United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 105th CONGRESS, SECOND SESSION

Vol. 144 WASHINGTON, THURSDAY, JULY 9, 1998 *No. 90*

House of Representatives

The House was not in session today. Its next meeting will be held on Tuesday, July 14, 1998, at 12:30 p.m.

Senate

THURSDAY, JULY 9, 1998

The Senate met at 9 a.m. and was called to order by the President pro tempore (Mr. THURMOND).

The PRESIDENT pro tempore. Today's prayer will be offered by the guest Chaplain, Rev. James Lupton, retired, St. Albans Episcopal Church, Stuttgart, AR.

We are pleased to have you with us.

PRAYER

The guest Chaplain, Rev. James Lupton, retired, St. Albans Episcopal Church, Stuttgart, AR, offered the following prayer:

Let us pray:

Almighty God, Lord of heaven and earth, in whom we live and move and have our being, we ask Your blessing on this great country. From many races, creeds, and nations You called us into united purpose as a Nation of peoples with diverse talents, unique strengths, and boundless energy. You instilled in us a lust for liberty, justice, and peace. We are set in the midst of natural beauty and wealth beyond compare. Mighty oceans, majestic mountains, lakes and rivers, lush forests, sweeping prairies, fertile land, and the abundance of Your bounty sustain our lives. For Your gifts we give You hearty thanks and praise.

We ask Your special blessing today on these men and women elected to serve as our Senators. Look graciously upon them. Grant them knowledge, strength, courage, and wisdom as they reflect on and debate the vast and complex issues of our age. Bring forth from their talents and skills wise laws that we may be governed in peace, prosperity, and happiness. Keep Your beacon of divine love and eternal truth ever before them.

All these things we ask in Your holy Name, You who live and reign forever and ever. Amen.

The PRESIDENT pro tempore. Glad to have you with us. A beautiful prayer.

REV. JAMES LUPTON, GUEST CHAPLAIN

Mr. BUMPERS. Mr. President, this morning's prayer was offered by the Reverend James Lupton. Reverend Lupton retired in May 1997 after eight years at St. Alban's Episcopal Church in Stuttgart, AR.

During this ministry in Stuttgart, Reverend Lupton also served the people of St. Peter's Episcopal Church in Tollville, AR. Prior to that, he served for four years in a Texas ministry.

Reverend Lupton received his call to the ministry later in life after a twenty-five year career as an architect. James comes from a long line of Arkansans. His mother's family was one of the first pioneer families to settle in Arkansas, coming to the state with Arkansas' first Governor, James Sevier Conway.

I am pleased that this individual with deep roots in my state was given the opportunity to offer today's prayer. We thank him for his inspiration.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able acting majority leader is recognized.

SCHEDULE

Mr. INHOFE. Mr. President, this morning the Senate will be in a period of morning business until 10 o'clock. Following morning business, the Senate will proceed to a cloture vote on the substitute amendment to the product liability bill. Following that vote, a second vote will occur on adoption of the IRS conference report.

Following those two back-to-back votes, it will be the leader's intention to begin the Agriculture Export Relief Act or sanctions legislation. Hopefully, that bill will be considered under a brief time agreement of 2 hours.

Following that legislation, it is expected that the Senate will begin consideration of the higher education bill under the consent agreement of June 25, 1998. Therefore, several votes will occur during today's session of the Senate, with the first two votes occurring back to back at 10 a.m.

UNANIMOUS-CONSENT AGREEMENT

Mr. INHOFE. Mr. President, I ask unanimous consent that Senators have until 10 a.m. in order to file second-degree amendments to the product liability substitute.

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

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

The PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

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

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, leadership time is reserved.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business for not to exceed 1 hour. There will now be 30 minutes under the control of the Democratic leader.

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

A STEALTH DISASTER IN NORTH DAKOTA

Mr. CONRAD. Mr. President, I have just returned after spending a week in my home State of North Dakota. On six previous occasions, I have come to the floor to describe to my colleagues what is happening there. I have described it as a stealth disaster. Last year, we faced a remarkable set of disasters, with the worst winter in our history, followed by the most powerful winter storm in 50 years, followed then by the 500-year flood, and, in the midst of all that, an outbreak of fire that destroyed much of downtown Grand Forks.

Those disasters received enormous attention. Daily, the national news media covered what was happening, so people all across America saw what was happening in North Dakota, and the people of the United States moved to respond. They responded with extraordinary generosity. We deeply appreciate what the people of this country did for North Dakota last year.

Mr. President, the disaster continues this year. Only this year, it is attended by almost no national news coverage and there is very little understanding of the depths of the crisis. This is a disaster nonetheless. This disaster is not as visible because it is a disaster occurring on the 30,000 farms of the State of North Dakota. From 1996 to 1997, according to the Government's own figures, farm income in North Dakota dropped 98 percent. That is not a misstatement, that is what the Government's own figures reveal, that farm income from 1996 to 1997 dropped 98 percent in the State of North Dakota. We led the Nation in farm income decline. And, by whatever measure one takes, this is a disaster.

It is a disaster caused by bad prices, bad weather, and bad policy. We have the lowest prices on record when adjusted for inflation. We have a continuation of the weather cycle that led to the incredible storms and flooding of last year. Now we are caught up in a wet weather cycle that has led to an outbreak of disastrous disease—scab infects the crops of North Dakota. Last year, it cost about a third of the crop. But not only did it damage the crop, it also reduced the grade of the grain that we produce, so that farmers got a lower price. That, in the midst of the weakest prices, adjusted for inflation, that we have seen in the grain markets for 30 years.

The result is, farmers cannot cash-flow. The result is, farmers are being forced off the land. The result is, we have massive auction sales all across the State of North Dakota. The result is, farmers coming to me and bankers coming to me and Main Street business people coming to me saying, ''Senator, there is something radically wrong, and something has to be done or we are going to lose a vast number of our farmers.'' Mr. President, we now start to see that prophecy unfold.

I brought with me upcoming auctions that appeared in the local newspaper. These auctions tell a story. These auctions are of farm after farm after farm being put up for sale because the farmers cannot cash-flow.

This starts on Monday, March 9, at 11 a.m. and runs right through March. Every day there is sale after sale after sale of farms in North Dakota. I just had farmers tell me that for the first time in 100 years, there is land that will not be farmed.

Some say, ''Well, North Dakota is a marginal State. North Dakota has marginal weather to begin with.'' That is true in part of North Dakota, but this is happening in the richest part of North Dakota. This is happening in the Red River Valley of North Dakota. This is the richest farmland in the world. I grew up being told there had never been a crop failure in the Red River Valley. Never in history had there been a crop failure. For the last 5 years, farmers have not had a normal crop in the Red River Valley of North Dakota.

I just went through the southeastern corner of our State. What I saw in six counties was extraordinary. They are under water. They have 2 and 3 feet of water in the fields. They have had more rain in the first 6 months than they normally get in a year and a half. There is not going to be a normal crop in those six counties, and that is the southeastern part of the State. It has been the northeastern part that has been so hard hit in the last year.

This weather pattern seems to be expanding, taking in more and more land, more and more farms inundated, more and more farmers who aren't going to have a crop or going to have a badly diminished crop and, on top of that, are going to have very weak prices. The result will be even more auctions.

Already we anticipate losing one in every 10 of our farmers this year. Experts that we met with when the Secretary of Agriculture came to North Dakota 3 weeks ago told us next year we might anticipate losing one of every three farmers. This is a disaster of enormous scope, Mr. President, and I hope I can convince my colleagues that it is critically important that we respond.

This chart shows 141 farm auctions scheduled between the beginning of March and the end of June. That is nearly two auctions every day for 4 months.

Who are these farmers who are advertising auctions? I am very sorry to report to my colleagues that these are not farmers of retirement age. Many of these farmers are young farmers who simply can't take the debt load; they simply can't take being in a circumstance of bad weather, bad prices and bad policy. The result is they are leaving farming.

One has to ask, Who is going to farm this land in the future? Who is going to provide the food stocks for the American people, because if there is ever a breadbasket State, it is North Dakota. We are No. 1 in the production of crop after crop after crop. We are No. 1 in durum that goes to produce pasta. Over 65 percent of the durum wheat produced in the United States is produced in North Dakota; No. 1 in barley; No. 1 in sunflower; No. 1 in canola; No. 1 in many of the other wheat categories. North Dakota literally is a breadbasket State, and North Dakota is in disaster. There is no other way to describe it. The result is going to be a calamity unless there is a response.

We see these auctions. This is a typical one: April 14, 1998. This fellow is going to have an auction. It says:

> Darryl has rented out the farm and, therefore, will liquidate the following large line of top quality equipment by public auction.

If you look at what is being auctioned, it is very revealing: A 1995 row crop drill; 1996 row lifter; 1996 cultivator; 1997 field sprayer.

What does that tell us? Farmers thinking they are going out of business are not buying new equipment in 1997. They are not buying new equipment in 1996. They are not buying new equipment in 1998. They have been hit by a calamity, a calamity that is forcing them off the land and out of business. No one who is planning to quit in 1998 buys a sprayer in 1997.

Another auction advertisement states that two farmers have discontinued their farming operations. Again, we see new equipment being sold. Again, we find that this is, as described in the ad, single-owner equipment, and yet they have equipment purchased as recently as 1997.

These are not small investments. Many of these pieces of equipment cost $50,000, $60,000, $70,000, and they just bought them last year and they are going out of business this year. Not one, not two, but hundreds and hundreds and thousands, and it is because there is a collapse of farm income. There is a collapse of production, and we don't have a safety net in place.

It is very interesting if you compare what we are doing in this country to what our chief competitors are doing.

Our chief competitors are the Europeans. They are spending $50 billion a year supporting their farmers—$50 billion, 10 times as much as what we are spending. We spend $5 billion a year. As I have said to my colleagues many times, the Europeans have a plan, and they have a strategy. Their plan and their strategy is to dominate world agricultural markets. Why? Because the Europeans have been hungry twice, and they never intend to be hungry again. They understand full well the importance of agricultural dominance, and they are ready to do what it takes. They are doing it the old-fashioned way: They are buying the markets.

We are sending our farmers out saying, ''You go compete against the French farmer and the German farmer.'' Fair enough. We are ready to compete against any farmer anywhere, anytime. But in addition, we are saying to our farmers, ''While you are at it, you go compete against the French Government and the German Government and good luck,'' because those countries have decided they are going to stand with their producers, and they are going to fight, and they are going to win. If you look at what is happening in world agriculture, you can see that strategy and that plan is working, because the Europeans are on the ascent while the United States is descending. They are going in the right direction; we are going in the wrong direction, and we wonder why.

Mr. HOLLINGS. Mr. President, will the distinguished Senator yield? I don't want to lose my time. We were allocated a few minutes before we vote on cloture. The Senator is into, I think, my segment of the 9:15-to-9:30 time. I don't want to disturb the distinguished Senator, but I don't want to lose my time. Is that the regular order?

The PRESIDING OFFICER. The regular order was for the Democratic leader to control half of the 1-hour time; that is 30 minutes. The Senator from North Dakota is recognized.

Mr. TORRICELLI. Mr. President, did the Democratic leader distinguish how that time would be divided?

The PRESIDING OFFICER. No, he did not.

Mr. CONRAD. Mr. President, I would be glad to enter an agreement right here with my colleague so that the Senator from South Carolina would have time before the cloture vote and so my colleague from New Jersey would have time. I would be happy to wrap up very quickly so they can have sufficient time before the cloture vote.

Mr. HOLLINGS. Sufficient time is 15 minutes. I am almost down to 10 minutes. I ask unanimous consent that I be permitted to speak for 15 minutes prior to the cloture vote.

The PRESIDING OFFICER. Is there objection?

Mr. THURMOND. Mr. President, I object.

The PRESIDING OFFICER. There is objection.

Mr. HOLLINGS. Well——

Mr. CONRAD. Mr. President, let me reclaim my time, and let me just end so the Senator from South Carolina has as much time as he can remaining. My understanding was that I had 15 minutes this morning.

But I would be glad to wrap up and simply say that what I have described this morning is an ongoing crisis in my State. And I am going to be asking my colleagues to respond, as they so graciously responded last year. Let me say, it is just not my State, because what is happening in my State is an early warning signal to others as to what can happen. We are headed for a calamity in my State. Others will experience the same thing unless we find a way to fix it.

I thank the Chair and yield the floor so that my colleagues can have the remaining time.

Mr. TORRICELLI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. TORRICELLI. How much time is remaining?

The PRESIDING OFFICER. There are 13 minutes 11 seconds remaining.

Mr. TORRICELLI. Thirteen minutes. I offer to the Senator from South Carolina to divide the time. I don't see any other choice. I would be glad at this point to divide the time with the Senator from South Carolina.

Mr. HOLLINGS. I appreciate the distinguished Senator from New Jersey permitting me that opportunity.

What really happened is I was told from 9:15 to 9:30. And I will try to wrap it up as quickly as I possibly can.

The PRESIDING OFFICER. The Senator from South Carolina.

PRODUCT LIABILITY REFORM ACT

Mr. HOLLINGS. Mr. President, what really occurs is we are back now—the leadership says after 10 years—really after 20 years. And much has occurred during that 20-year period. Practically all of the States have faced up—the State of Oklahoma, the State of South Carolina have all enacted product liability reform. It is not a particular problem. The small businesses, for example, are enjoying the best of investment, the best of new initiatives in small business.

The small business folks, the National Federation of Independent Businesses, are really quoted as saying here that—and I quote an economist for the NFIB—''Far from worrying that the expansion has just about played itself out, more and more small-business owners feel that the best is yet to come.'' So the small businesses really are not having any problem.

The idea of the litigation explosion has been answered, that you could not get insurance to get insurance. Foreign competition—the foreign companies are flowing into America without any problem of product liability. So now they try to say it is the small business thing. And, of course, the small businesses say the best is yet to come and they are having one of the finest clips that they have ever had. So they are not having problems.

We searched Lexis-Nexis to find where these egregious verdicts are that this particular measure would take care of. They are nonexistent. So we looked at the bill itself. And you find out really what is a politically rigged instrument to take care of the political needs, not the business needs, of America, whereby you take a poll and kill all the lawyers. And we have been into that.

The lawyers have become unpopular until everybody needs one. And the best of the best lawyers, who have been bringing these cases and succeeding and everything else, are to be sidelined in this drive by big business, all under the cover of small business.

The bill itself, Mr. President, is an atrocity. I say that because now the plea, in the preamble of the Rockefeller-Gorton measure, is uniformity. And they start off immediately saying, with punitive damages, those States who regulate the punitive damages or control them are not applied to by this particular measure; but those States that have it, this bill would apply. So there is no uniformity on the very face or attempt to get uniformity itself. It is not just for small businesses. That is for all businesses, large and small, relative to the matter of uniformity and relative, of course, to the matter of small businesses itself.

But we come, Mr. President, with the phone ringing all during the weekend and last night with respect to the sellers being exempted under this bill. They know what they are doing. There are dozens and dozens of cases up in New York to the effect that the sellers—only one—the hospital, where they have incurred AIDS, hemophiliacs have incurred AIDS, through tainted blood transfusions or otherwise. And obviously they cannot find out the individual, but you know it is applied by the hospital. You want to get the safety practice by the hospital or the seller. Now, this vitiates dozens and dozens of cases over the country, and particularly in the New York area.

Again, with respect to asbestos cases, they know exactly what they are writing. They are saying, with respect to toxic materials, that, of course, this does not apply to toxic materials, that the asbestos is exempted from the 18-year statute imposed because the reference is to the exclusion of toxic harm. But, of course, asbestos is not toxic in the eyes of the Owens Corning counsel. He announced asbestos is not toxic, so they get rid of that group of cases.

Otherwise, they really come with the statute of repose, which is the most egregious thing I have ever seen. Here we are trying, in product liability, to protect consumers and individuals, and they say now that they would exempt an injured person from a defective product; but the purchaser or owner of

that particular product for whom the injured person is working, he or she or it can sue that manufacturer. So the rights of businesses are protected to the detriment of injured consumers in America. The unmitigated gall of including that particular provision in this bill, talking about product liability is just unheard of.

But in any event, the lower-income worker, the matter of the punitive damages of $250,000 or less—you can well see that lower-income worker from McDonald's who is making $15,000 or $17,000 a year—double the economic injury; namely, double that salary loss of $34,000 for a Dalkon Shield user, that we have the Dow Chemical implant on the front page, the settlement, this morning, $3.2 billion. But under the Dalkon Shield here, that particular individual——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HOLLINGS. We still have until half past the hour, Mr. President.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HOLLINGS. What time has expired? I got 15 minutes.

The PRESIDING OFFICER. The Senator's time has expired. There was agreement to divide the time equally that was remaining. That was 13 minutes. Your time has expired.

Mr. HOLLINGS. I would question the ruling of the Chair. I was told I would have the 15 minutes. I don't know how the Chair can change that ruling. That was the understanding.

The PRESIDING OFFICER. There was objection to your unanimous consent request. That was not the case.

Mr. HOLLINGS. I am sorry I could not sneak in the majority leader's handwritten amendment. He can amend but we can't.

Mr. TORRICELLI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. TORRICELLI. The Senate will soon be considering the product liability legislation. If enacted, the Senate would be continuing an unfortunate practice in this country where manufacturers of firearms have some special protection outside of consumer products.

Mr. President, as indicated by this chart, for many years this country has regulated the manufacture and the sale of consumer products, items as seemingly as innocent as teddy bears, for recall, safety standards. And yet firearms were outside the design requirements, the safety requirements, and the recall requirements.

This issue comes before the Senate again under product liability, because it is my intention, with the Senator from California, Mrs. FEINSTEIN, to offer an amendment to exempt gun manufacturers from the $250,000 punitive damages protection.

Through all these years, the Congress has failed—by design requirements for safety, for distribution requirements—to ensure that firearms get to legitimate owners, to provide the American people with real protection. What the Congress has failed to do, the courts have begun to recognize. Suits are being filed across America by parents when they lose their children to weapons that get in illegitimate hands, by neighborhoods, by police officers, by cities, seeking damages caused by weapons that could have been designed more safely, with child restraint provisions. If, indeed, this product liability legislation is enacted without our amendment, those suits will not proceed.

Yesterday at a press conference in the Senate, we heard from a Steven Young, a father of a murdered teenage boy in the streets of Chicago. He has joined with three families to sue gun manufacturers because, in his judgment, they knowingly allow these weapons to be sold to criminals. The families of the young people killed in Jonesboro, AR, in a school shooting are planning to file suit because those weapons had no safety mechanisms on them. Mayor Rendell of Philadelphia and Mayor Daley of Chicago are both preparing suits on behalf of the citizens of their cities to recover the costs from gun violence because manufacturers have not been responsible in design and manufacture. If this Senate does not enact this amendment and, indeed, tries to prohibit it by voting cloture shortly, the suits may never happen.

Families and cities, the people of our country, are in a similar position with gun manufacturers to where we were 40 years ago with the tobacco companies. Congress has not acted, so people pursue the law in the courts. Indeed, it took 40 years and hundreds of cases before tobacco companies began to understand they needed to act responsibly. If these cases can proceed against gun manufacturers, there will be discovery, documents will be produced. As liability mounts, gun manufacturers will be careful who sells these weapons, who is able to buy these weapons, that the law is complied with, and that there is every possible safety feature built into these weapons. The liability of the gun manufacturers can work to protect our families. Thirty-six thousand people died from gun violence last year. This is the leading cause of death among young people in our cities. We ask the Congress to do nothing but to allow the courts to proceed in offering people protection.

The shield that would be offered to gun manufacturers involves many of the weapons sold in this country. Twenty-three percent of all 38-caliber pistols, 2 of the 10 guns most often found at crime scenes, are made by small manufacturers who would be protected under product liability. One company alone, Davis Industries, produces 50,000 Saturday-night specials a year. In all, 20 percent of the weapons produced in America will be shielded from any liability above the $250,000 in punitive damages if we enact this product liability reform without our amendment.

It has often been said by the National Rifle Association that it is their responsibility to protect gun owners. If the National Rifle Association opposes this measure, they will be taking a clear stand against gun owners. It is gun owners who will have the right to go to court if a product is improperly sold, improperly manufactured. The only people who will be jeopardized are people who are either victims of these guns or own these guns. This is a chance for the gun lobby to do something responsible. They claim they want to be on the side of the gun owner and law enforcement and innocent victims—take a stand.

I urge my colleagues to defeat the cloture motion, allow us to proceed on the amendment, and offer this protection to the American people.

I yield the floor.

The PRESIDING OFFICER. The minority leader.

Mr. DASCHLE. Mr. President, I yield 5 minutes of my leader time in addition to the 8 minutes that Senator HOLLINGS has in the remaining part of our morning business time to Senator HOLLINGS.

The PRESIDING OFFICER. There is no time remaining.

Mr. DASCHLE. As I understood it, Senator HOLLINGS had 8 minutes remaining. If he does not, I yield 10 minutes to the Senator from South Carolina from my leader time.

The PRESIDING OFFICER. The Senator from South Carolina is recognized for 10 minutes.

Mr. HOLLINGS. I thank the distinguished leader.

Mr. President, what I was trying to emphasize was the particular so-called compromise. I know the plea is, wait a minute here, we have been trying and trying and trying and trying, and of course as long as Victor Schwartz and that crowd is paid, they will continue to try.

But the fact of the matter is, there is no need. The States object to this particular mode. The Republican contract objects to this particular thing. They are trying to put and retain things back at the States when it comes to crime. They want the particular States to take care of it. When it comes to education, they want to do away with the Department, let the States handle it. They want to do everything else, except when you get with all the lawyers and, namely, the injured parties in America, which are bringing this magnificent safety record.

So what happens is that without any demand from the States, but, rather, the opposition of the States—I ask unanimous consent that a letter from the National Conference of State Legislatures dated last year, October 27, 1997, be printed in the RECORD with the updated letter from the National Conference of State Legislatures, June 18, 1998.

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

NATIONAL CONFERENCE OF STATE LEGISLATURES,
Washington, DC, October 27, 1997.

Hon. ERNEST F. HOLLINGS,
U.S. Senate, Washington, DC.

DEAR SENATOR HOLLINGS: As you know, product liability legislation, in some form, may come to the Senate floor before Congress adjourns in November. I urge you, on behalf of the National Conference of State Legislatures, to vote against any such bill, for the simple reason that this is an issue best resolved by state legislatures.

A good deal of lip service is given today to the advantages of our constitutional system of federalism and to the advantages of devolving authority to the states, But, from the point of view of state legislators, this rhetoric belies the reality of an accelerating trend toward concentration of power in Washington. Every year, Congress passes more laws and federal agencies adopt more rules that preempt state authority. Little consideration is given to the cumulative effect of preemption piled upon preemption. Little thought is given to the shrinking policy jurisdiction of state legislatures.

Moreover, little consideration is given to whether state legislatures are responsibly exercising their authority. The threat to preempt state product liability law, for example, comes at a time when state legislatures have been particularly active in passing reform bills. As the attached article from the June issue of The States' Advocate shows, over the past ten years, thirty-three product liability reform bills have been enacted in the states. In addition, states have been reforming their tort law generally. As of December 1996, 34 states had revised their rules of joint and several liability and 31 had acted to curb punitive damages.

Just as the preemption contemplated by a national products law is unprecedented, so the intrusion on the operation of state courts is both unprecedented and disturbing. National products standards would be grafted onto state law. In a sense, Congress would act as a state legislature to amend selected elements of state law, thus blurring the lines of political accountability in ways that raise several Tenth Amendment issues. Given the Supreme Court's recent interpretation of the Tenth Amendment in *Printz* v. *United States*, the legislation might even be unconstitutional.

Our constitutional tradition of federalism deserves more than lip service. It's time to vote ''no'' on product liability and similar proposals to unjustifiably preempt state law.

Sincerely,

RICHARD FINAN,
President, Ohio Senate, President, NCSL.

DAN BLUE,
North Carolina House of Representatives, President-elect, NCSL.

NATIONAL CONFERENCE OF STATE LEGISLATURES,
Washington, DC, June 18, 1998.

Hon. ERNEST F. HOLLINGS,
U.S. Senate, Washington, DC.

DEAR SENATOR HOLLINGS: I write on behalf of the National Conference of State Legislatures (NCSL) in opposition to S. 2236, a bill that would supplant state product liability laws with federal standards.

For NCSL, this is a simple matter of federalism and states' rights. Tort reform is an issue for state legislatures, not Congress. There is no precedent for such a federal intrusion into such an important area of civil law. Moreover, we regard it as highly inappropriate and perhaps unconstitutional for the state courts to be commandeered as instruments of federal policy in the fashion contemplated by S. 2236.

The states have made considerable progress in reforming their tort law, including product liability law, over the past decade. State legislatures are in a good position to balance the needs of the business community and those of consumers, not just in the abstract but in a way that reflects local values and local economic conditions. This is as the Founders intended it when they established a federal republic rather than a unitary state.

The issue then is not finding the right compromise between consumer and business interests in crafting the language of S. 2236. The issue is whether we will take a giant step toward nationalizing the civil law, to the detriment of our constitutional system of federalism. Again, please oppose S. 2236.

Sincerely,

DONNA SYTEK,
Speaker, New Hampshire House of Representatives, Chair, NCSL Assembly on Federal Issues.

Mr. HOLLINGS. Mr. President, again, it is not a national problem, as I have emphasized.

From July 1, 1998, I ask unanimous consent that the American Bar Association letter be printed in the RECORD.

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

AMERICAN BAR ASSOCIATION,
GOVERNMENTAL AFFAIRS OFFICE,
Washington, DC, July 1, 1998.

DEAR SENATOR: We understand that on July 7, broad federal product liability legislation will be the subject of a cloture vote on the Senate floor. I am writing to you to express the American Bar Association's opposition to S. 648, the bill reported by the Commerce Committee, and S. 2236, the compromise proposal introduced by Senators Gorton and Rockefeller. The ABA believes that improvements in the tort liability system should continue to be implemented at the state level and not be preempted by broad federal law.

S. 648 and S. 2236, which would federalize portions of tort law, would deprive consumers in the United States of the guidance of the well-developed product liability laws of their individual states. This legislation would also deprive the states of their traditional flexibility to refine carefully the product liability laws through their state courts and state legislatures.

The ABA has worked extensively to improve our civil justice system, including developing extensive recommendations on punitive damages, and on other aspects of the tort liability system, for consideration at the state level. Broad federal product liability legislation, however, would constitute an unwise and unnecessary intrusion of major proportion on the long-standing authority of the states to promulgate tort law. Such preemption would cause the whole body of state tort law to become unsettled and create new complexities for the federal system. Unequal results would occur when product liability litigation is combined with other types of law that have differing rules of law. An example of this would be a situation where a product liability claim is joined with a medical malpractice claim. If state tort laws differ from the federal law in areas such as caps on punitive damages, conflicts and uncertainty would likely result; one defendant in an action could well be treated entirely differently than another. Having one set of rules to try product liability cases and another set of rules to try other tort cases is not consistent with the sound and equitable administration of justice.

The ABA opposes the product seller provisions of Section 103 of S. 648 and S. 2236 because those provisions remove the motivation of the only party with direct contact with the consumer, the seller, to ensure that the shelves in American businesses are stocked only with safe products. Seller liability is an effective way of maintaining and improving product safety. Manufacturers traditionally rely on sellers to market their products. Through their purchasing and marketing power, sellers have influenced manufacturers to design and produce safer consumer goods.

Ambiguity in the language of S. 648 and S. 2236 may result in unintentionally eliminating grounds for liability which promote safety. For example, the two bills expressly eliminate a product seller's liability for breach of warranty except for breach of express warranties. The Uniform Commercial Code, long regarded as a reasonable, balanced law, holds sellers responsible for breach of implied warranties as well. By their vague and ambiguous language, S. 648 and S. 2236 may result in preempting these long established grounds of liability.

We urge you to vote no on broad federal product liability legislation as it is an unwise and unnecessary intrusion on the long-standing authority of the states to promulgate tort law.

Sincerely,

ROBERT D. EVANS,
Director.

Mr. HOLLINGS. Reading one line:

The ABA believes that improvements in the tort liability system should continue to be implemented at the state level and not be preempted by broad federal law.

So, they are talking about the compromise, and after all this give and take, and it is not quite an orderly bill, but those things that occur in time are compromises—not to mitigate against uniformity in the name of uniformity where they apply punitive damages to one group of States and not to the other group of States, not in the name of small business when they apply to big business where they were sneaked in—oh, no, we will have cloture; you can't offer any amendments. We are steamrolling this thing. Here we go. We are going to have a little handwritten amendment, by the majority leader, sneaked in at the last minute.

We saw this occur with the tobacco bill where they sneaked in an amendment that had been before the Agriculture Committee, the Lugar bill, that never was reported out of the Agriculture Committee, but they sneaked that in. Now they want to sneak in an amendment not just to take care of small business but large business. I refer to this morning's headline of the New York Times: ''Don't Amend This Bill, Lott Says,'' and then proceeds to weigh in.

So you have a little handwritten amendment here that the majority leader sneaked in—he can really take and amend his own bill, but this is a compromise worked out with the White House. This is a conspiracy in the U.S. Senate. I am not part of that conspiracy. I am for the consumers. I am for

safety in America. I can tell you here and now, this is the most egregious conduct I have ever seen.

Finally, with respect to the poor stay-at-home moms, because I see my distinguished colleague from Texas, who has got everyone sitting around the kitchen table time and, again, and stay-at-home moms. So the stay-at-home mom can get at the most, $250,000 or double, or less than that, whatever is less. I don't know what she gets when she stays at home and doesn't have any economic damage.

Or take the employee at McDonald's, a young woman who gets $15,000 or $17,000 a year working away, just married, taking the Dalkon Shield, totally injured, can't reproduce, her life is ruined. Oh, we are going to be liberal here. We will protect the small business and not the injured party and go right to the heart of the matter and give her twice her economic damage, twice $17,000, or $34,000, and the companies will write that off in a flash. We know it. You know it and I know it. It will just be a cost of doing business. And safety in America is really downgraded.

We have the most interesting safe operating businesses in the country as a result of this product liability.

There is not an explosion, Mr. President. All the reports before the committee say, wait a minute, there has been an explosion in business suing business—Pennzoil suing Texaco in Texas for a verdict of $12 billion. But, no, that is the consummate verdicts of all the product liability cases put together. There are businesses suing businesses all over. That is fine business. But when the poor injured party comes, and on a contingent basis finds a lawyer willing to take her case, do the investigating, do the trial, appeal work, and win a percentage if successful, oh, that is terrible for the economy in America; it is terrible for international competition.

Mr. President, in this global economy American firms contend at home and abroad against competitive foreign firms which operate in America. We have over 100 German plants, and over 50 Japanese plants. We have the BMWs, the Fuji Films, the Hoffman-Laroches—all these industries are coming to South Carolina, and not one is saying anything about product liability. They like what the States are doing, but we find a political problem because we have a representative downtown who is retained to get to the Chamber of Commerce, the Business Roundtable, the conference board, and now the National Federation of Independent Business, saying this is just a small business. Oh, boy, it is not for large injury, I can tell you that. It is not for large injury. It is not for the consumer, Mr. President. The whole setup here is ramroded through. I can personally, just in my handwriting, sneak a little amendment on at the desk, but the rest of us can't because we have cloture.

I yield the floor.

The PRESIDING OFFICER. There will now be 27 minutes under the control of the majority leader.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

THE AFRICAN GROWTH AND OPPORTUNITY ACT

Mr. LUGAR. Mr. President, I rise to discuss the African Growth and Opportunity Act which has passed the House in March and is now before the Finance Committee and the Foreign Relations Committee. I am the principal Senate sponsor of the bill which I introduced some fourteen months ago. There are ten co-sponsors.

I introduced the Africa bill because I believe that our policy towards sub-Saharan Africa should be revised to reflect changing global and regional realities. For too long, our policy has been based on country-by-country aid relationships and devoid of any comprehensive strategy towards the continent. As important as our child survival, health, agriculture, educational and humanitarian programs have been, they have not promoted much economic development, political stability or self-reliance. Nor have they benefitted the American economy. For that reason, it is time to re-evaluate our policy. That is the purpose of the African bill.

The African Growth and Opportunity Act is the first serious attempt to formulate a new American strategy towards Africa. It provides a general road map for expanding economic engagement and involvement in Africa through enhanced trade and investment. It seeks to establish the foundation for a more mature partnership with those countries in Africa undertaking serious economic and political reforms.

I'm pleased to note that virtually all African Ambassadors have endorsed this bill. It has wide support in the American business community, nongovernmental organizations, the African-American community, and the Administration. Indeed, President Clinton mentioned the bill in his State of the Union address in January and Secretary of State Albright included it in her list of the top four leadership challenges for 1998.

Let me summarize the bill.

First, it urges the President to negotiate free trade agreements with African countries with the ultimate goal of a U.S.-Sub-Saharan Africa Free Trade Area. The President will need Fast Track authority to negotiate this and other free trade measures and I strongly support that effort as well.

The bill establishes a US-Africa Economic Cooperation Forum to facilitate senior level discussions on trade and investment. No such dialogue now exists and there exists no long term agenda involving the private sectors here and in Africa. Doing business in Africa will require high-level dialogue and this Forum will signal to the investment and trading communities that we take Africa seriously.

