Amish youth working in sawmills. As their population grows and their subsistence through an agricultural way of life decreases, trades such as sawmills become more and more crucial to the continuation of their lifestyle. Barring youths from the sawmills denies these youths the very vocational training and path to self-reliance that was central to the Yoder Court's holding that the Amish do not need the final two years of public education.

At this stage in the legislative process, so close to the end of the 105th Congress, passage of my bill requires a unanimous consent agreement. I have already been notified that there are Senators who would object to such an agreement, and I do understand that a measure of this nature cannot be rushed through the Senate. Nevertheless, I offer my legislation in the hope of beginning a dialogue on this important issue.

By Mr. SPECTER (for himself, Mr. ROCKEFELLER, Mr. SANTORUM, Mr. HOLLINGS, and Mr. DURBIN):

S. 2580. A bill to amend the Trade Act of 1974, and for other purposes; to the Committee on Finance.

THE TRADE FAIRNESS ACT OF 1998

Mr. SPECTER. Mr. President, I have sought recognition today to introduce legislation responding to the critical steel import crisis along with my colleague from West Virginia, Senator ROCKEFELLER, who serves with me as co-chairman of the Senate Steel Caucus, Senator HOLLINGS, and Senator SANTORUM. Our bill is entitled the ''Trade Fairness Act of 1998'' because it would amend the Trade Act of 1974 to remove statutory provisions which put our domestic industry at a significant disadvantage compared to their foreign competitors. Specifically, this bill makes technical corrections to the so-called ''Section 201'' provisions of the Trade Act of 1974 to harmonize our laws with international laws administered by the World Trade Organization.

While I know it is very late in the 105th legislative session, we intend that the introduction of this legislation will demonstrate our bipartisan commitment to responding to the current steel import crisis. Further, this should send a strong signal to the administration that it is high time that we respond.

Yesterday, Senator JOHN D. ROCKEFELLER, Congressman RALPH REGULA and Congressman JIM OBERSTAR, and I met with representatives of the Clinton administration, specifically Treasury Secretary Robert Rubin, Commerce Secretary William Daley, United States Trade Representative Ambassador Charlene Barshefsky and National Economic Council Advisor Gene Sperling, to discuss the steel import issue. At that meeting, representatives of the Clinton administration assured us that they are looking into actions that the administration can take to respond to the illegal dumping of foreign steel on the U.S. market but have yet to make a final decision on their response.

While I appreciate their efforts to take a closer look at the problem, I am disturbed by the Administration's failure to take immediate action up to this time to prevent more cheap steel from flooding the American market. I am further disturbed by the fact that senior administration officials could

not give me a specific date or timetable as to when we could expect a response from the administration on this crucial and pressing issue.

The urgency of this crisis and the failure of the administration to take action was evident from testimony presented on September 10, 1998, where, as Chairman of the Senate Steel Caucus, I joined House Chairman REGULA in convening a joint meeting of the Senate and House Steel Caucuses to hear from executives from the United Steelworkers of America and a number of the nation's largest steel manufacturers about the current influx of imported steel into the United States. At that meeting, I expressed my profound concern regarding the impact on our steel companies and Steelworkers of the current financial crises in Asia and Russia, which have generated surges in U.S. imports of Asian and Russian steel.

The past three months have been the highest monthly import volumes in U.S. history and, with Asia and Russia in economic crisis and with other major industrial nations not accepting their fair share of the adjustment burden, U.S. steel companies and employees are being damaged by this injurious unfair trade.

The United States has become the dumping ground for foreign steel. Russia has become the world's number one steel exporting nation and China is now the world's number one steel-producing nation, while enormous subsidies to foreign steel producers have continued. In fact, the Commerce Department recently revealed that Russia, one of the world's least efficient producers, was selling steel plate in the United States at more than 50 percent, or $110 per ton, below the constructed cost to make steel plate. The dumping of this cheap steel on the American market ultimately costs our steel companies in lost sales and results in fewer jobs for American workers.

Specifically, in the first half of 1998, total U.S. steel imports were 18.2 million net tons, which is a 12.4 percent increase over 1997's record level of 16.2 million net tons for the same period. For the month of June 1998, total U.S. imports of steel mill products totaled over 3.7 million net tons, which is up 39.2 percent from the June, 1997 level of 2.6 million net tons. In June 1998, U.S. imports of finished steel imports were a record 3 million net tons, a 41.6 percent increase over the June 1997 2.1 million net tons.

Also in the first half of 1998, compared to the same period in 1997, steel imports from Japan are up 114 percent, steel imports from Korea are up 90 percent, and imports from Indonesia are up 309 percent. Most significantly, the U.S. steel industry currently employs 163,000 people down from 500,000 people in the 1980's. This situation is untenable for the American steelworkers, steel manufacturers, their customers, and the American people in general.

I believe that the growing coalition of steel manufacturers, steelworkers, and Congress must work together to remedy this import crisis before it is too late and the U.S. steel industry is forced to endure an excruciatingly painful economic downturn. The United States has many of the tools at its disposal to protect our steel industry from unfair and illegally dumped steel; therefore, I submitted Senate Concurrent Resolution 121 on September 29, 1998, to call on the President to take all necessary measures to respond to the surge of steel imports resulting from the Asian and Russian financial crises. Specifically, the resolution called on the President to: pursue enhanced enforcement of the U.S. trade laws; pursue all tools available to ensure that other nations accept a more equitable sharing of these steel imports; establish a task force to closely monitor U.S. imports of steel; and, report to Congress by January 5, 1999, on a comprehensive plan to respond to this surge of steel imports. I am pleased to state that as of today's date, twenty-nine of my Senate colleagues have joined me in sponsoring this resolution.

While this resolution is an appropriate way for Congress to express our concerns and request immediate actions by the administration to respond to the steel import crisis, I think it is also important to give the administration all the necessary tools to fight the surges of foreign steel. After reviewing the U.S. trade laws with Senator ROCKEFELLER, we discovered that our laws regarding safeguard actions actually put the United States at a disadvantage in the international trade arena. Safeguard actions, or section 201 of the 1974 Trade Act, provide a procedure whereby the President has the discretion to grant temporary import relief to a domestic industry seriously injured by increased imports. Our laws in this area are actually more strict than those agreements made during the Uruguay Round negotiations on the General Agreement on Tariffs and Trade (GATT). That agreement, which the Senate considered and passed on December 1, 1994, established the World Trade Organization (WTO) to administer these trade agreements.

One such trade agreement established rules for the application of safeguard measures. The agreement provides that a member of the WTO may apply a safeguard measure to a product if the member has determined that such product is being imported into its territory in such increased quantities, absolute or relative to domestic production, and under such conditions as to cause or threaten to cause serious injury to the domestic industry that produces like or directly competitive products. The comparable U.S. statute, referred to as section 201, goes further than this agreement by requiring that foreign imports are the substantial cause of the injury. It just does not make sense to hinder the administration by placing this additional burden on it in evaluating a claim of injury due to surges of imports. We need to level the playing field so that all countries are playing by the same rules. This oversight is one example of the technical corrections that must be made to U.S. trade laws to bring them in line with WTO's rules.

Specifically, the bill that Senator ROCKEFELLER and I are introducing today, the Trade Fairness Act of 1998, makes three technical changes. First, it removes the requirement that imports must be a ''substantial'' cause of the serious injury by deleting the word ''substantial.'' The WTO's Safeguards Agreement does not require that increased imports be a ''substantial'' cause of serious injury. This change will lower the threshold to prove that the influx of imports were the cause of injury to the affected industry and will make U.S. law consistent with the WTO rules.

Second, the legislation clarifies that the International Trade Commission (ITC) shall not attribute to imports injury caused by other factors in making a determination that imports are a cause of serious injury. This provision will require the ITC to evaluate causation to determine which factors are causing injury. If serious injury is being caused by increased imports, whether or not other factors are also causing injury, safeguard relief is justified. This provision is a more faithful implementation of the GATT Agreement and will prevent circumstances such as a recession from blocking invocation of Section 201 by the administration.

Finally, this legislation brings the definition of ''serious injury'' in line with the definition codified in the GATT Agreement. The bill strikes the definition of serious injury and replaces it with the WTO's language regarding evaluation of whether increased imports have caused serious injury to a domestic industry. Specifically, it states ''with respect to serious injury'', the ITC should consider ''the rate and amount of the increase in imports of the product concerned in absolute and relative terms; the share of the domestic market taken by increased imports; changes in the levels of sales; production; productivity; capacity utilization; profits and losses; and, employment.'' These factors are important guidance to the ITC in evaluating a petition of serious injury. Again, I think it is appropriate to be consistent with the WTO language as America increasingly interacts on a global scale.

The U.S. steel industry has become a world class industry with a very high-quality product. This has been achieved at a great cost: $50 billion in new investment to restructure and modernize; 40 million tons of capacity taken out of the industry; and a work force dramatically downsized from 500,000 to 170,000. With these technical changes, the Administration will be armed with ammunition to bring a self-initiated Section 201 action on behalf

of the steel industry that has been harmed not only by the onslaught of cheap imports on a daily basis but by U.S. law that has prevented swift and immediate action by the U.S. government. This legislation is essential to allow the President to respond promptly to the current steel import crisis. It will allow steel companies to compete in a more fair trade environment, preventing bankruptcies that would cause the loss of thousands of high-paying jobs in the steel industry. Too many steelworkers have lost their jobs due to unfair cheap imports.

Mr. President, to summarize, I have sought recognition to introduce legislation on behalf of Senator ROCKEFELLER, Senator SANTORUM, Senator HOLLINGS and myself, to try to deal with a very serious surge of steel imports into the United States, which is threatening to decimate the steel industry and take thousands of jobs from American steelworkers in a way which is patently unfair and in violation of free trade practices.

It is obvious that the matter is a sensitive one where imports are coming from Russia illustratively. The Russians are having enormous economic problems, and they are dumping steel in the United States far below cost to try to remedy their economic situation. Sympathetic as we may be to the problems of the Russians, when they dump, unload steel in the United States far under their cost, it violates international trade laws and it violates the trade laws of the United States.

To reiterate our meeting yesterday was one where those of us in Congress on the steel caucus asked the administration to take administrative action. We have requested a meeting with the President for tomorrow before the session ends to try to persuade him to take this action. Our requests are not protectionism. They are not protectionism because they come within the definition of ''free trade'' where our laws are defined consistent with GATT and the World Trade Organization to prohibit subsidized goods and dumped goods from coming into this country.

Again, the legislation we are proposing today would remove the requirement that imports must be a substantial cause of the serious injury and only require that the damages be caused by the imports, by striking the word ''substantial,'' which is consistent with GATT, and with the World Trade Organization. We have a higher standard than we have to. Our laws ought to be changed to eliminate ''substantial cause'' to ''cause in fact.''

Secondly, this bill would change the existing law by not seeking an excuse where there are other factors which may result in the imports.

A third part of the bill changes the definition of ''serious injury'' to include a consideration by the International Trade Commission of factors such as the rate and amount of increase of imports of the product, the market share taken by the increased imports, changes in level of sales, profits, losses, production, productivity, capacity, utilization, and employment.

Stated succinctly, what we are seeking to do is to amend existing trade laws to conform to international rules of the World Trade Organization and GATT so that we may see to it that our own steel industry is not victimized by foreign imports and is not victimized by standards under our own trade laws, which are tougher and more stringent than international trade laws.

We realize that in introducing this legislation today that it cannot be enacted before the end of the session. But we do want to make a point with the administration as to where we are heading in the future—a resolution which was introduced which has some 29 cosponsors in the U.S. Senate.

The House of Representatives has a similar resolution. There are more than 100 cosponsors in the House of Representatives. It is our hope that the administration will provide some relief which will be fair, equitable, and just.

In the absence of relief by the administration, then it will be necessary for the Congress to move ahead in a more forceful manner.

I have introduced legislation over the past decade which calls for a private right of action, which I believe is the realistic answer, where an injured party could go into the Federal court and get injunctive relief which would be immediate.

Under the trade actions which have been filed by the United Steelworkers and by quite a number of companies, filed on September 30, it is possible under a complicated timetable to grant relief effective as of November 20 where duties would be imposed to try to stop this flooding and this dumping in U.S. markets.

In the interim, the President could act, and in the interim, the Congress ought to consider ways to amend our trade laws so that we are not at a disadvantage in dealing with this very serious problem to our steel industry, which is so important for national defense and domestic purposes, and so important for the steelworkers themselves where the number of steelworkers has declined from some 500,000 to 163,000 at the present time.

It is an urgent matter. The Congress ought to consider it. The administration ought to act on it. For these reasons, I urge my colleagues to join me in supporting the adoption of legislation to bring fairness to our trade laws.

Mr. ROCKEFELLER. Mr. President, I rise today to introduce legislation which will help the President deal with the flood of dirt-cheap steel imports from our trading partners. The Section 201 reform bill I am proposing with my colleague and Senate steel caucus co-chair, Senator SPECTER, will strengthen the President's ability to help domestic industries receive the relief they need and deserve when imports are a cause of serious injury.

Import relief is what the U.S. steel industry desperately needs right now. West Virginia steel makers deserve help now, before this crisis worsens, as I fear it will. All U.S. steel manufacturers deserve that assistance. That's why I am introducing this legislation before Congress recesses. I intend to push to improve our ability to remedy harm against domestic industries and at the same time remain consistent with rules we expect our world trading partners to live by. We can be tough and fair on trade at the same time and the bill I am introducing today proves it.

In my state of West Virginia, our two largest steel manufacturers, Weirton Steel and Wheeling Pittsburgh Steel have both already begun to suffer the effects of the steel import crisis. Weirton has laid off 200 workers and reports that their fourth quarter earnings and lack of pending orders could force the companies to consider additional lay offs in the near future. Wheeling Pittsburgh is also worried about the affect of the crisis on their bottomline. Laying off workers is never easy, but this crisis is forcing such hard decisions. West Virginia steel makers are producing world-class products as efficiently as any foreign competitors, but when foreign competitors are blatantly dumping their product at prices which are sometimes actually below the cost of production, it cuts the legs out from under American companies—but such unfair practices are absolutely unacceptable. U.S. industry, the U.S. steel industry and other industries, deserve just remedies when competitors unfairly dump their product on the U.S. market. We want to give the President the policy tools he needs to deal with unfair import competition.

Import data tells the story of a worsening steel crisis—the first two quarters of 1998 have shown a 27% increase in imports of hot-rolled steel. Japanese imports increased by an astounding 114% in that same time frame. Steel imports from South Korea increased 90%. There is no end in sight. Russia and Brazil are nations who are other prime offenders.

The tragedy of this crisis is that the U.S. steel industry has spent over a decade reinventing itself, adjusting and modernizing, in order to become a top-notch competitor as we approach the 21st century. This industry is a true success story—productivity has shot up and we can beat any producer in the world on price and quality when provided with a level playing field. For decades, I have worked with leaders in the steel industry at Weirton Steel, Wheeling-Pittsburgh, Wheeling-Nisshin, and others. I have watched and encouraged these steelmakers and unions working together to make the tough, necessary decision to modernize.

Unfortunately, just as United States steel manufacturers are realizing the gains of such investments, they are

facing a flood of imported steel being sold at rock bottom prices—again, below the cost of production in some instances. We cannot compete against that kind of unfair competition. The legislation Senator SPECTER and I are introducing today will give the President an improved tool to ensure that when there is serious injury as a result of imports, the U.S. can respond.

Specifically, our legislation will reform Section 201 which permits the President to grant domestic industries import relief in circumstances where imports are the substantial cause of serious injury.

Under current law, domestic industries must show that increased imports are the ''substantial cause'' of serious injury—which means a cause that is important and not less than any other cause. This imposes an unfair, higher burden of proof on domestic industries than is required to prove injury under World Trade Organization standards. The Safeguards Code of the World Trade Organization was established to make sure that fair trade did not mean countries had to put up with unfair practices. The WTO standard requires only that there be a causal link between increased imports and serious injury. I believe that U.S. law should not impose a tougher standard for American companies of harm than the WTO uses for the international community. Applying the WTO standard is responsible and reasonable. In this bill, we propose to establish the same standard for the U.S. as is used by the WTO. Free trade must mean fair trade.

