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House of Representatives

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mr. NUSSLE).

DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
September 29, 1999.

I hereby appoint the Honorable JIM NUSSLE to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

PRAYER

The Reverend Dr. John H. White, President of Geneva College, Beaver Falls, Pennsylvania, offered the following prayer:

We begin this morning with the recognition that You, O God, are the source of life and the provider of all good things. We recognize that the order and prosperity of this Nation is a gift of Your providence.

I thank You for these ladies and gentlemen and those who assist them in this vital task of governing this Nation. May they recognize that their authority comes from You and that they are the servants of God and His Son, Jesus Christ, as well as servants of those who elected them.

I pray that their decisions may be founded on Your law, seasoned by Your justice and Your grace. Especially grant us all a full measure of Your wisdom this day.

In the name of the Father, and the Son, and the Holy Spirit. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. KLINK. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Chair's approval of the Journal.

The SPEAKER pro tempore. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. KLINK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 8, rule XX, further proceedings on this question will be postponed.

The point of no quorum is considered withdrawn.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from South Carolina (Mr. DEMINT) come forward and lead the House in the Pledge of Allegiance.

Mr. DEMINT led the Pledge of Allegiance as follows:

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

MESSAGE FROM THE SENATE

A message from the Senate by Ms. McDevitt, one of its clerks, announced that the Senate had passed without amendment a Joint Resolution of the House of the following title:

H.J. Res. 34. Joint resolution congratulating and commending the Veterans of Foreign Wars.

The message also announced that the Senate has passed a bill of the following title in which concurrence of the House is requested:

S. 1156. An act to amend provisions of law enacted by the Small Business Regulatory Enforcement Fairness Act of 1996 to ensure full analysis of potential impacts on small entities of rules proposed by certain agencies, and for other purposes.

The message also announced that the Senate agrees to the amendment of the House to the bill (S. 249) ''An Act to provide funding for the National Center for Missing and Exploited Children, to reauthorize the Runaway and Homeless Youth Act, and for other purposes.''

WELCOMING REVEREND DR. JOHN H. WHITE, PRESIDENT OF GENEVA COLLEGE, BEAVER FALLS, PENNSYLVANIA

(Mr. KLINK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KLINK. Mr. Speaker, I rise today to welcome Reverend Dr. John White, the President of Geneva College in Beaver Falls, Pennsylvania, who we had the honor of having with us to say the prayer to begin this session. Dr. White is a constituent of mine, and certainly is noted for the marvelous work he has done at Geneva College.

Geneva College was founded by the Reform Presbyterian Church of North America. It does a wonderful job in enriching the community in which it is located. It has sent many wonderful students out to do good work in this Nation.

Dr. White has been a part of that College for the last 28 years, the last 8 years of which he has been the President, and it has been my honor to work with him.

We are pleased to have someone of his stature here to assist Reverend Ford in beginning this session, and I would commend him and thank him for being here with us.

I also would commend Geneva College for 4 out of the last 5 years they have been in the national championships with their football team, and

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they have done a marvelous job of exhibiting their athletic prowess as well as their intellect and their academic prowess. So I thank Dr. White for being with us today.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will entertain 15 one minutes on each side.

DOE IGNORES SCIENCE AT YUCCA MOUNTAIN

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, just two days ago this chamber approved, unfortunately, $352 million for the continued development of a nuclear waste repository at Yucca Mountain, just north of Las Vegas, Nevada.

On that very same day, a public hearing on that project was held in Las Vegas, and at this hearing numerous experts testified that the Department of Energy's draft impact report ignored completely the basic principles of sound science. And, just to make matters worse, the Energy Department's impact report failed to follow the law requiring them to consider alternatives to Yucca Mountain for storing high level nuclear waste. And, by the way, it did not consider the dangers of transporting the high level nuclear waste across America to Yucca Mountain.

But these issues, by necessity, deal with sound science. Obviously the Energy Department is not interested in sound science.

It does not take a scientist, Mr. Speaker, to know that funding a nuclear waste storage project which lacks a sound scientific rational is not only wasteful, but dangerous.

I yield back the trace of all nuclear waste across this country and the green garbage it leaves behind.

DERAILING HMO REFORM

(Ms. DELAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DELAURO. Mr. Speaker, after years of fighting for HMO reform, we are at the doorstep of passing meaningful patient protections. But now, just before we enact the bipartisan Patients' Bill of Rights, the Republican leadership is trying to derail HMO reform.

The Republican leadership has offered a plan that fails to guarantee patients the right to make medical decisions with their doctors, decisions that are free from insurance company bureaucrats. Their plan also fails to hold HMOs accountable for wrong or improper decisions, and, sadly, the only reason this plan is even being offered is to prevent meaningful HMO reform from being passed.

The bipartisan Patients' Bill of Rights is a good bill. It has broad support. If we pass this bill, then all HMO patients can have the ability to choose their own doctors, guaranteed access to emergency and specialty care, the right to make health decisions with doctors only, freedom from gag rules to prevent doctors from offering care, and the ability to hold their HMOs accountable.

Let us do the right thing. We have an historic opportunity in the next couple of weeks. Let us pass the bipartisan Patients' Bill of Rights.

A CHALLENGE TO DEMOCRATS

(Mr. BALLENGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BALLENGER. Mr. Speaker, I would like to issue a challenge to my Democratic colleagues on the other side of the aisle. I would like for someone to explain to me whether it is your view that Republicans are extremists for wanting to limit spending and exercise fiscal responsibility or is it your view that Republicans are irresponsible for not exercising this fiscal responsibility?

Fiscally irresponsible or extreme. Which is it? I have heard both charges repeatedly in the recent weeks; and I am curious to know, for those in the party that has been dedicated to expanding government for the past 40 years to tell me what is their idea of fiscal responsibility?

I am also a bit curious to know when they think the American taxpayer should get some tax relief. After all, if one cannot make the case for tax cuts now in the face of $3 trillion budget surpluses over the next 10 years, just what would it take to convince you that tax relief is possible?

I think it is clear that the party that wishes to limit the size of the Federal Government and the party which is careful with the taxpayers' money is the real party of fiscal responsibility. So which is it? Are Republicans extreme or fiscally responsible in our desire to limit Washington spending?

PREVENTING REAL HMO REFORM

(Mrs. CHRISTENSEN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. CHRISTENSEN. Mr. Speaker, once again our friends in the majority continue to ignore the will of the majority of Americans who have spoken out in support of a real Patients' Bill of Rights. Instead of heeding this call, the majority has again drafted their own cynical health care bill in a last minute attempt to prevent the people's bill, the bipartisan Norwood-Dingell bill, from passing.

The Republican health care bill unveiled yesterday is not real HMO reform, and do not believe for one second that it expands health care coverage for uninsured Americans.

The Dingell-Norwood bill, by contrast, will put doctors and their patients back in charge of health care, increase access by making sure the insured can get the medical care they need, and makes managed care plans accountable when they decide to deny care.

We must not let the opponents of the reform all our constituents asked for succeed. Support the Dingell-Norwood consensus managed care reform act.

RAIDING THE SOCIAL SECURITY TRUST FUND

(Mr. SCHAFFER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHAFFER. Mr. Speaker, the President wants to raise taxes and raid the Social Security trust fund to pay for new government spending. Do not just take my word for it, look at the facts. The Congressional Budget Office scored the President's budget as a net tax increase and House Democrats support that budget and the President wants to increase spending by billions of dollars, which the Congressional Budget Office also confirms breaks the very budget caps the President agreed to and took credit for in our budget agreement.

For the past 32 years Congress has raided the Social Security trust fund to pay for more government. Republicans want to put an end to that. It is time for this Congress to stop playing by the rules established by liberal Democrats in the 1960's. Seniors in my district are surprised to hear that Congress has been routinely operating in this manner. They do not understand why politicians in Washington use retirement money for anything other than retirement. It just does not seem right. It is not right. We must stop the President's raid on Social Security.

EDUCATION SYSTEM IN AMERICA IS NOT GETTING PASSING GRADES

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, a new report says that 75 percent of American students cannot write a simple essay. It also says many students cannot even change a dollar bill, and many of them cannot read.

But, what is even worse, the report says these uneducated students continue to graduate. And all the experts are now looking at Congress and asking, what is Congress going to do about this?

Beam me up, Mr. Speaker. This is not about Congress; this is about parents. In the old days, kids knew their ABCs before they went to school.

I yield back all the well-intended billions of taxpayer dollars that are not

reaching home without the help of parents.

DEMOCRATS PUSH FOR TAX INCREASE

(Mr. WELLER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WELLER. Mr. Speaker, remember when? Remember when the Democrats controlled the White House and were in the majority in the House and Senate? Remember those days of spend and spend and spend? And what did they give us? The biggest tax hike in the history of our country. Why? Because they wanted to spend the money.

And remember when they were in control, how they raided the Social Security trust fund? Well, they are back at it again. Today in Congress Daily, what is on the front page? ''Democrats push for a tax increase.''

President Clinton's budget calls for a $180 billion tax increase. Now House and Senate Democrats want even more in tax increases, and they also support President Clinton's budget, which calls for raiding Social Security, 40 percent of Social Security going for other programs.

Republicans say no. Let us put a stop to spending beyond our means. Let us stop the raid on Social Security. One hundred percent of Social Security for Social Security-Medicare. Let us stop the raid on Social Security. It is all about spending.

PASS MEANINGFUL MANAGED CARE REFORM

(Mr. GREEN of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GREEN of Texas. Mr. Speaker, the Republican leadership has unveiled yet another proposal they hope will derail the efforts for meaningful HMO reform. Just when a bipartisan majority has reached a consensus on real HMO reform with the Norwood-Dingell bill, the Republican leadership is once again proposing harmful provisions for Americans' health.

The American people want HMO reform. Instead of figuring out how to solve this, they just add poison pills to their proposed legislation.

For months, we have been hearing from the Republicans that a Patients' Bill of Rights will increase costs and open employers to lawsuits. Well, in my home State of Texas, we passed many of these patient protections; and we have not had any lawsuits against employers. In fact, the only increase that we have seen is the increase in prescription medication that other States have had to do. In fact, there has been no exodus of employers from providing healthcare in Texas under Texas law. What Texas residents have is health care protection and provisions that should be included in a national law. They eliminate gag clauses, open access to specialists for women and children, a timely appeals process, coverage for emergency care, and accountability for those decision makers in healthcare.

It is time to stop stonewalling and support a real Patients' Bill of rights.

□ 1015

FISCAL DISCIPLINE IS FORGOTTEN WHENEVER DEMOCRATS HAVE AN OPPORTUNITY TO INCREASE SPENDING

(Mr. BARTLETT of Maryland asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARTLETT of Maryland. Mr. Speaker, why is it the Democrats want to bust the budget caps that they themselves agreed to while at the same time they are opposed to giving tax relief to the taxpayers? On the one hand, they argue that we must relax our fiscal discipline and expand government. On the other hand, they argue that we must maintain fiscal discipline and therefore cannot have tax relief.

Leaving aside the many good arguments for tax fairness that the Republican tax relief proposal contains, let us consider what the Democrats are saying. New Washington spending, fine. Tax relief for the taxpayers, no way. Fiscal discipline is forgotten whenever Democrats have an opportunity to increase spending, but they are fiscal discipline's best friend whenever tax relief is on the table.

What is wrong with this picture? It is very simple. It is known as liberalism; never known, it must be said, for the rigor of its logic. Is there a liberal in the House that will step forward and defend their position?

HMO REFORM AND GUARANTEEING A PATIENTS' BILL OF RIGHTS

(Mr. WYNN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WYNN. Mr. Speaker, I would like to talk today about changing the subject. We are having a discussion here in Congress about the patients' bill of rights. It is a bipartisan discussion in which both Democrats and Republicans agree that we need to protect patients' rights: access to specialists, emergency room coverage, coverage for all kinds of illnesses when it is needed. We need to have the right to sue if the HMO causes harm to someone's health. That is what we are talking about, but now the Republican leadership wants to change the subject.

All of a sudden, they want to talk about medical savings accounts and access to health care. They have several ideas. Some are good; some are bad. The point is, do not change the subject. The subject is HMO reform. The subject is guaranteeing a patients' bill of rights with real teeth in it.

We have a bipartisan agreement. We have the Dingell-Norwood bill that makes sense. We are having a good discussion. Do not change the subject. Let us stick with the patients' bill of rights. Let us pass a clean bill. Their ideas are not paid for. They should not be brought up in the context of this issue. Let us protect patients first, and then we will deal with some of these other issues.

WE MUST PROTECT THE SOCIAL SECURITY SURPLUS

(Mr. SAM JOHNSON of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SAM JOHNSON of Texas. Mr. Speaker, let us be honest. President Clinton and his fellow Democrats believe in big government, the bigger the better. For years, President Clinton and the Democrats have increased taxes, squandered precious Social Security money on wasteful government spending. Now, thanks to fiscally responsible Republican policies, we have a budget surplus.

We tried to return some of it to the American people, the true owners, but President Clinton vetoed any tax relief for hard-working Americans. Instead, the President and the Democrats cannot resist the urge to take the surplus, go on a big spending spree and charge it to America's Social Security account. The President wants this funded with new taxes, of course. Americans do not want, need, or deserve new taxes.

Mr. Speaker, we must protect the Social Security surplus from the President.

REPUBLICANS SHOULD KEEP THEIR WORD AND HONOR FUNDING FOR THE WYE RIVER ACCORDS

(Mr. FROST asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FROST. Mr. Speaker, later today the House will vote on the Conference Report on Foreign Operations Appropriations for Fiscal Year 2000. I will vote against the conference report, marking the first time in 21 years that I have opposed a foreign aid appropriations bill.

I am taking this action for one very good reason. The Republican leadership of Congress has refused to include money requested by the administration to fund the Wye River Accords between Israel and the Palestinians. This is one of the most irresponsible acts taken by the Congress in a very long time.

In August, two delegations of Members of the House traveled to Israel and met with Prime Minister Barak and Palestinian Leader Arafat. I headed the

Democratic delegation and the gentleman from Virginia (Mr. DAVIS) headed the Republican delegation. Both delegations told Prime Minister Barak and Yassir Arafat that we would support funding for the Wye River Accords. The Democrats intend to honor our word. Apparently the Republican leadership does not intend to allow those Republican Members to keep theirs.

This is indeed a sad day. The Wye River Accords and the subsequent agreement entered into by Israel and the Palestinians earlier this month to implement Wye mark a dramatic turning point in the history of the Middle East. President Clinton has said he will veto this bill if it is passed by the Congress. I urge a no vote today and a vote to sustain the President's veto when the bill is returned to the House.

STATE FLEXIBILITY, A MEANS TO PROTECT WELFARE REFORM

(Mr. DEMINT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DEMINT. Mr. Speaker, as we begin to debate raising the minimum wage, we must take into consideration the most significant change in our social, economic, and workplace laws in American history. We must remember welfare reform. Federal law currently places immense responsibilities on State governments to move people off of welfare and into productive jobs; but if we are not careful, another one-size-fits-all Federal minimum wage could harm our efforts to create good jobs for every American.

Mr. Speaker, we have trusted our governors with the responsibility to move welfare recipients into jobs. Now they need all the tools to do that job, including more control over the minimum wage. It is time we trust our State leaders to determine increases that best complement their successful welfare policies. I urge my colleagues to secure the employment future for American workers by sending these decisions back home.

REPUBLICAN MANAGED-CARE BILL

(Mr. RODRIGUEZ asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RODRIGUEZ. Mr. Speaker, making sure that everyone has an opportunity to see the doctor of their choice, that is one of the main principles that we are here for. One of the main things each and every one out there, each American, wants to be able to see the doctor of their choice, especially if they are paying for their own medication and their own health care.

For the last 2 years, we fought over the issue of managed-care reform, and we need to make sure that every American has that opportunity to see the doctor of their choice.

It is interesting that now as we come to battle on this issue that the other side is beginning to talk about coming together, and we do need to come together, but the reality is that we are skeptical about their proposals. We have the managed-care bill, the patients' bill of rights, that is there to make sure that we can come back and make the managed-care companies, the HMOs, accountable to our constituents. I want to make sure that as we move forward that we do the right thing. Let us stop wasting time. It is time that we come together and we make sure that we are responsive. Instead of reinventing the wheel and derailing things, we have to make sure that the majority is held accountable for health care in this country.

DISTRICT OF COLUMBIA APPROPRIATIONS BILL VETOED BECAUSE IT DOES NOT LEGALIZE MARIJUANA

(Mr. PITTS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PITTS. Mr. Speaker, with the stroke of a pen yesterday President Clinton has thrown away a good Washington, D.C. appropriations bill. What has he thrown away? Good and needed things like helping D.C. kids go to college, placing foster kids into permanent homes, cleaning up the foul Anacostia River, cracking down on drug offenders, and reducing the size of D.C.'s bloated government. And for what? For legalizing marijuana. The President drew a line in the sand that said he would not sign a bill that did not legalize marijuana.

Nobody should be fooled by the pretense that this is a medical issue. That is a smoke screen. A war on drugs will never happen when the President's priority is to veto a bill over legalizing drugs in our Nation's capital.

The President is sending the worst possible message to our children. Every police officer, every teacher, every parent who has ever fought against drugs should be outraged by this veto.

IT IS TIME TO PROTECT AMERICANS FROM THE THREAT OF A BALLISTIC MISSILE ATTACK

(Mrs. CHENOWETH asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. CHENOWETH. Mr. Speaker, we are very busy here trying to make sure that we have enough money to continue to shore up our military defense system. Some are tempted in thinking that free trade, diplomatic goodwill, and more international communication will remove the threat of war. All of human history really suggests that such thinking is a fantasy. It is not only a fantasy, Mr. Speaker, but it is a very dangerous illusion. It was a dangerous illusion in 1914, and it was a dangerous illusion in 1939 and it is a dangerous illusion today.

In fact, it is because of the existence of nuclear weapons that this illusion, this fantasy, is even more dangerous today than ever. It is, therefore, imperative that we reconsider our foolish policy of remaining vulnerable to a foreign ballistic missile attack. Many Americans will be surprised to learn that this is so, but America does not have a national missile defense system. It is time to protect Americans from the threat of a ballistic missile attack because the world is still a dangerous place out there.

ONCE AGAIN, BIGGER GOVERNMENT WINS AND THE TAXPAYER LOSES

(Mr. KNOLLENBERG asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KNOLLENBERG. Mr. Speaker, President Clinton has vetoed the tax relief package passed by Congress. Once again, by vetoeing this legislation, he has denied the average middle-class family relief from the marriage tax penalty. He is robbing millions of workers the opportunity to obtain health-care coverage, who do not have health-care coverage now. He is making it more difficult for parents to save for their children's education. He is making it more difficult for people to pass on the family farm or the family business after a lifetime of toil, sacrifice, and devotion. He is making it more difficult for people to save for their future and provide for their retirement. This tax legislation would have been a step towards more fairness in the Tax Code and it would have reduced the burden on the people who are carrying the load paying the taxes and living the American dream, or trying to live the American dream. Once again, bigger government wins and the taxpayer loses.

A COMMITMENT NOT TO SPEND THE SOCIAL SECURITY TRUST FUND

(Mr. BLUNT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BLUNT. Mr. Speaker, yesterday we debated a very important resolution on this floor to reaffirm our commitment not to spend the Social Security surplus. We heard repeatedly from the other side of the aisle that we had already spent the Social Security surplus when not one penny of that surplus has been spent, and when this House needs to be firmly committed not to spend one penny of the Social Security surplus.

I wondered all afternoon and all evening why we would constantly hear that, and then I began to realize that for four decades the House has spent the Social Security surplus. This is

truly a historic moment in the life of this House and for the future of Social Security. We have to be committed to the future of Social Security not to spend Social Security money today. We can and we are in the process of putting this budget together without spending the surplus. We have to stay committed to that. We cannot let the American people believe that has already happened, because it has not. We cannot let the message go forth from this House that we are going to continue business as usual when we are not.

THE TRUTH IS REPUBLICANS PLAN NOT TO SPEND THE SOCIAL SECURITY TRUST FUND

(Mr. EHLERS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EHLERS. Mr. Speaker, a few days ago I saw a Democratic member of this Congress on television stating that the Republicans were going to spend Social Security money to finally get the appropriations bills passed. I was astounded, absolutely astounded. First of all, he is wrong. We are not planning to do that. What is even worse, although I have been here only 5 years, I did serve under a Democratic administration of this House that first year I was here. Not only did we take Social Security money and spend it, we took every cent of Social Security money and spent it. Not only did we take all of the Social Security money and spend it, but we spent a couple of hundred billion dollars beyond that and added that to the national debt. That is what we had 5 years ago here in this House under Democratic control. Today the Republicans are controlling it. We are not adding to the national debt. We are trying not to spend a cent of Social Security to get our budget out. What a dramatic change, and to have someone from the other side say we are breaking the rules is just utter nonsense. Listen to the truth and the truth is things are much better today.

A TAX CUT IS POSSIBLE WITHOUT SPENDING THE SOCIAL SECURITY SURPLUS

(Mr. LEWIS of Kentucky asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEWIS of Kentucky. Mr. Speaker, we may have heard the recent propaganda coming out of the White House and from the liberal tax-and-spend Democrats here in the House. The word is that a tax cut would take money from Social Security and from paying down the debt. The truth is the tax cut that the President vetoed would have allowed the American people to keep $792 billion of their money over the next 10 years. It would have not touched Social Security. It would pay down the debt by $2.2 trillion.

The truth is, as the former speaker said, for 40 years, a liberal tax-and-spend Democrat Congress spent the Social Security trust fund money as fast as they could on every big government program they could think of.

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To hear them today say that they want to pay down the debt, that they want to save Social Security, is an absolute joke. They never have; they never will. What they want the money for is to spend, and to spend it on bigger and more intrusive government.

TAX CUTS VERSUS SOCIAL SECURITY SURPLUS

(Ms. WOOLSEY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. WOOLSEY. Mr. Speaker, we are hearing rhetoric from the other side of the aisle that should make them ashamed of themselves for trying to deceive the American public. Because the truth is the Republicans had every intention of using the Social Security surplus to pay for their trillion dollar tax cut.

I have some news for all of my colleagues. No one was fooled by it. And it is also no secret that the Republicans have already spent $30 billion of the Social Security monies before we even start debating the rest of the spending bills. And now they are scrambling to use every budget trick in the book to pretend otherwise.

Well, I am here to tell my Republican friends that it just will not work. The people in this country know better. I applaud the President for vetoeing the Republican payoff to their wealthy contributors and preventing the majority party in Congress from dipping into the Social Security surplus even further to fund what they consider the most important benefit of this country, tax breaks to the very wealthiest people, the top 1 percent.

ARREST OF ZHANG RONGLIANG

(Mr. DREIER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, I rise to bring to the attention of my colleagues the very unfortunate case of Zhang Rongliang, one of the most prominent church leaders in the People's Republic of China. During the month of August, Chinese officials arrested over 30 House church leaders, including Mr. Zhang. It is reported that government security officers burst into a meeting of his church, telling the gathering that they were a cult, engaged in illegal activities.

Last year, Mr. Zhang made it clear by signing the United Appeal to the Chinese Government and the House Church Confession of Faith that he has no desire to undermine his nation. Instead, his desire is to serve the people of China.

Mr. Speaker, the actions of the Chinese Government in this case are a blatant violation of the International Covenant on Civil and Political Rights, which they have agreed to uphold. Mr. Zhang is not a criminal and should not be treated as such.

The actions of the Chinese Government in this case, and others like it, are undermining their own ability to bring China fully into the community of nations. I urge them to immediately release Mr. Zhang and others unjustly arrested and imprisoned because of their religious beliefs.

PROVIDING FOR CONSIDERATION OF H.R. 2559, AGRICULTURAL RISK PROTECTION ACT OF 1999

Mr. SESSIONS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 308 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 308

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 2559) to amend the Federal Crop Insurance Act to strengthen the safety net for agricultural producers by providing greater access to more affordable risk management tools and improved protection from production and income loss, to improve the efficiency and integrity of the Federal crop insurance program, and for other purposes. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Agriculture now printed in the bill, modified by the amendments printed in the report of the Committee on Rules accompanying this resolution. That amendment in the nature of a substitute shall be considered by title rather than by section. Each title shall be considered as read. All points of order against that amendment in the nature of a substitute are waived. No amendment to that amendment in the nature of a substitute shall be in order except those printed in the portion of the Congressional Record designated for that purpose in clause 8 of rule XVIII and except pro forma amendments for the purpose of debate. Each amendment so printed may be offered only by the Member who caused it to be printed or his designee, shall be considered as read, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. The Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business,

provided that the minimum time for electronic voting on the first in any series of questions shall be 15 minutes. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the amendment in the nature of a substitute made in order as original text. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. NUSSLE). The gentleman from Texas (Mr. SESSIONS) is recognized for 1 hour.

Mr. SESSIONS. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Texas (Mr. FROST); pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, the legislation before us today is a modified open rule providing for the consideration of H.R. 2559, the Agriculture Risk Protection Act.

The rule waives all points of order against consideration of the bill.

The rule provides 1 hour of general debate to be equally divided between the chairman and ranking minority member on the Committee on Agriculture.

The rule makes in order the Committee on Agriculture's amendment in the nature of a substitute as an original bill for the purpose of amendment, modified by the amendments printed in the report of the Committee on Rules accompanying the resolution.

The rule waives all points of order against consideration of the amendment in the nature of a substitute, as modified.

The rule provides that the amendment in the nature of a substitute shall be open for amendment by title.

The rule makes in order only those amendments printed in the CONGRESSIONAL RECORD and pro forma amendments for the purpose of debate only.

The rule provides that the amendment may be offered only by the Member who caused it to be printed or his designee, which shall be considered as read and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole.

The rule allows the Chairman of the Committee of the Whole to postpone votes during consideration of the bill, and to reduce voting time to 5 minutes on a postponed question if the vote follows a 15-minute vote.

Finally, the rule provides one motion to recommit with or without instructions.

Mr. Speaker, passage of this rule will allow the House to consider this very important piece of legislation, the Agriculture Risk Protection Act. The Agriculture Risk Protection Act is the right legislative response to the current plight of our Nation's farmers and ranchers.

It is no secret that agriculture commodity prices are down. Natural disasters, including hurricanes, floods, and droughts have only added insult to this injury. We must give agriculture producers the tools to manage risk in a responsible way. This bill is a large step in that direction.

This legislation provides better insurance coverage at a lower cost for our Nation's farmers. It provides affordable coverage at every level, with strong incentives to purchase higher levels of protection and new flexibility for producers to choose the level of coverage that best meets their needs.

Additionally, this legislation, for the first time, creates a pilot program that offers insurance assistance to livestock farmers and ranchers who suffer the same problems of volatile weather and markets that hurt crop farmers.

This legislation empowers those who understand the kind of insurance that farmers need, instead of government bureaucrats. Under this plan, new programs are developed by reimbursing universities, farm organizations, co-ops, and even individual farmers who research and develop a policy that is successful.

As many of my colleagues know, this is also an important issue to me as a Texan. In Texas, we have experienced historic droughts during 2 of the past 4 years. During these droughts, I have worked actively with not only my farmers and ranchers, but also with State, county, and local officials to find ways to survive these dry conditions.

Unfortunately, there is no easy way to manage crops and livestock once these severe drought conditions are experienced. After living through these droughts, I have made a conscious effort this year to get my district ready for the potential of the dry weather that we knew would happen. Through proactive planning sessions held in each county in my district, I made plans to try and make sure that my farmers and ranchers were prepared. However, it is common sense for us to know that being prepared is better off than reacting to the weather.

This legislation makes sure every farmer and rancher has the tools necessary for this preparation. Clearly, proactive steps such as these are needed at the Federal level. Under current conditions, too many farmers are unable to afford crop insurance. When natural disasters strike, the Federal Government assists victims with taxpayer dollars. By increasing Federal contributions to tax insurance, such insurance becomes more affordable, and there is less need for taxpayer dollars for reactive solutions.

The Agriculture Risk Protection Act is a common sense, fiscally conservative way to properly prepare for natural disasters that impact agriculture production. I urge my colleagues to support this rule.

Mr. Speaker, I reserve the balance of my time.

Mr. FROST. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this rule, which provides for consideration of crop insurance reform.

Mr. Speaker, farmers across this country are facing a disaster. The bill, as far as it goes, makes improvements in crop insurance that will probably provide some relief. But, unfortunately, Mr. Speaker, this bill misses an opportunity to make substantial changes in the crop insurance program that could yield long-term relief and provide a real safety net to the agricultural sector.

However, this bill can be improved, and the rule allows for the consideration of amendments that seek to accomplish that end. While Democratic members of the Committee on Rules might ordinarily object to a rule that requires preprinting of amendments, in this case, because of the tactical nature of agriculture programs, we will not do so.

Mr. Speaker, my friend and colleague, the gentleman from Texas (Mr. STENHOLM), will offer a significant amendment that seeks to provide assistance to those producers who are the most in need and which addresses the long-term problems of the cyclical nature of agriculture. That assistance would come in the form of a supplemental income payment program, which squarely addresses the issue of price disasters. His amendment deserves serious consideration and support of the House.

Mr. Speaker, this rule will allow the consideration of amendments which can improve this legislation, and I urge its adoption.

Mr. Speaker, I reserve the balance of my time.

Mr. SESSIONS. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. DREIER), the chairman of the Committee on Rules.

(Mr. DREIER asked and was given permission to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, I thank my very good friend from Dallas for yielding me this time, and I congratulate him on his fine statement and his work on this.

I mention that he is from Dallas. I feel compelled to bring at least a modicum of geographic balance to this debate. As I look at the manager of the rule, the gentleman from Texas (Mr. SESSIONS), and the gentleman from Texas (Mr. FROST), the manager on the minority side, the other gentleman from Dallas; and then once we pass the rule, we look at the chairman of the Committee on Agriculture, the gentleman from Texas (Mr. COMBEST), and the manager on the minority side will be the gentleman from Texas (Mr. STENHOLM).

So I am pleased to bring some geographic balance to this debate and say this, obviously, is an issue which transcends simply our friends from Texas

and is, in fact, a very, very important issue.

I think that the statement that was made by the gentleman from Texas (Mr. SESSIONS) is right on target when he says that it is better to be prepared rather than simply reacting to weather. And we clearly know that, as we have been dealing with disasters that have hit throughout the past several weeks and months here in this country and the tragedies that we have witnessed around the world.

Obviously, this legislation, which enjoys strong bipartisan support, as does the rule, is designed to ensure that we have better risk management and those tools that are essential to an industry which obviously is dependent on the weather.

□ 1045

So I simply want to congratulate my friend and say that I am pleased to join in support of what is obviously a very, very important step to make sure that we maintain a continuity for ranchers and farmers in this country.

Mr. FROST. Mr. Speaker, I reserve the balance of my time.

Mr. SESSIONS. Mr. Speaker, I yield such time as he may consume to the gentleman from Lubbock, Texas (Mr. COMBEST), the chairman of the Committee on Agriculture.

Mr. COMBEST. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I want to thank the gentleman from California (Mr. DREIER) for bringing a regional balance to this, as well as for his great work on the Committee on Rules in providing this rule. I thank the gentleman from Texas (Mr. SESSIONS) and the other gentleman from Texas (Mr. STENHOLM).

Mr. Speaker, I just would like to say I rise in support of this rule. I think it is a process by which all Members should have an opportunity if they have desires to discuss this subject. It should give plenty of time for that. There are some amendments. We will be dealing with those, as well.

To the gentleman from Texas (Mr. SESSIONS) I would say, I appreciated his opening comments and statement. I just wanted to make the point, Mr. Speaker, that while the $6 billion additional money for crop insurance that was provided for in the budget which passed this House several months ago is in itself very significant in that this is, I think, the largest increase in crop insurance, that alone is not what I believe is probably the best part of this bill.

One of the major problems that we have confronted with farm policy for many, many years is the lack of adequate risk management. To actually begin to move toward adequate risk management, it is important to make some major changes. This bill does that, and I think there are very positive changes.

We saw a disaster package last year of $6 billion. There is one being considered today and may be considered this week that is going to be probably in excess of $8 billion. While this alone does not solve that problem, nor would I want to lead any of my colleagues to believe that it would totally solve it, I do believe that this is the first major step in a right direction to help provide adequate protection and much needed protection.

To my colleagues who may not have an opportunity to deal in agricultural policy or who do not have a lot of farmers maybe in their districts, I would like to just make a brief explanation of why this is so important.

Almost in every endeavor of life, Mr. Speaker, whether they are buying homeowner's insurance, whether they are a businessman or businesswoman that happens to have a small business or a large business, it is possible for people to protect themselves by buying insurance. They can buy it to protect their home. They can buy it to protect their inventory.

If the gentleman from Texas (Mr. SESSIONS) and I are in business side by side and my inventory costs more than his inventory, I buy more insurance. It costs me more, but I can buy that. And if something happens to that inventory through some disaster that is covered by the insurance policy, then the insurance policy pays and I buy insurance on my next warehouseful of inventory.

Unfortunately, one the real fallacies in crop insurance has been that farmers cannot cover their capability. As an example, if my colleague is a farmer, and the gentleman from Texas (Mr. STENHOLM) is a farmer and can grow 50 acres of wheat on a normal year on a normal basis and he puts his input costs in to grow 50 bushels of wheat on his farm but because of past problems that have occurred, there are some antiquated historical data information that is used to determine how much insurance the gentleman from Texas (Mr. STENHOLM) could buy and he might only be able to buy insurance to cover 25 or 30 bushels of his crop but his input costs are to produce a 50-bushel crop of wheat, it is not advantageous, even under the maximum amount that could be purchased, for him to buy insurance. It is not cost effective. It does not adequately cover him. And there is no incentive.

So what we are trying to do in this proposal is to give him an opportunity to have his actual production capability or movement toward his actual production capability to be able to insure for.

This bill also is a major step in the right direction for revenue assurance, and that is very important to people that farm in areas that do not have historical natural disasters and generally always make a crop. Because the revenue aspect or the downward turn in revenue aspect are one of the reasons we are looking at disaster and emergency packages today, farm assistance, because of low market prices, some of the lowest we have seen in many, many years.

So this does have a good program in it to provide insurance for revenue loss. It does increase the subsidy substantially that the farmer receives for buying insurance. We believe that this creates real incentives, albeit not as far as I would like to see it.

I will tell my colleagues that, in the next couple of years, we intend to even move forward with a second phase of crop insurance reform. But it is important for there to be a risk management tool available to farmers that is, number one, economically feasible and, number two, it covers their crops in an adequate fashion and creates an incentive to buy rather than disincentive, which I think today is the case.

Mr. Speaker, I think that this is a major move in the right direction for risk management that I think will lessen the impact of natural disasters or low commodity prices in the future, and I would commend it to my colleagues and ask for their support.

Again, I am strongly in support of the rule, and I appreciate the Committee on Rules for its efforts.

Mr. FROST. Mr. Speaker, we reserve the balance of our time.

Mr. SESSIONS. Mr. Speaker, I yield 3 minutes to the gentleman from Montana (Mr. HILL), who comes from a huge agriculture State.

Mr. HILL of Montana. Mr. Speaker, I thank the gentleman from Texas for yielding me the time.

Mr. Speaker, I want to congratulate the two gentlemen from Texas who are managing the rule for a good rule and the two gentlemen from Texas who will be managing the bill for a good bill.

Mr. Speaker, as our colleagues are listening to the debate, they will be able to distinguish the difference between the Texans and the rest of us because the Texans will say ''insurance'' and the rest of us will say ''insurance'' when we talk about this. So that is one of the ways we can tell the difference.

Crop insurance is the primary risk management tools that producers have. It helps them and has historically helped them manage the greatest risks they have and that is, of course, the loss of crop, a catastrophic loss of their crop. But as we have asked producers to produce for the marketplace, it has been apparent that we need to make some changes in the risk management tools that we have to help them do a better job of doing that. We need to do that in a fashion that does not distort the marketplace, and that is not easy to do. But this bill goes a long way in helping us address those concerns. I want to just touch on some of them.

One of them, for example, is to make it more accessible for those who would produce alternative crops to get crop insurance. One of the things we are asking producers to do is to diversify their production, to reduce their risk to the catastrophic potential that weather might have on an individual crop or that prices might have on an individual crop. This bill makes alternative crops more accessible for insurance.

One of the problems with the existing program is that the amount of support the Government gives to lower levels of insurance is greater than the amount of support we give to higher levels of insurance. And the consequence of that is that it actually discourages many producers from participating in the crop insurance program and then it reduces the effectiveness of it.

This bill increases support for the highest levels of guaranty, actually across the board, which should encourage more producers to participate. Many producers will tell us that crop insurance is not affordable, and this bill will help that by adding more support across the board, as I mentioned.

Without this bill, the crop insurance premiums for producers is going to go up about 30 percent, which would be a catastrophic thing to occur given the hardship that is out there in ag country right now. Without this bill, we will have a 30-percent increase. This bill avoids that increase.

The current program hits producers when they are down. If they have a number of bad production years, the amount of insurance that they can buy goes down based upon their average production. This bill allows them to take on some of those bad years to be able to keep their insurance level high enough so that they can get enough insurance to cover production costs and to cover their loan.

The program also now introduces the idea of premium discounts. If they have a number of good years where they do not have a claim and they have good production years, they can actually get a discount on their premium, which will help it be more affordable to producers.

It also expands the principle of revenue insurance. One of the things we discovered is that production loss is not the only loss that producers need to be able to manage the risk of. There is also the potential of price loss. This bill allows producers to insure their revenue, which covers both price and production risks.

Lastly, the bill allows livestock producers for the first time to participate in the crop insurance program and the risk management principles that are associated with it.

I just want to again congratulate the ranking member and the chairman for bringing forward a very good rule and a very good bill, and I would urge all my colleagues to support both the rule and the bill.

Mr. SESSIONS. Mr. Speaker, I yield 3 minutes to the gentleman from North Carolina (Mr. HAYES).

Mr. HAYES. Mr. Speaker, I thank the gentleman from Texas (Mr. SESSIONS) for bringing a great rule to the floor.

Mr. Speaker, as many people know, we have heard from California and Montana and Texas, now we go to the East Coast, North Carolina, where floods have inundated our farmers and our families.

I come to the floor today to voice my strong support for a good rule, for a good bill, H.R. 2559, the Agricultural Risk Protection Act.

I want to thank the gentleman from Texas (Chairman COMBEST) the gentleman from Illinois (Mr. EWING) and others for the work that they and the staff have done with Members, farm constituents, and agricultural associations to put together this thoughtful, far-sighted crop insurance bill which is covered by this rule.

Over the past several months, I have traveled around my district, the 8th of North Carolina, and spent dozens of hours listening to farmers and ranchers telling me about the state of the farm economy.

In February, I, with the help of the gentleman from Illinois (Mr. EWING) and the Committee on Agriculture, hosted a field hearing in Laurinburg, North Carolina, to learn farmers' concern about the current crop insurance program and what changes they felt needed to be implemented to achieve meaningful reform.

The Committee on Agriculture took the comments of my farmers and the comments of other farmers around the country and passed a bill which addresses their concerns and strengthens crop insurance and provides better risk management tools for farmers and ranchers. Crop insurance is just one recent example of how the Committee on Agriculture takes a grass roots approach to learning about a problem and then, with a bipartisan effort, efficiently works to solve it. We are now looking to our colleagues here in the full House and the Senate to help us implement this reform and pass this rule.

H.R. 2559 is a good bill created, for the most part, by our own farmers. This bill will provide long-term assistance badly needed. I urge my colleagues to vote in favor of this rule and the bill.

Mr. SESSIONS. Mr. Speaker, I yield 3 minutes to my colleague, the gentleman from Michigan (Mr. SMITH).

Mr. SMITH of Michigan. Mr. Speaker, I thank the gentleman from Dallas, Texas (Mr. SESSIONS) for yielding me the time.

Mr. Speaker, this is a modified, open rule. It is a good rule. It allows us to discuss federal agricultural policy as we deal with dramatic changes in agriculture.

Last February, I served on the Committee on the Budget as well as the Committee on Agriculture, and last February we decided in the Committee on the Budget that we were going to include in the budget $6 billion from the year 2001 to 2004. The Budget Resolution funding would be to help farmers adjust to the challenges of survival that Americans now face. The 1996 Freedom to Farm legislation provides a phaseout of the old Government programs.

The challenges now facing farmers, include subsidies to farmers in other countries that put our farmers at a disadvantage, reduced exports and Washington's lack of efforts to be more aggressive in expanding our trade. Certainly the greatest challenge this year are record-low prices that farmers receive for their commodities. So farmers today are receiving record low prices. For example, soybean price is the lowest in the last 30 years. Corn lower than the last 15 years.

This bill helps farmers adjust.

□ 1100

What we are suggesting in this legislation is that insurance be more available to farmers that would add to their tools of reducing risk. This insurance covers two areas: One, insurance for some commodity price protection. Secondly, is what I call sunshine insurance, insurance to cover those farmers against loss in case of natural disasters.

I think the challenge before us, as we revisit federal agricultural policy is how do we make sure that we keep a strong agricultural industry in the United States? If consumers want to continue with the high quality, low cost that they now pay for food in this country, if we want to continue to know the food is safe because we know how it was produced, then we are going to have to save and maintain and make sure we keep strong, stable agriculture in the United States.

We'll examine some other ways that we can help farmers in the future years. Crop insurance deserves taxpayer support because we do not know what the risks are, because those people that are selling that insurance do not have the experience. It is appropriate, it is proper, it is necessary that government support some of those premiums as we get more experience as we encourage farmers to take out crop insurance in the new freedom to farm environment.

Mr. FROST. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, like my other colleagues who have spoken, I have spent a great deal of time visiting with the farmers and ranchers in my district down through central Texas in recent months. Clearly there needs to be a long-term solution to the crop insurance situation. The gentleman from Texas (Mr. STENHOLM) has an amendment which he may or may not offer today, it has been made in order by the Committee on Rules, but the gentleman from Texas as the ranking member on the Committee on Agriculture will be offering a long-term approach to this situation in the months ahead. While today's bill will offer some short-term relief to farmers, there will need to be a more comprehensive approach down the road which the gentleman from Texas will offer at the appropriate time.

Mr. Speaker, I urge adoption of the rule so that we may proceed to consideration of this legislation today.

Mr. Speaker, I yield back the balance of my time.

Mr. SESSIONS. Mr. Speaker, I yield myself such time as I may consume.

As my colleague the gentleman from Texas (Mr. FROST) has suggested, I would like to thank the participants from the Committee on Agriculture, including the gentleman from Texas (Mr. COMBEST) and also the gentleman from Texas (Mr. STENHOLM) not only for their leadership but for their care and consideration of the men and women who are involved in agribusiness.

Mr. Speaker, I support this rule. I am asking for each one of our Members to support this bipartisan rule and piece of legislation.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. NUSSLE). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. FROST. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

This 15-minute vote will be followed by a 5-minute vote on the question of the Speaker's approval of the Journal.

The vote was taken by electronic device, and there were—yeas 422, nays 1, not voting 10, as follows:

[Roll No. 458]

YEAS—422

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Jackson (IL)
Jackson-Lee (TX)
Jenkins
John
Johnson (CT)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDermott
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Paul
Payne
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wynn
Young (AK)
Young (FL)

NAYS—1

Vento

NOT VOTING—10

Dixon
Hill (IN)
Istook
Jefferson
Nadler
Scarborough
Spratt
Thomas
Watts (OK)
Wu

□ 1124

Mr. HILLIARD and Mr. RAMSTAD changed their vote from ''nay'' to ''yea.''

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. THOMAS. Mr. Speaker, on rollcall No. 458, had I been present, I would have voted "yea."

THE JOURNAL

The SPEAKER pro tempore (Mr. NUSSLE). Pursuant to clause 8, rule XX, the pending business is the question of the Speaker's approval of the Journal of the last day's proceedings.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Ms. SLAUGHTER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 375, nays 43, not voting 15, as follows:

[Roll No. 459]

YEAS—375

Abercrombie
Ackerman
Allen
Andrews
Archer
Armey
Bachus
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Boucher
Boyd
Brady (TX)
Brown (FL)
Bryant
Burr
Burton
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Davis (FL)
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Evans
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Ryan (WI)
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Sanders
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Sawyer
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Weiner
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Weygand
Whitfield
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LoBiondo
Markey
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Nadler
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Phelps
Scarborough
Thomas
Wu

□ 1133

So the Journal was approved.

The result of the vote was announced as above recorded.

Stated for:

Mr. THOMAS. Mr. Speaker, on rollcall No. 459, had I been present, I would have voted "yea."

AGRICULTURAL RISK PROTECTION ACT OF 1999

The SPEAKER pro tempore (Mr. NUSSLE). Pursuant to House Resolution 308 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2559.

□ 1135

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2559) to amend the Federal Crop Insurance Act, to strengthen the safety net for agricultural producers by providing greater access to more affordable risk management tools and improve protection from production and income loss, to improve the efficiency and integrity of the Federal crop insurance program, and for other purposes, with Mr. LATOURETTE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Texas (Mr. COMBEST) and the gentleman from Texas (Mr. STENHOLM) each will control 30 minutes.

The Chair recognizes the gentleman from Texas (Mr. COMBEST).