Africa lacks the infrastructure needed to promote and sustain economic growth and development. The bill establishes two privately-managed funds to leverage private financing for small and medium sized companies. The two funds would operate under OPIC guidelines and require no official USG appropriations. One is a $150 million equity fund, the other a $500 million infrastructure fund. Given the enormity of the needs, these are modest sized funds.

Each of these initiatives will take time to mature. They have worked in other parts of the world.

The initiatives in the bill that would bring more immediate economic benefits to Africa and the United States would provide greater access to our markets for African exports. The bill authorizes the President to grant duty-free treatment for products now excluded from the GSP program—subject to a sensitivity analysis by the International Trade Commission. It extends the GSP program to Africa for 10 years, which is important for business planning and predictability.

The bill also eliminates quotas on textiles and apparel from Kenya and Mauritius, the two countries in sub-Saharan Africa which do not have quota-free access to the United States. They would receive this status only after adopting a visa system to guard against illegal transhipment of goods. Since global textile quotas are scheduled to disappear in the year 2005 under terms of the GATT, our bill merely gives Africa a small head start in a more competitive textile market of the future.

Some have argued that granting quota-free and duty-free access to American markets will weaken our domestic textile industries. If that were true, I would not be advocating this provision. African imports of textiles and apparel now account for less than one percent of our total textile imports. The International Trade Commission looked at this issue and concluded that enactment of our bill would increase U.S. imports of textiles and apparel from Africa to between one and two percent of our total textile and apparel imports, a negligible impact.

While this amount is small in terms of our overall textile and apparel imports, it can have sizable benefits for Africa. The lower costs of African textiles will also benefit American retailers and American consumers.

Warnings about the illegal transhipment of Asian-origin garments through Africa, under liberalized arrangements, are false alarms. The House strengthened these safeguards substantially during its consideration of the bill.

Mr. President, let me conclude by saying that we have an historic opportunity to help integrate African countries into the world economy and to

wind down our excessive dependency on public assistance as the signature of our ties with Africa. Africa is one of the last frontiers of untapped markets in the world. There are nearly 700 million people in sub-Saharan Africa. Yet, 33 of the world's forty-eight least developed countries are in Africa. Despite this, prospects for enhanced trade and investment are bright. Our exports now are twenty percent greater than to all the states of the former Soviet Union combined. Economic growth in Africa will create new markets and new opportunities for U.S. goods but that won't happen if we don't act to make it happen.

We now have an opportunity to help strengthen civil societies and political institutions and to assist African societies on the path to greater self-reliance, economic growth and political stability. Nearly thirty countries in the region have conducted democratic elections.

Private investment tends to follow good governance and economic reform but the private sector takes cues from government policies and involvement. It is very much in our interest to play a constructive role in the evolving political and economic transition in Africa.

That transition is taking place and must continue. If we had ignored Taiwan and Korea in the 1960s when they were at stages of economic development comparable to many African societies today, we would have missed enormous opportunities in East Asia. Years from now, I hope we can look back and be able to say that we were there at a crucial juncture in Africa's growth and development, that we played a constructive role in that change and that we did the right thing at the right time.

Mr. President, if the United States is a major player, a pro-active player in Africa's economic and political development, we will also be a major beneficiary.

I'm pleased the Finance Committee will be marking up the African bill later this month. I hope this bill will be brought to the floor as soon as possible for full Senate consideration.

I urge all members to take a close look at the Africa Growth and Opportunity Act, look at the mutual long-term benefits it brings to Africa and to our country and support this important bill when it reaches the floor.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, I rise today to join my colleague from Indiana in urging the Senate to move forward on the Africa trade bill. Who among us has not stood on the floor of the Senate when we voted on foreign aid and watched hundreds of millions of dollars spent by our government, knowing that this money was probably not going to be used in the end to help people, but instead would likely have a net product that was either crony capitalism or socialism, who among us has watched such a vote and not wished for an alternative?

We have an alternative today. That alternative is trade. The wonderful thing about trade is that it makes people equal in free transactions of buyers and sellers, producers and consumers. It creates jobs and opportunities, and we benefit together with those who are engaged in trade with us.

What we have in the Africa trade bill is a very modest proposal. The bill would allow the President, in those cases where a country in Sub-Saharan Africa has taken steps toward establishing a market-based economy, where a country is not engaged in a violation of human rights, and where a country is not engaged in activities contrary to the U.S. national security and foreign policy interests, to expand our markets and increase out trade with that country.

I think it is clear that there are business opportunities in Africa. I would like to see us as leaders in the effort to expand our mutual business relations. But the bottom line is we are dealing with countries that are hopelessly poor, and where poverty is a crushing presence in everyday life. We have an opportunity by expanding trade to help lift that weight of poverty, promote free enterprise, democracy, and the things that we believe in here at home, the things that we want people around the world to benefit from.

There are those who will oppose this bill because it will mean that people in Africa will be producing textiles to sell in the United States.

First of all, we must understand that today we do not have limits on textile imports from any of the countries in this region of Africa except two. Second, I think it is important to note, as Senator LUGAR mentioned, that currently all of Sub-Saharan Africa sells to us less than two-thirds of 1 percent of all the textiles we import. The International Trade Commission has estimated that under the best of circumstances, where this region of Africa experienced as much investment in producing textiles as possible, their degree of exports could never exceed, in the period of time we are talking about under this bill, about 3 percent of our textile import market.

Here is the question: Is it worth it to us to open up trade, and in the process bring goods into our country that our consumers can choose to buy or not buy if they believe that those goods are better or cheaper, and in the process make it possible for 750 million of our fellow human beings on this planet to have some of the opportunities we have?

Quite frankly, while the President went to Africa, gave a lot of speeches, did a lot of photo-ops, he has done far too little to push the passage of the Africa trade bill. Most of the opponents of this bill are in the President's party.

My basic position is this: I am tired of giving away foreign aid that does not work, that does not help anybody. We have an opportunity to let people produce products to sell on the world market. The worst thing that could happen to us from the provisions of this bill is that some poor working family in America would have lower priced textile products, could buy a shirt that is cheaper, or a shirt that they wanted more.

It seems to me that we ought not to allow greedy special interests who are already ripping off the American consumer—as we are paying more than the world market prices for textiles every single day in every store in America—we ought to be ashamed of ourselves to let a small number of special interest groups prevent a very modest bill from passing, a bill that could literally represent a turning point for 750 million human beings on this planet.

So I feel strongly about this bill. I think it is outrageous that we are not moving ahead on it. It does so little already that there can be no good objection to taking this very modest step.

I remind my colleagues that under the current agreements we have under the World Trade Organization, in the year 2005 all these textile quotas are coming off anyway. So all we are trying to do with this bill is help this continent, which is so poor, which has so much hopelessness, get a head start in producing textiles. We can help them lift themselves out of their grinding poverty.

There are some who will say, ''OK; great. Let's let them. Let's make them use American cloth, and let's make them use American thread.'' The problem is that the costs in this competitive industry are such that you cannot ship all of this thread and fabric to Africa and have products produced there, and bring them back here to compete with products from those who are doing the same thing in Mexico for virtually no transportation costs.

So I urge my colleagues, when we are talking about nothing in terms of impact on our domestic textile market, when at worst we as American consumers will benefit, let us take this opportunity to try to open up trade with Africa, to let people enjoy the one system we know works—trade, economic growth, economic freedom.

I hope we will move ahead on this bill. It is going to be my goal, if we cannot get this bill to the floor through the committee, to offer it as an amendment on some other bill. I want us to vote on Africa trade, and move ahead.

Mr. HOLLINGS. Mr. President, the distinguished Senator from Indiana and the distinguished Senator from Texas raised the question of the sub-Sahara bill. I had heard the expression that ''trade,'' says the Senator from Texas, ''makes people equal,'' and then went on, of course, to say that the sub-Sahara bill should not be blocked by ''greedy special interests''; they shouldn't prevent the passage of the bill; ''special interests,'' namely, of course, the textile industry.

What happens, in all candor, is almost like the Community Chest and the United Fund, ''giving at the office,'' doing your fair share.

This started way, way back in the 1950s. This particular Senator appeared as Governor back before the International Tariff Commission at the time that Tom Dewey represented the Japanese industry, and chased me around the hearing at that particular time whereby we were concerned that 10 percent of the consumption of textiles and apparels in America was represented by imports. And they had a provision in law under the national security section that you had to find before a President could take action, that there be a finding that the particular product was important to our national security.

President Kennedy, when he took office, appointed his Secretaries of State, Labor, Commerce, Defense, and Treasury—Secretary Dillon, at that particular time, Secretary Goldberg, Secretary Dean Rusk, Secretary Hodges, and then, of course, Secretary Freeman from Labor. And we presented the witnesses. The findings were that next to steel textiles was the second most important to national security; that we couldn't send them to war in a Japanese uniform.

Since that time, of course, there have been various initiatives whereby we have given more than ''at the office.'' We have given more than our ''fair share,'' so that in the limited time let me categorically state that two-thirds of the clothing in this Chamber this minute is imported. We gradually are going out of business, and more particularly, since NAFTA, have gone out of business.

What happens in my State, so as to understand, is that we have lost 24,000 textile and apparel jobs since the enactment of NAFTA in the State of South Carolina. We actually had 1 million apparel workers over the country when President Clinton came in, and we are down now to 781,000 in 1998. We have lost 219,000.

Rather than being ''greedy,'' Mr. President—that is what I really want to correct—the textile industry is geared up competitively.

You ought to go into one. Incidentally, calling them ''greedy,'' I have been through, I think, 13 of the Milliken plants. There is no bigger Republican than Roger Milliken. So you don't want to go around saying ''greedy'' Republican interests. Let's get away from that connotation, because the truth of the matter is you will find no more competitive industry than Milliken Textiles. They have won the Baldrige Award. They have set the pace for modernization, computerization, mechanization, and otherwise, electronically controlled. You ought to visit those people. They have cut back and downsized, and are extremely competitive, with the industry itself investing over $2 billion a year each year for the past 10 years, and trying to stay competitive and exist as an industry—not ''greedy'' at all.

But what really happens is that these jobs are extremely important to our economy. They average around $7 to $10. It is up to $10 now.

I am showing you a headline of Thursday, July 9, on breaking news in South Carolina.

I ask unanimous consent that the entire article be printed in the RECORD.

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

SOUTH CAROLINA'S FACTORY WORKERS LOWEST PAID IN SOUTHEAST ECONOMIC GRADE

COLUMBIA, SC (AP)—For years, South Carolina has sold itself as a low-cost, low-wage place for businesses to expand or locate factories, College of Charleston economist Frank Hefner says.

''The kind of industry that comes . . . creates low-wage jobs,'' he said.

South Carolina doesn't win the engineering-intensive and research-and-development jobs that surround corporate headquarters. ''We're the piece shop,'' Hefner said.

But factory workers do not appear to have shared equally in the state's much-heralded economic boom, according to federal statistics that rank them the worst paid in the Southeast.

Still, there is some good news in the wage numbers. The factory jobs ''pay higher wages higher wages than farm workers and service workers,'' Hefner said.

Between 1990 and 1998's first quarter, the average wages of South Carolina factory workers grew by 17 percent to $10.44 an hour. During the same period, average factory wages increased 24 percent in the Southeast to $11.68 an hour>

As he seeks re-election, Republican Gov. David Beasley has proclaimed his administration successful in attracting new and higher-paying jobs to the state. His opponent, Democrat Jim Hodges, says workers have missed out on the economic good times.

The Hodges campaign this week pointed to an annual economic development study that graded South Carolina an F in economic performance.

However, the latest figures from the Corporation for Enterprise Development show South Carolina has improved to a C.

The 1998 study said strong employment conditions were key to the recovery. South Carolina had the third-fastest employment growth over the preceding year and the 13th-lowest unemployment rate.

Beasley says since his 1995 inauguration, South Carolina has attracted $16.5 billion in economic investment, creating 80,000 jobs. His administration, however, has been unable to provide documentation for some of its economic development numbers.

Some of the promised investments, for instance, may not be fulfilled for years and the state has said it does not check which ones actually are completed. It also has refused to identify all the companies doing the investing, thwarting easy checks.

Those new jobs largely have paid more than the state's low average manufacturing wage, Beasley spokesman Gary Karr said.

''The jobs we've announced over the last two or three years are getting close to $30,000 a year,'' Karr said. ''That's a huge increase (compared with) the average wage.''

The national average for manufacturing workers is $36,000 a year, according to Bureau of Labor Statistics.

Karr said the bureau numbers miss the point. The low average factory wage does not reflect that higher-wage jobs are growing more rapidly than lower-wage jobs, he said.

First Union economist Mark Vitner agrees.

''The majority of (job) growth is occurring in industries that pay 20 percent above the average manufacturing wage,'' Vitner said. At the same time, the state is losing low-paying manufacturing jobs, particularly in textiles and apparel.

Still, low-paying textile companies with a total of 77,500 workers represent about one-fifth of South Carolina's manufacturing work force.

Mr. HOLLINGS. I thank the Chair.

''South Carolina's factory workers lowest paid in SoutheastEconomic Grade.''

So, on the one hand, we are ''greedy,'' because we are not giving our jobs to the Sub Sahara Africa bill. And, on the other hand, we are low paying and slovenly because we are not paying them enough as the industry and labor sees it.

So the textile manufacturers are caught between a rock and a hard place. There is no question that they are just as competitive as all that get out.

But Washington should sober up from this global competition singsong. Specifically, let's go to Oneita, a manufacturing plant in Andrews, SC, that made T-shirts. They had 487 workers. They closed down because they went to Mexico because anybody can make a T-shirt.

What happens, as we politicians say, ''Wait a minute.'' Before you open Oneita, you have to have clean air, you have to have clean water, Social Security, Medicare, Medicaid, minimum wage, plant-closing notice, parental leave, safe workplace, safe working machinery. All of that goes into the cost of the product. You go down to 58 cents an hour in Mexico and have none of those requirements. So if your competition leaves, you have to leave. So you are losing the jobs.

So the stance of the textile industry and the concern over the sub-Sahara bill is not ''greed;'' so-called ''trade'' makes people equal. Trade makes people unemployed.

That is what has occurred. We are here to represent the industrial backbone, the manufacturing backbone of this Nation. As Akio Morita said some years back, talking about Third World countries, they have got to develop a strong manufacturing sector in order to become a nation state. And then, looking at me, he said, ''Senator, that world power that ceases to have its manufacturing capacity will cease to be a world power.''

So we have the three-legged stool. On the first leg, the one of values, we are strong; the second leg, the one of military, we are strong; but the third leg over the past 50 years has been fractured economically. It has shortened. And that is the danger to the Nation's economy, and not just to the textile workers of South Carolina. It is a fundamental concern that these excellent jobs and excellent industries receive fair treatment.

We have done more than our fair share to spread capitalism in the Pacific rim, into Korea and everywhere else, down to Mexico, over into Europe initially after the Marshall Plan, and

now to Africa. But let's see that we contain that industry in America's economic self-interest.

I yield the floor and thank the distinguished Chair.

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. DEWINE. Mr. President, how much time remains on this side?

The PRESIDING OFFICER. Thirteen minutes.

Mr. DEWINE. I ask the Chair to notify me after I have used 6 minutes.

PRIVILEGE OF THE FLOOR

Mr. DEWINE. Mr. President, I ask unanimous consent that a member of my staff, Jason Small, be granted floor privileges for the day.

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

Mr. DEWINE. Mr. President, let me first join my colleagues, Senator LUGAR and Senator GRAMM, in support of the African Trade Group and Opportunities Act, and the reasons they have stated this is the right thing to do. It is in our national self-interest. It will do a lot of good.

(The remarks of Mr. DEWINE pertaining to the introduction of S. 2283 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. DEWINE. Mr. President, I thank the Chair and yield the floor.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

PRODUCT LIABILITY REFORM ACT

Mr. GORTON. Mr. President, we are about to vote on cloture on a product liability bill, a product liability bill worked out with great care over the course of the last year and a half by the distinguished Senator from West Virginia, Mr. ROCKEFELLER, and myself, and the White House, to meet all of the objections contained in the President's veto message on the bill passed on the same subject about 2 years ago. Nevertheless, the demand to party loyalty on the part of the minority leader will almost certainly defeat this vote for cloture. That is highly regrettable as the arguments against it are entirely devoid of merit.

Just a few minutes ago you heard the junior Senator from New Jersey protest about the fact that cloture would prohibit the bringing of lawsuits based on gun violence. That is entirely specious for two reasons. The first is the amendment on that subject that is at the desk will be germane after cloture and can be debated and voted on. Secondly, and more importantly, the lawsuits by various States against gun manufacturers based on the tobacco litigation are not product liability lawsuits. Tobacco litigation was not a product liability lawsuit at all, and neither are these lawsuits. They simply are not affected by this legislation.

The real protest was outlined a couple of nights ago by the minority leader who said, ''I hope that we have a good debate about how good or bad this legislation is. I hope we have an opportunity to propose amendments to this litigation.''

Yesterday, about an hour before the time ran out for the filing of amendments, the majority leader came to the floor when only two or so amendments had been filed to ask unanimous consent for further time to put in amendments. The minority leader's representative objected to adding to that time. Nevertheless, there are 38 amendments on the desk on this bill, 28 of them by Democrats, 10 by Republicans. Many of those amendments, including several by the Senator from South Carolina, are germane and can be debated on and voted on after cloture.

Yesterday afternoon the majority leader offered to extend the time for this vote so that there could be debates on amendments before cloture took place. The minority leader turned down that informal request. In other words, there is no desire on the part of the opponents of this bill to debate amendments to the bill, amendments further restricting it or amendments on any other element of the subject. None whatsoever. It is a simple smokescreen to persuade Members who would otherwise be willing to vote for cloture and vote for the bill not to do so.

Night before last, other Members on that side of the aisle complained bitterly about their inability to debate totally irrelevant matters to product liability. They mentioned campaign finance laws. We had 2 weeks of debate on that subject. They mentioned tobacco legislation. We debated that subject for 4 weeks. They mentioned education reform. We debated that subject for 2 weeks and passed a bill which has now gone to the President of the United States. And they spoke of health care reform on which they have already rejected offers for debate but will probably accept some next week.

No, the claim that there has not been an opportunity to debate this legislation is based on one fact and one fact only—the desire to persuade Members who would otherwise vote for this bill to vote against the cloture motion and therefore to kill the bill. They will probably succeed in doing so, and it is a paradox that a bill that is much more narrow than the one passed by a significant majority of Members of this body 2 years ago and vetoed by the President, which now meets all of the requirements of the President, will be opposed by some Members among those who voted for the bill 2 years ago. It is, I regret to say, pure politics and has very little to do with the merits of the bill itself.

Mr. ROCKEFELLER addressed the Chair.

The PRESIDING OFFICER (Mr. HUTCHINSON). The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, the Senator notes it is after 10 o'clock. I ask unanimous consent to speak for 3 minutes.

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

Mr. ROCKEFELLER. I thank the Chair.

I had very much hoped that the argument of politics would not be used in discussing this. I agree with much of what my distinguished colleague over these many years has said. But I think, frankly, that on the question of product liability tort reform there has been enough, sort of acting and sort of wanderlust faith on both sides of the aisle that we don't need to point fingers at each other.

My view towards this is that I would like to see, as the Senator from Washington indicated, a very modest bill which would be signed by the President to go forward. And I, after 11 years of working on this, am not willing to give up. I am not willing to say that I am going to put product liability to death. I am not going to be a part of that.

I will, therefore, vote no on this cloture vote because I still think that, arguments about politics to the contrary, neither side having totally clean hands on all of this, the controlling factor ought to be the substance of the bill, which I think is good, and that the controlling factor on a vote ought to be how one feels about whether or not one can continue to debate product liability and hope that the leadership will come together in some kind of an arrangement, as, indeed, in this sort of Kabuki dance there has been.

The majority leader last night vitiated cloture for today. The minority leader objected. The majority leader yesterday said there would be a period for filing of votes. A Democrat objected. On the other hand, there have been many problems on the other side.

So what I am trying to do is to promote product liability in a very modest form which will be signed by the President. And, therefore, I hope my colleagues will vote no on the pending cloture motion so we might have a chance to continue this discussion and hopefully work out something on this modest but helpful bill.

I thank the Presiding Officer.

PRODUCT LIABILITY REFORM

Mr. McCAIN. Mr. President, this nation needs legal reform. This bill before us—if passed into law—will deliver exactly that. While this legislation is not perfect, it does a great deal for small businesses across this nation. And for that reason, it should be supported and I hope it will become law.

Before I discuss this matter further, I want to thank Senator GORTON for his tireless pursuit of legal reform in the area of product liability. Senator GORTON has worked hard on this important legislation for many years. I also want to thank Senator ROCKEFELLER for all his efforts.

Mr. President, I do have concerns regarding this bill. My primary concern with this measure is the narrow nature of the reforms it would institute. I had

hoped we could pass a broader bill that would do more. But again, I want to repeat, the proposal has important features that would improve some imperfections in our legal landscape.

I am especially encouraged that the bill before the Senate includes, as Title II, legislation that I introduced with Senator LIEBERMAN to ensure the continued access to biomaterials. Biomaterials are used to produce implantable medical devices that both enhance and extend the lives of so many Americans.

I am also pleased with other provisions taken from the bill as reported by the Commerce Committee. Those provisions include valuable revisions to the liability rules applicable to product sellers, renters, and lessors; a limitation on the amount of punitive damages that may be awarded against small businesses; and a provision to provide for the reduction of damages when a product has been misused or altered.

My concern is not so much with what is in this compromise but in what it does not contain. The bill reported by the Commerce Committee has been significantly narrowed to appease the Administration. For example, the compromise would not provide a statute of repose applicable to all products, it would not reform joint and several liability, and it would not limit the amount of punitive damages that may be awarded certain sized business enterprise.

The compromise proposal would provide limited reforms in the area of product liability. Those reforms, although limited, may be valuable and worth doing but they do not constitute comprehensive reform of product liability.

I know that comprehensive product liability reform is not politically possible in this Congress due to the Administration's opposition. That, however, does not change the fact that comprehensive product liability reform is essential for America's consumers and for our businesses both large and small. Comprehensive product liability reform would make a larger array of products available to consumers at a lower price. Comprehensive product liability reform would create more jobs for American workers and make American businesses more competitive in international markets.

General aviation is the best example of the benefits of legal reform. The general aviation industry was nearly dead in the United States. Production of new airplanes was declining steeply, and new technology was not being incorporated into the planes that were being built. As a result jobs were lost and consumers were deprived of better and safer airplanes. The General Aviation Revitalization Act rescued this industry by instituting a very narrow statute of repose. Due to this reform, thousands of new jobs have been created and more advanced airplanes are now available to the flying public.

To best bring the advantages of legal reform to all consumers and industries, the country desperately needs product liability reform. Comprehensive reform would include common sense revisions to joint and several liability, limitations on punitive damages, and a statute of repose applicable to all products. All of these reforms were contained in the bill as reported by the Senate Commerce Committee.

My deepest concern about the compromise proposal that Senator GORTON has negotiated is a fear that once Congress has acted on this compromise, the public will assume it is comprehensive legislation and the drive for additional necessary reforms will be hampered. I fear that a narrow product liability bill that makes incremental improvements will be used by the powerful interests that oppose any legal reform to claim that the narrow bill was supposed to solve all the problems and thereby condemn any further reform.

But that fact withstanding, I still strongly support the bill before us. Obviously, a narrow bill cannot solve all of the numerous problems in our current system. I believe a narrow bill can make significant headway on some of those problems. As I began, this bill will help reform the legal system and will greatly benefit small business. I hope that its passage of this bill is the first step in a process of reform, not the beginning of the end. This measure deserves our support and I hope we will act quickly to pass it and send the bill to the President for his signature.

Mr. LEAHY. Mr. President, I rise today in opposition to the Product Liability Reform Act of 1998. I understand the concerns raised by a few well-publicized cases of outsized punitive damages awards in product liability cases. In seeking to address those concerns, however, this bill simply goes too far. It overly restricts an injured person's right to seek legal redress from the makers and sellers of dangerous products, and tramples on states' rights in the process.

In fact, this legislation could leave consumers with a more dangerous marketplace. The bill caps punitive damages at the lesser of $250,000 or twice an individual's loss for smaller businesses. This cap will allow a company to calculate with a much greater degree of certainty the economic cost of placing a dangerous product into the market. If that cost is less than the cost of the design or manufacturing changes necessary to make the product safe, companies may choose to sell the dangerous product and rely on the damages cap in this legislation to limit their losses when people are hurt and file claims.

I am at a loss to understand the need for such drastic reform. The Senate just concluded debate on a tobacco bill that would not have occurred but for an individual's ability in the current civil justice system to recover punitive damages against the maker, in this case, of a killer product. Individual states have recovered billions of dollars in damages from the tobacco industry in the same system. Despite all of the high-minded rhetoric of the tobacco industry, the threat of punitive damages was a key factor in bringing the companies to the table.

Mr. President, the civil justice system works. The threat of punitive damages should be preserved as a powerful deterrent to manufacturing dangerous products. Damage awards should not be a calculable, fixed business expense to be coldly measured against the consumer's welfare.

If the concern is frivolous lawsuits, we do not need federal legislation. Federal and state court judges already have the power to dismiss such actions under Rules 12 and 56 of the Federal Rules of Civil Procedure and similar state procedural rules. The Supreme Court's Daubert decision has established rigorous standards for the admissibility of expert testimony in product liability cases.

In addition, many states already have enacted comprehensive tort reform laws of their own that include product liability provisions. If the Vermont State Legislature wants to enact restrictions on product liability lawsuits or caps on punitive damages, then they are free to do so. And the Vermont State Legislature is free to not change Vermont's civil justice system.

And that's as it should be. The law of torts has always been the province of the states. This bill, though, would inject a federal standard into every state's negligence law and into every state's punitive damages proof threshold. The federal government should not dictate state tort law standards in any event, and particularly in this case, as states already have taken many steps to reform their own product liability laws.

Why do we now want to pass a Federal law to override these State laws that have addressed product liability reforms? Do we in the United States Senate now know better than our state legislatures? What happened to state's rights?

I do not believe the false threat of frivolous lawsuits justifies this bill. Instead, this bill is a solution in search of a problem. There is no product liability litigation crisis in Vermont or the rest of the country. In fact, less than one percent of new case filings in state courts are brought by injured consumers in products liability lawsuits.

And while the bill restricts consumers' rights and imposes tort standards on states, the legislation will not apply to lawsuits involving commercial interests—what hypocrisy! While consumers may have their hands tied, businesses will be free to pursue their claims without any limitations. Because almost half of all civil litigation is commercial in nature, almost half of all civil litigation will be completely unaffected by this bill. If the problems in product liability litigation truly are

serious enough to warrant handcuffing consumers and dictating tort law to the states, then businesses should be bound by this bill's restrictions as well.

In what appears to be the height of corporate welfare, a new paragraph has been slipped into this bill that grants immunity from products liability lawsuits for a Mississippi medical products company, Baxter International, Inc. This new paragraph would exempt from products liability lawsuits any manufacturers who make the raw materials used in intravenous bags, which just happens to benefit Baxter International, Inc.

Mr. President, the civil justice system is not perfect, but it works. This legislation would not improve the system. Rather, it will make it more difficult for consumers to fight against unsafe or dangerous products, and may result in a more dangerous marketplace overall. I urge my colleagues to reject this bill.

Mr. FAIRCLOTH. Mr. President, I am appalled that the special interests and their Senate retainers triumphed again in their efforts to extend the ''trial lawyer tax'' imposed on the American people. The ultimate Washington special interest—the trial lawyers—will continue to line their pockets at the expense of American consumers and small businesses.

As you know, I continue to advocate broad civil justice reform, and this was just a start. I want to recount a recent case that underscores the need for greater reform than the bill that we considered earlier today. A group of trial lawyers filed a class action lawsuit against the Bank of Boston over credits for mortgage escrow balances. This case, however, exposes the outrageous greed that motivates these trial lawyers eager to don the cloaks of the ''consumer advocate.'' The 715,000 depositors each received $2.19 in back interest from the lawsuit, but the current mortgage holders footed the bill for the lawyers to the tune of $91.33 each. That's right, Mr. President, they received $2.19 but their accounts were debited $91.33 for lawyers fees.

I also read a 1995 gasoline price-fixing case in which 19 lawyers who won a $1 judgment were actually awarded more than $2 million in lawyers' fees in an Alabama federal court. This is outrageous!

Therefore, Mr. President, I remain committed to broad and comprehensive civil justice reform. This was a modest bill, too modest in my opinion, but it was a first step. However, as the Majority Leader said, the trial lawyers control the modern Democratic Party. There is no other explanation for the stalwart liberal opposition to the most modest reforms to help American consumers and small businesses. The trial lawyers are the most powerful and feared special interest in Washington.

Can you imagine Senators voting against this bill for any other reason? This was the essence of modest reform.

This bill would have prevented litigation against retailers and wholesalers unless they altered products. It would have barred damage awards if the product was misused or altered by the consumer or if the user was influenced by drugs or alcohol. It would have limited punitive damages, but its limits on punitive damages would apply only to small businesses, which it defined as companies with fewer than 25 employees or with annual revenues of less than $5 million. It would have allowed punitive damages only where there was evidence of ''conscious, flagrant disregard'' for safety by the manufacturer and set limits at $250,000 or twice the actual damages a person suffered.

Not exactly radical legislation, Mr. President, just common sense reform of a system run amok.

We need to repeal, not just cut, the ''trial lawyer tax.'' The tort system that costs American consumers more than $132 billion per year. This is a 125% increase over the past 10 years. In fact, between 1930 and 1994, tort costs grew four times faster than the growth rate of the economy.

Mr. President, this tort tax costs the average American consumer $616 per year, and it establishes the trial lawyers as tax collectors. These trial lawyers often sue under a contingent fee arrangement, an arrangement that remains illegal in England due to its dubious ethical basis, so the trial lawyers are bounty hunters.

I am just incredulous that we are unable to relieve the ''trial lawyer tax'' and to let the American people keep more of what they earn, because it is their money, not the trial lawyers' money! The trial lawyers are the most powerful special interest in Washington and I, for one, will continue to fight for the American people. I stand with the average American, Mr. President, not the well-heeled trial lawyer lobbyists and their big campaign checks.

Mr. LIEBERMAN. Mr. President, I rise today to offer my strong support for the pending amendment and for the substitute Product Liability Reform Act of 1998, S. 2236. This is a good bill, and I am proud to be one of its original co-sponsors. It is the product of incredibly hard work and tremendous dedication by Senator ROCKEFELLER and Senator GORTON, and I want to congratulate—and thank—them and their staffs for what they have been able to achieve. I also want to thank the President for his willingness to work with us to come up with a package that now has his full support.

I, frankly, would have liked a stronger bill, like the one we passed last Congress, but the President vetoed that bill. That is something that I think all those of us who support reform have to keep in mind as we move forward with this bill. Because even if it doesn't incorporate everything we wanted, this bill does offer much—together with the promise of the President's signature.

The President's promise is important not just to those of us who have long supported legal reform. It also should be important to my colleagues who have not. I hope it prompts them to take a serious look at this bill—to put aside preconceived notions they may have of product liability reform, and to take a fresh look at what we have done. Many of the provisions they have complained about in the past are gone—the bill does nothing to limit joint and several liability, for example, and it does not impose any caps on punitive damages for any but the smallest of businesses.

PROBLEMS WITH THE LEGAL SYSTEM

But it does, Mr. President, offer some small, incremental steps towards legal reform—towards fixing a tort system that is not working as it should be. That system is supposed to be a place where people involved in accidents can go to get a fair and impartial judgment as to who should, in the words of a great lawyer and judge from Connecticut, bear the cost of accidents. The tort system is supposed to act fairly—to make sure that companies or individuals at fault who wrongly cause an injury bear the responsibility for the harm they have done, but also to make sure that no one—whether it be an individual or a company —be held accountable or forced to pay for something that was not their fault.

Unfortunately, a system that is intended to fairly determine fault and to efficiently provide for those deserving of compensation has, in many cases, been converted into something quite different. Instead of reflecting that bedrock American value of fair and neutral justice, we now have a system that too often arbitrarily imposes costs on innocent individuals and businesses, just because they may have deep pockets with some money in them.

Whenever someone is injured, it seems, a lawsuit gets filed against everyone in sight, without regard to whether there really is justification for that suit. And, unfortunately, the tort rules in place in many cases make it so costly for many to defend against those suits that many companies just choose to pay costly settlements to get rid of a case. Other times, otherwise legitimate suits yield damages awards—particularly punitive damage awards—that are far greater than necessary to compensate the plaintiff and that are wildly out of proportion to any wrong done by the defendant.

This has costs for us all. By imposing high insurance costs and legal fees on businesses, it drives up their costs, which means that all of us pay more for the products we buy. It stifles innovation by making companies unwilling to bring new products to the market, which means we don't have products we should have. And by diminishing the value our nation places on taking responsibility for our own actions and not seeking to profit unfairly at the expense of others, it has a demeaning and degrading effect on the moral fiber of our society.

These are points that my constituents continually drive home to me as I

travel around my home state of Connecticut. Small businesspeople—the bedrock of the American economy—tell me about the constant fear they have of lawsuits, and the truly harmful effects those fears have—in stifling innovation, in increasing a company's cost of doing business, in increasing the cost of products.

Mr. President, this bill is a balanced and fair response to those problems. It offers meaningful and fair reform of our legal system to redress these abuses while at the same time protecting consumers' rights. It makes sure that those deserving of compensation get it, but it also makes some changes—small changes—aimed at bringing fairness back into the system. My colleagues Senators GORTON and ROCKEFELLER already have gone over the bill's main provisions, but let me touch on a couple of its highlights.