In addition, in this bill we also intend to conform U.S. law to the standard in the WTO Safeguards Code when considering the overall test for judging when there has been serious harm to a domestic industry. We clarify that the International Trade Commission (ITC) should review the overall condition of the domestic industry in determining the degree of that injury by making it clear that it is the effect of the imports on the overall state of the industry that counts, not solely the effect on any one of the particular criteria used in the evaluation.

It is our sincere hope that Congress will act on this legislation and send the message that the United States will fight for the right of its industries to complete on a level playing field in world trade. If imports flood our markets, we will act to protect American industries against the consequences.

I am someone who adamantly believes the promotion of free trade is essential to our country's continued economic growth. If we are to continue to expand the trade base of our economy we need U.S. industry to know that we will keep it fair. American industry and American workers can deal with fair trade, but they shouldn't be asked to sit still for unfair trade practices that hurt workers and their families, while robbing the profit-margins of U.S. companies.

I intend to work in Congress, with my colleagues on the Finance Committee and those in the Administration responsible for trade policy to give the President better, more effective tools to ensure that our country can insist trade be free and fair. Our steel industry, indeed all U.S. industries, deserve no less. I will carefully monitor the steel import crisis and consider other appropriate actions as we see how this situation develops.

By Mr. MCCAIN (for himself and Mr. HOLLINGS):

S. 2581. A bill to authorize appropriations for the motor vehicle safety and information programs of the National Highway Traffic Safety Administration for fiscal years 1999–2001; to the Committee on Commerce, Science, and Transportation.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION AUTHORIZATION ACT

● Mr. MCCAIN. Mr. President, my purpose today is to introduce legislation that would increase the authorization level of the National Highway Traffic Safety Administration. The recently passed TEA–21 legislation authorized NHTSA at its requested level, approximately $87.4 million. The Office of Management and Budget recently asked that NHTSA receive $99.9 million in the budget request.

Although the Department of Transportation had requested $87.4 million, we are now informed by Secretary Slater that this authorization level will not permit the funding of ''key safety initiatives.''

I know that no one in this body wants a situation where highway safety is degraded in any way. I also know that there is no opportunity that this legislation can be passed yet this Congress. This is an issue that we will address in the next Congress. I look forward to working with my colleagues to address this important issue of highway safety in a manner that provides an appropriate funding level to meet safety needs while also meeting our budget obligations and the consensus of the Appropriations Committee.●

By Mr. BREAUX (for himself and Mr. MACK):

S. 2582. A bill to amend title XVIII of the Social Security Act to provide for a prospective payment system for services furnished by psychiatric hospitals under the Medicare Program; to the Committee on Finance.

MEDICARE PSYCHIATRIC HOSPITAL PROSPECTIVE PAYMENT SYSTEM ACT OF 1998

● Mr. BREAUX. Mr. President, today my colleague CONNIE MACK and I are introducing legislation that would improve Medicare inpatient psychiatric care by reforming how Medicare pays for services provided in free-standing psychiatric hospitals and distinct-part psychiatric units of general hospitals. The Medicare Psychiatric Hospital Prospective Payment System Act of 1998 would establish over time a prospective payment system (PPS) for these providers. Currently psychiatric hospitals and units are exempt from PPS. Their costs are reimbursed under provisions in the 1982 Tax Equity and Fiscal Responsibility Act, or TEFRA.

The Balanced Budget Act (BBA) of 1997 made significant changes to the TEFRA payment system by reducing incentive payments and imposing a limit on what Medicare will pay for services provided in psychiatric facilities, regardless of a facility's costs. The result is that many of these providers will be hit hard by deep and sudden cuts, with no transition period to adjust to the changes. I believe that moving psychiatric hospitals to a prospective payment system will ensure that these changes do not reduce patient access to psychiatric care.

Our legislation proposes to transition psychiatric inpatient hospitals to a prospective payment system—a system that will be more efficient, allow for better planning, and lead to improved patient care. This legislation also addresses the short-term viability of many of these facilities to enable patients to continue receiving the specialized care these providers offer. For that reason, our legislation includes immediate financial relief to those psychiatric facilities hardest hit by the BBA: twenty-five percent of facilities in the first year, about thirteen percent in year two, and approximately ten percent in year three. The relief will then be paid back when a prospective payment is implemented in year four to ensure that this bill is budget neutral by the end of year five. Specifically, the Breaux-Mack bill would limit an individual facility's payment reductions to no more than five percent in the first year, seven and one-half percent in the second year, and ten percent in year three. After the third year, a PPS based on per diems would be phased in. In the first two years of the new PPS, the per-diem rates would be adjusted downward to pay back the savings lost to the Medicare program as a result of the ''hold harmless'' provisions of the bill. Consequently, our bill is budget-neutral over five years, yet it provides some measure of relief to those Medicare providers most severely affected by the BBA and guarantees that beneficiaries will not lose vital services. But perhaps the most important feature of our bill is that it moves the last of the TEFRA providers—psychiatric facilities—out of a cost-based payment system and into a

system where they will be paid prospectively, like most other Medicare providers.

I urge my colleagues to join me in cosponsoring this important piece of legislation.

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. 2582

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 ''Medicare Psychiatric Hospital Prospective Payment System Act of 1998''.

SEC. 2. MEDICARE PROSPECTIVE PAYMENT SYSTEM FOR PSYCHIATRIC FACILITIES.

(a) ESTABLISHMENT OF PROSPECTIVE PAYMENT SYSTEM.—Section 1886 of the Social Security Act (42 U.S.C. 1395ww) is amended by adding at the end the following:

''(l) PROSPECTIVE PAYMENT SYSTEM FOR INPATIENT PSYCHIATRIC SERVICES.—

''(1) AMOUNT OF PAYMENT.—

''(A) DURING TRANSITION PERIOD.—Notwithstanding section 1814(b), but subject to the provisions of section 1813, the amount of payment with respect to the operating and capital-related costs of inpatient hospital services of a psychiatric facility (as defined in paragraph (7)(C)) for each day of services furnished in a cost reporting period beginning on or after October 1, 2000, and before October 1, 2003, is equal to the sum of—

''(i) the TEFRA percentage (as defined in paragraph (7)(D)) of the facility-specific per diem rate (determined under paragraph (2)); and

''(ii) the PPS percentage (as defined in paragraph (7)(B)) of the applicable Federal per diem rate (determined under paragraph (3)).

''(B) UNDER FULLY IMPLEMENTED SYSTEM.—Notwithstanding section 1814(b), but subject to the provisions of section 1813, the amount of payment with respect to the operating and capital-related costs of inpatient hospital services of a psychiatric facility for each day of services furnished in a cost reporting period beginning on or after October 1, 2003, is equal to the applicable Federal per diem rate determined under paragraph (3) for the facility for the fiscal year in which the day of services occurs.

''(C) NEW FACILITIES.—In the case of a psychiatric facility that does not have a base fiscal year (as defined in paragraph (7)(A)), payment for the operating and capital-related costs of inpatient hospital services shall be made under this subsection using the applicable Federal per diem rate.

''(2) DETERMINATION OF FACILITY-SPECIFIC PER DIEM RATES.—

''(A) BASE YEAR.—The Secretary shall determine, on a per diem basis, the allowable operating and capital-related costs of inpatient hospital services for each psychiatric facility for its cost reporting period (if any) beginning in the base fiscal year (as defined in paragraph (7)(A)), such costs determined as if subsection (b)(8) did not apply.

''(B) UPDATING.—The Secretary shall update the amount determined under subparagraph (A) for each cost reporting period after the cost reporting period beginning in the base fiscal year and before October 1, 2003, by a factor equal to the market basket percentage increase.

''(3) DETERMINATION OF THE FEDERAL PER DIEM RATE.—

''(A) BASE YEAR.—The Secretary shall determine, on a per diem basis, the allowable operating and capital-related costs of inpatient hospital services for each psychiatric facility for its cost reporting period (if any) beginning in the base fiscal year (as defined in paragraph (7)(A)), such costs determined as if subsection (b)(8) did not apply.

''(B) UPDATING TO FIRST FISCAL YEAR.—The Secretary shall update the amount determined under subparagraph (A) for each cost reporting period up to the first cost reporting period to which this subsection applies by a factor equal to the market basket percentage increase.

''(C) COMPUTATION OF STANDARDIZED PER DIEM RATE.—The Secretary shall standardize the amount determined under subparagraph (B) for each facility by—

''(i) adjusting for variations among facilities by area in the average facility wage level per diem; and

''(ii) adjusting for variations in case mix per diem among facilities (based on the patient classification system established by the Secretary under paragraph (4)).

''(D) COMPUTATION OF WEIGHTED AVERAGE PER DIEM RATES.—

''(i) SEPARATE RATES FOR URBAN AND RURAL AREAS.—Based on the standardized amounts determined under subparagraph (C) for each facility, the Secretary shall compute a separate weighted average per diem rate—

''(I) for all psychiatric facilities located in an urban area (as defined in subsection (d)(2)(D)); and

''(II) for all psychiatric facilities located in a rural area (as defined in subsection (d)(2)(D)).

''(ii) FOR HOSPITALS AND UNITS.—Subject to paragraph (7)(C), in the areas referred to in clause (i) the Secretary may compute a separate weighted average per diem rate for—

''(I) psychiatric hospitals; and

''(II) psychiatric units described in the matter following clause (v) of subsection (d)(1)(B).

If the Secretary establishes separate average weighted per diem rates under this clause, the Secretary shall also establish separate average per diem rates for facilities in such categories that are owned and operated by an agency or instrumentality of Federal, State, or local government and for facilities other than such facilities.

''(iii) WEIGHTED AVERAGE.—In computing the weighted averages under clauses (i) and (ii), the standardized per diem amount for each facility shall be weighted for each facility by the number of days of inpatient hospital services furnished during its cost reporting period beginning in the base fiscal year.

''(E) UPDATING.—The weighted average per diem rates determined under subparagraph (D) shall be updated for each fiscal year after the first fiscal year to which this subsection applies by a factor equal to the market basket percentage increase.

''(F) DETERMINATION OF FEDERAL PER DIEM RATE.—

''(i) IN GENERAL.—The Secretary shall compute for each psychiatric facility for each fiscal year (beginning with fiscal year 2001) a Federal per diem rate equal to the applicable weighted average per diem rate determined under subparagraph (E), adjusted for—

''(I) variations among facilities by area in the average facility wage level per diem;

''(II) variations in case mix per diem among facilities (based on the patient classification system established by the Secretary under paragraph (4)); and

''(III) variations among facilities in the proportion of low-income patients served by the facility.

''(ii) OTHER ADJUSTMENTS.—In computing the Federal per diem rates under this subparagraph, the Secretary may adjust for outlier cases, the indirect costs of medical education, and such other factors as the Secretary determines to be appropriate.

''(iii) BUDGET NEUTRALITY.—The adjustments specified in clauses (i)(I), (i)(III), and (ii) shall be implemented in a manner that does not result in aggregate payments under this subsection that are greater or less than those aggregate payments that otherwise would have been made if such adjustments did not apply.

''(4) ESTABLISHMENT OF PATIENT CLASSIFICATION SYSTEM.—

''(A) IN GENERAL.—The Secretary shall establish—

''(i) classes of patients of psychiatric facilities (in this paragraph referred to as 'case mix groups'), based on such factors as the Secretary determines to be appropriate; and

''(ii) a method of classifying specific patients in psychiatric facilities within these groups.

''(B) WEIGHTING FACTORS.—For each case mix group, the Secretary shall assign an appropriate weighting factor that reflects the relative facility resources used with respect to patients classified within that group compared to patients classified within other such groups.

''(5) DATA COLLECTION; UTILIZATION MONITORING.—

''(A) DATA COLLECTION.—The Secretary may require psychiatric facilities to submit such data as is necessary to implement the system established under this subsection.

''(B) UTILIZATION MONITORING.—The Secretary shall monitor changes in the utilization of inpatient hospital services furnished by psychiatric facilities under the system established under this subsection and report to the appropriate committees of Congress on such changes, together with recommendations for legislation (if any) that is needed to address unwarranted changes in such utilization.

''(6) SPECIAL ADJUSTMENTS.—Notwithstanding the preceding provisions of this subsection, the Secretary shall reduce aggregate payment amounts that would otherwise be payable under this subsection for inpatient hospital services furnished by a psychiatric facility during cost reporting periods beginning in fiscal years 2001 and 2002 by such uniform percentage as is necessary to assure that payments under this subsection for such cost reporting periods are reduced by an amount that is equal to the sum of—

''(A) the aggregate increase in payments under this title during fiscal years 1998, 1999, and 2000, that is attributable to the operation of subsection (b)(8); and

''(B) the aggregate increase in payments under this title during fiscal years 2001 and 2002 that is attributable to the application of the market basket percentage increase under paragraphs (2)(B) and (3)(E) of this subsection in lieu of the provisions of subclauses (VI) and (VII) of subsection (b)(3)(B)(ii).

Reductions under this paragraph shall not affect computation of the amounts payable under this subsection for cost reporting periods beginning in fiscal years after fiscal year 2002.

''(7) DEFINITIONS.—For purposes of this subsection:

''(A) The term 'base fiscal year' means, with respect to a hospital, the most recent fiscal year ending before the date of the enactment of this subsection for which audited cost report data are available.

''(B) The term 'PPS percentage' means—

''(i) with respect to cost reporting periods beginning on or after October 1, 2000, and before October 1, 2001, 25 percent;

''(ii) with respect to cost reporting periods beginning on or after October 1, 2001, and before October 1, 2002, 50 percent; and

''(iii) with respect to cost reporting periods beginning on or after October 1, 2002, and before October 1, 2003, 75 percent.

''(C) The term 'psychiatric facility' means—

''(i) a psychiatric hospital; and

''(ii) a psychiatric unit described in the matter following clause (v) of subsection (d)(1)(B).

''(D) The term 'TEFRA percentage' means—

''(i) with respect to cost reporting periods beginning on or after October 1, 2000, and before October 1, 2001, 75 percent;

''(ii) with respect to cost reporting periods beginning on or after October 1, 2001, and before October 1, 2002, 50 percent; and

''(iii) with respect to cost reporting periods beginning on or after October 1, 2002, and before October 1, 2003, 25 percent.''.

(b) LIMIT ON REDUCTIONS UNDER BALANCED BUDGET ACT.—Section 1886(b) of the Social Security Act (42 U.S.C. 1395ww(b)) is amended by adding at the end the following:

''(8)(A) Notwithstanding the amendments made by sections 4411, 4414, 4415, and 4416 of the Balanced Budget Act of 1997, in the case of a psychiatric facility (as defined in subparagraph (B)(ii)), the amount of payment for the operating costs of inpatient hospital services for cost reporting periods beginning on or after October 1, 1997, and before October 1, 2000, shall not be less than the applicable percentage (as defined in subparagraph (B)(i)) of the amount that would have been paid for such costs if such amendments did not apply.

''(B) For purposes of this paragraph:

''(i) The term 'applicable percentage' means—

''(I) 95 percent for cost reporting periods beginning on or after October 1, 1997, and before October 1, 1998;

''(II) 92.5 percent for cost reporting periods beginning on or after October 1, 1998, and before October 1, 1999; and

''(III) 90 percent for cost reporting periods beginning on or after October 1, 1999, and before October 1, 2000.

''(ii) The term 'psychiatric facility' means—

''(I) a psychiatric hospital; and

''(II) a psychiatric unit described in the matter following clause (v) of subsection (d)(1)(B).''.

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply as if included in the enactment of the Balanced Budget Act of 1997.●

● Mr. MACK. Mr. President, today, I am pleased to join my colleague JOHN BREAUX in sponsoring the Medicare Psychiatric Hospital Prospective Payment System Act of 1998. This legislation maintains the integrity and availability of Medicare inpatient psychiatric care by changing how Medicare currently pays for services provided to beneficiaries in free standing psychiatric hospitals and distinct-part psychiatric units of general hospitals. This bill eases the transition of psychiatric facilities to a prospective payment system (PPS) while phasing in substantial cuts in payments to these providers as required by the Balanced Budget Act of 1997.