Mr. COMBEST. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, today we consider H.R. 2559, the Agriculture Risk Protection Act of 1999. This important legislation was approved by a voice vote in the subcommittee and the full committee and enjoys broad bipartisan support from colleagues representing farmers and ranchers from all regions of the country. Equally important, I am pleased to report that this bill fully complies within the budget resolution approved by the Congress earlier this year.

As my colleagues know, this country's farmers and ranchers are not experiencing the prosperity that other Americans enjoy today. Confronted by adverse weather and low prices, they are facing a second year of extreme economic crisis.

Mr. Chairman, there are two ways a farmer or rancher can lose money. That is where a strong farm safety net is needed. The culprits are low prices and lost production, and, sadly, both of these culprits are at work again this year.

On the price side of the equation, just as examples, cotton is expected to receive the lowest price in 13 years; wheat the lowest in 22 years; and soybeans the lowest in a quarter century. Fortunately, in an effort to avert a financial disaster in farm country, the House and Senate are working together to provide an emergency farm relief package.

Mr. Chairman, I believe the short-term assistance provided in the fiscal year 2000 agricultural appropriations bill is urgently needed and will bring our Nation's farmers and ranchers at least some peace of mind. But make no mistake, ad hoc relief of any kind will not bring about a long-term solution to chronic problems. That is why I have announced the committee's intention to convene a series of hearings early next year to evaluate current and future American farm policy. By providing our farmers and ranchers an opportunity to fully participate in this process, we will steer clear of the kind of fixes in farm policy that are made in haste and ultimately do more harm than good.

On the other side of the equation, there is something Congress can do now about severe crop losses that each year rob farmers and ranchers of their livelihood. After more than 8 months of input from farmers and ranchers on the problems with crop insurance, Congress is in a position to act.

The Federal crop insurance program was created in 1938, but it was not a case where the government intruded on the private sector thinking it could do better. Instead, the program came about because countless private sector attempts at crop insurance had failed miserably. Without a Federal commitment, the widespread losses associated with natural disasters would make something as fundamental as insurance protection simply unavailable to our farmers.

Unfortunately, during its 61 years of existence, this critical program has been both underfunded and seriously undermined by ad hoc disaster. This dual policy has fueled a vicious cycle that has not saved taxpayers money but cost them countless billions. By underfunding the crop insurance program, farmer-paid premiums have been unaffordable, leading to a Nation of underinsured farmers at best and uninsured farmers at worst.

For years, the practical effect of this policy has been that farmers who do not buy crop insurance or buy too little leave Congress little choice but to enact ad hoc disaster bills; and in the following year, farmers who had insured their crops the year before decide not to, trusting that Congress will once again come through.

This vicious cycle has seriously undermined the crop insurance program. It has eroded program participation and fueled the need for Congress to

pass costly, unbudgeted ad hoc disaster in every year but three since 1985, at a cost totaling more than $30 billion.

Mr. Chairman, while this is by no stretch a desired effect, it is totally understandable when you consider that many of America's farmers just cannot afford crop insurance.

Mr. Chairman, reducing the need for ad hoc assistance and putting an end to this vicious cycle is my aim with respect to all of Federal farm policy. With respect to crop loss assistance that is exactly what H.R. 2559 sets out to do.

Three provisions of H.R. 2559 alone go a long way in effectively reducing the future need for ad hoc disaster. These provisions simply allow farmers who already buy crop insurance to buy better coverage and encourages those who have usually relied on the government for help to instead rely on themselves.

First, H.R. 2559 makes across-the-board reductions in farmer-paid premiums. In fact, without passage of this bill, crop insurance premiums for every farmer in America will automatically increase by 30 percent.

Second, the bill makes insurance that protects price as well as production more affordable to our farmers.

Third, the bill helps farmers who are hit hard by multiyear disasters to insure more of the yield that they have proven that they can grow. These are obvious but important changes that farmers from all regions, growing all crops, have said that they need.

But H.R. 2559 also recognizes that no matter what amount of premium assistance the government provides, if the insurance policy itself does not work for a farmer, the Federal crop insurance program is flawed. H.R. 2559 responds to calls from farmers from all regions to increase the number of crops that are served by crop insurance and to improve the quality of coverage to crops that are already being served.

By promoting new policy research and development, by expediting the policy approval process, and by helping farmers buy these new policies H.R. 2559 works to ensure that all farmers can count on crop insurance.

There are many other provisions contained in this bill that give committee members reason to be proud. The bill provides risk management assistance to livestock producers for the first time ever and eliminates an agency-imposed black dirt policy that has prevented farmers from planting perfectly good ground. I am particularly pleased with the farmers who came forward and helped us write tough antifraud and antiwaste and abuse provisions that crack down on those who would dare to farm this program.

Mr. Chairman, in short, H.R. 2559 is a fiscally sound bill that is in keeping with the commitment of this Congress to safeguard our balanced budget while strengthening the safety net for our Nation's farmers and ranchers.

I would call to the attention of my colleagues, Mr. Chairman, and at the appropriate time would ask for inclusion into the RECORD, of a variety of letters from many, many farm groups and commodity groups that I will have for the Members to review in support of the efforts of the committee and in support of the bill on the floor.

I would urge my colleagues to support H.R. 2559.

Mr. Chairman, I reserve the balance of my time.

Mr. STENHOLM. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 2559. I want to thank the chairman for the work that he has put in to this bill and for the inclusion of the minority and all members of the committee in the development of its provisions. The gentleman from Texas (Chairman COMBEST); the gentleman from Illinois (Chairman EWING), the subcommittee chairman; and the gentleman from California (Mr. CONDIT), the ranking Democrat on the subcommittee; are all to be commended for their efforts.

Mr. Chairman, this bill succeeds in spending the funds that were allotted in the fiscal year 2000 budget. While it was the will of our committee that these funds should be dedicated to improvements in our current crop insurance program, the Congressional budget resolution made funds available for the broader purposes of income assistance and for risk management and, in so doing, provided a level of flexibility that would permit nearly any kind of agricultural assistance.

The bill before us today, however, does not recognize that flexibility. In a rare moment, at a time when the congressional budget actually allows us to increase the amount spent on farm programs without having to offset them, the bill spends all of its money on yield insurance and ignores the many other needs facing agriculture.

□ 1145

Mr. Chairman, these budgeted funds came on the heels of last year's $6 billion in emergency agricultural spending. Even as we speak, appropriators in conference are finalizing a proposal to designated over $8 billion as emergency spending to compensate for economic circumstances that were entirely foreseeable. The fact that 2 years in a row we are compensating producers for low prices seems to me to be a stark admission that our basic farm program is not working, just as yield disaster aid shows that crop insurance is not working.

Increases in the budget were a clear signal by our colleagues that these problems, income reductions as well as yield reductions, need to be addressed. Our Nation deserves a long-term, reliable farm policy. Taxpayers and agricultural producers alike should be able to know up front what kind of assistance they can expect and what the rules will be for distributing it.

In terms of yield insurance, this bill makes some progress. Higher subsidy rates, for example, will lead to higher levels of participation in crop insurance and better indemnity performance for the producers who participate.

Absent from the bill, Mr. Chairman, is the other half of the picture. Last year, our programs left producers overexposed to price and weather disasters. This bill makes progress toward addressing yield disaster. But what about price disaster? How much more will our Government spend on ad hoc, supplemental AMTA payments before we realize that a more rational, predictable policy needs to be in force?

Mr. Chairman, I intended to offer an amendment that addresses the total revenue picture for program crops. Because the score from CBO came in at a higher level than expected, I will not offer it at this time. However, I am committed to exploring all avenues in order to provide this type of assistance in a budgetarily responsible manner.

I will describe it now in the hope of encouraging my colleagues to give it their consideration as we continue to debate long-term farm policy.

My proposal would establish a system that would allow for supplemental income payments, SIP. Producers who planted crop would receive a payment for a crop year if national revenue for the crop falls significantly below the most recent 5-year average. Payouts would occur if national prices are low or if a national production is low. A supplemental income program can work for our producers and for taxpayers as well. It is a simple program under which payments would go directly to actual producers in time of need.

It is the kind of long-term approach we should be using to address agriculture's cyclical problems. H.R. 2559 does increase the subsidy provided to the current revenue products that address price drops within a crop year. However, it does nothing to protect producers from severe downturns in income from year to year.

The supplemental income program would complement existing farm programs and the changes made to the crop insurance program by providing a complete risk-management package.

Mr. Chairman, once again I want to commend the gentleman from Texas (Mr. COMBEST) and all members of the Committee on Agriculture for their work on this bill thus far. Going into this process, we agreed that short-term changes in crop insurance this year would pave the way for a broad look at the entire program in the years ahead. I look forward to working with my colleagues in developing a crop insurance program that works better and a farm revenue program that meets producer and taxpayer needs.

Mr. Chairman, I reserve the balance of my time.

Mr. COMBEST. Mr. Chairman, I yield such time as he may consume to the gentleman from Alabama (Mr. EVERETT), who is a very valuable member of our committee.

Mr. EVERETT. Mr. Chairman, I rise in strong support of H.R. 2559, the Agricultural Risk Protection Act of 1999. It is a great first step to help our struggling farmers, and I would like for my complete statement to be made a part of the RECORD at this point.

Mr. Chairman, this bill is the culmination of months of work by the Agriculture Committee in trying to form policy that would give producers from all regions of the country a better way to manage risk.

Producers have to manage two types of risk, price fluctuation and weather related disasters. I believe this bill reforms the federal crop insurance program to more adequately address the risk management needs of agricultural producers when it comes to protecting yield.

One of the problems with the current system was the program was being underutilized. Producers chose not to participate because crop insurance was too expensive for too little coverage. H.R. 2559 makes coverage more affordable by building upon the additional premium assistance that was provided by the Omnibus Appropriations bill of 1998. By increasing the government's share of the premium's cost, we can dramatically increase participation in this crucial program.

In addition, the bill provides assistance for innovative policies that protect against lost revenue or rising costs of production. Right now, current law prevents federal assistance on that portion of the policy, making these policies too costly for most farmers.

A viable crop insurance program must achieve broad-based participation across all potential production risk levels. Crop insurance participation is lower among so-called low risk producers because it is not cost effective for a producer to have insurance if he never files a claim. This bill changes that by allowing performance based discounts for those low risk producers.

The bill also addresses the need for adjustment in Actual Production History to assist farmers affected by disasters. Actual Production History serves as a guide for determining how much protection a producer can receive. Producers are currently punished two fold by natural disasters. One being the actual crop loss and two the permanent damage to a producer's production history making it harder for a producer to get adequate coverage for his crop.

One provision that is especially crucial to Southern producers is the provision that revokes the prevented planting policy. Currently, if a producer collects an indemnity because he is unable to get a crop into the ground, he is prevented from planting a second crop, possibly one with a shorter growing season. This bill strikes that language, but also provides safeguards against manipulation of the system.

In addition, the committee found far too many cases of fraud and abuse of the crop insurance program. To improve program compliance, the bill increases the punishment for fraud, including assessing a fine up to the value of the false claim or $10,000, whichever is higher, and a producer would be banned from all farm programs for five years.

Mr. Chairman, this bill addresses many of the inadequacies of the current program, making crop insurance more attractive to many more producers, but more must be done. This is a step in the right direction of letting farmers effectively manage their production risk. I ask all my colleagues to support this important legislation.

Mr. COMBEST. Mr. Chairman, what time did I consume, and how much time do I have remaining?

The CHAIRMAN. The gentleman from Texas (Mr. COMBEST) consumed 7 minutes and has 23 minutes remaining.

Mr. COMBEST. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois (Mr. EWING), a very valuable member of the committee, the subcommittee chair with jurisdiction over this subject, and cosponsor of the bill on crop insurance.

(Mr. EWING asked and was given permission to revise and extend his remarks.)

Mr. EWING. Mr. Chairman, it seems that ever since I have been in Congress and been a part of the Committee on Agriculture, which has been five terms, we have been working on crop insurance. I know this is not the first bill that we have passed on crop insurance in those five terms, but I think it is the best bill; and I think we have made continued progress over the years. So I rise today in very strong support of H.R. 2559, the Agricultural Risk Protection Act of 1999.

As chairman of the Subcommittee on Risk Management, Research, and Specialty Crops, which has jurisdiction over the Federal crop insurance program, improving Federal crop insurance has long been a priority for me. H.R. 2559 is the result of many hours of work to try and give farmers better and more affordable coverage.

We also intend to make USDA more efficient in administering the program, while at the same time cutting down on fraud and abuse. Finally, we hope to give producers, producer organizations, insurance companies, and universities the ability to work together to create better, more workable crop insurance policies.

The subcommittee conducted a series of hearings all over the country last year and the year before that were designed to gather information from producers as to what was wrong with our crop insurance program.

We had hearings in western Michigan; Sioux Falls, South Dakota; Perry and Douglas, Georgia; Laurinburg, North Carolina; and Lexington, Kentucky. Many ideas were presented to us and many of these ideas eventually were incorporated in this bill before us today.

Crop insurance has become a vital link to the soundness and prosperity of American agricultural producers. It is a safety net that assists the producer in managing risk on the farm. It allows the producer, not the Government, to decide how to manage this risk, be it financial, market or legal risk. By no means has the program been perfect, and it is unrealistic to expect the same program to always work well in every part of the country.

In the past, crop insurance has worked well in many regions, but in other areas, such as California, Florida and Maine, the program has not worked as well.

During our meetings and hearings, some producers advocated complete elimination of the program. Some advocated elimination of the actuarial soundness standard. Some supported retaining the program but believed improvements, including increased premium subsidies, modified rating practices, modified APH determination, and the development of a cost-of-production crop insurance policy were needed.

What we did do that is very important in this bill is we provided higher premium support to allow more farmers to afford the purchase of this improved crop insurance policy. We also addressed the problem of yield averages to allow farmers to eliminate those bad years in their average so that they can actually purchase insurance to cover what they normally can produce.

The improved policies also allow producers to buy income protection, a much needed improvement in the safety net. The committee has stated all along that it was on a two-track approach toward improving risk management. The first track was to make improvements in the Federal crop insurance program, and that is H.R. 2559.

It has and will be combined with further efforts to bring about a full examination of our safety net and to examine the crop insurance program to find the best way to provide the best crop insurance and the best safety net for all of our farmers. I want to thank the leadership, who made the extra money possible so that we could be here today with this improved bill.

I want to thank my staff on the subcommittee who worked so hard, and I want to thank the gentleman from Texas (Mr. COMBEST), the ranking member, the gentleman from Texas (Mr. STENHOLM), the subcommittee ranking member (Mr. CONDIT), and all of those who have worked to make this bill what it is today. It is a good bill. It is an improved bill, and we ought to pass this bill resoundingly and send it to our colleagues in the Senate.

Mr. STENHOLM. Mr. Chairman, I yield 3 minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Chairman, I rise first to commend the leadership of the gentleman from Texas (Mr. COMBEST) in bringing this bill to the floor today. The chairman has proven himself, in his time so far as the Committee on Agriculture chairman, to be a square shooter. He is also dealing substantively with the issues and dealing with them in a bipartisan way.

I think his comments even on the floor today, his stated intention to hold hearings in the new year on the farm bill to assess its failings, shows that he will honestly follow the facts and not get tied up in partisan positioning; asking the questions that need to be asked, why is this farm bill failing so poorly?

Another example of the constructive leadership of the chairman is the bill before us. He represents the southern plains. I represent the northern plains. He is a Republican. I am a Democrat. This bill reflects a consensus product that leaves me very, very enthused about extending the protection to the farmers I represent, as well as farmers throughout the country. I deeply appreciate the bipartisan, constructive leadership he has provided in bringing this bill together.

Quickly, let me tell of the importance of crop insurance to farmers. Family farming involves the exposure of a significant amount of capital, literally hundred of thousands of dollars each year; and yet there are risks the farmers cannot control, the risk of production loss and the risk of price collapse. We are passing a disaster bill now, responding in part to the fact that we do not have a farm program responding to price collapse. We need to build that in as part of the farm program in the future.

This crop insurance, however, responds to the other risk, production loss, and it does so very meaningfully in three important ways.

First, it makes adequate coverage levels affordable to family farmers. Right now, quite frankly, the premiums to put in place the coverage levels that begin to protect the financial investment are simply out of reach for America's family farmers. This makes those premiums more affordable and therefore will greatly help people get the coverage that they depend upon.

Secondly, it helps farmers plagued with several years of losses continue to have a production history that produces adequate coverage and adequate coverage opportunity. Right now, through no fault of the farmer, if they have a loss, another loss the next year, another loss the next year, pretty soon no matter what they do, no matter how much they want to pay, they cannot get adequate coverage back in place anymore. This deals with that problem.

Thirdly, right now we essentially do not provide adequate coverage at all for farmers that haul their grain to the elevator, and only at the elevator realize a very severe price discount due to quality problems in the grain. That is an uncovered exposure under the present system. This affords the opportunity to the Risk Management Agency to address that problem.

This bill goes an awful long way to making permanent changes in crop insurance that will help farmers deal with the risk-of-production loss. It is an excellent starting point to the full breadth of action required by this Congress to rural America, the next step being, of course, a permanent provision for protecting farmers when prices collapse.

I thank the chairman and urge support of this legislation.

Mr. COMBEST. Mr. Chairman, I yield 2 minutes to the gentleman from Nebraska (Mr. BARRETT), the vice chairman of the full committee.

Mr. BARRETT of Nebraska. Mr. Chairman, I thank the gentleman from Texas (Mr. COMBEST) for yielding me this time.

Mr. Chairman, I do rise in support of H.R. 2559, and I too want to commend the gentleman from Texas (Mr. COMBEST) and the ranking member, the gentleman from Texas (Mr. STENHOLM), for their leadership on this issue and their hard work on the bill and certainly a word of appreciation to the subcommittee chairman, the gentleman from Nebraska (Mr. EWING), and the ranking member, the gentleman from California (Mr. CONDIT), for their leadership in bringing the bill to the point that we have reached here today.

Mr. Chairman, H.R. 2559 strengthens the farm safety net by making crop insurance more accessible and certainly more affordable for our producers. Most importantly, the bill will help reduce the need for unbudgeted ad hoc disaster assistance just as we are preparing to provide that assistance again this year.

□ 1200

I believe the livestock coverage pilot program included in the bill will prove to be very, very beneficial. It will allow livestock producers to participate in the Federal insurance program for the first time to help them better manage low market prices.

The bill also rewards producers who have above average production and insurance history, that is very, very positive, by authorizing some premium discounts for exceptional performance in the program.

Mr. Chairman, our American farmers and ranchers borrow more money each and every year than most of us borrow in a lifetime just to plant a crop so that the world can eat. Borrowing that kind of money is an incredible gamble because markets may or may not provide farmers enough to pay back their loans or to cover the cost of their production. Worse yet, adverse weather, of course, can rob them of their crop and their income completely.

I think it is absolutely essential that we pass H.R. 2559 as our farmers prepare for the upcoming crop year. I urge my colleagues to join me and support this timely and very, very important measure.

Mr. STENHOLM. Mr. Chairman, I yield 2½ minutes to the gentleman from Maine (Mr. BALDACCI).

Mr. BALDACCI. Mr. Chairman, I wish to thank the gentleman from Texas (Mr. STENHOLM) for his leadership on this issue and bringing this about and working with the gentleman from Texas (Chairman COMBEST) and the committee as we move this legislation forward.

Mr. Chairman, this is going to provide the new national safety net. We have seen that, with the disasters in both drought and other circumstances, that our farmers need additional assistance in order to provide for a safety net.

I have enjoyed working with the committee to make sure that it includes policies which will be a benefit to, not only Maine, but to Northeast, in particular the development of new policies and the expansion of the specialty crops and the special recognition of expanding to cover more of those specialty crops like potatoes.

I want to again urge the chairman and would like to be able to work with the chairman and the gentleman from Texas (Mr. STENHOLM), the ranking member, as we look to try to reduce to smaller units and rate increases that are no greater than any other class to make sure that we can further incorporate more and more of the farmers, especially in Maine and in the Northeast, as we try to get more of them engaged on a national scale in terms of this new national safety net.

I would like to be able to work with the chairman and the ranking member in conference as we work on this particular issue.

Mr. Chairman, I yield to the gentleman from Texas (Mr. COMBEST) for comments.

Mr. COMBEST. Mr. Chairman, I appreciate very much the productive efforts of the gentleman from Maine (Mr. BALDACCI) throughout this process. Part of what he is suggesting is, a part of the whole concept behind this, is to look at new types of programs that can be available for coverage that does not exist today, look at the growing habits and conditions that farmers may have, and to encourage the associations that represent the people who grow those commodities to be involved in the product so that it is a very workable product.

We will be happy to work with the gentleman in any way that I might through the conference to assure that his concerns and interests are taken care of.

Mr. BALDACCI. Mr. Chairman, I yield to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Chairman, I, too, look forward to working with the gentleman from Maine. I appreciate him bringing it to the attention of the full body, bringing this, not necessarily unique problem, but it is one which is clearly made possible in the legislation that we consider today, these concerns to be met.

I look forward to working with the gentleman from Maine (Mr. BALDACCI) and the gentleman from Texas (Mr. COMBEST) and seeing that, in the final conference report, that this be achieved.

Mr. COMBEST. Mr. Chairman, I am very pleased to yield 3 minutes to the gentleman from Georgia (Mr. CHAMBLISS), the Vice Chairman of the Committee on the Budget and a member of the House Committee on Agriculture and who I would say more than any other Member is responsible for the additional money that was in the budget for crop insurance.

(Mr. CHAMBLISS asked and was given permission to revise and extend his remarks.)

Mr. CHAMBLISS. Mr. Chairman, I just want to say, like my other colleagues, how much I appreciate the strong leadership, both to the chairman of the committee and also to the ranking member. The gentleman from Texas (Mr. COMBEST) and the gentleman from Texas (Mr. STENHOLM) have come together in a strong bipartisan way to ensure that farmers in America have been treated fairly. Also to the gentleman from Illinois (Mr. EWING), my subcommittee chairman, and the gentleman from California (Mr. CONDIT), the ranking member. Again, we have shown how things in this body ought to work in a bipartisan way.

Agriculture is the backbone of the economy of this country. It always has been and, frankly, always will be. But today agriculture all across the United States is in trouble. We are taking some short-term measures to shore up the current deficit in prices for commodities across the country, and that is very well needed.

But even though we have heard a lot of fingerpointing in the last 4 years now, almost since we passed the 1996 farm bill, as to what the cause of the problems are in agriculture country today, when we passed the 1996 farm bill, there were several legs to the table that were going to be necessary to require agriculture country to stabilize for years to come.

One of those legs was regulatory relief. Frankly, in this House, we passed any number of regulatory relief measures that would give our farmers more flexibility to operate their farms and improve their bottom line. Some of those measures have been enacted into law and are in the process now of being tweaked to benefit our farmers. Some of them never got beyond passage in this House.

Another leg was providing tax relief to the American farmer. We passed a real tax relief package not too long ago that would have been a huge benefit to the American farmer and has recently been vetoed.

Another leg to that table is crop insurance. The one thing that I think we agree on across agriculture country in the United States is that the current crop insurance program we have in place does not work and does not provide any sort of safety net to our farmers.

We did have hearings down in my district and all across the country. The gentleman from Illinois (Mr. EWING) was gracious enough to come down and visit with the gentleman from Georgia (Mr. BISHOP) and myself. The gentleman from Texas (Chairman COMBEST) came down and heard the interest of my farmers.

There were a couple of things in particular that we heard. One was we need flexibility. We need flexibility and a crop insurance program that will provide for a cost to production policy that will ensure our financial benefactors to be able to know that we will get some sort of return in disastrous years. That flexibility is provided in this bill.

A second thing that he heard, that both these gentleman heard from our farmers, was that, in our part of the country, we have a real distinction between irrigated and nonirrigated crops. We need crop insurance policies that will allow the insurance of irrigated crops versus nonirrigated crops so that our farmers who are making good, rational business decisions to invest in irrigation will be able to provide the risk management tool that they need to cover those irrigated versus nonirrigated crops.

Those are some of the major issues that are covered here. It is a good bill. I, again, thank our leadership and urge the passage of this bill.

Mr. STENHOLM. Mr. Chairman, I yield 2 minutes to the gentlewoman from North Carolina (Mrs. CLAYTON).

Mrs. CLAYTON. Mr. Chairman, I thank the ranking member for yielding me the time. I thank him for his leadership.

I also want to thank the gentleman from Texas (Mr. COMBEST), chairman of the Committee on Agriculture, for his leadership in bringing this bill to the floor and his attitude and his openness to be inclusive of a variety of ideas.

I think this is a terrific step forward, and I think it is the right way to go. I do not think it is the complete step, however. I think it is a process that will allow us to get to a desired place where most farmers will be better protected.

We certainly know that the safety net that this bill speaks to will enable a lot of farmers to have the assurance that the risks that they need to manage, it will be greatly enhanced.

I am still hopeful that the whole issue that the gentleman from Texas (Mr. STENHOLM) is talking about, income, can be looked at. I think that is something that the chairman has at least been open to discuss.

I want to raise the issue of the whole safety net for smaller farmers. In my neck of the woods, smaller farmers have complained that they have not had the opportunity to have the same recovery from the risk management in crop insurance. This, I think, begins to open that process.

At least I want to have that intention when I vote for it, that it does not inherently put into place to enable the larger farmer over the smaller farmer; that, structurally, we are trying to make it open that all farmers have equal access in the base of their production and their year rather than to have it skewed to the larger farmer.

Finally, I would say that this risk management will go a long ways because, in many of my areas, Hurricane Floyd has added to that whole risk, and we certainly need it.

Mr. COMBEST. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota (Mr. GUTKNECHT), a very hard working member of the committee.

Mr. GUTKNECHT. Mr. Chairman, I rise in support of H.R. 2559. I, too, want to congratulate the leadership and the staff for all the work that went into this bill.

It does not go as far as I would like to see us go in terms of the area of revenue protection. H.R. 2559 marks a major step toward the kind of revenue protection program that I believe will be necessary to provide our farmers with a shock absorber, a shock absorber against the vagaries of weather and volatile commodity prices.

The past couple of years demonstrate now more than ever that our farmers need more affordable protection in times of declining prices and natural disasters. Without these changes, we are likely to face the prospect of even more costly and more unbudgeted ad hoc annual disaster programs.

Putting aside the emergency assistance package that is being prepared, the RMA estimates that $1.8 billion will be paid this year to farmers who have suffered major crop losses. Even with lower commodity prices, these payments, I am told, parallel a 17 percent jump in crop insurance protection for farmers, from $28 billion in 1998 to a projected $33 billion in 1999.

Let us not lose sight of the fact that we can save precious dollars tomorrow by a smart investment today. I urge my colleagues to support these much-needed reforms. Support the Agriculture Risk Protection Act.

Mr. STENHOLM. Mr. Chairman, I yield 3 minutes to the gentleman from Arkansas (Mr. BERRY).

Mr. BERRY. Mr. Chairman, I want to thank the gentleman from Texas (Chairman COMBEST) and the gentleman from Texas (Mr. STENHOLM), the ranking member, for their leadership on this issue.

I rise today in support of the Agriculture Risk Protection Act. This bill makes the Federal crop insurance program a better risk management tool for America's farmers.

Farmers will pay less for crop insurance at every level as a result of this bill. By offering increased premium subsidies, this bill encourages farmers to purchase crop insurance and protect themselves against low yields and weather disasters.

Crop insurance should be like automobile insurance. If one gets a discount on automobile insurance for having a good driving record, one should get a discount on crop insurance for having a good production history. This bill does this by establishing premium discounts for producers who have a good production history.

This legislation also imposes different penalties on those who defraud the program. Anyone who intentionally submits false information will be disqualified from all farm programs for up to 5 years. This is an excellent step towards making sure a good crop insurance program is available for honest farmers.

This legislation improves the way a farmer's actual production history is calculated to allow producers sufficient yields to provide adequate coverage.

It enhances Farm Services Agency's roll in record keeping, yield estimates, and product approval by forming a new record-keeping system through cooperation between the Farmer Service Administration State committees and the Federal Commodity Insurance Corporation.

This system will provide more accurate information for the crop insurance program. This legislation improves oversight of companies and the Risk Management Agency by establishing an office to oversee policy development and broadens membership and oversight authority of the board of directors of the Federal Crop Insurance Corporation.

It increases coverage for fruits and vegetables by expanding and improving NAP program to benefit fruit and vegetable farmers.

The bill allows producers who are prevented from planting a crop to receive the indemnity on that crop and still make use of the land by preventing an uninsured crop. This provision is especially important for cotton producers across the country who are often prevented from getting their crop in the ground.

Mr. Chairman, this is a good bill. I urge my colleagues to vote for a better crop insurance program and pass the Agriculture Risk Protection Act.

Mr. COMBEST. Mr. Chairman, may I have an accounting of the time.

The CHAIRMAN. The gentleman from Texas (Mr. COMBEST) has 11½ minutes and the gentleman from Texas (Mr. STENHOLM) has 15½ minutes.

Mr. COMBEST. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. LAHOOD), a very hard-working member of the committee.

Mr. LAHOOD. Mr. Chairman, I rise in strong support of this very important bill and to congratulate the two distinguished Members from Texas who have worked so well together in a bipartisan way to help hard-hit farmers solve some very important problems.

There are two things in the bill that I want to point out. One is an amendment that was adopted by the committee during consideration which allows for electronic availability for producers and agents to file electronically crop insurance paperwork.

It is a shorter version or a revised version of a bill that I have been pushing to allow for electronic filing for any number of forms and programs within the department of USDA.

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And I am glad this provision was included as an amendment. I think it is a good first step, and I hope it will allow us in the future to pass the entire bill that we have held hearings on in our subcommittee.

I also will be offering an amendment, along with the gentleman from Iowa (Mr. BOSWELL), to set up a couple of pilot projects for livestock producers around the country. And in particular I think it is interesting to note that these pilot projects are very timely, given the disasters that have taken place as a result of hurricanes, particularly in the Carolinas. I believe these pilot projects will go a long way to helping livestock producers.

I appreciate the fact that the chairman has agreed to accept our amendment and look forward to working with him as we go to conference on this bill so that these important provisions can be a part of a final bill that passes the Senate and, hopefully, turns into a conference report that both the House and Senate will pass and that the President will sign.

This is important legislation for hard-hit agriculture; and, again, I compliment both of the gentlemen from Texas for the work that they do on behalf of farmers all over America.

Mr. STENHOLM. Mr. Chairman, I yield 3 minutes to the gentleman from Minnesota (Mr. MINGE).

Mr. MINGE. Mr. Chairman, I would like to thank the ranking member for yielding me this time, and I rise in support of the legislation.

This crop insurance reform proposal has been worked on now for many months. It represents an effort on the part of many commodity groups and farm organizations to come together and identify key reforms that are necessary in our program, ways to strengthen the program, and the financial support that is necessary to make this program successful and effective in the farming community.

One of the problems that we continue to face is concern on behalf of farmers that crop insurance is a very expensive tool to manage risk, and that the benefits that they receive from crop insurance are not adequate to compensate them for the tremendous losses and risks that they face in their agricultural endeavors. I hope that with the additional infusion of cash here for the Federal crop insurance program that farmers will see that this is still a better value and that they will be able to use it and that it will provide the type of countercyclical government assistance that is needed for America's farmers to continue to compete in the global economy.

I am particularly pleased that we are now moving in the direction of whole-farm revenue assurance. This bill certainly does not accomplish that, but it enables us to pursue pilot studies, pilot projects, and offer to some of the farmers that have livestock operations an opportunity to ensure the revenue stream with respect to their livestock operations and, similarly, to enable crop farmers to assure their revenue stream.

This is an important distinction from the insurance program that we have had traditionally. Traditionally, crop insurance has been keyed to productivity, to yield loss. And a multi-peril crop insurance has meant, whether it is hail, insect infestation, drought, flooding, or some other cause, that they have protection against that yield loss. But as we see here in 1998 and 1999, the farmer faces a risk of price loss that is every bit as severe as the yield loss.

When I was home in my area of Minnesota last weekend and saw the combines starting to roll and heard from some of the farmers that the yields are perhaps the best that they have ever experienced in certain parts of the State but that, still, they cannot break even because the price collapse haunts them, it reminded me even more of the importance of expanding the crop insurance concept to include this total revenue stream, to include the price risk.

So as we move ahead with this debate and consideration of the bill, I urge that we continue to focus on how this can be the most effective tool possible for farmers.

Mr. COMBEST. Mr. Chairman, I yield 2 minutes to the gentleman from Alabama (Mr. RILEY), a very valuable member of the committee.

Mr. RILEY. Mr. Chairman, things are bleak in farm country these days. Commodity prices are at their lowest levels since the Great Depression. Each morning, far too many families in Alabama and across the Nation wake up to the haunting realization that their farm may not be around next year; that they may have to change their way of life.

Mr. Chairman, there has always been weather-related disasters and difficult economic times in agriculture, but there is something different about today's economic climate. In my own State of Alabama, farmers are suffering through some of the toughest climate and economic conditions in years.

For years, crop insurance has been the primary risk-management tool for farmers. But every time I go home, farmers tell me that insurance premiums under the current program are just too expensive and too complicated to make the program useful. H.R. 2559 will solve this problem by reducing the expensive out-of-pocket crop insurance cost to farmers by making across-the-board cuts in farmer-paid premiums. As a result, more farmers in my State and across the Nation will be able to participate in this program.

Finally, Mr. Chairman, I am pleased that this bill lifts unfair restrictions, like the so-called ''black dirt policy,'' that prohibits farmers who double crop, like many of my cotton growers, from planting a second crop in a year when they make a prevented planting claim.

Mr. Chairman, overall, H.R. 2559 is a good bill and I urge my colleagues to support it.

Mr. STENHOLM. Mr. Chairman, I yield 2 minutes to the gentleman from Iowa (Mr. BOSWELL).

(Mr. BOSWELL asked and was given permission to revise and extend his remarks.)

Mr. BOSWELL. Mr. Chairman, I thank the gentleman from Texas for yielding me this time to speak on this matter. It is very important. And I want to thank also our chairman, as others have, the gentleman from Texas (Mr. COMBEST) for his keen interest in trying to provide a better safety net for our producers.

Farmers need the insurance. But if they cannot afford it, they are not going to use it. And they have proven that to us. So this will be a big step, an incentive, to get this going. And again I want to thank the gentleman from Texas (Mr. COMBEST) for taking this on.

As has been said several times, and I will not spend a lot of time repeating it, but the lowest commodity prices in years and years and years are facing farmers today.

I am also looking forward, and I appreciate again the statement of the chairman in committee that the supplemental income language that the gentleman from Texas (Mr. STENHOLM) has prepared will be discussed at a future time. So I thank him for that. I am looking forward to that. I think that is a step forward in the right direction.

So I am very enthusiastic to support this bill today, and I look forward to the discussions we will have starting in the new year with the hearings that we are going to have on the farm bill. I think this is very important, and the farmers across this land are expecting this and looking forward to it.

So I rise in strong support of what we are doing here today and thank again the chairman and the ranking member for their good work.

Mr. COMBEST. Mr. Chairman, I yield 2 minutes to the gentleman from Iowa (Mr. LATHAM), a former member of our committee and still-hardworking member of the Committee on Appropriations.

Mr. LATHAM. Mr. Chairman, I thank the gentleman for yielding me this time, and I just wanted to take this opportunity to congratulate the Committee on Agriculture, which, as the chairman mentioned, I was a former member of. But the gentleman from Texas (Mr. COMBEST) and the ranking member, the gentleman from Texas (Mr. STENHOLM), have really done an outstanding job on this bill, and also the subcommittee of jurisdiction I think has done an outstanding job.

I just wanted to make a couple of comments. We have had a pilot project, or pilot plan, in Iowa for the past several years, using the revenue assurance model. And the farmers that have used the program have found it extremely beneficial in managing their risk.

And when we talk about weather-related problems, such as an individual farm hail storm, a lot of times emergency bills do not cover an isolated area that has either some small flooding or hail storms. This allows the individual farmer to manage his risk. And, also, with the revenue assurance, it allows that individual to manage the price risk.

As we all know, we are going through right now an emergency supplemental for agriculture, which is very much needed, but in the long run we have to find ways for farmers to manage their risk, both price and production risk. This is what this bill is all about. It is extraordinarily positive.

There are problems in areas where they have had disasters over a number of years that they have not been able to purchase insurance. It has been too expensive to justify purchasing the insurance. And I believe this bill will go a long ways towards solving those problems, making revenue assurance available for all producers throughout this Nation.

It is an extremely positive step forward, and I just want to compliment everyone on the committee for their great work.

(Mr. WELDON of Pennsylvania asked and was given permission to speak out of order.)

INTERNATIONAL ASSOCIATION OF FIREFIGHTERS SPONSORING VISIT OF CHILDREN WHO ARE BURN VICTIMS

Mr. WELDON of Florida. Mr. Chairman, I thank my colleagues for yielding and for indulging.

Mr. Chairman, I rise to announce to my colleagues that at present, in the basement of the Rayburn Building, we have 45 young children from all over the country who are the victims of terrible tragedies in their homes who have been burned.

These youngsters were brought here by the International Association of Firefighters. It is part of a week-long camp to help them get reoriented into their lives. I would ask Members, if they have some time, to stop by B369 in the Rayburn Building to say hello to these children and to see the tragic consequences of what fire does to young people, but also to see the spirit of these young people as they press forward, working with the IAFF to rebuild their lives.

Mr. STENHOLM. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. COMBEST. Mr. Chairman, I yield myself such time as I may consume and, in closing, I would only thank my colleague and friend and neighbor, the ranking member of the committee, the gentleman from Texas (Mr. STENHOLM), for his bipartisan work and support.

The gentleman from California (Mr. CONDIT) is the ranking member of the Subcommittee on Risk Management, Research, and Specialty Crops, and even though he has left the floor, a special thanks to him; and to the gentleman from Illinois (Mr. EWING), the subcommittee chairman, who not only has spent a great deal of time and a lot of hard work in a lot of hearings, and probably understands crop insurance as well as anyone. I thank him for his efforts in moving this bill forward. He did a great job, and I certainly could not give him over-acclaim. He did a very good job on the bill, and I thank him very much.

Mr. BRYANT. Mr. Chairman, I rise today in strong support of this legislation.

The continuing dry weather in Tennessee has left our farmers facing devastating crop losses for the second year in a row. The harsh conditions have dried up thousands of acres of crops and left Tennessee farmers with low commodity prices and unstable market conditions for those crops which have survived the harsh drought conditions.

Rainfall has been very sparse throughout west Tennessee. National Weather Service statistics show that Jackson, Tennessee, received less than 3 inches of rain for July, which is indicative for the rest of the region. Memphis rainfall totaled less than 4 inches for 3 months in a row so far this summer. The entire west Tennessee region is more than 7 inches below the normal precipitation levels this year.

Because of the lack of significant rainfall, conditions of specific crops have suffered dramatically over the past several months. Cotton farmers, whose crops are mostly located in southwest Tennessee in the Fayette County area, reported just last month that more than 34 percent of their crops are in poor to very poor condition. Soybean farmers, who make up the largest percentage of farmers in Tennessee, reported last month that 49 percent of their crops are in poor to very poor condition.

Livestock farmers are also being forced to use their own winter feed reserves because of the crop devastation around the State. In fact, some of the livestock producers in Montgomery County have begun to sell off a portion of their herd because of the high price for feed and the unstable conditions in the area.

There can be no better time for crop insurance reform than now. The farming industry, which is solely dependent on the weather, has producers across the country contacting their Representatives asking for a more responsive crop insurance program. Their need is to have availability to insurance plans or policies for both crop and livestock risk management.

Farmers who have suffered year after year in either drought or flood conditions are having a difficult time obtaining insurance at an affordable rate. Under this bill, the Federal Government provides better assistance for buying coverage for farmers, who have been plagued by multiple disasters each year. It also provides the development of pilot programs for livestock risk management plans.

The bill also tightens the accountability of the Federal crop insurance program. It requires the Secretary of Agriculture to work with the Farm Service Agency to monitor and audit the Federal crop insurance program in the field. There are also increased sanctions for reporting false information and new requirements for record keeping and reporting of crop acreage, acreage yields and production.

Tennessee's 95 counties were declared a Federal disaster area on September 10th. This was welcome news for our farmers who have been through the worst of conditions over the past several years, and whose crops are dwindling to dust. But so far, the assistance has been slow. Many of our farmers have not received any information concerning the disaster funds available and are left wondering when the assistance will come and will it be on time to help with the financial losses they're suffering.

Comprehensive crop insurance reform is desperately needed for our farmers across the country. Future disasters will happen, and when they do, our farmers will need to have a plan they can rely on that offers accountability, premium assistance and affordable coverage to keep their industry going.

Mr. CONDIT. Mr. Chairman, I rise today in support of H.R. 2559, The Agricultural Risk Protection Act. I would like to take this opportunity to commend the chairman and ranking minority member of the committee and my subcommittee chairman, Mr. EWING for their efforts in developing this important bill.

H.R. 2559 serves the interests of farmers and ranchers by providing more choices and the tools needed to manage the risk inherent in farming. This is especially important to my constituents in the central valley of California, who rely on little Federal support or programs. Instead, these producers rely on other risk management tools, such as diversified farming, irrigation, and responding to market signals to make their decisions. However, even these practices may not be enough for producers to protect themselves from factors beyond their control. New challenges are being faced in light of the growing global marketplace and the increasing regulatory and social pressures to reduce farming inputs.

I would like to point out there are currently over 300 specialty crop producers who do not have the choice to purchase insurance products—there are simply none available. Even worse, current specialty crop insurance policies are either unusable or too costly because of high input and sales value of specialty crops. While ad hoc disaster relief seems inevitable this year to assist U.S. Agriculture, Congress cannot continue to use taxpayer money and break budgetary caps. At the same time, Congress cannot turn its back on those producers who are not eligible for Federal crop insurance and have had to rely on other forms of disaster relief protection.

Not only is there a need to develop more risk management tools, farmers need to be aware which financial, marketing, and production tools are available, both on and off the farm. I believe that H.R. 2559 provides the necessary resources and direction. This bill makes more management options available to underserved commodities in the following ways: increasing premium subsidies, increasing research and education funds, expedited product approval, expanded pilot program authority, producer and industry-wide input on policies, allowing farmers to join together through their cooperatives and associations to obtain crop insurance.

In these ways, the Risk Management Agency along with public and private inputs can better address the unique challenges associated with the planting, growing, and harvesting of specialty crops.

I thank Chairman COMBEST and his staff for all of their efforts to bring this bill to the floor. I urge my colleagues to vote for its passage.

Mr. JOHN. Mr. Chairman, I would first like to thank the chairman and the ranking minority member of the full committee, Mr. COMBEST and Mr. STENHOLM, and the chairman and ranking minority member of the subcommittee, Mr. EWING and Mr. CONDIT, for their leadership in crop insurance reform this year. Having served on the subcommittee of jurisdiction, I have been vested in this crop insurance reform effort for many months. I am pleased to say that I rise in support of H.R. 2559 and that it addresses most of the needs of my constituents in south Louisiana. Moreover, it is a tremendous improvement from the current program.

As you know, Mr. Chairman, many of my farmers are rice producers. Most rice producers have traditionally not participated in the Federal crop insurance program because premiums have been viewed as too expensive relative to the minimal coverage the program offers. For example, during the 1998 crop year only 43 percent of the 3 million rice acres planted was covered by catastrophic (CAT) policies while another 20 percent of the acreage was covered by buy-up policies. The 20 percent level of participation in the buy-up option for rice is significantly lower than the 47 percent for wheat, 44 percent for corn and cotton and 37 percent for soybeans during the 1998 crop year. In general, the low level of participation by U.S. rice farmers has occurred because: (1) coverage for CAT policies is low and premiums for buy-up policies are too high given the level of coverage; (2) serious problems exist with the actuarial data used to calculate both premiums and coverage, and (3) rice producers, due to a relative low level of yield variability, want price/revenue protection versus traditional yield insurance.

With the risk management challenges facing the rice farmer listed above, H.R. 2559 goes a long way toward addressing them. First and foremost, this crop insurance reform bill does not replace the current farm program. With respect to addressing the low level of participation in the program, H.R. 2559 makes CAT or similar policies more attractive. Though the structure of the current CAT program does not change in H.R. 2559, a Group Risk Plan (GRP) policy may provide a higher yield and price protection on a uniform national basis, which a producer can choose as an alternative to CAT. The actuarial soundness of the program is addressed in H.R. 2559 by requiring the Federal Crop Insurance Corporation to adjust rates by the 2000 crop year if they are found to be excessive. In addition, rice producers will benefit from H.R. 2559 because revenue and price coverage is strengthened in this bill. Policies protecting production and/or revenue would receive an equal percentage of assistance on total premiums as MPCI policies. Finally, the FCIC Board of Directors is expanded to include additional producer participation that reflects different crop growing regions.

With all this in mind, I believe H.R. 2559 is a good first step toward addressing the problems in farm country. However, Mr. Chairman, this bill does not solve the larger problems associated with the lack of a safety net for America's farmers, but is an important component of a comprehensive solution. There are many farmers in my district that can not secure financing for next year's crop because we have yet to address the farm crisis. In fact, I've heard from just as many community bankers as I have farmers about this crisis. There are many farmers who will not benefit from the advancements made in H.R. 2559 because they will not be farming next year unless this Congress acts soon to address the ongoing crisis. Let us pass H.R. 2559 and let us immediately address the Agriculture appropriations bill that includes emergency disaster assistance from our country's farmers.