PUNITIVE DAMAGES

One of the most important provisions offers a uniform standard for awarding punitive damages, requiring anyone trying to get punitive damages in a product liability lawsuit to prove by clear and convincing evidence that the defendant acted with a conscious, flagrant indifference to the rights or safety of others. That provision applies to all defendants. The bill also limits punitive damages against small businesses—those with annual revenues of less than $5 million and fewer than 25 employees.

Now, I have heard some say that this is unfair—that these provisions limit the ability of plaintiffs to be made whole. But, Mr. President, punitive damages have nothing to do with making plaintiffs whole—that is what we have compensatory damages for, and this bill allows full recovery of those damages. What punitive damages are for is to punish—to say that a particular defendant's conduct is so wrong, so outrageous and beyond acceptability that the defendant not only should have to compensate a plaintiff, but should also be punished as well.

Unfortunately, Mr. President, in many places, punitive damages no longer are reserved for that purpose. Instead, plaintiffs claim them willy-nilly, knowing that putting a claim for punitive damages in a complaint—offering the threat of an enormous punitive verdict that could put a company out of business—is enough to force companies into settlements regardless of whether those settlements—or the amounts of them—are deserved. By making clear that punitive damages should be assessed only when a defendant truly has acted in a manner deserving of punishment, this bill will make sure that punitive damages are awarded only when they should be. At the same time, it also makes sure that the threat of punitive damages remains available to deter companies from engaging in behavior deserving of punishment.

BIOMATERIALS

The bill also contains the provisions of the Biomaterials Access Assurance Act—a bill that I am proud to co-sponsor with Senator MCCAIN. The Biomaterials bill is the response to a crisis affecting more than 7 million Americans annually who rely on implantable life-saving or life-enhancing medical devices—things like pacemakers, heart valves, artificial blood vessels, hydrocephalic shunts, and hip and knee joints. They are at risk of losing access to the devices because many companies that supply the raw materials and component parts that go into the devices are refusing to sell them to device manufacturers. Why? Because suppliers no longer want to risk having to pay enormous legal fees to defend against product liability suits when those legal fees far exceed any profit they make from supplying the raw materials for use in implantable devices.

Let me emphasize that I am speaking here about—and the bill addresses—the suppliers of raw materials and component parts—not about the companies that make the medical devices themselves. The materials these suppliers sell—things like resins and yarns—are basically generic materials that they sell for a variety of uses in many, many different products. Their sales to device manufacturers usually make up only a very small part of their markets—often less than one percent. As a result—and because of the small amount of the materials that go into the implants—these suppliers make very little money from supplying implant manufacturers. Just as importantly, these suppliers generally have nothing to do with the design, manufacture or sale of the product.

But despite the fact that they generally have nothing to do with making the product, because of the common practice of suing everyone involved in any way with a product when something goes wrong, these suppliers often get brought into lawsuits claiming problems with the implants. One company, for example, was hauled into to 651 lawsuits involving 1,605 implant recipients based on a total of 5 cents worth of that company's product in each implant. In other words, in exchange for selling less than $100 of its product, this supplier received a bill for perhaps millions of dollars of legal fees it spent in its ultimately successful effort to defend against these lawsuits.

The results from such experiences should not surprise anyone. Even though not a single biomaterials supplier has ultimately been held liable so far—let me say that again: Not a single biomaterials supplier has ultimately been held liable so far—the message nevertheless is clear for any rational business. Why would any business stay in a market that yields them little profit, but exposes them to huge legal costs? An April 1997 study of this issue found that 75 percent of suppliers surveyed were not willing to sell their raw materials to implant manufacturers under current conditions. That study predicts that unless this trend is reversed, patients whose lives depend on implantable devices may no longer have access to them.

What's at stake here, let me be clear, is not protecting suppliers from liability and not even just making raw materials available to the manufacturers of medical devices. Those things in and of themselves might not be enough to bring me here. What's at stake is the health and lives of millions of Americans who depend on medical devices for their every day survival. What's at stake are the lives of children with hydrocephalus who rely on brain shunts to keep fluid from accumulating around their brains. What's at stake are the lives of adults whose hearts would stop beating without implanted automatic defibrillators. What's at stake are the lives of seniors who need pacemakers because their hearts no longer generate enough of an electrical pulse to get their heart to beat. Without implants, none of these individuals could survive.

We must do something soon to deal with this problem. We simply cannot allow the current situation to continue to put at risk the millions of Americans who owe their health to medical devices.

Senator MCCAIN and I have crafted what we think is a reasonable response to this problem. The Biomaterials provisions of this bill would do two things. First, with an important exception I'll talk about in a minute, the bill would immunize suppliers of raw materials and component parts from product liability suits, unless the supplier falls into one of three categories: (1) the supplier also manufactured the implant alleged to have caused harm; (2) the supplier sold the implant alleged to have caused harm; or (3) the supplier furnished raw materials or component parts that failed to meet applicable contractual requirements or specifications.

Second, the bill would provide suppliers with a mechanism for making that immunity meaningful by obtaining early dismissal from lawsuits. By guaranteeing suppliers in advance that they will not face needless litigation costs, this bill should spur suppliers to remain in or come back to the biomaterial market, and so ensure that people who need implantable medical devices will still have access to them.

Now, it is important to emphasize that in granting suppliers immunity, we would not be depriving anyone injured by a defective implantable medical device of the right to compensation for their injuries. Injured parties will still have their full rights against anyone involved in the design, manufacture or sale of an implant, and they can sue implant manufacturers, or any other allegedly responsible party, and collect for their injuries from them if that party is at fault.

We also have added a new provision to this version of the bill, one that resulted from lengthy negotiations with representatives of the implant manufacturers, the American Trial Lawyers

Association—ATLA—the White House and others. This provision responds to concerns that the previous version of the bill would have left injured implant recipients without a means of seeking compensation if the manufacturer or other responsible party is bankrupt or otherwise judgment-proof. As now drafted, the bill provides that in such cases, a plaintiff may bring the raw materials supplier back into a lawsuit after judgment if a court concludes that evidence exists to warrant holding the supplier liable.

Finally, let me add that the bill does not cover lawsuits involving silicone gel breast implants.

In short, Mr. President, the Biomaterials provisions of this bill are—and I am not engaging in hyperbole when I say this—potentially a matter of life and death for the millions of Americans who rely on implantable medical devices to survive. This bill would make sure that implant manufacturers still have access to the raw materials they need for their products, while at the same time ensuring that those injured by implants are able to get compensation for injuries caused by defective implants.

In closing, let me once again congratulate Senator ROCKEFELLER, Senator GORTON and the President for their success in forging this compromise bill. I urge my colleagues to support it.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

PRODUCT LIABILITY REFORM ACT OF 1997

CLOTURE MOTION

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the pending amendment to Calendar No. 90, S. 648, the Product Liability Reform Act of 1997:

Trent Lott, Don Nickles, Slade Gorton, Phil Gramm, John McCain, Spencer Abraham, Dan Coats, Dick Lugar, Lauch Faircloth, John Chafee, Sam Brownback, Ted Stevens, Jon Kyl, Jeff Sessions, Mike Enzi, and Judd Gregg.

CALL OF THE ROLL

The PRESIDING OFFICER. By unanimous consent, the quorum call has been waived.

VOTE

The PRESIDING OFFICER. The question is, Is it the sense of the Senate that debate on the amendment No. 3064 to S. 648, the Product Liability Reform Act, shall be brought to a close? The yeas and nays are required. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Texas (Mrs. HUTCHISON) and the Senator from Arizona (Mr. KYL) are necessarily absent.

I further announce that if present and voting, the Senator from Arizona (Mr. KYL) would vote ''yes.''

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The yeas and nays resulted—yeas 51, nays 47, as follows:

[Rollcall Vote No. 188 Leg.]

YEAS—51

Abraham	Enzi	Mack
Allard	Faircloth	McCain
Ashcroft	Frist	McConnell
Bennett	Gorton	Murkowski
Bond	Gramm	Nickles
Brownback	Grams	Roberts
Burns	Grassley	Santorum
Campbell	Gregg	Sessions
Chafee	Hagel	Smith (NH)
Coats	Hatch	Smith (OR)
Cochran	Helms	Snowe
Collins	Hutchinson	Specter
Coverdell	Inhofe	Stevens
Craig	Jeffords	Thomas
D'Amato	Kempthorne	Thompson
DeWine	Lott	Thurmond
Domenici	Lugar	Warner

NAYS—47

Akaka	Feinstein	Lieberman
Baucus	Ford	Mikulski
Biden	Glenn	Moseley-Braun
Bingaman	Graham	Moynihan
Boxer	Harkin	Murray
Breaux	Hollings	Reed
Bryan	Inouye	Reid
Bumpers	Johnson	Robb
Byrd	Kennedy	Rockefeller
Cleland	Kerrey	Roth
Conrad	Kerry	Sarbanes
Daschle	Kohl	Shelby
Dodd	Landrieu	Torricelli
Dorgan	Lautenberg	Wellstone
Durbin	Leahy	Wyden
Feingold	Levin	

NOT VOTING—2

Hutchison	Kyl

The PRESIDING OFFICER. On this vote the yeas are 51, the nays are 47. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998—CONFERENCE REPORT

The PRESIDING OFFICER. Under the previous order, the Senate will now vote on the adoption of the conference report to accompany H.R. 2676, which the clerk will report.

The legislative clerk read as follows:

Conference report to accompany H.R. 2676, an act to amend the Internal Revenue Code of 1986, to restructure and reform the Internal Revenue Service, and for other purposes.

The Senate resumed consideration of the conference report.

Mr. DASCHLE. Mr. President, I would like to express my gratitude to all of our colleagues, Democratic and Republican, who have worked so hard for so long on the Internal Revenue Service Restructuring Act of 1998. This bipartisan legislation builds on the recommendations of the year-long National Commission on Restructuring of the IRS and addresses many of the concerns raised during Congressional hearings. These reforms have been a long time coming, and I am pleased to support them today on the last leg of their journey through the legislative process.

We would not be here today, poised to enact the most sweeping restructuring of the Internal Revenue Service in living memory, if it were not for the vision, diligence, and persistence of the senior Senator from Nebraska, BOB KERREY. Today's vote represents nearly three years of concerted effort on the part of Senator KERREY. He developed the legislation to create the commission in 1995, co-chaired its proceedings to a successful conclusion in 1997, and has worked assiduously since then with Members of Congress and the Administration to shepherd the legislation to today's final vote. On behalf of the Senate and taxpayers across the country, I thank Senator KERREY for his inspired public service.

This legislation has two essential goals: to make the IRS more accountable to private citizens and to transform its culture into one that resembles the customer service orientation of a well-run business.

Too often lately, South Dakota business owners, farmers and others have told me stories that make IRS tax collectors sound a lot more like a team of overzealous special prosecutors. With this agreement, we send a strong message that the abuse, intimidation, harassment, quota systems, and patterns of targeting middle and lower-income people—or any segment of the public—will no longer be tolerated. IRS reform will ensure that taxpayers receive the fair and equal treatment they deserve. It will also pave the way for restoring the public's confidence in our Nation's tax collector.

I support this conference report because it will make the IRS more accountable to, and respectful of, taxpayers.

The extensive public hearings held by the Commission and Congressional committees have highlighted management problems within the IRS as well as individual cases of abuse and harassment by some IRS employees. The new IRS Commissioner, Charles Rossotti, has begun to implement significant changes to the structure and culture of the agency. By approving the conference report, the Senate can at last give him the tools he needs to expedite these necessary changes.

The bill establishes a new series of taxpayer rights, including one that places the burden of proof on the IRS in disputes before the tax court. It also permits a taxpayer to sue for civil damages if any IRS employee, in connection with any collection activity, negligently disregards the law. I am also pleased that the legislation provides a number of specific protections for taxpayers subject to audit or collection activities and establishes a private board of directors to oversee the IRS.

In addition, the conference agreement begins the important process of coming to grips with the complexity of the tax code. Thanks to this legislation, in the future, Congress will have an opportunity to hear from IRS technical experts concerning the likely compliance difficulties posed by individual tax legislation proposals. I am hopeful that involving these IRS tax experts early in the drafting process will help us attain our ultimate goal of a simpler and less burdensome tax law.

Nevertheless, there is one aspect of this conference agreement I find wholly unbecoming of a piece of legislation intended to protect taxpayers. Mr. President, we should be paying for this bill just like every other tax bill. Regrettably, the conference report fails to uphold the spirit of fiscal responsibility that brought us last year's historic balanced budget agreement. Our Republican colleagues have chosen to employ a blatant gimmick to cover the costs of the bill over the 10-year period required by budget rules by pushing the costs out beyond that 10-year period. In so doing, they tarnish an otherwise important victory for taxpayers.

Protecting taxpayers is not limited to improving the fairness and efficiency of their tax collection system; it also involves maintaining discipline in government finances. There is no good reason why these two goals could not have been achieved simultaneously.

Specifically, the Roth IRA revenue offset in the conference report raises revenue for only 3 years. Thereafter, it loses more revenue than all the other revenue raisers in the bill combined. Indeed, this bill will drain more than $30 billion from the Treasury in the second 10 years following enactment. This burden on the federal government's finances will occur at precisely the time baby boomers begin to retire in large numbers, Medicare is projected to become insolvent, and the Social Security system's finances come under pressure. I will vote for the conference report because of the many good things in it. Nevertheless, I hope that at the next opportunity Congress will correct this serious flaw in the legislation.

I am also disappointed that the conference report to the IRS reform bill includes the technical corrections for the new surface transportation law. Like many veterans' advocates, I had hoped the Republican leadership would allow the Senate to debate this matter separately and reconsider its unwise and unfair decision to use $17 billion set aside for veterans' disability compensation to pay for new transportation projects.

As I have stated many times, I strongly believe that veterans suffering from smoking-related illnesses as a result of their military service should be compensated. That is why I voted against efforts to eliminate this compensation during consideration of the Republican Budget Resolution earlier this year. And that is why I supported the point of order that was raised by Senator PATTY MURRAY on this matter yesterday. Although both efforts were narrowly defeated, I look forward to continuing to work with Senator MURRAY, Senator ROCKEFELLER, the ranking member of the Senate Veterans' Affairs Committee, and others in an effort to ensure that veterans receive the disability compensation they deserve.

Mr. President, despite my objections to these particular provisions, my vote in favor of this conference agreement comes down to what I believe is in the best interests of working families. The American people deserve some assurance that, if they work hard and play by the rules, they can expect fair treatment from the IRS. I am convinced this legislation can make a difference for honest taxpayers who come into contact with our tax collectors. We should pass the conference report in order to give Commissioner Rossotti the authority he needs to carry out his plans to restructure this troubled agency as rapidly as possible. I have been attempting to expedite passage of this legislation since January, and I believe that American taxpayers should not have to wait one day longer.

Mr. DOMENICI. Mr. President, there are more than 168 ways that this bill makes the IRS more service oriented, and taxpayer friendly. It cracks down on abuses highlighted in the hearings. It corrects some problems called to my attention by constituents. Chairman ROTH and the Finance Committee should be commended for the fine job they did on this bill.

Often when we pass legislation, I ask the question: Who cares?

I can assure you that this is one piece of legislation that everyone cares about. No agency touches more Americans than the IRS. As I said before one out of two Americans said they would rather be mugged than be audited by the IRS. This bill should reverse that prevailing view. Among the key provisions the bill strives for better management; better use of technology; reinstatement of a checks and balances system so that the IRS will no longer be the judge, jury and executioner; discipline for rogue IRS agents; taxpayer protections including the right to a speedier resolution of a dispute with the IRS; fundamental due process and a long overdue reorganization. Hopefully, these reforms will change the environment and change the culture at the IRS.

The bill prohibits the IRS from contacting taxpayers directly if they are represented by a lawyer or an accountant. The IRS called this practice by bypassing the tax professional and visiting the taxpayer at work or at dinner ''aggressive collection'' techniques, my constituents called it harassment.

The bill attempts to make the IRS employees more accountable for their actions by putting their jobs on the line when they deal abusively with taxpayers.

The bill requires the IRS to terminate an employee if any of the following conduct relating to the employees official duties is proven in a final administrative or judicial determination:

Failure to obtain the required approval signatures on documents authorizing the seizure of a taxpayer's home, personal belongings, or business assets.

Falsifying or destroying documents to conceal mistakes made by the employee with respect to a matter involving a taxpayer.

Assault or battery on a taxpayer or other IRS employee.

Under the bill, the IRS will no longer be allowed to send out tax bills with huge penalties compounded with interest and cascading penalties just because the IRS was years behind in its work.

If the IRS does not provide a notice of additional taxes due, a deficiency, within 18 months after a return is timely filed, then interest and penalties will not start to be assessed and compounded until 21 days after demand for payment is made by the IRS. This excludes penalties for failure to file, failure to pay, and fraud. It is not fair for the IRS to wait years before contacting a taxpayer who honestly believes he has paid the correct amount, only to deliver to him years later a tax bill with interest and penalties that dwarfs the original underpayment. I had a constituent who was told he owed an additional dollar—one dollar—in taxes but owed more than $2,500 in penalties and interest! The IRS agent's response when asked about it was, ''Well, I guess we gotch ya good.''

Small businesses have been the target of some of the worst abusers. I will always remember the day a good friend, a restaurant owner in New Mexico called my office, justifiably hysterical. The IRS had just padlocked her restaurant. What was she to do? What could I do?

This bill codifies the proposition that all men and women, even if they work for the IRS, shall follow fundamental due process requirements. Padlocks and raids should be a last resort under this bill.

The bill requires the IRS to provide notice to taxpayers 30 days before the IRS files a notice of Federal tax lien, levies, or seizes a taxpayer's property.

The bill gives taxpayers 30 days to request a hearing. No collection activity would be allowed until after the hearing.

The bill requires IRS to notify taxpayers before the IRS contacts or summons customers, vendors, and neighbors and other third parties.

The bill requires the IRS to implement a review process under which liens, levies, and seizures would be approved by a supervisor.

The bill legislates common sense. It prohibits the IRS from seizing a personal residence to satisfy unpaid liabilities less than $5,000, and provides that a principal residence or business property should be seized as a last resort.

In addition, the bill expands the attorney client privilege to accountants and other tax practitioners.

Under this bill, the IRS could no longer insist that a taxpayer waive his rights. In particular, the IRS could no longer insist that a taxpayer waive the statute of limitations before the IRS would settle a case. The bill requires the IRS to provide taxpayers with a notice of their rights regarding the waiver of the statute of limitations on assessment.

If the IRS cannot locate the taxpayer's file, the bill prohibits the IRS from rejecting the taxpayer's offer-in-compromise based upon doubt as to the taxpayer's liability. I have known constituents who are left in an IRS twilight zone because the IRS lost their file. I know of one constituent who had his file lost five times. Fortunately, he kept a copy of the file himself, and worked next door to a Kinko's copying center.

This bill allows for a prevailing taxpayer to be reimbursed for his or her costs and attorney's fees if the IRS is found not to be substantially justified. The substantially justified standard is consistent with the little-guy-can-fight-the-federal-government-and-win philosophy. I am glad this standard is being expanded, and incorporated into this bill. Originally, the notion that a citizen should be able to recoup attorney's fees and costs when the Federal Government was not substantially justified was a concept in the Equal Access to Justice Act which I authored in the early 1980's. It is historically interesting to note, and perhaps prophetic, that the IRS lobbied very hard to be exempt from that law. In fact, the IRS was exempt when the bill was first enacted. When the Equal Access to Justice was reauthorized 5 years later, Senator GRASSLEY and I worked to include the IRS. It was a big fight but Congress prevailed and got the IRS under the Equal Access to Justice Act's umbrella. The Federal Government with its deep pockets shouldn't be allowed to simply ''outlast'' the average American taxpayer. That isn't what our justice system is about.

The bill also clarifies that attorney fees may be recovered in a civil action in which the United States is a party for unauthorized browsing or disclosure of taxpayer information. I have heard a lot about this abuse both from constituents and from the witnesses in the campaign finance investigation.

If a taxpayer makes an offer to settle his or her tax bill and the IRS rejects it and the IRS ultimately obtains a judgment against the taxpayer in the amount equal to, or less than the amount of the taxpayer's statutory offer, the IRS must pay the taxpayer's fees and costs incurred from the date of the statutory offer. I am pleased this provision is included in this bill. The offer and settlement provisions are patterned after the securities litigation reform bill which Senator DODD and I authored last Congress.

I can't believe we have to pass a Federal statute to accomplish this next task but apparently we do.

The bill requires all IRS notices and correspondence to include the name, phone number, and address of an IRS employee the taxpayer should contact regarding the notice. To the extent practicable and if advantageous to the taxpayer, one IRS employee should be assigned to handle a matter until resolved.

In New Mexico, a notice can come from the Albuquerque, Dallas, Phoenix, or Ogden IRS center. Taxpayers are often left with no option but to contact my office asking for help in simply identifying who they should talk to at the IRS to settle their tax matter. The caseworkers are experts, but it would take them 2 days to track down the right IRS office so that the constituent could try and solve their problem. It was so commonly befuddling to constituents that my caseworkers asked that this identification provision be included in this bill.

Movie stars, rock singers, and hermits like, and need unlisted phone numbers. The same is not true for Federal agencies. The bill also requires the IRS to publish their phone number in the phone book along with the address. We have a beautiful new IRS building in Albuquerque, but the only phone number for the IRS is the toll free number that is too frequently busy. If you did not know the IRS building in Albuquerque existed, you would not find a clue of its location in the telephone book.

I am pleased that the Senate was willing to accept a Domenici amendment, cosponsored by Senators D'AMATO, and MCCAIN that requires IRS helpslines to include the capability for taxpayers to have their questions answered in Spanish.

In addition, the bill establishes a toll free number for taxpayers to register complaints of misconduct by IRS employees and publish the number.

The bill requires the IRS to place a priority on employee training and adequately fund employee training programs. The IRS is making progress. The accuracy of the advice that taxpayers received when they called the IRS was very bad. For example, in 1989, the advice was correct only 67 percent of the time. The accuracy has fortunately improved. Training is the key.

The bill requires the Treasury to make matching grants for the development expansion or continuation of certain low-income taxpayer clinics.

The bill requires at least one local taxpayer advocate in each state who has the authority to issue a ''Taxpayer Assistance Order'' when the taxpayer advocate believes it is appropriate.

Mr. President, many, in fact most, IRS employees work very hard and do a good job. Perhaps the best way to reform the IRS is to reform the code to make it simpler. The doubling from $100 billion to $195 billion of the tax gap—the difference between the amount of taxes owed and the amount actually paid—is evidence that the system is breaking down.

I am also pleased that the bill simplifies the capital gains holding period and makes it easier for taxpayers to calculate their capital gains.

Mr. LEVIN. Mr. President, I support the IRS Restructuring Act of 1998.

Ten years ago, I worked with former Senator Pryor on the Taxpayer Bill of Rights. That legislation grew out of hearings before the Governmental Affairs Committee which highlighted abuses by IRS employees against the taxpayers they are hired to serve. The Taxpayer Bill of Rights was landmark legislation that outlined the rights taxpayers have when dealing with the IRS including the right of the taxpayer to legal representation and the right to recover civil damages and attorneys fees from the IRS where they have engaged in abusive practices.

While that legislation and the subsequent Taxpayer Bill of Rights II addressed some of the most egregious abuses, some abuses continue. The Finance Committee hearings have again shed light on abuses of taxpayer by some overzealous employees. While all of us want the IRS to be diligent in their collection of taxes owed to the federal government, we don't want the IRS to abuse its authority. This legislation is another step in the right direction.

The bill contains an IRS Oversight Board which is intended to bring some private sector management and customer service expertise to the IRS. This Board is made up of nine members, six of whom are from the private sector and have an expertise in management of large organizations, tax laws, information technology and the concerns of taxpayers. The Board will review and approve strategic plans, operational functions and plans for major reorganization. In addition they will review operations at the IRS to monitor the Agency's treatment of taxpayers in general.

The Taxpayers Bill of Rights II contained an office of Taxpayer Advocate. The Taxpayer Advocate has the responsibility of aiding taxpayer in their disputes with the IRS and reporting to Congress annually with suggestions outlining the most serious problems faced in working with IRS. Taxpayers can request that the taxpayer advocate issue a taxpayer assistance order if the taxpayer is suffering or about to suffer a significant hardship as a result of the manner in which the tax laws are being administered. A taxpayer assistance order may require the IRS to release property, cease any action or refrain from taking action. The bill before us expands the circumstances when a taxpayer assistance order may be issued.

Currently, the direct point of contact for taxpayers seeking taxpayer assistance orders is a problem resolution officer appointed by a District Director. This bill replaces the present law problem resolution system with a system of local Taxpayer Advocates who report

directly to the National Taxpayer Advocate. Under the bill, the local Taxpayer Advocate will have a phone number published and available to taxpayers, they must tell taxpayers that they are operated independently of any IRS office, and they are required to tell taxpayers that they do not disclose any information from the taxpayer to the IRS. In addition, the IRS is required to publish the right to contact the local Taxpayer Advocate on the statutory notice of deficiency.

The Taxpayer Advocate will be required to publish an annual report to identify areas of the tax law that impose significant compliance burdens on taxpayers and the IRS, including recommendations and identify the ten most litigated issues for each category of taxpayer including recommendations on how to mitigate those problems.

The bill contains other provisions that will improve the management of the agency. It also includes innocent spouse relief for those spouses who find themselves liable for taxes, interest or penalties due to the actions of their spouse. There's increased protections for taxpayers in the area of interest and penalty charges as well as in audit and collections. I am also especially encouraged by the stronger requirements imposed on the IRS to provide taxpayers with better information in regards to taxpayers rights, the appeals and collection process and potential liabilities when filing joint returns.

While all of these reforms are steps in the right direction, there is nothing in this bill to simplify the tax code. Since the 1986 Tax Reform Act, Congress has amended the tax code 63 times. Just this past year, Congress passed and the President signed a tax bill which contained over 800 changes to the Internal Revenue Code. Now that this legislation is prepared to move to the President's desk for signature, it is time that we set our sights on tax simplification.

TEFRA PARTNERSHIP

Mr. LEVIN. Mr. President, I'm glad to see Section 3507 regarding tax matters partners in the conference report. It strikes me as unfair that the IRS has not been notifying partners of a TEFRA partnership when the IRS appoints a successor tax matters partner. Under the effective date provision, Section 3507 applies to selections of tax matters partners made by the IRS after the date of enactment. Does the enactment of Section 3507 create any inference that the IRS is not required to give such notice to partners of TEFRA partnerships under the due process clause of the United States Constitution?

Mr. BAUCUS. The effective date provision creates no such inference.

Ms. MIKULSKI. Mr. President, I rise to support the Internal Revenue Service Restructuring and Reform Act conference report that is before us today. I supported the Senate bill in May and, although this report has unrelated items that should be debated on their own merits, I will support this conference report because it will change the culture of the IRS by focusing on customer service. This new culture will improve the way the IRS interacts with individual taxpayers, IRS employees, and tax-exempt groups.

As we know from our constituents, the IRS has engaged in some horrible management practices. It has been rightfully described as an agency out of control. I am particularly furious about the documented harassment of taxpayers. In my state of Maryland, I have heard from many Veterans groups across the state and a volunteer fire company in Western Maryland about harassment at the hands of the IRS.

Let me give you some examples. The Veterans of Foreign Wars and the American Legion Posts in my state have been systematically audited over the past five to six years because they sell drinks and food to members' guests. The Veterans groups tell me that their sign-in book was confiscated, people were subpoenaed, and IRS agents threatened to lock them up. Amazingly, the American Legion was told by the IRS that they could not hire an attorney or a CPA out of Post funds to help them with the audits!

These Posts offer our vets fellowship, entertainment, and a place to bring their families for an affordable meal. Yet, their very existence has been put in doubt by the actions of the IRS. What is their crime? They sell drinks and food to their post members and their guests, a little beer and a little bingo and a lot of the IRS. Let me tell you, this has got to end.

In Frederick County, the Emmitsburg volunteer fire company used ''tip jars'' to raise money to purchase a fire truck. The Frederick County Commissioners passed a local gaming law that makes it legal and less bureaucratic for non-profits like the fire company to place ''tips jars'' in local taverns by eliminating the need for county tax processors to get involved. However, the fire company was audited by the IRS and was told it owes close to $29,000 in back federal taxes because the money raised was not funneled through the local county tax authority in the customary manner.

I find it very troubling that any of our government agencies would accuse the men and women who protected our country of being tax evaders and tax cheaters. I take much satisfaction that these methods will not be tolerated in the new IRS. After we pass this legislation, the IRS will be a more customer focused organization and will have a separate division dedicated solely to working with members of the tax-exempt sector, like our veterans groups and volunteer fire companies.

Mr. President, I also want to recognize the hard work of many at the Internal Revenue Service. We need to recognize that most IRS workers are good, faithful employees, doing their best to serve the public. Many employees at the IRS are my constituents. I know that every day they go to work, do a good job, and then return to their families, their neighborhoods and their communities throughout Maryland.

In light of all the negative talk about the IRS recently, I want them to know that I value their work as faithful employees and I thank them. I realize that the front-line employees of the IRS often receive little recognition and little thanks. It pleases me that this legislation will help the employees at the IRS make their voices heard, and to receive the updated technology they need to allow the cultural and technological changes to succeed at the new IRS.

Finally, I wish to address what I consider to be a major abuse of the legislative process that I mentioned before. As we all know and are suppose to respect, the purpose of a House-Senate conference is to produce a report that irons out the differences between similar legislation passed by the two houses of Congress. It is not intended to be a backdoor, behind-the-scenes, under-the-table method of getting controversial items passed on popular bills. There are two such provisions included in this conference report today and that's why I supported Senators DORGAN and MURRAY in their efforts to recommit the conference report back to conference.

The first goes against one of my principles for maintaining our robust economy. I believe that we should reward patient capital. We should discourage the two-hour investments in hot IPOs and encourage the two-year or longer investments in start-up biotech firms that are important for our new global economy. That's why I was pleased that the 1997 Taxpayer Relief Act included a lower capital gains rate for assets held for 18 months or longer. I am disappointed that this IRS reform conference report includes language that will remove that important economic incentive.

The other provision that was inserted in the legislative darkness was a backdoor way of preventing serious debate on technical corrections to the ISTEA legislation. Many of us in the Senate are concerned because the ISTEA bill deprived our Veterans of important benefits. It was agreed that these benefits should be restored in a corrections bill. However, the leadership thought it would be best to include these ''corrections'' in this conference report, where they can't be amended. But our veterans will be harmed by this backdoor strategy and I will join with my colleagues to restore these benefits to our honored veterans who served their country.

Mr. President, I am very pleased this conference report to restructure the Internal Revenue Service has arrived. I urge my colleagues to support this legislation so that every American taxpayer is treated with respect and dignity when dealing with the Internal Revenue Service.

Mr. THOMPSON. Mr. President, I rise to express my support for Senate approval of the conference report on the Internal Revenue Service Restructuring and Reform Act. This landmark legislation, which is the product of years of hard work by many parties, will make long-overdue reforms to the IRS. As a member of the Conference Committee responsible for crafting this agreement, I believe we have made great strides in developing a statutory framework to increase the accountability of the IRS and to protect the rights of taxpayers in their dealings with the IRS.

There have been numerous congressional hearings over the past year that have clearly highlighted the need to overhaul IRS operations. In the course of these hearings, Congress has reviewed all aspects of the Service's operations and found an agency in serious need of reform and repair, especially in the area of taxpayer service.

As the Chairman of the Committee on Governmental Affairs, I had a particular interest in how the IRS's management structure could be improved to better serve the American public. To that end, I am pleased that this conference agreement will overhaul the structure of the IRS and provide significant new management and personnel tools to assist the IRS Commissioner in restructuring the Service. Commissioner Rossotti has demonstrated his commitment to working with Congress to meet this mandate.

The conference agreement creates a new Oversight Board for the IRS to direct these reform initiatives. The Board is composed primarily of private individuals with expertise in the areas of management, customer service, information technology and taxpayer compliance, and it has been granted wide-ranging authority to oversee management of the IRS and the administration of tax laws.

Of great interest to me have been the issues surrounding membership on the Oversight Board of an IRS employee or employee representative. The conference agreement does provide for an IRS employee or employee representative to serve on the Oversight Board, and I am pleased that the conferees adopted my proposal to eliminate the Senate bill's blanket waiver of criminal conflict of interest ethics laws as they applied to the employee representative on the Board. However, I still oppose Congress giving the President the authority to waive these criminal laws for the employee board member. There are many individuals qualified to be an effective employee representative who would not need to be exempted from federal ethics laws in order to serve on the Board. Waiving criminal laws in order to accommodate one member of the Board establishes a troubling and dangerous precedent.

The conference agreement also grants significant new personnel authorities to the IRS. These new authorities are intended to help Commissioner Rossotti bring in high-quality private sector professional, administrative and technical personnel to address the many management problems facing the agency. These authorities break new ground in terms of federal personnel pay and management policies. By granting these authorities to the IRS, Congress will have high expectations that the reform agenda is indeed carried through.