Currently, psychiatric hospitals and units are exempt from PPS. This bill is budget neutral over five years, and ensures that until PPS is established, inpatient psychiatric care will not be compromised or disrupted because of major budget reductions. Finally, this legislation prevents the type of dislocations we now face in the Home Health Care industry.

The purpose of this bill is to give psychiatric facilities a period of adjustment to the mandates of BBA while not jeopardizing patient care. It provides for a transition period that will help providers adjust to a prospective payment system that will be installed in three years. At the end of this time period psychiatric facilities will be paid on a prospective payment basis like other hospital providers in the Medicare program. Psychiatric hospital managers understand that the financial limitations imposed by BBA on their facilities must be met, and this bill smooths out the requirements for accomplishing this in such a way that the integrity of patient care is maintained. I urge my colleagues to join me in co-sponsoring this important piece of legislation.●

By Mr. BINGAMAN (for himself and Mr. COCHRAN):

S. 2583. A bill to provide disadvantaged children with access to dental services; to the Committee on Labor and Human Resources.

● Mr. BINGAMAN. Mr. President today I introduce with my friend and colleague, Senator THAD COCHRAN, the Childrens Dental Health Improvement Act of 1998. The bill is designed to increase access to dental services for our disadvantaged children.

Medicaid's Early and Periodic Screening Diagnosis and Treatment or ''EPSDT'' program requires states to not only pay for a comprehensive set of child health services, including dental services, but to assure delivery of those services. Unfortunately, low income children do not get the dental service they need. Despite the design of the Medicaid program to reach children and ensure access to routine dental care, the Inspector General of the Department of Health and Human Services reported in 1996 that only 18 percent of children eligible for Medicaid received even a single preventive dental service. The same report shows that no state provides preventive services to more than 50% of eligible children. Dentist participation is too low to assure access. We are falling short of our obligation to these children.

In the past few months, I have had the opportunity to speak to many of New Mexico's rural health providers and have learned that for New Mexico, the problem is of crisis proportions. Less than 1% of New Mexico's Medicaid dollars are used for children's oral health care needs. My state alone projects a shortage of 157 dentists and 229 dental hygienists. Children in New Mexico and elsewhere are showing up in emergency rooms for treatment of tooth abscesses instead of getting their cavities filled early on or having dental decay prevented in the first place.

Some will say: ''Why care about a few cavities in kids?'' In reality, this is a complex children's health issue. Chronically poor oral health is associated with growth and development problems in toddlers and compromises children's nutritional status. These children suffer from pain and cannot play or learn. Their personal suffering is real. In reality, untreated dental problems get progressively worse and ultimately require more expensive interventions. Many of these children come to emergency rooms and ultimately must be treated in the operating room.

Tooth decay remains the single most common chronic disease of childhood and according to the Children's Dental Health Project, it affects more than half of all children by second grade. Tooth decay in children six year olds is 5 to 8 more common than asthma which is often cited as the most common chronic disease of childhood.

National data confirm that pediatric oral health in the U.S. is backsliding. Healthy People 2000 goals for dental needs of children will not be met. As this chart shows:

52% of our 6 to 8 year olds have dental caries, or cavities compared to 54% in 1986. Our goal was to decrease this to 35% by the year 2000; we have only succeeded in a 2% change in this area.

Additionally, we have slid backwards in some areas. The Healthy People 2000 oral health indicators show an increase in the percentage of children with untreated cavities. In 1986, 28% of our 6 to 8 year olds had untreated cavities compared to now where we find 31% of these children have untreated cavities.

Tooth decay is increasingly a disease of low and modest income children. A substantial portion of decay in young children goes untreated. In fact, forty seven percent of decay in children aged 2 through 9 is untreated.

The Children's Dental Health Improvement Act is designed to attack the problem from many fronts. First, our bill addresses the issue of provider shortage by expanding opportunities for training pediatric dental health care providers. Next, we will work toward increasing the actual care provided under the Medicaid program. Additionally, we have looked at the need for pediatric dental research to facilitate better approaches for care. Finally, we have put into place greater measures for surveillance of the problem and have looked at the need to increase accountability in the area of actual treatment once a problem is identified.

I am committed to solving the problem of adequate access to dental care for our children and view this as a public health issue that has gone unnoticed for too long. I will welcome my colleagues to work with me to ensure that these children have healthy smiles vs. chronic pain from untreated problems.

Mr. President, I ask unanimous consent to have the text of the Children's Dental Health Improvement Act of 1998 printed in the RECORD.

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

S. 2583

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Children's Dental Health Improvement Act of 1998''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Findings.
TITLE I—EXPANDED OPPORTUNITIES FOR TRAINING PEDIATRIC DENTAL HEALTH CARE PROVIDERS
Sec. 101. Children's dental health training and demonstration programs.
Sec. 102. Increase in National Health Service Corps dental training positions.
Sec. 103. Maternal and child health centers for leadership in pediatric dentistry education.
Sec. 104. Dental officer multiyear retention bonus for the Indian Health Service.
Sec. 105. Medicare payments to approved nonhospital dentistry residency training programs; permanent dental exemption from voluntary residency reduction programs.
Sec. 106. Dental health professional shortage areas.
TITLE II—ENSURING DELIVERY OF PEDIATRIC DENTAL SERVICES UNDER THE MEDICAID AND SCHIP PROGRAMS
Sec. 201. Increased FMAP and fee schedule for dental services provided to children under the medicaid program.
Sec. 202. Required minimum medicaid expenditures for dental health services.
Sec. 203. Requirement to verify sufficient numbers of participating dentists under the medicaid program.
Sec. 204. Inclusion of recommended age for first dental visit in definition of EPSDT services.
Sec. 205. Approval of final regulations implementing changes to EPSDT services.
Sec. 206. Use of SCHIP funds to treat children with special dental health needs.
Sec. 207. Grants to supplement fees for the treatment of children with special dental health needs.
Sec. 208. Demonstration projects to increase access to pediatric dental services in underserved areas.
TITLE III—PEDIATRIC DENTAL RESEARCH
Sec. 301. Identification of interventions that reduce transmission of dental diseases in high risk populations; development of approaches for pediatric dental assessment.
Sec. 302. Agency for Health Care Policy and Research.
Sec. 303. Consensus development conference.
TITLE IV—SURVEILLANCE AND ACCOUNTABILITY
Sec. 401. CDC reports.
Sec. 402. Reporting requirements under the medicaid program.
Sec. 403. Administration on Children, Youth, and Families.
TITLE V—MISCELLANEOUS
Sec. 501. Effective date.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) Children's oral health impacts upon and reflects children's general health.

(2) Tooth decay is the most prevalent preventable chronic disease of childhood and only the common cold, the flu, and otitis media occur more often among young children.

(3) Despite the design of the medicaid program to reach children and ensure access to routine dental care, in 1996, the Inspector General of the Department of Health and Human Services reported that only 18 percent of children eligible for medicaid received even a single preventive dental service.

(4) The United States is facing a major dental health care crisis that primarily affects the poor children of our country, with 80 percent of all dental caries in children found in the 20 percent of the population.

(5) Low income children eligible for the medicaid program and the State children's health insurance program experience disproportionately high levels of oral disease.

(6) The United States is not training enough pediatric dental health care providers to meet the increasing need for pediatric dental services.

(7) The United States needs to increase access to health promotion and disease prevention activities in the area of oral health for children by increasing access to pediatric dental health providers.

TITLE I—EXPANDED OPPORTUNITIES FOR TRAINING PEDIATRIC DENTAL HEALTH CARE PROVIDERS

SEC. 101. CHILDREN'S DENTAL HEALTH TRAINING AND DEMONSTRATION PROGRAMS.

Part E of title VII of the Public Health Service Act (42 U.S.C. 294o et seq.) is amended by adding at the end the following:

''SEC. 779. CHILDREN'S DENTAL HEALTH PROGRAMS.

''(a) TRAINING PROGRAM.—

''(1) IN GENERAL.—The Secretary, acting through the Bureau of Health Professions, shall develop training materials to be used by health professionals to promote oral health through health education.

''(2) DESIGN.—The materials developed under paragraph (1) shall be designed to enable health care professionals to—

''(A) provide information to individuals concerning the importance of oral health;

''(B) recognize oral disease in individuals; and

''(C) make appropriate referrals of individuals for dental treatment.

''(3) DISTRIBUTION.—The materials developed under paragraph (1) shall be distributed to—

''(A) accredited schools of the health sciences (including schools for physician assistants, schools of medicine, osteopathic medicine, dental hygiene, public health, nursing, pharmacy, and dentistry), and public or private institutions accredited for the provision of graduate or specialized training programs in all aspects of health; and

''(B) health professionals and community-based health care workers.

''(b) DEMONSTRATION PROGRAM.—

''(1) IN GENERAL.—The Secretary shall make grants to schools that train pediatric dental health providers to meet the costs of projects—

''(A) to plan and develop new training programs and to maintain or improve existing training programs in providing dental health services to children; and

''(B) to assist dental health providers in managing complex dental problems in children.

''(2) ADMINISTRATION.—

''(A) AMOUNT.—The amount of any grant under paragraph (1) shall be determined by the Secretary.

''(B) APPLICATION.—No grant may be made under paragraph (1) unless an application therefore is submitted to and approved by the Secretary. Such an application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe.

''(C) ELIGIBILITY.—To be eligible for a grant under subsection (a), the applicant must demonstrate to the Secretary that it has or will have available full-time faculty and staff members with training and experience in the field of pediatric dentistry and support from other faculty and staff members trained in pediatric dentistry and other relevant specialties and disciplines such as dental public health and pediatrics, as well as research.

''(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as may be necessary to carry out this section.''.

SEC. 102. INCREASE IN NATIONAL HEALTH SERVICE CORPS DENTAL TRAINING POSITIONS.

The Secretary of Health and Human Services shall increase the number of dental health providers skilled in treating children who become members of the National Health Service Corps under subpart II of part D of title III of the Public Health Service Act (42 U.S.C. 254d et seq.) so that there are at least 100 additional dentists and dental hygienists in the Corps by 2000, at least 150 additional dentists and dental hygienists in the Corps by 2001, and at least 300 additional dentists and dental hygienists in the Corps by 2002. The Secretary shall ensure that at least 20 percent of the dentists in the Corps are pediatric dentists and that another 20 percent of the dentists in the Corps have general practice residency training.

SEC. 103. MATERNAL AND CHILD HEALTH CENTERS FOR LEADERSHIP IN PEDIATRIC DENTISTRY EDUCATION.

(a) EXPANSION OF TRAINING PROGRAMS.—The Secretary of Health and Human Services shall, through the Maternal and Child Health Bureau, establish not less than 36 additional training positions annually for pediatric dentists at centers of excellence. The Secretary shall ensure that such training programs are established in geographically diverse areas.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated, such sums as may be necessary to carry out this section.

SEC. 104. DENTAL OFFICER MULTIYEAR RETENTION BONUS FOR THE INDIAN HEALTH SERVICE.

(a) TERMS AND DEFINITIONS.—In this section:

(1) DENTAL OFFICER.—The term ''dental officer'' means an officer of the Indian Health Service designated as a dental officer.

(2) DIRECTOR.—The term ''Director'' means the Director of the Indian Health Service.

(3) CREDITABLE SERVICE.—The term ''creditable service'' includes all periods that a dental officer spent in graduate dental educational (GDE) training programs while not on active duty in the Indian Health Service and all periods of active duty in the Indian Health Service as a dental officer.

(4) RESIDENCY.—The term ''residency'' means a graduate dental educational (GDE) training program of at least 12 months, excluding general practice residency (GPR) or a 12-month advanced education general dentistry (AEGD).

(5) SPECIALTY.—The term ''specialty'' means a dental specialty for which there is an Indian Health Service specialty code number.

(b) REQUIREMENTS FOR BONUS.—

(1) IN GENERAL.—An eligible dental officer of the Indian Health Service who executes a written agreement to remain on active duty for 2, 3, or 4 years after the completion of any other active duty service commitment to the Indian Health Service may, upon acceptance of the written agreement by the Director, be authorized to receive a dental officer multiyear retention bonus under this section. The Director may, based on requirements of the Indian Health Service, decline to offer a such a retention bonus to any specialty that is otherwise eligible, or to restrict the length of a such a retention bonus contract for a specialty to less than 4 years.

(2) LIMITATIONS.—Each annual dental officer multiyear retention bonus authorized under this section shall not exceed the following:

(A) $14,000 for a 4-year written agreement.

(B) $8,000 for a 3-year written agreement.

(C) $4,000 for a 2-year written agreement.

(c) ELIGIBILITY.—

(1) IN GENERAL.—In order to be eligible to receive a dental officer multiyear retention bonus under the section, a dental officer shall—

(A) be at or below such grade as the Director shall determine;

(B) have at least 8 years of creditable service, or have completed any active duty service commitment of the Indian Health Service incurred for dental education and training;

(C) have completed initial residency training, or be scheduled to complete initial residency training before September 30 of the fiscal year in which the officer enters into a dental officer multiyear retention bonus written service agreement under this section; and

(D) have a dental specialty in pediatric dentistry or oral and maxillofacial surgery.

(2) EXTENSION TO OTHER OFFICERS.—The Director may extend the retention bonus to dental officers other than officers with a dental specialty in pediatric dentistry based on demonstrated need. The criteria used as the basis for such an extension shall be equitably determined and consistently applied.

(d) TERMINATION OF ENTITLEMENT TO SPECIAL PAY.—The Director may terminate at any time a dental officer's multiyear retention bonus contract under this section. If such a contract is terminated, the unserved portion of the retention bonus contract shall be recouped on a pro rata basis. The Director shall establish regulations that specify the conditions and procedures under which termination may take place. The regulations and conditions for termination shall be included in the written service contract for a dental officer multiyear retention bonus under this section.

(e) REFUNDS.—

(1) IN GENERAL.—Prorated refunds shall be required for sums paid under a retention bonus contract under this section if a dental officer who has received the retention bonus fails to complete the total period of service specified in the contract, as conditions and circumstances warrant.

(2) DEBT TO UNITED STATES.—An obligation to reimburse the United States imposed under paragraph (1) is a debt owed to the United States.

(3) NO DISCHARGE IN BANKRUPTCY.—Notwithstanding any other provision of law, a discharge in bankruptcy under title 11, United States Code, that is entered less than 5 years after the termination of a retention bonus contract under this section does not discharge the dental officer who signed such a contract from a debt arising under the contract or paragraph (1).

SEC. 105. MEDICARE PAYMENTS TO APPROVED NONHOSPITAL DENTISTRY RESIDENCY TRAINING PROGRAMS; PERMANENT DENTAL EXEMPTION FROM VOLUNTARY RESIDENCY REDUCTION PROGRAMS.

(a) MEDICARE PAYMENTS TO APPROVED NONHOSPITAL DENTISTRY TRAINING PROGRAMS.—Section 1886 of the Social Security Act (42 U.S.C. 1395ww) is amended by adding at the end the following:

''(l) PAYMENTS FOR NONHOSPITAL BASED DENTAL RESIDENCY TRAINING PROGRAMS.—

''(1) IN GENERAL.—Beginning January 1, 1999, the Secretary shall make payments under this paragraph to approved nonhospital based dentistry residency training programs providing oral health care to children for the direct and indirect expenses associated with operating such training programs.

''(2) PAYMENT AMOUNT.—

''(A) METHODOLOGY.—The Secretary shall establish procedures for making payments under this subsection.

''(B) TOTAL AMOUNT OF PAYMENTS.—In making payments to approved non-hospital based dentistry residency training programs under this subsection, the Secretary shall ensure that the total amount of such payments will not result in a reduction of payments that would otherwise be made under subsection (h) or (k) to hospitals for dental residency training programs.

''(C) APPROVED PROGRAMS.—The Secretary shall establish procedures for the approval of nonhospital based dentistry residency training programs under this subsection.''.