Mr. SMITH of Michigan. Mr. Chairman, I rise in support of H.R. 2559, the Agricultural Risk Protection Act of 1999.

Mr. Chairman, American agriculture is in a serious situation right now. While the rest of the economy is booming, American farmers and ranchers are hurting and asking for our help. Commodity prices are at record lows, export markets are weak, and no relief is expected any time soon. This crop insurance bill helps protect farmers against low commodity prices and farm income by making insurance levels more affordable for crop losses, declining prices and total farm revenue loss. Under the current crop insurance program, my farmers in Michigan have very little incentive to purchase any level of insurance beyond the CAT coverage. It doesn't pay off for them to do so. In Michigan, like a lot of areas in the United States, we get hit by a disaster about every 10 years. They don't need sunshine insurance. One of my amendments adopted in the Agriculture Committee helps correct this problem. This provision adjusts the premium farmers pay by area according to frequency of disaster. Another important provision this bill contains regards revenue coverage. Plans will be developed designed to enable producers to take maximum advantage of fluctuations in market prices which will maximize revenue from the sale of a crop.

H.R. 2559 increases premium assistance to farmers at every coverage level so they can protect more of what they produce. This is why I am a cosponsor of this bill. Farmers will have across-the-board premium cuts. The little money farmers have in their pockets will stay there and not be spent on overpriced premiums. I urge all my colleagues to join with me in supporting H.R. 2559.

Mr. COMBEST. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the committee amendment in the nature of a substitute printed in the bill, modified by the amendments printed in House Report 106–346, shall be considered as an original bill for the purpose of amendment under the 5-minute rule by title, and each title shall be considered read.

No amendment to that amendment shall be in order except those printed in the portion of the CONGRESSIONAL RECORD designated for that purpose and pro forma amendments for the purpose of debate. Amendments printed in the RECORD may be offered only by the Member who caused it to be printed or his designee, shall be considered read, and shall not be subject to a demand for division of the question.

The Chairman of the Committee of the Whole may postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment and may reduce to not less than 5 minutes the time for voting by electronic device on any postponed question that immediately follows another vote by electronic device without intervening business, provided that the time for voting by electronic device on the first in any series of questions shall not be less than 15 minutes.

The Clerk will designate section 1.

The text of section 1 is as follows:

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 ''Agricultural Risk Protection Act of 1999''.

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

Sec. 1. Short title; table of contents.

TITLE I—STRENGTHENING THE FARM SAFETY NET

Sec. 101. Premium schedule for additional coverage.
Sec. 102. Premium schedule for other plans of insurance.
Sec. 103. Adjustment in actual production history to establish insurable yields.
Sec. 104. Review and adjustment in rating methodologies.
Sec. 105. Conduct of pilot programs, including livestock.
Sec. 106. Cost of production as a price election.
Sec. 107. Premium discounts for good performance.
Sec. 108. Options for catastrophic risk protection.
Sec. 109. Authority for nonprofit associations to pay fees on behalf of producers.
Sec. 110. Elections regarding prevented planting coverage.
Sec. 111. Limitations under noninsured crop disaster assistance program.
Sec. 112. Quality grade loss adjustment.
Sec. 113. Application of amendments.

TITLE II—IMPROVING PROGRAM INTEGRITY

Sec. 201. Limitation on double insurance.
Sec. 202. Improving program compliance and integrity.
Sec. 203. Sanctions for false information.
Sec. 204. Protection of confidential information.
Sec. 205. Records and reporting.
Sec. 206. Compliance with State licensing requirements.

TITLE III—ADMINISTRATION

Sec. 301. Board of Directors of Corporation.
Sec. 302. Promotion of submission of policies and related materials.
Sec. 303. Research and development, including contracts regarding underserved commodities.
Sec. 304. Funding for reimbursement and research and development.
Sec. 305. Board consideration of submitted policies and materials.
Sec. 306. Contracting for rating of plans of insurance.
Sec. 307. Electronic availability of crop insurance information.
Sec. 308. Fees for use of new policies and plans of insurance.
Sec. 309. Clarification of producer requirement to follow good farming practices.
Sec. 310. Reimbursements and negotiation of standard reinsurance agreement.

The CHAIRMAN. Are there any amendments to section 1?

If not, the Clerk will designate title I.

The text of title I is as follows:

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 ''Agricultural Risk Protection Act of 1999''.

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

Sec. 1. Short title; table of contents.

TITLE I—STRENGTHENING THE FARM SAFETY NET

Sec. 101. Premium schedule for additional coverage.
Sec. 102. Premium schedule for other plans of insurance.
Sec. 103. Adjustment in actual production history to establish insurable yields.
Sec. 104. Review and adjustment in rating methodologies.
Sec. 105. Conduct of pilot programs, including livestock.
Sec. 106. Cost of production as a price election.
Sec. 107. Premium discounts for good performance.
Sec. 108. Options for catastrophic risk protection.
Sec. 109. Authority for nonprofit associations to pay fees on behalf of producers.
Sec. 110. Elections regarding prevented planting coverage.
Sec. 111. Limitations under noninsured crop disaster assistance program.
Sec. 112. Quality grade loss adjustment.
Sec. 113. Application of amendments.

TITLE II—IMPROVING PROGRAM INTEGRITY

Sec. 201. Limitation on double insurance.
Sec. 202. Improving program compliance and integrity.
Sec. 203. Sanctions for false information.
Sec. 204. Protection of confidential information.
Sec. 205. Records and reporting.
Sec. 206. Compliance with State licensing requirements.

TITLE III—ADMINISTRATION

Sec. 301. Board of Directors of Corporation.
Sec. 302. Promotion of submission of policies and related materials.
Sec. 303. Research and development, including contracts regarding underserved commodities.
Sec. 304. Funding for reimbursement and research and development.
Sec. 305. Board consideration of submitted policies and materials.
Sec. 306. Contracting for rating of plans of insurance.
Sec. 307. Electronic availability of crop insurance information.
Sec. 308. Fees for use of new policies and plans of insurance.
Sec. 309. Clarification of producer requirement to follow good farming practices.
Sec. 310. Reimbursements and negotiation of standard reinsurance agreement.

TITLE I—STRENGTHENING THE FARM SAFETY NET

SEC. 101. PREMIUM SCHEDULE FOR ADDITIONAL COVERAGE.

(a) PREMIUM AMOUNTS.—Section 508(d)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(d)(2)) is amended by striking subparagraphs (B) and (C) and inserting the following new subparagraph:

''(B) In the case of additional coverage equal to or greater than 50 percent of the recorded or appraised average yield indemnified at not greater than 100 percent of the expected market price, or an equivalent coverage, the amount of the premium shall—

''(i) be sufficient to cover anticipated losses and a reasonable reserve; and

''(ii) include an amount for operating and administrative expenses, as determined by the Corporation, on an industry-wide basis as a percentage of the amount of the premium used to define loss ratio.''.

(b) PAYMENT SCHEDULE.—Section 508(e)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)(2)) is amended by striking subparagraphs (B) and (C) and inserting the following new subparagraphs:

''(B) In the case of additional coverage equal to or greater than 50 percent, but less than 55 percent, of the recorded or appraised average yield indemnified at not greater than 100 percent of the expected market price, or an equivalent coverage, the amount shall be equal to the sum of—

''(i) 67 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

''(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.

''(C) In the case of additional coverage equal to or greater than 55 percent, but less than 65 percent, of the recorded or appraised average yield indemnified at not greater than 100 percent of the expected market price, or an equivalent coverage, the amount shall be equal to the sum of—

''(i) 64 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

''(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.

''(D) In the case of additional coverage equal to or greater than 65 percent, but less than 75 percent, of the recorded or appraised average yield indemnified at not greater than 100 percent of the expected market price, or an equivalent coverage, the amount shall be equal to the sum of—

''(i) 59 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

''(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.

''(E) In the case of additional coverage equal to or greater than 75 percent, but less than 80 percent, of the recorded or appraised average yield indemnified at not greater than 100 percent of the expected market price, or an equivalent coverage, the amount shall be equal to the sum of—

''(i) 54 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

''(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.

''(F) In the case of additional coverage equal to or greater than 80 percent, but less than 85 percent, of the recorded or appraised average yield indemnified at not greater than 100 percent of the expected market price, or an equivalent coverage, the amount shall be equal to the sum of—

''(i) 40.6 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

''(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.

''(G) Subject to subsection (c)(4), in the case of additional coverage equal to or greater than 85 percent of the recorded or appraised average yield indemnified at not greater than 100 percent of the expected market price, or an equivalent coverage, the amount shall be equal to the sum of—

''(i) 30.6 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

''(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.''.

(c) PREMIUM PAYMENT DISCLOSURE.—Section 508(e) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)) is amended by adding at the end the following new paragraph:

''(5) PREMIUM PAYMENT DISCLOSURE.—Each policy or plan of insurance under this title shall prominently indicate the dollar amount of the portion of the premium paid by the Corporation under this subsection or subsection (h)(2).''.

SEC. 102. PREMIUM SCHEDULE FOR OTHER PLANS OF INSURANCE.

Section 508(h)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)(2)) is amended—

(1) by striking ''A policy'' and inserting the following:

''(A) PREPARATION.—A policy'';

(2) by striking the second sentence; and

(3) by adding at the end the following new subparagraph:

''(B) PREMIUM SCHEDULE.—In the case of a policy offered under this subsection (except paragraph (10)) or subsection (m)(4), the Corporation shall pay a portion of the premium of the policy that shall be equal to—

''(i) the percentage, specified in subsection (e) for a similar level of coverage, of the total amount of the premium used to define loss ratio; and

''(ii) the dollar amount of the administrative and operating expenses that would be paid by the Corporation under subsection (e) for a similar level of coverage.''.

SEC. 103. ADJUSTMENT IN ACTUAL PRODUCTION HISTORY TO ESTABLISH INSURABLE YIELDS.

(a) USE OF PERCENTAGE OF TRANSITIONAL YIELD.—Section 508(g) of the Federal Crop Insurance Act (7 U.S.C. 1508(g)) is amended by adding at the end the following new paragraph:

''(4) ADJUSTMENT IN ACTUAL PRODUCTION HISTORY TO ESTABLISH INSURABLE YIELDS.—

''(A) APPLICATION.—This paragraph shall apply whenever the Corporation uses the actual production history of the producer to establish insurable yields for an agricultural commodity for the 2001 and subsequent crop years.

''(B) ELECTION TO USE PERCENTAGE OF TRANSITIONAL YIELD.—If, for one or more of the crop years used to establish the producer's actual production history of an agricultural commodity, the producer's recorded or appraised yield of the commodity was less than 60 percent of the applicable transitional yield, as determined by the Corporation, the Corporation shall, at the election of the producer—

''(i) exclude any of such recorded or appraised yield; and

''(ii) replace each excluded yield with a yield equal to 60 percent of the applicable transitional yield.''.

(b) APH ADJUSTMENT TO REFLECT PARTICIPATION IN MAJOR PEST CONTROL EFFORTS.—Section 508(g) of the Federal Crop Insurance Act (7 U.S.C. 1508(g)) is amended by inserting after paragraph (4), as added by subsection (a), the following new paragraph:

''(5) ADJUSTMENT TO REFLECT INCREASED YIELDS FROM SUCCESSFUL PEST CONTROL EFFORTS.—

''(A) SITUATIONS JUSTIFYING ADJUSTMENT.—The Corporation shall develop a methodology for adjusting the actual production history of a producer when each of the following apply:

''(i) The producer's farm is located in an area where systematic, area-wide efforts have been undertaken using certain operations or measures, or the producer's farm is a location at which certain operations or measures have been undertaken, to detect, eradicate, suppress, or control, or at least to prevent or retard the spread of, a plant disease or plant pest, including a plant pest covered by the definition in section 102 of the Department of Agriculture Organic Act of 1944 (7 U.S.C. 147a).

''(ii) The presence of the plant disease or plant pest has been found to adversely affect the yield of the agricultural commodity for which the producer is applying for insurance.

''(iii) The efforts described in clause (i) have been effective.

''(B) ADJUSTMENT AMOUNT.—The amount by which the Corporation adjusts the actual production history of a producer of an agricultural commodity shall reflect the degree to which the success of the systematic, area-wide efforts described in paragraph (1)(A), on average, increases the yield of the commodity on the producer's farm, as determined by the Corporation.''.

SEC. 104. REVIEW AND ADJUSTMENT IN RATING METHODOLOGIES.

Section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) is amended by adding at the end the following:

''(7) REVIEW AND ADJUSTMENT OF RATES.—

''(A) REVIEW REQUIRED.—To maximize participation in the Federal crop insurance program and to ensure equity for producers, the Corporation shall periodically review the methodologies employed for rating plans of insurance under this title consistent with section 507(c)(2).

''(B) PREMIUM ADJUSTMENT.—The Corporation shall analyze the rating and loss history of approved policies and plans of insurance for agricultural commodities by area. If the Corporation makes a determination that premium rates are excessive for an agricultural commodity in an area relative to the requirements of subsection (d)(2)(B) for that area, then, in the 2000 crop year or as soon as practicable after the determination is made, the Corporation shall make appropriate adjustments in the premium rates for that area for that agricultural commodity.''.

SEC. 105. CONDUCT OF PILOT PROGRAMS, INCLUDING LIVESTOCK.

(a) REPEAL OF OBSOLETE PILOT PROGRAMS.—Section 508(h) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)) is amended by striking paragraphs (6) and (8).

(b) GENERAL REQUIREMENTS.—Section 508(h) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)) is amended by inserting after paragraph (7) the following new paragraph:

''(8) GENERAL REQUIREMENTS APPLICABLE TO PILOT PROGRAMS.—In conducting any pilot program of insurance or reinsurance authorized or required by this title, the Corporation—

''(A) may offer the pilot program on a regional, whole State, or national basis after considering the interests of affected producers and the interests of and risks to the Corporation;

''(B) may operate the pilot program, including any modifications thereof, for a period of up to 3 years; and

''(C) may extend the time period for the pilot program for additional periods, as determined appropriate by the Corporation.''.

(c) EXPEDITED CONSIDERATION.—Section 508(h)(4) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)(4)) is amended—

(1) by redesignating subparagraphs (A), (B), (C), and (D) as clauses (i), (ii), (iii), and (iv), respectively;

(2) by moving the text of the clauses (as so designated) 2 ems to the right;

(3) by striking ''The Corporation'' in the first sentence and inserting the following:

''(A) GUIDELINES REQUIRED.—Not later than 180 days after the date of the enactment of the Agricultural Risk Protection Act of 1999, the Corporation''; and

(4) by adding at the end the following new subparagraph:

''(B) EXPEDITED CONSIDERATION OF PROPOSED PILOT PROGRAMS.—The regulations required by subparagraph (A) shall include streamlined guidelines for the submission, and Board review, of pilot programs that the Board determines are limited in scope and duration and involve a reduced level of liability to the Federal Government, and an increased level of risk to approved insurance providers participating in the pilot program, relative to other policies or materials submitted under this subsection. The streamlined guidelines shall be consistent with the guidelines established under subparagraph (A), except as follows:

''(i) Not later than 60 days after submission of the proposed pilot program, the Corporation shall provide an applicant with notification of its intent to recommend disapproval of the proposal to the Board.

''(ii) Not later than 90 days after the proposed pilot program is submitted to the Board, the Board shall make a determination to approve or disapprove the pilot program. Any determination by the Board to disapprove the pilot program shall be accompanied by a complete explanation of the reasons for the Board's decision to deny approval. In the event the Board fails to make a determination within the prescribed time period, the pilot program submitted shall be deemed approved by the Board for the initial reinsurance year designated for the pilot program, except in the case where the Board and the applicant agree to an extension.''.

(d) LIVESTOCK PILOT PROGRAMS.—

(1) PROGRAMS REQUIRED.—Section 508(h) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)) is amended by striking paragraph (10) and inserting the following new paragraph:

''(10) LIVESTOCK PILOT PROGRAMS.—

''(A) PROGRAMS REQUIRED.—The Corporation shall conduct one or more pilot programs to evaluate the effectiveness of risk management tools for livestock producers, including the use of futures and options contracts and policies and plans of insurance that provide livestock producers with reasonable protection from the financial risks of price or income fluctuations inherent in the production and marketing of livestock, provide protection for production losses, and otherwise protect the interests of livestock producers. To the maximum extent practicable, the Corporation shall evaluate the greatest number and variety of such programs to determine which of the offered risk management tools are best suited to protect livestock producers from the financial risks associated with the production and marketing of livestock.

''(B) IMPLEMENTATION; ASSISTANCE.—The Corporation shall begin conducting livestock pilot programs under this paragraph during fiscal year 2001, and any policy or plan of insurance offered under this paragraph may be prepared without regard to the limitations contained in this title. As part of such a pilot program, the Corporation may provide assistance to producers to purchase futures and options contracts or policies and plans of insurance offered under that pilot program. However, no action may be undertaken with respect to a risk under this paragraph if the Corporation determines that insurance protection for livestock producers against the risk is generally available from private companies.

''(C) LOCATION.—The Corporation shall conduct the livestock pilot programs under this paragraph in a number of counties that is determined by the Corporation to be adequate to provide a comprehensive evaluation of the feasibility, effectiveness, and demand among producers for the risk management tools evaluated in the pilot programs.

''(D) ELIGIBLE PRODUCERS; LIVESTOCK.—Any producer of a type of livestock covered by a pilot program under this paragraph who owns or operates a farm or ranch in a county selected as a location for that pilot program shall be eligible to participate in that pilot program. In this paragraph, the term 'livestock' means cattle, sheep, swine, goats, and poultry.

''(E) RELATION TO OTHER LAWS.—The terms and conditions of any policy or plan of insurance offered under this paragraph that is reinsured by the Corporation is not subject to the jurisdiction of the Commodity Futures Trading Commission or the Securities and Exchange Commission or considered as accounts, agreements (including any transaction which is of the character of, or is commonly known to the trade as, an 'option', 'privilege', 'indemnity', 'bid', 'offer', 'put', 'call', 'advance guaranty', or 'decline guaranty'), or transactions involving contracts of sale of a commodity for future delivery, traded or executed on a contract market for the purposes of the Commodity Exchange Act (7 U.S.C. 1 et seq.). Nothing in this subparagraph is intended to affect the jurisdiction of the Commodity Futures Trading Commission or the applicability of the Commodity Exchange Act to any transaction conducted on a designated contract market (as that term is used in such Act) by an approved insurance provider to offset the provider's risk under a plan or policy of insurance under this paragraph.

''(F) LIMITATION ON EXPENDITURES.—The Corporation shall conduct all livestock programs under this title so that, to the maximum extent practicable, all costs associated with conducting the livestock programs (other than research and

development costs covered by paragraph (6) or subsection (m)(4)) are not expected to exceed the following:

''(i) $20,000,000 for fiscal year 2001.

''(ii) $30,000,000 for fiscal year 2002.

''(iii) $40,000,000 for fiscal year 2003.

''(iv) $55,000,000 for fiscal year 2004 and each subsequent fiscal year.''.

(2) CONFORMING AMENDMENT TO DEFINITION OF AGRICULTURAL COMMODITY.—Section 518 of the Federal Crop Insurance Act (7 U.S.C. 1518) is amended by striking ''livestock and'' after ''commodity, excluding''.

(e) FUNDING OF LIVESTOCK PILOT PROGRAMS.—

(1) AUTHORIZATION OF APPROPRIATIONS.—Section 516(a)(2) of the Federal Crop Insurance Act (7 U.S.C. 1516(a)(2)) is amended—

(A) by striking ''years—'' and inserting ''years the following:'';

(B) by capitalizing the first letter of the first word of each subparagraph;

(C) by striking ''; and'' at the end of subparagraph (A) and inserting a period; and

(D) by adding at the end the following new subparagraph:

''(C) Costs associated with the conduct of livestock pilot programs carried out under section 508(h)(10), subject to subparagraph (F) of such section.''.

(2) USE OF INSURANCE FUND.—Section 516(b)(1) of the Federal Crop Insurance Act (7 U.S.C. 1516(b)(1)) is amended—

(A) by striking ''including—'' and inserting ''including the following:'';

(B) by capitalizing the first letter of the first word of each subparagraph;

(C) by striking the semicolon at the end of subparagraph (A) and inserting a period;

(D) by striking ''; and'' at the end of subparagraph (B) and inserting a period; and

(E) by adding at the end the following new subparagraph:

''(D) Costs associated with the conduct of livestock pilot programs carried out under section 508(h)(10), subject to subparagraph (F) of such section.''.

SEC. 106. COST OF PRODUCTION AS A PRICE ELECTION.

Section 508(c)(5) of the Federal Crop Insurance Act (7 U.S.C. 1508(c)(5)) is amended—

(1) by striking ''The Corporation shall establish a price'' in the matter preceding subparagraph (A) and inserting ''For purposes of this title, the Corporation shall establish or approve a price'';

(2) by striking ''or'' at the end of subparagraph (A);

(3) by striking the period at the end of subparagraph (B) and inserting ''; or''; and

(4) by adding at the end the following—

''(C) in the case of cost of production or similar plans of insurance, shall be the projected cost of producing the agricultural commodity (as determined by the Corporation).''.

SEC. 107. PREMIUM DISCOUNTS FOR GOOD PERFORMANCE.

Section 508(d) of the Federal Crop Insurance Act (7 U.S.C. 1508(d)) is amended by adding at the end the following new paragraph:

''(3) PREMIUM DISCOUNTS.—

''(A) PERFORMANCE-BASED DISCOUNT.—The Corporation may provide a performance-based premium discount for a producer of an agricultural commodity who has good insurance or production experience relative to other producers of that agricultural commodity in the same area, as determined by the Corporation.

''(B) DISCOUNT FOR REDUCED PRICE FOR CERTAIN COMMODITIES.—A producer who insured wheat, barley, oats, or rye during at least 2 of the 1995 through 1999 crop years may be eligible to receive an additional 20 percent premium discount on the producer-paid premium for any 2000 crop policy if the producer demonstrates that the producer's wheat, barley, oats, or rye crop was subjected to a discounted price due to Scab or Vomitoxin damage, or both, during any 2 years of that period. The 2000 insured crop or crops need not be wheat, barley, oats, or rye to qualify for the discount under this subparagraph. The 2 years of insurance and the 2 years of discounted prices need not be the same.''.

SEC. 108. OPTIONS FOR CATASTROPHIC RISK PROTECTION.

Section 508(b) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)) is amended by striking paragraph (3) and inserting the following new paragraph:

''(3) ALTERNATIVE CATASTROPHIC COVERAGE.—Beginning with the 2000 crop year, the Corporation shall offer producers of an agricultural commodity the option of selecting either of the following:

''(A) The catastrophic risk protection coverage available under paragraph (2)(A).

''(B) An alternative catastrophic risk protection coverage that—

''(i) indemnifies the producer on an area yield and loss basis if such a plan of insurance is offered for the agricultural commodity in the county in which the farm is located;

''(ii) provides, on a uniform national basis, a higher combination of yield and price protection than the coverage available under paragraph (2)(A); and

''(iii) the Corporation determines is comparable to the coverage available under paragraph (2)(A) for purposes of subsection (e)(2)(A).''.

SEC. 109. AUTHORITY FOR NONPROFIT ASSOCIATIONS TO PAY FEES ON BEHALF OF PRODUCERS.

Section 508(b)(5) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)(5)) is amended by adding at the end the following new subparagraph:

''(F) PAYMENT OF FEES ON BEHALF OF PRODUCERS.—

''(i) PAYMENT AUTHORIZED.—Notwithstanding any other subparagraph of this paragraph, a cooperative association of agricultural producers or a nonprofit trade association may pay to the Corporation, on behalf of a member of the association who consents to be insured under such an arrangement, all or a portion of the fees imposed under subparagraphs (A) and (B) for catastrophic risk protection.

''(ii) TREATMENT OF LICENSING FEES.—A licensing fee or other payment made by the insurance provider to the cooperative association or trade association in connection with the issuance of catastrophic risk protection or additional coverage under this section to members of the cooperative association or trade association shall not be considered to be a rebate to the members if the members are informed in advance of the fee or payment.

''(iii) SELECTION OF PROVIDER; DELIVERY.—Nothing in this subparagraph shall be construed so as to limit the ability of a producer to choose the licensed insurance agent or other approved insurance provider from whom the member will purchase a policy or plan of insurance or to refuse coverage for which a payment is offered to be made under clause (i). A policy or plan of insurance for which a payment is made under clause (i) shall be delivered by a licensed insurance agent or other approved insurance provider.

''(iv) ADDITIONAL COVERAGE ENCOURAGED.—Cooperatives and trade associations and any approved insurance provider with whom a licensing fee or other arrangement under this subparagraph is made shall encourage producer members to purchase appropriate levels of additional coverage in order to meet the risk management needs of such member producers.''.

SEC. 110. ELECTIONS REGARDING PREVENTED PLANTING COVERAGE.

Section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) is amended by inserting after paragraph (7), as added by section 104, the following new paragraph:

''(8) PREVENTED PLANTING COVERAGE.—

''(A) ELECTION NOT TO RECEIVE COVERAGE.—

''(i) ELECTION.—A producer may elect not to receive coverage for prevented planting of an agricultural commodity.

''(ii) REDUCTION.—In the case of an election under clause (i), the Corporation shall provide a reduction in the premium payable by the producer for a plan of insurance in an amount equal to the premium for the prevented planting coverage, as determined by the Corporation.

''(B) EQUAL COVERAGE.—For each agricultural commodity for which prevented planting coverage is available, the Corporation shall offer an equal percentage level of prevented planting coverage.

''(C) AREA CONDITIONS REQUIRED FOR PAYMENT.—The Corporation shall limit prevented planting payments to producers to those situations in which producers in the area in which the farm is located are generally affected by the conditions that prevent an agricultural commodity from being planted.

''(D) SUBSTITUTE COMMODITY.—

''(i) AUTHORITY TO PLANT.—Subject to clause (iv), a producer who has prevented planting coverage and who is eligible to receive an indemnity under such coverage may plant an agricultural commodity, other than the commodity covered by the prevented planting coverage, on the acreage originally prevented from being planted.

''(ii) NONAVAILABILITY OF INSURANCE.—A substitute agricultural commodity planted as authorized by clause (i) for harvest in the same crop year shall not be eligible for coverage under a policy or plan of insurance under this title or for noninsured crop disaster assistance under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333). For purposes of subsection (b)(7) only, the substitute commodity shall be deemed to have at least catastrophic risk protection so as to satisfy the requirements of that subsection.

''(iii) EFFECT ON ACTUAL PRODUCTION HISTORY.—If a producer plants a substitute agricultural commodity as authorized by clause (i) for a crop year, the Corporation shall assign the producer a recorded yield, for that crop year for the commodity that was prevented from being planting, equal to 60 percent of the producer's actual production history for such commodity for purposes of determining the producer's actual production history for subsequent crop years.

''(iv) EFFECT ON PREVENTED PLANTING PAYMENT.—If a producer plants a substitute agricultural commodity as authorized by clause (i) before the latest planting date established by the Corporation for the agricultural commodity prevented from being planted, the Corporation shall not make a prevented planting payment with regard to the commodity prevented from being planted.''.

SEC. 111. LIMITATIONS UNDER NONINSURED CROP DISASTER ASSISTANCE PROGRAM.

(b) LIMITATION.—Section 196(i) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(i)) is amended—

(1) in paragraph (1)(B)—

(A) by striking ''GROSS REVENUES'' in the subparagraph heading and inserting ''ADJUSTED GROSS INCOME''; and

(B) by striking ''gross revenue'' and ''gross revenues'' each place they appear and inserting ''adjusted gross income''; and

(2) by striking paragraph (4) and inserting the following new paragraph:

''(4) LIMITATION.—A person who has qualifying adjusted gross income in excess of $2,000,000 during the taxable year shall not be eligible to receive any noninsured crop disaster assistance payment under this section.''.

SEC. 112. QUALITY GRADE LOSS ADJUSTMENT.

Section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) is amended by inserting after paragraph (8), as added by section 110, the following new paragraph:

''(9) QUALITY GRADE LOSS ADJUSTMENT.—Consistent with subsection (m)(4), by the 2000 crop year, the Corporation shall enter into a contract to analyze its quality loss adjustment procedures and make such adjustments as may be necessary to more accurately reflect local quality discounts that are applied to agricultural commodities insured under this title, taking into consideration the actuarial soundness of the adjustment and the prevention of fraud, waste and abuse.''.

The CHAIRMAN. Are there amendments to title I?

□ 1230

AMENDMENT NO. 3 OFFERED BY MR. LAHOOD

Mr. LAHOOD. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 Offered by Mr. LAHood: Page 16, strike lines 1 through 18, and insert the following:

''(A) PROGRAMS REQUIRED.—

''(i) NUMBER AND TYPES OF PROGRAMS.—The Corporation shall conduct two or more pilot programs to evaluate the effectiveness of risk management tools for livestock producers, including the use of—

''(I) futures and options contracts and policies and plans of insurance that provide livestock producers with reasonable protection from the financial risks of price or income fluctuations inherent in the production and marketing of livestock, provide protection for production losses, and otherwise protect the interests of livestock producers; and

''(II) policies and plans of insurance that, notwithstanding the second sentence of subsection (a)(1), and subject to the exclusions in subsection (a)(3), provide livestock producers with reasonable protection from liability to mitigate or compensate for adverse environmental impacts from producers' operations caused by natural disasters, unusual weather or climatic conditions, third-party acts, or other forces or occurrences beyond the producers' control, and with coverage to satisfy obligations established by law for closure of producers' operations.

''(ii) PURPOSE OF PROGRAMS.—To the maximum extent practicable, the Corporation shall evaluate the greatest number and varieity of pilot programs described in clause (i) to determine which of the offered risk management tools are best suited to protect livestock producers from the financial risks associated with the production and marketing of livestock.

(Mr. LAHOOD asked and was given permission to revise and extend his remarks.)

Mr. LAHOOD. Mr. Chairman, I rise today, along with the gentleman from Iowa (Mr. BOSWELL), to offer an amendment to the bill that, in keeping with the spirit of this bill, creates an equal partnership between farmers, ranchers, and the Federal Government by closing a giant gap in the farm income safety net, a gap created by the consequences of unforeseen, uncontrollable, and unforgiving natural events.

Our amendment would create, as I indicated earlier, a pilot project for two or three places around the country that would include livestock producers.

I believe that farmers and ranchers want to do the right thing. We need to help them.

My amendment allows us to live up to our commitment to our country's food producers by giving them the risk management tools to cope with disasters, weather shifts, and other natural acts beyond their control without fear that the cost of doing the right thing will put them out of business.

Mr. BOSWELL. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, first off, I again want to thank my colleague and neighbor the gentleman from Illinois (Mr. LAHOOD) for his good work, and also the committee, as I have already mentioned earlier.

I have been a long-time crop farmer and livestock farmer and, of course, associate with those kind of folks a lot. We have often tried very hard to respond to the needs of the crop farmers, as we should, and we should continue to do that. But we have overlooked livestock time and again.

So I rise to support this amendment. It gets right to the point of why the business of agriculture is unlike any other business in the world. Most business people have some degree of control over many of the factors that affect their bottom line. And although weather affects everyone, we can make a case that farming is greatly threatened by natural disasters such as floods, tornadoes, hurricanes, damaging droughts, which severely affect a farmer's ability to stay in business.

Now, granted that other businesses are threatened with those, too. But remember, a farmer's business stretches over many acres of land and, therefore, is a different situation. Cleanup after one of these natural disasters, like Floyd, and we are still trying to assess that impact, cost the family farmer thousands upon thousands of dollars. And in these times of disastrously low commodity prices, any kind of unforeseen cost could be a factor that finally puts the farmer out of business for good.

Farmers cannot control the weather, but they certainly must deal with it. This amendment would simply direct USDA to use its new livestock insurance pilot program to give producers a useful risk management tool against the ill effects of Mother Nature's force and other factors beyond their control. And for farmers who are barely making ends meet, every opportunity to mitigate unforeseen costs is extremely useful.

Mr. Chairman, this amendment simply moves to protect livestock producers from costs associated with incidents beyond their control. It is an amendment that will help the producer better manage the risks associated with farming. It is a common-sense amendment and it makes H.R. 2559 a better bill.

Again, I thank the gentleman from Illinois (Mr. LAHOOD), the chairman and the ranking member.

Mr. COMBEST. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I appreciate the work of the author of the amendment, the gentleman from Illinois (Mr. LAHOOD), and the cosponsor of the amendment, the gentleman from Iowa (Mr. BOSWELL).

We have discussed the amendment. There are some questions I think that at some point will need to be answered and resolved. I think this is certainly within the spirit of the direction of the bill that is before the House today, and I would certainly support the amendment and accept the amendment.

Mr. STENHOLM. Mr. Chairman, will the gentleman yield?

Mr. COMBEST. I yield to the gentleman from Texas.

Mr. STENHOLM. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I too commend the gentleman from Illinois (Mr. LAHOOD) and the gentleman from Iowa (Mr. BOSWELL) for offering this amendment. I think it does fit certainly within the spirit of the recognition that, as the gentleman from Iowa (Mr. BOSWELL) pointed out, we have traditionally been in the crop insurance business.

This bill is intended to expand into the livestock and crop. And I think the spirit of this, particularly in the environmental side, is something that we should accept today and that we should work expeditiously to be made part of the final legislation that ultimately is signed by the President.

Mr. COMBEST. Mr. Chairman, I suggest passage of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. LAHOOD).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title I?

Mr. THUNE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I too want to add this morning to what has already been said about how important this issue is to producers across this country and to say that agriculture has been hit by an unprecedented set of issues, the lowest prices in decades, loss of foreign markets, unprecedented levels of concentration within the industry itself. These are all issues, many of them over which producers do not have control; and those are things that I hope as we move forward in our discussion in agricultural policy in Congress, that we can begin to address.

There is tremendous room for improvement in many of these areas. I certainly hope that, as a member of the Committee on Agriculture, that I know our chairman is focused on these issues; and we intend to move forward and try to create an environment with respect to our producers to have an opportunity to make a living and to compete in the world marketplace.

But we had a series of hearings on this subject. I credit the gentleman from Illinois (Mr. EWING) the chairman of our subcommittee for allowing us to have a hearing in Sioux Falls about 10 months ago where we heard from a number of producer groups across South Dakota as to what the problems

with the current crop insurance program are and how we can fix those.

I believe that the bill that we are discussing today takes us in a direction that addresses those concerns and, hopefully, comes up with a system and a program that is more workable for the producers.

A couple of suggestions that came out of that were that we need to address the premium schedule so that there is an incentive in the program for producers to buy up to the next level of coverage. If this program is going to work, we have to have that. We have addressed that in this bill.

We also have had a number that were concerned about how the actual production history is used in a calculation of what is insurable in a loss, and that has been addressed, as well. There are those areas of the country like my own where we have seen year to year successive repeated losses, and the multiple-year loss issue is something that is addressed as well in this bill. So I believe that this is an important step forward.

I want to credit the chairman of our committee, the gentleman from Texas (Mr. COMBEST), and the gentleman from Illinois (Mr. EWING), the chairman of the subcommittee, and the gentleman from Texas (Mr. STENHOLM) and others on the other side of the aisle who have worked together. This really is an issue which should take the politics out of where we should work in a bipartisan way to try and address what is a very important issue to the future of this country and that is our food supply and how we compete in the international marketplace.

Our producers need as many risk management tools as they can possibly have in order to be competitive out there, and a crop insurance program that is workable is certainly one of those tools and one of the things in their arsenal in what we hope will be an array of tools that will help them to better compete.

So I, this morning, rise in support of this legislation. I hope that we can get action in the other body, in the Senate, as well and get the President to sign it into law. It is long overdue, and it is something I hope that will start us down the road toward returning some level of profitability to agriculture and also helping us insure against those things over which producers many times have no control, such as the weather.

So this is, again, a first step. And I hope, again, that we will have an opportunity to address some of the other issues that are affecting the ag sector today.

My State of South Dakota is going through tremendous economic stress on the farm, and I believe that many of the things that we are working on that, hopefully, will make their way through the body later on this year and next year will take us farther down the road towards addressing what are the very serious concerns about agriculture.

Again, I want to thank the leadership of this committee and the House for moving this forward and taking a bill which I think is a very balanced, reasonable approach and will better make improvements in this bill to make it better, to make it a more useful tool to producers across this country.

So I urge all Members in the House to vote ''yes'' when we come to final passage.

AMENDMENT NO. 4 OFFERED BY MR. UPTON

Mr. UPTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 4 offered by Mr. UPTON: Add at the end of title I the following new section:

SEC. . CORRECTION OF ERRONEOUS PRICE ELECTION, MICHIGAN FRESH MARKET PEACHES.

(a) ADDITIIONAL PAYMENT BASED ON CORRECTED PRICE.—Using funds available to carry out the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.), the Secretary of Agriculture shall make a payment to each producer of fresh market peaches in Michigan who purchased a crop insurance policy for the 1999 fresh market peaches crop and received a payment under the policy. The amount of the additional payment shall be equal to the difference between—

(1) the amount the producer would have received under the policy had the correct price election for the 1999 crop of $11.00 per bushel been used; and

(2) the amount the producer actually received under the policy using the erroneous price election of $6.25 per bushel.

(b) PREMIUM DEDUCTION.—The amount determined under subsection (a) for a producer shall be reduced by an amount equal to the additional premium (if any) that the producer would have paid for a policy for the 1999 fresh market peaches crop that used the correct price election.

Mr. UPTON. Mr. Chairman, I am here today on behalf of peach growers in my State who may lose their farms, their livelihoods, unfortunately, because of a bureaucratic mistake.

Last January, much of the Michigan peach crop was devastated by a cold snap when temperatures plummeted to 15 degrees below 0. That was the high for a number of days. We knew then that the entire peach crop was going to be gone, literally dead on the branches, would not recover in the spring. But when the farmers turned to USDA for help, there was even more bad news.

The Risk Management Agency miscalculated our farmers' reimbursements providing them, yes, with relief but well below the amount that they deserved, expected, and what they need, in fact, to recover. In fact, we learned later on that when the disaster payments went out this summer, the same peaches in other States under this program were getting nearly twice as much per bushel. That is not right.

Now, there is some good news. The USDA admitted that they had made a mistake and, in fact, they wanted to make amends and they recalculated with a new formula to determine what the disaster payment really ought to be. But, unfortunately, those new payments will not affect the disaster program for peaches until next year, which means that this year our farmers are out.

What this amendment would have done is it would have provided a retroactive payment to Michigan peach farmers based on the correct information because we would feel that it is not fair to make peach farmers pay a price for an error by USDA.

Now, because a point of order could have been made against this amendment, I will ask unanimous consent to withdraw it. But I would like to note that I am working with the Committee on Appropriations members and they have given me a pretty good assurance that they plan to include this language as part of the agriculture appropriations conference report.

I have discussed it with a number of folks at the Department of Agriculture, including the Secretary of Agriculture earlier today, and they know of the problems that we have and would like to work with us to make sure that our peach farmers, in fact, are not discriminated against.

Mr. Chairman, I have talked to the gentleman from Texas (Mr. COMBEST), chairman of the House Committee on Agriculture, and I yield to him.

Mr. COMBEST. Mr. Chairman, I appreciate the gentleman yielding and would certainly encourage the USDA to see if there is some way they could rectify this problem.

The gentleman has been very strongly representative of his people in his district, recognizing there was an initial problem, and I appreciate his tenacity.

It is also my understanding that the report language in the appropriations conference report will also address this subject. I appreciate the willingness of the gentleman to withdraw his amendment.

Mr. UPTON. Mr. Chairman, again, I appreciate the comments of the chairman.

I also want to commend our fellow Michigander on the Committee on Agriculture, who asked some pretty tough questions and asked us to deliver a better peach price with Gus Schumacher, representative of the USDA.

Mr. Chairman, I yield briefly to my friend and colleague, the gentleman from Michigan (Mr. SMITH) who helped carry the ball in the committee.

Mr. SMITH of Michigan. Mr. Chairman, I thank the gentleman very much for yielding.

Mr. Chairman, it was simply a mistake. They made a mistake on the crop insurance. They put the wrong price down. And who ended up suffering, of course, is our farmers that bought that insurance with the mistake incorporated in that contract. So it does need to be corrected.

Mr. UPTON. Mr. Chairman, our peaches ought to be treated the same as peaches from other States no matter where they are.

Mr. UPTON. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The CHAIRMAN. The amendment is withdrawn.

Mr. BOEHNER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, let me congratulate not only the chairman of the committee but the ranking member and all the Members who worked in a very bipartisan way to bring this crop insurance bill to the floor today. It is an important piece of legislation that will, in fact, give our Nation's farmers greater risk management tools that they need given the new environment that we are all operating in.

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There has been a lot said on the floor today about our farm policy. Like my colleague from Georgia said, we need to remember the forgotten parts of the farm policy that we put in place some 3 years ago. We knew then as we began to move agriculture to more market orientation that it was going to be essential that we work with the agriculture community to provide more risk management tools. That is what we are doing today: This extra money for crop insurance, the program is more flexible, it will work for more farmers, an essential part of what we need to do to make the farm policy that we have work more efficiently.

Secondly, we talked about the need to have regulatory reform, so that we bring some common sense to the regulations the farmers have to deal with that do nothing more, in some cases, other than drive up costs for farmers, making them less and less profitable. There is certainly an awful lot of room for improvement that we all need to be paying attention to. But we all know that the real cause of the current crisis in agriculture is what happened in Southeast Asia some 2 years ago when the bottom fell out of their markets, when their currencies were devalued and they were unable to continue buying our commodities at the rate that they were. But an important part of our farm policy was to make sure that we were out there opening new markets for our crops. About 40 percent of what we raise and produce in this country, we export somewhere around the world. If we are not exporting that product, it is going to lay here in our markets and drive down prices. That is exactly what has happened.

Not only do we see now some strengthening in Southeast Asia but I think what this House and this Congress and this administration need to get to work on is providing fast track authority to our U.S. trade rep so that we in this country can go out and begin to open markets for our farmers. Until we open markets for our farmers, we are going to have excess production. It is going to lay over the markets and drive down prices. The only other answer is to go back to what we did for 60 years, and that is to get back into this business of the Federal Government telling farmers how much they can plant, how much they can harvest and try to have some type of supply management program run by Washington, D.C. Farmers do not want that, most Members of Congress do not want that. And so if we are going to avoid that, what we need to do is to get out there and open those markets and help our farmers. But what we are doing today is an important part of making that farm policy work, providing these risk management tools to our farmers so that they can better ensure their own success down the road.

Mr. STENHOLM. Mr. Chairman, will the gentleman yield?

Mr. BOEHNER. I yield to the gentleman from Texas.

Mr. STENHOLM. Mr. Chairman, I thank the gentleman for yielding. I want to associate myself with his remarks. I hope that this might prove what I hear is happening on the agriculture appropriations to be unfounded. We have an opportunity to drop the sanctions language. One of the things that has hurt agriculture time and time again is when we have had sanctions on other countries applied that have a devastating effect on our agriculture producers. And so I hope that we will be able to deal in a very responsible way on the agriculture appropriations bill in eliminating these sanctions and the resulting lack of market opportunities for our producers.

Mr. BOEHNER. Reclaiming my time, I also want to congratulate the chairman of the committee and the ranking member who have announced that we are going to have a set of hearings early next year to look at our farm policy. I think it is an appropriate time to take an honest and a thorough look as to what is working in our farm policy, what is not, and what we as Members of Congress can do to improve it.

Mr. SMITH of Michigan. Mr. Chairman, I move to strike the last word.

Mr. Chairman, American agriculture is in a very serious situation right now. While the rest of the economy is experiencing strong profits and strong employment and good income, farmers are at the lowest level of net profits that they have been in many years. That comes from two consequences: One is the natural disaster of the weather that for a lot of farmers has substantially reduced their yields all the way to almost zero in some cases; and the other problem is the commodity prices. The commodity prices are the lowest, record low commodity prices. For example, in soybeans, lower price than there has been in soybeans in 30 years, corn, rice, cotton, livestock production especially in the area of hog production, the kind of commodity prices that are devastating farmers.

I spoke last week to a fourth-generation hog producer in my area of Michigan, where his great grandfather and his grandfather and his father all were successful in running that operation. Now he is threatened with bankruptcy, a very serious situation. But it is not just the farmers. It is not just the 1.5 percent of our population in this country that are out there on the farm working their 16 hours a day or 18 hours a day. It is also the consumers. Because if we do not move ahead with this kind of legislation, if we do not move ahead in ways that we help assure that our farmers in America are not put at a competitive disadvantage with farmers in other countries because of how those other countries are subsidizing their farmers plus how they are keeping our products out of their markets, then we are going to lose our agriculture industry in this country. I think we have got to be very conscious of what the consequences are of losing our ability to produce food and fiber in this country for our consumers. I think it deserves a reminder that the American public buys food at a lower percentage of their take-home income and buy the highest quality food in the world. And so we need to maintain those kind of provisions for the consumers in our country. That is why everybody in this Chamber needs to be concerned with the future of agriculture. This bill moves us along the route of helping assure that our farmers can survive.