Mr. President, the provisions I have noted are only a part of the important reforms contained in this restructuring bill. The conference agreement also contains many changes that will directly affect the relationship between the IRS and taxpayer to provide greater protections of the rights of taxpayers. For example, this legislation will shift the burden of proof in tax disputes from the taxpayer to the IRS, and it will increase penalties against the IRS for violations of these rights. The conference agreement would provide relief to so-called ''innocent spouses'' who, under current law, can be held responsible for huge tax bills incurred by a former spouse. The agreement also provides significant relief to taxpayers with regard to interest and penalties that are applied by the IRS.

Finally, it should be noted that this legislation provides further tax relief for Americans. The conference agreement will eliminate the 18 month holding period that was included in the Taxpayer Relief Act of 1997 for assets in order to qualify for the lowest tax rate on capital gains. Under this agreement, any gain realized on the sale of assets held for at least one year will be taxed at a rate of 10 percent for taxpayers in the 15 percent tax bracket, and at a rate of 20 percent for all other taxpayers. In addition to reducing the tax burden on Americans, this provision will simplify the unnecessarily complex capital gains provision that was included in the 1997 bill.

Mr. President, enacting these far-reaching reforms is only one step Congress can take to provide relief to taxpayers. Next, we need to do away with the current complex tax code and replace it with one that is simpler and fairer. In approving these reforms, we should also keep in mind that our ultimate goal is to reduce the tax burden on hard-working American families.

Mr. REED. Mr. President, I rise to express my support for the conference report on the IRS reform legislation, but also to raise concerns about several provisions in the bill.

Mr. President, I believe this legislation goes a long way in making a number of important organizational and management reforms at the IRS that will enable the agency to become more efficient and taxpayer-friendly. Such steps are welcome and should help to address the concerns of millions of taxpayers. In addition, the bill includes provisions to encourage electronic filing and promote the use of digital signatures—advances which will substantially improve tax administration for filers and the IRS.

However, Mr. President, I am concerned about the long-term cost of provisions in the bill that will make it easier for the wealthiest Americans to convert traditional IRAs to Roth IRAs which allow tax-free withdrawals. Under last year's budget agreement, individuals with an annual adjusted gross income of less than $100,000 are permitted to convert traditional IRAs into Roth IRAs. Currently, individuals over the age of 70½ must withdraw a minimum amount from an IRA each year and these withdrawals count toward the income threshold for conversion to a Roth IRA. Provisions in the conference report, however, would exclude required annual withdrawals when determining an individual's eligibility to convert a traditional IRA into a Roth IRA. As a result, some of America's wealthiest will be able to rollover large IRA balances into Roth IRAs, thus exempting themselves and their heirs from future taxes.

While the Roth IRA provisions will raise tax revenues initially because they will encourage taxable conversions, the long-term costs resulting from foregone revenue will be significant. In fact, in recognition of this issue, the conferees delayed implementation of the conversion provision until 2005, thereby putting the revenue losses outside of the 10-year budget scoring window.

Mr. President, I am also concerned about provisions that reduce the holding period for investments from 18 months to 12 months to qualify for a lower capital gains rate. In the Taxpayer Relief Act passed in 1997, Congress reduced the capital gains tax rate, but lengthened the holding period necessary to take advantage of the new lower rate. It was thought that lengthening the holding period would discourage churning, and encourage long-term savings and investment. By reducing the holding period, we are abandoning one important condition of last year's capital gains reduction, and we may be encouraging short-term profit-taking at the expense of long-term investment. I believe such a provision is unwise and costly in view of the dismally low savings rate which currently exists in the U.S.

Finally, I am concerned that the conferees knowingly failed to close a loophole accidentally created in the Taxpayer Relief Act which benefits several hundred of the wealthiest Americans. Specifically, the loophole benefits the heirs of individuals whose estates are worth more than $17 million, saving each estate approximately $200,000 in taxes. The cost of this loophole is $880 million over 10 years. In view of its significant cost and limited benefit, I believe the conferees should have used the IRS reform legislation as an opportunity to close this loophole, not affirm it.

Again, Mr. President, on balance I believe this is a good bill. However, I would hope that my colleagues consider the concerns I have raised when

the Senate debates tax legislation in the future.

Mr. DODD. Mr. President, I rise today in support of the conference report for H.R. 2676, the Internal Revenue Service Restructuring and Reform Act of 1998. I commend my colleagues on the Senate Finance Committee, namely Chairman ROTH and Senator MOYNIHAN for crafting a bill that takes an important step forward in the effort to protect the rights of our nation's taxpayers.

The IRS is an agency that has earned widespread, deeply felt, and entirely justified criticism. For too long the IRS has permitted practices that harass rather than help taxpayers. In my view, a full-scale, top-to-bottom overhaul of this agency is long overdue.

Recent Congressional hearings have chronicled a litany of official neglect, heavy-handed threats, and outright abuse of innocent citizens. Clearly, Mr. President, no one likes to pay taxes. But that duty should not be made even more difficult by the unacceptable behavior of the agency responsible for collecting those taxes.

Many of my constituents in Connecticut have sought assistance from my office in their efforts to remedy what they feel is unhelpful, unpleasant, and at times unfair treatment by officers of the IRS.

I heard from one gentleman who went to the IRS to pay several hundred dollars he owed in back taxes—only to be handed a tax bill that, with penalties and interest, totaled upwards of $30,000. Other Connecticut residents have told me stories of the IRS losing their tax payments—and then charging them interest and penalties on the very funds that the agency lost. They have told of calling the IRS and finding it impossible to locate a person who will simply answer their questions.

The list goes on and on, Mr. President, and the more people you talk to, the more nightmares you hear. The problems at the IRS, however, go far beyond the actions of a few agents at the IRS. For years, the agency has fostered a climate where taxpayers feel scorned rather than served, and that is why the IRS reform legislation before us today is so important.

This legislation contains more than 50 new taxpayer rights and protections. Most importantly, it will shift the burden of proof away from the taxpayer and onto the IRS. Today, when someone is accused of a crime like bank robbery, they're presumed to be innocent until proven guilty. Yet, if the IRS says you didn't pay enough taxes, you're presumed guilty until proven innocent. That, Mr. President, is wrong.

For too long we've seen a ''shoot first, ask questions later'' approach to enforcement by the IRS. By shifting the burden of proof, this bill will require that the IRS prove its allegations with evidence. It will help ensure that the IRS exercises appropriate caution and consideration prior to commencing an enforcement action against any taxpayer.

This reform bill also protects people from paying penalties and interest that they should never have been required to pay. Under current law, taxpayers must pay penalties and interest whether or not they knew that back taxes are due. As a result, some taxpayers were assessed hundreds, if not thousands, of dollars in fines without ever having actually been told by the IRS that money was owed. This bill suspends penalties if the taxpayer has not been appropriately notified of the debt. It also requires that each penalty notice include a computation itemizing the penalties or interest due. It's only fair that a taxpayer should have adequate notice of any financial liability and know exactly why he or she is paying a fine.

The bill also offers relief to an innocent spouse who would otherwise become liable for his or her ex-spouse's tax obligations. I'm sure that many of my colleagues have heard stories similar to those I've heard in Connecticut, about people who have become financially wiped out when they find themselves liable for taxes, interest, and penalties because of actions by their then-spouse of which they were unaware. The innocent spouse provisions of the bill would help prevent such scenarios from occurring in the future. It's a matter of simple fairness: a spouse who did not know of an ex-spouse's misdeeds should not be held liable for them.

In addition, this legislation requires the IRS Commissioner to fire employees for certain egregious violations—especially those that mistreat taxpayers. This provision will send a clear message to agency employees that neglect and abuse of taxpayers will simply not be tolerated.

Lastly, the bill contains a modest tax cut for people who own stocks, bonds, and other assets. I don't object to this provision itself. I do, however, wish that the Congress had considered additional tax relief targeted to working families—such as expanding the child care tax credit. I hope that such relief will be on the Congressional agenda in the future.

I would be remiss if I did not comment about the fact that the conferees added a title to this conference report containing the technical corrections to the Transportation Equity Act for the 21st Century, which was signed into law several weeks ago.

That law contains a provision affecting Veterans Administration benefits for veterans with smoking-related illnesses. I was concerned that by adopting these technical corrections in the IRS conference report, we would lose a valuable opportunity to restore some or all of these benefits for deserving veterans.

It is well known that during their time of active service, many of these individuals received free cigarettes from the federal government and were thereby encouraged to smoke. As a result, many of these individuals developed smoking-related illnesses. For that reason, I supported Senator MURRAY's motion to remove this extraneous title from the legislation we considered today. Unfortunately, this motion was tabled by a vote of 50 to 48. It is my hope, however, that the Senate will continue to seek ways to ensure that the government fulfills its obligation to help veterans with smoking-related ailments.

Overall, Mr. President, I am very pleased to support the legislation before us today which enjoys broad, bipartisan support. In my view, it is a tremendous step forward in our effort to protect the rights of our nation's taxpayers. Our nation's taxpayers deserve an IRS that meets the highest standards of efficiency, competence, and courtesy. This legislation takes a major step forward in achieving that goal.

Mr. KOHL. Mr. President, I want to make just a brief statement to emphasize my strong support for the IRS Reform bill which passed the Senate earlier today. Many thanks to Senators ROTH and MOYNIHAN and the Finance Committee members for their efforts, and especially Senator BOB KERREY, whose year long effort on the Restructuring Commission made this reform package possible.

The IRS Reform bill contains significant measures that will improve the life of every American by improving an agency that touches the lives of every American. The bill will reform IRS management by enhancing private sector input through the creation of the Oversight Board. It will also strengthen internal IRS management by providing increased flexibility to hire the best people, recognize those IRS employees who do their jobs well and fire those who do not.

Perhaps most importantly, the IRS Reform Bill is grounded in the principles of consumer protection and accountability. We all agree that the IRS should run more like a business, focusing on management efficiency and high standards of performance. But businesses answer to shareholders and the bottom line. The IRS must answer to the American people. And for too long, the agency has operated as if it answered to no one.

We have witnessed this regrettable circumstance in my home state of Wisconsin where for two and a half years we have worked to address allegations of misconduct and discrimination at the Milwaukee-Waukesha IRS Offices. These allegations were so serious that some IRS employees felt the need to sneak into my office in Milwaukee to report on abuses. I am pleased that the debate on IRS reform allowed us to move forward in our attempts to address the Milwaukee situation and am convinced that in approving this historic legislation, we will be taking significant steps to prevent similar incidences from occurring in the future.

Mr. President, I do want to mention my regret at the decision to include

the tax policy change involving Roth IRA conversion rules. While I support the IRS reform bill, I disagreed with the policy decision to loosen the conversion rules so that it will be easier for wealthy retirees to convert from traditional IRAs to Roth IRAs. This may cover the cost of the IRS bill and generate income for the Treasury in the short term, but it will cost the Treasury and the American taxpayer dearly in the long run. This change, which is really just an accounting gimmick, will benefit those who do not need help and may undermine our efforts to maintain the progress we've made in balancing the budget. In addition, it may jeopardize other pressing long term issues such as making sure that social security is available to needy retirees in years to come.

That said, however, I am still pleased to have been part of the creation of a more consumer-friendly, efficient and responsible IRS.

The PRESIDING OFFICER. The question is on agreeing to the conference report. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. NICKLES. I announce that the Senator from Texas (Mrs. HUTCHISON) and the Senator from Arizona (Mr. KYL) are necessarily absent.

I further announce that, if present and voting, the Senator from Texas (Mrs. HUTCHISON) and the Senator from Arizona (Mr. KYL) would each vote ''yes.''

The result was announced—yeas 96, nays 2, as follows:

[Rollcall Vote No. 189 Leg.]

YEAS—96

Abraham	Enzi	Lieberman
Akaka	Faircloth	Lott
Allard	Feingold	Lugar
Ashcroft	Feinstein	Mack
Baucus	Ford	McCain
Bennett	Frist	McConnell
Biden	Glenn	Mikulski
Bingaman	Gorton	Moseley-Braun
Bond	Graham	Moynihan
Boxer	Gramm	Murkowski
Breaux	Grams	Murray
Brownback	Grassley	Nickles
Bryan	Gregg	Reed
Bumpers	Hagel	Reid
Burns	Harkin	Robb
Byrd	Hatch	Roberts
Campbell	Helms	Roth
Chafee	Hollings	Santorum
Cleland	Hutchinson	Sarbanes
Coats	Inhofe	Sessions
Cochran	Inouye	Shelby
Collins	Jeffords	Smith (NH)
Conrad	Johnson	Smith (OR)
Coverdell	Kempthorne	Snowe
Craig	Kennedy	Specter
D'Amato	Kerrey	Stevens
Daschle	Kerry	Thomas
DeWine	Kohl	Thompson
Dodd	Landrieu	Thurmond
Domenici	Lautenberg	Torricelli
Dorgan	Leahy	Warner
Durbin	Levin	Wyden

NAYS—2

Rockefeller	Wellstone

NOT VOTING—2

Hutchison	Kyl

The conference report was agreed to.

Mr. ROTH. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that on the table.

The motion to lay on the table was agreed to.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. ROTH. Mr. President, I want to just take a few seconds to thank my colleagues for their support in this most important initiative. It has been less than a year that we have really been dealing with this problem. Today, we have seen the enactment of truly historic legislation.

It is my firm conviction that because of this reform legislation, it will mean a new day for the American taxpayer. And the reason I think this legislation has had such broad support is that it is not only good for the American taxpayer, but it is good for the agency itself, it is good for the employees who work there. All we seek is an agency that provides service, stability, and fairness to the American people.

I can tell you that we would not have succeeded in this effort if we had not had bipartisan support.

I particularly want to pay my respect and thanks to the ranking member, PAT MOYNIHAN, who is a joy to work with, and who always is able to help move along desirable legislation. It was not only due to his efforts, but to many others too many to enumerate. But I particularly want to thank the staff of the Finance Committee, both Republican and Democrat, and of the Joint Committee on Taxation for their contribution. I can tell you that much of the staff worked day in and day out, night after night, and on weekends to make this possible today.

I, again, want to thank all those who contributed so much. We look forward to seeing an agency that is reformed become service-oriented.

I believe, I say to Senator MOYNIHAN, that we have given the tools to the new Commissioner, Rossotti, that will enable him to make the changes we all seek in a bipartisan fashion.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER (Mr. SANTORUM). The Senator from New York.

Mr. MOYNIHAN. Mr. President, may I first thank our esteemed chairman for his characteristically generous remarks, and all involved—to agree with him; to point out that this is the first such legislation since the Internal Revenue Service was established under Abraham Lincoln in 1862. Our purpose was to renew the 19th century agency, to invigorate it, and to give to the employees, the public servants, the respect to which they are entitled as public servants. Respect is one of the principal rewards for public service. I hope we have done that with the overwhelming support here on the floor, and the unanimous vote in the Finance Committee.

Once again, our chairman has managed to bring us together and produce yet another major legislation out of the Finance Committee unanimously, which presents itself so clearly to the entire Senate floor.

I would not want to close without mentioning again the role of Senators KERREY and GRASSLEY in the commission that preceded our work, and the staff that did heroic work. I would particularly mention on our side Mark Patterson, and Nick Giordano, whose encyclopedic knowledge, in fact, made our contribution hopefully of substance.

So concludes a long year's work. I say well done to the chairman. I thank the chairman.

VISIT TO THE SENATE BY THE PRIME MINISTER OF POLAND, JERZY BUZEK

Mr. HELMS. Mr. President, I shall ask unanimous consent in just a moment that the Senate stand in recess for perhaps 5 minutes so that Senators may greet a distinguished guest.

It is my distinct pleasure to introduce to the Senate Prime Minister Buzek of Poland, a friend of democracy, a friend of America, and leader of our newest NATO ally.

I hope Senators will join in welcoming him to the U.S. Senate.

RECESS

Mr. HELMS. Mr. President, I ask unanimous consent that the Senate stand in recess for 5 minutes.

There being no objection, the Senate, at 11:39 a.m., recessed until 11:44 a.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. GREGG).

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

RECESS

Mr. HELMS. Mr. President, I ask unanimous consent that the Senate stand in recess for an additional 3 minutes.

There being no objection, at 11:47 a.m., the Senate recessed until 11:49 a.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. GREGG).

HIGHER EDUCATION AMENDMENTS OF 1998

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the Senate now turn to the consideration of S. 1882, the higher education bill, under the consent agreement of June 25, 1998.

The PRESIDING OFFICER. Under the previous order, the clerk will report the bill.

The bill clerk read as follows:

A bill (S. 1882) to reauthorize the Higher Education Act of 1965, and for other purposes.

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Labor and Human Resources, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Higher Education Amendments of 1998''.

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

SEC. 2. REFERENCES.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

TITLE I—GENERAL PROVISIONS

SEC. 101. GENERAL PROVISIONS.

(a) REPEAL; TRANSFER AND REDESIGNATION.—The Act (20 U.S.C. 1001 et seq.) is amended—

(1) by repealing title I (20 U.S.C. 1001 et seq.);

(2) by repealing sections 1203, 1206, 1211, and 1212 (20 U.S.C. 1143, 1145a, 1145e, and 1145f);

(3) by striking the heading for title XII (20 U.S.C. 1141 et seq.);

(4) by inserting before title III (20 U.S.C. 1051 et seq.) the following:

*''**TITLE I—GENERAL PROVISIONS**'';*

(5) by transferring sections 1201, 1202, 1204 (as renumbered by Public Law 90–575), 1204 (as added by Public Law 96–374), 1205, 1207, 1208, 1209, 1210, and 1213 (20 U.S.C. 1141, 1142, 1144,

1144a, 1145, 1145b, 1145c, 1145d, 1145d–1, and 1145g) to follow the heading for title I (as inserted by paragraph (4)); and

(6) by redesignating sections 1201, 1202, 1204 (as renumbered by Public Law 90–575), 1204 (as added by Public Law 96–374), 1205, 1207, 1208, 1209, 1210, and 1213 as sections 101, 102, 103, 104, 105, 106, 107, 108, 109, and 110, respectively.

SEC. 102. FEDERAL CONTROL OF EDUCATION PROHIBITED.

Section 103 (as redesignated by section 101(a)(6)) (20 U.S.C. 1144) is amended by striking ''(b)''.

SEC. 103. NATIONAL ADVISORY COMMITTEE ON INSTITUTIONAL QUALITY AND INTEGRITY.

Section 105 (as redesignated by section 101(a)(6)) (20 U.S.C. 1145) is amended—

(1) by striking the last sentence of subsection (a);

(2) by redesignating subsections (c) through (f) as subsections (d) through (g), respectively;

(3) by inserting after subsection (b) the following:

''(c) PUBLIC NOTICE.—The Secretary shall—

''(1) annually publish in the Federal Register a list containing the name of each member of the Committee and the date of the expiration of the term of office of the member; and

''(2) publicly solicit nominations for each vacant position or expiring term of office on the Committee.'';

(4) in subsection (d) (as redesignated by paragraph (2))—

(A) by striking paragraph (6); and

(B) by redesignating paragraphs (7) and (8) as paragraphs (6) and (7), respectively; and

(5) in subsection (g) (as redesignated by paragraph (2)), by striking ''1998'' and inserting ''2004''.

SEC. 104. PRIOR RIGHTS AND OBLIGATIONS; RECOVERY OF PAYMENTS.

Title I (20 U.S.C. 1001 et seq.) is amended by adding after section 110 (as redesignated by section 101(a)(6)) the following:

''SEC. 111. PRIOR RIGHTS AND OBLIGATIONS.

''(a) AUTHORIZATION OF APPROPRIATIONS.—

''(1) PRE-1987 PARTS C AND D OF TITLE VII.—There are authorized to be appropriated such sums as may be necessary for fiscal year 1999 and for each of the 4 succeeding fiscal years to pay obligations incurred prior to 1987 under parts C and D of title VII, as such parts were in effect before the effective date of the Higher Education Amendments of 1992.

''(2) POST-1992 AND PRE-1998 PART C OF TITLE VII.—There are authorized to be appropriated such sums as may be necessary for fiscal year 1999 and for each of the 4 succeeding fiscal years to pay obligations incurred prior to the date of enactment of the Higher Education Amendments of 1998 under part C of title VII, as such part was in effect during the period—

''(A) after the effective date of the Higher Education Amendments of 1992; and

''(B) prior to the date of enactment of the Higher Education Amendments of 1998.

''(b) LEGAL RESPONSIBILITIES.—

''(1) PRE-1987 TITLE VII.—All entities with continuing obligations incurred under parts A, B, C, and D of title VII, as such parts were in effect before the effective date of the Higher Education Amendments of 1992, shall be subject to the requirements of such part as in effect before the effective date of the Higher Education Amendments of 1992.

''(2) POST-1992 AND PRE-1998 PART C OF TITLE VII.—All entities with continuing obligations incurred under part C of title VII, as such part was in effect during the period—

''(A) after the effective date of the Higher Education Amendments of 1992; and

''(B) prior to the date of enactment of the Higher Education Amendments of 1998,

shall be subject to the requirements of such part as such part was in effect during such period.

''SEC. 112. RECOVERY OF PAYMENTS.

''(a) PUBLIC BENEFIT.—Congress declares that, if a facility constructed with the aid of a grant under part A of title VII as such part A was in effect prior to the date of enactment of the Higher Education Amendments of 1998, or part B of such title as such part B was in effect prior to the date of enactment of the Higher Education Amendments of 1992, is used as an academic facility for 20 years following completion of such construction, the public benefit accruing to the United States will equal in value the amount of the grant. The period of 20 years after completion of such construction shall therefore be deemed to be the period of Federal interest in such facility for the purposes of such title as so in effect.

''(b) RECOVERY UPON CESSATION OF PUBLIC BENEFIT.—If, within 20 years after completion of construction of an academic facility which has been constructed, in part with a grant under part A of title VII as such part A was in effect prior to the date of enactment of the Higher Education Amendments of 1998, or part B of title VII as such part B was in effect prior to the date of enactment of the Higher Education Amendments of 1992—

''(1) the applicant under such parts as so in effect (or the applicant's successor in title or possession) ceases or fails to be a public or nonprofit institution, or

''(2) the facility ceases to be used as an academic facility, or the facility is used as a facility excluded from the term 'academic facility' (as such term was defined under title VII, as so in effect), unless the Secretary determines that there is good cause for releasing the institution from its obligation,

the United States shall be entitled to recover from such applicant (or successor) an amount which bears to the value of the facility at that time (or so much thereof as constituted an approved project or projects) the same ratio as the amount of Federal grant bore to the cost of the facility financed with the aid of such grant. The value shall be determined by agreement of the parties or by action brought in the United States district court for the district in which such facility is situated.

''(c) PROHIBITION ON USE FOR RELIGION.—Notwithstanding the provisions of subsections (a) and (b), no project assisted with funds under title VII (as in effect prior to the date of enactment of the Higher Education Amendments of 1998) shall ever be used for religious worship or a sectarian activity or for a school or department of divinity.''.

SEC. 105. TECHNICAL AND CONFORMING AMENDMENTS.

(a) CONFORMING AMENDMENTS CORRECTING REFERENCES TO SECTION 1201.—

(1) AGRICULTURE.—

(A) STUDENT INTERNSHIP PROGRAMS.—Section 922 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 2279c) is amended—

(i) in subsection (a)(1)(B)—

(I) by striking ''1201'' and inserting ''101''; and

(II) by striking ''(20 U.S.C. 1141)''; and

(ii) in subsection (b)(1)—

(I) by striking ''1201'' and inserting ''101''; and

(II) by striking ''(20 U.S.C. 1141)''.

(B) AGRICULTURAL SCIENCES EDUCATION.—Section 1417(h)(1)(A) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(h)(1)(A)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(2) ARMED FORCES.—

(A) SCIENCE AND MATHEMATICS EDUCATION IMPROVEMENT PROGRAM.—Section 2193(c)(1) of title 10, United States Code, is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(B) SUPPORT OF SCIENCE, MATHEMATICS, AND ENGINEERING EDUCATION.—Section 2199(2) of title 10, United States Code, is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(C) ALLOWABLE COSTS UNDER DEFENSE CONTRACTS.—Section 841(c)(2) of the National Defense Authorization Act for fiscal year 1994 (10 U.S.C. 2324 note) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(D) ENVIRONMENTAL RESTORATION INSTITUTIONAL GRANTS FOR TRAINING DISLOCATED DEFENSE WORKERS AND YOUNG ADULTS.—Section 1333(i)(3) of the National Defense Authorization Act for fiscal year 1994 (10 U.S.C. 2701 note) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(E) ENVIRONMENTAL EDUCATION OPPORTUNITIES PROGRAM.—Section 1334(k)(3) of the National Defense Authorization Act for fiscal year 1994 (10 U.S.C. 2701 note) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(F) ENVIRONMENTAL SCHOLARSHIP AND FELLOWSHIP PROGRAMS.—Section 4451(b)(1) of the National Defense Authorization Act for 1993 (10 U.S.C. 2701 note) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(3) APPLICATION OF ANTITRUST LAWS TO AWARD OF NEED-BASED EDUCATIONAL AID.—Section 568(c)(3) of the Improving America's Schools Act of 1994 (15 U.S.C. 1 note) is amended—

(A) by striking ''1201(a)'' and inserting ''101(a)''; and

(B) by striking ''(20 U.S.C. 1141(a))''.

(4) RESTRICTIONS ON FORMER OFFICERS, EMPLOYEES, AND ELECTED OFFICIALS OF THE EXECUTIVE AND LEGISLATIVE BRANCHES.—Section 207(j)(2)(B) of title 18, United States Code, is amended by striking ''1201(a)'' and inserting ''101(a)''.

(5) EDUCATION.—

(A) HIGHER EDUCATION AMENDMENTS OF 1992.—Section 1(c) of the Higher Education Amendments of 1992 (20 U.S.C. 1001 note) is amended by striking ''1201'' and inserting ''101''.

(B) PART F DEFINITIONS.—Section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088) is amended—

(i) in subsection (a)—

(I) in the matter preceding paragraph (1)(A), by striking ''1201(a)'' and inserting ''101(a)'';

(II) in paragraph (1)(C), by striking ''1201(a)'' and inserting ''101(a)'';

(III) in the first sentence of the matter preceding clause (i) of paragraph (2)(A), by striking ''1201(a)'' and inserting ''101(a)''; and

(IV) in the matter following paragraph (2)(B)(ii), by striking ''1201(a)'' and inserting ''101(a)'';

(ii) in subsection (b)—

(I) in the first sentence—

(aa) in paragraph (2), by striking ''1201(a)'' and inserting ''101(a)''; and

(bb) in paragraph (3), by striking ''1201(a)'' and inserting ''101(a)''; and

(II) in the second sentence, by striking ''1201(a)'' and inserting ''101(a)''; and

(iii) in subsection (c)—

(I) in the first sentence, by striking ''1201(a)'' and inserting ''101(a)''; and

(II) in the second sentence, by striking ''1201(a)'' and inserting ''101(a)''.

(C) TREATMENT OF BRANCHES.—Section 498(j)(2) of the Higher Education Act of 1965 (20 U.S.C. 1099c(j)(2)) is amended by striking ''1201(a)(2)'' and inserting ''101(a)(2)''.

(D) INTERNATIONAL EDUCATION PROGRAMS.—Section 631(a)(8) of the Higher Education Act of 1965 (20 U.S.C. 1132(a)(8)) is amended by striking ''1201(a)'' each place it appears and inserting ''101(a)''.

(E) DWIGHT D. EISENHOWER LEADERSHIP PROGRAM.—Section 1081(d) of the Higher Education Act of 1965 (20 U.S.C. 1135f(d)) is amended by striking ''1201'' and inserting ''101''.

(F) DISCLOSURE REQUIREMENTS.—Section 429(d)(2)(B)(ii) of the General Education Provisions Act (20 U.S.C. 1228c(d)(2)(B)(ii)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(G) HARRY S. TRUMAN SCHOLARSHIPS.—Section 3(4) of the Harry S. Truman Memorial Scholarship Act (20 U.S.C. 2002(4)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(H) TECH-PREP EDUCATION.—Section 347(2)(A) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2394e(2)(A)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(I) EDUCATION FOR ECONOMIC SECURITY.—Section 3(6) of the Education for Economic Security Act (20 U.S.C. 3902(6)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(J) JAMES MADISON MEMORIAL FELLOWSHIPS.—Section 815 of the James Madison Memorial Fellowship Act (20 U.S.C. 4514) is amended—

(i) in paragraph (3), by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) in paragraph (4), by striking ''1201(d) of the Higher Education Act of 1965'' and inserting ''14101 of the Elementary and Secondary Education Act of 1965''.

(K) BARRY GOLDWATER SCHOLARSHIPS.—Section 1403(4) of the Barry Goldwater Scholarship and Excellence in Education Act (20 U.S.C. 4702(4)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(L) MORRIS K. UDALL SCHOLARSHIPS.—Section 4(6) of the Morris K. Udall Scholarship and Excellence in National Environmental and Native American Public Policy Act of 1992 (20 U.S.C. 5602(6)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(M) BILINGUAL EDUCATION, AND LANGUAGE ENHANCEMENT AND ACQUISITION.—Section 7501(4) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7601(4)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(N) GENERAL DEFINITIONS.—Section 14101(17) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801(17)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(O) NATIONAL EDUCATION STATISTICS.—Section 402(c)(3) of the National Education Statistics Act of 1994 (20 U.S.C. 9001(c)(3)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(6) FOREIGN RELATIONS.—

(A) ENVIRONMENT AND SUSTAINABLE DEVELOPMENT EXCHANGE PROGRAM.—Section 240(d) of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (22 U.S.C. 2452 note) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(B) SAMANTHA SMITH MEMORIAL EXCHANGE PROGRAM.—Section 112(a)(8) of the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2460(a)(8)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(C) SOVIET-EASTERN EUROPEAN TRAINING.—Section 803(1) of the Soviet-Eastern European Research and Training Act of 1983 (22 U.S.C. 4502(1)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(D) DEVELOPING COUNTRY SCHOLARSHIPS.—Section 603(d) of the Foreign Relations Authorization Act, Fiscal Years 1986 and 1987 (22 U.S.C. 4703(d)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(7) INDIANS.—

(A) SNYDER ACT.—The last paragraph of section 410 of the Act entitled ''An Act authorizing appropriations and expenditures for the administration of Indian Affairs, and for other purposes'', approved November 2, 1921 (25 U.S.C. 13) (commonly known as the Snyder Act) is amended by striking ''1201'' and inserting ''101''.

(B) TRIBALLY CONTROLLED COMMUNITY COLLEGE ASSISTANCE.—Section 2(a)(5) of the Tribally Controlled Community College Assistance Act (25 U.S.C. 1801(a)(5)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(C) CONSTRUCTION OF NEW FACILITIES.—Section 113(b)(2) of the Tribally Controlled Community College Assistance Act (25 U.S.C. 1813(b)(2)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(D) AMERICAN INDIAN TEACHER TRAINING.—Section 1371(a)(1)(B) of the Higher Education Amendments of 1992 (25 U.S.C. 3371(a)(1)(B)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(8) LABOR.—

(A) REHABILITATION DEFINITIONS.—Section 7(32) of the Rehabilitation Act of 1973 (29 U.S.C. 706(32)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(B) STATE PLANS.—Section 101(a)(7)(A)(iv)(II) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(7)(A)(iv)(II)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(C) JTPA DEFINITIONS.—Section 4(12) of the Job Training Partnership Act (29 U.S.C. 1503(12)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(D) TUITION CHARGES.—Section 141(d)(3)(B) of the Job Training Partnership Act (29 U.S.C. 1551(d)(3)(B)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(9) SURFACE MINING CONTROL.—Section 701(32) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1291(32)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(10) POLLUTION PREVENTION.—Section 112(a)(1) of the Federal Water Pollution Control Act (33 U.S.C. 1262(a)(1)) is amended by striking ''1201'' and inserting ''101''.

(11) POSTAL SERVICE.—Section 3626(b)(3) of title 39, United States Code, is amended—

(A) by striking ''1201(a)'' and inserting ''101(a)''; and

(B) by striking ''(20 U.S.C. 1141(a))''.

(12) PUBLIC HEALTH AND WELFARE.—

(A) SCIENTIFIC AND TECHNICAL EDUCATION.—Section 3(g) of the Scientific and Advanced-Technology Act of 1992 (42 U.S.C. 1862i(g)) is amended—

(i) in paragraph (2)—

(I) by striking ''1201(a)'' and inserting ''101(a)''; and

(II) by striking ''(20 U.S.C. 1141(a))''; and

(ii) in paragraph (3)—

(I) by striking ''1201(a)'' and inserting ''101(a)''; and

(II) by striking ''(20 U.S.C. 1141(a))''.

(B) OLDER AMERICANS.—Section 102(32) of the Older Americans Act of 1965 (42 U.S.C. 3002(32)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(C) JUSTICE SYSTEM IMPROVEMENT.—Section 901(17) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3791(17)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(D) ENERGY TECHNOLOGY COMMERCIALIZATION SERVICES PROGRAM.—Section 362(f)(5)(A) of the Energy Policy and Conservation Act (42 U.S.C. 6322(f)(5)(A)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(E) ENVIRONMENTAL RESTORATION AND WASTE MANAGEMENT.—Section 3132(b)(1) of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (42 U.S.C. 7274e(b)(1)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(F) HEAD START.—Section 649(c)(3) of the Head Start Act (42 U.S.C. 9844(c)(3)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(G) STATE DEPENDENT CARE DEVELOPMENT GRANTS.—Section 670G(5) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9877(5)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(H) INSTRUCTIONAL ACTIVITIES FOR LOW-INCOME YOUTH.—The matter preceding subparagraph (A) of section 682(b)(1) of the Community Services Block Grant Act (42 U.S.C. 9910c(b)(1)) is amended by striking ''1201(a)'' and inserting ''101(a)''.