(b) PERMANENT DENTAL EXEMPTION FROM VOLUNTARY RESIDENCY REDUCTION PROGRAMS.—

(1) IN GENERAL.—Section 1886(h)(6)(C) of the Social Security Act (42 U.S.C. 1395ww(h)(6)(C)) is amended—

(A) by redesignating clauses (i) through (iii) as subclauses (I) through (III), respectively, and indenting such subclauses (as so redesignated) appropriately;

(B) by striking ''For purposes'' and inserting the following:

''(i) IN GENERAL.—Subject to clause (ii), for purposes''; and

(C) by adding at the end the following:

''(ii) DEFINITION OF 'APPROVED MEDICAL RESIDENCY TRAINING PROGRAM'.—In this subparagraph, the term 'approved medical residency training program' means only such programs in allopathic or osteopathic medicine.''.

(2) APPLICATION TO DEMONSTRATION PROJECTS AND AUTHORITY.—Section 4626(b)(3) of the Balanced Budget Act of 1997 (42 U.S.C. 1395ww note) is amended by inserting ''in allopathic or osteopathic medicine'' before the period.

(c) EFFECTIVE DATE.—

(1) SUBSECTION (A).—The amendment made by subsection (a) takes effect on the date of enactment of this Act.

(2) SUBSECTION (B).—The amendments made by subsection (b) shall take effect as if included in the enactment of the Balanced Budget Act of 1997.

SEC. 106. DENTAL HEALTH PROFESSIONAL SHORTAGE AREAS.

(a) DESIGNATION.—Section 332(a) of the Public Health Service Act (42 U.S.C. 254e(a)) is amended by adding at the end the following:

''(4)(A) In designating health professional shortage areas under this section, the Secretary may designate certain areas as dental health professional shortage areas if the Secretary determines that such areas have a severe shortage of dental health professionals. The Secretary shall develop, publish and periodically update criteria to be used in designating dental health professional shortage areas.

''(B) For purposes of this title, a dental health professional shortage area shall be considered to be a health professional shortage area.''.

(b) LOAN REPAYMENT PROGRAM.—Section 338B(b)(1)(A) of the Public Health Service Act (42 U.S.C. 254l-1(b)(1)(A)) is amended by inserting ''(including dental hygienists)'' after ''profession''.

(c) TECHNICAL AMENDMENT.—Section 331(a)(2) of the Public Health Service Act (42 U.S.C. 254d(a)(2)) is amended by inserting ''(including dental health services)'' after ''services''.

TITLE II—ENSURING DELIVERY OF PEDIATRIC DENTAL SERVICES UNDER THE MEDICAID AND SCHIP PROGRAMS

SEC. 201. INCREASED FMAP AND FEE SCHEDULE FOR DENTAL SERVICES PROVIDED TO CHILDREN UNDER THE MEDICAID PROGRAM.

(a) INCREASED FMAP.—Section 1903(a)(5) of the Social Security Act (42 U.S.C. 1396b(a)(5)) is amended—

(1) by striking ''equal to 90 per centum'' and inserting ''equal to—

''(A) 90 per centum'';

(2) by inserting ''and'' after the semicolon; and

(3) by adding at the end the following:

''(B) the greater of the Federal medical assistance percentage or 75 per centum of the sums expended during such quarter which are attributable to dental services for children;''.

(b) FEE SCHEDULE.—Section 1902(a) of the Social Security Act (42 U.S.C. 1396a(a)) is amended—

(1) in paragraph (65), by striking the period and inserting ''; and''; and

(2) by inserting after paragraph (65) the following:

''(66) provide for payment under the State plan for dental services for children at a rate that is designed to create an incentive for providers of such services to treat children in need of dental services (but that does not result in a reduction or other adverse impact on the extent to which the State provides dental services to adults).''.

SEC. 202. REQUIRED MINIMUM MEDICAID EXPENDITURES FOR DENTAL HEALTH SERVICES.

Section 1902(a) of the Social Security Act (42 U.S.C. 1396a(a)), as amended by section 201(b), is amended—

(1) in paragraph (65), by striking ''and'' at the end;

(2) in paragraph (66), by striking the period and inserting ''; and''; and

(3) by inserting after paragraph (66) the following:

''(67) provide that, beginning with fiscal year 1999—

''(A) not less than an amount equal to 7 percent of the total annual expenditures under the State plan for medical assistance provided to children will be expended during each fiscal year for dental services for children (including the prevention, screening, diagnosis, and treatment of dental conditions); and

''(B) the State will not reduce or otherwise adversely impact the extent to which the State provides dental services to adults in order to meet the requirement of subparagraph (A).''.

SEC. 203. REQUIREMENT TO VERIFY SUFFICIENT NUMBERS OF PARTICIPATING DENTISTS UNDER THE MEDICAID PROGRAM.

Section 1902(a) of the Social Security Act (42 U.S.C. 1396a(a)), as amended by section 202, is amended—

(1) in paragraph (66), by striking ''and'' at the end;

(2) in paragraph (67), by striking the period and inserting ''; and''; and

(3) by inserting after paragraph (67) the following:

''(68) provide that the State will annually verify that the number of dentists participating under the State plan—

''(A) satisfies the minimum established degree of participation of dentists to the population of children in the State, as determined by the Secretary in accordance with the criteria used by the Secretary under section 332(a)(4) of the Public Health Service Act (42 U.S.C. 254e(a)(4)) to designate a dental health professional shortage area; and

''(B) is sufficient to ensure that children enrolled in the State plan have the same level of access to dental services as the children residing in the State who are not eligible for medical assistance under the State plan.''.

SEC. 204. INCLUSION OF RECOMMENDED AGE FOR FIRST DENTAL VISIT IN DEFINITION OF EPSDT SERVICES.

Section 1905(r)(1)(A)(i) of the Social Security Act (42 U.S.C. 1396d(r)(1)(A)(i)) is amended by inserting ''and, with respect to dental services under paragraph (3), in accordance with guidelines for the age of a first dental visit that are consistent with guidelines of the American Dental Association, the American Academy of Pediatric Dentistry, and the Bright Futures program of the Health Resources and Services Administration of the Department of Health and Human Services,'' after ''vaccines,''.

SEC. 205. APPROVAL OF FINAL REGULATIONS IMPLEMENTING CHANGES TO EPSDT SERVICES.

Not later than 30 days after the date of enactment of this Act, the Secretary of Health and Human Services shall issue final regulations implementing the proposed regulations based on section 6403 of the Omnibus Budget Reconciliation Act of 1989 (Public Law 101–239; 103 Stat. 2262) that were contained in the Federal Register issued for October 1, 1993.

SEC. 206. USE OF SCHIP FUNDS TO TREAT CHILDREN WITH SPECIAL DENTAL HEALTH NEEDS.

(a) IN GENERAL.—Section 1905 of the Social Security Act (42 U.S.C. 1396d) is amended—

(1) in subsection (b), by striking ''or subsection (u)(3)'' and inserting ''subsection (u)(3), or subsection (u)(4)''; and

(2) in subsection (u)—

(A) by redesignating paragraph (4) as paragraph (5); and

(B) by inserting after paragraph (3) the following new paragraph:

''(4)(A) For purposes of subsection (b), the expenditures described in this paragraph are expenditures for medical assistance described in subparagraph (B) for a low-income child described in subparagraph (C), but only in the case of such a child who resides in a State described in subparagraph (D).

''(B) For purposes of subparagraph (A), the medical assistance described in this subparagraph consists of the following:

''(i) Dental services provided to children with special oral health needs, including advanced oral, dental, and craniofacial diseases and conditions.

''(ii) Outreach conducted to identify and treat children with such special dental health needs.

''(C) For purposes of subparagraph (A), a low-income child described in this subparagraph is a child whose family income does not exceed 50 percentage points above the medicaid applicable income level (as defined in section 2110(b)(4)).

''(D) A State described in this subparagraph is a State that, as of August 5, 1997, has under a waiver authorized by the Secretary or under section 1902(r)(2), established a medicaid applicable income level (as defined in section 2110(b)(4)) for children under 19 years of age residing in the State that is at or above 185 percent of the poverty line (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2), including any revision required by such section for a family of the size involved).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of section 4911 of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 570).

SEC. 207. GRANTS TO SUPPLEMENT FEES FOR THE TREATMENT OF CHILDREN WITH SPECIAL DENTAL HEALTH NEEDS.

Title V of the Social Security Act (42 U.S.C. 701 et seq.) is amended by adding at the end the following:

''SEC. 511. GRANTS TO SUPPLEMENT FEES FOR THE TREATMENT OF CHILDREN WITH SPECIAL DENTAL HEALTH NEEDS.

''(a) AUTHORITY TO MAKE GRANTS.—

''(1) IN GENERAL.—In addition to any other payments made under this title to a State, the Secretary shall award grants to States to supplement payments made under the State programs established under titles XIX and XXI for the treatment of children with special oral health care needs.

''(2) DEFINITION OF CHILDREN WITH SPECIAL ORAL, DENTAL, AND CRANIOFACIAL HEALTH CARE NEEDS.—In this section the term 'children with special oral health care needs' means children with advanced oral, dental and craniofacial conditions or disorders, and other chronic medical, genetic, and behavioral disorders with dental manifestations.

''(b) APPLICATION OF OTHER PROVISIONS OF TITLE.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the other provisions of this title shall not apply to a grant made, or activities of the Secretary, under this section.

''(2) EXCEPTIONS.—The following provisions of this title shall apply to a grant made under subsection (a) to the same extent and in the same manner as such provisions apply to allotments made under section 502(c):

''(A) Section 504(b)(4) (relating to expenditures of funds as a condition of receipt of Federal funds).

''(B) Section 504(b)(6) (relating to prohibition on payments to excluded individuals and entities).

''(C) Section 506 (relating to reports and audits, but only to the extent determined by the Secretary to be appropriate for grants made under this section).

''(D) Section 508 (relating to nondiscrimination).

''(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as may be necessary to carry out this section.''.

SEC. 208. DEMONSTRATION PROJECTS TO INCREASE ACCESS TO PEDIATRIC DENTAL SERVICES IN UNDERSERVED AREAS.

(a) AUTHORITY TO CONDUCT PROJECTS.—The Secretary of Health and Human Services, through the Administrator of the Health Care Financing Administration, the Administrator of the Health Resources and Services Administration, the Director of the Indian Health Service, and the Director of the Centers for Disease Control and Prevention shall establish demonstration projects that are designed to increase access to dental services for children in underserved areas, as determined by the Secretary.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as may be necessary to carry out this section.

TITLE III—PEDIATRIC DENTAL RESEARCH

SEC. 301. IDENTIFICATION OF INTERVENTIONS THAT REDUCE THE BURDEN AND TRANSMISSION OF ORAL, DENTAL, AND CRANIOFACIAL DISEASES IN HIGH RISK POPULATIONS; DEVELOPMENT OF APPROACHES FOR PEDIATRIC ORAL AND CRANIOFACIAL ASSESSMENT.

(a) IN GENERAL.—The Secretary of Health and Human Services, through the Maternal and Child Health Bureau, the Indian Health Service, and in consultation with the Agency for Health Care Policy and Research and the National Institutes of Health, shall—

(1) support community based research that is designed to improve our understanding of the etiology, pathogenesis, diagnosis, prevention, and treatment of pediatric oral, dental, craniofacial diseases and conditions and their sequelae in high risk populations; and

(2) develop clinical approaches for pediatric dental disease risk assessment.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated, such sums as may be necessary to carry out this section.

SEC. 302. AGENCY FOR HEALTH CARE POLICY AND RESEARCH.

Section 902(a) of the Public Health Service Act (42 U.S.C. 299a(a)) is amended—

(1) in paragraph (7), by striking ''and'' at the end;

(2) in paragraph (8), by striking the period and inserting ''; and''; and

(3) by adding at the end the following:

''(9) the barriers that exist to dental care for children and the establishment of measures of oral health quality, including access to oral health care for children.''.

SEC. 303. CONSENSUS DEVELOPMENT CONFERENCE.

(a) IN GENERAL.—Not later than January 1, 2000, the Secretary of Health and Human Services, acting through the National Institute of Child Health and Human Development and the National Institute of Dental Research, shall convene a conference (to be known as the ''Consensus Development Conference'') to examine the management of early childhood caries and to support the design and conduct of research on the biology and physiologic dynamics of infectious transmission of dental caries. The Secretary shall ensure that representatives of interested consumers and other professional organizations participate in the Consensus Development Conference.

(b) EXPERTS.—In administering the conference under subsection (a), the Secretary of Health and Human Services shall solicit the participation of experts in dentistry, including pediatric dentistry, public health, and other appropriate medical and child health professionals.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as may be necessary to carry out this section.

TITLE IV—SURVEILLANCE AND ACCOUNTABILITY

SEC. 401. CDC REPORTS.

(a) COLLECTION OF DATA.—The Director of the Centers for Disease Control and Prevention in collaboration with other organizations and agencies shall annually collect data describing the dental, craniofacial, and oral health of residents of at least 1 State from each region of the Department of Health and Human Services.

(b) REPORTS.—The Director shall compile and analyze data collected under subsection (a) and annually prepare and submit to the appropriate committees of Congress a report concerning the oral health of certain States.

SEC. 402. REPORTING REQUIREMENTS UNDER THE MEDICAID PROGRAM.

Section 1902(a)(43)(D) of the Social Security Act (42 U.S.C. 1396a(43)(D)) is amended—

(1) in clause (iii), by striking ''and'' and inserting ''with the specific dental condition and treatment provided identified,'';

(2) in clause (iv), by striking the semicolon and inserting a comma; and

(3) by adding at the end the following:

''(v) the percentage of expenditures for such services that were for dental services, and

''(vi) the percentage of general and pediatric dentists who are licensed in the State and provide services commensurate with eligibility under the State plan;''.

SEC. 403. ADMINISTRATION ON CHILDREN, YOUTH, AND FAMILIES.

The Administrator of the Administration on Children, Youth, and Families shall annually prepare and submit to the appropriate committees of Congress a report concerning the percentage of children enrolled in a Head Start or Early Start program who have access to and who obtain dental care, including children with special oral, dental, and craniofacial health needs.

TITLE V—MISCELLANEOUS

SEC. 501. EFFECTIVE DATE.

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

(b) EXTENSION OF EFFECTIVE DATE FOR STATE LAW AMENDMENT.—In the case of a State plan under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this Act, the State plan shall not be regarded as failing to comply with the requirements of such amendments solely on the basis of its failure to meet the additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of the session is considered to be a separate regular session of the State legislature.●

By Mr. DASCHLE (for himself and Mr. JOHNSON):

S. 2585. A bill to amend the Public Health Service Act to eliminate a threshold requirement relating to unreimbursable expenses for compensation under the National Vaccine Injury Compensation Program; to the Committee on Finance.

AMENDMENT TO THE NATIONAL VACCINE INJURY COMPENSATION PROGRAM

Mr. DASCHLE. Mr. President, I am pleased to introduce, with my friend and colleague from South Dakota, TIM JOHNSON, legislation to make several common-sense changes to the National Vaccine Injury Compensation Program. This bill removes an unintended and unjustified barrier blocking certain children from qualifying for the compensation program. It also makes the necessary changes to allow new drugs to be incorporated into the program, including the newly-approved rotavirus vaccine.

The Vaccine Act dates back to 1986, when Congress determined that a no-fault alternative to the tort system would best accommodate the dual objectives of ensuring proper compensation to victims of vaccine injuries and fostering continued development and broad-scale availability of lifesaving vaccines.

Through the Vaccine Act, children seriously injured by a childhood vaccine can receive compensation for medical care, custodial or residential care, lifetime lost earnings, pain and suffering, and emotional distress—benefits comparable to those awarded through the judicial tort system.

Tragically, some children have been unfairly denied the right to petition for benefits under the program because they did not incur $1,000 or more in out-of-pocket medical expenses.