As I met with my farmers in Michigan, they told me that it is silly for them to buy this crop insurance because they only have a disaster once every 14 years, or 16 years, or 18 years. And so the higher priced premium that has been charged to accommodate all areas of the country, even those areas, of course, with the higher frequency of disaster, makes it not worthwhile for our farmers to buy that kind of insurance.

So the amendment that the committee adopted and those that are in this bill account in two ways to look at premiums based on how often there are disasters in particular regions, and to change those premiums to reflect the frequency of those disasters. Also, we incorporated language in this bill that says that we will work on developing insurance that has a more targeted consideration of the price of the commodity. Right now this bill is mostly sunshine insurance, or natural disaster insurance, with a small provision on helping assure that the price is either in the winter months or in the fall months, there is that option of the higher price. But this bill says to look and explore other avenues to add to the tools that a farmer has to be risk management tools to help assure that they can run their business the way anybody else runs their business. And as we continue to be in a free market system, as we continue to let the marketplace help influence that farmer on how much of what crop to plant, this kind of insurance help from the Federal Government is reasonable and it is necessary.

The CHAIRMAN. Are there further amendments to title I?

If not, the Clerk will designate title II.

The text of title II is as follows:

TITLE II—IMPROVING PROGRAM EFFICIENCIES

SEC. 201. LIMITATION ON DOUBLE INSURANCE.

Section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) is amended by inserting after paragraph (9), as added by section 112, the following new paragraph:

''(10) LIMITATION ON DOUBLE INSURANCE.—

''(A) RESTRICTED TO CATASTROPHIC RISK PROTECTION.—Except for situations covered by subparagraph (B), no policy or plan of insurance may be offered under this title for more than one agricultural commodity planted on the same acreage in the same crop year unless the coverage for the additional crop is limited to catastrophic risk protection available under subsection (b).

''(B) EXCEPTION FOR DOUBLE-CROPPING.—A policy or plan of insurance may be offered under this title for an agricultural commodity and for an additional agricultural commodity when both agricultural commodities are normally harvested within the same crop year on the same acreage if the following conditions are met:

''(i) There is an established practice of double-cropping in the area and the additional agricultural commodity is customarily double-cropped in the area with the first agricultural commodity, as determined by the Corporation.

''(ii) A policy or plan of insurance for the first agricultural commodity and the additional agricultural commodity is available under this title.

''(iii) The additional commodity is planted on or before the final planting date or late planting date for that additional commodity, as established by the Corporation.''.

SEC. 202. IMPROVING PROGRAM COMPLIANCE AND INTEGRITY.

(a) ADDITIONAL METHODS.—Section 506(q) of the Federal Crop Insurance Act (7 U.S.C. 1506(q)) is amended—

(1) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3);

(2) by inserting after the subsection heading the following new paragraph (1):

''(1) PURPOSE.—The purpose of this subsection is to improve compliance with the Federal crop insurance program and to improve program integrity.''; and

(3) by adding at the end the following new paragraphs:

''(4) RECONCILING PRODUCER INFORMATION.—The Secretary shall develop and implement a coordinated plan for the Corporation and the Administrator of the Farm Service Agency to reconcile all relevant information received by the Corporation or the Farm Service Agency from a producer who obtains crop insurance coverage under this title. Beginning with the 2000 crop year, the Secretary shall require that the Corporation and the Farm Service Agency reconcile such producer-derived information on at least an annual basis in order to identify and address any discrepancies.

''(5) IDENTIFICATION AND ELIMINATION OF FRAUD, WASTE, AND ABUSE.—

''(A) FSA MONITORING PROGRAM.—The Secretary shall develop and implement a coordinated plan for the Farm Service Agency to assist the Corporation in the ongoing monitoring of programs carried out under this title, including—

''(i) conducting fact finding relative to allegations of program fraud, waste, and abuse, both at the request of the Corporation or on its own initiative after consultation with the Corporation;

''(ii) reporting any allegation of fraud, waste, and abuse or identified program vulnerabilities to the Corporation in a timely manner; and

''(iii) assisting the Corporation and approved insurance providers in auditing a statistically appropriate number of claims made under any policy or plan of insurance under this title.

''(B) USE OF FIELD INFRASTRUCTURE.—The plan required by this paragraph shall use the field infrastructure of the Farm Service Agency, and the Secretary shall ensure that relevant Farm Service Agency personnel are appropriately trained for any responsibilities assigned to them under the plan. At a minimum, such personnel shall receive the same level of training and pass the same basic competency tests as required of loss adjusters of approved insurance providers.

''(C) MAINTENANCE OF PROVIDER EFFORT; COOPERATION.—The activities of the Farm Service Agency under this paragraph do not affect the responsibility of approved insurance providers to conduct any audits of claims or other program reviews required by the Corporation. If an insurance provider reports to the Corporation that it suspects intentional misrepresentation, fraud, waste, or abuse, the Corporation shall make a determination and provide a written response within 90 days after receiving the report. The insurance provider and the Corporation shall take coordinated action in any case where misrepresentation, fraud, waste, or abuse has occurred.

''(6) CONSULTATION WITH STATE COMMITTEES.—The Corporation shall establish a mechanism under which State committees of the Farm Service Agency are consulted concerning policies and plans of insurance offered in a State under this title.

''(7) ANNUAL REPORT ON COMPLIANCE EFFORTS.—The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report containing findings relative to the efforts undertaken pursuant to paragraphs (4) and (5). The report shall identify specific occurrences of waste, fraud, and abuse and contain an outline of actions that have been or are being taken to eliminate the identified waste, fraud, and abuse.''.

(b) TECHNICAL CORRECTION.—Paragraph (3) of section 506(q) of the Federal Crop Insurance Act (7 U.S.C. 1506(q)), as redesignated by subsection (a), is amended by striking ''this subsection'' and inserting ''this paragraph''.

SEC. 203. SANCTIONS FOR FALSE INFORMATION.

(a) AUTHORIZED SANCTIONS.—Section 506(n) of the Federal Crop Insurance Act (7 U.S.C. 1506(n)) is amended—

(1) in the subsection heading, by striking ''PENALTIES'' and inserting ''SANCTIONS FOR VIOLATIONS'';

(2) by redesignating paragraph (2) as paragraph (3) and, in such paragraph, by striking ''PENALTY'' and ''assessing penalties'' and inserting ''SANCTION'' and ''imposing a sanction'', respectively; and

(3) by striking paragraph (1) and inserting the following new paragraphs:

''(1) FALSE INFORMATION.—If a producer, an agent, a loss adjuster, an approved insurance provider, or any other person willfully and intentionally provides any false or inaccurate information to the Corporation or to an approved insurance provider with respect to a policy or plan of insurance under this title, the Corporation may, after notice and an opportunity for a hearing on the record, impose one or more of the sanctions specified in paragraph (2).

''(2) AUTHORIZED SANCTIONS.—The following sanctions may be imposed for a violation under paragraph (1):

''(A) The Corporation may impose a civil fine for each violation not to exceed the greater of—

''(i) the amount of the pecuniary gain obtained as a result of the false or inaccurate information provided; or

''(ii) $10,000.

''(B) If the violation is committed by a producer, the producer may be disqualified for a period of up to 5 years from—

''(i) participating in, or receiving any benefit provided under this title, the noninsured crop disaster assistance program under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333), the Agricultural Market Transition Act (7 U.S.C. 7201 et seq.), the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or the Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.);

''(ii) receiving any loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et. seq.);

''(iii) receiving any benefit provided, or indemnity made available, under any other law to assist a producer of an agricultural commodity due to a crop loss or a decline in commodity prices; or

''(iv) receiving any cost share assistance for conservation or any other assistance provided under title XII of the Food Security Act (16 U.S.C. 3801 et seq.).

''(C) If the violation is committed by an agent, loss adjuster, approved insurance provider, or any other person (other than a producer), the violator may be disqualified for a period of up to 5 years from participating in, or receiving any benefit provided under this title.

''(D) If the violation is committed by a producer, the Corporation may require the producer to forfeit any premium owed under the policy, notwithstanding a denial of claim or collection of an overpayment, if the false or inaccurate information was material.''.

(b) DISCLOSURE OF SANCTIONS.—Section 506(n) of the Federal Crop Insurance Act (7 U.S.C. 1506(n)) is amended by adding at the end the following new paragraph:

''(4) DISCLOSURE OF SANCTIONS.—Each policy or plan of insurance under this title shall prominently indicate the sanctions prescribed under paragraph (2) for willfully and intentionally providing false or inaccurate information to the Corporation or to an approved insurance provider.''.

SEC. 204. PROTECTION OF CONFIDENTIAL INFORMATION.

Section 502 of the Federal Crop Insurance Act (7 U.S.C. 1502) is amended by adding at the end the following new subsection:

''(c) PROTECTION OF CONFIDENTIAL INFORMATION.—

''(1) AUTHORIZED DISCLOSURE.—In the case of information furnished by a producer to participate in or receive any benefit under this title, the Secretary, any other officer or employee of the Department or an agency thereof, an approved insurance provider and its employees and contractors, and any other person may not disclose the information to the public, unless the information has been transformed into a statistical or aggregate form that does not allow the identification of the person who supplied particular information.

''(2) VIOLATIONS; PENALTIES.—Subsection (c) of section 1770 of the Food Security Act of 1985 (7 U.S.C. 2276) shall apply with respect to the release of information collected in any manner or for any purpose prohibited by paragraph (1).''.

SEC. 205. RECORDS AND REPORTING.

(a) CONDITION OF OBTAINING COVERAGE.—Section 508(f)(3)(A) of the Federal Crop Insurance Act (7 U.S.C. 1508(f)(3)(A)) is amended by striking ''provide, to the extent required by the Corporation, records acceptable to the Corporation of historical acreage and production of the crops for which the insurance is sought'' and inserting ''provide annually records acceptable to the Secretary regarding crop acreage, acreage yields, and production for each agricultural commodity insured under this title''.

(b) COORDINATION OF RECORDS.—Section 506(h) of the Federal Crop Insurance Act (7 U.S.C. 1506(h)) is amended—

(1) by striking ''The Corporation'' and inserting the following:

''(1) IN GENERAL.—The Corporation''; and

(2) by adding at the end the following new paragraph:

''(2) COORDINATION AND USE OF RECORDS.—

''(A) COORDINATION BETWEEN AGENCIES.—The Secretary shall ensure that recordkeeping and reporting requirements under this title and section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333) are coordinated by the Corporation and the Farm Service Agency to avoid duplication of such records, to streamline procedures involved with the submission of such records, and to enhance the accuracy of such records.

''(B) USE OF RECORDS.—Notwithstanding section 502(c), records submitted in accordance with this title and section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333) shall be available to agencies and local offices of the Department, appropriate State and Federal agencies and divisions, and approved insurance providers for use in carrying out this title and such section 196 as well as other agricultural programs and related responsibilities.''.

(c) NONINSURED CROP DISASTER ASSISTANCE PROGRAM.—Section 196(b) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(b)) is amended—

(1) by striking paragraph (2) and inserting the following:

''(2) RECORDS.—To be eligible for assistance under this section, a producer shall provide annually to the Secretary, acting through the Agency, records of crop acreage, acreage yields, and production for each eligible crop.''; and

(2) in paragraph (3), by inserting ''annual'' after ''shall provide''.

SEC. 206. COMPLIANCE WITH STATE LICENSING REQUIREMENTS.

Section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) is amended by adding at the end the following new subsection:

''(o) COMPLIANCE WITH STATE LICENSING REQUIREMENTS.—Any person who sells or solicits the purchase of a policy or plan of insurance under this title, including catastrophic risk protection, in any State shall be licensed and otherwise qualified to do business in that State.''.

The CHAIRMAN. Are there amendments to title II?

If not, the Clerk will designate title III.

The text of title III is as follows:

TITLE III—ADMINISTRATION

SEC. 301. BOARD OF DIRECTORS OF CORPORATION.

(a) CHANGE IN COMPOSITION.—Section 505 of the Federal Crop Insurance Act (7 U.S.C. 1505) is amended by striking the section heading, ''SEC. 505.'', and subsection (a) and inserting the following:

''SEC. 505. MANAGEMENT OF CORPORATION.

''(a) BOARD OF DIRECTORS.—

''(1) ESTABLISHMENT.—The management of the Corporation shall be vested in a Board of Directors subject to the general supervision of the Secretary.

''(2) COMPOSITION.—The Board shall consist of only the following members:

''(A) The manager of the Corporation, who shall serve as a nonvoting ex officio member.

''(B) The Under Secretary of Agriculture responsible for the Federal crop insurance program.

''(C) One additional Under Secretary of Agriculture (as designated by the Secretary).

''(D) The Chief Economist of the Department of Agriculture.

''(E) One person experienced in the crop insurance business.

''(F) One person experienced in the regulation of insurance.

''(G) Four active producers who are policy holders, are from different geographic areas of the United States, and represent a cross-section of agricultural commodities grown in the United States. At least one of the four shall be a specialty crop producer.

''(3) APPOINTMENT OF PRIVATE SECTOR MEMBERS.—The members of the Board described in subparagraphs (E), (F), and (G) of paragraph (2)—

''(A) shall be appointed by, and hold office at the pleasure of, the Secretary; and

''(B) shall not be otherwise employed by the Federal Government.

''(4) CHAIRPERSON.—The Board shall select a member of the Board to serve as Chairperson.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect 30 days after the date of the enactment of this Act.

(c) EFFECT ON EXISTING BOARD.—A member of the Board of Directors of the Federal Crop Insurance Corporation on the effective date specified in subsection (b) may continue to serve as a member of the Board until the earlier of the following:

(1) The date the replacement Board is appointed.

(2) The end of the 180-day period beginning on the effective date specified in subsection (b).

SEC. 302. PROMOTION OF SUBMISSION OF POLICIES AND RELATED MATERIALS.

(a) REIMBURSEMENT AUTHORITY.—Section 508(h) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)), as amended by section 105(a) of this Act, is amended by inserting after paragraph (5) the following new paragraph:

''(6) REIMBURSEMENT OF RESEARCH, DEVELOPMENT, AND MAINTENANCE COSTS.—

''(A) REIMBURSEMENT PROVIDED.—Subject to the conditions of this paragraph, the Corporation shall provide a payment to reimburse an applicant for research, development, and maintenance costs directly related to a policy or other material that is—

''(i) submitted to, and approved by, the Board under this subsection for reinsurance; and

''(ii) if applicable, offered for sale to producers.

''(B) DURATION.—Payments under subparagraph (A) may be made available beginning in fiscal year 2001. Payments with respect to the maintenance of an approved policy or other material may be provided for a period of not more than 4 reinsurance years following Board approval. Upon the expiration of that 4-year period, or earlier upon the agreement of the Corporation and the person receiving the payment, the Corporation shall assume responsibility for maintenance of a successful policy, as determined by the Corporation based on the market share attained by the policy, the total number of policies sold, the total amount of premium paid, and the performance of the policy in the States where the policy is sold.

''(C) TREATMENT OF PAYMENT.—Payments made under subparagraph (A) for a policy or other material shall be considered as payment in full for the research and development conducted with regard to the policy or material and any property rights to the policy or material.

''(D) REIMBURSEMENT AMOUNT.—The Corporation shall determine the amount of the payment under subparagraph (A) for an approved policy or other material based on the complexity of the policy or material and the size of the area in which the policy or material is expected to be used.''.

(b) ISSUANCE OF REGULATIONS.—Not later than October 1, 2000, the Corporation shall issue final regulations to carry out the amendment made by subsection (a).

SEC. 303. RESEARCH AND DEVELOPMENT, INCLUDING CONTRACTS REGARDING UNDERSERVED COMMODITIES.

(a) SUPPORT FOR PRIVATE RESEARCH AND DEVELOPMENT.—Section 508(m) of the Federal Crop Insurance Act (7 U.S.C. 1508(m)) is amended by adding at the end the following new paragraph:

''(4) PRIVATE RESEARCH AND DEVELOPMENT OF POLICIES AND OTHER MATERIALS.—

''(A) USE OF REIMBURSEMENT AUTHORITY.—To encourage and promote the necessary research and development for policies, plans of insurance, and related materials, including policies, plans, and materials under the livestock pilot programs under subsection (h)(10), the Corporation shall make full use of private resources by providing payment for research and development for approved policies and plans of insurance, and related materials, pursuant to subsection (h)(6).

''(B) CONTRACTS FOR UNDERSERVED COMMODITIES.—

''(i) DEVELOPMENT OF PRODUCTS AND RELATED MATERIALS.—In the event the Corporation determines that an agricultural commodity, including a specialty crop, is not adequately served by policies and plans of insurance and related materials submitted under subsection (h) or any other provision of this title, the Corporation may enter into a contract, under procedures prescribed by the Corporation, directly with any person or entity with experience in crop insurance or farm or ranch risk management, including universities, providers of crop insurance, and trade and research organizations, to carry out research and development for policies and plans of insurance and related materials for that agricultural commodity without regard to the limitations contained in this title.

''(ii) TYPES OF CONTRACTS.—A contract under this subparagraph may provide for research and development regarding new or expanded policies and plans of insurance and related materials, including policies based on adjusted gross income, cost-of-production, quality losses, and an intermediate base program with a higher coverage and cost than catastrophic risk protection.

''(iii) DELAYED EFFECTIVE DATE FOR CONTRACTS.—A contract entered into under this subparagraph may not take effect before October 1, 2000.

''(iv) USE OF RESULTING POLICIES AND PLANS.—The Corporation may offer any policy or plan of insurance developed under this subparagraph that is approved by the Board.

''(C) CONTRACT FOR REVENUE COVERAGE PLAN.—The Corporation shall enter into a contract for research and development regarding one or more revenue coverage plans designed to enable producers to take maximum advantage of fluctuations in market prices and thereby maximize revenue realized from the sale of a crop. Such a plan may include market instruments currently available or may involve the development of new instruments to achieve this goal. Not later than 15 months after the date of the enactment of this paragraph, the Corporation shall submit to Congress a report containing the results of the contract.''.

(b) RELIANCE ON PRIVATE DEVELOPMENT OF NEW POLICIES.—Section 508(m)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(m)(2)) is amended—

(1) by striking ''EXCEPTION.—No action'' and inserting—

''(2) EXCEPTIONS.—

''(A) PRIVATE AVAILABILITY.—No action''; and

(2) by adding at the end the following new subparagraph:

''(B) PROHIBITED RESEARCH AND DEVELOPMENT BY CORPORATION.—Notwithstanding paragraphs (1) and (5), on and after October 1, 2000, the Corporation shall not conduct research and development for any new policy or plan of insurance for an agricultural commodity offered under this title. Any policy or plan of insurance developed by the Corporation under this title before that date shall, at the discretion of the Corporation, continue to be offered for sale to producers.''.

(c) PARTNERSHIPS FOR RISK MANAGEMENT DEVELOPMENT AND IMPLEMENTATION.—Section 508(m) of the Federal Crop Insurance Act (7 U.S.C. 1508(m)) is amended by inserting after paragraph (4), as added by subsection (a), the following new paragraph:

''(5) PARTNERSHIPS FOR RISK MANAGEMENT DEVELOPMENT AND IMPLEMENTATION.—

''(A) PURPOSE.—The purpose of this paragraph is to authorize the Corporation to enter

into partnerships with public and private entities for the purpose of increasing the availability of loss mitigation, financial, and other risk management tools for crop producers, with priority given to risk management tools for producers of agricultural commodities covered by section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333) and specialty and underserved commodity producers.

''(B) AUTHORITY.—Subject to subparagraphs (D) and (E), the Corporation may enter into partnerships with the Cooperative State Research, Education, and Extension Service, the Agricultural Research Service, the National Oceanic Atmospheric Administration, and other appropriate public and private entities with demonstrated capabilities in developing and implementing risk management and marketing options for specialty crops and underserved commodities.

''(C) OBJECTIVES.—The Corporation may enter into a partnership under subparagraph (B)—

''(i) to enhance the notice and timeliness of notice of weather conditions that could negatively affect crop yields, quality, and final product use in order to allow producers to take preventive actions to increase end-product profitability and marketability and to reduce the possibility of crop insurance claims;

''(ii) to develop a multifaceted approach to pest management and fertilization to decrease inputs, decrease environmental exposure, and increase application efficiency;

''(iii) to develop or improve techniques for planning, breeding, planting, growing, maintaining, harvesting, storing, shipping, and marketing that will address quality and quantity challenges associated with year-to-year and regional variations;

''(iv) to clarify labor requirements and assist producers in complying with requirements to better meet the physically intense and time-compressed planting, tending, and harvesting requirements associated with the production of specialty crops and underserved commodities;

''(v) to provide assistance to State foresters or equivalent officials for the prescribed use of burning on private forest land for the prevention, control, and suppression of fire;

''(vi) to provide producers with training and informational opportunities so that they will be better able to use financial management, crop insurance, marketing contracts, and other existing and emerging risk management tools; and

''(vii) to develop other risk management tools to further increase economic and production stability.

''(D) FUNDING SOURCE.—If the Corporation determines that the entire amount available to provide reimbursement payments under subsection (h) and contract payments under paragraph (4) (in this subparagraph referred to as 'reimbursement and contract payments') for a fiscal year is not needed for such purposes, the Corporation may use a portion of the excess amount to carry out this paragraph, subject to the following:

''(i) During fiscal years 2001 through 2004, amounts available for reimbursement and contract payments may be used to carry out this paragraph only if the total amount to be used for reimbursement and contract payments is less than $44,000,000 for fiscal year 2001, $47,000,000 for fiscal year 2002, $50,000,000 for fiscal year 2003, and $52,000,000 for fiscal year 2004.

''(ii) During fiscal years 2001 through 2004, the total amount used to carry out this paragraph for a fiscal year may not exceed the difference between the amount specified in clause (i) for that fiscal year and the amount actually used for reimbursement and contract payments.

''(E) DELAYED AUTHORITY.—The Corporation may not enter into a partnership under the authority of this paragraph before October 1, 2000.''.

SEC. 304. FUNDING FOR REIMBURSEMENT AND RESEARCH AND DEVELOPMENT.

(a) EXPENDITURES.—Section 508(h)(6) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)(6)), as added by section 302(a) of this Act, is amended by adding at the end the following new subparagraph:

''(E) EXPENDITURES.—

''(i) SPECIALTY CROPS.—Of the total amount made available to provide payments under this paragraph and subsection (m)(4)(B) for a fiscal year, $25,000,000 shall be reserved for research and development contracts under subsection (m)(4)(B). The Corporation may use a portion of the reserved amount for other purposes under this paragraph, with priority given to underserved commodities, if the Corporation determines that the entire amount is not needed for such contracts. If the reserved amount is insufficient for a fiscal year, the Corporation may use amounts in excess of the reserved amount for such contracts.

''(ii) LIMITATION.—In providing payments under this paragraph and subsection (m)(4)(B), the Corporation shall not obligate or expend more than $55,000,000 during any fiscal year.''.

(b) FUNDING.—

(1) AUTHORIZATION OF APPROPRIATIONS.—Section 516(a)(2) of the Federal Crop Insurance Act (7 U.S.C. 1516(a)(2)) is amended by adding at the end the following new subparagraph:

''(D) Costs associated with the reimbursement for research, development, and maintenance costs of approved policies and other materials provided under section 508(h)(6) and contracting for research and development under section 508(m)(4)(B).''.

(2) USE OF INSURANCE FUND.—Section 516(b)(1) of the Federal Crop Insurance Act (7 U.S.C. 1516(b)(1)) is amended by adding at the end the following new subparagraph:

''(E) Reimbursement for research, development, and maintenance costs of approved policies and other materials provided under section 508(h)(6) and contracting for research and development under section 508(m)(4)(B).''.

SEC. 305. BOARD CONSIDERATION OF SUBMITTED POLICIES AND MATERIALS.

(a) PERSONS AUTHORIZED TO SUBMIT.—Section 508(h)(1) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)(1)) is amended by inserting after ''a person'' the following: ''(including an approved insurance provider, a college or university, a cooperative or trade association, or any other person)''.

(b) SALE BY APPROVED INSURANCE PROVIDERS.—Section 508(h)(3) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)(3)) is amended by inserting after ''for sale'' the following: ''by approved insurance providers''.

(c) TIME PERIODS FOR APPROVAL OR DISAPPROVAL.—Section 508(h)(4)(A) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)(4)(A)), as amended by section 105(c), is amended—

(1) in clause (iii), as redesignated by section 105(c), by striking ''of the applicant.'' and all that follows through the end of the clause and inserting

'', and such application, as modified, shall be considered by the Board in the manner provided in clause (iv) within the 30-day period beginning on the date the modified application is submitted. Any notification of intent to disapprove a policy or other material submitted under this subsection shall be accompanied by a complete explanation as to the reasons for the Board's intention to deny approval.''; and

(2) by striking clause (iv), as redesignated by section 105(c), and inserting the following new clause:

''(iv) Not later than 120 days after a policy or other material is submitted under this subsection, the Board shall make a determination to approve or disapprove such policy or material. Any determination by the Board to disapprove any policy or other material shall be accompanied by a complete explanation of the reasons for the Board's decision to deny approval. In the event the Board fails to make a determination within the prescribed time period, the submitted policy or other material shall be deemed approved by the Board for the initial reinsurance year designated for the policy or material, except in the case where the Board and the applicant agree to an extension.''.

(d) FUNDING TO EXPEDITE CONSIDERATION.—Effective October 1, 2000, section 516(b)(2) of the Federal Crop Insurance Act (7 U.S.C. 1516(b)(2)) is amended—

(1) by striking ''RESEARCH AND DEVELOPMENT EXPENSES.—'' and inserting ''POLICY CONSIDERATION EXPENSES.—''; and

(2) in subparagraph (A), by striking ''research and development expenses of the Corporation'' and inserting ''costs associated with considering for approval or disapproval policies and other materials under subsections (h) and (m)(4) of section 508, costs associated with implementing such subsection (m)(4), and costs to contract out for assistance in considering such policies and other materials''.

SEC. 306. CONTRACTING FOR RATING OF PLANS OF INSURANCE.

Section 507(c)(2) of the Federal Crop Insurance Act (7 U.S.C. 1507(c)(2)) is amended—

(1) by striking ''actuarial, loss adjustment,'' and inserting ''actuarial services, services relating to loss adjustment and rating plans of insurance,''; and

(2) by inserting after ''private sector'' the following: ''and to enable the Corporation to concentrate on regulating the provision of insurance under this title and evaluating new products and materials submitted under section 508(h)''.

SEC. 307. ELECTRONIC AVAILABILITY OF CROP INSURANCE INFORMATION.

Section 508(a)(5) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)(5)) is amended—

(1) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii) and moving such clauses 2 ems to the right;

(2) by striking ''The Corporation'' and inserting the following:

''(A) AVAILABLE INFORMATION.—The Corporation''; and

(3) by adding at the end the following new subparagraph:

''(B) USE OF ELECTRONIC METHODS.—The Corporation shall make the information described in subparagraph (A) available electronically to producers and approved insurance providers. To the maximum extent practicable, the Corporation shall also allow producers and approved insurance providers to use electronic methods to submit information required by the Corporation.''.

SEC. 308. FEES FOR USE OF NEW POLICIES AND PLANS OF INSURANCE.

Section 508(h) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)) is amended by adding at the end the following new paragraph:

''(11) FEES FOR NEW POLICIES AND PLANS OF INSURANCE.—

''(A) AUTHORITY TO IMPOSE FEE.—Effective beginning with fiscal year 2001, if a person develops a new policy or plan of insurance and does not apply for reimbursement of research, development, and maintenance costs under paragraph (6), the person shall have the right to receive a fee from any approved insurance provider that elects to sell the new policy or plan of insurance. Notwithstanding paragraph (5), once the right to collect a fee is asserted with respect to a new policy or plan of insurance, no approved insurance provider may offer the new policy or plan of insurance in the absence of a fee agreement with the person who developed the policy or plan.

''(B) DEFINITION.—For purposes of this paragraph only, the term 'new policy or plan of insurance' means a policy or plan of insurance that was approved by the Board on or after October 1, 2000, and was not available at the time the policy or plan of insurance was approved by the Board.

''(C) AMOUNT.—The amount of the fee that is payable by an approved insurance provider to offer a new policy or a plan of insurance under

subparagraph (A) shall be an amount that is determined by the person that developed the new policy or plan of insurance, subject to the approval of the Board under subparagraph (D).

''(D) APPROVAL.—The Board shall approve the amount of a fee determined under subparagraph (C) for a new policy or plan of insurance unless the Board can demonstrate that the fee amount—

''(i) is unreasonable in relation to the research and development costs associated with the new policy or plan of insurance; and

''(ii) unnecessarily inhibits the use of the new policy or plan of insurance.''.

SEC. 309. CLARIFICATION OF PRODUCER REQUIREMENT TO FOLLOW GOOD FARMING PRACTICES.

Section 508(a)(3)(C) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)(3)(C)) is amended by inserting after ''good farming practices'' the following: '', including scientifically sound sustainable and organic farming practices''.

SEC. 310. REIMBURSEMENTS AND RENEGOTIATION OF STANDARD REINSURANCE AGREEMENT.

(a) REIMBURSEMENT RATE CHANGES.—

(1) CAT LOSS ADJUSTMENT.—Section 508(b)(11) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)(11)) is amended by striking ''11 percent'' and inserting ''8 percent''.

(2) REIMBURSEMENT FOR ADMINISTRATIVE AND OPERATING COSTS.—Section 508(k)(4)(A)(ii) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)(4)(A)(ii)) is amended by striking ''24.5 percent'' and inserting ''24 percent''.

(3) APPLICATION OF AMENDMENTS.—The amendments made by this subsection shall apply with respect to the 2001 and subsequent reinsurance years.

(b) RENEGOTIATION.—Effective for the 2002 reinsurance year, the Federal Crop Insurance Corporation may renegotiate the Standard Reinsurance Agreement.

AMENDMENT NO. 2 OFFERED BY MS. JACKSON-LEE OF TEXAS

Ms. JACKSON-LEE of Texas. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Ms. JACKSON-LEE of Texas:

Add at the end of title III the following new section:

SEC. . SENSE OF CONGRESS REGARDING PARTICIPATION OF MINORITY AND LIMITED-RESOURCE PRODUCERS IN CROP INSURANCE PROGRAMS.

It is the Sense of Congress that the Secretary of Agriculture should ensure the full participation of minority and limited-resource farmers and ranchers in the programs operating under the Federal Crop Insurance Act, as amended by this Act.

Ms. JACKSON-LEE of Texas. Mr. Chairman, my amendment specifically to H.R. 2559 provides for a sense of Congress for the full participation of minority and limited resource farmers and ranchers in programs operating under the Federal Crop Insurance Act as amended by the Agriculture Risk Protection Act of 1999.

First of all, let me thank the chairman and ranking member, both from Texas, for their cooperation in this sense of Congress. Many of them are aware that all of us as members of the Congressional Black Caucus have been working over the years with African-American farmers. In particular, those of us who live in urban or inner city communities have found ourselves more and more educated about the plight of the black farmer, in particular because many who have lost their land have moved into our cities or in fact some of our residents who live in our district still retain farming connections, as we call it, in the country. In fact, one of the sites for the black farmers meeting was Houston. Another site is Detroit, Michigan; both urban centers.

H.R. 2559, in particular, provides viable risk management tools which are imperative for producers. Crop insurance is a critical tool in a producer's risk management tool box, one which must be more affordable, equitable and more broadly available.

While farming and ranching has been declining in our country, minority and limited resource farmers have faced a severe loss of their farms over the last 70 years. According to the most recent census of agriculture, the number of all minority farms have fallen from 950,000 in 1920 to 60,000 in 1992. For African Americans, the number fell from 925,000, 14 percent of all farms in 1920, to only 18,000, 1 percent of all farms in 1992. Although the number of farms owned by other minorities has increased in recent years, particularly among Hispanics, the total acres of land farmed by these groups have actually declined. Only women have seen an increase in both the number of farms and acreage farmed.

H.R. 2559 goes a long way in ensuring that all farmers and ranchers have access to crop insurance. We need to particularly be mindful of our minority and limited resource farmers and ranchers. And so this amendment puts the sunlight and the highlight on our minority and limited resource farmers and ranchers to ensure that the programs operating under the Federal Crop Insurance Act do reach out to them. This measure is an important first step toward meeting this goal. I urge my colleagues to support not only this particular legislation but the amendment.

Mr. Chairman, today I rise to support H.R. 2559, the Agriculture Risk Protection Act of 1999. This legislation would enact needed improvements to the current crop insurance program for farmers and ranchers. H.R. 2559 provides substantial improvements that will strengthen program performance and participation across all commodities and regions of the country.

Viable risk management tools are imperative for producers. Crop insurance is a critical tool in a producer's ''risk management tool box''—one which must be more affordable, equitable and more broadly available.

H.R. 2559 amends the Federal Crop Insurance Act to strengthen the safety net for agriculture producers by providing greater access to more affordable risk management tools and improved protection from production and income loss, to improve the efficiency and integrity of the Federal crop insurance program.

While farming and ranching has been declining in our country, minority and limited-resource farmers have faced a severe loss of their farms over the last 70 years. According to the most recent Census of Agriculture, the number of all minority farms has fallen—from 950,000 in 1920 to around 60,000 in 1992. For African-Americans, the number fell from 925,000, 14 percent of all farms in 1920, to only 18,000, 1 percent of all farms in 1992. Although the number of farms owned by other minorities has increased in recent years, particularly among Hispanics, the total acres of land farmed by these groups has actually declined. Only women have seen an increase in both number of farms and acres farmed.

H.R. 2559 goes a long way in ensuring that all farmers and ranchers have access to crop insurance. We need to be particularly mindful of our minority and limited-resource farmers and ranchers. This measure is an important first step toward meeting this goal. I urge my colleagues to do the right thing and support H.R. 2559 in a bipartisan manner.

Mr. COMBEST. Mr. Chairman, I rise in support of the amendment.

I would say to the gentlewoman that the crop insurance program obviously is a voluntary program which should be open and we would always want it to be open to any individual who qualifies as a farmer. And that the intent of this bill is to create an additional menu of insurance options that are available to hopefully be able to reach and to meet the specific needs that some farmers may have that may not fit into a bigger box. That is the whole purpose, to create new programs available. Certainly without singling out or giving a priority to anyone, I just want to make sure the record is clear that this program is available voluntarily to any farmer who wishes to participate who does qualify.

With that in mind, Mr. Chairman, I would rise in support and urge the adoption of the gentlewoman's amendment.

Mr. STENHOLM. Mr. Chairman, I move to strike the last word.

I want to say that it certainly was the full intent of the Committee on Agriculture that all farmers be allowed full participation in this. I appreciate the gentlewoman from Texas with the sense of Congress resolution that she offers today which will highlight the full intent of that. I commend her for bringing this, and I urge support of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Texas (Ms. JACKSON-LEE).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title III?

If not, the Clerk will designate title IV.

The text of title IV is as follows:

TITLE IV—EFFECTIVE DATE AND IMPLEMENTATION

SEC. 401. EFFECTIVE DATE.

Except as provided in sections 301(b) and 305(d), this Act and the amendments made by this Act shall take effect on the date of the enactment of this Act. The actual implementation by the Secretary of Agriculture and the Federal Crop Insurance Corporation of an amendment made by this Act shall depend on the terms of the amendment or, in the absence of an express implementation date in the amendment, the special rules specified in section 402.

SEC. 402. SPECIAL RULES REGARDING IMPLEMENTATION OF CERTAIN AMENDMENTS.

(a) IMPLEMENTATION FOR 2000 CROP YEAR.—The amendments made by the following sections of this Act shall apply beginning with the 2000 crop year:

(1) Section 104, relating to review and adjustment in rating methodologies.

(2) Section 106, relating to cost of production as a price election.

(3) Section 107, relating to premium discounts for good performance.

(4) Section 202, relating to improving program compliance and integrity.

(5) Section 203, relating to sanctions for false information.

(6) Section 204, relating to protection of confidential information.

(7) Section 205, relating to records and reporting.

(8) Section 206, relating to compliance with State licensing requirements.

(9) Section 309, relating to requirement to follow good farming practices.

(b) IMPLEMENTATION FOR FISCAL YEAR 2000.—The amendments made by the following sections of this Act shall apply beginning with fiscal year 2000:

(1) Section 105(a), relating to repeal of obsolete pilot programs.

(2) Subsections (a), (b), and (c) and section 305, relating to Board consideration of submitted policies and materials.

(3) Section 306, relating to contracting for rating plans of insurance.

(4) Section 307, relating to electronic availability of crop insurance information.

(c) IMPLEMENATION FOR 2001 CROP YEAR.—The amendments made by the following sections of this Act shall apply beginning with the 2001 crop year:

(1) Section 101, relating to premium schedule for additional coverage.

(2) Section 102, relating to premium schedule for other plans of insurance.

(3) Section 103(b), relating to adjustment in production history to reflect pest control.

(4) Section 109, relating to authority for nonprofit associations to pay fees on behalf of producers.

(5) Section 110, relating to elections regarding prevented planting coverage.

(6) Section 111, relating to limitations under noninsured crop disaster assistance program.

(7) Section 201, relating to limitation on double insurance.

(d) IMPLEMENTATION FOR FISCAL YEAR 2001.—The amendments made by the following sections of this Act shall apply beginning with fiscal year 2001:

(1) Section 105(b), relating to general requirements applicable to pilot programs.

(2) Section 304, relating to funding for reimbursement and research and development.

SEC. 403. SAVINGS CLAUSE.

The Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333), as in effect on day before the date of the enactment of this Act, shall continue to apply with respect to the 1999 crop year and shall apply with respect to the 2000 crop year, to the extent the application of an amendment made by this Act is delayed under section 402 or by the terms of the amendment.

The CHAIRMAN. Are there further amendments?

If not, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

□ 1300

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. MCHUGH) having assumed the chair, Mr. LATOURETTE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2559) to amend the Federal Crop Insurance Act to strengthen the safety net for agricultural producers by providing greater access to more affordable risk management tools and improved protection from production and income loss, to improve the efficiency and integrity of the Federal crop insurance program, and for other purposes, pursuant to House Resolution 308, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the Committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. COMBEST. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 2559, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 2559, AGRICULTURAL RISK PROTECTION ACT OF 1999

Mr. COMBEST. Mr. Speaker, I ask unanimous consent that, in the engrossment of the bill, H.R. 2559, the Clerk be authorized to correct section numbers, punctuation, citations, and cross references and to make such other technical and conforming changes as may be necessary to reflect the actions of the House in amending the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

SPECIAL ORDERS

The SPEAKER pro tempore. Without prejudice to the resumption of regular legislative business, under the Speaker's announced policy of January 6, 1999, and under a previous order of the House, the following Members will be recognized for 5 minutes each:

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 5 minutes.

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. LIPINSKI) is recognized for 5 minutes.

(Mr. LIPINSKI addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kentucky (Mr. FLETCHER) is recognized for 5 minutes.

(Mr. FLETCHER addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

ORDER OF BUSINESS

Mr. SMITH of Michigan. Mr. Speaker, I ask unanimous consent to proceed with my 5-minute special order at this time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

WE SHOULD NOT SPEND SOCIAL SECURITY SURPLUS MONEY ON OTHER GOVERNMENT PROGRAMS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. SMITH) is recognized for 5 minutes.

Mr. SMITH of Michigan. Mr. Speaker, we have significant challenges before this legislature, possibly more than any of the 7 years that I have served in Congress. That challenge is to hold the line on spending. The question before this body is should we spend the Social Security surplus money for other government programs.

And, Mr. Speaker, everybody should understand that when Congress spends more money, most often they are more likely to be reelected. They take home pork barrel projects, they do more things for more people with taxpayers' money, and they end up on the front page of the paper or end up on television cutting the ribbons; and so part of the problem is that there is a lot of Members of Congress supported by a lot of bureaucrats that work within Federal Government, all of whom would very much like to spend more money and have a bigger government.

The challenge facing us this year is a budget resolution decision not to spend

the Social Security surplus funds coming in. We are now approaching the new fiscal year. Day after tomorrow the new fiscal year starts for the United States Government. In that budget we now anticipate $148 billion coming in surplus from the FICA tax, from the Social Security tax. We now estimate approximately $14 billion coming in surplus from the on-budget surplus or, if you will, from the income tax.

In our budget resolution we said we were not going to spend the Social Security surplus. We passed what was called a lockbox bill on the floor that says that we are going to put all of the Social Security surplus into a lockbox and not use it for anything except Social Security.

Now we have got a lot of individuals, including the President, suggesting that we should have more spending; but everybody needs to understand that more spending means that we use the Social Security surplus money. The President suggested that we take 66 percent of the Social Security surplus and set that aside and do not spend it, but that we go ahead and we spend one-third of the Social Security surplus. This side of the aisle, the Republicans, said, no, let us try to do a little better than that, let us put a hundred percent of the Social Security surplus, trust fund surplus, aside and make sure that we do not spend it for other government programs.

I mean it is tough. We have not done this before. It would be history making if we are able to do this. Before the Republicans took the majority in 1995, for the 40 years before that the Democrats had the majority in this chamber for most every one of those years. Any time there was a surplus coming in from Social Security, it was spent for other government programs.

I chair a bipartisan task force of the Committee on the Budget on Social Security. In those hearings we learned that the Social Security Administration may be very well underestimating life span, especially how long an individual is expected to live after they reach the age of 65. Futurist medical experts were guessing that within 25 years anybody that wanted to live to be a hundred years old could make that decision to do so, and they guess that maybe within 35 years anybody that wanted to live to be 120 years old, it was within a realistic realm of possibility that they could live that long, Mr. Speaker.

See the huge consequences this will mean for any pension programs, for any government program, whether it is Social Security or Medicare or whether it is Medicaid with a huge cost, increasing cost, of nursing home care if individuals are going to live that long, because what we are faced with is a declining number of workers paying their tax in that immediately is spent out in benefits.

I mean Social Security has been a pay-as-you-go program ever since it started in 1935. In other words, current workers pay in their taxes to pay the benefits of current retirees. When we started in 1935 and up through the 1940s, we had about 41 people working, paying in their taxes, for every one retiree. Today there is three people working paying in their taxes for every one retiree. By 2030 we are expecting that there is only going to be two people working. That means that those two people have to earn enough to provide for their families plus one retiree.

Huge challenges. Let us be careful. Let us rededicate ourselves not to spend the Social Security surplus. It is a good start.

STATE OF THE FARM ECONOMY IN AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. NETHERCUTT) is recognized for 5 minutes.

Mr. NETHERCUTT. Mr. Speaker, it is my pleasure to talk for a few minutes today about the state of the farm economy in America. I have listened with interest over the last hour or so to a number of Members come to the floor and speak passionately about the problems that exist in our agriculture sector of our economy across this Nation.

I am proud to hail from the east side of the State of Washington, a location which grows abundant crops, lots of grains, wheat, oats, peas and lentils and other commodities, most of which are exported overseas. When the farm bill policy of our country was adopted back in 1996, it was met, I think, with general acceptance in my part of the country, that this is a good policy change for our farmers, that they would farm for the market and not just for the Government, and the continual subsidies that had been in existence for many, many years under long-term farm policy in this country would see a change.

There would be a reduction over a period of time in the subsidies that had been provided, a marked transition payment assistance program that ultimately would get our farmers into a world market condition where the market would meet the needs, the income needs, of the farmer and not to have the farmer necessarily turn to the Government repeatedly year after year.

This was a good change. I think it was a positive change. For those of us in Congress who feel that the free market is the best way to go, a free market economy is the best, it in many respects caused some problems for our farmers because while on the one hand the Federal Government would say we are going to adopt a free market economy in agriculture, but yet we are not going to provide markets overseas for our farmers to market to, which brings me to the point that I want to make this evening:

That is that in order for our farmers to survive, those in eastern Washington as well as other parts of the country, we must have open markets. Currently our country has a policy of putting embargoes on countries with whom we disagree government to government. I happen to be proudly a member of the Committee on Appropriations, the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies, which now has before it an issue regarding sanctions relief as part of the evolving policy to assist our farmers across this country.

I think our policy as a general proposition ought to be that we lift sanctions on food and medicine to countries around the world, not providing assistance government to government, but providing assistance to the people of the countries with whom we disagree and their leadership with whom we disagree, providing assistance to those countries in a market-oriented system that allows them to buy our farm products, to purchase them, not to give them, not for us to assist terrorist governments. That is not the intent of anybody in my judgment who supports lifting of sanctions, but to provide assistance to American farmers who are shut out of markets around the world that other countries are not shut out of.

So what happens is that a farmer, the government of Australia or Canada or the European Union has the ability to go into markets that we are frozen out of, American farmers are frozen out of, and underbid prices to sell products, commodities, to those countries; and then in those countries with which they can compete with us, they will undercut us even more. They will raise the prices in the sanctioned countries to get the sale, they will lower the prices in the competing countries in order to beat us out of a sale.

□ 1315

Iran is a prime example. I disagree absolutely with the government of Iran and their policies of terrorism around the world and oppression, but they are buying wheat from Canada, Australia, and the European Union. Americans are getting nothing from nor realizing any sales to this country.

So my argument is that before the Committee on Appropriations, Subcommittee on Agriculture, we have the issue of sanctions relief. I think we ought to have sanctions relief in this bill. It is an opportunity for us to say we are not going to use food and medicine as a weapon of foreign policy.

Iran cannot shoot grain back at us, but they can sure buy our grain and help our agriculture community in eastern Washington and around the country that want to sell to this country.