(I) DRUG ABUSE EDUCATION.—Section 3601(7) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11851(7)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(J) NATIONAL AND COMMUNITY SERVICE.—Section 101(13) of the National and Community Service Act of 1990 (42 U.S.C. 12511(13)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(K) CIVILIAN COMMUNITY CORPS.—Section 166(6) of the National and Community Service Act of 1990 (42 U.S.C. 12626(6)) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(L) COMMUNITY SCHOOLS YOUTH SERVICES AND SUPERVISION GRANT PROGRAM.—The definition of public school in section 30401(b) of the Community Schools Youth Services and Supervision Grant Program Act of 1994 (42 U.S.C. 13791(b)) is amended—

(i) by striking ''1201'' each place it appears and inserting ''101''; and

(ii) by striking ''(20 U.S.C. 1141(i))''.

(M) POLICE CORPS.—The definition of institution of higher education in section 200103 of the Police Corps Act (42 U.S.C. 14092) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(N) LAW ENFORCEMENT SCHOLARSHIP PROGRAM.—The definition of institution of higher education in section 200202 of the Law Enforcement Scholarship and Recruitment Act (42 U.S.C. 14111) is amended—

(i) by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) by striking ''(20 U.S.C. 1141(a))''.

(13) TELECOMMUNICATIONS.—Section 223(h)(4) of the Telecommunications Act of 1934 (47 U.S.C. 223(h)(4)) is amended—

(A) by striking ''1201'' and inserting ''101''; and

(B) by striking ''(20 U.S.C. 1141)''.

(14) WAR AND NATIONAL DEFENSE.—Section 808(3) of the David L. Boren National Security Education Act of 1991 (50 U.S.C. 1908(3)) is amended—

(A) by striking ''1201(a)'' and inserting ''101(a)''; and

(B) by striking ''(20 U.S.C. 1141(a))''.

(b) CROSS REFERENCES.—The Act (20 U.S.C. 1001 et seq.) is amended—

(1) in section 402A(c)(2) (20 U.S.C. 1070a–11(c)(2)), by striking ''1210'' and inserting ''110'';

(2) in section 481 (20 U.S.C. 1088)—

(A) in subsection (a)—

(i) in paragraph (1)—

(I) in the matter preceding subparagraph (A), by striking ''1201(a)'' and inserting ''101(a)''; and

(II) in subparagraph (C), by striking ''1201(a)'' and inserting ''101(a)''; and

(ii) in paragraph (2)—

(I) in the matter preceding clause (i) of subparagraph (A), by striking ''1201(a)'' and inserting ''101(a)''; and

(II) in the matter following clause (ii) of subparagraph (B), by striking ''1201(a)'' and inserting ''101(a)'';

(B) in subsection (b), by striking ''1201(a)'' each place the term appears and inserting ''101(a)''; and

(C) in subsection (c), by striking ''1201(a)'' each place the term appears and inserting ''101(a)'';

(3) in section 485(f)(1)(I) (20 U.S.C. 1092(f)(1)(I)), by striking ''1213'' and inserting ''111'';

(4) in section 498(j)(2) (20 U.S.C. 1099c(j)(2)), by striking ''1201(a)(2)'' and inserting ''101(a)(2)'';

(5) in section 591(d)(2) (20 U.S.C. 1115(d)(2)), by striking ''1201(a)'' and inserting ''101(a)'';

(6) in section 631(a)(8) (20 U.S.C. 1132(a)(8))—

(A) by striking ''section 1201(a)'' each place the term appears and inserting ''section 101(a)''; and

(B) by striking ''of 1201(a)'' and inserting ''of section 101(a)''; and

(7) in section 1081(d) (20 U.S.C. 1135f(d)), by striking ''1201'' and inserting ''101(a)''.

TITLE II—IMPROVING TEACHER QUALITY

SEC. 201. IMPROVING TEACHER QUALITY.

The Act (20 U.S.C. 1001) is amended by inserting after section 112 (as added by section 104) the following:

''TITLE II—IMPROVING TEACHER QUALITY

''SEC. 201. PURPOSES.

''The purpose of this title is to—

''(1) improve student achievement;

''(2) improve the quality of the current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities; and

''(3) hold institutions of higher education accountable for preparing teachers who have the necessary teaching skills and are highly competent in the academic content areas in which the teachers plan to teach, including training in the effective uses of technologies in the classroom.

''PART A—TEACHER QUALITY

''Subpart 1—Teacher Quality Enhancement Grants

''SEC. 211. GRANTS AUTHORIZED.

''(a) IN GENERAL.—The Secretary is authorized to award grants to States to enable the States to carry out the activities described in section 212. Each grant may be awarded for a period of not more than 5 years.

''(b) STATE DESIGNATION.—

''(1) IN GENERAL.—A State desiring a grant under this subpart shall, consistent with State law, designate the chief individual or entity in the State responsible for the State supervision of education, to administer the activities assisted under this subpart.

''(2) CONSULTATION.—The individual or entity designated under paragraph (1) shall consult with the Governor, State board of education, or State educational agency, as appropriate.

''(3) CONSTRUCTION.—Nothing in this subpart shall be construed to negate or supersede the legal authority under State law of any State agency, State entity, or State public official over programs that are under the jurisdiction of the agency, entity, or official.

''(c) MATCHING REQUIREMENT.—Each State receiving a grant under this subpart shall provide, from non-Federal sources, an amount equal to ½ of the amount of the grant, in cash or in kind, to carry out the activities supported through the grant.

''SEC. 212. USE OF FUNDS.

''A State that receives a grant under this subpart shall use the grant funds to reform teacher preparation requirements, and to ensure that current and future teachers possess the necessary teaching skills and academic content knowledge in the subject areas in which the teachers are assigned to teach, by carrying out 1 or more of the following activities:

''(1) REFORMS.—Implementing reforms that hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which the teachers plan to teach, which may include the use of rigorous subject matter competency tests and the requirement that a teacher have an academic major in the subject area, or related discipline, in which the teacher plans to teach.

''(2) CERTIFICATION OR LICENSURE REQUIREMENTS.—Reforming teacher certification or licensure requirements to ensure that new teachers have the necessary teaching skills and academic content knowledge in the subject areas in which teachers are assigned to teach.

''(3) ALTERNATIVES TO TRADITIONAL PREPARATION FOR TEACHING.—Providing prospective teachers alternatives to traditional preparation for teaching through programs at colleges of arts and sciences or at nonprofit educational organizations.

''(4) ALTERNATIVE ROUTES.—Funding programs that establish, expand, or improve alternative routes to State certification for highly qualified individuals from other occupations and recent college graduates with records of academic distinction, including support during the initial teaching experience.

''(5) RECRUITMENT; PAY; REMOVAL.—Developing and implementing effective mechanisms to ensure that schools are able to effectively recruit highly qualified teachers, to financially reward those teachers and principals whose students have made significant progress toward high academic performance, such as through performance-based compensation systems and access to ongoing professional development opportunities for teachers and administrators, and to remove teachers who are not qualified.

''(6) INNOVATIVE EFFORTS.—Development and implementation of innovative efforts aimed at reducing the shortage of highly qualified teachers in high poverty urban and rural areas, that may include the recruitment of highly qualified individuals from other occupations through alternative certification programs.

''(7) SOCIAL PROMOTION.—Development and implementation of efforts to address the problem of social promotion and to prepare teachers to effectively address the issues raised by ending the practice of social promotion.

''SEC. 213. COMPETITIVE AWARDS.

''(a) ANNUAL AWARDS; COMPETITIVE BASIS.—The Secretary shall award grants under this subpart annually and on a competitive basis.

''(b) PEER REVIEW PANEL.—The Secretary shall provide the applications submitted by States under section 214 to a peer review panel for evaluation. With respect to each application, the peer review panel shall initially recommend the application for funding or for disapproval.

''(c) PRIORITY.—In recommending applications for funding to the Secretary, the panel shall give priority to applications from States that describe activities that—

''(1) include innovative reforms to hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which the teachers plan to teach; and

''(2) involve the development of innovative efforts aimed at reducing the shortage of highly qualified teachers in high poverty urban and rural areas.

''SEC. 214. APPLICATIONS.

''(a) IN GENERAL.—Each State desiring a grant under this subpart shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may require.

''(b) CONTENT OF APPLICATIONS.—Such application shall include a description of how the State intends to use funds provided under this subpart.

''Subpart 2—Teacher Training Partnerships Grants

''SEC. 221. GRANTS AUTHORIZED.

''(a) IN GENERAL.—The Secretary is authorized to award grants to teacher training partnerships to enable the partnerships to carry out the activities described in section 222. Each grant may be awarded for a period of not more than 5 years.

''(b) DEFINITIONS.—In this part:

''(1) TEACHER TRAINING PARTNERSHIPS.—

''(A) IN GENERAL.—The term 'teacher training partnership' means a partnership that—

''(i) shall include a school of arts and sciences, a school or program of education, a local educational agency, and a kindergarten through grade 12 school;

''(ii) shall include a high need local educational agency or kindergarten through grade 12 school; and

''(iii) may include a State educational agency, a pre-kindergarten program, a nonprofit educational organization, a business, or a teacher organization.

''(B) HIGH NEED.—A local educational agency or kindergarten through grade 12 school shall be considered high need for purposes of subparagraph (A)(ii) if the agency or school serves an area within a State in which there is—

''(i) a large number of individuals from families with incomes below the poverty line;

''(ii) a high percentage of teachers not teaching in the content area in which the teachers were trained to teach; or

''(iii) a high teacher turnover rate.

''(2) KINDERGARTEN THROUGH GRADE 12 SCHOOL.—The term 'kindergarten through grade 12 school' means a school having any one of the grades kindergarten through grade 12.

''(c) PRIORITY.—In awarding grants under this subpart the Secretary shall give priority to partnerships that involve businesses.

''(d) CONSIDERATION.—In awarding grants under this subpart the Secretary shall take into consideration—

''(1) providing an equitable geographic distribution of the grants throughout the United States; and

''(2) the proposed project's potential for creating improvement and positive change.

''(e) MATCHING FUNDS.—Each partnership receiving a grant under this subpart shall provide, from sources other than this subpart, an amount equal to 25 percent of the grant in the first year, 35 percent in the second such year, and 50 percent in each succeeding such year, of the amount of the grant, in cash or in kind, to carry out the activities supported by the grant.

''(f) ONE-TIME AWARD.—A partnership may receive a grant under this section only once.

''SEC. 222. USE OF FUNDS.

''(a) IN GENERAL.—Grant funds under this part shall be used to—

''(1) coordinate with the activities of the Governor, State board of education, and State educational agency, as appropriate;

''(2) provide sustained and high quality preservice clinical experiences including the mentoring of prospective teachers by veteran teachers;

''(3) work with a school of arts and sciences to provide increased academic study in a proposed teaching specialty area, through activities such as—

''(A) restructuring curriculum;

''(B) changing core course requirements;

''(C) increasing liberal arts focus;

''(D) providing preparation for board certification; and

''(E) assessing and improving alternative certification, including mentoring and induction support;

''(4) substantially increasing interaction and 2-way collaboration between—

''(A) faculty at institutions of higher education; and

''(B) new and experienced teachers, principals, and other administrators at elementary schools or secondary schools;

''(5) prepare teachers to use technology effectively in the classroom;

''(6) integrate reliable research-based teaching methods into the curriculum;

''(7) broadly disseminate information on effective practices used by the partnership; and

''(8) provide support, including preparation time, for interaction between faculty at an institution of higher education and classroom teachers.

''(b) SPECIAL RULE.—No individual member of a partnership shall retain more than 50 percent of the funds made available to the partnership under this subpart.

''SEC. 223. APPLICATIONS.

''Each teacher training partnership desiring a grant under this subpart shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each such application shall—

''(1) describe the composition of the partnership and the involvement of each partner in the development of the application;

''(2) contain a needs assessment that includes an analysis of the needs of all the partners with respect to teaching and learning;

''(3) contain a resource assessment that includes—

''(A) an analysis of resources available to the partnership;

''(B) a description of the intended use of the grant funds;

''(C) a description of how the partnership will coordinate with other teacher training or professional development programs, including Federal, State, local, private, and other programs;

''(D) a description of how the activities assisted under this subpart are consistent with educational reform activities that promote student achievement; and

''(E) a description of the commitment of the resources of the partnership to the activities assisted under this subpart, including financial support, faculty participation, and time commitments;

''(4) describe how the partnership will include the participation of the schools, colleges, or departments of arts and sciences within an institution of higher education to ensure the integration of teaching techniques and content in teaching preparation;

''(5) describe how the partnership will restructure and improve teaching, teacher training, and development programs, and how such systemic changes will contribute to increased student achievement;

''(6) describe how the partnership will prepare teachers to work with diverse student populations, including individuals with disabilities and limited English proficient individuals;

''(7) describe how the partnership will prepare teachers to use technology;

''(8) contain a dissemination plan regarding knowledge and information with respect to effective teaching practices, and a description of how such knowledge and information will be implemented in elementary schools or secondary schools as well as institutions of higher education;

''(9) describe the commitment of the partnership to continue the activities assisted under this subpart without grant funds provided under this subpart; and

''(10) describe how the partnership will involve and include parents in the reform process.

''Subpart 3—General Provisions

''SEC. 231. ACCOUNTABILITY AND EVALUATION.

''(a) TEACHER QUALITY ENHANCEMENT GRANTS.—

''(1) ACCOUNTABILITY REPORT.—A State that receives a grant under subpart 1 shall submit an annual accountability report to the Secretary, the Committee on Labor and Human Resources of the Senate, and the Committee on Education and the Workforce of the House of Representatives. Such report shall include a description of the degree to which the State, in using funds provided under subpart 1, has made substantial progress in meeting the following goals:

''(A) STUDENT ACHIEVEMENT.—Increasing student achievement for all students, as measured by increased graduation rates, decreased dropout rates, or higher scores on local, State or other assessments.

''(B) RAISING STANDARDS.—Raising the State academic standards required to enter the teaching profession, including, where appropriate, incentives to incorporate the requirement of an academic major in the subject, or related discipline, in which the teacher plans to teach.

''(C) INITIAL CERTIFICATION OR LICENSURE.—Increasing success in the passage rate for initial State teacher certification or licensure, or increasing numbers of highly qualified individuals being certified or licensed as teachers through alternative programs.

''(D) CORE ACADEMIC SUBJECTS.—(i) Increasing the percentage of secondary school classes taught in core academic subject areas by teachers—

''(I) with academic majors in those areas or in a related field;

''(II) who can demonstrate a high level of competence through rigorous academic subject area tests; or

''(III) who can demonstrate high levels of competence through experience in relevant content areas.

''(ii) Increasing the percentage of elementary school classes taught by teachers—

''(I) with academic majors in the arts and sciences; or

''(II) who can demonstrate high levels of competence through experience in relevant content areas.

''(E) DECREASING SHORTAGES FOR PROFESSIONAL DEVELOPMENT.—Decreasing shortages of qualified teachers in poor urban and rural areas.

''(F) INCREASING OPPORTUNITIES.—Increasing opportunities for enhanced and ongoing professional development that improves the academic content knowledge of teachers in the subject areas in which the teachers are certified to teach or in which the teachers are working toward certification to teach.

''(G) TECHNOLOGY INTEGRATION.—Increasing the number of teachers prepared to integrate technology in the classroom.

''(2) TEACHER QUALIFICATIONS PROVIDED TO PARENT UPON REQUEST.—Any local educational agency that benefits from the activities assisted under subpart 1 shall make available, upon request and in an understandable and uniform format, to any parent of a student attending any school served by the local educational agency, information regarding the qualifications of the student's classroom teacher with regard to the subject matter in which the teacher provides instruction. The local educational agency shall inform parents that the parents are entitled to receive the information upon request.

''(b) TEACHER TRAINING PARTNERSHIP EVALUATION PLAN.—Each teacher training partnership receiving a grant under subpart 2 shall establish an evaluation plan that includes strong performance objectives established in negotiation with the Secretary at the time of the grant award. The plan shall include objectives and measures for—

''(1) increased student achievement for all students as measured by increased graduation rates, decreased dropout rates, or higher scores on local, State, or other assessments for a year compared to student achievement as determined by the rates or scores, as the case may be, for the year prior to the year for which a grant under this part is received;

''(2) increased teacher retention in the first 3 years of a teacher's career;

''(3) increased success in the passage rate for initial State certification or licensure of teachers;

''(4) increased percentages of secondary school classes taught in core academic subject areas by teachers—

''(A) with academic majors in those areas or in a related field;

''(B) who can demonstrate a high level of competence through rigorous academic subject area tests; and

''(C) increasing the percentage of elementary school classes taught by teachers with academic majors in the arts and sciences;

''(5) increased integration of technology in teacher preparation and in classroom instruction;

''(6) restructuring or change of methodology courses to reflect best practices learned from elementary schools, secondary schools or other entities;

''(7) increased dissemination of information about effective teaching strategies and practices; and

''(8) other effects of increased integration among members of the partnership.

''SEC. 232. REVOCATION OF GRANT.

''Each State or teacher training partnership receiving a grant under this part shall report annually on progress toward meeting the purposes of this part, and the goals, objectives and measures described in section 231. If the Secretary, after consultation with the peer review panel described in section 213(b) determines that the State or partnership is not making substantial progress in meeting the purposes, goals, objectives and measures, as appropriate, by the end of the second year of the grant, the grant shall not be continued for the third year of the grant.

''SEC. 233. EVALUATION AND DISSEMINATION.

''The Secretary shall evaluate the activities funded under this part and report the Secretary's findings to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives. The Secretary shall broadly disseminate successful practices developed by the States and teacher training partnerships under this part, and shall broadly disseminate information regarding such practices so developed that were found to be ineffective.

''SEC. 234. INTERNATIONAL STUDY AND REPORT.

''(a) STUDY.—The Secretary shall conduct a study through the National Center for Education Statistics regarding the ways teachers are trained and the extent to which teachers in the United States and other comparable countries are teaching in areas other than the teachers' field of study or expertise. The study will examine specific fields and will outline the nature and extent of the problem of out-of-field teaching in the United States and in other countries that are considered comparable to the United States. The study shall include, at a minimum, all the countries that participated in the Third International Mathematics and Science Study (TIMSS).

''(b) REPORT.—The Secretary shall report to Congress regarding the results of the study described in subsection (a).

''SEC. 235. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this part $300,000,000 for fiscal year 1999 and such sums as necessary for each of the 4 succeeding fiscal years, of which—

''(1) 50 percent shall be available for each fiscal year to carry out subpart 1; and

''(2) 50 percent shall be available for each fiscal year to carry out subpart 2.

''PART B—RECRUITING NEW TEACHERS FOR UNDERSERVED AREAS

''SEC. 251. STATEMENT OF PURPOSE.

''It is the purpose of this part to—

''(1) provide scholarships and, as necessary, support services for students with high potential

to become effective teachers, particularly minority students;

''(2) increase the quality and number of new teachers nationally; and

''(3) increase the ability of schools in underserved areas to recruit a qualified teaching staff.

''SEC. 252. DEFINITIONS.

''In this part—

''(1) ELIGIBLE PARTNERSHIP.—

''(A) IN GENERAL.—The term 'eligible partnership' means a partnership consisting of—

''(i) an institution of higher education that awards baccalaureate degrees and prepares teachers for their initial entry into the teaching profession; and

''(ii) one or more local educational agencies that serve underserved areas.

''(B) ADDITIONAL PARTNERS.—Such a partnership may also include—

''(i) 2-year institutions of higher education that operate teacher preparation programs and maintain articulation agreements, with the institutions of higher education that award baccalaureate degrees for the transfer of credits in teacher preparation;

''(ii) State agencies that have responsibility for policies related to teacher preparation and teacher certification or licensure; and

''(iii) other public and private, nonprofit agencies and organizations that serve, or are located in, communities served by the local educational agencies in the partnership, and that have an interest in teacher recruitment, preparation, and induction.

''(2) SUPPORT SERVICES.—The term 'support services' means—

''(A) academic advice and counseling;

''(B) tutorial services;

''(C) mentoring; and

''(D) child care and transportation, if funding for those services cannot be arranged from other sources.

''(3) UNDERSERVED AREA.—The term 'underserved area' means—

''(A) the area served by the 3 local educational agencies in the State that have the highest numbers of children, ages 5 through 17, from families below the poverty level (based on data satisfactory to the Secretary); and

''(B) the area served by any other local educational agency in which the percentage of such children is at least 20 percent, or the number of such children is at least 10,000.

''SEC. 253. GRANT AUTHORITY AND CONDITIONS.

''(a) GRANTS AUTHORIZED.—

''(1) GRANTS.—

''(A) IN GENERAL.—From amounts appropriated under section 262 the Secretary shall award grants, on a competitive basis, to eligible partnerships to enable the eligible partnerships to pay the Federal share of the cost of carrying out the activities described in section 255.

''(B) DURATION.—Each grant awarded under subparagraph (A) shall be awarded for a period not to exceed 5 years.

''(2) CONTINUING ELIGIBILITY; REVIEW OF PROGRESS.—The Secretary shall—

''(A) continue to make grant payments for the second and succeeding years of a grant awarded under this part, only after determining that the eligible partnership is making satisfactory progress in carrying out the activities under the grant; and

''(B) conduct an intensive review of the eligible partnerships's progress under the grant, with the assistance of outside experts, before making grant payments for the fourth year of the grant.

''(3) MAXIMUM NUMBER.—No eligible partnership may receive more than 2 grants under this subsection.

''(b) MATCHING REQUIREMENT.—

''(1) FEDERAL SHARE.—The Federal share of the cost of activities carried out under a grant made under subsection (a) shall not exceed—

''(A) 70 percent of the cost in the first year of the grant;

''(B) 60 percent in the second year;

''(C) 60 percent in the third year;

''(D) 50 percent in the fourth year; and

''(E) 50 percent in the fifth year and any succeeding year (including each year of the second grant, if any).

''(2) NON-FEDERAL SHARE.—The non-Federal share of activities carried out with a grant under subsection (a) may be provided in cash or in kind, fairly evaluated, and may be obtained from any non-Federal public or private source.

''(c) PLANNING GRANTS.—

''(1) IN GENERAL.—The Secretary may award planning grants to eligible partnerships that are not ready to implement programs under subsection (a).

''(2) DURATION.—Each planning grant shall be for a period of not more than 1 year, which shall be in addition to the period of any grant under subsection (a).

''(3) REQUIREMENT.—Any recipient of a planning grant under this subsection that wishes to receive a grant under subsection (a)(1) shall separately apply for a grant under that subsection.

''SEC. 254. GRANT APPLICATIONS.

''(a) APPLICATIONS REQUIRED.—Any eligible partnership desiring to receive a grant under this part shall submit an application to the Secretary at such time, in such form, and containing such information as the Secretary may require.

''(b) APPLICATION CONTENTS.—Each application for a grant under section 253(a) shall include—

''(1) a designation of the institution or agency, within the eligible partnership, that will serve as the fiscal agent for the grant;

''(2) information on the quality of the teacher preparation program of the institution of higher education participating in the eligible partnership and how the eligible partnership will ensure, through improvements in the eligible partnership's teacher preparation practices or other appropriate strategies, that scholarship recipients will receive high-quality preparation;

''(3) a description of the assessment the members of the eligible partnership have undertaken—

''(A) to determine—

''(i) the most critical needs of the local educational agencies, particularly the needs of schools in high-poverty areas, for new teachers (which may include teachers in particular subject areas or at certain grade levels); and

''(ii) how the project carried out under the grant will address those needs; and

''(B) that reflects the input of all significant entities in the community (including organizations representing teachers and parents) that have an interest in teacher recruitment, preparation, and induction;

''(4) a description of the project the eligible partnership will carry out with the grant, including information regarding—

''(A) the recruitment and outreach efforts the eligible partnership will undertake to publicize the availability of scholarships and other assistance under the program;

''(B)(i) the number and types of students that the eligible partnership will serve under the program, which may include education paraprofessionals seeking to achieve full teacher certification or licensure; teachers whom the partner local educational agencies have hired under emergency certification or licensure procedures; or former military personnel, mid-career professionals, or AmeriCorps or Peace Corps volunteers, who desire to enter teaching; and

''(ii) the criteria that the eligible partnership will use in selecting the students, including criteria to determine whether individuals have the capacity to benefit from the program, complete teacher certification requirements, and become effective teachers;

''(C) the activities the eligible partnership will carry out under the grant, including a description of, and justification for, any support services the institution of higher education participating in the eligible partnership will offer to participating students;

''(D) the number and funding range of the scholarships the institution will provide to students; and

''(E) the procedures the institution will establish for entering into, and enforcing, agreements with scholarship recipients regarding the recipients' fulfillment of the service commitment described in section 259;

''(5) a description of how the institution will use funds provided under the grant only—

''(A) to increase the number of students—

''(i) with high potential to be effective teachers;

''(ii) participating in the institution's teacher preparation programs; or

''(iii) in the particular type or types of preparation programs that the grant will support; or

''(B) to increase the number of graduates, who are minority individuals, with high potential to be effective teachers;

''(6) a description of the commitments, by the local educational agencies participating in the partnership, to hire qualified scholarship recipients in the schools served by the agencies and in the subject areas or grade levels for which the scholarship recipients will be trained, and a description of the actions the participating institution of higher education, the participating local educational agencies, and the other partners will take to facilitate the successful transition of the recipients into teaching; and

''(7) a description of the eligible partnership's plan for institutionalizing the activities the partnership is carrying out under this part, so that the activities will continue once Federal funding ceases.

''SEC. 255. USES OF FUNDS.

''(a) IN GENERAL.—Each eligible partnership receiving a grant under section 523(a) shall use the grant funds for the following:

''(1) SCHOLARSHIPS.—Scholarships to help students pay the costs of tuition, room, board, and other expenses of completing a teacher preparation program.

''(2) SUPPORT SERVICES.—Support services, if needed to enable scholarship recipients to complete postsecondary education programs.

''(3) FOLLOWUP SERVICES.—Followup services provided to former scholarship recipients during the recipients' first 3 years of teaching.

''(4) PAYMENTS.—Payments to partner local educational agencies, if needed to enable the agencies to permit paraprofessional staff to participate in teacher preparation programs (such as the cost of release time for the staff).

''(5) ADDITIONAL COURSES.—If appropriate, and if no other funds are available for, paying the costs of additional courses taken by former scholarship recipients during the recipients' initial 3 years of teaching.

''(b) PLANNING GRANTS.—A recipient of a planning grant under section 253(c) shall use the grant funds for the costs of planning for the implementation of a grant under section 253(a).

''SEC. 256. SELECTION OF APPLICANTS.

''(a) PEER REVIEW.—The Secretary, using a peer review process, shall select eligible partnerships to receive funding under this part on the basis of—

''(1) the quality of the teacher preparation program offered by the institution participating in the partnership;

''(2) the quality of the program carried out under the application; and

''(3) the capacity of the partnership to carry out the grant successfully.

''(b) CRITERIA.—

''(1) IN GENERAL.—In awarding grants under section 253(a), the Secretary shall seek to ensure that—

''(A) in the aggregate, eligible partnerships carry out a variety of approaches to preparing new teachers; and

''(B) there is an equitable geographic distribution of the grants.

''(2) SPECIAL CONSIDERATION.—In addition to complying with paragraph (1), the Secretary shall give special consideration to—

''(A) applications most likely to result in the preparation of increased numbers of individuals with high potential for effective teaching who are minority individuals; and

''(B) applications from partnerships that have as members of the partnerships historically Black colleges and universities, Hispanic-serving institutions, and Tribal Colleges and Universities.

''(c) SECOND FIVE-YEAR GRANTS.—In selecting eligible partnerships to receive second year grant payments under this part, the Secretary shall give a preference to eligible partnerships whose projects have resulted in—

''(1) the placement and retention of a substantial number of high-quality graduates in teaching positions in underserved, high-poverty schools;

''(2) the adoption of effective programs that meet the teacher preparation needs of high-poverty urban and rural areas; and

''(3) effective partnerships with elementary schools and secondary schools that are supporting improvements in student achievement.

''SEC. 257. DURATION AND AMOUNT OF ASSISTANCE; RELATION TO OTHER ASSISTANCE.

''(a) DURATION OF ASSISTANCE.—No individual may receive scholarship assistance under this part—

''(1) for more than 5 years of postsecondary education; and

''(2) unless that individual satisfies the requirements of section 484(a)(5).

''(b) AMOUNT OF ASSISTANCE.—No individual may receive a scholarship awarded under this part that exceeds the cost of attendance, as defined in section 472, at the institution of higher education the individual is attending.

''(c) RELATION TO OTHER ASSISTANCE.—A scholarship awarded under this part—

''(1) shall not be reduced on the basis of the individual's receipt of other forms of Federal student financial assistance; and

''(2) shall be regarded as other financial assistance available to the student, within the meaning of sections 471(3) and 480(j)(1), in determining the student's eligibility for grant, loan, or work assistance under title IV.

''SEC. 258. SCHOLARSHIP CONDITIONS.

''(a) IN GENERAL.—A recipient of a scholarship under this part shall continue to receive the scholarship assistance only as long as the recipient is—

''(1) enrolled as a full-time student and pursuing a course of study leading to teacher certification, unless the recipient is working in a public school (as a paraprofessional, or as a teacher under emergency credentials) while participating in the program; and

''(2) maintaining satisfactory progress as determined by the institution of higher education participating in the partnership.

''(b) SPECIAL RULE. Each eligible partnership shall modify the application of section 257(a)(1) and of subsection (a)(1) to the extent necessary to accommodate the rights of individuals with disabilities under section 504 of the Rehabilitation Act of 1973.

''SEC. 259. SERVICE REQUIREMENTS.

''(a) REQUIREMENT.—Each eligible partnership receiving a grant under this part shall enter into an agreement, with each student to whom the partnership awards a scholarship under this part, providing that a scholarship recipient who completes a teacher preparation program under this part shall, within 7 years of completing that program, teach full-time for at least 5 years in a high-poverty school in an underserved geographic area or repay the amount of the scholarship, under the terms and conditions established by the Secretary.

''(b) REGULATIONS. The Secretary shall prescribe regulations relating to the requirements of subsection (a), including any provisions for waiver of those requirements.

''SEC. 260. EVALUATION.

''The Secretary shall provide for an evaluation of the program carried out under this part, which shall asses such issues as—

''(1) whether institutions participating in the eligible partnerships are successful in preparing scholarship recipients to teach to high State and local standards;

''(2) whether scholarship recipients are successful in completing teacher preparation programs, becoming fully certified teachers, and obtaining teaching positions in underserved areas, and whether the recipients continue teaching in those areas over a period of years;

''(3) the national impact of the program in assisting local educational agencies in underserved areas to recruit, prepare, and retain diverse, high-quality teachers in the areas in which the agencies have the greatest needs;

''(4) the long-term impact of the grants on teacher preparation programs conducted by institutions of higher education participating in the eligible partnership and on the institutions' relationships with their partner local educational agencies and other members of the partnership; and

''(5) the relative effectiveness of different approaches for preparing new teachers to teach in underserved areas, including their effectiveness in preparing new teachers to teach to high content and performance standards.

''SEC. 261. NATIONAL ACTIVITIES.

''The Secretary may reserve not more than 5 percent of the funds appropriated for this part for any fiscal year for—

''(1) peer review of applications;

''(2) conducting the evaluation required under section 260; and

''(3) technical assistance.

''SEC. 262. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this part $37,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

TITLE III—INSTITUTIONAL AID

SEC. 301. TRANSFERS AND REDESIGNATIONS.

(a) IN GENERAL.—Title III (20 U.S.C. 1051 et seq.) is amended—

(1) by redesignating part D as part F;

(2) by redesignating sections 351, 352, 353, 354, 356, 357, 358, and 360 (20 U.S.C. 1066, 1067, 1068, 1069, 1069b, 1069c, 1069d, and 1069f) as sections 391, 392, 393, 394, 395, 396, 397, and 398, respectively;

(3) by transferring part B of title VII (20 U.S.C. 1132c et seq.) to title III to follow part C of title III (20 U.S.C. 1065 et seq.), and redesignating such part B as part D;

(4) by redesignating sections 721 through 728 (20 U.S.C. 1132c and 1132c–7) as sections 341 through 348, respectively;

(5) by transferring subparts 1 and 3 of part B of title X (20 U.S.C. 1135b et seq. and 1135d et seq.) to title III to follow part D of title III (as redesignated by paragraph (3)), and redesignating such subpart 3 as subpart 2;

(6) by inserting after part D of title III (as redesignated by paragraph (3)) the following:

''**PART E—MINORITY SCIENCE IMPROVEMENT PROGRAM**'';

(7) by redesignating sections 1021 through 1024 (20 U.S.C. 1135b and 1135b–3), and sections 1041, 1042, 1043, 1044, 1046, and 1047 (20 U.S.C. 1135d, 1135d–1, 1135d–2, 1135d–3, 1135d–5, and 1135d–6) as sections 351 through 354, and sections 361, 362, 363, 364, 365, and 366, respectively; and

(8) by repealing section 366 (as redesignated by paragraph (7)) (20 U.S.C. 1135d–6).