At first glance, the eligibility requirement of at least $1,000 in out-of-pocket medical expenses may seem like a reasonable way of deterring individuals from petitioning for benefits if they lack a material claim to compensation. In reality, however, the absence of out-of-pocket health care expenses does not mean a child has not been seriously injured, nor does it suggest they have access to other sources for recoupment of the losses their injury has exacted.

Many children, including the children of military personnel, Native American children covered by the Indian Health Service, children with Medicaid coverage, and children covered under employer-sponsored health plans with minimal cost-sharing requirements, do not have high out-of-pocket health care costs.

While health insurance may remove the burden of high medical bills, it does not replace lost income or cover custodial and residential care. It cannot compensate for the toll these injuries have taken and will take on the lives of these children. Health care costs are just one component of the compensation for which a seriously injured child is eligible.

I know of a Native American child in my own state who was profoundly injured after receiving a diptheria-pertussis-tetanus vaccination. Within hours of receiving the shot, this five-month-old child had a seizure and suffered severe brain damage because of the defective pertussis component of the shot.

The doctors tell us that his disabilities will, throughout his lifetime, preclude this little boy from having a normal life. He will never live or work independently. But, because he receives health care from the Indian Health Service (IHS), he is not eligible for any benefits under the vaccine compensation program. Not only is this child barred from compensation for lost income and emotional trauma, he is denied financial support for his injury-related assisted living needs.

Through legislation intended to foster continued improvements in public health, the federal government has obstructed this child's right to sue vaccine manufacturers. But the program's gate-keeping mechanism is off the mark. What we are saying—however unintentionally—to this particular child and others like him is: ''Fend for yourself.'' To deny this child the benefits available to other injured children is indefensible.

The Vaccine Act contains other safeguards to prevent unjustified requests for compensation. For example, no benefits claim is accepted without a thorough review and significant medical proof of severe injury directly related to a childhood vaccination. The $1,000 threshold is unnecessary.

Senator JOHNSON and I certainly are not alone in calling for the repeal of the $1,000 threshold. In fact, we are in very good company. The Advisory Commission on Childhood Vaccines voted unanimously to recommend elimination of the $1,000 threshold.

I hope this Congress will seize the opportunity to reconcile the intended and actual standards of fairness by which the National Vaccine Compensation Program fulfills its role in the public health system. In so doing, we will make a tremendous difference in the lives of children in desperate need of our support.

There is also a disconnect between the Act's intended consequences and its actual effect in regard to enrollment of new vaccines. Several vaccines that have been approved by the Food and Drug Administration and have met the standards established in the Vaccine Act are still not fully integrated into the program.

There are currently several vaccines Congress has approved for taxation and inclusion in the Vaccine Compensation Program that, because of a technical error in the legislation, were not authorized as compensable. This bill will fully integrate those vaccines into the program, and it will ensure that all new vaccines will be automatically compensable once the tax is levied.

In addition, it initiates the 75 cents-per-vaccination tax on the rotavirus vaccine, which will ensure compensation for recipients of that vaccine. The rotavirus vaccine was approved by the FDA in August of this year to protect against rotavirus gastroenteritis, which causes about 125 deaths and 50,000 hospitalizations per year among infants in the United States. Initiation of the excise tax will help protect the 4 million children who are expected to receive the vaccine annually.

The changes proposed in this bill are not controversial. They are common-sense, and they are overdue. When Congress established the Vaccine Compensation Program, its intent was to protect the rights of victims without jeopardizing an invaluable weapon against childhood illnesses. The underpinning of this program is fairness, a standard that cannot be met until Congress makes these important changes.

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. 2585

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 ''Vaccine Injury Compensation Program Modification Act''.

SEC. 2. ELIMINATION OF THRESHOLD REQUIREMENT OF UNREIMBURSABLE EXPENSES.

Section 2111(c)(1)(D)(i) of the Public Health Service Act (42 U.S.C. 300aa–11(c)(1)(D)(i)) is amended by striking ''and incurred unreimbursable expenses due in whole or in part to such illness, disability, injury, or condition in an amount greater than $1,000''.

SEC. 3. INCLUSION OF ROTAVIRUS GASTROENTERITIS AS A TAXABLE VACCINE.

(a) IN GENERAL.—Section 4132(1) of the Internal Revenue Code of 1986 (defining taxable vaccine) is amended by adding at the end the following new subparagraph:

''(K) Any vaccine against rotavirus gastroenteritis.''.

(b) EFFECTIVE DATE.—

(1) SALES.—The amendment made by this section shall apply to sales after the date of the enactment of this Act.

(2) DELIVERIES.—For purposes of paragraph (1), in the case of sales on or before the date of the enactment of this Act for which delivery is made after such date, the delivery date shall be considered the sale date.

SEC. 4. VACCINE INJURY COMPENSATION TRUST FUND.

(a) AMENDMENTS RELATED TO SECTION 904 OF 1997 ACT.—

(1) Paragraph (1) of section 9510(c) of the 1986 Code is amended to read as follows:

''(1) IN GENERAL.—Amounts in the Vaccine Injury Compensation Trust Fund shall be available, as provided in appropriation Acts, only for—

''(A) the payment of compensation under subtitle 2 of title XXI of the Public Health Service Act (as in effect on August 6, 1997) for vaccine-related injury or death with respect to any vaccine—

''(i) which is administered after September 30, 1988, and

''(ii) which is a taxable vaccine (as defined in section 4132(a)(1)) at the time the vaccine was administered, or

''(B) the payment of all expenses of administration incurred by the Federal Government in administering such subtitle.''.

(2) Section 9510(b) of the 1986 Code is amended by adding at the end the following new paragraph:

''(3) LIMITATION ON TRANSFERS TO VACCINE INJURY COMPENSATION TRUST FUND.—No amount may be appropriated to the Vaccine Injury Compensation Trust Fund on and after the date of any expenditure from the Trust Fund which is not permitted by this section. The determination of whether an expenditure is so permitted shall be made without regard to—

''(A) any provision of law which is not contained or referenced in this title or in a revenue Act, and

''(B) whether such provision of law is a subsequently enacted provision or directly or indirectly seeks to waive the application of this paragraph.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Taxpayer Relief Act of 1997 to which they relate.

By Mr. KOHL:

S. 2586. A bill to amend parts A and D of title IV of the Social Security Act to require States to pass through directly to a family receiving assistance under the temporary assistance to needy families program all child support collected by the State and to disregard any child support that the family receives in determining the family's level of assistance under that program; to the Committee on Finance.

CHILDREN FIRST CHILD SUPPORT REFORM ACT OF 1998

• Mr. KOHL. Mr. President, today I introduce legislation to put America's children first by putting more resources into the hands of families and encouraging more parents to live up to their child support obligations. My legislation, the Children First Child Support Reform Act, would direct that all child support collected through the Federal-State Child Support Enforcement Program be passed through, or paid, directly to the children and families to whom it is owed and disregarded in the calculation of public assistance benefits. My legislation will assure non-custodial parents that the child support they pay will actually contribute to the well-being of their child, rather than the government, and will also reduce administrative burdens on the state.

As my colleagues know, since its inception in 1975, our Federal-State Child Support Enforcement Program has been tasked with collecting child support for families receiving public assistance and other families that request help in enforcing child support. Towards this end, the program works to establish paternity and legally-binding support orders, while collecting and disbursing funds on behalf of families so that children receive the support they need to grow up in healthy, nurturing surroundings.

But on one crucial point, the current program does not truly work on behalf of families and, perhaps more importantly, may actually work against families by discouraging non-custodial parents from meeting their child support obligations.

If the family was never on public assistance, the support is collected by the Child Support Enforcement Program and sent directly to the family. However, under current law, most child support collected on behalf of families receiving public assistance is retained by the state and Federal governments as reimbursement for welfare expenditures. In addition to this cost recoupment function, collections made on behalf of welfare families are used to fund the child support program in many states.

Thus, under current law, we have a system where the vast majority of children on public assistance never actually receive the child support that is paid on their behalf. The government keeps the money. The research shows that many non-custodial parents who pay support do not believe that their payment actually benefits their children. They realize and resent that they are paying the government. Worse yet, some non-custodial parents may decide not to pay support because it does not go to their children. Some custodial parents also are skeptical about working with the child support agency to secure payments since the funds are generally not forwarded to them.

Mr. President, we know that an estimated 800,000 families would not need public assistance if they could count on the child support owed to them. In addition, we know that 23 million children are owed more than $40 billion in outstanding support. Clearly, the vital importance of child support in keeping families off of assistance remains as true today as when the program began. In a world with TANF time limits, it has never been more important. And with these figures in mind, it is not unthinkable that some policymakers may have or might still consider this program as a means of recovering welfare expenditures.

But I am convinced that that thinking must change, if not cast off entirely, because, simply put, times have changed. The welfare reform law of 1996, which I supported, paved the way for time limits and work requirements that provide clear and compelling incentives for families to enter the workforce and find a way to stay there. Open ended, unconditional public support is no longer a reality, and our goal and responsibility as policymakers, now more than ever before, is to give families the tools and resources they need to prepare for and ultimately survive the day when they are without public assistance.

We fundamentally changed welfare, now we must fundamentally reexamine the central role of child support in helping families as they struggle to become and remain self-sufficient. And I say we go down the road of putting children first, a path on which we have already made some progress. Under the welfare reform law, states will eventually be required to distribute state-collected child support arrears owed to the family before paying off arrears owed to the state and Federal governments for welfare expenditures. In addition, states were given the option of continuing to passthrough directly the first $50 of child support to the family.

One state, my state of Wisconsin, has opted to pass through all child support collected on behalf of participating families to those families. As you know, Wisconsin has been a leader and national model in the area of welfare reform. Under Wisconsin's welfare program, child support counts as income in determining financial eligibility for welfare assistance, but once eligibility is established, the child support income is disregarded in calculating program benefits. In other words, families are allowed to keep their own money. Non-custodial parents can be assured that their contribution counts and that their child support payments go to their children. And both parents are

presented with a realistic picture of what that support means in the life of their child. I believe we, as a nation, should follow Wisconsin's example.

The full passthrough and disregard approach also has significant benefits on the administrative side. The current distribution requirements place significant computer, accounting and paperwork burdens on the states. They are also costly. Data from the Federal Office of Child Support demonstrates that nearly 20 percent of program expenditures are spent simply processing payments. States are required to maintain a complicated set of accounts to determine whether support collected should be paid to the family or kept by the government. These complex accounting rules depend on whether the family ever received public assistance, the date a family begins and ends assistance, whether the non-custodial parent is current on payments or owes arrears, the method of collection and other factors.

We know that we have already asked much of the states in the realm of automation, systems integration and welfare law child support enforcement adjustments. We hope and believe these improvements will lead to better collection rates. Now we have a chance to simplify and improve distribution of support. What could be simpler than a distribution system in which all child support collected would be delivered to the children to whom it is owed? A distribution system in which child support agencies would distribute current support and arrears to both welfare and non-welfare families in exactly the same way?

Mr. President, I am raising these points and introducing this legislation today, in the final week of the 105th Congress, as a marker, as a starting point to this discussion. Child support financing must be addressed. First, our current distribution scheme is out of step with the philosophy of current welfare policy. We must move the child support program from cost-recovery to service delivery for all families. Second, the current financing scheme is no longer workable. TANF caseloads are decreasing dramatically, even as overall child support caseloads are increasing. Therefore, while the system needs additional resources, the portion of the caseload that produces those resources is decreasing. We must put the child support program on a sound financial footing that confirms a strong Federal and state commitment to the program.

So, I believe it is time to begin a discussion on the issue of child support financing and the vital role of the child support program in helping families help themselves. The Administration has already begun to meet with policymakers, state administrators, and children's advocates to discuss the future of child support financing. I want to begin today, and ultimately end the debate, by pushing for a financing system that puts more resources into the hands of children, that lets our nation's families keep more of their own money.

But let me strongly affirm that adopting a children first policy is only one of my goals. At this time, my proposal addresses only one half of the financing issue. Yes, we should put children first, but let me stress that I have every intention of continuing to refine this proposal so that it addresses the second point as well—finding alternative financing mechanisms so that states can maintain and strengthen their child support programs. Without adequate funding, state child support programs cannot deliver effective child support services to the families that so desperately need them. I want to continue working with my colleagues, Wisconsin and the other states, advocates and families to sort out the rest of the financing question. By advocating a full passthrough and disregard approach, I am absolutely not advocating a disinvestment in our child support system by either the Federal government or the states. Our commitment to this program must remain strong and steadfast.

But it is time for us to create a system that truly serves families by giving them the tools to survive in a world without public support. It is time for a child support financing system that truly puts families, and not the government, first.

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. 2586

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 ''Children First Child Support Reform Act of 1998''.

SEC. 2. DISTRIBUTION AND TREATMENT OF CHILD SUPPORT COLLECTED BY OR ON BEHALF OF FAMILIES RECEIVING ASSISTANCE UNDER TANF.

(a) REQUIREMENT TO PASS ALL CHILD SUPPORT COLLECTED DIRECTLY TO THE FAMILY.—

(1) IN GENERAL.—Section 457 of the Social Security Act (42 U.S.C. 657) is amended—

(A) by striking all that precedes subsection (f) and inserting the following:

''SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.

''(a) DISTRIBUTION TO FAMILY.—

''(1) IN GENERAL.—Subject to paragraph (2) and subsection (f), any amount collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed to the family.

''(2) FAMILIES UNDER CERTAIN AGREEMENTS.—In the case of an amount collected for a family in accordance with a cooperative agreement under section 454(33), the State shall distribute the amount so collected pursuant to the terms of the agreement.

''(b) HOLD HARMLESS PROVISION.—If the amounts collected which could be retained by the State in the fiscal year (to the extent necessary to reimburse the State for amounts paid to families as assistance by the State) are less than the State share of the amounts collected in fiscal year 1995, the State share for the fiscal year shall be an amount equal to the State share in fiscal year 1995.'';

(B) by redesignating subsection (f) as subsection (c); and

(C) in subsection (c) (as so redesignated), by striking ''Notwithstanding'' and inserting ''AMOUNTS COLLECTED ON BEHALF OF CHILDREN IN FOSTER CARE.—Notwithstanding''.

(2) CONFORMING AMENDMENTS.—

(A) Section 409(a)(7)(B)(i)(I))(aa) of the Social Security Act (42 U.S.C. 609(a)(7)(B)(i)(I)(aa)) is amended by striking ''457(a)(1)(B)'' and inserting ''457''.

(B) Section 454B(c) of such Act (42 U.S.C. 654b(c)) is amended by striking ''457(a)'' and inserting ''457''.

(b) DISREGARD OF CHILD SUPPORT COLLECTED FOR PURPOSES OF DETERMINING AMOUNT OF TANF ASSISTANCE.—Section 408(a) of the Social Security Act (42 U.S.C. 608(a)) is amended by adding at the end the following:

''(12) REQUIREMENT TO DISREGARD CHILD SUPPORT IN DETERMINING AMOUNT OF ASSISTANCE.—

''(A) IN GENERAL.—A State to which a grant is made under section 403 shall disregard any amount received by a family as a result of a child support obligation in determining the amount or level of assistance that the State will provide to the family under the State program funded under this part.

''(B) OPTION TO INCLUDE CHILD SUPPORT FOR PURPOSES OF DETERMINING ELIGIBILITY.—A State may include any amount received by a family as a result of a child support obligation in determining the family's income for purposes of determining the family's eligibility for assistance under the State program funded under this part.''.

(c) ELIMINATION OF TANF REQUIREMENT TO ASSIGN SUPPORT TO THE STATE.—

(1) IN GENERAL.—Section 408(a) of the Social Security Act (42 U.S.C. 608(a)) is amended by striking paragraph (3).

(2) CONFORMING AMENDMENTS.—

(A) Section 452 of the Social Security Act (42 U.S.C. 652) is amended—

(i) in subsection (a)(10)(C), by striking ''section 408(a)(3) or under''; and

(ii) in subsection (h), by striking ''or with respect to whom an assignment pursuant to section 408(a)(3) is in effect''.