I know there is a problem with Cuba, and I understand that issue. And I am willing as one Member of the House to address that issue and discuss it and try to come to some reasonable solution about it, given the political consequences of some Members of the

House. But I think as a general proposition, Mr. Speaker, we ought to raise sanctions, lift them, so that our agriculture community can survive in a free market system in the years ahead.

The SPEAKER pro tempore (Mr. LATOURETTE). Under a previous order of the House, the gentleman from Pennsylvania (Mr. PALLONE) is recognized for 5 minutes.

(Mr. PALLONE addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. FILNER) is recognized for 5 minutes.

(Mr. FILNER addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. JONES) is recognized for 5 minutes.

(Mr. JONES addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr. CUMMINGS) is recognized for 5 minutes.

(Mr. CUMMINGS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

TAXPAYER FUNDING FOR OFFENSIVE ART

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. MCINNIS) is recognized for 5 minutes.

Mr. MCINNIS. Mr. Speaker, I do not know how many Members have been keeping track of what is going on in New York City, but I think the repercussions of what is going on in New York City really sweep across the entire country, especially when it pertains to two different groups, one, the taxpayers, and, two, the art community.

Let me start at the beginning of my comments to let you know that I have supported the art community. I have in the past voted for the NEA to support their art with taxpayer dollars. I have, however, on a number of occasions cautioned the arts community, do not go spending this money on careless or offensive art. If you have careless or offensive art, what you need to do to fund that is to go out and raise the money privately or have the individuals do it on their own in a display somewhere else.

That is not a violation of the Constitution or a violation of freedom of speech, to go to an individual who is an artist and say, look, your piece of work is too offensive. We are not going to pay for it with taxpayer dollars. That is not to say that you are banned in the United States from displaying your art. You do have freedom of speech; you may display your art. It is just that the taxpayers are not going to pay for it.

So what happens in New York City? Do you think the art community, especially some of the prima donnas in the art community, listen to that kind of advice? Of course they do not. They decide to draw the line in the sand.

Do you know what kind of line they are drawing? They say, look, we have a picture, a portrait of the Virgin Mary, and it has elephant dung, in my country it is known as crap, elephant crap, thrown on the portrait of the Virgin Mary. That is where they decide they should draw the line. They want that to be continued to be funded by taxpayer dollars.

Mayor Giuliani comes out and says this is offensive. Of course it is offensive. I wonder what the black community would do if Martin Luther King's portrait was there and had crap thrown on it. I wonder what those of us who are concerned about AIDS in this country would do if they put an AIDS blanket on there and threw crap on it.

Of course it is offensive. Those communities would not tolerate it. They would probably take down the building. But I guess it is okay for the arts community in New York City, or at least the leadership of the prima donnas, to say it is all right to offend the Catholic religion and to offend Christians throughout the country.

Let me tell you, the Jewish community could be next. For all I know, this museum might put on the swastika and say it is beautiful art and should be paid for by the taxpayer dollars.

I am urging the art community, Mayor Giuliani is right in this case, and you know he is right. Those are taxpayer dollars. Do not offend the taxpayer, do not offend religions across this world, by allowing the Virgin Mary display in your museum at taxpayer expense.

You have plenty of patrons, plenty of rich patrons that support the arts community. Go to your patrons and say look, will you fund this offensive display? By the way, I would be surprised if you have many that do. But will you fund this display of the Virgin Mary with crap thrown all over it? Will you fund it somewhere else, so we do not have to go to the taxpayer?

It is amazing to me. Even the New York Times ran an editorial today, and they say what a courageous stand this art museum is taking by standing up and saying we have the right at taxpayers' expense to display a portrait of the Virgin Mary with crap thrown on it.

I wonder where the New York Times would be if that was an AIDS blanket. I wonder where the New York Times would be if that was a portrait of Martin Luther King or a symbol of the Jewish religion.

It is amazing to me that the art community defies common sense every opportunity they seem to have. I am telling you in New York City and my colleagues that represent New York City, let me tell you, you are hurting the arts community across the United States.

One other point I want to make, if you do think in New York City that this art and that what you have done here does not extend across the country, I am getting calls in my district, the 3rd Congressional District of Colorado. That is the mountains. It is a long ways away from New York City. But I have got constituents, rightfully so, very, very upset about the fact that you in New York City in that arts community, the prima donnas, are funding with taxpayer dollars that picture, that portrait of the Virgin Mary with dung thrown on it, and stand up and have the gall to defend it.

Mr. ROHRABACHER. Mr. Speaker, will the gentleman yield?

Mr. MCINNIS. I yield to the gentleman from California.

Mr. ROHRABACHER. Recently we have, of course, seen a terrible situation where young Christians were murdered and attacked by someone down in Texas. Does the gentleman believe that perhaps some of this vitriol he is talking about could have resulted in that type of violence against Christians? We will leave that for the public.

REFINEMENTS TO THE BALANCED BUDGET ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. RAMSTAD) is recognized for 5 minutes.

Mr. RAMSTAD. Mr. Speaker, today I rise in frustration, frustration with the government agency that may even be more unpopular than the IRS, if you can believe it. My friends on the Health Subcommittee of Ways and Means and many other colleagues on both sides of the aisle know exactly who I am talking about, the Healthcare Financing Administration, or HCFA.

Mr. Speaker, on Friday of this week our Health Subcommittee will be holding a hearing on refinements to the Balanced Budget Amendment, or BBA. As we plan for this hearing, I hope the administration will not appear before us again in the subcommittee and insult our intelligence. I will be asking some tough questions about their handling of the Medicare program recently, and I hope I do not hear that the agency is unable to address the concerns we are hearing about from seniors across the Nation, and also from Medicare providers, because the agency's hands are completely tied by prescriptive BBA language. That is the constant refrain we get from HCFA, the agency's hands are completely tied by prescriptive BBA language.

We hear these lines about prescriptive language and Congressional intent when the administration does not want to do things, but when it does want to act, when it does want to do something, it is perfectly comfortable with

ignoring bill language or Congressional intent.

Some of the problems we are hearing about in Medicare from health care providers are all results of actual BBA language. Yes, they are. The Health Subcommittee is planning to provide relief in those areas. But, as Senator ROTH and Chairman THOMAS have said recently, there is also a lot HCFA can do.

The BBA gives HCFA significant power over how things are implemented. The risk adjuster for Medicare+Choice payments is a perfect example. Many of my colleagues and I have heard concerns about the risk adjuster the administration has designed. One very important concern is how this risk adjuster will impact some very special programs, especially innovative programs that seniors want and that the frail elderly seniors need so desperately.

HCFA obviously understands the grave impact the interim risk adjuster will have on these programs. In fact, HCFA exempted them from the risk adjuster for the first year. But the argument which compelled the agency to exempt them for one year remains the same and just as powerful for all the years under the interim risk adjuster.

Now, I might be just a plain Norwegian from Lake Woebegone, Mr. Speaker, but even I cannot understand why the agency is not exempting them for the entire interim period. That just makes good common Governor Jessie Ventura sense. If they have the authority to do it for 1 year, it seems they have the authority to do it for multiple years. Conversely, if they do not have authority for all the years, then how do they have the authority to do it for one?

I see nothing in the BBA which prohibits the agency from exempting them for more than 1 year. Even if I were to accept HCFA's claim that only Congressional action allows a multiple-year exemption, that still would not allow me to understand why HCFA is not supporting the bill I introduced to provide the multiple exemption. They tell providers, well, we need Congress to pass a bill. So I introduced one. Then they come up with the multiple weak arguments against the bill.

Mr. Speaker, I am offering to address any substantive concerns in a reasonable way, in a reasonable commonsense way, and I hope we will be having such an exchange on Friday in the Health Subcommittee. I invite the administration to join me for the sake of frail, eligible, elderly beneficiaries in Minnesota and across this Nation.

UNITED STATES-CHINA MILITARY EXCHANGES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. ROHRABACHER) is recognized for 5 minutes.

Mr. ROHRABACHER. Mr. Speaker, 2 days ago, the U.S. Secretary of Defense, William Cohen, told reporters that he hopes the U.S. military will resume contacts with the Communist Chinese military. At the very same time that Secretary Cohen was speaking, in Shanghai, Chinese dictator Jiang Zemin was speaking to a gathering of elite U.S. corporate chairmen who were in China to help celebrate the 50th anniversary of the communist takeover of the mainland of China.

Jiang Zemin blatantly renewed threats by the communist regime to conquer Taiwan by force, and then he threatened the United States. ''We will not allow any foreign force to create or support Taiwanese independence.''

I have in my possession, Mr. Chairman, Pentagon documents detailing the Clinton Administration's exchange program between the United States and Communist China. It is a military exchange program. This program of military exchanges has, in effect, assisted the Communist Chinese Air Force in improving its capabilities to conduct bombing raids on Taiwan.

The May 1999 Air Force exchange, and this was an exchange in May of 1999, this year, introduced the Communist Chinese, and these are military leaders in the Communist Chinese military, to our most advanced Air Force capabilities. This may eventually cause the death of Americans serving in any U.S. air or naval forces that would attempt to defend Taiwan against communist attack.

This is mind boggling. I pray that those people who are listening to this or reading it in the CONGRESSIONAL RECORD or my colleagues will please pay attention. We are talking about training Communist Chinese military people in ways that will result in the death of thousands, if not tens of thousands, of American military personnel. It is outrageous. It is incredible. What can you say? What can we do to draw attention to this absolute outrage?

The Chinese Communist People's Liberation Air Force and government air traffic control delegation visited the United States between May 9 and May 20 of this year. Air traffic control certainly sounds harmless. The Pentagon documents used to brief these Chinese visitors show that they observed or participated in advanced combat Air Force exercises with the U.S. 389th Fighter Squadron at Luke Air Force Base in Arizona. They also observed fighter bomber operations at Edwards Air Force Base test center in California.

At these exercises, they experienced the real or simulated flights of bombing runs and strafing runs by our most sophisticated military aircraft. Especially useful for the Communist Chinese in their potential attack by the Communist Chinese on Taiwan was the briefing they got, and these DOD documents verify this, that they were shown how the military can use civilian airfields to conduct military operations.

What we see by these DOD documents is that our government, our Defense Department, showed the Communist Chinese how we would use our radar systems for air traffic control of fighter bombers at remote airfields.

□ 1330

We showed the Communists how to use AWACs in coordinating bombing campaigns. We showed the Communists how we coordinate our AWACS with inflight refueling for long-range missions.

Mr. Speaker, earlier in this session, when I discovered this military exchange program and made it public, the Congress appealed to the Defense Department and passed legislation to end military exchanges that would benefit the warfighting skills of the Chinese military.

These DOD documents prove that the Pentagon has ignored the will of Congress. Instead, they have not only jeopardized the 24 million people who live on Democratic Taiwan but this administration is in effect teaching the Communist Chinese how to improve their ability to kill America's defenders.

Again, this is bizarre. It is almost surrealistic. I beg my colleagues to pay attention to this. I beg the administration to come to their senses, quit trying to treat the world's worst human rights abuser, a regime that constantly reminds us that they do not believe in anything that America believes in, hates everything America stands for. I beg them to quit trying to call these people our strategic partners and training them how to do their military.

I stand ready to give my colleagues all of these documents upon request.

The SPEAKER pro tempore (Mr. LATOURETTE). Under a previous order of the House, the gentlewoman from Florida (Ms. BROWN) is recognized for 5 minutes.

(Ms. BROWN of Florida addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Ms. WATERS) is recognized for 5 minutes.

(Ms. WATERS addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

TRIBUTE TO BRADLEY CURRY, A GREAT AMERICAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. ISAKSON) is recognized for 5 minutes.

Mr. ISAKSON. Mr. Speaker, in the days ahead we will debate the final actions that we will take on the budget. We have already tried to bring tax relief to the American people, and we in this Congress day in and day out are fortunate enough to be the governors of a great country that is the freest, safest, and richest country in the world.

There are Americans day in and day out, as we cast these debates and cast our votes, who back home are working to pay the taxes that finance this government, volunteering their time in civic activities to make their community better, and day in and day out do the work of this country.

I rise here today for just a moment to join many Americans who will next week in Washington, D.C. pay tribute to a great American, to a great Georgian, and to a personal friend of mine, Mr. Bradley Curry, a great businessman who built a company with his employees and his partners known as Rock-Tenn, a national, if not world leader, in packaging and in box board.

While he did that, he raised a wonderful family, committed his time to civic activities for the best of our community, whether helping to solve the problems of our public hospital, Grady Memorial, work in a voluntary think-tank called Research Atlanta, or join with hundreds of other Atlantans to make a dream come true to bring the Olympic Games, the Centennial Olympic Games, to our city in 1996.

Above all else, Brad Curry is a dedicated American. His partisanship is red, white, and blue. He works for the best of our country and business, the best in mankind in our community and, most importantly of all, for the continuing foundation of our freedom that we enjoy.

So for this moment on this floor, I rise to pay tribute to Bradley Curry, who will retire at the end of this year from the Rock-Tenn Corporation, but will not retire from his tireless efforts on behalf of his city, his State and his country. I ask all in this Congress to join me in paying their highest respects to Bradley Curry of Atlanta, Georgia, upon his retirement from the Rock-Tenn Corporation.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. EHLERS) is recognized for 5 minutes.

(Mr. EHLERS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

RELIGIOUS BIGOTRY IN AMERICA

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from Texas (Mr. ARMEY) is recognized for 60 minutes.

Mr. ARMEY. Mr. Speaker, today America is at a crossroads. Our people head into the 21st century having witnessed remarkable events all across the globe. We have seen the rise and we have seen the fall of tyranny, Nazism and Communism, with Americans being instrumental in the destruction of both.

We have seen technological and scientific developments unparalleled in history. America itself is more prosperous than it has been at any time in its existence. The United States is now recognized as the unchallenged superpower in the world.

Mr. Speaker, at the same time that our Nation has seen so many achievements, we must admit that there are some areas where we are not making the progress that we should. Today, Mr. Speaker, I regret to say that in one area where we are losing ground is our treatment of religious believers. We are witnessing a rising level of bigotry against people of faith, especially Christians.

Mr. Speaker, let me talk about some of the most recent examples that I have seen. The first three followed after the tragic shootings in Littleton, Colorado, and Fort Worth, Texas.

After the memorial service for the families and victims of Littleton, Colorado, on May 1, the May 1 issue of the Denver Post editorialized against what it called, ''the disenfranchising nature of this memorial service.''

According to the editorial page writers, ''While the service deftly satisfied the needs of fundamentalist Christians, it estranged too many others who came in search of healing and due to the fact that the primary entertainment was by Christian singers Amy Grant and Michael W. Smith, and the key speech was by the Reverend Franklin Graham, son of Billy Graham, it drove away a sizable number of people who had come to mourn the deaths.'' The editorial went on to say, ''We urge State officials to learn from the error and plan future events to be inclusive, not divisive.''

In other words, Mr. Speaker, the editors of the Denver Post objected to the families and victims turning to their faith in this terrible time of grief.

According to the May 18 edition of the Washington Times, plans to create a memorial for the family and victims of the Columbine shootings at the Foothill Parks and Recreational District near the high school were scrapped after the Freedom From Religion Foundation threatened legal action. The spokesman for the group said that the memorial would make non-Christians feel unwelcome at that park.

The day after the tragic shootings in Fort Worth this month, the Washington Times reported that Attorney General Janet Reno was asked the next day whether she thought that these shootings had anything to do with hatred or religious bigotry. Attorney General Janet Reno warned reporters that it was too early to characterize the Fort Worth shooting as a hate crime.

This reticence was in stark contrast to other cases of bigotry. For instance, last year the Justice Department offered its resources to help prosecutors prove racial bias in another Texas case involving the dragging death of James Byrd within days of that tragic killing.

It has been 2 weeks since the shootings in Fort Worth, and we are still waiting for the Attorney General.

Mr. Speaker, there are still other examples. Whether we wish to admit it or not, Christians are now subject to ridicule, mistreatment and bigotry, pure and simple.

The television show ''Nothing Sacred'' lived up to its billing by trying to develop storylines with ministers of the cloth engaging in immoral activity or finding ways to belittle people of faith altogether. According to the New York Post which ran in March 1998, ''Nothing Sacred'' set an all-time low for viewership last year on a major network with 94 percent of the available market bypassing the program.

Hollywood is not any better. Movies such as this summer's release of Stigmata attack the Catholic Church, accusing it of being on a millennium-long crusade to stamp out the true teachings of Christ.

Mr. Speaker, there is more evidence that our society, rather than protecting religious freedom, is discouraging religious expression. According to the Associated Press, the ACLU sued the City of Republic, Missouri, on behalf of Jean Webb, a Wiccan witch, to have its city seal altered to remove the fish symbol.

The May 6 article stated that the ACLU planned to also argue that since the symbol is often found in Christian establishments, not non-Christian ones, and that most of the people who wrote letters supporting the fish symbol identified it as a Christian symbol, the ACLU had plenty of evidence that the city's support of keeping the fish symbol constituted an establishment of religion.

The Chicago Tribune reported that the ACLU this year sued the Chicago Public Schools because of its activities with the Boy Scouts of America. Why? The April 26 news story indicated that it was because the Boy Scout oath pledges that a good scout will obey God. By the ACLU's reasoning, such an oath, because it mentions God, makes the Boy Scouts a religious organization which should not be allowed on school property.

The USA Today ran a story last week announcing that the Augusta, Kansas, school board has revoked a policy that allowed students to lead classmates in prayer over the school intercom after the American Civil Liberties Union challenged the policy as unconstitutional.

On the May 21 broadcast of CNN's Crossfire, Barry Lynn, the executive director of Americans United for the Separation of Church and State, went so far as to criticize the acclaim given to Cassie Bernall, the young girl who was shot at Columbine High because she would not renounce her faith.

He said, I think that what we have done here is to take this one victim, turn it into an example of martyrdom, and then use it to become the springboard for even more exploitation of this tragedy by people with a religious political agenda.

Such insensitivity would have been denounced if he had said the same

about John F. Kennedy, Martin Luther King or even, for that matter, Rodney King.

The District of Columbia public school system was sued this summer for allowing a church to use an abandoned park as a parking lot in exchange for providing after-school services for the neighborhood children. The September 17 story, as reported in the Washington Post, revealed that members of the Metropolitan Baptist Church have been parking about 300 cars on the field on Sundays for more than 10 years. Reverend Hicks agreed to cancel the contract rather than force the city to defend the suit. Reverend Hicks, pastor of the 5,000-member Metropolitan Baptist Church of Washington, D.C. got my attention with his statement when announcing plans to terminate the contract, saying there has been a shift in culture, he said. We have reached the point where God no longer has a place in our communities.

Mr. Speaker, imagine that. A simple contract between the city and the church, where the city says to the church they can use this parking lot on Sundays that would otherwise be vacant and unused if they will provide an after-school service, an opportunity for these children; and somebody challenges that because of their fear of religion and the city is forced to submit.

The Hagerstown Suns, a Single-A affiliate of the major league Toronto Blue Jays, is being sued by the ACLU because they ran a promotion for the past 6 years that reduced ticket prices on Sundays for anyone coming to the stadium with a church bulletin.

According to the Baltimore Sun in their June 29 edition, the ACLU believes this discount is a form of discrimination against the nonreligious.

Jeff Jacoby complains in his August 19 column in the Boston Globe of a blatant case of anti-religious bias involving an inner city Boston church. On July 15, the City of Boston sent a letter to Mason Cathedral warning the church center, which receives taxpayer subsidies to help wayward youth, not to involve its teenage counselors in religious activities, including but not limited to the following: praying, reading Bible stories, drawing Bible pictures, and cleaning in the areas of the church where there are religious symbols. All religious activities must cease immediately.

Jeff Jacoby interviewed the pastor: ''For 5 years, they have been saying I do good work,'' says Reverend Thomas Cross. ''This year, everything has changed.''

Conversely, if anyone stood up and said that the groups like the National Organization of Women and the National Abortion Rights League should not be allowed to operate shelters for battered, homeless women because they cannot separate out their political agenda, they would be laughed right off the stage.

Amazingly, our own Federal Office of Juvenile Justice Delinquency Prevention even funds the middle school curriculum ''healing the hate.'' Get this, Mr. Speaker, our own Federal Office of Juvenile Justice Delinquency Prevention even funds a middle school curriculum entitled ''healing the hate'' that suggests that among the warning signs for school counselors that a child may be dangerous is if he or she grows up in a very religious home.

□ 1345

Mr. Speaker, I know of no religion, I know of no religion that preaches hate, violence, or even, for that matter, disrespect for other people. Yet, we have a Federal Government office that puts together a program that says that, if one identifies a child of faith, one should see that child as a threat to his companion children.

Mr. Speaker, this is done without any shred of evidence showing any linkage whatsoever between Christians and any of these terrible acts of violence that our Nation has faced. Imagine saying that a warning sign that a child may be dangerous or a threat to other classmates was the skin color or sexual orientation of that child's home. Such a statement would be declared outrageous or condemned in every quarter of the land.

In case after case, people of faith are told to mind their own business, keep to themselves, and stay out of the affairs of the rest of society. People of faith are called the extremists, labeled out and out threats to our Nation, and generally find ''Not Welcome Here'' signs all over the place.

Law-abiding people who regularly attend church, try to live their lives as examples to their children and their community are lampooned and mocked. Priests, ministers, and the laymen who support them are expected to sit at the back of the bus when it comes to participating in the public square.

As my colleagues have seen from my examples, when the rights of people of faith are trampled, newspapers and other leaders in our Nation are either silent or complicit. Why is this? What about the rights of people of faith?

Bigotry of any kind, Mr. Speaker, should be confronted. It is always irrational, and it is always unjustified. Madmen who kill at a synagogue deserve our most stinging disapprobation. The tragic death of James Byrd was worthy of the national condemnation. But just as we should be eternally vigilant against racial bigotry, we must also protect the rights of people of faith.

People of faith, Mr. Speaker, are decent, loving, and patriotic. They work hard to provide for their families and are tireless advocates for improving our communities across the Nation. Let us join together and condemn those who would deny freedom and opportunity for every American.

Mr. Speaker, let us have the simple common American decency to respect each and every person who feels within their heart the need to express their faith and respect of other people. We must deal with these circumstances, Mr. Speaker, honestly and assertively.

We are a great Nation. We are a Nation that has been declared in the past to be a good Nation, a Nation of good people. No matter what our prosperity, no matter what our power, we cannot be that if we cannot be a Nation that has the decency to respect the faith of our citizens. We are failing in that regard, and we must turn it around.

MANAGED CARE REFORM

The SPEAKER pro tempore (Mr. LATOURETTE). Under the Speaker's announced policy of January 6, 1999, the gentleman from Iowa (Mr. GANSKE) is recognized for 45 minutes as the designee of the majority leader.

Mr. GANSKE. Mr. Speaker, I thank the Majority Leader for yielding me the balance of his time.

One can never say that the floor of Congress is a dull place. So this afternoon we have heard about art exhibits showing the blessed virgin with elephant dung on them. We had a 5-minute speech from the gentleman from Minnesota (Mr. RAMSTAD) who had told us that he lives in Lake Woebegone. So I am going to speak about managed care.

I just thought I would ask the Majority Leader a question. I was wondering if the Majority Leader, in the spirit of a little levity, could tell me the difference between a PPO, an HMO, and the PLO.

Mr. ARMEY. Mr. Speaker, if the gentleman will yield, I will rise to debate. Let me say to the gentleman, though, I am sorry I cannot tell him the difference between a PPO, an HMO, and a PLO.

Mr. GANSKE. Well, Mr. Speaker, one can negotiate with the PLO.

Mr. Speaker, I am going to use the balance of the time to discuss managed care reform legislation that we are going to be debating here on the floor next week. I appreciate the Majority Leader and the Speaker of the House for setting up this debate for next week.

The rumors are that we will be using the bipartisan consensus managed care bill as the base bill. That is the bill that I support. It is a strong managed care reform bill.

We are uncertain at this time as to what type of rule we will have. I would request that we have a clean rule; in other words, a rule that is limited to patient protection legislation and does not involve tax matters for which one could then get into discussions about offsets and other difficult problems.

Well, Mr. Speaker, humor sometimes shows that the public is aware of a problem. I remember, a few years ago, my wife and I went to the movie ''As Good As It Gets.'' Many people saw this movie. It featured Helen Hunt and Mr. Nicholson.

It was about a waitress played by Helen Hunt. She had a young son who

had asthma. In one of the lines of the movie, which I cannot repeat here on the floor, Helen Hunt, with expletive waste language described her HMO as preventing her son who had asthma from getting the type of care that he needed. The forcefulness of her statement caused audiences, not just to laugh, but in many instances to stand up and clap and cheer, as occurred in the movie theater that my wife and I attended this movie, indicating that the public understands that there is a problem in the delivery of health care by HMOs.

It is not so funny when we look at real life cases. We have headlines, and this probably is directly related to the humor or at least the understanding of the statement by Helen Hunt in the movie ''As Good As It Gets.'' We have a headline here from the New York Post: ''HMO's cruel rules leave her dying for the Doc she needs.'' Just like the HMO's cruel rules would not allow Helen Hunt's son in the movie to get the asthma care that he needed, so he was also ending up in the emergency room.

How about this headline from the New York post: ''What his parents did not know about HMOs may have killed this baby.''

Which brings us to an issue in HMO reform that we have been working on which deals with an issue that started this debate several years ago.

Now, before I came to Congress, I was a reconstructive surgeon in Des Moines, Iowa. I still go overseas and do charitable surgery. So I am still involved with the practice of medicine in some respects.

But a few years ago, it became known that HMOs were writing contracts in which they said that, before a physician could tell a patient all of their treatment options, they would first have to get an okay from the HMO. These are called gag rules. That then spawned a number of cartoons.

Here we have one, and I will read this for my colleagues because it is hard to see. We have a physician sitting at his desk, and he says: ''Your best option is cremation, $359, fully insured.'' The patient is sitting there saying, ''This is one of those HMO gag rules, isn't it, doctor?''

Or how about this one. The physician is sitting, talking to his patient. The physician says, ''I will have to check my contract before I answer that question.''

Now, think of that. Now say one is a woman, one has a lump in one's breast, and one goes in to see one's doctor, he takes one's history, does one's physical exam. Then he says, ''Excuse me. I have to leave the room.'' He goes out in the hallway. He has to get on the phone, phone the HMO, and says, ''Mrs. So-and-So has a lump in her breast. She has three treatment options, one of which may be expensive. Is it okay if I tell her about all three treatment options.''

Is that bizarre? Is that ridiculous? Does that strike at the heart of a patient having confidence that his physician is going to tell him all of his treatment options.

Well, it was not such a funny story for a real life patient. This woman in the middle of this picture is dead today because her HMO prevented her from knowing all of her treatment options. This story is fully documented in Time Magazine from about 2 years ago.

Or how about the problem that one has had with HMOs in delivering emergency care. Frequently, HMOs, if one has gone to an emergency room, will deny payment.

Let me give my colleagues an example. You wake up in the middle of the night. You have crushing chest pain. You are sweaty. You know that the American Heart Association says this could be a sign that you are having a heart attack. So you go to the emergency room right away like you should, because if you delay, you may be dead. You have the tests run, and the electrocardiogram shows it is normal. But, instead, you have severe inflammation of your stomach or your esophagus.

So the HMO, ex post facto, says, ''See, the EKG was normal. You were not having a heart attack. You are stuck with the bill, man, because you did not need to go.''

Next time somebody thinks about that and then delays going to the emergency room when they should under what a common layperson would say is truly an emergency, they may not get a second chance.

So here you have a cartoon that sort of deals with this. You have a medical reviewer saying, ''Cuddly Care HMO. My name is Joan. How may I help you? You are at the emergency room, and your husband needs approval for treatment? He is gasping, writhing, eyes rolled back in his head? Does not sound all that serious to me.'', the medical reviewer at the HMO says.

Then she says, ''Clutching his throat? Turning purple? Uh-huh? Have you tried an inhaler? He is dead? Well, then, he certainly does not need treatment, does he?''

Then the medical reviewer from the HMO turns to us and says, ''Gee, people are always trying to rip us off.''

That is black humor. That is black humor, I will tell my colleagues. But that rings a bell with a lot of people who have trouble with their HMOs.

Here you have a picture from a TV show a long time ago. You have a nurse here. She is on the phone, and she is saying, ''Chest pains? Let me find the emergency room preapproval forms.''

How about a real life example of an HMO patient having significant problems with their HMO during an emergency. This young woman who is strapped to a board was hiking not too far from Washington. She fell off a 40-foot cliff. She was lying at the base of the cliff, semi-comatose with a fractured skull, a broken arm, and a broken pelvis.

Fortunately, her boyfriend had a cellular phone, and they got her airlifted into an emergency room. She was in the ICU on morphine drip for a long time, but she is doing okay now. But then she got a refusal of payment from her HMO. They would not pay for her hospitalization. Do my colleagues know why? They said, well, she did not phone ahead for preauthorization.

I mean, think of that. She was supposed to know that she was going to fall off the cliff, break her skull, break her arm, fracture her pelvis. Maybe her HMO thought that, as she was laying at the bottom of the cliff, she should wake up, with her nonbroken arm, pull a cellular phone out, dial a 1–800 number, and say, ''Hello. I just fell off a cliff. I broke my pelvis. I need to go to the emergency room.''

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And then when she was in the hospital on a morphine drip in the ICU, after it became silly, when the HMO was confronted with their denial, they said, well, she was in the hospital and she did not notify us in the first couple of days, so now we are not going to pay for it on that reason.

Well, she was finally able to get some help from her State ombudsman, but many people who have health insurance, particularly through their employers, would not have that option. So what we have in the bill that we are talking about, the patient protection bill, the bipartisan consensus managed-care reform bill, is a provision that says, look, if an average person has what they would say truly is an emergency, they get to go to the emergency room and the HMO has to pay.

How about some of these plan guidelines the HMOs use to determine medical necessity. Remember these? Remember when the HMOs were talking about drive-through delivery of babies or mandating only 24-hour stays in the hospital? Boy, they were embarrassed by that. But under Federal law, they can define medical necessity anyway they want to. And even if a patient suffers an jury, they have no recourse under Federal law.

Here we have a cartoon with Dr. Welby, and he is saying, ''She had her baby 45 minutes ago. Discharge her.'' I mean, imagine that line on that program years ago. People would have thought that was absolutely crazy, and yet that is what the HMOs have mandated in some cases.

Here we have a cartoon that says maternity hospital, and then we have the drive-through window with the caption, ''Now only 6-minute stays for new moms.'' And the person at the window says, ''Congratulations, would you like fries with that?'' And look at the mother. Her hair is all out like this; the baby is crying. And then there is a little thing that says, ''Looking a little like scalding coffee situation,'' in the corner.

Now, this may be a little bit funny, but it was not funny to a woman by the name of Florence Corcoran, whose baby was sent home within the mandated 24

hours. The baby ended up dying of an infection that would have been discovered had the baby been allowed to stay in the hospital just a little bit longer.

I was talking a little bit about the HMO's ability under Federal law for employer plans to define medical necessity any way they want to. Well, I have taken care of a lot of children with this birth defect, a cleft lip and a cleft palate. There are some HMOs out there that are defining medical necessity as the ''cheapest, least expensive care.'' Think of that for a minute. They can deny any treatment that is not the cheapest, least expensive care.

So for this child with this birth defect, instead of authorizing a surgical correction of the roof of this child's mouth that would enable the child to be able to learn to speak correctly, not to mention not having food go out of his nose, that HMO, under Federal law as it currently exists, could say, no, that is not the cheapest care. We are going to prescribe a little piece of plastic to shove up in that hole in the roof of the mouth, what is called an obturator. Of course, will the child be able to learn to speak properly with that? No. But quality does not matter to the HMOs when they are defining care as the cheapest, least expensive care. And under Federal law they could do that with impunity. We need to fix that.

Here we have another cartoon. We have the operating table. We have the doctors, the HMO bean counters, and anesthesiologist at the head of the table. And the doctor says, scalpel. The HMO bean counter says, pocketknife. The doctor says, suture. The HMO bean counter says, Band-Aid. The doctor says, let us get him to intensive care. And the HMO bean counter says, call a cab.

They can do that under current Federal law, because they can define medical necessity as the cheapest, least expensive care.

Here is a cartoon that says, ''Remember the old days, when we took refresher courses in medical procedures?,'' one doctor is saying to a colleague as they walk in the HMO medical school. And the course directory in the HMO medical school is: First floor, basic bookkeeping and accounting; second floor, advanced bookkeeping and accounting; third floor, graduate bookkeeping and accounting.

Now, look, I think some HMOs do a reasonable job, and they should be a choice for people to have. And some HMOs are truly trying to do an ethical job as well. But the HMO field is very competitive, particularly on prices, and there are some bad apples out there that are cutting corners too close. And they are able to do that because this Federal law that I was talking about that passed 25 years ago put nothing in place of State insurance oversight. It took the oversight on quality away from the States. Not a very Republican idea. It took it away from the States, put it in the Federal arena, but then placed nothing in its place in terms of some standard rules on fairness to patients or on quality.

Here we have another cartoon that says, ''the HMO bedside manner.'' ''Time is money'' is the sign on the edge of the bed. ''Bed space is loss. Turnover is profit.'' And the health care provider is saying, ''After consulting my colleague in accounting, we have concluded you're well enough. Now, go home.'' And here we have a patient with his arms in traction looking like he has a fractured face with his jaw in traction.

The bottom line should not be the bottom line if it is going to interfere with quality health care.

Here we have another cartoon where the patient is saying to the HMO physician, ''Do you make more money if you give patients less care?'' The HMO spokesperson says, ''That's absurd, crazy, delusional.'' The patient then says, ''Are you saying I'm paranoid?'' And the answer is, ''Yes, but we can treat it in three visits.''

It reminds me of the well-known joke about the three physicians who died and went to heaven. One of them was a neurosurgeon, and he said to Saint Peter, You know, I fixed people who were in accidents and had blood clots on their brains and I saved their lives. And Saint Peter said, Enter my son. The next person is an obstetrician, and she says to Saint Peter, I have delivered hundreds of thousands of babies, and I have given a lot of free care. And Saint Peter says, Enter, my daughter. And the last one is an HMO medical director who says, Well, Saint Peter, I was able to save millions of dollars by denying care and getting people out of the hospital earlier. And Saint Peter says, Enter, my son, for 3 days.

Here we have a cartoon that is the HMO claims department, and the HMO bureaucrat says, ''No, we don't authorize that specialist.'' Then she says, ''No, we don't cover that operation.'' And then she says, ''No, we don't pay for that medication.'' And then, apparently, there is some strong language or something as she is listening, and then she looks rather cross and says, ''No, we don't consider this assisted suicide.''

Now, look, if all of this seems a little off the wall, let me just say that it has real-life consequences when HMOs are not accountable for their medical decisions. And is there anyone that doubts that HMOs are making medical decisions every day? Not by the hundreds, not by the thousands, but by the tens of thousands every day they are making medical decisions. And under Federal law they are not liable for the bad results, the negligent results of those decisions that could result in loss of life or limb.

Now, if an insurance company sells a policy as an individual, and they are under State insurance oversight, that insurance company does not have that kind of legal liability shield. But under this antiquated Federal law, it is the only group in this country, other than foreign diplomats, that have legal immunity for the decisions that they are making. The automobile manufacturers do not have that kind of legal immunity, the airplane manufacturers or the airlines do not. Only the group that provides health care for employers is totally immune from the consequences or responsibility of their decisions.

So let me tell my colleagues about a case where this makes a real difference, where an HMO made a medical decision. I have here a picture of a little boy who is tugging his sister's sleeve. He is about 6 months old. A few weeks after this picture was taken he is awake at about 3 in the morning with a temperature of about 105, and he is sick. And as a mother can tell, he is really sick and he needs to go to the emergency room.

So Mom does what she should do. She phones that 1–800 number for that HMO and says, My baby, Jimmy, is sick. He has a temperature of 104, 105, and he needs to go to the emergency room. And this voice from some distant place, certainly not familiar with her State, says, Well, all right. I will authorize you to take little Jimmy to this hospital. And Mom says, Well, where is it? And the reply from the medical bureaucrat is, Well, I don't know. Find a map.

Well, it turns out that it is a long ways away. But Mom and Dad know that if they take little Jimmy to a different hospital, then their HMO is not going to cover any of the cost. So they wrap up little Jimmy and start the trek. Halfway through the trip they pass three emergency rooms with pediatric care facilities that could have taken care of little Jimmy, but they cannot stop. They are not medical professionals, but they do know if they stop at those unauthorized hospitals they would be stuck with potentially a huge bill. So they keep driving.

Before they get to the hospital that has been designated, little Jimmy has a cardiac arrest and he stops breathing, and his heart stops beating. Imagine that, while Mom and Dad are driving, Mom is trying to keep this beautiful little boy alive.

They come screeching finally into the emergency room. Mom leaps out screaming, Help me, help me, help my baby. A nurse runs out and does mouth-to-mouth resuscitation. They start IVs, they give him medicines, they pound his chest, and they get him back alive. But because of that medical decision that that HMO made, they do not get him back whole. Because of that circulatory arrest, he ends up with gangrene of both hands and both feet. And they have to be amputated.

Here is little Jimmy after his HMO treatment, sans hands and sans feet. Under Federal law, the HMO which made this medically negligent decision is liable for nothing, zero, nada, because they have already paid for his amputations, and that is all they are liable for.

Is that fairness? Is that justice?

This little boy will never play basketball. I would remind the Speaker of

the House that this little boy will never wrestle. I would remind my colleagues that some day when he grows up and he gets married he will never be able to caress the cheek of the woman that he loves with his hand. I would remind the HMO people who always say do not legislate on the basis of anecdotes like little Jimmy Adams that this little boy, if he had a hand and you pricked his finger, it would bleed.

We need justice. I am a Republican. I have stood on this floor and I have voted for responsibility for one's actions. If a murderer or a rapist is convicted, they should suffer the consequences. When we passed the welfare reform bill, we said it is your responsibility if you are able-bodied and you could work, it is your responsibility to get some education. We will help you with that, but you need to get out and get a job and support your family.

Republicans are big on responsibility. But look, are my fellow Republicans going to say to the HMOs when they are responsible for a little boy losing his hands and feet that that HMO should not be responsible? And furthermore, we Republicans have said, you know what, we should devolve power back to the States. Let us get these things back to the States. This was a Federal law that took this oversight away from the States.

In the name of justice, we should say that if an HMO makes this type of decision that results in this type of injury, they should be responsible for that. That is only fair.

I will tell my colleagues what: Those bottom-line HMOs that are cutting the corners too close will be much more careful so we will not see injuries like this. A judge reviewed this case. The judge, in reviewing the HMO's decision making on this, said that their margin of safety was ''razor thin.'' I would add to that, as razor thin as the scalpel that had to cut off little Jimmy's hands and feet.

What we are talking about next week when we have this debate is an issue that has a lot of importance to people every day around the country. We will have an opportunity to correct a wrong, to right a wrong. The bill, as it was written in ERISA 25 years ago, did not anticipate the changes that we have seen in the management of health care by HMOs where they are now managing medical decisions.

I am a physician. I would never argue that if I had made a negligent decision that had resulted in an injury like this that I, as a physician, should be immune from the consequences. I do not know any physicians who would make that argument.

I do not know an airplane manufacturer that, if it is negligent and a plane goes down and 200 people are killed, would make an argument on this floor that anyone would vote for that would give them legal immunity for their negligent actions. I just do not see it.

Well, Mr. Speaker, we are going to have an opportunity to debate several bills next week. There is a difference in those bills. There is a bill that my good friends, the gentleman from Oklahoma (Mr. COBURN) and the gentleman from Arizona (Mr. SHADEGG), have introduced.

I would point out that the Health Insurance Association of America does not think that that is a very good bill because of the liability provisions that it has in it. But I would say that there are some problems with that bill.

Let me give my colleagues an example. They have a provision in the bill that requires the exhaustion of all remedies and the internal and external review procedures in order to permit a cause of action against an HMO that would make this type of decision. I think that is a problem.

For example, a patient like little Jimmy Adams could have already suffered an injury or he could have died before he ever went through an appeals process. Or, for instance, a patient might not discover an injury that is a result of an HMO decision until after the time period in which administrative remedies of internal and external review could have been used.

There are some significant problems in the way that liability provisions are written, and I would encourage my colleagues to not support it.

We are going to debate on the floor possibly a medical access bill. I think that bill should be handled on a separate bill. We will have to deal with that issue in the rule. But when it comes to the floor, I would encourage my friends to be very careful about the Talent-Hastert bill.

Let me just read to my colleagues a press release that was put out by the Health Insurance Association of America. This is the insurance folks. On this issue I think they are correct.

They say, there are two provisions in the plan announced by the gentleman from Illinois (Mr. HASTERT) that are cause for concern. ''HIAA opposes the plan's call for Association Health Plans and HealthMarts because they would hurt many small employers who provide coverage to their employees.'' Let me repeat that. This is the insurance industry talking about a bill to increase access. They oppose Association Health Plans and HealthMarts because they would hurt many small employers who provide coverage to their employees. ''This, in turn, will cause many of these employers to drop their coverage because it will become too costly.''

A press release from the same organization speaks about a similar provision in the bill of the gentleman from Ohio (Mr. BOEHNER). His bill ''contains expensive mandates and problematic Association Health Plans and HealthMarts.''

Then we have a press release that says, ''These bills,'' referring to bills that have Association Health Plans and HealthMarts, ''could destroy employer-sponsored health insurance.''

I have a memo from the Blue Cross-Blue Shield Association entitled ''Association Health Plans: The Unraveling of State Insurance Reforms.''

I have another memo from Blue Cross-Blue Shield Association Health Plans. ''Association Health Plan legislation would require billions in Federal regulatory spending.''

Here is another memo from the Blue Cross-Blue Shield plan. Association Health Plan legislation would reduce insurance coverage. I have another memo from the Blue Cross-Blue Shield Association Health Plan. ''Study claims coverage would increase under Association Health Plan legislation is fundamentally flawed.''

I am pointing this out because of this bill that I support, the bipartisan consensus managed care bill, we do not have Association Health Plans in it.

Here is another memo from Blue Cross-Blue Shield. ''Association Health Plan legislation would increase administrative costs for small businesses.''

Here is another memo from Blue Cross-Blue Shield Association Health Plan. ''National survey finds that small businesses reject this type of legislation.''

Mr. Speaker, we will soon have, hopefully, a full debate on the floor on patient protection legislation. There is one bill that has generated the endorsement of over 300 organizations around the country. We have not seen this type of coalition since the days of the civil rights bills. These are all of the patient advocacy groups, the consumer groups, the professional provider groups on board, the American Cancer Society, the American Heart Association, the American Lung Association. You could go down the list. They support one bill. And that is H.R. 2723, the bipartisan consensus managed care improvement act of 1999.

This is a bill that has reached across the aisle. It has come to a reasonable compromise on the liability issue. It says that an employer is not liable if an employer has not entered into the decision making that the contracted HMO has made.

I have a clear legal brief that says our language is rock solid on that protection for employers. It says that if there is a dispute, a patient can then take that denial of care from the HMO and take it to an independent panel in order to get that reversed by the HMO. But, in fairness to the HMO, if they follow independent panel's recommendation, then the HMO is no longer liable for any punitive liability.

This is a fair compromise, and it applies across the board not just to group health plans but to all plans. This would apply to insurers who are in the individual market, as well. That would be a good thing. That would be not leading to lawsuits but preventing injuries so that you do not end up with a little boy who has lost his hands and his feet.

This is a fair compromise, Mr. Speaker. Let us gather together. Let us get past the $100 million that the HMO industry is spending to defeat this legislation. Let us do something right. Let

us agree with the American public that says, by an 85 percent margin, we think Congress should pass Federal legislation to protect patients from HMO abuses like this one.

Mr. Speaker, next week we will have a historic opportunity to show whether we, as individual Members of Congress, are on the side of patients or on the side of the HMO bureaucrats. Support H.R. 2723.

Mr. Speaker, I include the aforementioned articles for the RECORD:

AHP/MEWA STUDY: NATIONAL SURVEY FINDS THAT SMALL BUSINESSES REJECT MEWA LEGISLATION

Performed by: American Viewpoint, Inc.; Sponsor: BCBSA; April 15, 1998.

American Viewpoint, Inc., conducted a national survey of small business owners and employees in order to assess their views on proposed regulatory reforms regarding Multiple Employer Welfare Arrangements (MEWAs) and Association Health Plans (AHPs). A total of 500 interviews were conducted with small business owners and 300 interviews were conducted with employees of small businesses. Interviews were conducted by telephone between March 20 and April 15, 1998.

SUMMARY AND CONCLUSIONS

After arguments on both sides of the debate are presented, small business rejects this proposal by 42%–26%. That is, 42% say Congress should not pass it and just 26% support passage.

By 54%–21% small business owners and employees say their state insurance commissioner is better able than the U.S. Department of Labor to regulate health insurance in their state.

In fact, there is very little confidence in the U.S. Department of Labor's ability to enforce the law without a major increase in the size of the bureaucracy. Only 17% think the Labor Department could enforce the law while 68% say it cannot.

Overall, anti-federal government sentiment is a major factor in the opposition to proposed legislation on MEWAs and AHPs. In all, 63% are less favorable and only 26% are more favorable toward the legislation when they learn that these plans would be regulated only by the federal government—not by the states.