(b) CONFORMING AMENDMENT.—Section 361 (as redesignated by subsection (a)(7)) (20 U.S.C. 1135d) is amended—

(1) in paragraph (1), by inserting ''and'' after the semicolon;

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

(3) by striking paragraph (3).

(c) CROSS REFERENCES.—Title III (20 U.S.C. 1051 et seq.) is amended—

(1) in section 311(b) (20 U.S.C. 1057(b)), by striking ''360(a)(1)'' and inserting ''398(a)(1)'';

(2) in section 312 (20 U.S.C. 1058)—

(A) in subsection (b)(1)(B), by striking ''352(b)'' and inserting ''392(b)''; and

(B) in subsection (c)(2), by striking ''352(a)'' and inserting ''392(a)'';

(3) in section 313(b) (20 U.S.C. 1059(b)), by striking ''354(a)(1)'' and inserting ''394(a)(1)'';

(4) in section 342 (as redesignated by subsection (a)(4)) (20 U.S.C. 1132c–1)—

(A) in paragraph (3), by striking ''723(b)'' and inserting ''343(b)'';

(B) in paragraph (4), by striking ''723'' and inserting ''343'';

(C) in the matter preceding subparagraph (A) of paragraph (5), by striking ''724(b)'' and inserting ''344(b)'';

(D) in paragraph (8), by striking ''725(1)'' and inserting ''345(1)''; and

(E) in paragraph (9), by striking ''727'' and inserting ''347'';

(5) in section 343 (as redesignated by subsection (a)(4)) (20 U.S.C. 1132c–2)—

(A) in subsection (a), by striking ''724'' and inserting ''344''; and

(B) in subsection (b)—

(i) in the matter preceding paragraph (1), by striking ''725(1) and 726'' and inserting ''345(1) and 346'';

(ii) in paragraph (10), by striking ''724'' and inserting ''344''; and

(iii) in subsection (d), by striking ''723(c)(1)'' and inserting ''343(c)(1)'';

(6) in section 345(2) (as redesignated by subsection (a)(4)) (20 U.S.C. 1132c–4(2)), by striking ''723'' and inserting ''343'';

(7) in section 348 (as redesignated by subsection (a)(4)) (20 U.S.C. 1132c–7), by striking ''725(1)'' and inserting ''345(1)'';

(8) in section 353(a) (as redesignated by subsection (a)(7)) (20 U.S.C. 1135b–2(a))—

(A) in paragraph (1), by striking ''1046(6)'' and inserting ''365(6)'';

(B) in paragraph (2), by striking ''1046(7)'' and inserting ''365(7)'';

(C) in paragraph (3), by striking ''1046(8)'' and inserting ''365(8)''; and

(D) in paragraph (4), by striking ''1046(9)'' and inserting ''365(9)'';

(9) in section 361(1) (as redesignated by subsection (a)(7)) (20 U.S.C. 1135d(1)), by striking ''1046(3)'' and inserting ''365(3)'';

(10) in section 362(a) (as redesignated by subsection (a)(7)) (20 U.S.C. 1135d–1(a))—

(A) in the matter preceding paragraph (1), by striking ''1041'' and inserting ''361''; and

(B) in paragraph (1), by striking ''1021(b)'' and inserting ''351(b)''; and

(11) in section 391(b)(6) (as redesignated by subsection (a)(2)), by striking ''357'' and inserting ''396''.

SEC. 302. FINDINGS.

Section 301(a) (20 U.S.C. 1051(a)) is amended—

(1) by redesignating paragraphs (3) through (7) as paragraphs (4) through (8), respectively; and

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

''(3) in order to be competitive and provide a high-quality education for all, institutions of higher education should improve their technological capacity and make effective use of technology;''.

SEC. 303. STRENGTHENING INSTITUTIONS.

(a) GRANTS.—Section 311 (20 U.S.C. 1057) is amended—

(1) in subsection (b)(3)(D), by inserting '', including high technology equipment,'' after ''equipment''; and

(2) by adding at the end the following:

''(c) ENDOWMENT FUND.—

''(1) IN GENERAL.—An eligible institution may use not more than 20 percent of the grant funds

provided under this part to establish or increase an endowment fund at such institution.

''(2) MATCHING REQUIREMENT.—In order to be eligible to use grant funds in accordance with paragraph (1), the eligible institution shall provide matching funds, in an amount equal to the Federal funds used in accordance with paragraph (1), for the establishment or increase of the endowment fund.

''(3) COMPARABILITY.—The provisions of part C, regarding the establishment or increase of an endowment fund, that the Secretary determines are not inconsistent with this subsection, shall apply to funds used under paragraph (1).''.

(b) DURATION OF GRANT.—Section 313 (20 U.S.C. 1059) is amended by adding at the end the following:

''(d) WAIT-OUT-PERIOD.—Each eligible institution that received a grant under this part for a 5-year period shall not be eligible to receive an additional grant under this part until 2 years after the date on which the 5-year grant period terminates.

(c) AMERICAN INDIAN TRIBALLY CONTROLLED COLLEGES AND UNIVERSITIES.—Section 316 (20 U.S.C. 1059c) is amended to read as follows:

''SEC. 316. AMERICAN INDIAN TRIBALLY CONTROLLED COLLEGES AND UNIVERSITIES.

''(a) PROGRAM AUTHORIZED.—The Secretary shall provide grants and related assistance to American Indian Tribal Colleges and Universities to enable such institutions to improve and expand their capacity to serve Indian students.

''(b) DEFINITIONS.—In this section:

''(1) INDIAN.—The term 'Indian' has the meaning given the term in section 2 of the Tribally Controlled College or University Assistance Act of 1978.

''(2) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 2 of the Tribally Controlled College or University Assistance Act of 1978.

''(3) TRIBAL COLLEGE OR UNIVERSITY.—The term 'Tribal College or University' has the meaning give the term 'tribally controlled college or university' in section 2 of the Tribally Controlled College or University Assistance Act of 1978, and includes an institution listed in the Equity in Educational Land Grant Status Act of 1994.

''(4) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means an institution of higher education as defined in section 1201(a), except that paragraph (2) of such section shall not apply.

''(c) AUTHORIZED ACTIVITIES.—

''(1) IN GENERAL.—Grants awarded under this section shall be used by Tribal Colleges or Universities to assist such institutions to plan, develop, undertake, and carry out activities to improve and expand such institutions' capacity to serve Indian students.

''(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—The activities described in paragraph (1) may include—

''(A) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

''(B) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services;

''(C) support of faculty exchanges, faculty development, and faculty fellowships to assist in attaining advanced degrees in the faculty's field of instruction;

''(D) academic instruction in disciplines in which American Indians are underrepresented;

''(E) purchase of library books, periodicals, and other educational materials, including telecommunications program material;

''(F) tutoring, counseling, and student service programs designed to improve academic success;

''(G) funds management, administrative management, and acquisition of equipment for use in strengthening funds management;

''(H) joint use of facilities, such as laboratories and libraries;

''(I) establishing or improving a development office to strengthen or improve contributions from alumni and the private sector;

''(J) establishing or enhancing a program of teacher education designed to qualify students to teach in elementary schools or secondary schools, with a particular emphasis on teaching American Indian children and youth, that shall include, as part of such program, preparation for teacher certification;

''(K) establishing community outreach programs that encourage American Indian elementary school and secondary school students to develop the academic skills and the interest to pursue postsecondary education;

''(L) other activities proposed in the application submitted pursuant to subsection (d) that—

''(i) contribute to carrying out the activities described in subparagraphs (A) through (K); and

''(ii) are approved by the Secretary as part of the review and acceptance of such application.

''(3) ENDOWMENT FUND.—

''(A) IN GENERAL.—A Tribal College or University may use not more than 20 percent of the grant funds provided under this section to establish or increase an endowment fund at the institution.

''(B) MATCHING REQUIREMENT.—In order to be eligible to use grant funds in accordance with subparagraph (A), the Tribal College or University shall provide matching funds, in an amount equal to the Federal funds used in accordance with subparagraph (A), for the establishment or increase of the endowment fund.

''(C) COMPARABILITY.—The provisions of part C regarding the establishment or increase of an endowment fund, that the Secretary determines are not inconsistent with this paragraph, shall apply to funds used under subparagraph (A).

''(d) APPLICATION PROCESS.—

''(1) INSTITUTIONAL ELIGIBILITY.—To be eligible to receive assistance under this section, a Tribal College or University shall be an institution that—

''(A) is an eligible institution under section 312(b);

''(B) is eligible to receive assistance under the Tribally Controlled College or University Assistance Act of 1978; or

''(C) is eligible to receive funds under the Equity in Educational Land Grant Status Act of 1994.

''(2) APPLICATION.—Any Tribal College or University desiring to receive assistance under this section shall submit an application to the Secretary at such time, and in such manner, as the Secretary may by regulation reasonably require. Each such application shall include—

''(A) a 5-year plan for improving the assistance provided by the Tribal College or University to Indian students, increasing the rates at which Indian secondary school students enroll in higher education, and increasing overall postsecondary retention rates for Indian students; and

''(B) such enrollment data and other information and assurances as the Secretary may require to demonstrate compliance with subparagraph (A) or (B) of paragraph (1).

''(3) SPECIAL RULE.—For the purposes of this part, no Tribal College or University that is eligible for and receives funds under this section may concurrently receive other funds under this part or part B.''.

SEC. 304. STRENGTHENING HBCU's.

(a) GRANTS.—Section 323 (20 U.S.C. 1062) is amended—

(1) by redesignating subsection (b) as subsection (c); and

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

''(b) ENDOWMENT FUND.—

''(1) IN GENERAL.—An institution may use not more than 20 percent of the grant funds provided under this part to establish or increase an endowment fund at the institution.

''(2) MATCHING REQUIREMENT.—In order to be eligible to use grant funds in accordance with paragraph (1), the eligible institution shall provide matching funds, in an amount equal to the Federal funds used in accordance with paragraph (1), for the establishment or increase of the endowment fund.

''(3) COMPARABILITY.—The provisions of part C regarding the establishment or increase of an endowment fund, that the Secretary determines are not inconsistent with this subsection, shall apply to funds used under paragraph (1).''.

(b) PROFESSIONAL OR GRADUATE INSTITUTIONS.—Section 326 (20 U.S.C. 1063b) is amended—

(1) in subsection (a), by adding at the end of paragraph (2) the following: ''If a grant of less than $500,000 is made under this section, matching funds provided from non-Federal sources are not required. If a grant equal to or in excess of $500,000 is made under this section, match funds provided from non-Federal sources are required only with respect to the amount of the grant that exceeds $500,000.''; and

(2) in subsection (e)(1)—

(A) in subparagraph (E), by inserting '', and any Tuskegee University qualified graduate program'' before the semicolon;

(B) in subparagraph (F), by inserting '', and any Xavier University qualified graduate program'' before the semicolon;

(C) in subparagraph (G), by inserting '', and any Southern University qualified graduate program'' before the semicolon;

(D) in subparagraph (H), by inserting '', and any Texas Southern University qualified graduate program'' before the semicolon;

(E) in subparagraph (I), by inserting '', and any Florida A&M University qualified graduate program'' before the semicolon; and

(F) in subparagraph (J), by inserting '', and any North Carolina Central University qualified graduate program'' before the semicolon.

SEC. 305. ENDOWMENT CHALLENGE GRANTS.

Paragraph (2) of section 331(b) (20 U.S.C. 1065(b)) is amended by striking subparagraphs (B) and (C) and inserting the following:

''(B) The Secretary may make a grant under this part to an eligible institution in any fiscal year if the institution—

''(i) applies for a grant in an amount not exceeding $500,000; and

''(ii) has deposited in the eligible institution's endowment fund established under this section an amount which is equal to ½ of the amount of such grant.

''(C) An eligible institution of higher education that is awarded a grant under subparagraph (B) shall not be eligible to receive an additional grant under subparagraph (B) until 10 years after the date on which the grant period terminates.''.

SEC. 306. HBCU CAPITAL FINANCING.

(a) DEFINITION.—Section 342(5) (as redesignated by section 301(a)(4)) (20 U.S.C. 1132c–1(5)) is amended—

(1) by redesignating subparagraphs (B), (C), and (D) as subparagraphs (C), (F), and (G);

(2) by inserting after subparagraph (A) the following:

''(B) a facility for the administration of an educational program, or a student center or student union, except that not more than 5 percent of the loan proceeds provided under this part may be used for the facility, center or union if the facility, center or union is owned, leased, managed, or operated by a private business, that, in return for such use, makes a payment to the eligible institution;'';

(3) by inserting after subparagraph (C) (as redesignated by paragraph (1)) the following:

''(D) a maintenance, storage, or utility facility that is essential to the operation of a facility, a library, a dormitory, equipment, instrumentation, a fixture, real property or an interest therein, described in this paragraph;

''(E) a facility designed to provide primarily outpatient health care for students or faculty;''; and

(4) in subparagraph (G) (as redesignated by paragraph (2)), by striking ''(C)'' and inserting ''(F)''.

(b) FULL FAITH AND CREDIT.—Section 343 (as redesignated by section 301(a)(4)) (20 U.S.C. 1132c–2) is amended by adding at the end the following:

''(e) Notwithstanding any other provision of law, the Secretary may sell a qualified bond guaranteed under this part to any party that offers terms that the Secretary determines are in the best interest of the eligible institution.''.

SEC. 307. MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAM.

Section 365(4) (as redesignated by section 301(a)(7)) (20 U.S.C. 1135d–5(4)) is amended by inserting ''behavioral,'' after ''physical,''.

SEC. 308. GENERAL PROVISIONS.

(a) APPLICATIONS.—Paragraph (1) of section 391(b) (as redesignated by section 301(a)(2)) (20 U.S.C. 1066(b)) is amended by inserting '', D or E'' after ''part C''.

(b) APPLICATION REVIEW PROCESS.—Section 393 (as redesignated by section 301(a)(2)) (20 U.S.C. 1068) is amended by adding at the end the following:

''(d) EXCLUSION.—The provisions of this section shall not apply to applications submitted under part D.''.

(c) WAIVERS.—Paragraph (2) of section 395(b) (as redesignated by section 301(a)(2)) (20 U.S.C. 1069b(b)) is amended by striking ''title IV, VII, or VIII'' and inserting ''part D or title IV''.

(d) AUTHORIZATION OF APPROPRIATIONS.—Section 398(a) (as redesignated by section 301(a)(2)) (20 U.S.C. 1069f) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking ''1993'' and inserting ''1999''; and

(B) in subparagraph (B)—

(i) in clause (i), by striking ''$45,000,000 for fiscal year 1993'' and inserting ''$5,000,000 for fiscal year 1999'';

(ii) by striking clause (ii); and

(iii) by striking ''(B)(i) There'' and inserting ''(B) There'';

(2) in paragraph (2)—

(A) in subparagraph (A), by striking ''1993'' and inserting ''1999''; and

(B) in subparagraph (B), by striking ''$20,000,000 for fiscal year 1993'' and inserting ''$30,000,000 for fiscal year 1999'';

(3) in paragraph (3), by striking ''$50,000,000 for fiscal year 1993'' and inserting ''$10,000,000 for fiscal year 1999''; and

(4) by adding at the end the following:

''(4) PART D.—There are authorized to be appropriated to carry out part D, $110,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

''(5) PART E.—There are authorized to be appropriated to carry out part E, $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

TITLE IV—STUDENT ASSISTANCE

PART A—GRANTS TO STUDENTS IN ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION

SEC. 411. REPEALS AND REDESIGNATIONS.

Title IV (20 U.S.C. 1070 et seq.) is amended—

(1) in part A (20 U.S.C. 1070 et seq.)—

(A) in subpart 2 (20 U.S.C. 1070a–11), by repealing chapters 3 through 8 (20 U.S.C. 1070a–31 et seq. and 1070a–81 et seq.); and

(B) by repealing subpart 8 (20 U.S.C. 1070f); and

(2) in part H (20 U.S.C. 1099a et seq.)—

(A) by repealing subpart 1 (20 U.S.C. 1099a et seq.); and

(B) by redesignating subparts 2 and 3 (20 U.S.C. 1099b et seq. and 1099c et seq.) as subparts 1 and 2, respectively.

SEC. 412. FEDERAL PELL GRANTS.

(a) AMENDMENT TO SUBPART HEADING.—The heading for subpart 1 of part A of title IV (20 U.S.C. 1070a et seq.) is amended by striking ''**Basic Educational Opportunity Grants**'' and inserting ''**Federal Pell Grants**''.

(b) FEDERAL PELL GRANTS.—Section 401 (20 U.S.C. 1070a) is amended—

(1) in the section heading, by striking ''**BASIC EDUCATIONAL OPPORTUNITY GRANTS**'' and inserting ''**FEDERAL PELL GRANTS**'';

(2) in subsection (a)(1)—

(A) in the first sentence, by striking ''shall, during the period beginning July 1, 1972, and ending September 30, 1998,'' and inserting '', for each fiscal year through fiscal year 2004, shall''; and

(B) in the second sentence, by inserting ''until such time as the Secretary determines and publishes in the Federal Register with an opportunity for comment, an alternative payment system that provides payments to institutions in an accurate and timely manner,'' after ''pay eligible students'';

(3) in subsection (b)—

(A) in paragraph (2)(A), by striking clauses (i) through (v), and inserting the following:

''(i) $5,000 for academic year 1999–2000;

''(ii) $5,200 for academic year 2000–2001;

''(iii) $5,400 for academic year 2001–2002;

''(iv) $5,600 for academic year 2002–2003; and

''(v) $5,800 for academic year 2003–2004.'';

(B) by amending paragraph (3) to read as follows:

''(3) For any academic year for which an appropriation Act provides a maximum basic grant in an amount in excess of $2,400, the amount of a student's basic grant shall equal $2,400 plus—

''(A) one-half of the amount by which such maximum basic grant exceeds $2,400; plus

''(B) the lesser of—

''(i) the remaining one-half of such excess; or

''(ii) the sum of the student's tuition, fees, and if the student has dependent care expenses (as described in section 472(8) or disability-related expenses (as described in section 472(9)), an allowance determined by the institution for such expenses.'';

(C) in paragraph (5), by striking ''$400, except'' and all that follows through ''grant of $400'' and insert ''$200''; and

(D) in paragraph (6)—

(i) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(ii) by inserting ''(A)'' after the paragraph designation; and

(iii) by adding at the end the following:

''(B) The Secretary shall promulgate regulations implementing this paragraph.''; and

(4) in subsection (c)—

(A) by amending paragraph (1) to read as follows: ''(1)(A) Except as provided in subparagraph (B), the period during which a student may receive a basic grant shall be the period, required for the completion of the first undergraduate baccalaureate course of study pursued by the student at the institution at which the student is in attendance, that does not exceed 150 percent of the period normally required by a full-time student (or the equivalent period, in the case of a part-time student) to complete the course of study at the institution, as determined by the institution.

''(B) A student may receive basic grants under this subpart for a period that exceeds the period described in subparagraph (A) to the extent the institution in which the student is enrolled determines necessary to accommodate the rights of students with disabilities under section 504 of the Rehabilitation Act of 1973.''; and

(B) in paragraph (2)—

(i) by striking ''Nothing'' and inserting ''(A) Except as provided in subparagraph (B), nothing'';

(ii) by striking ''or, in the case'' and all that follows through ''or skills''; and

(iii) by adding at the end the following:

''(B)(i) A student may receive a basic grant to attend English language instruction that is a separate course of instruction only if—

''(I) students enrolled in such a course are required to take an independently administered standardized test of English language proficiency upon completion of the course; and

''(II) not less than a minimum percentage of such students achieve a passing score on that test.

''(ii) The Secretary shall promulgate regulations that specify 1 or more standardized tests of English proficiency, the minimum percentage of students who must achieve a passing score on the tests, and such other requirements as the Secretary determines are necessary to implement clause (i).''.

SEC. 413. TRIO PROGRAMS.

(a) PROGRAM AUTHORITY.—Section 402A (20 U.S.C. 1070a–11) is amended—

(1) in subsection (b)(3)—

(A) in subparagraph (A), by striking ''$170,000 for fiscal year 1993'' and inserting ''$190,000 for each fiscal year'';

(B) in subparagraph (B), by striking ''$180,000 for fiscal year 1994'' and inserting ''$200,000 for each fiscal year''; and

(C) in subparagraph (C), by striking ''$190,000 for fiscal year 1995'' and inserting ''$210,000 for each fiscal year'';

(2) in subsection (c)(6), by amending the last sentence to read as follows: ''The Secretary shall permit a Director of a program assisted under this chapter to also administer 1 or more additional programs for disadvantaged students operated by the sponsoring entity regardless of the funding source of such additional program.''; and

(3) in subsection (f), by striking ''$650,000,000 for fiscal year 1993'' and inserting ''$700,000,000 for fiscal year 1999''.

(b) TALENT SEARCH.—Section 402B(b)(5) (20 U.S.C. 1070a–12(b)(5)) is amended by inserting '', or activities designed to acquaint individuals from disadvantaged backgrounds with careers in which the individuals are particularly underrepresented'' before the semicolon.

(c) UPWARD BOUND.—Section 402C (20 U.S.C. 1070a–13) is amended—

(1) in subsection (b)—

(A) in paragraph (9), by striking ''and'' after the semicolon;

(B) by redesignating paragraph (10) as paragraph (11);

(C) by inserting after paragraph (9) the following:

''(10) work-study positions where youth participating in the project are exposed to careers requiring a postsecondary degree; and''; and

(D) in paragraph (11) (as redesignated by subparagraph (B)), by striking ''(9)'' and inserting ''(10)''; and

(2) in subsection (e), by striking ''and not in excess of $40 per month during the remaining period of the year.'' and inserting ''except that youth participating in a work-study position under subsection (b)(10) may be paid a stipend of $300 per month during June, July, and August. Youths participating in a project proposed to be carried out under any application may be paid stipends not in excess of $40 per month during the remaining period of the year.''.

(d) STUDENT SUPPORT SERVICES.—Paragraph (6) of section 402D(c) (20 U.S.C. 1070a–14(c)(6)) is amended to read as follows:

''(6) consider, in addition to such other criteria as the Secretary may prescribe, the institution's effort, and where applicable past history, in—

''(A) providing sufficient financial assistance to meet the full financial need of each student at the institution; and

''(B) maintaining the loan burden of each such student at a manageable level.''.

(e) EVALUATION AND DISSEMINATION.—Section 402H (20 U.S.C. 1070a–18) is amended to read as follows:

''SEC. 402H. EVALUATIONS AND GRANTS FOR PROJECT IMPROVEMENT AND DISSEMINATION PARTNERSHIP PROJECTS.

''(a) EVALUATIONS.—

''(1) IN GENERAL.—For the purpose of improving the effectiveness of the programs and projects assisted under this subpart, the Secretary may make grants to or enter into contracts with institutions of higher education and other public and private institutions and organizations to evaluate the effectiveness of the programs and projects assisted under this subpart.

''(2) PRACTICES.—The evaluations described in paragraph (1) shall identify institutional, community, and program or project practices that are particularly effective in enhancing the access of low-income individuals and first-generation college students to postsecondary education, the preparation of the individuals and students for postsecondary education, and the success of the individuals and students in postsecondary education.

''(b) GRANTS.—The Secretary may award grants to institutions of higher education or other private and public institutions and organizations, that are carrying out a program or project assisted under this subpart prior to the date of enactment of the Higher Education Amendments of 1998, to enable the institutions and organizations to expand and leverage the success of such programs or projects by working in partnership with other institutions, community-based organizations, or combinations of such institutions and organizations, that are not receiving assistance under this subpart and are serving low-income students and first generation college students, in order to—

''(1) disseminate and replicate best practices of programs or projects assisted under this subpart; and

''(2) provide technical assistance regarding programs and projects assisted under this subpart.

''(c) RESULTS.—In order to improve overall program or project effectiveness, the results of evaluations and grants described in this section shall be disseminated by the Secretary to similar programs or projects assisted under this subpart, as well as other individuals concerned with postsecondary access for and retention of low-income individuals and first-generation college students.''.

SEC. 414. NATIONAL EARLY INTERVENTION SCHOLARSHIP AND PARTNERSHIP PROGRAM.

Section 404G (20 U.S.C. 1070a–27) is amended by striking ''1993'' and inserting ''1999''.

SEC. 415. FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 413A(b) (20 U.S.C. 1070b) is amended by striking ''$675,000,000 for fiscal year 1993'' and inserting ''$700,000,000 for fiscal year 1999''.

(b) USE OF FUNDS FOR LESS-THAN-FULL-TIME STUDENTS.—Subsection (d) of section 413C (20 U.S.C. 1070b–2) is amended to read as follows:

''(d) USE OF FUNDS FOR LESS-THAN-FULL-TIME STUDENTS.—If the institution's allocation under this subpart is directly or indirectly based in part on the financial need demonstrated by students who are independent students or attending the institution on less than a full-time basis, a reasonable proportion of the allocation shall be made available to such students.''.

(c) CARRYOVER, CARRYBACK, AND REALLOCATION.—Subpart 3 of part A of title IV (20 U.S.C. 1070b et seq.) is amended by adding at the end the following:

''SEC. 413E. CARRYOVER, CARRYBACK, AND REALLOCATION.

''(a) CARRYOVER AUTHORITY.—Of the sums made available to an eligible institution under this subpart for a fiscal year, not more than 10 percent may, at the discretion of the institution, remain available for expenditure during the succeeding fiscal year to carry out the program under this subpart.

''(b) CARRYBACK AUTHORITY.—Of the sums made available to an eligible institution under this subpart for a fiscal year, not more than 10 percent may, at the discretion of the institution, be used by the institution for expenditure for the fiscal year preceding the fiscal year for which the sums were appropriated.

''(c) REALLOCATION.—Any of the sums made available to an eligible institution under this subpart for a fiscal year that are not needed by the institution to award supplemental grants during that fiscal year, that the institution does not wish to use during the succeeding fiscal year as authorized in subsection (a), and that the institution does not wish to use for the preceding fiscal year as authorized in subsection (b), shall be made available to the Secretary for reallocation under section 413D(e) until the end of the second fiscal year after the fiscal year for which such sums were appropriated.''.

SEC. 416. LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM.

(a) AMENDMENT TO SUBPART HEADING.—

(1) IN GENERAL.—The heading for subpart 4 of part A of title IV (20 U.S.C. 1070c et seq.) is amended to read as follows:

''SUBPART 4—LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM''.

(2) CONFORMING AMENDMENTS.—Subpart 4 of part A of title IV (20 U.S.C. 1070c et seq.) is amended—

(A) in section 415B(b) (20 U.S.C. 1070c–1(b)), by striking ''State student grant incentive'' and inserting ''leveraging educational assistance partnership''; and

(B) in the heading for section 415C (20 U.S.C. 1070c–2), by striking ''**STATE STUDENT INCENTIVE GRANT**'' and inserting ''**LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP**''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 415A(b) (20 U.S.C. 1070c(b)) is amended—

(1) in paragraph (1), by striking ''1993'' and inserting ''1999'';

(2) by redesignating paragraph (2) as paragraph (3); and

(3) by inserting after paragraph (1) the following:

''(2) RESERVATION.—For any fiscal year for which the amount appropriated under paragraph (1) exceeds $35,000,000, the excess shall be available to carry out section 415E.''.

(c) SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM.—Subpart 4 of part A of title IV (20 U.S.C. 1070c et seq.) is amended—

(1) by redesignating section 415E as 415F;

(2) by inserting after section 415D the following:

''SEC. 415E. SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM.

''(a) IN GENERAL.—From amounts reserved under section 415A(b)(2) for each fiscal year, the Secretary shall—

''(1) make allotments among States in the same manner as the Secretary makes allotments among States under section 415B; and

''(2) award grants to States, from allotments under paragraph (1), to enable the States to pay the Federal share of the cost of the authorized activities described in subsection (c).

''(b) APPLICABILITY RULE.—The provisions of this subpart which are not inconsistent with this section shall apply to the program authorized by this section.

''(c) AUTHORIZED ACTIVITIES.—Each State receiving a grant under this section may use the grant funds for—

''(1) increasing the dollar amount of grants awarded under section 415B to eligible students who demonstrate financial need;

''(2) carrying out transition programs from secondary school to postsecondary education for eligible students who demonstrate financial need;

''(3) making funds available for community service work-study activities for eligible students who demonstrate financial need;

''(4) creating a postsecondary scholarship program for eligible students who demonstrate financial need and wish to enter teaching;

''(5) creating a scholarship program for eligible students who demonstrate financial need and wish to enter a program of study leading to a degree in mathematics, computer science, or engineering;

''(6) carrying out early intervention programs, mentoring programs, and career education programs for eligible students who demonstrate financial need; and

''(7) awarding merit or academic scholarships to eligible students who demonstrate financial need.

''(d) MAINTENANCE OF EFFORT REQUIREMENT.—Each State receiving a grant under this section for a fiscal year shall provide the Secretary an assurance that the aggregate amount expended per student or the aggregate expenditures by the State, from funds derived from non-Federal sources, for the authorized activities described in subsection (c) for the preceding fiscal year were not less than the amount expended per student or the aggregate expenditures by the State for the activities for the second preceding fiscal year.

''(e) FEDERAL SHARE.—The Federal share of the cost of the authorized activities described in subsection (c) for any fiscal year shall be 33⅓ percent.''; and

(3) by adding at the end the following:

''SEC. 415G. FEDERAL-STATE RELATIONSHIPS; STATE AGREEMENTS.

''(a) IN GENERAL.—Any State that desires to receive assistance under this subpart shall enter into an agreement with the Secretary pursuant to subsection (b) setting forth the terms and conditions for the relationship between the Federal Government and that State for the purposes set forth under this subpart.

''(b) CONTENTS.—

''(1) IN GENERAL.—Such agreement shall consist of assurances by the State, including a description of the means to be used by the State to fulfill the assurances, that—

''(A) the State will provide for such methods of administration as are necessary for the proper and efficient administration of the program under this subpart in keeping with the purposes set forth under this subpart;

''(B) the State will provide for such fiscal control and fund accounting procedures as may be necessary to ensure proper disbursement of, and accounting for, Federal funds paid to the State under this subpart;

''(C) the State will follow policies and practices of administration that will ensure that non-Federal funds will not be supplanted by Federal funds, and that equitable and appropriate criteria will be used in evaluation of applications or proposals for grants under this subpart; and

''(D) the State has a comprehensive planning or policy formulation process that—

''(i) considers the relation between State administration of the program under this subpart, and administration of similar State programs or processes;

''(ii) encourages State policies designed to consider effects on declining enrollments on all sectors of postsecondary education in the State;

''(iii) considers the postsecondary education needs of unserved and underserved individuals within the State, including individuals beyond the traditional college age;

''(iv) considers the resources of institutions, organizations, or agencies (both public and private) within the State capable of providing postsecondary educational opportunities in the State; and

''(v) provides for direct, equitable, and active participation in the comprehensive planning or policy formulation process or processes of representatives of institutions of higher education (including community colleges, proprietary institutions, and independent colleges and universities), students, other providers of postsecondary education services, and the general public in the State.

''(2) SPECIAL RULE.—Participation under paragraph (1)(D)(v) shall, consistent with State

law, be achieved through membership on State planning commissions, State advisory councils, or other State entities established by the State to conduct federally assisted comprehensive planning or policy formulation.

''(c) SPECIAL RULE.—The information and assurances provided by a State in accordance with subparagraphs (A), (B), and (C) of subsection (b)(1), and regulations issued by the Secretary related directly to such assurances, shall be satisfactory for the purposes of, and shall be considered in lieu of, any comparable requirements for information and assurances in any program under this subpart.

''(d) AGREEMENT DURATION; COMPLIANCE.—

''(1) AGREEMENT DURATION.—An agreement of a State shall remain in effect subject to modification as changes in information or circumstances require.

''(2) COMPLIANCE.—Whenever the Secretary, after reasonable notice and opportunity for a hearing has been given to the State, finds that there is a failure to comply substantially with the assurances required in subparagraph (A), (B), or (C) of subsection (b)(1), the Secretary shall notify the State that the State is no longer eligible to participate in the program under this subpart until the Secretary is satisfied that there is no longer any such failure to comply.

''(e) SPECIAL RULES.—

''(1) ENTITIES ENTERING INTO AGREEMENTS.—For the purpose of this section, the selection of the State entity or entities authorized to act on behalf of the State for the purpose of entering into an agreement with the Secretary shall be in accordance with the State law of each individual State with respect to the authority to make legal agreements between the State and the Federal Government.

''(2) CONSTRUCTION.—

''(A) STATE STRUCTURE.—Nothing in this section shall be construed to authorize the Secretary to require any State to adopt, as a condition for entering into an agreement, or for participation in a program under this subpart, a specific State organizational structure for achieving participation in the planning, or administration of programs, or for statewide planning, coordination, governing, regulating, or administering of postsecondary education agencies, institutions, or programs in the State.

''(B) STATE AUTHORITY.—Nothing in this section shall be construed as a limitation on the authority of any State to adopt a State organizational structure for postsecondary education agencies, institutions, or programs that is appropriate to the needs, traditions, and circumstances of that State, or as a limitation on the authority of a State entering into an agreement pursuant to this section to modify the State organizational structure at any time subsequent to entering into such an agreement.''.