(B) Section 454(5) of such Act (42 U.S.C. 654(5)) is amended by striking ''(A) in any case'' and all that follows through ''the support payments collected, and (B)''.

(C) Section 456(a) of such Act (42 U.S.C. 656(a)) is amended—

(i) in paragraph (1), by striking ''assigned to the State pursuant to section 408(a)(3) or''; and

(ii) in paragraph (2)(A), by striking ''assigned''.

(D) Section 464(a)(1) of such Act (42 U.S.C. 654(a)(1)) is amended by striking ''section 408(a)(3) or ''.

(E) Section 466(a)(3)(B) of such Act (42 U.S.C. 666(a)(3)(B)) is amended by striking ''408(a)(3) or ''.

(F) Section 458A(b)(5)(C)(i)(I) of the Social Security Act (42 U.S.C. 658a(b)(5)(C)(i)(I)), as added by the Child Support Performance and Incentive Act of 1998 (Public Law 105–200; 112 Stat. 645) is amended by striking ''A or''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section take effect on October 1, 1998.

(2) CHILD SUPPORT PERFORMANCE AND INCENTIVE ACT CONFORMING AMENDMENT.—The amendment made by subsection (c)(2)(F) shall take effect on October 2, 1999.●

By Mr. WYDEN:

S. 2587. A bill to protect the public, especially seniors, against telemarketing fraud and telemarketing fraud over the Internet and to authorize an educational campaign to improve senior citizens' ability to protect themselves against telemarketing fraud over the Internet; to the Committee on Commerce, Science, and Transportation.

TELEMARKETING FRAUD AND SENIORS PROTECTION ACT

Mr. WYDEN. Mr. President, online consumer purchases are poised to explode to more than $300 billion early in the next Century. But the goldrush in cyberbuying is likely to carry along with it a boom in cyberfraud. Congress can help head-off this cybercrime by extending our current telemarketing laws to encompass fraud on the Net.

In response to the staggering $40 billion consumers lose in telephone fraud each year, Congress earlier this summer passed the 1998 Telemarketing Fraud Prevention Act. I strongly supported that effort. The new law builds upon the four federal laws enacted since the early 1990s that deal directly with telemarketing fraud. The 1998 law stiffens penalties for telemarketing fraud by toughening the sentencing guidelines—especially for crimes against the elderly, requires criminal forfeiture to ensure the booty of telemarketing crime is not used to commit further fraud, mandates victim restitution to ensure victims are the first ones compensated, adds conspiracy language to the list of telemarketing fraud penalties so that prosecutors can find the masterminds behind the boiler rooms, and will help law enforcement zero in on quick-strike fraud operations by giving them the authority to move more quickly against suspected fraud.

The 1998 law is a good step forward but it's not enough to deal with today's digital economy. As more Americans go online, cyberscams are bound to proliferate. The Congressional crackdown on telemarketing fraud will only encourage cyberscammers to migrate to the Net unless the law gets there first. That is the purpose of the legislation I am introducing today.

The Telemarketing Fraud and Seniors Protection Act simply extends current law against telemarketing fraud to include the same crimes committed over the Internet. The approach expands the existing law applicable to mail, telephone, wire, and television fraud to fraud over the Internet, and its enforcement would follow the same division of labor there is today between the Federal Trade Commission and the Department of Justice. The bill would apply the same tough penalties that Congress enacted earlier this year to cyberscams. The growth of Internet telephony makes it more attractive for cyberscammers to set up shop offshore, beyond the reach of U.S. law. My bill would address this problem by allowing law enforcement to freeze the assets and deny entry to the United States of those convicted of cyberfraud.

The bill takes special aim against those attempt to defraud one of our most vulnerable groups—our senior citizens. Seniors are the target for more than 50 percent of telemarketing fraud. Although telemarketers convicted of fraud face stiff penalties—a minimum of 5–10 years in jail and restitution payments to their victims, we also need to better educate and inform senior citizens on how to avoid becoming victims of telemarketing fraud in the first place, and how to assist law enforcement in catching the perpetrators.

The legislation would also authorize the Administration on Aging, through its network of area agencies of aging, to conduct an outreach program to senior citizens on telemarketing fraud. Seniors would be advised against providing their credit card number, bank account or other personal information unless they had initiated the call unsolicited. They would also be informed of their consumer protection rights and any toll-free numbers and other resources to report suspected illegal telemarketing.

Mr. President, the Federal Trade Commission is off to a good start against cyberscammers. Some of the operations the FTC has targeted are not companies at all, but merely websites that promise consumers everything from huge new consulting contracts to the elimination of bad credit reports. They may use scare tactics to frighten consumers into sending important personal financial information and hundreds of dollars for services the consumer will never see, or attempt to lure consumers with the promise of help them cash in on the Internet explosion. The FTC also has a strong operation going against junk e-mailers. My legislation will complement and strengthen the FTC's effort to target telemarketing fraud over the Internet and especially when such fraud is aimed at seniors.

I urge my colleagues to join me in this important legislation, and ask unanimous consent that a copy of the legislation be printed in the RECORD.

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

S. 2587

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—TELEMARKETING FRAUD OVER THE INTERNET

SECTION 101. EXTENSION OF CRIMINAL FRAUD STATUTE TO INTERNET.

Section 1343 of title 18, United States Code, is amended by——

(1) striking ''or television communication'' and inserting ''television communication or the Internet''; and

(2) adding at the end thereof the following: ''For purposes of this section, the term 'Internet' means collectively the myriad of computer and telecommunications facilities, including equipment and operating software, which comprise the interconnected worldwide network of networks that employ the Transmission Control Protocol/Internet Protocol, or any predecessor or successor protocols to such protocol, to communicate information of all kinds by wire or radio.''.

SEC. 102. FEDERAL TRADE COMMISSION SANCTIONS.

The Federal Trade Commission shall initiate a rulemaking proceeding to set forth the application of section 5 of the Federal Trade Commission Act (15 U.S.C. 45) and other statutory provisions within its jurisdiction to deceptive acts or practices in or affecting the commerce of the United States in connection with the promotion, advertisement, offering for sale, or sale of goods or services through use of the Internet, including the initiation, transmission, and receipt of unsolicited commercial electronic mail. For purposes of this section, the term 'Internet' means collectively the myriad of computer and telecommunications facilities, including equipment and operating software, which comprise the interconnected worldwide network of networks that employ the Transmission Control Protocol/Internet Protocol, or any predecessor or successor protocols to such protocol, to communicate information of all kinds by wire or radio.

TITLE II—SPECIAL PROTECTION FOR SENIOR CITIZENS

SEC. 201. FINDINGS.

The Congress finds that——

(1) telemarketing fraud costs consumers nearly $40,000,000,000 each year;

(2) senior citizens are often the target of telemarketing fraud;

(3) fraudulent telemarketers compile into ''mooch lists'' the names of potentially vulnerable consumers;

(4) according to the American Association of Retired Persons, 56 percent of the names on ''mooch lists'' are individuals age 50 or older;

(5) the Department of Justice has undertaken successful investigations and prosecutions of telemarketing fraud through various operations, including ''Operation Disconnect'', ''Operation Senior Sentinel'', and ''Operation Upload'';

(6) the Federal Bureau of Investigation has helped provide resources to assist organizations such as the American Association of Retired Persons to operate outreach programs designed to warn senior citizens whose names appear on confiscated ''mooch lists'';

(7) the Administration on Aging was formed, in part, to provide senior citizens with the resources, information, and assistance their special circumstances require;

(8) the Administration on Aging has a system in place to effectively inform senior citizens of the dangers of telemarketing fraud; and

(9) senior citizens need to be warned of the dangers of telemarketing fraud and fraud over the Internet before they become victims.

SEC. 202. PURPOSE.

It is the purpose of this title through education and outreach to protect senior citizens from the dangers of telemarketing fraud and fraud over the Internet and to facilitate the investigation and prosecution of fraudulent telemarketers.

SEC. 203. DISSEMINATION OF INFORMATION.

(a) IN GENERAL.—The Secretary of Health and Human Services, acting through the Assistant Secretary for Aging, shall publicly disseminate in each State information designed to educate senior citizens and raise awareness about the dangers of telemarketing fraud and fraud over the Internet.

(b) INFORMATION.—In carrying out subsection (a), the Secretary shall——

(1) inform senior citizens of the prevalence of telemarketing fraud and fraud over the Internet targeted against them;

(2) inform senior citizens of how telemarketing fraud and fraud over the Internet works;

(3) inform senior citizens of how to identify telemarketing fraud and fraud over the Internet;

(4) inform senior citizens of how to protect themselves against telemarketing fraud and fraud over the Internet, including an explanation of the dangers of providing bank account, credit card, or other financial or personal information over the telephone to unsolicited callers;

(5) inform senior citizens of how to report suspected attempts at telemarketing fraud and fraud over the Internet;

(6) inform senior citizens of their consumer protection rights under Federal law; and

(7) provide such other information as the Secretary considers necessary to protect senior citizens against fraudulent telemarketing over the Internet.

(c) MEANS OF DISSEMINATION.—The Secretary shall determine the means to disseminate information under this section. In making such determination, the Secretary shall consider——

(1) public service announcements;

(2) a printed manual or pamphlet;

(3) an Internet website; and

(4) telephone outreach to individuals whose names appear on ''mooch lists'' confiscated from fraudulent telemarketers.

(d) PRIORITY.—In disseminating information under this section, the Secretary shall give priority to areas with high concentrations of senior citizens.

SEC. 204. AUTHORITY TO ACCEPT GIFTS.

The Secretary may accept, use, and dispose of unconditional gifts, bequests, or devises of services or property, both real and personal, in order to carry out this title.

SEC. 205. DEFINITION.

For purposes of this title, the term ''State'' includes the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands.

By Mr. CONRAD (for himself, Mr. NICKLES, and Mr. INOUYE):

S. 2588. A bill to provide for the review and classification of physician assistant positions in the Federal Government, and for other purposes; to the Committee on Governmental Affairs.

OFFICE OF PERSONNEL MANAGEMENT LEGISLATION

● Mr. CONRAD. Mr. President, today, I am pleased to be joined by Senator NICKLES and Senator INOUYE to introduce legislation that directs the Office of Personnel and Management (OPM) to develop a classification standard appropriate to the occupation of physician assistant.

Physician assistants are a part of a growing field of health care professionals that make quality health care available and affordable in underserved areas throughout our country. Because the physician assistant profession was very young when OPM first developed employment criteria in 1970, the agency adapted the nursing classification system for physician assistants. Today, this is no longer appropriate. Physician assistants have different education and training requirements than nurses and they are licensed and evaluated according to differnt criteria.

The inaccurate classification of physician assistant has led to recruitment and retention problems of physician assistants in Federal agencies, usually caused by low starting salaries and low salary caps. Because it is recognized that physician assistants provide cost-effective health care, this is an important problem to resolve.

This legislation mandates that OPM review this classification in consultation with physician assistants and the organizations that represent physician assistants. The bill specifically states that OPM should consider the educational and practice qualifications of the position as well as the treatment of physician assistants in the private sector in this review.

Mr. President, I believe that this legislation will make an important correction that will help federal agencies make better use of these providers of cost-effective, high quality health care.●

By Mr. MURKOSWKI:

S. 2589. A bill to provide for the collection and interpretation of state of the art, non-intrusive 3-dimensional seismic data on certain federal lands in Alasks, and for other purposes; to the Committee on Energy and Natural Resources.

LEGISLATION AUTHORIZING 3-D SEISMIC TESTING IN ALASKA

● Mr. MURKOWSKI. Mr. President, today I introduce legislation to ensure that when Congress looks at ways to reduce the United States' dependence on foreign oil, it does so with the best science available.

The legislation I introduce today would require the Secretary of the Interior to conduct 3-dimensional (3-D) seismic testing on the Arctic Coastal Plain of Alaska.

This testing leaves no footprint. In fact, just last year the U.S. Fish and Wildlife Service allowed such testing to be done in the Kenai National Wildlife Refuge, declaring such testing would have no significant impact.

It would have even less impact on the frozen tundra in ANWR.

It is also a possibility that the oil industry would be willing to share in the cost of such testing. Let's at least find out what kind of resource we are talking about.

Mr. President, I think it is important that we look at some of the history of his area and the testing that has occurred there.

In May of this year, the U.S. Geological Survey estimated that a mean of 7.7 billion barrels of producible oil may reside in the 1002 Area of the Arctic Oil Reserve.

This estimate was in stark contrast to a declaration by Secretary Babbitt in 1995 when he pronounced the Arctic Oil Reserve's oil possibilities to be about 898 million barrels.

In the interest of looking at this amazing leap in the estimate of the AOR's producible oil, I chaired a hearing of the Senate Energy and Natural Resources Committee last week, and invited the U.S. Geological Survey to participate.

Three things rang clear at that hearing:

First, while these estimates were the highest ever and proved the 1002 area of the AOR has the greatest potential of securing our Nation's energy needs—they were extremely conservative.

For instance, these estimates were based on a minimum economic field size of 512 million barrels. When in practice the minimum economic field size in Alaska is much lower than that. Consider the following examples of current economic fields in Alaska:

Northstar: 145 mm/bb (With a sub-sea pipeline) is deemed economic. Badami: 120 mm/bb is deemed economic. Liberty: 120 mm/bb is deemed economic. Sourdough: 100+ mm/bb (adjacent to Aor) is deemed economic.

The second fact that rang clear is while these new estimates show a clearer picture of the Western portion of the AOR, much remains unclear about the oil and gas potential of the massive structures present in the Eastern portion.

The USGS has slightly downgraded the potential of the Eastern portion because they do not have similar data that was available to them on the Western portion.

Third, technology has increased so dramatically that we can now extract greater amounts of oil from wells with far less impact on the environment at a cost of 30 percent less than 10 years ago.

Consider this, Mr. President: In June of 1994, Amerada Hess concluded the Northstar field in Alaska was uneconomic because development would exceed $1.2 billion and eventually sold the field to BP.

Today, BP expects to begin production of that field's 145 million barrels of reserves in 2000. Estimated development costs: $350 million—a 70 percent reduction from just 4 years ago!

Mr. President, all these factors point toward the logical conclusion that underlying the 1.5 million-acre oil reserve in Alaska lies greater reserves than recently estimated, and we need to confirm them with better science.

Dr. Thomas J. Casadevall, acting director of the USGS, was very clear in his explanation that if the newer three dimensional (3–D) seismic data were available from the Arctic Oil Reserve, their high May estimates of producible oil could increase significantly.

Casadevall explained that their new estimates, while supported by sound science and peer review, were still based on 2–D seismic tests done more than a decade ago.

Kenneth A. Boyd, director, Division of Oil and Gas of the Alaska Department of Natural Resources, likened the advance of the new testing to the difference between an x-ray and a CAT-scan.

He said the available information from 2–D seismic as opposed to 3–D seismic is that the former produces a line of data while the latter produces a cube of data. The cube can be turned

and examined from all sides and the geologic information proves invaluable for exploration.

This data has revolutionized exploration and development of the North Slope of Alaska. Modern 3–D data provides enhanced and incredibly accurate imaging of potential subsurface reservoirs.

This in turn reduces exploration and development risk, reduces the number of drilled wells, and in turn reduces both overall costs and environmental impacts.

Of course there is little pressure to allow testing or exploration of the Coastal Plain with gas prices at a 30-year low. However, the Department of Energy's Information Administration predicts, in 10 years, America will be at least 64 percent dependent on foreign oil. It would take that same 10-year period to develop any oil production in AOR.

It seems prudent to plan ahead to protect our future energy security.

If the Nation were to be crunched in an energy crisis—like the Gulf war that would require the speedup of development; that development could impact the environment negatively because it would not have the benefit of thoughtful planning.

I believe it is as criminal as stealing gold to refuse to acknowledge the potential for producible oil in the Coastal Plain of the AOR. If we don't know what the resource is, how can we protect it or make an informed decision about the use of the area?

And how can those in this administration or the environmental community argue it is a bad idea to seek a greater understanding of these public lands? Particularly, when the Congress set aside the area under a special designation for future Congresses to determine whether it contains the quantities of oil that, if produced, would significantly enhance our national energy security.