SMALL BUSINESS DOES NOT FAVOR THE USE OF FEDERAL LEGISLATION TO AVOID STATE LAWS

63% are less favorable toward the legislation, and 20% are more favorable, in response to the argument that this legislation ''creates a large loophole through which healthy small employers and certain individuals could exit the state regulated markets, leaving only the sickest remaining in these insurance pools.''

59% are less favorable and 26% more favorable toward the legislation when they learn that plans would be exempt from other state laws such as limits on out-of-pocket expenditures and requirements to include certain specialists.

A majority (55%) are less favorable toward the legislation when they learn that it would exempt affected small group health plans from more than 1,000 consumer protection laws at the state level. Only 24% are more favorable.

54% are less favorable (31% are more favorable) toward the legislation because it would allow health plans to operate without having to comply with each state's laws on premiums, benefits, and financial standards.

Fairness is also an issue. A majority (54%) say it is not fair that exempting these groups from state regulations would allow them to escape the cost of state assessments for programs to help low-income and high-risk individuals who are unable to find affordable health coverage.

A majority (52%) say that federally-regulated group health plans should not be allowed to have lower financial standards than those now required by the states. Only 23% say they should be allowed to have lower standards.

Small employers are very sensitive to price. A 55% majority say they would not be able to continue offering insurance if their premiums went up by 20%. One in three say they would be unable to continue offering insurance to their employees if premiums rose by 10%.

Clearly, anti-federal government sentiment is a major factor in small businesses' rejection of the AHP legislation. However, several other factors are also important considerations. First, they think the bill is unfair to those with a less healthy work force. Second, they think it would lower standards for exempted plans and expose them to health and financial risks from which they are now protected under state law. Third, only one in three think the bill would have a positive impact on their ability to provide health insurance.

In short, although small business may agree with the motivations for this legislation, they realize that the bill itself threatens their ability to provide health insurance to employees, the quality of their coverage, the security of the state-regulated insurance pools, and the quality of insurance regulatory oversight. As a result, a plurality (35%) would be less likely to vote for a Member of Congress who supports this legislation and just 27% are more likely. 22% say it depends.

Note: The margin of error for a random sample of N=800 is ±3.5 percentage points at 95% confidence. The margin of error for N=500 is ±4.5 percentage points and the margin for N=300 is ±5.8 points.

AHP/MEWA STUDY: ASSOCIATION HEALTH PLAN LEGISLATION WOULD INCREASE ADMINISTRATIVE COSTS FOR SMALL BUSINESSES

Performed by: William M. Mercer, Inc.; Sponsor: BCBSA; March 22, 1999.

An analysis by the benefits consulting firm of William M. Mercer found that AHPs/MEWAs have unique administrative costs, such as royalties and membership dues, that make it more expensive for small firms to purchase coverage through these groups. Moreover, Mercer found that general administrative costs for AHPs/MEWAs are similar to insurance companies and that this legislation provides no opportunity for AHPs to reduce administrative costs for small firms.

KEY FINDINGS:

Associations often require additional administrative loads: According to a 1995 survey of associations, 80% of group health insurance programs sponsored by associations produce revenue for the association. Association revenue comes from marketing fees, administrative fees, and royalties and licensing fees. Association-specific fees can be substantial. According to one survey, association administrative fees averaged 3.8%, while royalties (i.e., licensing fees charged to insurers) average 2.2% of premiums for national plans.

Association membership fees can add to the cost of coverage: Association membership fees are an additional cost that must be borne by small firms that purchase health coverage through an AHP. ''As a result of the fees required to join an association, firms and individuals may face higher total costs in the association market than they would if they purchased coverage directly from a health insurance company without joining an association.''

AHPs and insurers have similar administrative costs: ''Administrative costs borne in the small group market would generally apply to federally certified AHPs as well.'' Sales commissions, employer billing, and underwriting expenses tend to be higher for small employers as compared to those for large employers. However, offering small group health plans through AHPs does not eliminate these costs.

AHPs would not reduce administrative costs: ''Based on our review, this legislation would provide no material opportunity for AHPs to reduce health insurance administrative costs for small businesses.'' AHPs could assume responsibility for administrative activities. ''However, it is unlikely that AHPs could perform these activities at lower cost than insurers. Negotiating prices with vendors that are below the insurers' costs would be equally unlikely.''

Mercer concludes that, ''. . . for small group health plans offered by AHPs, the potential administrative cost increases typically would exceed the potential administrative cost savings. We estimate that the additional costs for small firms who buy AHP coverage typically would range from 1.5% to 5% of premiums.''

AHP/MEWA STUDY: STUDY CLAIMING COVERAGE WOULD INCREASE UNDER ASSOCIATION HEALTH PLAN LEGISLATION IS FUNDAMENTALLY FLAWED

Performed by: Barents Group/KPMG; Sponsor: BCBSA; February 12, 1999.

A recent analysis by the Barents Group/KPMG found that a National Federation of Independent Business (NFIB) funded study that asserted that AHP legislation would help solve the uninsured problem contains serious deficiencies that undermine its credibility. Moreover, the NFIB study, performed by CONSAD Research Corp., neglects the primary problem with this proposal: that it would undermine state reforms, thus reducing access for many small employers.

The Barents Group's review of the NFIB study found problems that ''. . . raise serious concerns regarding the accuracy of the estimates.'' Given these problems, Barents concluded that ''. . . the report fails to provide an adequate justification for the assertion that coverage would increase under the proposed association health plan (AHP) legislation.'' Flaws identified include:

Unsubstantiated claims of AHP savings: The projected increase in coverage is based on assumed savings for AHPs of between 5 and 20 percent. According to Barents, ''. . . these assumptions . . . are not based on any evidence that such savings would actually exist. In fact, other studies have shown that AHPs would actually increase costs for many small firms by skimming off employers with healthy workers and undermining state reforms.''

Unrealistic assumptions: Barents found the results of the NFIB study to be ''. . . implausible because they are inconsistent with the existing body of literature on working health insurance coverage.'' For example, the study inflates the estimates by assuming that people are three to six times more likely to buy coverage than one would expect based on the academic literature.

Use of inflated numbers: The base population used for the estimate is ''inflated, which results in overestimation of the number of people who would obtain coverage.'' For example, it appears that individuals covered by Medicare, Medicaid and other public programs may also be in this base, despite the fact that they would typically not participate in AHPs.

Neglecting the effects of income on the decision to purchase insurance: The report fails to account for the fact that low-wage workers would be less likely to obtain coverage. ''The net effect of not accounting for affordability is to overestimate the number of workers that would obtain coverage,'' according to the Barents analysis.

The Barents analysis supports BCBSA's position that the principal effect of this legislation would be to force employers to move from the small group insurance market to AHPs—not increase the number of people with insurance. As the Barents analysis points out, ''. . . if AHPs are successful in reducing costs by attracting a healthier risk-pool, any increase in coverage could be offset by reductions in coverage for the rest of the small group market.''

AHP/MEWA STUDY: ASSOCIATION HEALTH PLAN LEGISLATION WOULD REDUCE INSURANCE COVERAGE

Performed by: Len Nichols, Ph.D., of the Urban Institute; June 16, 1999.

Although association health plans are touted as a ''solution'' for the uninsured, preliminary results of an Urban Institute study indicate that AHP legislation would actually *reduce* overall health insurance coverage. The results of this study, which were outlined in testimony by Len Nichols, Ph.D. before the House Commerce Health Subcommittee, reaffirm concerns raised by numerous groups regarding the potential for this legislation to undermine state reforms and make coverage more expensive for firms and individuals with greater health care needs.

KEY FINDINGS

AHPs will be most attractive to healthy individuals: According to Nichols, ''. . . our research simulations suggest that by far the most important factor determining the attractiveness of various health insurance options is the pool with whom the firm's workers will be joined for premium rating purposes. AHPs and Health Marts . . . will be more attractive to the good risks and less attractive to high risks in search of more heterogeneous pools.''

AHPs would undermine pooling in the insurance market: AHPs will appeal to good risks since they can practice more segmented premium rating practices than the commercial insurance industry. . . . This segmentation increases the chances that firms will be pooled only with firms with similar cost structures.'' In other words, AHPs will fragment the insurance market into smaller and smaller pools, rather than increasing pooling as proponents claim.

AHPs will pull people from existing insurance arrangements, rather than attract the uninsured into the market. Nichols found that ''. . . extremely few new firms are enticed to offer health insurance which did not offer [coverage] before the reform options were made available. The net effect would be a lot of churning of insurance policies, but few uninsured would gain coverage and some firms with insurance would drop coverage.

AHPs will result in more uninsured Americans. Nichols said his projections indicate that ''net coverage is reduced because the commercial and [existing] MEWA pools lose some of their best risks to the AHPs, and thus their pools deteriorate. Because of this risk pool deterioration, some firms drop coverage rather than pay the new higher prices that go with this deteriorating risk pool. These firms do not join the AHPs . . . because that risk pool is too segmented for their taste and risk profiles.''

These preliminary results are part of a growing body of literature that refutes claims that AHP legislation would reduce costs for small firms or help the uninsured. BCBSA believes that AHP/MEWA legislation would raise costs for many small firms without making any progress toward solving the uninsured problem.

AHP/MEWA STUDY: AHP LEGISLATION WOULD REQUIRE BILLIONS IN FEDERAL REGULATORY SPENDING

Performed by: Bill Custer, Ph.D. and Martin Grace, Ph.D., Georgia State University; Sponsor: BCBSA; June 2, 1999.

In this update of a 1996 study of MEWA regulatory costs, Georgia State University researchers Bill Custer and Martin Grace conclude that AHP legislation would create a significant regulatory burden for the federal government. They estimate that billions of dollars in federal regulatory outlays would be needed to oversee AHPs. Moreover, they conclude that provisions that allow federal officials to cede regulation of certain AHPs back to the states would require the creation of a duplicative regulatory system that would actually increase overall regulatory costs.

KEY FINDINGS

The proposal requires major new regulatory outlays: Custer and Martin estimate that regulatory costs would increase by between $431 million and $3.2 billion over a seven-year budget period. Federal regulatory costs could be as high as $2.4 billion over seven years, while state regulatory costs could exceed $1.1 billion.

The AHP proposal creates new federal bureaucracy: The legislation requires federal officials to create a new regulatory bureaucracy to regulate AHPs, which are now overseen by the states. ''Although the federal government already has regulatory responsibility for ERISA plans, AHP regulation should result in significantly higher federal regulatory costs. The Department of Labor (DOL) has testified that they have the resources to review each ERISA health plan once every 300 years. This level of oversight will not be adequate for AHPs, which are much more like insurers than single-employer health plans.''

The proposal creates costly dual regulation scheme: Custer and Grace dismiss proponents' claims that allowing states to enforce certain federal standards will limit regulatory outlays. ''In fact, the most costly regulatory model is one in which the federal and state governments take an equal role in regulating AHPs, which is the most likely regulatory model under this legislation. This is because dual regulation would require both the federal government and the states to develop and maintain duplicative and costly regulatory systems.''

Undermines state insurance laws: Many states have passed reforms that limit insurers' ability to compete on the basis of risk. Although the legislation attempts to limit the ability of AHPs to exclude groups on the basis of claims experience, ''. . . the primary factor in deciding to form one of these groups will be risk. . . . As such, both insured and self-funded AHPs would pull better risks out of the small group market, increasing premiums for those who remain in the state-regulated market or are without access to the association plan.''

[Blue Cross Blue Shield Association, Washington, DC, September, 1995]

AHPS/MEWAS: THE UNRAVELING OF STATE INSURANCE REFORMS

As Congress considers federal health care reform, Congress should reject proposals to exempt Association Health Plans (AHPs) and Multiple Employer Welfare Arrangements (MEWAs) from state law and regulation. These proposals would unravel insurance reforms that most every state has enacted to assure access to health insurance for small firms and their workers.

Rather than enhancing the ''pooling'' of small firms, as claimed by AHP/MEWA proponents, this legislation would lead to smaller and smaller insurance pools as healthy groups leave the state market. The result will be large premium increases for many firms and more uninsured.

WHAT ARE AHPS/MEWAS?

Association Health Plans are health plans sponsored by business and professional groups. Many AHPs exist today under state regulation and can play a valuable role in providing health coverage to their members. Associations and other business groups that provide health benefits to two or more employers are generally called Multiple Employer Welfare Arrangements (MEWAs).

MEWAs can self-fund or purchase insurance from health plans that are regulated by the states. States currently have authority to regulate MEWAs and require self-funded MEWAs to comply with state insurance standards because they are risk-bearing entities and operate like insurers.

IMPACT OF CONGRESSIONAL PROPOSALS TO PREEMPT STATE LAW FOR AHPS/MEWAS

Congressional AHP proposals would exempt self-funded AHPs/MEWAs from state law and transfer oversight to the Department of Labor (DOL). These entities would be exempt from numerous state standards, including solvency requirements, managed care rules, benefit mandates and certain rating laws. Minimal federal standards would replace state rules. This change would:

Allow AHPs/MEWAs to ''Cherry-Pick'': Exemption from state mandated benefits would allow MEWAs to avoid offering benefits that attract sick individuals (such as autologous bone marrow transplants). This proposal also would allow AHPs/MEWAs to be experience rated, rather than pooled with other small groups for rating purposes, as required in many states. Despite certain rules against discrimination in the proposal, AHPs/MEWAs could be designed and marketed in a manner that would attract members with lower expected health care costs.

Destroy State Insurance Reforms and Increase Premiums: Preemption of self-funded AHPs/MEWAs from state regulation would allow a large segment of the health insurance market to escape state regulation. The movement of healthy individuals into self-funded arrangements would leave high risk individuals in the insured pool, but reduce the number of enrollees over which to spread costs. The resulting premium increases would drive away more healthy individuals and ignite another round of premium increases. States would be unable to stabilize rates because such a large portion of individuals would be outside their authority.

Increase the Number of Uninsured: Rather than being a solution for the uninsured, a recent Urban Institute analysis found that AHP legislation would actually reduce overall health insurance rates. According to testimony by Dr. Len Nichols of the Urban Institute, net coverage is reduced because the state-regulated pools lose some of their best risks to the AHPs, and thus the pools deteriorate. Because of this risk pool deterioration, firms drop coverage rather than pay the new higher prices that go with this deteriorating risk pool.

Transfer Insurance Regulation to the Federal Government: This proposal would allow large numbers of AHPs to avoid state rules through self-funding. The number of plans regulated by DOL would increase dramatically, requiring a significant increase in federal regulatory capacity. Under the current

staffing structure, DOL could review each AHP only once every three hundred years, which is inadequate for these new federally licensed insurance arrangements. The regulatory burden for these AHPs could be up to $3.2 billion over 7 years, according to a recent analysis by researchers at Georgia State University.

Expose Federal Government to Monumental Regulatory Responsibilities: by transferring regulatory authority to the federal government, DOL would become responsible for regulating the solvency of hundreds of AHPs/MEWAs across the country. MEWAs have a history of fraud and have left thousands of consumers and providers facing millions of dollars in unpaid medical claims. The National Governors' Association, the National Conference of State Legislatures and the National Association of Insurance Commissioners have stated that solvency standards in the proposal remain inadequate to protect consumers.

BCBSA also opposes proposals to apply special rules (i.e., ratings and exemption from mandated benefits) to insured AHPs/MEWAs. These rules would allow insured AHPs to be experience rated instead of pooled with other small groups and individuals. This provides an opportunity for segmentation of the market. The end result: higher premiums, an unstable market and states that are powerless to address the problem because federal law has overridden their authority.

BCBSA RECOMMENDATION

BCBSA believes that the federal government should allow states to retain the authority to regulate the health insurance market. States are the most appropriate decision-makers to craft legislation that expand across without disrupting insurance markets. However, the federal government should take an active role in encouraging small firms to provide health coverage though targeted tax incentives, such as the small employer tax proposal that BCBSA unveiled in February of this year.

[Press Release—Health Insurance Association of America, September 29, 1999]

NEW ''PATIENT PROTECTION'' BILLS COULD DESTROY EMPLOYER-SPONSORED HEALTH INSURANCE

WASHINGTON, DC.—Despite the assertions of Congressional sponsors, new so-called ''patient protection'' legislation would allow employers to be sued over health benefits voluntarily provided to their employees, and could destroy the employer-based health insurance system, according to a new legal opinion released today by the Health Insurance Association of America (HIAA).

The new HIAA legal opinion demonstrates that the Shadegg-Coburn bill introduced last week—as well as the ''Dingwood'' bill introduced last month—expressly authorize lawsuits against any employer shown to exercise any oversight over its health coverage. The opinion also states that the ''shield'' in both bills—which the bills' sponsors claim would protect employers against lawsuits—would apply only if an employer gives up any involvement with any coverage decision.

Under these bills, even an employer's simple act of choosing health coverage for employees would be considered exercising oversight over health coverage, thereby exposing the employer to the possibility of a lawsuit.

''This legal opinion shows how both bills offer employers who sponsor health coverage a 'Hobson's choice' between the horrific and the horrendous,'' remarked HIAA President Chip Kahn. ''Employers either could pay for higher cost coverage that they cannot control, or retain control and expose themselves to costly lawsuits. Given these choices, many employers are likely to throw in the towel and simply drop coverage altogether, leaving millions more Americans uninsured.''

HIAA's new legal opinion was prepared by Washington, D.C.-based attorney William G. Schiffbauer.

HIAA is the nation's most prominent trade association representing the private health care system. Its members provide health, long-term care, disability, and supplemental coverage to more than 115 million Americans.

[Press Release—Health Insurance Association of America, September 29, 1999]

BOEHNER ''CARE'' BILL A MIXED BAG

The following statement was released today by Chip Kahn, President of the Health Insurance Association of America (HIAA):

Consumers and employers can take some solace that the ''Comprehensive Access and Responsibility in Health Care (CARE) Act,'' offered today by Rep. John Boehner (R-OH), would not saddle them with higher premiums due to expanded liability. Our nation's health care dollars should go toward providing coverage for Americans, and for improving quality-not for lining the gilded pockets of trial attorneys.

Although Rep. Boehner's bill prudently lacks liability, it does contain certain costly mandates and a problematic provision calling for ''Association Health Plans'' and ''HealthMarts.'' HIAA opposes Association Health Plans and HealthMarts because they would undermine-not enhance-the small employer market by increasing premiums for many, and causing many of them to drop their coverage because it will become too costly.

On the one hand, Rep. Boehner's bill lacks liability, and would make coverage more affordable because it calls for an immediate, above-the-line deduction for the purchase of individual health and long-term care insurance. On the other hand, Rep. Boehner's bill contains expensive mandates and problematic Association Health Plans and HealthMarts. All told, Rep. Boehner's bill becomes a mixed bag of pluses and minuses for American consumers and employers.

[Press Release—Health Insurance Association of America, September 29, 1999]

WELL-INTENDED HASTERT PLAN HAS PLUSES AND MINUSES

The following statement was released today by Chip Kahn, President of the Health Insurance Association of America (HIAA):

Speaker Dennis Hastert (R–IL), along with Reps. Jim Talent (R–MO) and John Shadegg (R–AZ), clearly recognize the need for increasing the number of Americans with health insurance. The proposal that they released today is a step in the right direction because it would allow a 100 percent tax deduction for individuals and for self-employed Americans. Also, it would provide a similar deduction for private long-term care insurance, and allow people to set up Medical Savings Accounts (MSAs).

In this respect, their proposal is similar to HIAA's ''InsureUSA'' proposal. HIAA also commends the Speaker and Reps. Talent and Shadegg for recognizing that expanding liability provisions undoubtedly will increase costs and force employers to drop coverage for their employees.

Two provisions in the plan announced by Speaker Hastert are well-intended, but are cause for concern. HIAA opposes the plan's call for Association Health Plans and HealthMarts because they would hurt many small employers who provide coverage to their employees. This, in turn, will cause many of these employers to drop their coverage because it will become too costly.

OZONE POLLUTION IN MAINE

The SPEAKER pro tempore (Mr. LATOURETTE). Under the Speaker's announced policy of January 6, 1999, the gentleman from Maine (Mr. BALDACCI) is recognized for 60 minutes as the designee of the minority leader.

Mr. BALDACCI. Mr. Speaker, the issue that I and other Members in the chamber are going to be talking about tonight is ozone pollution. Primarily it is pollution coming in from the Midwest from utilities and smoke-stack emissions that is, through the weather patterns, ending up turning Maine into the tailpipe, so to speak, for the Nation, and where you are sitting there at Acadia National Park, one of the most beautiful national monuments, and watching the lighthouses and lobster boats and recognizing that this past summer we had 12 days where there was an ozone problem and we have no industries, no industrial manufacturing of any kind, but it is coming in because of this ozone transport from utilities that are burning coal to generate power and going along in a weather pattern and pollution created all throughout that region.

Now, this issue had been addressed in the Clean Air amendments that were passed in 1992 and these utilities were given exemptions because they were told at that particular time that they would be no longer in business. But because of improvements that they have been able to make in terms of their longevity, they are still going on and they are still polluting the air.

Not only is this something that further undermines the competition for the region, because in the Northeast and in our State of Maine we have made the improvements to the industrial manufacturing sector and they have reduced the amount of pollution that the industries within our State and within our region make, but at the same time, because we have had to expend that money to clean up our air and our water and the region in the Midwest has not had to go through that where they have an economic competitive advantage.

On top of that, the pollution that is created from this ozone transport is damaging the young people and their lungs, older people with asthmatic conditions. It is damaging our agricultural crops.

The other ways that these emissions can harm our environment is that the nitrogen deposit into watershed contributes to the over fertilization of coastal and estuary water systems. Too much nitrogen in these water bodies result in increased algae growth, which limits the oxygen available to sustain fish and other aquatic life.

Although contributions from the years vary from place to place, according to the EPA's Great Waters Report, an estimated 27 percent of nitrogen entering into the Chesapeake Bay can be attributed to air emissions. These nitrogen deposits over-fertilize the land; and when this happens, nitrogen can no

longer be stored in the soil and used by plants.

□ 1430

Instead, it leaches into the ground and surface waters, potentially contributing to elevated nitrogen levels in drinking waters. So we are seeing where it not only affects the health of young children, where it affects the health of people suffering from respiratory and asthmatic conditions, but it is also impacting upon our watersheds and environmentally impacting on our agricultural lands and action must be taken.

EPA has the authority, it has been challenged in court in terms of their abilities, but still the underlying law has not been challenged and they have the ability under the 1-hour transport rule to be able to enforce these States, these industries that are not cleaning up their act and that are polluting our waterways and polluting our airways and further hampering the abilities of not just Maine but the Northeast, their business opportunities from being able to compete on a level playing field with industries wherever those industries may happen to be. This is the impact.

So EPA has the authority under the existing laws and we are asking them through a Dear Colleague signed by Members of this body to the EPA to do their job. They have done a good job, we want to pat them on the back, but at the same time we want to make sure that they continue to do their job because people's lives and health depend on them enforcing this law. This is not something that we can wait until next year or the year after or until another Congress or until another executive is in office. It is something that needs to be done now. The people of Maine are suffering because of nothing that they have done, it is just that the weather patterns move from west to east, and the ozone that travels through those tall smokestacks have emitted into the Northeast and have created ozone conditions where, as I referred to, Acadia National Park in Maine has had pollution levels this year on par with Philadelphia. The Jersey shore and industrial Newark have had the same number of bad air days so far this year. Cape Cod's national seashore has had higher pollution levels and more bad air days than Boston and Indiana Dunes National Lakeshore, the remote Door County in Wisconsin and the Great Smokey Mountains National Park. This is a problem that has to be confronted.

There was a negotiation that was going on between governors in the Northeast, and that has fallen apart, because the compromises that were being put forward were too compromising and pollution was not going to be able to be greatly impacted. So now what we are confronted with is basically having EPA do its job, enforce its laws and the regulations that it already has on the books.

I recognize a colleague of mine, my good friend the gentleman from Maine (Mr. ALLEN) who has addressed many national issues in his terms in Congress and been a very effective Member of this body, has also sponsored legislation to get at this particular issue and other issues to make sure that our environment, our air and our water are cleaner, because the real determination and the real judgement that is placed on each of us as stewards is to make sure that the Earth and the resources that we have are in better condition for the next generation than they were for us, and I would ask him to make comments in regards to this legislation.

I was reading a book that was provided by Richard Wilson and a few other editors, it is called ''Particles in the Air.'' In it, it talked about our first environmental stewardship that had taken place. It actually had taken place, it is not anything new and it is not anything radical, but it actually had taken place in 1272 when Edward I, who was an early environmentalist, banned the use of carbon from London because of the problem that the carbon pollution was having on the community in London. And then Edward II and the early history of the sea coals that were being burned to generate a fuel which was causing pollution.

And so pollution control and cleanup is not something new, it has been something that has been going on for well over 400 or 500 years. There have always been these attempts to make sure that the air and water are cleaner because of the health impact, because of the impact on our natural resources, and to make sure as far as equity, making sure that we are not being treated any worse than any other region and our industrial manufacturers have an opportunity to compete, and they are being asked to clean up and they have cleaned up. They are asking to compete, and they have had to install environmental equipment, pollution equipment and other industries in other parts, the Midwest in particular, have not had to do this. It has put us at an economic disadvantage.

I yield to my colleague who is here from Maine, a very effective Member of this body.

Mr. ALLEN. I thank the gentleman for yielding. I really appreciate the gentleman from Maine calling this special order and giving us a chance to talk about what is an extraordinarily difficult and complicated problem for not just those of us in Maine but the entire Northeast.

Basically to go over a little history which he may already have touched on, but in November of 1997, the Environmental Protection Agency proposed a rule to control the interstate transport of nitrogen oxides, which are a precursor to ozone smog. This call for State implementation plans, usually referred to as the NO_X SIP call, was based upon the recommendations of the Ozone Transport Assessment Group which consisted of the 37 easternmost States and the District of Columbia. So that this proposal is not just New England or the Northeast but the 37 easternmost States and the District. The SIP call required the 22 downwind States to submit State implementation plans to reduce nitrogen oxide emissions. Maine was not one of the States that was covered, but our governor pledged to achieve the same reduction of nitrogen oxides as required in the SIP call States.

In May of 1999, the D.C. Circuit Court struck down the NO_X SIP call, if we can continue to speak in some jargon, by ruling that the Environmental Protection Agency did not have the authority to issue the regulations. But the Court cited a doctrine, described as the nondelegation doctrine, which had been dormant for almost 60 years. That is why I think there is good ground to believe that this decision could be overturned on appeal to the U.S. Supreme Court.

Negotiations between the Northeast States and the Midwest States to find a compromise in lieu of the NO_X SIP call have broken down without an agreement.

Now, in Maine we know that smog is not just an urban problem. We know that in the State of Maine, we are a rural State, we are not heavily developed, we only have 1.2 million people. We are as large as the rest of New England combined. Millions of tourists visit Maine every year, and we welcome them, and most of them come to enjoy our pristine natural resources. They come to hike, fish, boat and simply take in the majestic views of the Appalachian Trail or Acadia National Park. Imagine their surprise when on occasion they go to Acadia National Park and find the air is dirtier than what they left behind in the city.

During the summer ozone season, southern Maine often exceeds EPA's health standard for ozone smog. In fact, this past summer, the 3 million visitors to Acadia National Park would occasionally find that pollution levels there were on a par with those in the city of Philadelphia. And further down the Gulf of Maine, the Cape Cod National Seashore had twice the number of days where the ozone level exceeded standards as did the city of Boston.

So what we have got here is an environmental issue but also an economic issue and a public health issue, because smog increases the instances of asthma in children and severely affects all people with respiratory problems. Even highly conditioned athletes experience a 25 percent reduction in lung function on days that do not meet EPA's health standards for ozone. Some studies have shown that emergency room visits for respiratory problems double on bad ozone days, creating a greatly increased burden on our health care system.

Now, the wind blows west to east. It always has, it always will. That is really why the pollution technology that is

adopted in the Midwest and the South affects those of us in the Northeast. As long as the wind blows west to east, New England will have an enormous stake in the smog that is created in the South and in the Midwest. If there is any area where we know that State action is not enough, it has to do with air pollution. We have no way of controlling the air that comes across our borders. Maine is doing everything it can to clean up its own air and water and make sure that on mercury, for example, where the State has taken action, but there is only so much we can do. This is a national problem. It calls for a nationwide approach to controlling air pollution.

Mr. BALDACCI. Mr. Speaker, the gentleman is so accurate in terms of information and why this is a national issue, and to further reinforce that issue, when we talk about the prevailing winds and the emissions from unregulated power plants in the Midwest and South, it is estimated that they are responsible for approximately 30 to 40 percent of New England's background pollution. So we end up having to clean up our own industries, spending our own taxpayers' resources to make sure that we are in compliance, and then we end up having to shoulder the load that we are not even responsible for. So we end up getting punished more than twice in terms of health, the natural resource impact and the impact on the competitiveness of our industries because of this issue and because of its national nature.

We are also putting forward a Dear Colleague to have the EPA do its work. The gentleman has legislation because this is a national issue. Maybe he wants to explain that legislation.

Mr. ALLEN. I would be glad to do that. Again, I believe the gentleman is right. We have to encourage the EPA to take action. We have to encourage the Northeastern States and the Midwest States to continue to try to come together. But we also need a change in law.

I have become convinced that it is irresponsible of this Congress to leave this critical environmental, economic and public health issue to be decided by these long dormant legal doctrines, long battles in court, battles in the EPA over the extent of its authority. Congress can and should deal with this issue now.

Tomorrow, I am going to introduce legislation that I believe will take a major step forward. It is called the Clean Power Plant Act of 1999. It deals directly with the largest source of industrial air pollution in the country, fossil fuel-fired power plants. In the Northeast, States have taken steps to reduce pollution from electric utilities, but nationwide the problem of utility pollution is overwhelming.

Nearly three out of every four power plants in the U.S. are grandfathered from having to comply with the full standards of the Clean Air Act. These plants legally pollute at four to 10 times the rates that are required for new plants. When Congress passed the Clean Air Act 30 years ago, and then the Clear Air Act Amendments 10 years ago, it assumed that these grandfathered plants would be replaced, that they would become obsolete and new plants would be constructed that would be covered by clean air regulations. Well, it has not happened. What has happened is this: Because those plants do not have to meet new source performance standards, because they can pollute more than other plants, they have an economic incentive to stay in business, to keep running.

Dirty power is often cheap power, and the economic advantage gained by these grandfathered plants has allowed them to survive much longer than Congress ever expected. Most of the power plants in the U.S. began operation in the 1960s or before, which is hardly surprising when we consider that their operating costs are often half as much as the cost of running a new, clean plant.

If we are going to control air pollution, whether it is smog, mercury emissions, acid rain or greenhouse gases, we must close the grandfather loophole that allows these ancient plants to continue polluting.

Tomorrow, I will introduce the Clean Power Plant Act of 1999, a bill that will set uniform standards for all utilities no matter when they began operation. It aims to replace or upgrade the oldest and dirtiest plants in the country and level the economic playing field so that new, clean generation can compete in a deregulated electricity market.

My bill sets the same emission standards for nitrogen oxides that EPA included in its SIP call.

□ 1445

It covers four pollutants:

Nitrogen oxides, sulfur dioxides, carbon dioxide, which is a major greenhouse gas and which we need to contain over time, and it is setting no higher standard there than was accepted by the Bush administration in the Rio negotiation; and finally, it covers mercury. Mercury is a pollutant, a heavy metal which is emitted into the air. It comes down hundreds of miles away from the source and has very serious effects on our fish, fresh water fish, and wildlife that consume fish; and so there are now 40 States in this country which have mercury advisories primarily advising pregnant women and children not to eat fresh water fish.

Mr. Speaker, it is a looming crisis. We need to do something about it, and the legislation I am introducing tomorrow will be a major step forward. I want to thank my friend and colleague, the gentleman from Maine (Mr. BALDACCI), for being a cosponsor of that legislation and for all that he is doing to try to make sure that we have a sensible national clean air policy that adapts to the situation we find ourselves in today, which is that these old grandfathered plans have stayed in practice, stayed in operation, much longer than we ever expected and are now contributing enormously to pollution in local areas around the country, but particularly in the Northeast where, as I say, Mr. Speaker, the wind blows all those emissions to.

Mr. BALDACCI. Mr. Speaker, I want to thank the gentleman for offering the legislation, comprehensive legislation that is being offered and that will be made available tomorrow and encourage all our Members of this body to sign on to that legislation and at the same time encouraging the courts and the EPA to continue on in the Dear Colleague letters that have been going through the Senate and the House.

This is going to require sort of an effort in all quarters, and I think that we will be able to recognize that what we are talking about is we are talking about smoke stacks, utilities that are burning in an inefficient way coal; that because of the tall smoke stacks and because of the way weather travels, especially what is happening now with the heat in the summertime and creating an ozone condition, and that is primarily the prime ingredient of pollution and smog in our cities and towns; and what we need to work on to reduce its impact on children, respiratory conditions, asthmatic conditions of many people in talking about what is happening to our watersheds and to our agricultural lands.

I was just looking at a report that was put forward by the New England Council, and in the New England Council's report they recognize that today, to illustrate the point, that all power plants in the Northeast are approximately 2.6 pounds per megawatt hour in terms of their emission while the emission rate from power plants in the Midwest is approximately 6.6 pounds per megawatt hour, nearly three times as much.

You recognize that from the New England Council, business industry group recognizing that its industries in its areas that have made the improvements are being hampered in an unfair competition with industries that have not had to make the changes to clean up the environment. So it is good for business, it is good for the environment, and I believe it is good for the country to recognize that we have got to have comprehensive legislation. We have got to have Members signing on to the dear colleague letter, and we have got to say to the EPA: you have been doing a good job, but we need you to keep doing that job and recognizing that this is an important area issue for a lot more than just Maine, a lot more than the Northeast, but for the entire country. It is in the entire country's interest.

As we talked about it before, in terms of the parks that have been impacted, the health effects that have gone on and to citing in Maine with a population of 1.2 million, one of the most sparsely populated States in the East, and Acadia with the pollution on

par with Philadelphia and in Rhode Island, coastal town of Narragansett, there are 8 dirty days, three times as many as there were in Providence, and even upstate Vermont have not escaped the dirty air this year.

And it is showing impact into areas and communities and into the lives of children and families in that we need to make sure that the legislation that my colleague is offering, is co-sponsored by other Members and that Members are signing this Dear Colleague, that it is going to the EPA and to the administration to do their job and to recognize that they still have the authority in regards to this action as it pertains to the 1-hour rule that was not overruled by the court and to continue to require that these States be brought into conformance and that Maine not end up being the tail pipe for these kinds of inefficient, harmful pollutional industries that have been going on throughout the Midwest in particularly.

Mr. Speaker, I yield to my colleague, the gentleman from Maine (Mr. ALLEN).

Mr. ALLEN. Mr. Speaker, we have been talking so much about the Northeast because, after all, as my colleagues know, the wind, as I say, does blow west to east, so the Northeast is impacted. But it is worth pointing out, I think, that in many local areas where these grandfathered plants are in existence the local smog, the ozone, is a real health concern, and that can be true in the Midwest, in the South and in the West itself.

Mr. Speaker, the reason for that is that many of these plants have been allowed to engage in what is called the ''cap-and-trade approach''; that is, they can effectively buy clean air credits without cleaning up their own plant, and they still get by and meet the existing standards. What I am trying to say in this legislation is that with respect to nitrogen oxides and sulfur dioxides, which produce ozone, smog and acid rain, there would not be any provision for capping and trading; so the result will be that many of the dirtiest plants scattered in the Midwest, in the South and the West itself, will have to be cleaned up. That will be an enormous advantage to people who live in those local areas.

And so this is not just a Northeastern bill; this is a national bill. And I trust that many Members from around the country will be willing to support it, and I thank the gentleman for yielding.

Mr. BALDACCI. Mr. Speaker, I thank the gentleman for pointing that out because pollution is a national issue, requires a national solution, and its impact and benefits will be on a national basis. And to be able to make that point, I was just reading where the national parks, the millions of people that visit these particular parks that have been impacted by the ozone transport and increased smog and pollution and health risk, not just Acadia National Park in Maine, but Cape Cod, the Great Smoky National Park, Shenandoah National Park, Indiana's National Lakeshore Recreation Area, many other of these national parks and outdoor places where 2.7 million, 4.9 million, 9.3 million, a million and a half people, each one has been able to go to those facilities to enjoy the outdoors and that quality of life.

And Tennessee, the cradle of blues, rock and roll, and country music makes tourists in the Smoky Mountains sing a sad song about the smog they thought they left behind; in historic Virginia, George Washington's Mt. Vernon home as well as Colonial Williamsburg are suffering with pollution levels as great as our Nation's capital. Other Southern tourist destinations did not fare much better, Shenandoah's National Park and even remote Mt. Mitchell, and no relation I do not assume, but Mt. Mitchell in North Carolina have had unhealthy levels of ozone.

So those are within the Southeast, within the West. They are talking about Salt Lake City, surrounded by mountains, has been trapped in pollution for 3 days this year. Houston, second only to L.A. in population in the West, also home to chemical and refining industries. It is not geared just to the Northeast, it is the Southeast, it is the West, it is the Midwest, the Midwest home to small town U.S.A., but in addition to agriculture areas is dotted with major industrial cities. Many folks in the upper Midwest spend their spare time recreating in these areas.

So it is reinforcing my colleague's point about the national impact of this legislation, and I yield back to my colleague from Maine.

Mr. ALLEN. As we are having this conversation, I was looking at a recent report, and there is something here that is directly on point. I thought I would mention it.

Within the Ohio River Valley, this report says, there is a large and persistent area of high ozone during the summer months compared to air in other parts of the country, and in this region winds intermingle ozone pollution from different power plant fumes, as well as from other sources. Somewhat surprisingly, people living in the Ohio River Valley are exposed to higher average smog levels over a more prolonged period of time than people living in Chicago or Boston, and that goes back to what we have been talking about, that this is not just about the Northeast. If the smog in the Ohio River Valley, where a number of these plants are located is higher on average than the smog in Boston and Chicago, it is pretty clear we have got a national problem and it needs a national solution.

Mr. BALDACCI. Mr. Speaker, if I can, just to reinforce the impacts of what we are talking about, children are most at risk. Children breathe even more air per pound of body weight than adults because children's respiratory systems are still developing; they are more susceptible than adults to environmental threats. Ground ozone is a summertime problem because of the heat and the combination of the pollution creating this, and children are outside playing and exercising during the summer months. Asthma is a growing threat to children. Children make up 25 percent of the population, and 40 percent of the cases of asthma are here. We are talking about 14 Americans dying every day from asthma, a rate three times greater than just 20 years ago.

So we are talking about the pollution impacts, the impacts to individuals and communities. And I want to thank my colleague from Maine for introducing his comprehensive legislation and encouraging Members to sign onto it, and signing onto the Dear Colleague and making sure that the administration does its work, the courts do their work and that we do our work.

TEACHING HOSPITALS IMPACTED AS RESULT OF PASSAGE OF THE BALANCED BUDGET ACT

The SPEAKER pro tempore (Mr. COOKSEY). Under the Speaker's announced policy of January 6, 1999, the gentleman from Illinois (Mr. DAVIS) is recognized for 60 minutes.

Mr. DAVIS of Illinois. Mr. Speaker, during the last several months we have had a tremendous amount of discussion about managed care, patients' bill of rights, different kinds of indicators of disease and problems with our health care delivery system, trying to find a way and trying to find solutions, answers, to many of these problems. Group of us come this afternoon because we want to talk about another problem, and that is a problem facing the hospitals in the State of Illinois and especially facing tertiary care teaching hospitals as a result of our passage of the Balanced Budget Act.

Health care, as all of us would agree, is one of the essential elements of a great society, and unless people have access, have the ability, unless people have the assurances of knowing that they can find the care that they need in times of stress and difficulty and in times of physical pain and disability, then that society is missing something.

As a member of the Illinois delegation, I am going to share some concerns about the fate of Illinois' teaching hospitals and academic medical centers unless we get some form of relief from reimbursement cuts authorized in the 1997 Balanced Budget Act.

While we all recognize that cost containment, trying to manage the cost of health care, is important, all of us recognize the concerns that have been expressed over the years about unregulated, unbridled, unchecked cost overrunning our ability to pay; and so while we recognize that certain sacrifices must be made in order to achieve Balanced Budget Act objectives, we strongly believe that the unintended consequences of the Balanced

Budget Act threaten the viability of these valuable health care resources.

As envisioned, the Balanced Budget Act was intended to cut $104 billion from Medicare reimbursement to hospitals.

□ 1500

However, the Balanced Budget Act, if implemented as enacted, will result in nearly $200 billion in reductions.

Now, the people of Illinois have come to expect, and they have every right to do so, the high quality medical care delivered by our teaching hospitals and academic medical centers. The benefits derived by residents of every region of our State are incalculable. These teaching hospitals and academic medical centers are the primary providers of complex medical care and high risk specialty services, such as trauma care, burn care, organ transplants and prenatal care to all patients, regardless of their ability to pay. In fact, the 65 tertiary care teaching hospitals in Illinois provide approximately 63 percent of all hospital charity care in the state.

Aggressive Balanced Budget Act cuts are jeopardizing their ability to fulfill their vital mission of maintaining state-of-the-art medical care and technology, providing quality learning and research environments, and serving as a safety net for those unable to pay.

Not only do these institutions enhance our health and physical well-being, they are also some of our largest employers and consumers. As a matter of fact, they are an integral part of our overall economy. In total, our Illinois teaching hospitals and academic medical centers employ more than 56,000 of our constituents and add almost $3 billion to the State's economy in salaries and benefits alone. Yet, despite the great benefits that Illinois residents derive from our teaching hospitals and academic medical centers, these institutions suffer disproportionately under the Balanced Budget Act.

In total, Illinois teaching hospitals face 5-year reductions of more than $2.5 billion. I will say that again. In total, Illinois teaching hospitals face 5-year reductions of more than $2.5 billion. Consequently, while teaching facilities comprise 27 percent of Illinois hospitals, they will bear the brunt of 59 percent of the Balanced Budget Act reductions. These cuts are compounded by increasing fiscal pressures from managed care companies and inadequate Medicaid reimbursements on the State level. We believe that we must act now, that we really cannot wait.

I represent a district that has 22 hospitals in it. I have four academic medical centers, four of the best in the Nation, in my district. Not only do they provide greatly needed care, but they are also the primary trainers of medical personnel, not only for Illinois, but all over America. I have three Veterans Administration hospitals in my district that are linked to these medical schools.

So not only are we looking at the provision of greatly needed care, but we are also looking at the overall economic impact on a community if the individuals cannot work, if they have no place to go. Then, obviously, the status of health for the community worsens, worsens, and worsens.

Also with me this afternoon, one that I know is greatly interested in this problem and this issue and has concerns not only about the ability of hospitals to serve but the ability of our society to function as it is intended to do, it pleases me to yield to the gentlewoman from the 9th District in the State of Illinois (Ms. SCHAKOWSKY).

Ms. SCHAKOWSKY. Mr. Speaker, I want to thank the gentleman from Illinois for organizing this special order tonight and for yielding time. His commitment to providing quality health care in Illinois and across the Nation is unparalleled.

There is probably not a Member in this House that is not committed to and has not talked about protecting Medicare, but that means more than just the benefits under the Medicare program. That means that we have a strong and vibrant delivery system in place. That is what we need, one that is available to meet the needs of Medicare beneficiaries.

Unfortunately, the payment cuts required under the Balanced Budget Act threaten that delivery system. Inadequate payment levels are jeopardizing quality care at nursing homes, in hospices, for home care services, and the subject of tonight's special order, hospitals.

Now, my mother-in-law in Shreveport, Louisiana, Adelaide Creamer, was director of volunteer services at the large university hospital there; and she knows, as good as volunteers are, this is one issue where we are going to need far more than that in order to meet the needs of our Medicare patients.

We need to understand as policymakers and as consumers that payment cuts and inadequate reimbursement levels are patient issues. Patients will suffer if we do not act now to correct the problems created by the Balanced Budget Act.

The Balanced Budget Act, when it was passed, was supposed to cut hospital rates by $53 billion, but the actual cuts are now estimated to be $71 billion. As the gentleman from Illinois has said, cuts in Illinois would be close to $3 billion, and, in my Congressional District alone, the cuts could approach $270 million over 5 years. Because the size of the cuts grows every year, the longer we wait to correct this problem, the greater the impact on patients and healthcare quality.

I want to emphasize that we are not talking here about slowing the growth rate in hospital payments in the coming years. Without a correction in the Balanced Budget Act provision, Illinois hospitals will face actual reductions below existing payment levels. That is why the Honorable John Stroger, President of the Cook County Board, and Robert Maldonado, County Commissioner, and many of the members of the Cook County board, introduced and passed a resolution that calls on the President and the Members of the 106th Congress to refrain from enacting additional Medicare reductions in addition to those contained in the Balanced Budget Act of 1997, and to use at least a portion of the Federal budget surplus to address the negative impact caused by these reductions.

Obviously, as the cost of healthcare rises, cuts of these magnitudes will mean that hospitals will face horrible decisions, whether to cut back on staffing, turn away patients, shut down services such as trauma care, delay elective surgery, impose cutbacks on clinics and outpatient services.