(d) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) PURPOSE.—Subsection (a) of section 415A (20 U.S.C. 1070c(a)) is amended to read as follows:

''(a) PURPOSE OF SUBPART.—It is the purpose of this subpart to make incentive grants available to States to assist States in—

''(1) providing grants to—

''(A) eligible students attending institutions of higher education or participating in programs of study abroad that are approved for credit by institutions of higher education at which such students are enrolled; and

''(B) eligible students for campus-based community service work-study; and

''(2) carrying out the activities described in section 415F.''.

(2) ALLOTMENT.—Section 415B(a)(1) (20 U.S.C. 1070c–1(a)(1)) is amended by inserting ''and not reserved under section 415A(b)(2)'' after ''415A(b)(1)''.

SEC. 417. HEP AND CAMP.

Section 418A(g) (20 U.S.C. 1070d–2(g)) is amended—

(1) in paragraph (1), by striking ''$15,000,000 for fiscal year 1993'' and inserting ''$25,000,000 for fiscal year 1999''; and

(2) in paragraph (2), by striking ''$5,000,000 for fiscal year 1993'' and inserting ''$10,000,000 for fiscal year 1999''.

SEC. 418. ROBERT C. BYRD HONORS SCHOLARSHIP PROGRAM.

Section 419K (20 U.S.C. 1070d–41) is amended by striking ''$10,000,000 for fiscal year 1993'' and inserting ''$45,000,000 for fiscal year 1999''.

SEC. 419. CHILD CARE ACCESS MEANS PARENTS IN SCHOOL.

Part A of title IV (20 U.S.C. 1070 et seq.) is amended by inserting after subpart 6 (20 U.S.C. 1070d–31 et seq.) the following:

''Subpart 7—Child Care Access Means Parents in School

''SEC. 419N. CHILD CARE ACCESS MEANS PARENTS IN SCHOOL.

''(a) PURPOSE.—The purpose of this section is to support the participation of low-income parents in postsecondary education through the provision of campus-based child care services.

''(b) PROGRAM AUTHORIZED.—

''(1) AUTHORITY.—The Secretary may award grants to institutions of higher education to assist the institutions in providing campus-based child care services primarily to low-income students.

''(2) AMOUNT OF GRANTS.—

''(A) IN GENERAL.—The amount of a grant awarded to an institution of higher education under this section for a fiscal year shall not exceed 1 percent of the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution of higher education for the preceding fiscal year.

''(B) MINIMUM.—A grant under this section shall be awarded in an amount that is not less than $10,000.

''(3) DURATION; RENEWAL; AND PAYMENTS.—

''(A) DURATION.—The Secretary shall award a grant under this section for a period of 3 years.

''(B) RENEWAL.—A grant under this section may be renewed for a period of 3 years.

''(C) PAYMENTS.—Subject to subsection (e)(2), the Secretary shall make annual grant payments under this section.

''(4) ELIGIBLE INSTITUTIONS.—An institution of higher education shall be eligible to receive a grant under this section for a fiscal year if the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution of higher education for the preceding fiscal year equals or exceeds $350,000.

''(5) USE OF FUNDS.—Grant funds under this section shall be used by an institution of higher education to support or establish a campus-based child care program primarily serving the needs of low-income students enrolled at the institution of higher education.

''(6) CONSTRUCTION.—Nothing in this section shall be construed to prohibit an institution of higher education that receives grant funds under this section from serving the child care needs of the community served by the institution.

''(7) DEFINITION OF LOW-INCOME STUDENT.—For the purpose of this section, the term ''low-income student'' means a student who is eligible to receive a Federal Pell Grant for the fiscal year for which the determination is made.

''(c) APPLICATIONS.—An institution of higher education desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each application shall—

''(1) demonstrate that the institution is an eligible institution described in subsection (b)(4);

''(2) specify the amount of funds requested;

''(3) demonstrate the need of low-income students at the institution for campus-based child care services by including in the application—

''(A) information regarding student demographics;

''(B) an assessment of child care capacity on or near campus;

''(C) information regarding the existence of waiting lists for existing child care;

''(D) information regarding additional needs created by concentrations of poverty or by geographic isolation; and

''(E) other relevant data;

''(4) contain a description of the activities to be assisted, including whether the grant funds will support an existing child care program or a new child care program;

''(5) identify the resources, including technical expertise and financial support, the institution will draw upon to support the child care program and the participation of low-income students in the program, such as accessing social services funding, using student activity fees to help pay the costs of child care, using resources obtained by meeting the needs of parents who are not low-income students, and accessing foundation, corporate or other institutional support, and demonstrate that the use of the resources will not result in increases in student tuition;

''(6) contain an assurance that the institution will meet the child care needs of low-income students through the provision of services, or through a contract for the provision of services;

''(7) describe the extent to which the child care program will coordinate with the institution's early childhood education curriculum, to the extent the curriculum is available, to meet the needs of the students in the early childhood education program at the institution, and the needs of the parents and children participating in the child care program assisted under this section;

''(8) in the case of an institution seeking assistance for a new child care program—

''(A) provide a timeline, covering the period from receipt of the grant through the provision of the child care services, delineating the specific steps the institution will take to achieve the goal of providing low-income students with child care services;

''(B) specify any measures the institution will take to assist low-income students with child care during the period before the institution provides child care services; and

''(C) include a plan for identifying resources needed for the child care services, including space in which to provide child care services, and technical assistance if necessary;

''(9) contain an assurance that any child care facility assisted under this section will meet the applicable State or local government licensing, certification, approval, or registration requirements; and

''(10) contain a plan for any child care facility assisted under this section to become accredited within 3 years of the date the institution first receives assistance under this section.

''(d) PRIORITY.—The Secretary shall give priority in awarding grants under this section to institutions of higher education that submit applications describing programs that—

''(1) leverage significant local or institutional resources, including in-kind contributions, to support the activities assisted under this section; and

''(2) utilize a sliding fee scale for child care services provided under this section in order to support a high number of low-income parents pursuing postsecondary education at the institution.

''(e) REPORTING REQUIREMENTS; CONTINUING ELIGIBILITY.—

''(1) REPORTING REQUIREMENTS.—

''(A) REPORTS.—Each institution of higher education receiving a grant under this section shall report to the Secretary 18 months, and 36 months, after receiving the first grant payment under this section.

''(B) CONTENTS.—The report shall include—

''(i) data on the population served under this section;

''(ii) information on campus and community resources and funding used to help low-income students access child care services;

''(iii) information on progress made toward accreditation of any child care facility; and

''(iv) information on the impact of the grant on the quality, availability, and affordability of campus-based child care services.

''(2) CONTINUING ELIGIBILITY.—The Secretary shall make the third annual grant payment under this section to an institution of higher education only if the Secretary determines, on the basis of the 18-month report submitted under paragraph (1), that the institution is making a good faith effort to ensure that low-income students at the institution have access to affordable, quality child care services.

''(f) CONSTRUCTION.—No funds provided under this section shall be used for construction, except for minor renovation or repair to meet applicable State or local health or safety requirements.

''(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $60,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

SEC. 421. ADVANCES FOR RESERVE FUNDS.

Section 422 (20 U.S.C. 1072) is amended—

(1) in subsection (c)—

(A) in paragraph (6)(B)(i), by striking ''written'' and inserting ''written, electronic''; and

(B) in paragraph (7)(A), by striking ''during the transition from the Federal Family Education Loan Program under this part to the Federal Direct Student Loan Program under part D of this title'';

(2) in the matter preceding subparagraph (A) of subsection (g)(1), by striking ''or the program authorized by part D of this title'' each place the term appears; and

(3) by adding at the end the following:

''(i) ADDITIONAL RECALL OF RESERVES.—

''(1) IN GENERAL.—Notwithstanding any other provision of law and subject to paragraph (4), the Secretary shall recall $40,000,000 for each of the fiscal years 1999, 2000, 2001, 2002, and 2003 from reserve funds held in the Federal Student Loan Reserve Funds established under section 422A by guaranty agencies.

''(2) DEPOSIT.—Funds recalled by the Secretary under this subsection shall be deposited in the Treasury.

''(3) REQUIRED SHARE.—The Secretary shall require each guaranty agency to return reserve funds under paragraph (1) annually on the basis of 1/5 of the agency's required share. For purposes of this paragraph, a guaranty agency's required share shall be determined as follows:

''(A) EQUAL PERCENTAGE.—The Secretary shall require each guaranty agency to return an equal percentage reduction in the amount of reserve funds held by the agency on September 30, 1996.

''(B) CALCULATION.—The equal percentage reduction shall be the percentage obtained by dividing—

''(i) $200,000,000, by

''(ii) the total amount of all guaranty agencies' reserve funds held on September 30, 1996.

''(4) OFFSET OF REQUIRED SHARES.—If any guaranty agency returns to the Secretary any reserve funds in excess of the amount required under this subsection or subsection (h), the total amount required to be returned under paragraph (1) shall be reduced by the amount of such excess reserve funds returned.

''(5) DEFINITION OF RESERVE FUNDS.—The term 'reserve funds' when used with respect to a guaranty agency—

''(A) includes any reserve funds in cash or liquid assets held by the guaranty agency, or held by, or under the control of, any other entity; and

''(B) does not include buildings, equipment, or other nonliquid assets.''.

SEC. 422. FEDERAL STUDENT LOAN RESERVE FUND.

Part B of title IV (20 U.S.C. 1071 et seq.) is amended by inserting after section 422 (20 U.S.C. 1072) the following:

''SEC. 422A. FEDERAL STUDENT LOAN RESERVE FUND.

''(a) ESTABLISHMENT.—Each guaranty agency shall, not later than 45 days after the date of enactment of this section, deposit all funds, securities, and other liquid assets contained in the reserve fund established pursuant to section 422 into a Federal Student Loan Reserve Fund (in this section referred to as the 'Federal Fund'), in an account of a type selected by the agency, with the approval of the Secretary.

''(b) INVESTMENT OF FUNDS.—Funds transferred to the Federal Fund shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities selected by the guaranty agency, with the approval of the Secretary. Earnings from the Federal Fund shall be the sole property of the Federal Government.

''(c) ADDITIONAL DEPOSITS.—After the establishment of the Federal Fund, a guaranty agency shall deposit into the Federal Fund—

''(1) all amounts received from the Secretary as payment of reinsurance on loans pursuant to section 428(c)(1);

''(2) from amounts collected on behalf of the obligation of a defaulted borrower, a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the defaulted loan pursuant to section 428(c)(6)(A)(i); and

''(3) the amount of the insurance premium collected from borrowers pursuant to section 428(b)(1)(H).

''(d) USES OF FUNDS.—Subject to subsection (f), the Federal Fund may only be used by a guaranty agency—

''(1) to pay lender claims pursuant to sections 428(b)(1)(G), 428(j), 437, and 439(q); and

''(2) to pay into the Agency Operating Fund established pursuant to section 422B a default prevention fee in accordance with section 428(l).

''(e) OWNERSHIP OF FEDERAL FUND.—The Federal Fund administered by the guaranty agency, regardless of who holds or controls the reserve funds or assets, and any nonliquid assets that were purchased with Federal reserve funds, shall be considered to be the property of the United States to be used in the operation of the program authorized by this part, as provided in subsection (d). The Secretary may direct a guaranty agency, or such agency's officers or directors, to cease any activity involving expenditure, use, or transfer of the Federal Fund administered by the guaranty agency that the Secretary determines is a misapplication, misuse, or improper expenditure of such funds or assets.

''(f) TRANSITION.—

''(1) IN GENERAL.—In order to establish the Agency Operating Fund established by section 422B, each agency may transfer not more than 180 days cash expenses for normal operating expenses, as a working capital reserve as defined in Office of Management and Budget Circular A–87 (Cost Accounting Standards) for use in the performance of the agency's duties under this part. Such transfers may occur during the first 3 years following the establishment of the Agency Operating Fund, except that no agency may transfer in excess of 40 percent of the Federal Fund balance to the agency's Agency Operating Fund during any fiscal year. In determining the amount necessary for transfer, the agency shall assure that sufficient funds remain in the Federal Fund to pay lender claims within the required time periods and to meet the reserve funds recall requirements of subsection (b).

''(2) REPAYMENT PROVISIONS.—Each guaranty agency shall begin repayment of sums transferred pursuant to this subsection not later than 3 years after the establishment of the Agency Operating Fund, and shall repay all sums transferred not later than 5 years from the date of the establishment of the Agency Operating Fund. The guaranty agency shall provide to the Secretary a schedule for repayment of the sums transferred and an annual financial analysis demonstrating the agency's ability to comply with the schedule and repay all outstanding sums transferred.

''(3) PROHIBITION.—If a guaranty agency transfers funds from the Federal Fund in accordance with this section, and fails to make scheduled repayments to the Federal Fund, the agency may not receive any other funds under this part until the Secretary determines that the agency has made such repayments.

''(4) WAIVER.—The Secretary may waive the requirements of paragraph (3) for a guaranty agency described in such paragraph if the Secretary determines there are extenuating circumstances beyond the control of the agency that justify such a waiver.

''(5) INVESTMENT OF FEDERAL FUNDS.—Funds transferred from the Federal Fund to the Agency Operating Fund for operating expenses shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities selected by the guaranty agency, with the approval of the Secretary.

''(6) SPECIAL RULE.—In applying the minimum reserve level required by section 428(c)(9)(A), the Secretary shall include all amounts owed to the Federal Fund by the guaranty agency in the calculation.''.

SEC. 423. AGENCY OPERATING FUND.

Part B of title IV (20 U.S.C. 1071 et seq.) is amended further by inserting after section 422A (as added by section 422) the following:

''SEC. 422B. AGENCY OPERATING FUND.

''(a) ESTABLISHMENT.—Each guaranty agency shall, not later than 45 days after the date of enactment of this section, establish a fund designated as the Agency Operating Fund (in this section referred to as the 'Operating Fund').

''(b) INVESTMENT OF FUNDS.—Funds deposited into the Operating Fund, with the exception of funds transferred from the Federal Student Loan Reserve Fund pursuant to section 422A(f), shall be invested at the discretion of the guaranty agency.

''(c) ADDITIONAL DEPOSITS.—After the establishment of the Operating Fund, the guaranty agency shall deposit into the Operating Fund—

''(1) the loan processing and issuance fee paid by the Secretary pursuant to section 428(f);

''(2) the portfolio maintenance fee paid by the Secretary in accordance with section 458;

''(3) the default prevention fee paid in accordance with section 428(l); and

''(4) amounts remaining pursuant to section 428(c)(6)(A)(ii) from collection on defaulted loans held by the agency, after payment of the Secretary's equitable share, excluding amounts deposited in the Federal Student Loan Reserve Fund pursuant to section 422A(c)(2).

''(d) USES OF FUNDS.—

''(1) IN GENERAL.—Funds in the Operating Fund shall be used for application processing, loan disbursement, enrollment and repayment status management, default prevention activities (including those described in section 422(h)(8), default collection activities, school and lender training, compliance monitoring, and other student financial aid related activities as determined by the Secretary.

''(2) SPECIAL RULE.—The guaranty agency may, in the agency's discretion, transfer funds from the Operating Fund to the Federal Student Loan Reserve Fund for use pursuant to section 422A. Such transfer shall be irrevocable, and any funds so transferred shall become the sole property of the United States.

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

''(A) DEFAULT COLLECTION ACTIVITIES.—The term 'default collection activities' means activities of a guaranty agency that are directly related to the collection of the loan on which a default claim has been paid to the participating

lender, including the attributable compensation of collection personnel (and in the case of personnel who perform several functions for such an agency only the portion of the compensation attributable to the collection activity), attorney's fees, fees paid to collection agencies, postage, equipment, supplies, telephone, and similar charges.

''(B) DEFAULT PREVENTION ACTIVITIES.—The term 'default prevention activities' means activities of a guaranty agency, including those described in section 422(h)(8), that are directly related to providing collection assistance to the lender on a delinquent loan, prior to the loan's being in a default status, including the attributable compensation of appropriate personnel (and in the case of personnel who perform several functions for such an agency only the portion of compensation attributable to the default prevention activity), fees paid to locate a missing borrower, postage, equipment, supplies, telephone, and similar charges.

''(C) ENROLLMENT AND REPAYMENT STATUS MANAGEMENT.—The term 'enrollment and repayment status management' means activities of a guaranty agency that are directly related to ascertaining the student's enrollment status, including prompt notification to the lender of such status, an audit of the note or written agreement to determine if the provisions of that note or agreement are consistent with the records of the guaranty agency as to the principal amount of the loan guaranteed, and an examination of the note or agreement to assure that the repayment provisions are consistent with the provisions of this title.

''(e) OWNERSHIP OF OPERATING FUND.—The Operating Fund, with the exception of funds transferred from the Federal Student Loan Reserve Fund in accordance with section 422A(f), shall be considered to be the property of the guaranty agency. The Secretary may not regulate the uses or expenditure of moneys in the Operating Fund, but the Secretary may require such necessary reports and audits as provided in section 428(b)(2). However, during any period in which funds are owed to the Federal Student Loan Reserve Fund as a result of transfer under 422A(f), moneys in the Operating Fund may only be used for expenses related to the student loan programs authorized under this part.

''(f) AUTHORITY OF SECRETARY TO DISPOSE OF NONLIQUID ASSETS.—The Secretary may allow a guaranty agency to purchase nonliquid assets of the agency originally acquired with student loan reserve funds, except that an agency may not purchase any nonliquid assets during any period in which funds are owed to the Federal Student Loan Reserve Fund as a result of a transfer under section 422A(f). The purchase amount shall be available for expenditure under section 458.''.

SEC. 424. APPLICABLE INTEREST RATES.

(a) APPLICABLE INTEREST RATES.—

(1) AMENDMENT.—Section 427A (20 U.S.C. 1077a et seq.) is amended to read as follows:

''SEC. 427A. APPLICABLE INTEREST RATES.

''(a) INTEREST RATES FOR NEW LOANS ON OR AFTER JULY 1, 1998.—

''(1) IN GENERAL.—Subject to paragraph (2), with respect to any loan made, insured, or guaranteed under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

''(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

''(B) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

''(2) IN SCHOOL AND GRACE PERIOD RULES.—With respect to any loan under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest for interest which accrues—

''(A) prior to the beginning of the repayment period of the loan; or

''(B) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under paragraph (1) by substituting '1.7 percent' for '2.3 percent'.

''(3) PLUS LOANS.—With respect to any loan under section 428B for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall be determined under paragraph (1)—

''(A) by substituting '3.1 percent' for '2.3 percent'; and

''(B) by substituting '9.0 percent' for '8.25 percent'.

''(b) LESSER RATES PERMITTED.—Nothing in this section or section 428C shall be construed to prohibit a lender from charging a borrower interest at a rate less than the rate which is applicable under this part.

''(c) CONSULTATION.—The Secretary shall determine the applicable rate of interest under this section after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.''.

(2) CONFORMING AMENDMENT.—Section 428B(d)(4) (20 U.S.C. 1078–2(d)(4)) is amended by striking ''section 427A(c)'' and inserting ''section 427A(a)(3)''.

(b) SPECIAL ALLOWANCES.—

(1) AMENDMENT.—Section 438(b)(2)(F) (20 U.S.C. 1087–1(b)(2)(F)) is amended to read as follows:

''(F) LOANS DISBURSED AFTER JULY 1, 1998.—

''(i) IN GENERAL.—Subject to paragraph (4) and clauses (ii), (iii), and (iv) of this subparagraph, the special allowance paid pursuant to this subsection on loans for which the first disbursement is made on or after July 1, 1998, shall be computed—

''(I) by determining the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 3-month period;

''(II) by subtracting the applicable interest rates on such loans from such average bond equivalent rate;

''(III) by adding 2.8 percent to the resultant percent; and

''(IV) by dividing the resultant percent by 4.

''(ii) IN SCHOOL AND GRACE PERIOD.—In the case of any loan for which the first disbursement is made on or after July 1, 1998, and for which the applicable rate of interest is described in section 427A(a)(2), clause (i)(III) of this subparagraph shall be applied by substituting '2.2 percent' for '2.8 percent'.

''(iii) PLUS LOANS.—In the case of any loan for which the first disbursement is made on or after July 1, 1998, and for which the applicable rate of interest is described in section 427A(a)(3), clause (i)(III) of this subparagraph shall be applied by substituting '3.1 percent' for '2.8 percent', subject to clause (iv) of this subparagraph.

''(iv) LIMITATION ON SPECIAL ALLOWANCES FOR PLUS LOANS.—In the case of loans disbursed on or after July 1, 1998, for which the interest rate is determined under section 427A(a)(3), a special allowance shall not be paid for a loan made under section 428B unless the rate determined for any 12-month period under section 427A(a)(3) exceeds 9 percent.''.

(2) CONFORMING AMENDMENT.—Section 438(b)(2)(C)(ii) is amended by striking ''In the case'' and inserting ''Subject to subparagraph (F), in the case''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to any loan made, insured, or guaranteed under part B of title IV of the Higher Education Act of 1965 for which the first disbursement is made on or after July 1, 1998.

SEC. 425. FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS.

(a) FEDERAL INTEREST SUBSIDIES.—Section 428(a) (20 U.S.C. 1078(a)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (A)—

(i) in clause (i), by striking subclauses (I), (II), and (III) and inserting the following:

''(I) sets forth the loan amount for which the student shows financial need; and

''(II) sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G; and''; and

(ii) by amending clause (ii) to read as follows:

''(ii) meets the requirements of subparagraph (B); and'';

(B) by amending subparagraph (B) to read as follows:

''(B) For the purpose of clause (ii) of subparagraph (A), a student shall qualify for a portion of an interest payment under paragraph (1) (and a loan amount pursuant to section 428H) if the eligible institution has determined and documented the student's amount of need for a loan based on the student's estimated cost of attendance, estimated financial assistance, and, for the purpose of an interest payment pursuant to this section, the expected family contribution (as determined under part F), subject to the provisions of subparagraph (D).'';

(C) by amending subparagraph (C) to read as follows:

''(C) For the purpose of subparagraph (B) and this paragraph—

''(i) a student's cost of attendance shall be determined under section 472;

''(ii) a student's estimated financial assistance means, for the period for which the loan is sought, the amount of assistance such student will receive under subpart 1 of part A (as determined in accordance with section 484(b)), subpart 3 of part A, parts C and E, and any veterans' education benefits paid because of enrollment in a postsecondary education institution, including veterans' education benefits (as defined in section 480(c)), plus other scholarship, grant, or loan assistance; and

''(iii) the determination of need and of the amount of a loan by an eligible institution under subparagraph (B) with respect to a student shall, with the exception of loans made under section 428H, be calculated in accordance with part F.''; and

(D) by striking subparagraph (F); and

(2) in paragraph (3)(A)(v)—

(A) in subclause (I), by inserting ''by the institution'' after ''disbursement''; and

(B) in clause (II), by inserting ''by the institution'' after ''disbursement''.

(b) INSURANCE PROGRAM AGREEMENTS.—Section 428(b) (20 U.S.C. 1078(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i), by inserting '', as defined in section 481(d)(2),'' after ''academic year'';

(ii) in clause (iv), by striking ''and'' after the semicolon;

(iii) in clause (v), by inserting ''and'' after the semicolon; and

(iv) by inserting before the matter following clause (v) the following:

''(vi) in the case of a student enrolled in coursework specified in sections 484(b)(3)(B) and 484(b)(4)(B)—

''(I) $2,625 for coursework necessary for enrollment in an undergraduate degree or certificate program, and $5,500 for coursework necessary for enrollment in a graduate or professional degree or certification program; and

''(II) $5,500 for coursework necessary for a professional credential or certification from a State required for employment as a teacher in an elementary or secondary school;'';

(B) by amending subparagraph (E) to read as follows:

''(E) subject to subparagraphs (D) and (L), and except as provided by subparagraph (M), provides that—

''(i) not more than 6 months prior to the date on which the borrower's first payment is due, the lender shall offer the borrower of a loan made, insured, or guaranteed under this section or section 428H, the option of repaying the loan in accordance with a graduated, income-sensitive, or extended repayment schedule (as described in paragraph (9)) established by the lender in accordance with regulations provided by the Secretary; and

''(ii) repayment of loans shall be in installments in accordance with the repayment plan selected under paragraph (9) and commencing at the beginning of the repayment period determined under paragraph (7)'';

(C) in subparagraph (L)(i), by inserting ''except as otherwise provided by a repayment plan selected by the borrower under clause (ii) or (iii) of paragraph (9)(A),'' before ''during any''; and

(D) in subparagraph (U)(iii)(I), by inserting ''that originates or holds more than $5,000,000 in loans made under this title for any fiscal year (except that each lender described in section 435(d)(1)(A)(ii)(III) shall annually submit the results of an audit required by this clause),'' before ''at least once a year''; and

(2) by adding at the end the following:

''(9) REPAYMENT PLANS.—

''(A) DESIGN AND SELECTION.—In accordance with regulations promulgated by the Secretary, the lender shall offer a borrower of a loan made under this part the plans described in this subparagraph for repayment of such loan, including principal and interest thereon. Except as provided in paragraph (1)(L)(i), no plan may require a borrower to repay a loan in less than 5 years. The borrower may choose from—

''(i) a standard repayment plan, with a fixed annual repayment amount paid over a fixed period of time, not to exceed 10 years;

''(ii) a graduated repayment plan paid over a fixed period of time, not to exceed 10 years;

''(iii) an income-sensitive repayment plan, with income-sensitive repayment amounts paid over a fixed period of time, not to exceed 10 years, except that the borrower's scheduled payments shall not be less than the amount of interest due; and

''(iv) for first-time borrowers on or after the date of enactment of the Higher Education Amendments of 1998 with outstanding loans under this part totaling more than $30,000, an extended repayment plan, with a fixed annual or graduated repayment amount paid over an extended period of time, not to exceed 25 years, except that the borrower shall repay annually a minimum amount determined in accordance with paragraph (2)(L).

''(B) LENDER SELECTION OF OPTION IF BORROWER DOES NOT SELECT.—If a borrower of a loan made under this part does not select a repayment plan described in subparagraph (A), the lender shall provide the borrower with a repayment plan described in subparagraph (A)(i).

''(C) CHANGES IN SELECTION.—The borrower of a loan made under this part may change the borrower's selection of a repayment plan under subparagraph (B), as the case may be, under such conditions as may be prescribed by the Secretary in regulation.

''(D) ACCELERATION PERMITTED.—Under any of the plans described in this paragraph, the borrower shall be entitled to accelerate, without penalty, repayment on the borrower's loans under this part.''.

(c) GUARANTY AGREEMENTS FOR REIMBURSING LOSSES.—Section 428(c) (20 U.S.C. 1078(c)) is amended—

(1) in paragraph (1)—

(A) in the fourth sentence of subparagraph (A), by striking ''as reimbursement under this subsection shall be equal to 98 percent'' and inserting ''as reimbursement for loans for which the first disbursement is made on or after the date of enactment of the Higher Education Amendments of 1998 shall be equal to 95 percent'';

(B) in subparagraph (B)—

(i) in clause (i), by striking ''88 percent of the amount of such excess'' and inserting ''85 percent of the amount of such excess for loans for which the first disbursement is made on or after the date of enactment of the Higher Education Amendments of 1998''; and

(ii) in clause (ii), by striking ''78 percent of the amount of such excess'' and inserting ''75 percent of the amount of such excess for loans for which the first disbursement is made on or after the date of enactment of the Higher Education Amendments of 1998'';

(C) in subparagraph (E)—

(i) in clause (i), by striking ''98 percent'' and inserting ''95 percent'';

(ii) in clause (ii), by striking ''88 percent'' and inserting ''85 percent''; and

(iii) in clause (iii), by striking ''78 percent'' and inserting ''75 percent''; and

(D) in subparagraph (F)—

(i) in clause (i), by striking ''98 percent'' and inserting ''95 percent''; and

(ii) in clause (ii), by striking ''88 percent'' and inserting ''85 percent'';

(2) in paragraph (3)—

(A) in subparagraph (A)(i), by inserting ''or electronic'' after ''written'';

(B) in subparagraph (B), by striking ''and'' after the semicolon;

(C) in subparagraph (C), by striking the period and inserting ''; and''; and

(D) by inserting before the matter following subparagraph (C) the following:

''(D) shall contain provisions that specify that forbearance for a period not to exceed 60 days may be granted if the lender determines that such a suspension of collection activity is warranted following a borrower's request for forbearance in order to collect or process appropriate supporting documentation related to the request, and that during such period interest shall not be capitalized.'';

(3) by amending paragraph (6) to read as follows:

''(6) SECRETARY'S EQUITABLE SHARE.—For the purpose of paragraph (2)(D), the Secretary's equitable share of payments made by the borrower shall be that portion of the payments remaining after the guaranty agency with which the Secretary has an agreement under this subsection has deducted from such payments—

''(A) a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the loan; and

''(B) an amount equal to 24 percent of such payments for use in accordance with section 422B.'';

(4) in paragraph (8)—

(A) by striking ''(A) If'' and inserting ''If''; and

(B) by striking subparagraph (B); and

(5) in paragraph (9)—

(A) in subparagraph (A), by striking ''maintain a current minimum reserve level of at least .5 percent'' and inserting ''maintain in the agency's Federal Student Loan Reserve Fund established under section 422A a current minimum reserve level of at least 0.25 percent'';

(B) in subparagraph (C)—

(i) by striking ''80 percent'' and inserting ''78 percent'';

(ii) by striking '', as appropriate,''; and

(iii) by striking ''30 working'' and inserting ''45 working'';

(C) in subparagraph (E)—

(i) in clause (iv), by inserting ''or'' after the semicolon;

(ii) in clause (v), by striking ''; or'' and inserting a period; and

(iii) by striking clause (vi);

(D) in subparagraph (F), by amending clause (vii) to read as follows:

''(vii) take any other action the Secretary determines necessary to avoid disruption of the student loan program, to ensure the continued availability of loans made under this part to residents of each State in which the guaranty agency did business, to ensure the full honoring of all guarantees issued by the guaranty agency prior to the Secretary's assumption of the functions of such agency, and to ensure the proper servicing of loans guaranteed by the guaranty agency prior to the Secretary's assumption of the functions of such agency.''; and

(E) in subparagraph (K), by striking ''and the progress of the transition from the loan programs under this part to the direct student loan programs under part D of this title''.

(d) PAYMENT FOR LENDER REFERRAL SERVICES.—Subsection (e) of section 428 (20 U.S.C. 1078) is repealed.

(e) PAYMENT OF CERTAIN COSTS.—Subsection (f) of section 428 (20 U.S.C. 1078) is amended to read as follows:

''(f) PAYMENTS OF CERTAIN COSTS.—

''(1) PAYMENT FOR CERTAIN ACTIVITIES.—

''(A) IN GENERAL.—The Secretary, for loans originated on or after October 1, 1998, and in accordance with the provisions of this paragraph, shall pay to each guaranty agency, a loan processing and issuance fee equal to 0.65 percent of the total principal amount of the loans on which insurance was issued under this part during such fiscal year by such agency.

''(B) PAYMENT.—The payment required by subparagraph (A) shall be paid on a quarterly basis. The guaranty agency shall be deemed to have a contractual right against the United States to receive payments according to the provisions of this subparagraph. Payments shall be made promptly and without administrative delay to any guaranty agency submitting an accurate and complete application therefore under this subparagraph.''.

(f) LENDERS-OF-LAST-RESORT.—Paragraph (3) of section 428(j) (20 U.S.C. 1078(j)) is amended—

(1) in the paragraph heading, by striking ''DURING TRANSITION TO DIRECT LENDING''; and

(2) in subparagraph (A), by striking ''during the transition from the Federal Family Education Loan Program under this part to the Federal Direct Student Loan Program under part D of this title'';

(g) DEFAULT AVERSION ASSISTANCE.—Subsection (l) of section 428 (20 U.S.C. 1078) is amended to read as follows:

''(l) DEFAULT AVERSION ASSISTANCE.—

''(1) ASSISTANCE REQUIRED.—Upon receipt of a proper request from the lender not earlier than the 60th nor later than the 90th day of delinquency, a guaranty agency having an agreement with the Secretary under subsection (c) shall engage in default aversion activities designed to prevent the default by a borrower on a loan covered by such agreement.

''(2) DEFAULT PREVENTION FEE REQUIRED.—

''(A) IN GENERAL.—A guaranty agency, in accordance with the provisions of this paragraph, may transfer from the Federal Student Loan Reserve Fund to the Agency Operating Fund a default prevention fee. Such fee shall be paid for any loan on which a claim for default has not been presented that the guaranty agency successfully brings into current repayment status on or before the 210th day after the loan becomes 60 days delinquent.

''(B) AMOUNT.—The default prevention fee shall be equal to 1 percent of the total unpaid principal and accrued interest on the loan calculated at the time the request is submitted by the lender. Such fee shall not be paid more than once on any loan for which the guaranty agency averts the default unless the borrower remained current in payments for at least 24 months prior to the subsequent delinquency. A guaranty agency may transfer such fees earned under this subsection not more frequently than monthly.

''(C) DEFINITION OF CURRENT REPAYMENT STATUS.—For the purpose of this paragraph, the term 'current repayment status' means that the borrower is not delinquent, in any respect, in the payment of principal and interest on the loan at the time the guaranty agency qualifies for the default prevention fee.''.

(h) STATE SHARE OF DEFAULT COSTS.—Subsection (n) of section 428 (20 U.S.C. 1078) is repealed.

SEC. 426. VOLUNTARY FLEXIBLE AGREEMENTS WITH GUARANTY AGENCIES.