Mr. President, this legislation will also better enable the Secretary of the Interior to protect the Federal petroleum resources underlying the Coastal Plain. However, without knowing what those Federal resources are however, there is no way to protect them.

Just last year a major oil discovery was announced on State lands immediately adjacent to the federal border. Production from this well could drain portions of the federal reserve without adequate compensation to the federal treasury.

The Secretary has an obligation to protect the Federal resource underlying ANWR and this legislation will provide him the tools to do so.

Finally, Mr. President, I want to make it perfectly clear that this bill is being pushed by those of us in Congress who believe that if you are to make a decision about the best use of our public lands that you should do so with the benefit of the best available science.

It is not, as Secretary Babbitt has suggested, an effort being pushed by the petroleum industry.●

By Mr. KERRY:

S. 2591. A bill to provide certain secondary school students with eligibility for certain campus-based assistance under title IV of the Higher Education Act of 1965; to the Committee on Labor and Human Resources.

TECH-PREP OPPORTUNITIES ACT

● Mr. KERREY. Mr. President, today I introduce a piece of legislation that, I believe, takes an important step toward giving more individuals the ability to earn good wages so that they can support themselves and their families. This bill will allow community colleges to use their campus-based student aid to assist students who are concurrently enrolled in a high school and in a vocational-technical program in a community college. This legislation helps us solve a national problem, but it also helps more young people achieve the American Dream.

We must recognize that a degree from a four-year college or university is not the only ticket to a successful, productive life. Only 60% of high school graduates enroll in college, and only 20% end up with a four-year degree. Community colleges are playing an increasingly important role in helping the other 80% of our students obtain the advanced technical training that is vital to our economy and to their futures.

Today the Senate also passed the conference report that will reauthorize vocational education. I am pleased to have played a role in this process. At my request the conferees have included language that will encourage institutions to investigate opportunities for tech-prep secondary students to enroll concurrently in secondary and post-secondary coursework. The bill that I am introducing today builds upon this concept in a tangible way.

As we address the need for highly skilled workers in Nebraska and throughout the nation, we must change the way that we think about our education system, and especially the way that we think about those students who are on the verge of graduation. We must make certain that a high school diploma has real value, that it says to an employer, ''I have the skills and the knowledge to make a valuable contribution to your business.''

This legislation allows community colleges to offer a helping hand to students who are still in high school but have exhausted the vocational-technical offerings and are ready and able to enroll in such programs at a community college. Throughout the nation many students are already dually enrolled, but either the school district pays the tuition or the student must pay it. In Nebraska, more than 100 students in Omaha Public Schools are dually enrolled. And more than 50 in Bellevue Public Schools are dually enrolled. Some students have the ability to enroll in a vocational-technical program, but they do not have the financial means. By making this change in law, community colleges can assist those students if they choose to do so.

With a Federal commitment of $7,400,000 last year, Nebraska provided vocational and applied technology education to approximately 70,000 secondary students and 47,800 postsecondary students. This money is a wise investment, but we need to do more.

I look forward to working with my colleagues in Congress next year to further our commitment to preparing our young people to achieve the American Dream.●

By Mr. DORGAN (for himself, Mr. JOHNSON, Mr. BAUCUS, and Mr. CONRAD):

S. 2592. A bill to amend the Federal Insecticide, Fungicide, and Rodenticide Act to permit a State to register a Canadian pesticide for distribution and use within that State; to the Committee on Agriculture, Nutrition, and Forestry.

CANADIAN CROSS-BORDER CHEMICAL LEGISLATION

● Mr. DORGAN. Mr. President, today, I introduce the first in what will be a number of bills addressing the inequalities in the availability and pricing of agricultural chemicals between the United States and Canada. This bill focuses on the differences in prices between identical or nearly identical chemicals. The need for this bill is created by chemical companies who use our chemical labeling laws to protect their pricing and marketing system. By labeling similar products only for use in different states or countries or only for use on certain plants, chemical companies are able to extract unreasonable profits from farmers who desperately need their products.

A second part of my effort to correct differences between agricultural chemicals used in Canada and the United States is a study by the General Accounting Office (GAO). I am now finalizing discussions with GAO as to the specific areas to be studied and the scope of the study. It is my expectation that I will introduce legislation in the next session of Congress to correct the remaining deficiencies.

Of particular concern lately has been the significant difference in farm chemical prices between Canada and the United States. Because our farmers are engaged in a difficult trade battle with Canada, differences in agricultural chemical prices between Canada and the United States place our farmers at a disadvantage with their Canadian competition. This bill is drafted to correct

As introduced today, the bill sets up a procedure by which states may apply for, and receive, an Environmental Protection Agency label for agricultural chemicals sold in Canada which are identical or substantially similar to agricultural chemicals used in the United States. Initially, this bill will allow the cross border movement of similar chemicals. Eventually, it is my expectation that this bill, along with the GAO study, will lead to an equalization of farm chemical availability and prices across the border.

I request my colleagues' support in this effort to bring fairness to cross-border chemical pricing.●

By Mr. GRAHAM:

S. 2593. A bill to amend the Internal Revenue Code of 1986 to provide a credit against tax for employers who provide child care assistance for dependents of their employees, and for other purposes; to the Committee on Finance.

THE WORKSITE CHILD CARE DEVELOPMENT CENTER ACT OF 1998

Mr. GRAHAM. Mr. President, I rise today to introduce legislation designed to aid millions of American families with one of their most pressing needs—child care. This legislation would make child care more accessible to millions of families who find it not only important, but necessary, to work.

In the ideal world, most parents, I believe, would prefer to have their children raised by at least one parent at home. However, for a vast majority of families in America, this ideal is not possible. And for the working poor and many in the middle class of our society, this ideal is a luxury that they cannot afford.

The legislation which I am introducing today would not solve the child care needs of American parents. However, it would serve to provide a much needed incentive—a jump start—to promote employer provided child care, particularly among our nation's small businesses.

The legislation I am introducing today would offer a tax credit to those employers who undertake the responsibility of assisting their employees with child care expenses. This bill—the Worksite Child Care Development Center Act of 1998—would modify that part of the Internal Revenue Code of 1986 which relates to business tax credits. It would do so by providing child care tax credits to employers for—

A one-time 50 percent tax credit, not to exceed $100,000, specifically for facilities start-up expenses, which includes expansion and renovations of an employer-sponsored child care facility;

A 50 percent tax credit, not to exceed $25,000 annually, for those expenses related to the operating costs of maintaining a child care facility; and

A 50 percent tax credit, not to exceed $50,000 annually, specifically for those employers who provide payments or reimbursements for their employees' child care expenses.

One may ask, ''Why is this legislation important to American employers and employees?'' Mr. President, I submit to you that there are four compelling reasons for the Congress to pass this legislation.

First, child care is a major concern for American families. We should be concerned about child care because it has become one of today's most pressing social issues. Ask working parents today to identify their top daily concerns, and a large proportion will most certainly identify quality, affordable child care as one of them.

On June 1st of this year, I hosted a Florida statewide summit on child care, which was attended by over 500 residents of my state who shared with me their concerns, and sometimes their frustrations, about this issue. The feedback that I received from my constituents covered a myriad of issues reflecting the high level of concern that parents have regarding access, quality, and the level of investment we are making in child care. We had five panel sessions moderated and staffed by 25 of Florida's most distinguished professionals in the field of child development and human services and education. The panels covered a wide range of issues from affordability and access, to quality of care, to public-private partnerships between government and businesses.

I am pleased that I was able to hear from my constituents and from experts regarding the extent and nature of the problem. One participant summed it up well, ''The issues addressed in the summit today are concerns that need to continue to be addressed until the needs are met; however, the needs are going to continue to grow as our preschoolers and school-agers go into middle schools.''

Mr. President, it's no wonder that there is so much interest in the issue of child care. Child care, when it is available, is provided to a child at one of the most important times in that child's life. Indeed, recent research has confirmed what many of us had always believed—that quality child care can positively influence cognitive and social development. Current scientific research tells us that the most crucial period in children's brain development and brain readiness—which determines so much of the course for the rest of their lives—is that time between birth and the age of three.

Second, America's workforce is changing. The work place has changed dramatically over the past fifty years. In 1947, just over one-quarter of all mothers with children between 6 and 17 years of age were in the labor force. By 1996, the labor force participation rate of working mothers had tripled. The Bureau of Labor Statistics reports that 65 percent of all women with children under 18 years of age are now working. This percentage is not expected to decrease—it is expected to grow. As we enter the 21st century, women will comprise 60 per cent of all new entrants into the labor market. A large proportion of these women are expected to be mothers of children under the age of six.

The implications for employers are clear. Employers understand well that our nation's workforce is changing rapidly. Those employers who can attract and hold onto the best employees are likely to be among the most competitive.

Many of our larger corporations and government agencies have recognized this and are already moving in that direction. For example, our nation's military is often cited as having a model child care program for its personnel. Military leaders know well the relationship between a parent's peace of mind and satisfaction with good child care and job performance.

In my State of Florida, several major firms have taken similar steps to invest in their employees. I recently visited Ryder Corporation's Kids' Corner child care center in Miami where more than 100 children are cared for in a top-notch day care program. Ryder has received many accolades, including being recognized as the Best Employer of Women in the State of Florida by the Florida Commission on the Status of Women. Ryder now plans on extending the care that it provides to the children of employees by establishing a charter school on-site.

Similarly, NationsBank, formerly Barnett Bank, in Jacksonville, operates a state of the art child care facility for its employees. According to Ms. Mari White, the Senior Vice President of Work Environment Integration at NationsBank—and a member of my informal Advisory Committee on Child Care—this program makes good business sense. She views the availability of child care at the work site as a workforce retention tool for NationsBank as well as a great recruitment tool for new employees. In addition to its day care center, NationsBank also operates a Satellite Learning Center—a charter school for employees' children.

I commend Ryder Corporation, NationsBank, and the many other corporations in Florida and throughout the nation, which have taken the important step forward in providing child care for its employees. I submit to you that small businesses, which do not have the resources to undertake such efforts, ought to have the ability to offer similar benefits to its employees. My legislation is intended to make it easier for them to do so.

Third, child care is important for the success of Welfare Reform. This legislation is an important component to our national welfare policy. While most American families struggle with child care, this problem is most acute among the working poor and the middle class.

In 1996, Congress and the President changed welfare as we knew it. We made fundamental changes to the policies, and the social expectations, relating to work and welfare. The federal government has asked our business community and governmental agencies to work in partnership in keeping the working poor off of the welfare rolls. If we are to see the reforms of 1996 succeed, we must ensure that the means to succeed are provided.

The working poor—particularly those formerly on welfare—face major challenges associated with staying off of welfare. These challenges include their ability to:

(1) get to and from work;

(2) obtain the job training they need to get and hold onto their job; and

(3) access to affordable and quality child care.

Although States spend millions of dollars each year on subsidized child care, at any given time there may be up to twice as many children eligible who are not enrolled in the system. These children are on child care waiting lists. In the State of Florida for example, as of July of this year, there were 29,744 children on the state's wait list for these services. Many of these families on waiting lists do not receive temporary cash assistance because they work in low-wage jobs, such as in the retail sector, hotel and motel business, fast food restaurants, nursing homes, and child care centers. They earn too much money to qualify for many government programs, yet they earn too little money to have real choices about their child care.

This is not an issue of whether they should stay at home or work—they must work. In other words, for them child care is not an option, it is a necessity. I am reminded of a letter that I recently received from Ms. Ruth Pasarell-Valencia, the Commissioner at the Housing Authority of the City of Miami Beach, in which she states, ''We need to wake up from the nightmare of child care neglect. In this era of Welfare Reform and cuts in many public assistance benefits, we have to be very careful not to hurt our children in the process of making adults self-sufficient.''

By addressing our citizens' child care needs, particularly that of our working poor, the federal government has an opportunity to contribute to the success of welfare reform. This legislation offered today would be one part of the federal government's response to this need.

Fourth, small businesses need this support.

Mr. President, I believe that the provisions contained in my legislation will be a boon for American small businesses. According to the Small Business Administration, small businesses in America employ:

Fifty two percent of all private workers;

Sixty one percent of private workers on public assistance; and

Thirty eight percent of private workers in high-tech occupations.

Small businesses have contributed virtually all of the net new jobs which have been created during these recent years of job growth. And small businesses represent 96 percent of all exporters of goods leaving the United States. Small businesses are truly a big piston in the engine of our nation's economy.

Yet, we know that the owners of small businesses struggle to make ends meet. That is why initiatives like the one I propose are important for strengthening the vitality of our small business community. For small businesses, resources are limited and survival in a competitive world market is difficult. Think of the impact on a small business when one of its employees is absent for the day to care for his or her child because that employee's day care worker is sick that day with the flu.

According to the U.S. Department of the Treasury, employers surveyed reported positive benefits associated with providing child care to its employees. The Treasury Department's data indicates:

Sixty two percent reported higher morale;

Fifty four percent reported reduced absenteeism;

Fifty two percent reported increased productivity; and

Thirty seven percent reported lower job turnover.

Providing child care to employees can be a major step-up for small businesses. My legislation would provide tax credits to the employers who make investments to help their businesses and their employees with child care, or back-up child care when their regular services are not available.

Mr. President, in concluding, I would like to thank the 30 members of my Informal Children's Development Advisory Committee in Florida which has provided invaluable support to me, my staff, and Floridians throughout the state. This group of dedicated individuals, who hail from a wide variety of professions, were instrumental in organizing the Child Care Summit which we held in South Florida in June of this year. They have worked with child care professionals, parents, and business groups to raise awareness on this issue, and have supported my efforts to draft this important legislative proposal.

To them, I offer my deepest thanks for the assistance they have provided me and for all of their hard work on behalf of the welfare of children in Florida.

I would like to quote Ms. Janet Ndah, the Dean of Students at the Punta Gorda Middle School in Punta Gorda, Florida, who says of my legislation: ''As an educator and a working parent, care for children is definitely a priority and a challenge. Therefore, I am extremely supportive of this child care act and in particular, the tax credits that employers would receive as they begin a site-based child care facility.''

Ms. Phyllis J. Siderits, who works at the Florida Department of Health—and who has served as a member of my Advisory Committee—also has written to me of the benefits of this proposal: ''This Act is of benefit to employers as well as employees. For too long, I have witnessed the inability to maintain qualified and competent employees because of child care issues, whether those issues were ones of compensation, scheduling and work time difficulties, or caretaker concerns. It is especially gratifying to know that this act would be of benefit to employees who have children with special needs and allow the employees to have closer contact with their children during the day where employer-sponsored child care facilities exist. We have not supported single-parent or dual-parent families who work and have tremendous difficulties obtaining child care. The ideal solution is an employer-sponsored child care facility. I think this proposed legislation offers all of the incentives to create a win-win solution for employers and employees.''

Mr. President, I am disappointed that it seems that the Administration's child care initiatives will not pass Congress this year. That comprehensive proposal outlined by the President at the start of this year would have provided much needed support to American families in this vital area. However, I believe that the legislation which I am introducing today would make a valuable contribution to the quality of life and care for families; the success of Welfare Reform; and the strengthening of our small business community.

On July 30, 1998, I introduced, with 20 of my colleagues, a Senate Resolution which would designate October 11, 1998 as National Children's Day. That legislation now has 52 cosponsors and is awaiting passage by this Congress. It is only fitting that I am introducing this child care legislation just days prior to that date which the United States Senate is designating as ''National Children's Day.''

Mr. President, it is in recognition of our commitment to the children of our nation that I introduce the Worksite Child Care Development Center Act of 1998. Our children and their families deserve our support. Mr. President, I ask unanimous consent that the text of S. Res. 260 and a list of the members of the Advisory Committee be printed in the RECORD.