In February, I wrote to President Clinton endorsing his proposal to use 15 percent of the budget surplus for Medicare and encouraging him to place a moratorium on any further BBA, Balanced Budget Act, payment reductions. Recognizing the problems being created already by the Balanced Budget Act, we simply cannot allow it to continue in place.

We need to take additional steps as well. I particularly am concerned about the impact of cuts on disproportionate share hospitals, hospitals that serve a large number of uninsured and underinsured patients.

We have heard a lot this week from the Republican leadership expressing their concern about the 44 million uninsured Americans. Disproportionate share hospitals care for those uninsured persons. They are the only source of care for many children and adults.

According to the Illinois Hospital Association, 30 percent of these disproportionate share hospitals had negative margins before the Balanced Budget Act was enacted. By 2002, if we do not act to stop further reductions, two out of every three of these hospitals serving low-income people will have negative margins.

In Illinois, these DSH hospitals, is what we call them, will lose $1.7 billion. $1.7 billion. These cuts are simply not sustainable. As the number of uninsured rises, DSH providers should be getting more resources, not suffer the cutbacks required under the balanced budget amendment.

Patients who rely on teaching hospitals would also suffer. The $1.1 billion in projected cuts to Illinois teaching hospitals threaten their ability to train medical professionals and serve patients.

Tertiary teaching hospitals in Illinois provide over half of all charity care in the State, even though they represent only 13 percent of hospitals. That care too would be threatened. Finally, teaching hospitals provide critical specialty services, trauma centers, organ transplants, specialized AIDS care, and other critical services.

Teaching hospitals are pioneers in training medical professionals and providing complex and innovative medical

technologies to patients. We should make it a priority to ensure that they have adequate resources to continue to do so. As less and less services are performed on an inpatient basis and more and more in hospital outpatient departments, we need to take action to stop drastic cuts for outpatient services.

Finally, I hope that we will act to repeal the annual $1,500 per patient cap on rehabilitation therapy payments. This arbitrary cap is preventing patients from getting adequate care to maintain, restore, and improve their functioning. We need to protect and increase payments to disproportionate share hospitals and payments for teaching hospitals. We need to protect against drastic cuts in outpatient hospital care. If we fail to do so, the real victims will not be the providers, they will be the patients who rely on their hospitals for quality, compassionate, and timely care.

Again, I thank the gentleman for the time.

Mr. DAVIS of Illinois. Let me thank the gentlewoman from Illinois for her comments. As I was listening, I was just sure that not only are the people of the 9th District in Illinois pleased that you are here working on their behalf, but citizens from all over the State of Illinois are pleased to know that they have you as a Member of Congress fighting for their rights and for their communities. So I thank you so very much.

The gentlewoman that I would like to next yield time to is not from the State of Illinois, but any time that she would want to come she is always welcome, and especially would she be welcome in the 7th District. But I would like to yield to the gentlewoman from the State of North Carolina (Mrs. CLAYTON).

Mrs. CLAYTON. Mr. Speaker, I thank the gentleman for his time and gracious comments, and I appreciate him allowing me to say a few words during his designated special order on the impact of the 1997 budget on hospitals as it relates to hospitals, particularly in urban areas.

I come from rural North Carolina. I am here to talk about another issue, which I will do later, but I could not pass up the opportunity of reaffirming how important the subject you are talking about is, how the 1997 Balanced Budget Act affects hospitals, and to also share with you that the implication is even more severe for those of us who live in rural America.

Just think that if indeed you think about the delivery system or the infrastructure for health care being at peril in urban areas, think of rural areas of having already a severe shortage of providers and institutions and heavily dependent on Medicare reimbursement and Medicaid reimbursement, and, therefore, having private insurance to pay for most of their care is not a part of the equation in supporting rural hospitals or nursing homes or home health services or hospice services. They are heavily dependent on the participation of the Federal budget.

So your raising this issue for us helps us to join with you from rural America to say that this is a nationwide project, it is a nationwide problem. It is a challenge for those of us who live in rural America, because we serve a disproportionate number of senior citizens who are very much dependent on Medicare.

The teaching hospital that is in my district, for their interns and their fellows, it is supported in the main by the Medicare payments that are made to the individual institution.

□ 1515

We talk about DSH. Most of our hospitals are actually disproportionately hospitals in rural areas so we are on the verge of losing hospitals in our area if, indeed, we pursue with this gradual sliding below to the lowest common denominator, Balanced Budget Act projection, given just what the last speaker spoke of. Actually we have exceeded those projections where the intent was to have 53 percent.

Now we have exceeded those. So just think, that means we are going to have to make decisions about cutting outpatient, making decisions about cutting AIDS programs, of all of those extra programs that hospitals were beginning to equip themselves for, so they would not have to keep patients in their hospitals in beds. They had outpatient, they had therapy, they had rehabilitation programs. All of those are threatened under the 1997 Balanced Budget Act.

It is not the act itself. It is the implementation. So we really do need to do two things. There needs to be two tracks. We need to make a case to the administration in the finance mechanism that they need to adjust where they have authority to adjust so they can make that relief that hospitals need right now.

Secondly, we need to make some amendments in our budgetary process to allow for us to not have the year 2000 as structured as we had proposed in 1997.

I thank the gentleman for allowing me to participate and just would say finally that rural hospitals also are appreciative of the efforts of the gentleman to raise this issue for Members of Congress so that we can take the appropriate action.

Mr. DAVIS of Illinois. Mr. Speaker, let me just thank the gentlewoman and commend the gentlewoman again for the tremendous advocacy that she displays consistently on the part of rural America, and especially as she crusades right now to try and find relief for that part of North Carolina and for all of those thousands and thousands of people who have been uprooted by recent Hurricane Floyd.

Certainly, our hopes, our prayers, and our thoughts are with the gentlewoman and all of the people in North Carolina as they try to work their way out of this disaster.

Mr. RUSH. Mr. Speaker, will the gentleman yield?

Mr. DAVIS of Illinois. I yield to the gentleman from Illinois, who represents a district that certainly has one of the most outstanding hospitals and academic medical centers in the Nation in it, the University of Chicago.

Mr. RUSH. Mr. Speaker, I want to thank the gentleman from Illinois (Mr. DAVIS), Congressman from the 7th Congressional District, for holding this special order. This special order is important to the hospitals in my district, the hospitals in urban America and, as the previous speaker indicated, the hospitals in rural America.

I want to say to my colleague from the 7th Congressional District that, again, he is on point. We served in the Chicago city council together. He was a leader on health care issues in the city council. He was a leader on health care issues when he was a member of the Cook County Board of Commissioners and now in the Congress he is a leader on health care issues, and I want to applaud him for his leadership and again thank him for holding this important special order.

To the gentlewoman from North Carolina (Mrs. CLAYTON), I want to join with my colleague from the 7th Congressional District in indicating my support for her, my support for those distressed constituents in her district, those individuals who are experiencing hardship now because of Hurricane Floyd. I want her to know that any time she wants to visit her son, who is a constituent of mine in the 1st Congressional District, she certainly can come in; and we will roll out the red carpet for her, as we have done in the past.

The Balanced Budget Act, Mr. Speaker, is causing real pain for hospitals, for patients, and the communities that they serve. The BBA has produced an unintended financial burden on Chicago teaching hospitals, on rural hospitals, on skilled nursing facilities, and on home health providers. The issue is important, to me and to others, because Illinois ranks fifth in the Nation in the number of teaching hospitals.

Teaching hospitals not only provide training to our Nation's future doctors but they also provide uncompensated care to underserved communities. In my State, the State of Illinois, these teaching hospitals provide 59 percent of the State's charity care. Additionally, in teaching hospitals in Illinois and in academic medical centers in Illinois, there are at least 80,000 Illinoisans statewide who are employed by these hospitals.

As a matter of fact, Illinois teaching hospitals and academic medical centers are one of Illinois' largest employers. They add more than $3 billion in salaries and benefits to the Illinois economy.

Because of these BBA cuts, these hospitals will lose $1.678 billion between

fiscal year 1998 and fiscal year 2002. $1.678 billion the hospitals in Illinois will lose between fiscal year 1998 and fiscal year 2002. These cuts would be atrocious, these cuts will undeniably deny many low-income patients adequate and much-needed health care.

This year this Congress passed a budget resolution that would have allowed for $792 billion in tax breaks, mostly to millionaires and billionaires, those who are living the good life, but not one red cent to fix the damage to Medicare from the BBA.

Ironically, today in this Congress we are seeing that Members who voted for the BBA 2 years ago, they are now switching. They are now reversing their positions. They are now supportive of fixes to Medicare.

Mr. Speaker, the Members on both sides of the aisle, this Congress, the Republicans particularly, this Congress must fess up and admit that it made a mistake; and it must do the right thing by funding for substantial increases in Medicare reimbursements.

Mr. DAVIS of Illinois. Mr. Speaker, let me just thank the gentleman from Illinois (Mr. RUSH) for the comments that he has made because what he has said actually is the same thing that I am hearing from constituents of mine each and every day.

In my hand and in my office are actually thousands of cards that I have received from constituents of my district asking that we provide for them some relief. They are very active people who understand what is going on, who recognize when they hurt that they need to cry, and who recognize that if they do not cry chances are nobody will even know that they are hurting.

I can say that the people of the 7th District are crying. They are crying out for relief from the Balanced Budget Act. They are crying out to make sure that their hospitals, that their health centers, that their skilled nursing homes, can continue to exist and provide for them the greatly needed services that they so richly and rightly deserve.

So I thank the gentleman for being where the people are, and I appreciate his comments.

Not only, though, are we saying it, I mean the Members of Congress are saying it, but also I am looking at editorials, and I would put these entered into the RECORD at this point, Mr. Speaker.

[From the Peoria Star Journal, Aug. 31, 1999]

MEDICARE REDUCTIONS THREATENING HOSPITALS

If these are the good years, then why are hospitals administrators so blue? The answer is that they're seeing red.

Medicare cuts being implemented now are ''the most serious reductions in the history of the program,'' says Ken Robbins, president of the Illinois Hospitals and Health Systems Association.

Hospitals operating on a slim margin, or dependent on Medicare for almost all of their revenues, will close, he says. Those which stay in business will cut staff, eliminate unprofitable programs and increase prices charged paying patients, forcing insurance rates up.

Teaching hospitals, which will lose more assistance than most, will cut residency slots. That will threaten medical specialities and charitable care, which depends heavily on resident physicians. Already OSF St. Francis has trimmed seven positions and is considering eliminating an entire residency program. In the 26 years he's been looking Robbins says he's never seen a more critical threat.

It seems peculiar that hospitals are ringing this alarm as congressman fan out across the land to tell of a federal treasury overstuffed with surplus dollar bills. The timing is not accidental.

The federal surplus owes its existence not just to a booming economy but to the domestic spending cuts mandated by the Balanced Budget Act of 1997. About half of them will come from Medicare and Medicaid. The American Hospital Association anticipates that by 2002, hospitals will lose $71 billion, a little more than one of every 10 Medicare dollars they take in.

OSF St. Francis figures it will give up $27.6 million; Methodist, $22.6 million; Proctor, $18.2 million. To appreciate the size of the losses, and the steps necessary to compensate, consider that Methodist and Proctor derive 50 percent of their income from Medicare, while St. Francis gets 40 percent. By the end of 2002, Robbins says Illinois hospitals will be treating more Medicare-dependent patients for fewer inflation-factored dollars than they get now. He says everybody who needs hospital care will feel the effects.

The hospital association wants legislation that will restore $25 billion, a little more than a third of what hospitals lost. To get the money, it will have to fight off those who would spend the surplus on tax cuts and those who would pay down the federal debt.

Members of both camps say they want to make sure the anticipated surplus isn't used to increase spending. That is an understandable goal but an inaccurate description of the alternative. The third choice in the surplus arguments is not whether to expand federal programs with the extra money but whether to maintain the present level of service.

Permitting spending to grow at the rate of inflation would cost nearly $750 billion, or three-fourths of the predicted 10-year non-Social Security surplus. Assuming that defense spending will not be reduced, the Balanced Budget Act will require domestic spending cuts of about 20 percent over five years. If Congress boosts military spending, as it has indicated it would like to do, then bigger reductions in domestic spending will be necessary.

The hospital lobbyists would seem to be at vanguard of those who will feel the pinch. Earlier this month Peoria officials said they anticipated a 10 percent cut in Community Development Block Grant funds for neighborhood-based programs. Housing and Urban Development Secretary Andrew Cuomo warned last week of budget cuts that would leave 156,000 people without affordable housing. The nation's parkland preservation program is due to be reduced to one-tenth of its 1978 level. Congress has put out feelers about taking back from the states $4.2 billion in welfare reform money.

Cuts of this magnitude may have made sense when the nation was battling to control deficit spending and the threats it posed. The case for them is not as strong now that it's been declared the post-deficit era on Capitol Hill.

Certainly maintaining Head Start participation and national park dollars and environmental enforcement at present levels, rather than slashing them, deserves an equal platform with tax cuts and debt reduction as decisions are made. So do the hospitals' concerns.

It is particularly irksome that the facts of the issue have been so poorly laid out and that the budget cuts which lie ahead have claimed so small a stage in the national debate. Perhaps the hospital lobbyists will help.

[From the St. Louis Post-Dispatch, August 4, 1999]

WHEN HOSPITALS GET SICK

The nation's teaching hospitals, the backbone of the country's health care system, are getting sick. Squeezed on one side by managed care's demand for lower costs and shorter stays and on the other by federal cuts in Medicare reimbursements, the average teaching hospital will have lost $43 million between 1997 and 2002. That will leave nearly 40 percent of the facilities operating in the red.

Similar dire figures are projected for facilities here. By the end of this year, St. Louis-area teaching hospitals will have seen their revenues reduced by $70 million. The reduction for all the state's teaching hospitals will be about $126 million. By 2002, the figure will have climbed to over $100 million in St. Louis and $214 million for Missouri. Barnes-Jewish Hospital has gone from generating $30 million a year to just $4 million this year.

Those figures are much more than just numbers on a balance sheet. Teaching hospitals, particularly in St. Louis and Missouri, are unique, vital cogs in the health care network. Though they represent only 4 percent of all of the nation's hospitals, they treat 44 percent of the uninsured patients. Meanwhile, they provide expensive, highly specialized programs, such as the organ transplant, bone marrow transplant and trauma programs operating at St. Louis University Hospital and Barnes-Jewish Hospital.

In St. Louis and Missouri, this continued financial hemorrhaging could hurt the local economy. Barnes-Jewish Hospital, with over 8,000 employees, is the largest private employer in the city of St. Louis. Its network, BJC Health System, is Missouri's single largest private employer.

Sen Daniel Patrick Moynihan, D–N.Y., and Rep. Charles Rangel, D–New York, have an answer for the current mess. Mr. Moynihan has introduced a bill to freeze the reductions in Medicare reimbursements for the next two years. The New York Democrats have proposed the establishment of a Medical Education Trust Fund that would be financed by a 1.5 percent assessment on private health insurance premiums and funding from Medicare and Medicaid.

Congress' desire to rein in rising medical costs is commendable, but the 1997 Balanced Budget Act, which cut the Medicare reimbursements for teaching hospitals, produced serious unintended consequences. The nation must not sacrifice the great institution of the teaching hospital to the budgetary scalpel.

[From the Chicago Tribune, July 9, 1999]

UIC TO CUT HOSPITAL JOBS, SEEK MERGER

(By Bruce Jaspen)

In a rare move that highlights the deepening financial crisis of one of the city's biggest teaching hospitals, the University of Illinois said Thursday it will turn over management of its West Side academic medical center to a Florida consulting firm.

At the same time, the university reassigned the hospital's director, announced that more than 10 percent of the hospital's employees will lose their jobs and said it will seek a merger with another health-care firm.

The dire measure for the University of Illinois at Chicago Medical Center were recommended by The Hunter Group of St. Petersburg, Fla., in the wake of millions of dollars in losses, blamed in large part on drastic reductions in Medicare spending growth as a result of the Balanced Budget Act of 1997.

As part of the government's effort to slow the growth in spending for Medicare, the federal health insurance for the disabled and the booming elderly population, the Balanced Budget Act is taking $33.5 million in projected revenue from the UIC's budget over a five-year period, and thus far has contributed to an $8 million deficit in the hospital's second quarter. As recently as 1997, UIC had income of $6.1 million on a budget of nearly $300 million.

UIC has also been vulnerable to an intensely competitive health-care marketplace in Chicago, where one in three hospital beds remains empty and managed-care companies and developments in science are keeping patients out of the hospital.

''We are struggling with making ends meet,'' said Dieter Haussmann, vice chancellor for health services at UIC. ''Unless things change, you will see fewer teaching hospitals in the next decade.''

Like all academic medical centers, UIC is particularly vulnerable to managed care, which emphasizes low-cost outpatient care.

Contracts with teaching hospitals are less attractive to managed-care insurers because the costs of training the nation's future doctors and conducting cutting-edge research typically make services at teaching hospitals 20 to 25 percent higher than at community hospitals.

To keep the UIC's teaching mission of educating doctors viable, The Hunter Group will begin looking for potential partners, possibly leading to a merger or sale to one of any number of possible buyers. Haussmann speculated about one scenario involving the UIC forming some partnership with Rush-Presbyterian-St. Luke's Medical Center or Cook County Hospital, both within a block of the UIC on Chicago's West Side.

''Without some sort of partnership, we are going to have serious difficulties being viable,'' Haussmann said.

Rush executives Thursday seemed open to the idea. ''The University of Illinois is a major institution within the Illinois Medical Center District, and therefore it would be logical for Rush and Cook County to pursue mutually beneficial discussions with the University of Illinois,'' said Rush's senior vice president, Avery Miller.

UIC officials, however, said they would be exploring all options.

''Anything is possible,'' Haussmann said. ''We won't leave any stones unturned from the outset.''

Thursday's decision by the university's board of trustees follows a 14-week study by the Hunter Group, which was paid $1.2 million for its work and will now manage the hospital for $140,000 a month over a period officials expect will be less than a year.

Sidney Mitchell, the hospital's executive director for the last several years, will be reassigned for the time being within the university, Haussmann said. Mitchell was unavailable Thursday for comment.

About 275 of the hospital's 2,600 full-time employees will lose their jobs as part of The Hunter Group's recommendations, but it remains unclear exactly when the cuts will take effect and who will be affected.

Officials hope most of those employees, mainly clerical workers and support staff, will be able to find jobs within the university system, but negotiations on those positions will also take place with some unions.

Earlier this year, the UJC implemented a hiring freeze and eliminated 250 positions, and most of those workers were placed elsewhere, university officials said.

Meanwhile, the proposed changes will also mean a different employment arrangement for more than 300 physicians who are either full- or part-time faculty at the University of Illinois at Chicago College of Medicine and do clinical work at the hospital. They will become more independent, with employment contracts, much like doctors at other academic medical centers where the physicians work for affiliated practices.

Thus, doctors will be forced to build up a base of patients and referrals for the hospital rather than relying largely on the hospital's contracts with insurance companies.

''The idea that the board is looking at is, can these physicians take on more responsibility for their actions?'' said David Hunter, chief executive of The Hunter Group, which will officially take over management sometime next month, once its contract is made final. ''Can physicians take more control over their lives and their practice, and therefore be more productive?''

Physicians appeared to support the changes. ''I'm very positive, and I believe the physicians will be, too,'' said Dr. Gerald Moss, a surgeon and dean of the medical school. ''We believe with these changes the hospital will return to profitability.''

The hospital is also going to streamline billing and collection systems and reduce supply expenses, aiming to save more than $6 million by 2002.

UIC ANNOUNCES CHANGES

University of Illinois at Chicago Medical Center said Thursday it will implement changes for improving hospital operations.

Major recommendations include: Reduce staffing by about 275; Implement supply expense reduction program; Streamline patient registration, billing and collection systems; and Seek a merger or sale.

[From Crain's Chicago Business, June 21, 1999]

DEEP MEDICARE CUTS DRAW BLOOD AT TEACHING HOSPITALS—TOP MED CENTERS TAKE LARGEST HIT; SURVIVAL OF FITTEST

(By Meera Somasundaram)

Chicago's academic medical centers, known for treating the most challenging cases and training the nation's top doctors, are facing some tough medicine of their own.

Already struggling with pressures from managed care, rising drug costs and a surplus of local hospital capacity, they now are bracing for one of the sharpest cutbacks ever in Medicare payments to hospitals.

And the prognosis isn't good. Some top hospitals are already in the red. Others have seen operating income fall sharply. The most pessimistic observers question whether, long term, the region can support all of its high-end medical centers.

In Chicago, which has an unusually high concentration of such facilities—five major academic medical centers and seven medical schools—the effects of the statewide $2.5-billion retrenchment will be staggering: The five academic medical centers together will lose about $350 million over five years.

Two of the five—University of Illinois at Chicago Medical Center and Rush-Presbyterian-St. Luke's Medical Center—already are feeling the pinch, having reported operating losses in fiscal 1998.

Two that were in the black—Northwestern Memorial Hospital and University of Chicago Hospitals—reported sharp downturns from 1997. Loyola University Medical Center posted operating income after a loss in 1997.

''Clearly, we are in for some difficult times for academic medical centers over the next few years,'' says health care consultant David Anderson of Health Care Futures L.P. in Itasca.

The downward spiral is expected to worsen over the next few years because the cuts—mandated under the Balanced Budget Act of 1997 and phased in from fiscal 1998 to fiscal 2002—widen each year. Some of the current losses have been offset by a robust stock market, which has helped hospitals stay in the black. But that can't continue forever.

HOW MUCH THEY'LL LOSE

Medicare payments are the lifeblood of many teaching hospitals—accounting for 20% to 40% of total revenues.

In addition to receiving payments from Medicare for treating elderly patients, the hospitals also are paid through Medicare for training physicians in residency programs. The larger a hospital's Medicare population and the larger its residency program, the larger its Medicare payment.

Rush-Presbyterian and the University of Chicago Hospitals will lose the most because of their greater dependence on public aid and larger residency programs: Rush will see $104 million in cuts over five years, and U of C will lose $95 million.

As for the other three. Northwestern Memorial will lost $65 million; Loyola, about $50 million, and UIC, $33.5 million, according to Ralph W. Muller, president and CEO of U of C Hospitals and chairman-elect of the Assn. of American Medical Colleges, which is lobbying Congress to restore the cuts.

The fallout from the cuts could drastically change the hospital landscape in Chicago.

The Illinois Hospital and Health-Systems Assn. (IHAA) has predicted that some smaller area hospitals will be forced to close. Others will turn to layoffs, cutbacks in programs or consolidation. In addition, the loss of funds could put a squeeze on research programs and bolster unionization efforts among physicians and nurses seeking job security amid the turmoil.

Notes Jonathan Kaplan, director of the Midwest health care consulting division in Chicago at Ernst & Young LLP: ''As you erode the revenue side, they're going to have to dramatically redesign their business to make sure they can survive.''

Already, U of C says it won't fill 115 positions this year, and UIC is eliminating 250 positions and has initiated a hiring freeze. Experts say more layoffs are likely.

''What's going to happen is, we'll see cutbacks in programs,'' says U of C's Mr. Muller. ''If you cut back programs, then patients stop coming and doctors stop using you. That's not in anyone's interest.''

Rush-Presbyterian, which includes expenses for Rush University and faculty practices in its financial results, posted an operating loss of $18.7 million on revenues of $520.4 million in the fiscal year ended last June 30, on top of an operating loss of $235,000 the previous year. Losses at the university and the faculty practices more than offset operating income of $8.3 million at the hospital—down from $28.7 million in 1997—according to President and CEO Leo M. Henikoff. He cites eroding Medicare revenues as the reason for the decline.

In fact, Rush kicked off an aggressive three-year cost-cutting program in 1997, aimed at saving $120 million, in anticipation of Medicare cuts in 1998.

''A number of people thought that was overkill,'' says Dr. Henikoff. ''It turns out it was underkill.''

Rush is also taking steps to boost growth, including plans to buy or build 24-hour ambulatory surgery centers in the suburbs, and to expand Rush System for Health, a network of six hospitals with Rush-Presbyterian as a tertiary hub. He also says the recent recruitment of Dr. Leonard Cerullo to head

Rush's neurosurgery department will attract more patients.

U OF C VULNERABLE

While Rush tries to increase patient volume, competitors are undertaking changes of their own.

University of Chicago, whose operating income dropped a whopping 72% to $6.3 million last year from 1997, also is particularly vulnerable to federal cutbacks.

If losses associated with its Medicaid managed care plan and a now-divested Meyer Medical Group and other affiliates are included, the medical center posted a consolidated operating loss of $32.6 million last year.

Even though the losses are steep, observers say U of C is taking steps in the right direction, including selling money-losing ventures.

Still, U of C has a high dependence on Medicaid, receiving 26% of revenues from the federal-state health insurance program for low-income patients, while Loyola receives 14%; Rush, 13%, and Northwestern, 11%, according to IHHA.

Northwestern Memorial Hospital, located in the affluent Streeterville neighborhood, is perhaps the best-positioned to withstand the Medicare cuts. Although it reported a 35% drop in operating income to $35 million last year, it has significant investments in marketable securities, as well as a desirable payer mix. However, the hospital must absorb depreciation costs and risks associated with its new, $580-million building, which it funded with debt and cash. Hospital officials say the new facility is more efficient and will save costs in the long run.

A RUSH-UIC MERGER?

Loyola University Medical Center, which posted operating income of $6.2 million in 1998, after a loss of $4.2 million in 1997, is trying to shore up operations at its 19 outpatient care clinics.

UIC earlier this year hired a consulting group to help improve operations. In the first nine months of fiscal 1999 ended March 31, the medical center reported a $5.8-million operating loss, following a loss of $7.1 million in fiscal 1998 due to a drop in revenues and patient volume.

In response, UIC could turn to mergers or affiliations, including a potential merger with its nearby competitor, Rush.

Although Dieter Haussmann, vice-chancellor for health services at UIC, says he's not in formal talks with Rush, he doesn't rule out the option. The most difficult task for any academic medical center would be the melding of medical schools, he adds.

''It's clear that, ultimately, there have to be fewer academic medical centers,'' says Mr. Haussmann, ''How we get there is the big question.''

Observers say UIC would have more to gain from a Rush-UIC combination than Rush because UIC could gain patients from Rush's network. Dr. Henikoff agrees with that assessment, and says a merger with another teaching hospital wouldn't make sense for Rush.

FINANCE-DRIVEN OUTCOME

''When you end up with two hospitals, you don't save money,'' says Dr. Heinkoff. ''You would get saddled with another infrastructure. The last thing I want is an infrastructure that isn't utilized.''

Still, if Congress doesn't reverse the cutbacks, mergers here may be inevitable.

Says consultant Mr. Anderson: ''Financial pressures are going to drive very serious evaluations by boards of hospitals about whether the enemy across the street now needs to be their friend.''

MEDICARE FLU—OPERATING INCOME (LOSSES) FOR CHICAGO'S FIVE ACADEMIC MEDICAL CENTERS

[In millions]

	1998	1997
University of Chicago Hospitals	$6.3	22.7
Northwestern Memorial Hospital	35.0	53.9
Rush-Presbyterian-St. Luke's Medical Center, including Rush University and faculty practices	(18.7)	(0.2)
Loyola University Medical Center	6.2	(4.2)
University of Illinois at Chicago Medical Center	(7.1)	2.7

Source: Hospitals' financial statements.

[From the New York Times, May 31, 1999]

TEACHING HOSPITALS IN TROUBLE

The nation's teaching hospitals are facing deep financial trouble, brought on by the growth of managed care and cost-cutting measures in government health programs. Congress can help by restoring some cuts made to Medicare funding in 1997 that squeezed these institutions severely. But their long-term financial health will depend on new ways of financing their special missions. They also should be required to live by reasonable cost controls.

All hospitals are facing the same pressures, chiefly cuts in government payments and managed care's demand for lower hospital fees and shorter hospital stays. Most have responded by reducing staff and merging with other institutions. Teaching hospitals have also taken these steps, but their problems are compounded by the extra obligations that teaching hospitals have long assumed—training new doctors, conducting medical research and providing charity care for the poor. These functions have traditionally been indirectly underwritten in part by the private sector.

Managed care has changed that by making it much harder to pass along charity care and education costs through higher fees. At the same time, these hospitals have been especially hard hit by government cuts because they derive much of their revenue from Medicaid and Medicare patients. These pressures are especially severe in New York City, which has the nation's largest concentration of teaching hospitals. City hospitals have cut their staffs by 10 percent since 1993. Still, Gov. George Pataki has proposed trimming roughly $150 million in state Medicaid payments to hospitals in the new fiscal year, and Clinton Administration is also proposing further Medicare cuts.

But the worst blow comes from the 1997 Balanced Budget Act. That law has produced the welcome and unexpected result of actually cutting Medicare expenditures in the first half of this fiscal year. But it also had a disproportionate impact on teaching hospitals. Among other cost controls, the law sharply cut the Federal subsidy for graduate medical education that is financed as part of Medicare. By 2002, when all the cuts are fully phased in, New York State hospitals will have lost $5 billion in Federal revenue, with $3 billion of that squeezed out of the metropolitan area hospitals.

Senator Daniel Patrick Moynihan introduced legislation that would reduce some of the damage. One bill would freeze the graduate medical education subsidy, rather than allow further annual reductions for the next two years, as required under the 1997 law. That would save teaching hospitals $3 billion in losses over five years. Another bill would take the Federal subsidies for serving low-income patients that are included in payments to Medicare managed-care plans and redirect the money to the hospitals that provide the care. In theory, Medicare H.M.O.'s pass on the subsidy to the hospitals, but in practice they often do not. A similar bill would redirect the subsidy for training nurses from Medicare H.M.O.'s to teaching hospitals.

Congress should make these adjustments without unraveling other cost-containment measures of the 1997 law. Mr. Moynihan has also proposed broader legislation that would spread the burden of paying for medical education. His plan would establish a separate Medical Education Trust Fund that would be financed by a fee levied on private health insurance premiums, as well as contributions from Medicaid and Medicare. The bill calls for an advisory commission to debate alternative approaches.

Something has to be done to shore up this key part of the nation's biomedical infrastructure. Simply plugging holes in the current patchwork of funding will not insure stability for the future.

[From the New York Times, May 6, 1999]

TEACHING HOSPITALS, BATTLING CUTBACKS IN MEDICARE MONEY

(By Carey Goldberg)

BOSTON, May 5.—Normally, the great teaching hospitals of this medical Mecca carry an air of white-coated, best-in-the-world arrogance, the kind of arrogance that comes of collecting Nobels, of snaring more Federal money for medical research than hospitals anywhere else, of attracting patients from the four corners of the earth.

But not lately. Lately, their chief executives carry an air of pleading and alarm. They tend to cross the edges of their palms in an X that symbolizes the crossing of rising costs and dropping payments, especially Medicare payments. And to say they simply cannot go on losing money this way and remain the academic cream of American medicine.

The teaching hospitals here and elsewhere have never been immune from the turbulent change sweeping American health care—from the expansion of managed care to spiraling drug prices to the fierce fights for survival and shotgun marriages between hospitals with empty beds and flabby management.

But they are contending that suddenly, in recent weeks, a Federal cutback in Medicare spending has begun putting such a financial squeeze on them that it threatens their ability to fulfill their special missions: to handle the sickest patients, to act as incubators for new cures, to treat poor people and to train budding doctors.

The budget hemorrhaging has hit at scattered teaching hospitals across the country, from San Francisco to Philadelphia. New York's clusters of teaching hospitals are among the biggest and hardest hit, the Greater New York Hospital Association says. It predicts that Medicare cuts will cost the state's hospitals $5 billion through 2002 and force the closing of money-losing departments and whole hospitals.

Often, analysts say, hospital cut-backs closings and mergers make good economic sense, and some dislocation and pain are only to be expected, for all the hospitals' tendency to moan about them. Some critics say the hospitals are partly to fault, that for all their glittery research and credentials, they have not always been efficiently managed.

''A lot of teaching hospitals have engaged in what might be called self-sanctification—'We're the greatest hospitals in the world and no one can do it better or for less'—and that may or may not be true,'' said Alan Sager, a health-care finance expert at the Boston University School of Public Health.

But the hospital chiefs argue that they have virtually no fat left to cut, and warn that their financial problems may mean that the smartest edge of American medicine will get dumbed down.

With that message, they have been lobbying in Congress in recent weeks to reconsider the cuts that they say have turned

their financial straits from tough to intolerable.

Hospital chiefs and doctors also argue that a teaching hospital and its affiliated university are a delicate ecosystem whose production of critical research is at risk.

''The grand institutions in Boston that are venerated are characterized by a wildflower approach to invention and the generation of new knowledge,'' said Dr. James Reinertsen, the chief executive of Caregroup, which owns Beth Israel Deaconess Medical Center. ''We don't run our institutions like agribusiness, a massively efficient operation where we direct research and harvest it. It's unplanned to a great extent, and that chaotic fermenting environment is part of what makes the academic health centers what they are.''

Federal financing for research is plentiful of late, hospital heads acknowledge. But they point out that the Government expects hospitals to subsidize 10 percent or 15 percent of that research, and that they must also provide important support for researchers still too junior to win grants.

A similar argument for slack in the system comes in connection with teaching. Teaching hospitals are pressing their faculties to take on more patients to bring in more money, said Dr. Daniel D. Federman, dean for medical education of Harvard Medical School. A doctor under pressure to spend time in a billable way, Dr. Federman said, has less time to spend teaching.

Whatever the causes, said Dr. Stuart Altman, professor of national health policy at Brandeis University and past chairman for 12 years of the committee that advised the Government on Medicare prices, ''the concern is very real.''

''What's happened to them is that all of the cards have fallen the wrong way at the same time,'' Dr. Altman said. ''I believe their screams of woe are legitimate.''

Among the cards that fell wrong, begin with managed care. Massachusetts has an unusually large quotient of patients in managed-care plans. Managed-care companies, themselves strapped, have gotten increasingly tough about how much they will pay.

But the back-breaking straw, hospital chiefs say, came with Medicare cuts, enacted under the 1997 balanced-budget law, that will cut more each year through 2002. The Association of American Medical Colleges estimates that by then the losses for teaching hospitals could reach $14.7 billion, and that major teaching hospitals will lose about $150 million each. Nearly 100 teaching hospitals are expected to be running in the red by then, the association said last month.

For years, teaching hospitals have been more dependent than any others on Medicare. Unlike some other payers, Medicare has compensated them for their special missions—training, sicker patients, indigent care—by paying them extra.

For reasons yet to be determined, Dr. Altman and others say the Medicare cuts seem to be taking an even greater toll on the teaching hospitals than had been expected. Much has changed since the 1996 numbers on which the cuts are based, hospital chiefs say; and the cuts particularly singled out teaching hospitals, whose profit margins used to look fat.

Frightening the hospitals still further, President Clinton's next budget proposes even more Medicare cuts.

Not everyone sympathizes, though. Complaints from hospitals that financial pinching hurts have become familiar refrains over recent years, gaining them a reputation for crying wolf. Critics say the Boston hospitals are whining for more money when the only real fix is broad health-care reform.

Some propose that the rational solution is to analyze which aspects of the teaching hospitals' work society is willing to pay for, and then abandon the Byzantine Medicare cross-subsidies and pay for them straight out, perhaps through a new tax.

Others question the numbers.

Whenever hospitals face cuts, Alan Sager of Boston University said, ''they claim it will be teaching and research and free care of the uninsured that are cut first.''

If the hospitals want more money, Mr. Sager argued, they should allow in independent auditors to check their books rather than asking Congress to rely on a ''scream test.''

For many doctors at the teaching hospitals, however, the screaming is preventive medicine, meant to save their institutions from becoming ordinary.

Medical care is an applied science, said Dr. Allan Ropper, chief of neurology at St. Elizabeth's Hospital, and strong teaching hospitals, with their cadres of doctors willing to spend often-unreimbursed time on teaching and research, are essential to helping move it forward.

''There's no getting away from a patient and their illness,'' Dr. Ropper said, ''but if all you do is fix the watch, nobody ever builds a better watch. It's a very subtle thing, but precisely because it's so subtle, it's very easy to disrupt.''

[From the Chicago Tribune, Apr. 25, 1999]

MEDICARE CUTS HIT BIG CENTERS

TEACHING COSTS LOWER IMMUNITY

(By Bruce Japsen)

For years Dieter Haussmann has been far from the tremors of managed care, but the government's effort to drastically slow Medicare spending growth is quickly pushing him toward the epicenter.

As vice chancellor for health services at the University of Illinois at Chicago Medical Center, Haussmann was forced to disclose recently a deficit of $8 million that will result in a hiring freeze and the elimination of more than 250 jobs at the West Side academic medical center.

Although UIC said the shortfall was ''unexpected,'' the changing economic landscape made it bound to happen sooner or later.

Like all academic medical centers, UIC is more vulnerable than community hospitals to managed care, which emphasizes low-cost outpatient care. Teaching hospital costs are traditionally higher because such hospitals also train the nation's future doctors and conduct cutting-edge research.

Until federal spending began slowing under the Balanced Budget Act of 1997, Chicago teaching hospitals seemed largely immune to financial forces squeezing hospitals elsewhere. Health maintenance organizations—the most restrictive form of managed-care insurance when it comes to paying medical-care providers fixed rates—insure only one in four Chicago-area consumers and the insurance industry is largely fragmented.

''Maybe we are late compared to other academic medical centers,'' Haussmann said.

Now, with HMOs gaining more leverage here through consolidation and with Medicare slicing millions from hospitals' projected revenues, everything from more job cuts to mergers may be in store for Chicago's five major academic medical centers, analysts say.

A substantial number of the more than 22,000 workers at UIC, Rush-Presbyterian-St. Luke's Medical Center, University of Chicago Hospitals, Northwestern Memorial Hospital and Loyola University Medical Center could be affected.

This trend has already passed through other markets, where storied teaching hospitals have merged and been forced to make deep cuts in their workforces.

For example, Massachusetts General Hospital in Boston said it will eliminate 130 positions in the wake of a $5 million loss in its first quarter.

The hospitals' plight has been made worse by the Balanced Budget Act of 1997, which seeks to drastically hold down spending.

''The crunch is coming,'' said Haussmann, who concedes that consultants recently hired by the university may recommend a merger. ''We need to develop a strategic partnership with somebody.''

Indeed, without the pressure from managed care to keep Chicago consumers out of hospitals, acute-care hospitals here have remained bloated with beds and staffing. Much like at the rest of Chicago hospitals, one in three beds at UIC lies empty on any given day.

In fact, Chicago has more acute-care capacity than practically every major metropolitan area in the country, according to a Dartmouth Medical School study published last week by the Chicago-based American Hospital Association.

The Chicago area had 4.4 acute-care beds and 21.9 acute-care employees per 1,000 residents in 1996, compared with a national average of 2.8 beds and 13.2 employees per 1,000, the Dartmouth study said.

Even New York, Boston and Philadelphia—cities where academic medicine is also a hallmark of health-care service—ranked lower than Chicago in the study.

''If we have a higher utilization than New York, then that is a problem,'' said Ralph Muller, president and chief executive of University of Chicago Hospitals. ''We need to bring that down to be in line with national averages.''

With five major stand-alone academic medical centers, analysts say, excess capacity here is costing consumers and employers more than elsewhere. That's because consumers here aren't encouraged to use wellness programs and other outpatient services designed to keep people out of the hospital.

''There seems to be a great under-use of preventative services in some of the lesser managed-care areas,'' said Carol Schadelbauer, a spokeswoman for the American Hospital Association.

''It's a tremendous waste,'' said Larry Boress, executive director of the Chicago Business Group on Health, a business coalition that includes 65 employers that represent $1.5 billion in health-care spending. ''I don't think there is any doubt this is costing us. You have beds sitting empty and yet it's coming out of the budget [of the hospitals] to maintain those.''

But teaching hospitals here are now beginning to make serious efforts to reduce the size of their workforces. Last week, Michael Reese Hospital and Medical Center said it would lay off 400 full-time employees, while Muller said the University of Chicago ''will not fill well over 115 positions this year . . . and the number may get higher.''

The UIC has pared 200 hospital positions through attrition or retirements since the beginning of the year, and is looking to eliminate 50 more by next month.

''It's a long, slow struggle,'' Haussmann said. ''We aren't getting paid as much as we used to. The managed-care market is becoming much tougher.''

Chicago's other academic medical centers, too, saw their operating income drop last year when it came to operations. University of Chicago's operating income dropped by $10 million last year to $6 million.

Even cash-rich Northwestern Memorial Hospital saw its net operating income fall 35 percent last year to $34.9 million from $53.9 million in 1997. ''Medicare reimbursements were part of the decrease,'' said Northwestern Memorial spokeswoman Paula Poda.

Northwestern and University of Chicago are each getting more than $60 million less

from Medicare through 2002 than earlier projected. The UIC is amid a five year hit of $33.5 million out of a projected $334.5 million.

Most of Chicago's academic medical centers have remained well in the black, however, because of multimillion-dollar gains on their investment income. University of Chicago Hospitals, for example, made $50 million on stocks, real estate and other investments last year.

The UIC medical center's balance sheet would be in even worse shape if the hospital didn't get state support. Through the University of Illinois, the state provides the hospital a $45 million subsidy per year and another $32 million directly from the state for hospital employees' fringe benefits.

''In some ways, among the academic medical centers, we may be the first to come to grips because we don't have a big endowment that we can sort of exist on for awhile,'' Haussmann said. ''We have to go back to the state treasury . . . and that's not a very likely prospect.''

With UIC already losing money, the hospital's only recourse may be to form a partnership or enter into a merger with another hospital or academic medical center.

Over the last two decades, UIC has talked merger at various time, but negotiations have never come to anything, including talks with its neighbor across Polk Street, Rush-Presbyterian-St. Luke's Medical Center.

''Just because we tried in the past doesn't mean we wouldn't try again.'' Haussmann said of Rush. ''Circumstances are different for both of us.''

As operating margins here sink, U. of C.'s Muller said, it's only a matter of time before academic medical centers here will be swimming in red ink like those in other parts of the country.

''This is going to start putting hospitals like us in difficulty,'' Muller said. ''When you do that, you start weakening the regional health system.

[From The New York Times, Apr. 15, 1999]

HOSPITALS IN CRISIS

A deep financial crisis is spreading like a virus through the nation's teaching hospitals. It is undermining their honorable and historic mission, which has been to train new generations of physicians, to conduct critically important medical research and to provide treatment for, among others, the poor.

A devastating combination of financial pressures ''has produced a situation in which our best hospitals are now essentially all losing money,'' said Dr. Joseph Martin, dean of the Harvard Medical School. He was referring to hospitals in the Boston area, but similar pressures are being felt at teaching hospitals across the country.

The teaching hospitals (or, more accurately, academic medical centers) have been hammered by the Medicare cuts that were part of the Balanced Budget Act of 1997. As teaching hospitals are the key providers of the nation's charitable care, they are affected disproportionately by cuts in government funding. At the same time, they are being squeezed by the drastic reductions in payments that have resulted from the changeover to managed care in recent years.

Meanwhile, the cost of delivering care continues to rise. The bottom line has been an explosion of red ink that threatens not just the mission but the very existence of some of the finest teaching institutions.

''The only payers who help balance the books have been those who pay through private insurance, and the payments for that are declining as well,'' said Dr. Martin.

In California, the medical center known as UCSF Stanford Health Care expects operating losses of $50 million this year. Layoff notices have already been sent to 250 employees, and officials said 2,000 of the center's 12,000 staff members would probably be let go over the next year and a half.

Without the layoffs, UCSF Stanford would see an operating loss of $135 million next year, according to the center's chief executive, Peter Van Etten.

Inevitably the center's mission will be diminished. Said Mr. Van Etten: ''I have to say the services we will provide can't be of the same quality that we would provide with 2,000 more people.''

You cannot overstate the importance of teaching hospitals to the health care system in the U.S. They offer the most advanced and sophisticated treatment in the nation. They are essential to the health of the poor, providing nearly 40 percent of the nation's charitable care. They are also the places, as Neil Rudenstine, the president of Harvard, noted, ''where physicians get educated,'' where they get their first, carefully guided exposure to the connection between scientific study and the real world of clinical treatment.

And they are medical research centers, the places where cures are found, treatments developed, miracles realized.

Toying with the future of such a system is as dangerous as Russian roulette.

When asked yesterday how much of a threat the financial problems pose to the mission of the teaching hospitals, Mr. Rudenstine replied: ''It's a total crisis, a complete crisis. I think anybody who would call it less than that would really just not know what's going on. I'm not quite sure what the cumulative deficit of our four or five closely related hospitals is, but it's certainly well over $100 million so far, and we haven't even finished the year yet.''

The outlook is not good. The cutbacks in Medicare funding, the single biggest source of revenues for teaching hospitals, will accelerate over the next few years. This is not a case of administrators crying wolf. The situation is dire. The University of Pennsylvania Health System lost $90 million last year and the Temple University system lost nearly $25 million.

When he mentioned the financial losses at Harvard's affiliated hospitals, Mr. Rudenstine said: ''Two or three more years like that and you're going to see either some people go out of business or become for-profit institutions, which means they will drop the research and teaching components because those things don't make any money. They'll become perfectly good hospitals up to a certain level, but not up to the level at which we now treat disease, and not up to the level where you can actually train the best physicians.''

Teaching hospitals and academic medical centers are the primary sources for complex care. Continued failure to support these institutions threatens their long-term viability.

''Illinois' teaching hospitals need adequate funding to remain viable for people like . . .'' Vanessa Blaida, Age 21, Children's Memorial Hospital, Asthma Study.

''I was known as the girl who didn't have asthma,'' Vanessa Blaida explains about growing up with asthma. ''I would pretend I didn't have it, because I didn't want it.'' Instead, she played volleyball every fall, and softball every spring. She also missed weeks of school and spent days in the hospital.

Throughout college, Vanessa's illness grew worse. Though she continued to participate in sports, she was getting sicker and sicker. ''It was frustrating. I would be rushed to the local emergency room and the nurses would tell me I was just hyperventilating. I wasn't hyperventilating, I was having an asthma attack.''

In August of 1998, Vanessa became part of a year-long asthma study. Children's Memorial Hospital is one of only seven hospitals nationwide participating in the study to decrease the level of asthmatic morbidity.

Under careful supervision, Vanessa is trying a new experimental inhaler designed to prevent future asthma attacks, long-term.

Doctors monitor Vanessa's health with a Peak Flow Meter. Every morning she blows into the device which determines the level of her condition, and alerts her if she's getting sick. ''It's great because it gives the patient control over the illness. You can tell when you are getting sick and you know what to do to help yourself,'' she said.

Since she began using the experimental inhaler, Vanessa's condition has dramatically improved. ''Usually fall and spring are my worst times. I didn't get sick at all in the fall. I got a little sick in the spring, but I haven't had to go to the hospital at all. That's unusual for me.''

Vanessa graduated from St. Xavier University in May, with a degree in psychology. She hopes to become a counselor for chronically ill children. ''The thing that's so great about Children's Memorial is no matter what's wrong with you, they don't ignore you. They don't make you feel like an outsider. They're working to give children a normal life.''

''Illinois' teaching hospitals need adequate funding to remain viable for people like . . .'' Heather Marker, Age 27, Northwestern Memorial Hospital, Robert H. Lurie Comprehensive Cancer Center.

For 14 years, Heather Markel has struggled against systemic lupus. Systemic lupus is a devastating, chronic disease in which the immune system attacks normal tissue. It can cause joint inflammation, severe pain and permanent damage to internal organs.

During the spring of 1997, Heather's life changed. As a patient at Northwestern Memorial Hospital, Heather had access to one of the most cutting-edge treatments for lupus.

Northwestern Memorial Hospital is participating in the first comprehensive research program to develop techniques—traditionally used to treat cancer—to treat autoimmune diseases such as lupus, rheumatoid arthritis and multiple sclerosis.

Heather's treatment for lupus included chemotherapy and transplanted blood stem cells. Within ten days of the procedure Heather's immune system began to rebuild itself. For the first time in 14 years, Heather was free of the disease she had struggled with since childhood. She is currently planning on returning to medical school and hopes to fulfill her lifelong dream of becoming a physician.

The procedure was discovered through research at the Robert H. Lurie Comprehensive Cancer Center of Northwestern University. Northwestern Memorial Hospital's connection to Northwestern University, and its status as a teaching hospital, provides patients with cutting-edge technology and experimental treatments based on University research. To date Northwestern Memorial Hospital's program is one of the few in the country using this procedure.

Heather was the first person to receive the treatment, and doctors are optimistic about her condition.

''Illinois' teaching hospitals need adequate funding to remain viable for people like . . .'' Philip Gattone, Age 12, Rush-Presbyterian St. Luke's Medical Center, Rush Epilepsy Center.

Phil and Jill Gattone's son Philip began having seizures as a baby. Doctors diagnosed

Philip with intractable epilepsy. The disease interfered with Philip's development so much that by age six he still couldn't speak in full sentences.

An estimated 2.3 million Americans suffer from epilepsy. While about 75 percent find medications or other treatments to control their seizures, the other 25 percent, like Philip, try everything available to alleviate their seizures, but find no relief.

The Gattone's search for help from specialists around the country ended at the Rush Epilepsy Center. Rush-Presbyterian is one of the few hospitals in the nation that offers advanced treatment options and research capabilities for people with epilepsy.

Philip went through various tests at Rush to diagnose his condition and to discover the right way to treat his particular form of the disease. During the test period, Philip was videotaped 24-hours-a-day so doctors could identify his type of epilepsy, recording certain symptoms including facial expressions and unusual or abnormal behavior.

Doctors experimented with a variety of medications, but Philip's seizures persisted. His IQ was dropping, and he was losing critical cognitive abilities. His father, Philip Sr. said, ''We knew we had to do something.''

Doctors agreed that surgery was the only option. ''If you can stop epileptic activity at its original site, you can stop the spread,'' said Thomas Hoeppner, PhD., a Rush neuroscientist.

In 1993, Philip underwent the first of two surgeries designed to prevent epileptic activity in areas of the brain critical to speech, movement and sensation.

Philip, now 12, has been seizure-free for the last five years. His parents are thrilled to see their dark haired, bright-eyed son doing so well. ''This is what happens when research, dedication and commitment come together,'' said his father.

TERTIARY CARE IN ILLINOIS: A RESOURCE AT RISK

REQUEST

Because the costs associated with delivering more complex care limit the ability of these hospitals to compete on price in the health care marketplace, their continued ability to provide leading-edge technology and specialized care depends heavily on government reimbursement policies. Several bills that would give teaching hospitals and academic medical centers some relief from BBA cuts have been introduced in Congress. All deserve the support of our state's U.S. senators and representatives.

S. 1023/H.R. 1785, the Graduate Medical Education Payment Restoration Act of 1999, would freeze the IME payment reduction at its current level of 6.5%. It would restore nearly $90 million of Medicare funding to Illinois teaching hospitals and academic medical centers.

S. 1024/H.R. 1103, the Managed Care Fair Payment Act of 1999, would pay disproportionate-share hospitals (DSH) directly from Medicare for services provided to beneficiaries who are members of Medicare+Choice health plans.

S. 1025, the Nursing and Allied Health Payment Improvement Act of 1999, and H.R. 1483, the Medicare Nursing and Paramedical Education Act of 1999, would carve out funding for nurse and allied health training from payments to Medicare+Choice plans and pay the money directly to the hospitals that provide the training. Illinois Rep. Philip Crane (R-8th Dist.) is the sponsor of H.R. 1483.

Tertiary teaching hospitals and academic medical centers also support:

A halt in implementation of further DSH payment reductions.

Payment of 100% of their DME and IME costs in lieu of the current partial carve out under Medicare+Choice, beginning in FY 2000.

JULY 23, 1999.

DRAFT

As members of the Illinois Congressional Delegation, I am writing to share our concerns over the fate of Illinois teaching hospitals and academic medical centers absent some form of relief from reimbursement cuts authorized in the '97 Balanced Budget Act (BBA). While we recognize that all sectors of society must sacrifice to achieve BBA objectives, we strongly believe that the unintended consequences of BBA threaten the viability of these valuable health care resources. As envisioned, BBA was intended to cut $104 Billion from Medicare reimbursement to hospitals. However, BBA, if implemented as enacted, will result in nearly $200 Billion in reductions.

The people of the State of Illinois deserve and have come to expect the high-quality medical care delivered by our teaching hospitals and academic medical centers. The benefit derived by residents of every region of the state is incalculable. These teaching hospitals and academic medical centers are the primary providers of complex medical care and high-risk specialty services such as trauma care, burn care, organ transplants and prenatal care to all patients—regardless of ability to pay.

In fact, the 65 tertiary care teaching hospitals in Illinois provide approximately 63% of all hospital charity care in the state. Aggressive BBA cuts are jeopardizing their ability to fulfill their vital mission of maintaining state-of-the-art medical care and technology, providing quality learning and research environments, and serving as a safety net for those unable to pay.

Not only do these institutions enhance our health and physical well-being, they also are some of our largest employers and consumers and, as a result, are an integral part of our overall economy. In total, our Illinois teaching hospitals and academic medical centers employ more than 56,000 of our constituents and add almost $3 Billion to the state's economy in salaries and benefits alone.

Yet, despite the great benefits Illinois residents derive from our teaching hospitals and academic medical centers, these institutions suffer disproportionately under the BBA. In total, Illinois teaching hospitals face five-year reductions of more than $2.5 billion. Consequently, while teaching facilities comprise 27% of Illinois hospitals, they will bear the brunt of 59% of BBA reductions. These cuts are compounded by increasing fiscal pressures from managed care companies and inadequate Medicaid reimbursements on the state level.

We believe we must act now to prevent the unintended consequences of BBA from eroding the high quality medical care we in Illinois take for granted. We respectfully urge you to make relief for our teaching hospitals and academic medical centers a high priority in this legislative session.

Mr. Speaker, I am looking at an editorial from the Peoria Star Journal that says, ''Medicare Reductions Threatening Hospitals.''

I am looking at one from the St. Louis Post Dispatch that says, ''When Hospitals Get Sick,'' that hospitals can be sick if they are not being provided the necessary resources with which to operate.

I am looking at one from the Chicago Tribune which says, ''University of Illinois to cut hospital jobs, seek merger.''

I am looking at one from Crain's Chicago Business Magazine that says, ''Deep Medicare cuts draw blood at teaching hospitals,'' and they are not talking about the kind of blood that needs to analyzed. They are talking about the blood that is going to cause the institutions to hemorrhage; and, of course, if one does not stop a hemorrhage we know that institutions, as well as individuals, can die. If institutions die, then they threaten the life of communities.

I am looking at one from the New York Times that says, ''Teaching Hospitals in Trouble.''

Then one that says, ''Teaching Hospitals Battling Cutbacks in Medicare Money.'' Another editorial from the Chicago Tribune, ''Medicare Cuts Hit Big Centers.''

So all around America, both rural and urban, we are experiencing difficulties that unless there is relief we do not really know what to do about it. It is understandable if our economy was in bad shape, if we were on the verge of disaster, if we were on the verge of bankruptcy; but all of us continue to talk about how fortunate we have been that the economy has been holding steady, that we continue to experience economic growth. If we are experiencing economic growth, then it would seem foolhardy to allow institutions that provide the most needed of services to dissipate and perhaps even go under.

Now, there are some things that are being proposed. There are bills that have already been introduced that could provide some relief. One is Senate bill 1023 and House Resolution 1785. The Graduate Medical Education Payment Restoration Act of 1999 would freeze the IME payment reduction at its current level of 6.5 percent, and it would restore nearly $90 million of Medicare funding to Illinois teaching hospitals and academic medical centers. Obviously, we are asking people to support that legislation.

Senate bill 1024 and House Resolution 1103, the Managed Care Fair Payment Act of 1999, would pay a disproportionate share to hospitals directly from Medicare for services. So we would hope that these legislative initiatives would be seriously looked at by the Members of Congress and that we could move to provide the kind of relief that is necessary to keep our institutions alive, viable, healthy, and well.

□ 1530

HURRICANE FLOYD DISASTER IN NORTH CAROLINA

The SPEAKER pro tempore (Mr. COOKSEY). Under a previous order of the House, the gentlewoman from North Carolina (Mrs. CLAYTON) is recognized for 5 minutes.

Mrs. CLAYTON. Mr. Speaker, I come from North Carolina, and there is, indeed, trouble in the land where I come from. There is great devastation. In fact, we have suffered the greatest devastation that we have ever suffered in

the history of our State. Some are calling this the flood of the century. It exceeded the 500-year watermark.

So, indeed, when we think of Interstate 95 being closed, and we know Interstate 95 was built for certainly every eventuality for many hundreds of years, when we think of the great unexpected consequences that this flood has brought, we can understand the devastation that the people in eastern North Carolina indeed are facing.

In fact, Hurricane Floyd came on the back of Hurricane Dennis. Dennis had come and rained and had dumped approximately 20 inches from August 29 to September 9. So the grounds were already soaked.

Then as my colleagues recall, Floyd came back; and when he came, he came all the way up the coast from Florida all the way up to New York. The State of Florida was severely hit, not as much as North Carolina. But Virginia was also affected. The States of Pennsylvania, New Jersey, and New York, all of those were indeed affected. But the devastation in North Carolina is profound.

Over 49 individuals have been confirmed dead. There are six bodies unidentified. The waters now are still rising because, just yesterday, six more inches of water has been the result of the rain that has occurred, and we are expecting to get at least 4 more in that area.

We see on TV areas like Tarboro and Princeville or Greenville, North Carolina. The waters that came downstream from Princeville and Tarboro, the Tar River is flowing. As the river is flowing down towards the ocean, those communities living in the wake of that flow, indeed, have found themselves under stress.

Again, in Greenville, East Carolina University, the whole school, 12,000 students were, indeed, evacuated, and 5,000 of them right now without accommodations. The school began today, and they are trying to find temporary housing for a good many of the students.

We have more than 2,800 people still living in shelters. At one time, we had as many as 30,000 people living in shelters throughout. This is, indeed, a devastation of indescribable terms.

One wonders, when there is such suffering, is there some redemptive value in that. Well, one of the things I have seen in all of the suffering is the resilience and the hope and the kind of dogged determination of people that they will, indeed, come back. But I also have seen just the generosity of the American people or neighbors helping neighbors or churches helping churches, school districts lending mobile units to other school districts.

We have schools flooded. We have a whole town still under water. In fact, part of another town is still under water. Houses that are structurally so vulnerable that they probably all will be destroyed.

Certainly in the town of Princeville, environment damage has been caused as a result of that. More than 1,020 hogs were killed. More than 2.3 million chickens were killed. Five hundred turkeys were killed. Fertilizer, nitrate, chemicals.

On last Saturday, I visited Princeville service stations where they had dislodged the gasoline tanks, and one could smell the gasoline. Just the environmental impact in their water system. It is going to take an enormous amount of resources and time and effort and collaboration and work and patience to restore the vitality, the environmental nature of the community.

So I want to call my colleagues to understand the proportionality of the suffering. When any of us suffer, all of us suffer.

This is a vast amount of North Carolina farmland. More than one-third of our farmland is said to be nonproductive now as an effect of having Hurricane Floyd.

Hopefully, very soon, there will be a resolution on this floor that will say that this sense of House, we feel that, indeed, part of America is suffering; and this House, this body will have the fortitude to commit the resources that are needed to restore them.

This will not be easy. Indeed, it will not be easy, because floods do a lot of things that the wind does not do. In fact, it just threatens the integrity of roads and bridges and water systems and structures. Amazing to see such devastation.

Finally, Mr. Speaker, I just commend to the people who have helped us our gratitude from North Carolina. But I also, Mr. Speaker, urge the colleagues here to respond in the appropriate way, and the American way, and to provide the necessary resources to restore the lives of these communities.

CRITICAL HEALTH CARE ISSUES

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from the Virgin Islands (Mrs. CHRISTENSEN) is recognized for 5 minutes.

Mrs. CHRISTENSEN. Mr. Speaker, today, before I start, I want to say to the gentlewoman from North Carolina (Mrs. CLAYTON) and to the people of North Carolina that my heart and the heart of my constituents go out to them. We know what they are going through, although I think their situation is much worse than ours has ever been. We will stand by them and are ready to be of assistance in any way that we can to the people of North Carolina, Virginia, and the other States that are affected.

But today, Mr. Speaker, I come here to give a brief overview of some of the critical health care issues that are a priority to the Congressional Black Caucus and its health braintrust which I chair. Many of my colleagues and I will come back on subsequent days to elaborate on the dire statistics that have compelled us and some of our individual critical issues.

Last year, the Caucus was able to secure an unprecedented $156 million to fund a state of emergency or what was called a severe and ongoing crisis on HIV and AIDS and to target the needs of African Americans, Latinos, and other people of color with regard to this epidemic.

The dollars were to increase capacity, to help build infrastructure, to enable us to get grants, to administer them, and reach the population within our communities that until now have been hard to reach, mainly because we, the health care delivery system, have not been going about it in the right way.

Mr. Speaker, in communities of color, there are many barriers that must be overcome to bring effective messages of disease prevention and health promotion. They are language. They are culture. They are decades of mistrust. They are lack of education. There are other priorities that come from poverty, joblessness, and other social and economic factors.

These communities thus have severe disparities and health services and health status and are disproportionately affected in many diseases, but especially in HIV and AIDS. The health care delivery infrastructure is just not there. While we work on that, that cannot be built in 1 day, 365 days, 1 year or even several years.

In the meantime, we need to empower our communities through their indigenous community organizations to provide the prevention and intervention services that are needed. The people within the communities know their communities. They have the trust of their communities. They can do it best. What they do not have are the resources, and that is what the CBC initiative is all about.

We will soon be looking at the outcome of this past year's initiative. We have some doubts that it accomplished what we asked it to, but we must prepare to continue to improve and expand on that effort. We are, therefore, asking for an increase in the FY 2000 budget above the President's request of $171 million.

Because we are seeking to make sure that all communities of color receive the funding they need commensurate with the level of the epidemic and the infrastructure deficiencies that each one of us has, some greater than others, we are asking then for $349 million in the Labor HHS appropriation.

This funding is critical, as our other requests for $150 million for the President's disparity initiative, $55 million towards the international AIDS program, and AIDS in Africa.

Along with our requests with respect to the disparities, we are asking for the special funding to be set aside to train more providers of color, to provide Medicare and Medicaid outreach to our communities, and to increase our knowledge of and attention to HIV/AIDS and other health care issues in the Nation's prisons.

Mr. Speaker, there are other issues that are just as important to us as funding, though, and which actually costs us nothing but our commitment to reduce the disparities that exist for communities of color in this country.

They include the funding of the offices of minority health in the agencies of the Department of Health and Human Services, such as CDC, the Centers for Disease Control and Prevention, SAMHSA, and to Health and Substance Abuse, HRSA, and the Agency for Health Care Research, where although they are established, they are not funded.

It has been directed that up to 0.5 percent of the agencies' budget be allocated to fund them, and we want the committee to direct that this be done. With the best of intentions, the issue of people of color will not be adequately addressed unless these offices are empowered and are given some authority within their individual agencies.

The other important area is the Office of Minority Health Research at the National Institutes of Health which we are asking to be raised to the level of a center. That office, to be effective, and to fulfill its important role in ending a two-tiered system of health care in this country must have budget sign off. It must have accountability for the funds and the research it has done on behalf of the people it represents. We in the Caucus will fight for this as we will fight on the other issues until this becomes a reality.

We have many other challenges before this country, insuring the uninsured to name a major one. We can make a major step towards better health care in this country by supporting the initiatives of the Congressional Black Caucus. They are undertaken, not just on behalf of African Americans or Latinos, Asian Americans, Native Americans, Asian or Pacific Islanders, or Native Hawaiians or Native Alaskans, although those are our priority populations, but they are undertaken on behalf of all Americans.

Just like justice, health care delayed is health care denied. We have an obligation as the Representatives of all of the people of this country to bring health care, not just to some, but to each and every American.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 3 o'clock and 42 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 1643

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. SESSIONS) at 4 o'clock and 43 minutes p.m.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2910, NATIONAL TRANSPORTATION SAFETY BOARD AMENDMENTS ACT OF 1999

Mrs. MYRICK, from the Committee on Rules, submitted a privileged report (Rept. No. 106–342) on the resolution (H. Res. 312) providing for consideration of the bill (H.R. 2910) to amend title 49, United States Code, to authorize appropriations for the National Transportation Safety Board for fiscal years 2000, 2001, and 2002, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2436, UNBORN VICTIMS OF VIOLENCE ACT OF 1999

Mrs. MYRICK, from the Committee on Rules, submitted a privileged report (Rept. No. 106–348) on the resolution (H. Res. 313) providing for consideration of the bill (H.R. 2436) to amend title 18, United States Code, and the Uniform Code of Military Justice to protect unborn children from assault and murder, and for other purposes, which was referred to the House Calendar and ordered to be printed.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BOSWELL) to revise and extend their remarks and include extraneous material:)

Mr. LIPINSKI, for 5 minutes, today;

Mr. PALLONE, for 5 minutes, today;

Mr. FILNER, for 5 minutes, today;

Mr. CUMMINGS, for 5 minutes, today;

Ms. BROWN of Florida, for 5 minutes, today;

Ms. WATERS, for 5 minutes, today.

(The following Members (at the request of Mr. GUTKNECHT) to revise and extend their remarks and include extraneous material:)

Mr. RAMSTAD, for 5 minutes, today;

Mr. BURTON of Indiana, for 5 minutes, October 6;

Mr. ROHRABACHER, for 5 minutes, today;

Mr. ISAKSON, for 5 minutes, today;

Mr. EHLERS, for 5 minutes, today;

Mr. SMITH of Michigan, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. MCINNIS, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. NETHERCUTT, for 5 minutes, today.

ENROLLED JOINT RESOLUTION SIGNED

Mr. THOMAS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J. Res. 34. Joint resolution congratulating and commending the Veterans of Foreign Wars.

BILL AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. THOMAS, from the Committee on House Administration, reported that that committee did on the following date present to the President, for his approval, a bill and a joint resolution of the House of the following titles:

On September 28, 1999:

H.R. 2605. Making appropriations for energy and water development for the fiscal year ending September 30, 2000, and for other purposes.

H.J. Res. 68. Making continuing appropriations for the fiscal year 2000, and for other purposes.

ADJOURNMENT

Mrs. MYRICK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 44 minutes p.m.), the House adjourned until tomorrow, Thursday, September 30, 1999, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

4557. A letter from the Administrator, Agricultural Marketing Service, Department of Agriculture, transmitting the Department's final rule—Oranges, Grapefruit, Tangerines, and Tangelos Grown in Florida; Limiting the Volume of Small Red Seedless Grapefruit [Docket No. FV99–905–3 IFR] received September 24, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4558. A letter from the Chief, Programs and Legislation Division, Department of the Air Force, transmitting notification that the Commander of Air Education and Training Command is initiating a Multiple Support Function comparison of the base operating support functions at Kessler Air Force Base (AFB), Mississippi, pursuant to 10 U.S.C. 2304 nt.; to the Committee on Armed Services.

4559. A letter from the Acting Assistant Secretary, Department of Defense, transmitting a report on the Effectiveness and Cost of the Civilian Separation Incentive Program for Fiscal Year 1998; to the Committee on Armed Services.

4560. A letter from the Departments of the Army and the Air Force, transmitting a report on Enhancing the National Guard's Readiness to Support Emergency Responders in Domestic Chemical and Biological Terrorism Defense; to the Committee on Armed Services.

4561. A letter from the Secretary of Defense, transmitting a determination that it

is necessary to order the transportation of 16 Chemical Agent Identification Sets (CAIS) recently recovered in Guam and currently stored on Anderson Air Force Base, Gaum, to Johnston Atoll; to the Committee on Armed Services.

4562. A letter from the Secretary of Defense, transmitting a report specifing for each military treatment facility the amount collected from third-party payers during the preceeding fiscal year; to the Committee on Armed Services.

4563. A letter from the Board of Governors of the Federal Reserve System, transmitting the report on State member bank compliance with the national flood insurance program, pursuant to Public Law 103—325, section 529(a) (108 Stat. 2266); to the Committee on Banking and Financial Services.

4564. A letter from the Federal Deposit Insurance Corporation, Office of Thrift Supervision, Board of Governors of the Federal Reserve System, Comptroller of the Currency, transmitting a joint report, required by section 402 of the Credit Union Membership Access Act of 1998, detailing the progress of the Riegle Community Development and Regulatory Improvement Act of 1994 since the report of September 1996; to the Committee on Banking and Financial Services.

4565. A letter from the Federal Housing Finance Board, transmitting the Board's Annual Report on the Low-Income Housing and Community Development Activities of the Federal Home Loan Bank System for 1998, pursuant to 12 U.S.C. 1422b; to the Committee on Banking and Financial Services.

4566. A letter from the Office of Special Education and Rehabilitative Services, Department of Education, transmitting Final Funding Priorities for Fiscal Year (FY) 2000 and Subsequent Fiscal Years—Training of Interpreters for Individuals Who Are Deaf or Hard of Hearing and Individuals Who Are Deaf-Blind, pursuant to 20 U.S.C. 1232(f); to the Committee on Education and the Workforce.

4567. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 13–123, ''Condominium Amendment Act of 1999,'' pursuant to D.C. Code section 1—233(c)(1); to the Committee on Government Reform.

4568. A letter from the Director, Administration and Management, Department of Defense, transmitting a report of the Department of Air Force vacancy; to the Committee on Government Reform.

4569. A letter from the Secretary of the Interior, transmitting a report on the Government's helium program providing operating, statistical, and financial information for the fiscal year 1998, pursuant to 50 U.S.C. 167n; to the Committee on Resources.

4570. A letter from the Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting the Department's final rule— Migratory Bird Hunting; Late Seasons and Bag Possession Limits for Certain Migratory Game Birds (RIN: 1018–AF24) received September 24, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4571. A letter from the Secretary of Labor, transmitting the Secretary's annual report on employment and training programs, pursuant to 29 U.S.C. 1579(d); to the Committee on Veterans' Affairs.

4572. A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule— Veterans Education: Montgomery GI Bill—Active Duty; Administrative Error (RIN: 2900–AJ70) received September 24, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Veterans' Affairs.

4573. A letter from the Executive Office of the President, transmitting a report on the Accession of the Republic of Georgia to the World Trade Organization; to the Committee on Ways and Means.

4574. A letter from the Executive Director, Office of Compliance, transmitting the Three Year Report of the Office of Compliance; jointly to the Committees on House Administration and Education and the Workforce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. CANADY: Committee on the Judiciary. H.R. 2436. A bill to amend title 18, United States Code, and the Uniform Code of Military Justice to protect unborn children from assault and murder, and for other purposes; with an amendment (Rept. 106–332, Pt. 1). Referred to the Committee of the Whole House on the State of the Union.

Mr. DIAZ-BALART: Committee on Rules. House Resolution 312. Resolution providing for consideration of the bill (H.R. 2910) to amend title 49, United States Code, to authorize appropriations for the National Transportation Safety Board for fiscal years 2000, 2001, and 2002, and for other purposes (Rept. 106–347). Referred to the House Calendar.

Mrs. MYRICK: Committee on Rules. House Resolution 313. Resolution providing for consideration of the bill (H.R. 2436) to amend title 18, United States Code, and the Uniform Code of Military Justice to protect unborn children from assault and murder, and for other purposes (Rept. 106–348). Referred to the House Calendar.

DISCHARGE OF COMMITTEE

Pursuant to clause 5 of rule X, the Committee on Armed Services discharged. H.R. 2436 referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. COX (for himself, Mr. GILMAN, Mr. KUCINICH, Mr. PORTER, Ms. PELOSI, Mr. ROHRABACHER, Mr. MCGOVERN, Mr. PAUL, Mr. GUTIERREZ, Mr. LEWIS of Georgia, Mr. STARK, Ms. MCKINNEY, Mr. BROWN of Ohio, Ms. LEE, Mr. JACKSON of Illinois, Mr. LANTOS, Mr. UDALL of Colorado, and Mr. EVANS):

H.R. 2969. A bill to prevent United States funds from being used for environmentally destructive projects or projects involving involuntary resettlement funded by any institution of the World Bank Group; to the Committee on Banking and Financial Services.

By Mr. YOUNG of Alaska (for himself and Mr. GEORGE MILLER of California):

H.R. 2970. A bill to prescribe certain terms for the resettlement of the people of Rongelap Atoll due to conditions created at Rongelap during United States administration of the Trust Territory of the Pacific Islands, and for other purposes; to the Committee on Resources.

By Mr. ARMEY (for himself, Mr. BOEHNER, Mr. WATTS of Oklahoma, and Mr. SHAYS):

H.R. 2971. A bill to provide parents whose children attend an academic emergency school with education alternatives; to the Committee on Education and the Workforce.

By Mr. BERRY:

H.R. 2972. A bill to redesignate the Stuttgart National Aquaculture Research Center in the State of Arkansas as the Harry K. Dupree Stuttgart National Aquaculture Research Center; to the Committee on Agriculture.

By Mr. CAMP (for himself, Mr. EHLERS, Mr. HOEKSTRA, Mr. KNOLLENBERG, Mr. SMITH of Michigan, and Mr. UPTON):

H.R. 2973. A bill to impose a moratorium on the export of bulk fresh water from the Great Lakes Basin; to the Committee on International Relations.

By Mr. HILL of Montana:

H.R. 2974. A bill to convey the Lower Yellowstone Irrigation Project, the Savage Unit of the Pick-Sloan Missouri Basin Program, and the Intake Irrigation Project to the appurtenant irrigation districts; to the Committee on Resources.

By Ms. HOOLEY of Oregon:

H.R. 2975. A bill to establish grant programs to provide opportunities for adolescents, to establish training programs for teachers, and to establish job training courses at community colleges, to amend the Elementary and Secondary Education Act of 1965 to reduce class size, and for other purposes; to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Ms. PELOSI (for herself, Mr. BENTSEN, Mr. BERMAN, Mr. BLUMENAUER, Mr. BORSKI, Mr. BOUCHER, Mr. BRADY of Pennsylvania, Mrs. CAPPS, Mr. CAPUANO, Mrs. CLAYTON, Mr. DAVIS of Illinois, Ms. DEGETTE, Mr. DIXON, Mr. DOOLEY of California, Ms. ESHOO, Mr. FARR of California, Mr. FILNER, Mr. FRANK of Massachusetts, Mr. FROST, Mr. HINCHEY, Ms. JACKSON-LEE of Texas, Mr. JEFFERSON, Mr. KILDEE, Ms. KILPATRICK, Mr. LAMPSON, Mr. LANTOS, Ms. LEE, Ms. LOFGREN, Mr. MCGOVERN, Mr. MCHUGH, Mr. MATSUI, Mrs. MEEK of Florida, Ms. MILLENDER-MCDONALD, Mr. GEORGE MILLER of California, Mr. PASTOR, Mr. PAYNE, Ms. ROYBAL-ALLARD, Mr. SANDERS, Mr. SANDLIN, Mr. SCOTT, Mr. SHERMAN, Ms. SLAUGHTER, Ms. STABENOW, Mr. STARK, Mrs. TAUSCHER, Mr. THOMPSON of California, Mr. TIERNEY, Mr. UNDERWOOD, Ms. VELAZQUEZ, Ms. WATERS, Mr. WATT of North Carolina, Mr. WAXMAN, and Ms. WOOLSEY):

H.R. 2976. A bill to amend title XXI of the Social Security Act to permit children covered under a State child health plan (SCHIP) to continue to be eligible for benefits under the vaccine for children program; to the Committee on Commerce.

By Mr. KLECZKA:

H. Res. 314. A resolution expressing the sense of the House of Representatives that all parties involved in negotiating the compensation for the Nazi slave and forced labor victims should achieve a settlement that is fair and equitable to all claimants; to the Committee on International Relations.

By Mr. STARK:

H. Res. 315. A resolution supporting the goals and ideas, and commending the organizers, of ''National Unity Day''; to the Committee on Government Reform.

By Mr. TRAFICANT:

H. Res. 316. A resolution expressing the sense of the House of Representatives that a postage stamp should be issued honoring William Holmes McGuffey, author of the McGuffey Readers; to the Committee on Government Reform.

MEMORIALS

Under clause 3 of rule XII, memorials were presented and referred as follows:

239. The SPEAKER presented a memorial of the Legislature of the State of California, relative to Senate Joint Resolution No. 13 memorializing Congress and the President of the United States to enact legislation to transfer former military base property to local communities at no cost if the local communities use the property for job-generating economic development, and to forgive lease payments for communities that have already entered into agreements with the Department of Defense; to the Committee on Armed Services.

240. Also, a memorial of the Legislature of the State of California, relative to Senate Joint Resolution No. 11 memorializing the President of the United States and the Congress of the United States to commend Staff Sergeant Andrew A. Ramirez, Staff Sergeant Christopher Stone, and Specialist Steven Gonzales; to the Committee on Armed Services.

241. Also, a memorial of the Legislature of the State of California, relative to Senate Joint Resolution No. 9 memorializing the President and the Congress of the United States, the Secretary of Defense, the Chairpersons of the Joint Chiefs of Staff, the Chief of Naval Operations, and the Marine Commandant to take immediate action to authorize the continued operation of the commissary in Orange County after the closure of the United States Marine Corps Air Station at El Toro; to the Committee on Armed Services.

242. Also, a memorial of the Legislature of the State of California, relative to Senate Joint Resolution No. 12 memorializing the President and Congress of the United States and the Department of Housing and Urban Development to establish policies and funding priorities that will ensure the preservation of the inventory of federally assisted housing in California; to the Committee on Banking and Financial Services.

243. Also, a memorial of the Legislature of the State of California, relative to Senate Joint Resolution No. 10 memorializing the President and the Congress of the United States to enact legislation that would reauthorize the federal Older Americans Act of 1965; to the Committee on Education and the Workforce.

244. Also, a memorial of the Legislature of the State of California, relative to Senate Concurrent Resolution No. 7 memorializing that the Legislature hereby proclaim the month of October 1999, as Domestic Violence Awareness Month; to the Committee on Education and the Workforce.

245. Also, a memorial of the Legislature of the State of California, relative to Senate Joint Resolution No. 4 memorializing the President of the United States and Congress to take the necessary action to ensure the rights of women and girls in Afghanistan are not systematically violated, and urges a peaceful resolution to the situation in Afghanistan that restores the human rights of Afghan women and girls; to the Committee on International Relations.

246. Also, a memorial of the Legislature of the State of California, relative to Senate Joint Resolution No. 8 memorializing the President and the Congress of the United States to enact legislation to make available necessary funds to implement groundwater remediation in the Main San Gabriel Groundwater Basin; to the Committee on Resources.

247. Also, a memorial of the House of Representatives of the Commonwealth of The Mariana Islands, relative to House Resolution No. 11–179 memorializing Congress to adopt the proposed amendments as requested by President William J. Clinton, to reimburse, CNMI for the cost of detaining and repatriating the smuggled Chinese aliens; to the Committee on Resources.

248. Also, a memorial of the House of Representatives of the State of Louisiana, relative to House Concurrent Resolution No. 257 memorializing the Congress of the United States to limit the appellate jurisdiction of the federal courts regarding the specific medical practice of partial-birth abortions; to the Committee on the Judiciary.

249. Also, a memorial of the General Assembly of the State of California, relative to Assembly Joint Resolution No. 1 memorializing the President of the United States to declare the affected portions of California as a federal natural disaster area as a result of the cold storms and the consequent frost damage that occured in December 1998; to the Committee on Transportation and Infrastructure.

250. Also, a memorial of the Legislature of the State of California, relative to Senate Joint Resolution No. 3 memorializing the President and the Congress of the United States, and the United States Coast Guard to continue the operation of the United States Coast Guard Training Facility Petaluma through the increased utilization of its facilites and more efficient use of the Coast Guard's east coast facilities; to the Committee on Transportation and Infrastructure.

251. Also, a memorial of the Legislature of the State of California, relative to Senate Joint Resolution No. 6 memorializing the President and Congress of the United States to take action necessary to honor our country's moral obligation to provide Filipino veterans with the military benefits that they deserve, including but not limited to, holding related hearings, and acting favorably on legislation pertaining to granting full veterans' benefits to Filipino veterans of the United States Armed Forces; to the Committee on Veterans' Affairs.

252. Also, a memorial of the Legislature of the State of California, relative to Senate Joint Resolution No. 1 memorializing the President of the United States to issue an Executive Order directing his administration to work closely and coordinate with California and other states to guide and assist Medicare enrollees who are abandoned by their HMOs to find new Medicare coveage, either in the form of another HMO that serves the abandoned region, or through Medigap coverage, until appropriate federal legislation is enacted to address permanently these types of dislocations that adversely affect Medicare patients; jointly to the Committees on Ways and Means and Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 3 of rule XII,

Mrs. TAUSCHER introduced a bill (H.R. 2977) for the relief of Bruce Watson Pairman and Daniele Paule Pairman; which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 212: Mr. ETHERIDGE.

H.R. 303: Mr. LATHAM, Mr. KIND, Mr. ISTOOK, Mr. MARTINEZ, and Mr. SANDERS.

H.R. 306: Mr. FATTAH.

H.R. 348: Mr. INSLEE.

H.R. 354: Ms. BERKLEY.

H.R. 405: Mr. FARR of California.

H.R. 406: Mr. FARR of California.

H.R. 484: Mr. SESSIONS.

H.R. 583: Mr. WICKER.

H.R. 670: Mr. TRAFICANT, Mr. KIND, Mr. MATSUI, Mr. GORDON, Mr. TIERNEY, Mr. DELAHUNT, Ms. KILPATRICK, Mr. COYNE, Mr. OLVER, Mr. SKELTON, Mr. STUPAK, Ms. SLAUGHTER, and Mr. WAXMAN.

H.R. 764: Mr. WEXLER.

H.R. 783: Mr. GEJDENSON, Mrs. NORTHUP, and Mr. TERRY.

H.R. 804: Mr. STRICKLAND.

H.R. 904: Mr. SPRATT and Mr. VITTER.

H.R. 953: Mr. REYES, Mr. WU, and Ms. WOOLSEY.

H.R. 1090: Ms. ESHOO, Mr. ISAKSON, Mr. MALONEY of Connecticut, Mr. DEFAZIO, and Ms. STABENOW.

H.R. 1095: Mr. GUTIERREZ, Mr. EVANS, Mr. COSTELLO, Mr. FALEOMAVAEGA, Mr. ALLEN, Mr. MCDERMOTT, Mr. REYES, Mr. DAVIS of Virginia, Mr. UNDERWOOD, Mr. COOK, Mr. CLEMENT, and Mr. MCCRERY.

H.R. 1115: Ms. HOEFFEL, Ms. HOOLEY of Oregon, Mrs. TAUSCHER, Mr. PALLONE, Mr. PASCRELL, Ms. PELOSI, Mr. BLUMENAUER, Ms. LOFGREN, and Mrs. CHRISTENSEN.

H.R. 1139: Mr. MALONEY of Connecticut and Mrs. NAPOLITANO.

H.R. 1168: Mr. UDALL of Colorado, Mr. CALLAHAN, Ms. PELOSI, and Mr. FATTAH.

H.R. 1217: Mr. OWENS, Mr. LEWIS of Kentucky, Mr. HASTINGS of Florida, Mr. FRELINGHUYSEN, Mr. PASTOR, Mr. HUTCHINSON, Mr. MARTINEZ, Mr. HOUGHTON, Mr. KIND, Ms. BERKLEY, and Mrs. ROUKEMA.

H.R. 1246: Mr. WU.

H.R. 1304: Mrs. LOWEY, Mr. WELLER, and Mrs. ROUKEMA.

H.R. 1323: Mr. ROTHMAN and Mr. BRADY of Texas.

H.R. 1344: Mr. SCHAFFER, Mr. HAYWORTH, and Mr. RILEY.

H.R. 1363: Mr. CALVERT.

H.R. 1621: Mr. FROST and Mr. EVANS.

H.R. 1644: Mr. TERRY.

H.R. 1657: Mr. RAHALL.

H.R. 1732: Mr. BRADY of Pennsylvania and Ms. EDDIE BERNICE JOHNSON of Texas.

H.R. 1816: Mrs. MEEK of Florida, Ms. ROS-LEHTINEN, Mr. FLETCHER, Mr. CLAY, Ms. KAPTUR, and Mr. KUCINICH.

H.R. 1821: Mr. HINCHEY, Mr. SABO, Ms. PELOSI, Mr. COYNE, Mr. CROWLEY, Mr. MCGOVERN, Mr. BRADY of Pennsylvania, and Mr. BROWN of Ohio.

H.R. 1824: Mr. CANADY of Florida and Mr. BURTON of Indiana.

H.R. 1885: Mr. HINOJOSA and Ms. JACKSON-LEE of Texas.

H.R. 1932: Mr. CALVERT.

H.R. 1967: Mr. LEWIS of Georgia.

H.R. 1977: Mr. SOUDER.

H.R. 1990: Mr. INSLEE, Mr. DINGELL, Mr. PRICE of North Carolina, and Mr. ETHERIDGE.

H.R. 1997: Mr. WEXLER, Mr. SANDERS, Mr. GEJDENSON, and Mr. FROST.

H.R. 2004: Mr. TALENT.

H.R. 2086: Mr. WEINER, Mr. BOUCHER, Mrs. BIGGERT, and Ms. ESHOO.

H.R. 2106: Mr. SANFORD.

H.R. 2283: Mr. MARTINEZ.

H.R. 2319: Mr. MARTINEZ.

H.R. 2372: Mr. NUSSLE, Mr. DOYLE, Mr. ADERHOLT, Mr. EHRLICH, Mr. LATHAM, Mr. BILIRAKIS, Mr. LINDER, and Mr. KINGSTON.

H.R. 2401: Ms. SCHAKOWSKY and Mrs. MALONEY of New York.

H.R. 2436: Mr. WOLF.

H.R. 2441: Mr. RUSH.

H.R. 2442: Mr. MCCOLLUM.

H.R. 2546: Mr. CRAMER.

H.R. 2550: Mr. WATTS of Oklahoma, Mr. CALVERT, and Mr. PETERSON of Pennsylvania.

H.R. 2631: Mr. CONDIT.

H.R. 2711: Mr. MCHUGH.

H.R. 2722: Mr. MALONEY of Connecticut.

H.R. 2895: Ms. BALDWIN.

H.R. 2915: Mr. LARGENT, Mr. VENTO, Mr. PASTOR, and Mr. STUPAK.

H.R. 2929: Mrs. MINK of Hawaii, Ms. RIVERS, Mr. DIXON, Mr. PALLONE, Ms. ESHOO, Mr. WEXLER, and Mr. DEUTSCH.

H. Res. 268: Mr. TERRY.

H. Res. 278: Mr. BILIRAKIS, Mr. BALDACCI, Mrs. BONO, Mrs. CLAYTON, Mr. COOKSEY, Mr. EHLERS, Mr. FARR of California, Mr. FILNER, Mr. GILMAN, Mr. HALL of Ohio, Mr. BARTLETT of Maryland, Mr. BOYD, Mr. CAMPBELL, Mr. CARDIN, Mr. DIXON, Mr. GALLEGLY, Mr. GORDON, Mr. GREEN of Texas, Mr. HORN, Mr. HOUGHTON, Mr. LATOURETTE, Mr. MEEHAN, Mr. PAYNE, Mr. SAXTON, Mr. SHAYS, Mr. SCHAFFER, Ms. JACKSON-LEE of Texas, Mr. MCINTOSH, Mr. PALLONE, Mr. QUINN, Mr. SESSIONS, Mr. SMITH of Washington, Mr. WAXMAN, Ms. WOOLSEY, Mr. NETHERCUTT, Mr. WELDON of Pennsylvania, Mr. SUNUNU, Ms. SANCHEZ, Ms. STABENOW, Mr. LOBIONDO, Mr. SANDERS, Mr. BARRETT of Wisconsin, Mr. SWEENEY, Mr. BARCIA, Mr. FOSSELLA, Mr. PASCRELL, Mr. COSTELLO, Mr. LAFALCE, and Mr. CANADY of Florida.

PETITIONS, ETC.

Under clause 3 of rule XII, petitions and papers were laid on the clerk's desk and referred as follows:

55. The SPEAKER presented a petition of Detroit City Council, relative to a Resolution petitioning the Detroit Delegation of the United States House of Representatives to support full funding for HUD programs; to the Committee on Banking and Financial Services.

56. Also, a petition of the Association of Pacific Island Legislatures, relative to Resolution No. 18–GA–14 resolving that the Association of Pacific Island Legislatures member jurisdictions give sound consideration and full respect to all Pacific Islanders in their adoption and implementation of immigration policies; to the Committee on International Relations.

57. Also, a petition of the Association of Pacific Island Legislatures, relative to Resolution No. 18–GA–01 petitioning the United States Congress to recognize and grant 200-mile Exclusive Economic Zone of waters surrounding the U.S. Territories of Guam and the Commonwealth of the Mariana Islands; to the Committee on Resources.

58. Also, a petition of the Association of Pacific Island Legislatures, relative to Resolution No. 18–GA–03, CD1 petitioning the U.S. Department of the Interior and the United States Congress to grant Micronesian employees of the former Trust Territory Government (TTG) the same pay rates given to the TTG on the island of Saipan from January 9, 1978 onward; to the Committee on the Judiciary.

AMENDMENTS

Under clause 8 of rule XVIII, proposed amendments were submitted as follows:

H.R. 2910

OFFERED BY: MR. ANDREWS

AMENDMENT NO. 1: At the end of the bill, add the following:

SEC. 11. USE OF RECYCLED MATERIALS IN SURFACE TRANSPORTATION PROJECTS.

(a) STUDY.—The National Transportation Safety Board shall conduct a study on the safety and cost effectiveness of using recycled materials in the construction of surface transportation projects.

(b) REPORT.—Not later than 2 years after the date of enactment of this Act, the Board shall transmit to Congress a report on the results of the study conducted under subsection (a).

H.R. 2910

OFFERED BY: MR. ANDREWS

AMENDMENT NO. 2: At the end of the bill, add the following:

SEC. 11. TRANSPORTATION OF INCINERATED SOLID WASTE.

(a) STUDY.—The National Transportation Safety Board shall conduct a study on risks to public safety related to the transportation of incinerated solid waste through populated areas.

(b) REPORT.—Not later than 2 years after the date of enactment of this Act, the Board shall transmit to Congress a report on the results of the study conducted under subsection (a).