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

S. RES. 260

Whereas the people of the United States should celebrate children as the most valuable asset of the Nation;

Whereas children represent the future, hope, and inspiration of the United States;

Whereas the children of the United States should be allowed to feel that their ideas and dreams will be respected because adults in the United States take time to listen;

Whereas many children of the United States face crises of grave proportions, especially as they enter adolescent years;

Whereas it is important for parents to spend time listening to their children on a daily basis;

Whereas modern societal and economic demands often pull the family apart;

Whereas encouragement should be given to families to set aside a special time for all family members to engage together in family activities;

Whereas adults in the United States should have an opportunity to reminisce on their youth and to recapture some of the fresh insight, innocence, and dreams that they may have lost through the years;

Whereas the designation of a day to commemorate the children of the United States will provide an opportunity to emphasize to children the importance of developing an ability to make the choices necessary to distance themselves from impropriety and to contribute to their communities;

Whereas the designation of a day to commemorate the children of the Nation will emphasize to the people of the United States the importance of the role of the child within the family and society;

Whereas the people of the United States should emphasize to children the importance of family life, education, and spiritual qualities; and

Whereas children are the responsibility of all Americans and everyone should celebrate the children of the United States, whose questions, laughter, and tears are important to the existence of the United States: Now, therefore, be it

Resolved, That—

(1) it is the sense of the Senate that October 11, 1998, should be designated as ''National Children's Day''; and

(2) the President is requested to issue a proclamation calling upon the people of the United States to observe ''National Children's Day'' with appropriate ceremonies and activities.

SENATOR GRAHAM'S APPOINTEES TO THE INFORMAL FLORIDA STATEWIDE CHILDREN'S DEVELOPMENT ADVISORY COMMITTEE

1997–1998 MEMBERS

Ms. Mary Bryant, Children's Coordinator, Executive Office of the Governor, Tallahassee; Ms. Gloria Dean, ESOL Instructor, Neptune Beach Elementary School, Jacksonville; Ms. Tana Ebbole, Executive Director, Children's Services Council, West Palm Beach; Dr. Rebecca Fewell, Director, Debbie Institute, University of Miami School of Medicine, Miami; Mr. William S. Fillmore, President, Florida Head Start Directors Association, Pinellas Park.

Dr. Steve Freedman, Director, Institute for Child Health Policy, University of Florida, Gainesville; Ms. Jane Goodman, Executive Director, Guard Ad Litem-Miami, Miami; Dr. Mimi Graham, Director, Center for Prevention and Early Intervention Policy, Florida State University, Tallahassee; Mr. Ted Granger, President, United Way of Florida, Tallahassee; Ms. Mary Frances Hanline, Associate Professor, Department of Special Education, Florida State University, Tallahassee.

Dr. Delores Jeffers, Executive Director, Lawton and Rhea Chiles Center for Healthy Mothers and Babies, Department of Community and Family Health, University of South Florida, Tampa; Ms. Katherine Kamiya, Chairwoman, Florida Interagency Coordinating Council for Infants and Toddlers, Lawton and Rhea Chiles Center for Healthy Mothers and Babies, Tallahassee; Ms. Daniella Levine, Executive Director, Human Services Coalition of Dade County, Inc., Coral Gables; Dr. Ann Levy, Director, Educational Research Center for Childhood Development, Florida State University, Tallahassee; Ms. Barbara Mainster, Executive Director, Redlands Christian Migrant Association, Immokalee.

Ms. Esmin Master, Executive Director, First Coast Developmental Academy, Jacksonville; Mr. James E. Mills, Executive Director, Juvenile Welfare Board of Pinellas County, Pinellas Park; Mr. James J. Mooney, Director, Metro-Dade Office of Youth and Family Development, Miami; Ms. Susan Muenchow, Executive Director, Florida Children's Forum, Tallahassee; Ms. Joan Nabors, Executive Director, Florida Initiatives, Inc., Tallahassee.

Ms. Rose Naff, Executive Director, Florida Healthy Kids Corporation, Tallahassee; Ms. Janet Ndah, Dean of Students, Punta Gorda Middle School, Punta Gorda; Dr. Pam Phelps, Vice President, Creative Center for Childhood Research and Training, Tallahassee; Ms. Patricia Pierce, Associate Executive Director, Institute for Child Health Policy, Gulfport; Mr. Larry Pintacuda, Chief of Child Care, Florida Department of Children and Families, Tallahassee.

Mr. Peter Roulhac, Vice President, First Union National Bank of Florida, Miami; Ms. Phyliss Siderits, Assistant Division Director, Children's Medical Services, Tallahassee; Dr. Linda Stone, Program Director, Lawton and Rhea Chiles Center for Healthy Mothers and Babies, University of South Florida, Winter Park; Dr. Barbara Weinstein, President/CEO, Family Central, Fort Lauderdale; Dr. Anita Zervigon-Hakes, Interagency Coordinator, Maternal and Child Health, Lawton and Rhea Chiles Center for Healthy Mothers and Babies Tallahassee.

By Mr. DASCHLE (for himself and Mr. MURKOWSKI):

S. 2595. A bill to amend the Housing and Community Development Act of 1974 to provide affordable housing and community development assistance to rural areas with excessively high rates of outmigration and low per capita income levels; to the Committee on Banking, Housing, and Urban Affairs.

THE RURAL RECOVERY ACT OF 1998

Mr. DASCHLE. Mr. President, today I am introducing legislation that will help rural areas affected by severe population loss improve their economic conditions and create high-paying jobs. We are experiencing first-hand the challenge of retaining entire generations in many parts of rural South Dakota as the agricultural crisis deepens and fewer and fewer young people can find economically-rewarding opportunities that give them reason to stay. As a result, young people are being forced to leave the towns in which they grew up for better jobs in urban areas, causing a depressing loss of generational continuity and a foreboding sign for the future of these rural communities.

Too often we forget that while the economic growth experienced in our urban areas is a necessary element of a sound national economy, the health and vitality of our rural areas are just as critical to our Nation's economic future, and to its character. If nothing is done to address the out-migration that is currently being experienced by our most rural communities, we will continue to jeopardize the future of rural America.

That is why I am introducing legislation to provide these critical rural areas with the resources necessary to create the good jobs that will help young families remain active residents of the rural communities in which they choose to live. The Rural Recovery Act of 1998 would provide a minimum of $250,000 per year to counties and tribes with out-migration levels of fifteen percent or higher, per-capita income levels that are below the national average, and whose exterior borders are not adjacent to a metropolitan area.

The legislation authorizes the United States Department of Housing and Urban Development to set aside $50 million in Community Development Block Grant funding. The money, which is already included in the agency's budget, will be allocated on a formula basis to rural counties and tribes suffering from out migration and low per-capita income levels.

County and tribal governments will be able to use this Federal funding to improve their industrial parks, purchase land for development, build affordable housing and develop economic recovery strategies. All of these important steps will help rural communities address their economic challenges and plan for stable long-term growth and development.

While Federal agencies such as the United States Department of Agriculture's Office of Rural Development and the Economic Development Administration do provide aid for rural development purposes, there are no federal programs that provide a steady source of funding for rural areas most affected by severe out migration and low per-capita income. For these areas, the process of encouraging economic growth is arduous. I strongly believe the Rural Recovery Act of 1998 will provide the long term assistance required to aid the coordinated efforts of local community leaders as they begin economic recovery efforts that will ensure a bright future for rural America.

In August, Senator MURKOWSKI and I introduced legislation to provide assistance to rural communities that experience extremely high electric power rates. Today, I am pleased that he has agreed to join me in cosponsoring this legislation to assist rural areas with high out-migration and low per-capita incomes. It is important that Congress do whatever it can to assist these economically-challenged rural areas to remain vibrant participants in the American Dream. Senator MURKOWSKI and I expect to combine these bills and introduce them as a single piece of legislation next year.

I hope that my colleagues will join Senator MURKOWSKI and I during the 106th Congress to enact these important new policies. 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. 2596

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 ''Rural Recovery Act of 1998''.

SEC. 2. RURAL RECOVERY COMMUNITY DEVELOPMENT BLOCK GRANTS.

Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.) is amended by adding at the end the following:

''SEC. 123. RURAL RECOVERY COMMUNITY DEVELOPMENT BLOCK GRANTS.

''(a) FINDINGS; PURPOSE.—

''(1) FINDINGS.—Congress finds that—

''(A) a modern infrastructure, including affordable housing, wastewater and water service, and advanced technology capabilities is a necessary ingredient of a modern society and development of a prosperous economy with minimal environmental impacts;

''(B) the Nation's rural areas face critical social, economic, and environmental problems, arising in significant measure from the growing cost of infrastructure development in rural areas that suffer from low per capita income and high rates of outmigration and are not adequately addressed by existing Federal assistance programs; and

''(C) the future welfare of the Nation and the well-being of its citizens depend on the establishment and maintenance of viable rural areas as social, economic, and political entities.

''(2) PURPOSE.—The purpose of this section is to provide for the development and maintenance of viable rural areas through the provision of affordable housing and community development assistance to eligible units of general local government and eligible Indian tribes in rural areas with excessively high rates of outmigration and low per capita income levels.

''(b) DEFINITIONS.—In this section:

''(1) ELIGIBLE UNIT OF GENERAL LOCAL GOVERNMENT.—The term 'eligible unit of general local government' means a unit of general local government that is the governing body of a rural recovery area.

''(2) ELIGIBLE INDIAN TRIBE.—The term 'eligible Indian tribe' means the governing body of an Indian tribe that is located in a rural recovery area.

''(3) GRANTEE.—The term 'grantee' means an eligible unit of general local government or eligible Indian tribe that receives a grant under this section.

''(4) INDIAN TRIBE.—The term 'Indian tribe' means any Indian tribe, band, group, and nation, including Alaska Indians, Aleuts, and Eskimos, and any Alaskan Native Village, of the United States, which is considered an eligible recipient under the Indian Self-Determination and Education Assistance Act (Public Law 93–638) or was considered an eligible recipient under chapter 67 of title 31, United States Code, prior to the repeal of such chapter.

''(5) RURAL RECOVERY AREA.—The term 'rural recovery area' means any geographic area represented by a unit of general local government or an Indian tribe—

''(A) the borders of which are not adjacent to a metropolitan area;

''(B) in which—

''(i) the annual population outmigration level equals or exceeds 15 percent, as determined by Secretary of Agriculture; and

''(ii) the per capita income is less than that of the national nonmetropolitan average; and

''(C) that does not include a city with a population of more than 2,500.

''(6) UNIT OF GENERAL LOCAL GOVERNMENT.—

''(A) IN GENERAL.—The term 'unit of general local government' means any city, county, town, township, parish, village, borough (organized or unorganized), or other general purpose political subdivision of a State; Guam, the Northern Mariana Islands, the Virgin Islands, Puerto Rico, and American Samoa, or a general purpose political subdivision thereof; a combination of such political subdivisions that, except as provided in section 106(d)(4), is recognized by the Secretary; the District of Columbia; and the Trust Territory of the Pacific Islands.

''(B) OTHER ENTITIES INCLUDED.—The term also includes a State or a local public body or agency (as defined in section 711 of the Housing and Urban Development Act of 1970), community association, or other entity, that is approved by the Secretary for the purpose of providing public facilities or services to a new community as part of a program meeting the eligibility standards of section 712 of the Housing and Urban Development Act of 1970 or title IV of the Housing and Urban Development Act of 1968.

''(c) GRANT AUTHORITY.—The Secretary may make grants in accordance with this section to eligible units of general local government and eligible Indian tribes that meet the requirements of subsection (d) to carry out eligible activities described in subsection (f).

''(d) ELIGIBILITY REQUIREMENTS.—

''(1) STATEMENT OF RURAL DEVELOPMENT OBJECTIVES.—In order to receive a grant under this section for a fiscal year, an eligible unit of general local government or eligible Indian tribe—

''(A) shall—

''(i) publish a proposed statement of rural development objectives and a description of the proposed eligible activities described in subsection (f) for which the grant will be used; and

''(ii) afford residents of the rural recovery area served by the eligible unit of general local government or eligible Indian tribe with an opportunity to examine the contents of the proposed statement and the proposed eligible activities published under clause (i), and to submit comments to the eligible unit of general local government or eligible Indian tribe, as applicable, on—

''(I) the proposed statement and the proposed eligible activities; and

''(II) the overall community development performance of the eligible unit of general local government or eligible Indian tribe, as applicable; and

''(B) based on any comments received under subparagraph (A)(ii), prepare and submit to the Secretary—

''(i) a final statement of rural development objectives;

''(ii) a description of the eligible activities described in subsection (f) for which a grant received under this section will be used; and

''(iii) a certification that the eligible unit of general local government or eligible Indian tribe, as applicable, will comply with the requirements of paragraph (2).

''(2) PUBLIC NOTICE AND COMMENT.—In order to enhance public accountability and facilitate the coordination of activities among different levels of government, an eligible unit of general local government or eligible Indian tribe that receives a grant under this section shall, as soon as practicable after such receipt, provide the residents of the rural recovery area served by the eligible unit of general local government or eligible Indian tribe, as applicable, with—

''(A) a copy of the final statement submitted under paragraph (1)(B);

''(B) information concerning the amount made available under this section and the eligible activities to be undertaken with that amount;

''(C) reasonable access to records regarding the use of any amounts received by the eligible unit of general local government or eligible Indian tribe under this section in any preceding fiscal year; and

''(D) reasonable notice of, and opportunity to comment on, any substantial change proposed to be made in the use of amounts received under this section from 1 eligible activity to another.

''(e) DISTRIBUTION OF GRANTS.—

''(1) IN GENERAL.—In each fiscal year, the Secretary shall distribute to each eligible unit of general local government and eligible Indian tribe that meets the requirements of subsection (d)(1) a grant in an amount described in paragraph (2).

''(2) AMOUNT.—Of the total amount made available to carry out this section in each fiscal year, the Secretary shall distribute to each grantee the amount equal to the greater of—

''(A) the pro rata share of the grantee, as determined by the Secretary, based on the combined annual population outmigration level (as determined by Secretary of Agriculture) and the per capita income for the rural recovery area served by the grantee; and

''(B) $250,000.

''(f) ELIGIBLE ACTIVITIES.—Each grantee shall use amounts received under this section for 1 or more of the following eligible activities, which may be undertaken either directly by the grantee, or by any local economic development corporation, regional planning district, nonprofit community development corporation, or statewide development organization authorized by the grantee:

''(1) The acquisition, construction, repair, reconstruction, operation, maintenance, or installation of facilities for water and wastewater service or any other infrastructure needs determined to be critical to the further development or improvement of a designated industrial park.

''(2) The acquisition or disposition of real property (including air rights, water rights, and other interests therein) for rural community development activities.

''(3) The development of telecommunications infrastructure within a designated industrial park that encourages high technology business development in rural areas.

''(4) Activities necessary to develop and implement a comprehensive rural development plan, including payment of reasonable administrative costs related to planning and execution of rural development activities.

''(5) Affordable housing initiatives.

''(g) PERFORMANCE AND EVALUATION REPORT.—

''(1) IN GENERAL.—Each grantee shall annually submit to the Secretary a performance and evaluation report, concerning the use of amounts received under this section.

''(2) CONTENTS.—Each report submitted under paragraph (1) shall include a description of—

''(i) publish a proposed statement of rural development objectives and a description of the proposed eligible activities described in subsection (f) for which the grant will be used; and

''(A) the eligible activities carried out by the grantee with amounts received under this section, and the degree to which the grantee has achieved the rural development objectives included in the final statement submitted under subsection (d)(1);

''(B) the nature of and reasons for any change in the rural development objectives or the eligible activities of the grantee after submission of the final statement under subsection (d)(1); and

''(C) any manner in which the grantee would change the rural development objectives of the grantee as a result of the experience of the grantee in administering amounts received under this section.

''(h) RETENTION OF INCOME.—A grantee may retain any income that is realized from the grant, if—

''(1) the income was realized after the initial disbursement of amounts to the grantee under this section; and

''(2) the—

''(A) grantee agrees to utilize the income for 1 or more eligible activities; or

''(B) amount of the income is determined by the Secretary to be so small that compliance with subparagraph (A) would create an unreasonable administrative burden on the grantee.

''(i) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $50,000,000 for each of fiscal years 1999 through 2005.''.