Part B of title IV (20 U.S.C. 1071 et seq.) is amended by inserting after section 428 (20 U.S.C. 1078) the following:

''SEC. 428A. VOLUNTARY FLEXIBLE AGREEMENTS WITH GUARANTY AGENCIES.

''(a) VOLUNTARY AGREEMENTS.—

''(1) AUTHORITY.—The Secretary may enter into a voluntary, flexible agreement, subject to paragraph (2), with guaranty agencies under this section, in lieu of agreements with a guaranty agency under subsections (b) and (c) of section 428. The Secretary may waive or modify any requirement under such subsections, except that the Secretary may not waive any statutory requirement pertaining to the terms and conditions attached to student loans, default claim payments made to lenders, or the prohibitions on inducements contained in section 428(b)(3).

''(2) ELIGIBILITY.—During fiscal years 1999, 2000, and 2001, the Secretary may enter into a voluntary, flexible agreement with not more than 6 guaranty agencies that had 1 or more agreements with the Secretary under subsections (b) and (c) of section 428 as of the day before the date of enactment of the Higher Education Amendments of 1998. Beginning in fiscal year 2002, any guaranty agency or consortium thereof may enter into a similar agreement with the Secretary.

''(3) REPORT REQUIRED.—Not later than September 30, 2001, the Secretary shall report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives regarding the impact that the voluntary flexible agreements have had upon program integrity, program and cost efficiencies, and the availability and delivery of student financial aid. Such report shall include—

''(A) a description of each voluntary flexible agreement and the performance goals established by the Secretary for each agreement;

''(B) a list of participating guaranty agencies and the specific statutory or regulatory waivers provided to each guaranty agency;

''(C) a description of the standards by which each agency's performance under the agency's voluntary flexible agreement was assessed and the degree to which each agency achieved the performance standards; and

''(D) an analysis of the fees paid by the Secretary, and the costs and efficiencies achieved under each voluntary agreement.

''(b) TERMS OF AGREEMENT.—An agreement between the Secretary and a guaranty agency under this section—

''(1) shall be developed by the Secretary, in consultation with the guaranty agency, on a case-by case basis;

''(2) may be secured by the parties;

''(3) may include provisions—

''(A) specifying the responsibilities of the guaranty agency under the agreement, such as—

''(i) administering the issuance of insurance on loans made under this part on behalf of the Secretary;

''(ii) monitoring insurance commitments made under this part;

''(iii) default aversion activities;

''(iv) review of default claims made by lenders;

''(v) payment of default claims;

''(vi) collection of defaulted loans;

''(vii) adoption of internal systems of accounting and auditing that are acceptable to the Secretary, and reporting the result thereof to the Secretary in a timely manner, and on an accurate, and auditable basis;

''(viii) timely and accurate collection and reporting of such other data as the Secretary may require to carry out the purposes of the programs under this title;

''(ix) monitoring of institutions and lenders participating in the program under this part;

''(x) the performance of other program functions by the guaranty agency or the agency's affiliates; and

''(xi) informational outreach to schools and students in support of access to higher education;

''(B) regarding the fees the Secretary shall pay, in lieu of revenues that the guaranty agency may otherwise receive under this part, to the guaranty agency under the agreement, and other funds that the guaranty agency may receive or retain under the agreement, except that in no case may the cost to the Secretary of the agreement, as reasonably projected by the Secretary, exceed the cost to the Secretary, as similarly projected, in the absence of the agreement;

''(C) regarding the use of net revenues, as described in the agreement under this section, for such other activities in support of postsecondary education as may be agreed to by the Secretary and the guaranty agency;

''(D) regarding the standards by which the guaranty agency's performance of the agency's responsibilities under the agreement will be assessed, and the consequences for a guaranty agency's failure to achieve a specified level of performance on one or more performance standards;

''(E) regarding the circumstances in which a guaranty agency's agreement under this section may be ended in advance of the agreement's expiration date;

''(F) regarding such other businesses, previously purchased or developed with reserve funds, that relate to the program under this part and in which the Secretary permits the guaranty agency to engage; and

''(G) such other provisions as the Secretary may determine to be necessary to protect the United States from the risk of unreasonable loss and to promote the purposes of this part; and

''(4) shall provide for uniform lender participation with the guaranty agency under the terms of the agreement.

''(c) TERMINATION.—At the expiration or early termination of an agreement under this section, the Secretary shall reinstate the guaranty agency's prior agreements under subsections (b) and (c) of section 428, subject only to such additional requirements as the Secretary determines to be necessary in order to ensure the efficient transfer of responsibilities between the agreement under this section and the agreements under subsections (b) and (c) of section 428, and including the guaranty agency's compliance with reserve requirements under sections 422 and 428.''.

SEC. 427. FEDERAL PLUS LOANS.

Section 428B (20 U.S.C. 1078–2) is amended—

(1) by amending subsection (a) to read as follows:

''(a) AUTHORITY TO BORROW.—

''(1) AUTHORITY AND ELIGIBILITY.—Parents of a dependent student shall be eligible to borrow funds under this section in amounts specified in subsection (b), if—

''(A) the parents do not have an adverse credit history as determined pursuant to regulations promulgated by the Secretary; and

''(B) the parents meet such other eligibility criteria as the Secretary may establish by regulation, after consultation with guaranty agencies, eligible lenders, and other organizations involved in student financial assistance.

''(2) TERMS, CONDITIONS, AND BENEFITS.—Except as provided in subsections (c), (d), and (e), loans made under this section shall have the same terms, conditions, and benefits as all other loans made under this part.

''(3) SPECIAL RULE.—Whenever necessary to carry out the provisions of this section, the terms ''student'' and ''borrower'' as used in this part shall include a parent borrower under this section.''; and

(2) by adding at the end the following:

''(f) VERIFICATION OF IMMIGRATION STATUS AND SOCIAL SECURITY NUMBER.—A parent who wishes to borrow funds under this section shall be subject to verification of the parent's—

''(1) immigration status in the same manner as immigration status is verified for students under section 484(g); and

''(2) social security number in the same manner as social security numbers are verified for students under section 484(p).''.

SEC. 428. FEDERAL CONSOLIDATION LOANS.

Section 428C(a)(3) (20 U.S.C. 1078–3(a)(3)) is amended—

(1) by amending subparagraph (A) to read as follows: ''(A) For the purpose of this section, the term 'eligible borrower' means a borrower who—

''(i) is not subject to a judgment secured through litigation or an order for wage garnishment under section 488A; or

''(ii) at the time of application for a consolidation loan—

''(I) is in repayment status;

''(II) is in a grace period preceding repayment; or

''(III) is a defaulted borrower who has made arrangements to repay the obligation on the defaulted loans satisfactory to the holders of the defaulted loans.''; and

(2) in subparagraph (B)(i)—

(A) in subclause (I), by striking ''and'' after the semicolon;

(B) by redesignating subclause (II) as subclause (III);

(C) by inserting after subclause (I) the following:

''(II) with respect to eligible student loans received prior to the date of consolidation that the borrower may wish to include with eligible loans specified in subclause (I) in a later consolidation loan; and''; and

(D) in subclause (III) (as redesignated by subparagraph (B)—

(i) by striking ''that loans'' and inserting ''with respect to loans''; and

(ii) by inserting ''that'' before ''may be added''.

SEC. 429. REQUIREMENTS FOR DISBURSEMENTS OF STUDENT LOANS.

Section 428G (20 U.S.C. 1078G) is amended—

(1) in subsection (a)(1), by striking ''The proceeds'' and inserting ''Except for a loan made for the final period of enrollment, that is less than an academic year, in a student's baccalaureate program of study, at an institution with a cohort default rate (as calculated under section 435(m)) that is 5 percent or less, the proceeds''; and

(2) in subsection (b)(1), by striking ''The first'' and inserting ''Except for a loan made to a student borrower entering an institution with a cohort default rate (as calculated under section 435(m)) of less than 5 percent, the first''.

SEC. 430. DEFAULT REDUCTION PROGRAM.

The heading for subsection (b) of section 428F (20 U.S.C. 1078–6) is amended by striking ''SPECIAL RULE'' and inserting ''SATISFACTORY REPAYMENT ARRANGEMENTS TO RENEW ELIGIBILITY''.

SEC. 431. UNSUBSIDIZED LOANS.

Section 428H (20 U.S.C. 1078–8) is amended—

(1) by amending subsection (b) to read as follows:

''(b) ELIGIBLE BORROWERS.—Any student meeting the requirements for student eligibility under section 484 (including graduate and professional students as defined in regulations promulgated by the Secretary) shall be entitled to borrow an unsubsidized Stafford loan if the eligible institution at which the student has been accepted for enrollment, or at which the student is in attendance, has—

''(1) determined and documented the student's need for the loan based on the student's estimated cost of attendance (as determined under section 472) and the student's estimated financial assistance, including a loan which qualifies for interest subsidy payments under section 428; and

''(2) provided the lender a statement—

''(A) certifying the eligibility of the student to receive a loan under this section and the amount of the loan for which such student is eligible, in accordance with subsection (c); and

''(B) setting forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G.'';

(2) in subsection (d)—

(A) in paragraph (2)—

(i) in the matter preceding subparagraph (A)—

(I) by inserting '', as defined in section 481(d)(2),'' after ''academic year''; and

(II) by striking ''or in any period of 7 consecutive months, whichever is longer,'';

(ii) in subparagraph (C), by inserting ''and'' after the semicolon; and

(iii) by inserting before the matter following subparagraph (C) the following:

''(D) in the case of a student enrolled in coursework specified in sections 484(b)(3)(B) and 484(b)(4)(B)—

''(i) $4,000 for coursework necessary for enrollment in an undergraduate degree or certificate program, and $5,000 for coursework necessary for enrollment in a graduate or professional program; and

''(ii) $5,000 for coursework necessary for a professional credential or certification from a State required for employment as a teacher in an elementary or secondary school;''; and

(B) in paragraph (3), by adding at the end the following: ''The maximum aggregate amount shall not include interest capitalized from an in-school period.''; and

(3) in subsection (e)(6), by striking ''10 year repayment period under section 428(b)(1)(D)'' and inserting ''repayment period under section 428(b)(9)''.

SEC. 432. LOAN FORGIVENESS FOR TEACHERS.

Section 428J (20 U.S.C. 1078–10) is amended to read as follows:

''SEC. 428J. LOAN FORGIVENESS FOR TEACHERS.

''(a) STATEMENT OF PURPOSE.—It is the purpose of this section to encourage individuals to enter and continue in the teaching profession.

''(b) PROGRAM AUTHORIZED.—The Secretary is authorized to carry out a program, through the holder of the loan, of assuming the obligation to repay a loan made under section 428 that is eligible for interest subsidy, for any new borrower on or after the date of enactment of the Higher Education Amendments of 1998, who—

''(1) has been employed as a full-time teacher for 3 consecutive complete school years—

''(A) in a school that qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such schools;

''(B) if employed as a secondary school teacher, is teaching a subject area that is relevant to the borrower's academic major as certified by the chief administrative officer of the public or nonprofit private secondary school in which the borrower is employed; and

''(C) if employed as an elementary school teacher, has demonstrated, in accordance with State teacher certification or licensing requirements and as certified by the chief administrative officer of the public or nonprofit private elementary school in which the borrower is employed, knowledge and teaching skills in reading, writing, mathematics and other areas of the elementary school curriculum; and

''(2) is not in default on a loan for which the borrower seeks forgiveness.

''(c) REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

''(d) LOAN REPAYMENT DURING CONTINUING TEACHING SERVICE.—

''(1) IN GENERAL.—The Secretary shall assume the obligation to repay through reimbursement to the holder—

''(A) 30 percent of the total outstanding amount and applicable interest of subsidized Federal Stafford loans owed by the student borrower after the completion of the fourth or fifth complete school year of service described in subsection (b);

''(B) 40 percent of such total amount after the completion of the sixth complete school year of such service; and

''(C) a total amount for any borrower that shall not exceed $10,000.

''(2) CONSTRUCTION.—Nothing in this section shall be construed to authorize any refunding of any repayment of a loan.

''(e) LIST.—If the list of schools in which a teacher may perform service pursuant to subsection (b) is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

''(f) CONTINUED ELIGIBILITY.—Any teacher who performs service in a school that—

''(1) meets the requirements of subsection (b)(1)(A) in any year during such service; and

''(2) in a subsequent year fails to meet the requirements of such subsection, may continue to teach in such school and shall be eligible for loan forgiveness pursuant to subsection (b).''.

SEC. 433. LOAN FORGIVENESS FOR CHILD CARE PROVIDERS.

Part B (20 U.S.C. 1071 et seq.) is amended by inserting after section 428J (as added by section 432) (20 U.S.C. 1078–10) the following:

''SEC. 428K. LOAN FORGIVENESS FOR CHILD CARE PROVIDERS.

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

''(1) to bring more highly trained individuals into the early child care profession; and

''(2) to keep more highly trained child care providers in the early child care field for longer periods of time.

''(b) DEFINITIONS.—In this section:

''(1) CHILD CARE FACILITY.—The term 'child care facility' means a facility, including a home, that—

''(A) provides child care services; and

''(B) meets applicable State or local government licensing, certification, approval, or registration requirements, if any.

''(2) CHILD CARE SERVICES.—The term 'child care services' means activities and services provided for the education and care of children from birth through age 5 by an individual who has a degree in early childhood education.

''(3) DEGREE.—The term 'degree' means an associate's or bachelor's degree awarded by an institution of higher education.

''(4) EARLY CHILDHOOD EDUCATION.—The term 'early childhood education' means education in the areas of early child education, child care, or any other educational area related to child care that the Secretary determines appropriate.

''(5) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given the term in section 101.

''(c) DEMONSTRATION PROGRAM.—

''(1) IN GENERAL.—The Secretary may carry out a demonstration program of assuming the obligation to repay, pursuant to subsection (d), a loan made, insured or guaranteed under this part or part D (excluding loans made under sections 428B and 428C) for any new borrower after the date of enactment of the Higher Education Amendments of 1998, who—

''(A) completes a degree in early childhood education;

''(B) obtains employment in a child care facility; and

''(C) is working full-time and is earning an amount which does not exceed the greater of an amount equal to 100 percent of the poverty line for a family of 2 as determined in accordance with section 673(2) of the Community Services Block Grant Act.

''(2) AWARD BASIS; PRIORITY.—

''(A) AWARD BASIS.—Subject to subparagraph (B), loan repayment under this section shall be on a first-come, first-served basis and subject to the availability of appropriations.

''(B) PRIORITY.—The Secretary shall give priority in providing loan repayment under this section for a fiscal year to student borrowers who received loan repayment under this section for the preceding fiscal year.

''(3) REGULATIONS.—The Secretary is authorized to prescribe such regulations as may be necessary to carry out the provisions of this section.

''(d) LOAN REPAYMENT.—

''(1) IN GENERAL.—The Secretary shall assume the obligation to repay—

''(A) after the second year of employment described in subparagraphs (B) and (C) of subsection (c)(1), 20 percent of the total amount of all loans made after date of enactment of the Higher Education Amendments of 1998, to a student under this part or part D;

''(B) after the third year of such employment, 20 percent of the total amount of all such loans; and

''(C) after each of the fourth and fifth years of such employment, 30 percent of the total amount of all such loans.

''(2) CONSTRUCTION.—Nothing in this section shall be construed to authorize the refunding of any repayment of a loan made under this part or part D.

''(3) INTEREST.—If a portion of a loan is repaid by the Secretary under this section for any year, the proportionate amount of interest on such loan which accrues for such year shall be repaid by the Secretary.

''(4) SPECIAL RULE.—In the case where a student borrower who is not participating in loan repayment pursuant to this section returns to an institution of higher education after graduation from an institution of higher education for the purpose of obtaining a degree in early childhood education, the Secretary is authorized to assume the obligation to repay the total amount of loans made under this part or part D incurred for a maximum of two academic years in returning to an institution of higher education for the purpose of obtaining a degree in early childhood education. Such loans shall only be repaid for borrowers who qualify for loan repayment pursuant to the provisions of this section, and shall be repaid in accordance with the provisions of paragraph (1).

''(5) INELIGIBILITY OF NATIONAL SERVICE AWARD RECIPIENTS.—No student borrower may, for the same volunteer service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12601 et seq.).

''(e) REPAYMENT TO ELIGIBLE LENDERS.—The Secretary shall pay to each eligible lender or holder for each fiscal year an amount equal to the aggregate amount of loans which are subject to repayment pursuant to this section for such year.

''(f) APPLICATION FOR REPAYMENT.—

''(1) IN GENERAL.—Each eligible individual desiring loan repayment under this section shall submit a complete and accurate application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

''(2) CONDITIONS.—An eligible individual may apply for loan repayment under this section after completing each year of qualifying employment. The borrower shall receive forbearance while engaged in qualifying employment unless the borrower is in deferment while so engaged.

''(g) EVALUATION.—

''(1) IN GENERAL.—The Secretary shall conduct, by grant or contract, an independent national evaluation of the impact of the demonstration program assisted under this section on the field of early childhood education.

''(2) COMPETITIVE BASIS.—The grant or contract described in subsection (b) shall be awarded on a competitive basis.

''(3) CONTENTS.—The evaluation described in this subsection shall—

''(A) determine the number of individuals who were encouraged by the demonstration program assisted under this section to pursue early childhood education;

''(B) determine the number of individuals who remain employed in a child care facility as a result of participation in the program;

''(C) identify the barriers to the effectiveness of the program;

''(D) assess the cost-effectiveness of the program in improving the quality of—

''(i) early childhood education; and

''(ii) child care services;

''(E) identify the reasons why participants in the program have chosen to take part in the program;

''(F) identify the number of individuals participating in the program who received an associate's degree and the number of such individuals who received a bachelor's degree; and

''(G) identify the number of years each individual participates in the program.

''(4) INTERIM AND FINAL EVALUATION REPORTS.—The Secretary shall prepare and submit to the President and the Congress such interim reports regarding the evaluation described in this subsection as the Secretary deems appropriate, and shall prepare and so submit a final report regarding the evaluation by January 1, 2002.

''(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

SEC. 434. COMMON FORMS AND FORMATS.

Section 432 (20 U.S.C. 1082) is amended—

(1) in subsection (m)(1)—

(A) in subparagraph (A), by striking ''a common application form and promissory note'' and inserting ''common application forms and promissory notes, or multiyear promissory notes,'';

(B) by striking subparagraph (C);

(C) by redesignating subparagraph (D) as subparagraph (C); and

(D) in subparagraph (C) (as redesignated by subparagraph (C))—

(i) by inserting '', application and other'' after ''electronic''; and

(ii) by adding at the end the following: ''Guaranty agencies, borrowers, and lenders may use electronically printed versions of common forms approved for use by the Secretary.''; and

(2) in subsection (p), by striking ''State postsecondary reviewing entities designated under subpart 1 of part H,''.

SEC. 435. STUDENT LOAN INFORMATION BY ELIGIBLE LENDERS.

Section 433 (20 U.S.C. 1083) is amended—

(1) in subsection (a), by amending the matter preceding paragraph (1) to read as follows:

''(a) REQUIRED DISCLOSURE BEFORE DISBURSEMENT.—Each eligible lender shall, at or prior to the time such lender disburses a loan that is insured or guaranteed under this part (other than a loan made under section 428C), provide thorough and accurate loan information on such loan to the borrower. Any disclosure required by this subsection may be made by an eligible lender by written or electronic means, including as part of the application material provided to the borrower, as part of the promissory note evidencing the loan, or on a separate written form provided to the borrower. Each lender shall provide a telephone number, and may provide an electronic address, to each borrower through which additional loan information can be obtained. The disclosure shall include—''; and

(2) in subsection (b), by amending the matter preceding paragraph (1) to read as follows:

''(b) REQUIRED DISCLOSURE BEFORE REPAYMENT.—Each eligible lender shall, at or prior to the start of the repayment period of the student borrower on loans made, insured, or guaranteed under this part, disclose to the borrower by written or electronic means the information required under this subsection. Each eligible lender shall provide a telephone number, and may provide an electronic address, to each borrower through which additional loan information can be obtained. For any loan made, insured, or guaranteed under this part, other than a loan made under section 428B or 428C, such disclosure required by this subsection shall be made not less than 30 days nor more than 240 days before the first payment on the loan is due from the borrower. The disclosure shall include—''.

SEC. 436. DEFINITIONS.

(a) ELIGIBLE INSTITUTION.—Section 435(a) (20 U.S.C. 1085(a)) is amended—

(1) in paragraph (2)—

(A) by adding after the matter following subparagraph (A)(ii) the following:

''If an institution continues to participate in a program under this part, and the institution's appeal of the loss of eligibility is unsuccessful, the institution shall be required to pay to the Secretary an amount equal to the amount of interest, special allowance, reinsurance, and any related payments made by the Secretary (or which the Secretary is obligated to make) with respect to loans made under this part to students attending, or planning to attend, that institution during the pendency of such appeal. In order to continue to participate during an appeal under this paragraph, the institution shall provide a letter of credit in favor of the Secretary or other third-party financial guarantees satisfactory to the Secretary in an amount determined by the Secretary to be sufficient to satisfy the institution's potential liability on such loans under the preceding sentence.''; and

(B) by amending subparagraph (C) to read as follows:

''(C)(i) This paragraph shall not apply to any institution described in clause (ii), and any such institution that exceeds the threshold percentage in subparagraph (A)(ii) for 2 consecutive years shall submit to the Secretary a default management plan satisfactory to the Secretary and containing criteria designed, in accordance with the regulations of the Secretary, to demonstrate continuous improvement by the institution in the institution's cohort default rate. If the institution fails to submit the required plan, or to satisfy the criteria in the plan, the institution shall be subject to a loss of eligibility in accordance with this paragraph, except as the Secretary may otherwise specify in regulations.

''(ii) An institution referred to in clause (i) is—

''(I) a part B institution within the meaning of section 322(2);

''(II) a Tribally Controlled College or University within the meaning of section 2(a)(4) of the Tribally Controlled College or University Assistance Act of 1978; or

''(III) a Navajo Community College under the Navajo Community College Act.'';

(2) in the matter following subparagraph (C)—

(A) by inserting ''for a reasonable period of time, not to exceed 30 days,'' after ''access''; and

(B) by striking ''of the affected guaranty agencies and loan servicers for a reasonable period of time, not to exceed 30 days'' and inserting ''used by a guaranty agency in determining whether to pay a claim on a defaulted loan''; and

(3) by adding at the end the following:

''(4) PARTICIPATION RATE INDEX.—

''(A) IN GENERAL.—An institution that demonstrates to the Secretary that the institution's participation rate index is equal to or less than 0.0375 for any of the 3 applicable participation rate indices shall not be subject to paragraph (2). The participation rate index shall be determined by multiplying the institution's cohort default rate for loans under part B or D, or weighted average cohort default rate for loans under parts B and D, by the percentage of the institution's regular students, enrolled on at least a half-time basis, who received a loan made under part B or D for a 12-month period ending during the 6 months immediately preceding the fiscal year for which the cohort of borrowers used to calculate the institution's cohort default rate is determined.

''(B) DATA.—An institution shall provide the Secretary with sufficient data to determine the institution's participation rate index within 30 days after receiving an initial notification of the institution's draft cohort default rate.

''(C) NOTIFICATION.—Prior to publication of a final cohort default rate for an institution that provides the data described in subparagraph (B), the Secretary shall notify the institution of the institution's compliance or noncompliance with subparagraph (A).''.

(b) ELIGIBLE LENDER.—Section 435(d)(1)(A)(ii) (20 U.S.C. 1085(d)(1)(A)(ii) is amended—

(1) by striking ''or'' after ''1992,''; and

(2) by inserting before the semicolon the following: '', or (III) it is a bank (as defined in section 3(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(a)(1)) that is a wholly owned subsidiary of a nonprofit foundation, the foundation is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(1) of such Code, and the bank makes loans under this part only to undergraduate students who are age 22 or younger and has a portfolio of such loans that is not more than $5,000,000''.

(c) COHORT DEFAULT RATE.—Section 435(m)(1)(B) (20 U.S.C. 1085(m)(1)(B)) is amended by striking ''insurance, and, in considering appeals with respect to cohort default rates pursuant to subsection (a)(3), exclude'' and inserting ''insurance. In considering appeals with respect to cohort default rates pursuant to subsection (a)(3), the Secretary shall exclude, from the calculation of the number of students who entered repayment and from the calculation of the number of students who default,''.

SEC. 437. DELEGATION OF FUNCTIONS.

Section 436 (20 U.S.C. 1086) is amended to read as follows:

''SEC. 436. DELEGATION OF FUNCTIONS.

''(a) IN GENERAL.—An eligible lender or guaranty agency that contracts with another entity to perform any of the lender's or agency's functions under this title, or otherwise delegates the performance of such functions to such other entity—

''(1) shall not be relieved of the lender's or agency's duty to comply with the requirements of this title; and

''(2) shall monitor the activities of such other entity for compliance with such requirements.

''(b) SPECIAL RULE.—A lender that holds a loan made under part B in the lender's capacity as a trustee is responsible for complying with all statutory and regulatory requirements imposed on any other holder of a loan made under this part.''.

SEC. 438. SPECIAL ALLOWANCES.

(a) AMENDMENTS.—Section 438 (20 U.S.C. 1087–1) is amended—

(1) in subsection (c), by amending paragraph (1) to read as follows:

''(1) DEDUCTION FROM INTEREST AND SPECIAL ALLOWANCE SUBSIDIES.—(A) Notwithstanding subsection (b), the Secretary shall collect the amount the lender is authorized to charge as an origination fee in accordance with paragraph (2) of this subsection—

''(i) by reducing the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b) of this section, respectively, to any holder; or

''(ii) directly from the holder of the loan, if the lender fails or is not required to bill the Secretary for interest and special allowance or withdraws from the program with unpaid loan origination fees.

''(B) If the Secretary collects the origination fee under this subsection through the reduction of interest and special allowance, and the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b) of this section, respectively, is less than the amount the lender was authorized to charge borrowers for origination fees in that quarter, the Secretary shall deduct the excess amount

from the subsequent quarters' payments until the total amount has been deducted.'';

(2) in subsection (d), by amending paragraph (1) to read as follows:

''(1) DEDUCTION FROM INTEREST AND SPECIAL ALLOWANCE SUBSIDIES.—

''(A) IN GENERAL.—Notwithstanding subsection (b), the Secretary shall collect a loan fee in an amount determined in accordance with paragraph (2)—

''(i) by reducing the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b), respectively, to any holder of a loan; or

''(ii) directly from the holder of the loan, if the lender—

''(I) fails or is not required to bill the Secretary for interest and special allowance payments; or

''(II) withdraws from the program with unpaid loan fees.

''(B) SPECIAL RULE.—If the Secretary collects loan fees under this subsection through the reduction of interest and special allowance payments, and the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b), respectively, is less than the amount of such loan fees, then the Secretary shall deduct the amount of the loan fee balance from the amount of interest and special allowance payments that would otherwise be payable, in subsequent quarterly increments until the balance has been deducted.''; and

(3) in subsection (e)—

(A) by striking paragraphs (1) and (2); and

(B) by redesignating paragraphs (3) and (4) as paragraphs (1) and (2), respectively.

(b) CONFORMING AMENDMENT.—Section 432(f)(1)(D) is amended by striking ''required to file a plan for doing business under section 438(d)'' and inserting ''that meets the requirements of section 438(e)''.

SEC. 439. STUDY OF MARKET-BASED MECHANISMS FOR DETERMINING STUDENT LOAN INTEREST RATES.

(a) STUDY REQUIRED.—

(1) IN GENERAL.—The Secretary of the Treasury shall conduct a study of the feasibility of employing market-based mechanisms, including some form of auction, for determining student loan interest rates under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.). The study shall include—

(A) analysis of the potential impact of the mechanisms on the delivery of student financial aid;

(B) analysis of the implications of the mechanisms with respect to student and institutional access to student loan capital;

(C) analysis of the potential impact of the mechanisms on the costs of the programs under such title for students and the Federal Government; and

(D) a plan for structuring and implementing the mechanisms in such a manner that ensures the cost-effective availability of student loans for students and their families.

(b) CONSULTATION.—In conducting the study described in paragraph (1), the Secretary shall consult with lenders, secondary markets, guaranty agencies, institutions of higher education, student loan borrowers, and other participants in the student loan programs under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

(c) REPORT TO CONGRESS.—The Secretary of the Treasury shall report to the Committee on Labor and Human Resources of the Senate, and the Committee on Education and the Workforce of the House of Representatives not later than September 30, 1999, regarding the results of the study described in subsection (a).

PART C—FEDERAL WORK-STUDY PROGRAMS

SEC. 441. AUTHORIZATION OF APPROPRIATIONS; COMMUNITY SERVICES.

Section 441 (20 U.S.C. 2751) is amended—

(1) in subsection (b), by striking ''$800,000,000 for fiscal year 1993'' and inserting ''$900,000,000 for fiscal year 1999''; and

(2) in subsection (c)—

(A) in paragraph (1), by inserting ''(including child care services provided on campus)'' after ''child care''; and

(B) in paragraph (3), by inserting '', including students with disabilities who are enrolled at the institution'' before the semicolon.

SEC. 442. GRANTS FOR FEDERAL WORK-STUDY PROGRAMS.

Section 443(b) (20 U.S.C. 2753(b)) is amended—

(1) in paragraph (1), by inserting '', including internships or research assistanceships as determined by the Secretary,'' after ''part-time employment'';

(2) by amending paragraph (3) to read as follows:

''(3) provide that in the selection of students for employment under such work-study program, only students who demonstrate financial need in accordance with part F of this title and meet the requirements of section 484 will be assisted, except that if the institution's grant under this part is directly or indirectly based in part on the financial need demonstrated by students who are (A) attending the institution on less than a full-time basis, or (B) independent students, a reasonable portion of the allocation shall be made available to such students;'';

(3) in paragraph (5)—

(A) by striking ''provide that'' and inserting ''(A) provide that'';

(B) by striking ''1993–1994'' and inserting ''1999–2000'';

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

(D) by adding at the end the following:

''(B) provide that the Federal share of the compensation of students employed in community service shall not exceed 90 percent;''; and

(4) in paragraph (6), by striking '', and to make'' and all that follows through ''such employment''.

SEC. 443. WORK COLLEGES.

Section 448 (20 U.S.C. 2756b) is amended—

(1) in subsection (b)(2)—

(A) in subparagraph (C), by striking ''and'' after the semicolon;

(B) in subparagraph (D)(ii), by striking the period and inserting a semicolon; and

(C) by adding at the end the following:

''(E) coordinate and carry out joint projects and activities to promote work service learning; and

''(F) carry out a comprehensive, longitudinal study of student academic progress and academic and career outcomes, relative to student self-sufficiency in financing their higher education, repayment of student loans, continued community service, kind and quality of service performed, and career choice and community service selected after graduation.''; and

(2) in subsection (f), by striking ''$5,000,000 for fiscal year 1993'' and inserting ''$7,000,000 for fiscal year 1999''.

PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

SEC. 451. SELECTION OF INSTITUTIONS.

Section 453(c) (20 U.S.C. 1087c(c)) is amended—

(1) in paragraph (2)—

(A) in the paragraph heading, by striking ''TRANSITION'';

(B) by striking subparagraph (E); and

(C) by redesignating subparagraphs (F), (G), and (H) as subparagraphs (E), (F), and (G), respectively; and

(2) in paragraph (3)—

(A) in the paragraph heading, by striking ''AFTER TRANSITION''; and

(B) by striking ''For academic year 1995–1996 and subsequent academic years, the'' and inserting ''The''.

SEC. 452. TERMS AND CONDITIONS.

(a) INTEREST RATES.—Section 455(b) (20 U.S.C. 1087e(b)) is amended to read as follows:

''(b) INTEREST RATE.—

''(1) RATES FOR FDSL AND FDUSL.—For Federal Direct Stafford/Ford Loans and Federal Direct Unsubsidized Stafford/Ford Loans for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

''(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

''(B) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

''(2) IN SCHOOL AND GRACE PERIOD RULES.—With respect to any Federal Direct Stafford/Ford Loan or Federal Direct Unsubsidized Stafford/Ford Loan for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest for interest which accrues—

''(A) prior to the beginning of the repayment period of the loan; or

''(B) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under paragraph (1) by substituting '1.7 percent' for '2.3 percent'.

''(3) PLUS LOANS.—With respect to Federal Direct PLUS Loan for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall be determined under paragraph (1)—

''(A) by substituting '3.1 percent' for '2.3 percent'; and

''(B) by substituting '9.0 percent' for '8.25 percent'.

''(4) PUBLICATION.—The Secretary shall determine the applicable rates of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of the determination.

''(5) REPAYMENT INCENTIVES.—

''(A) IN GENERAL.—Notwithstanding any other provision of this part, the Secretary is authorized to prescribe by regulation such reductions in the interest rate paid by a borrower of a loan made under this part as the Secretary determines appropriate to encourage on-time repayment of the loan. Such reductions may be offered only if the Secretary determines the reductions are cost neutral and in the best financial interest of the Federal Government. Any increase in subsidy costs resulting from such reductions shall be completely offset by corresponding savings in funds available for the William D. Ford Federal Direct Loan Program in that fiscal year from section 458 and other administrative accounts.

''(B) ACCOUNTABILITY.—The Secretary shall ensure the cost neutrality of such reductions by obtaining an official report from the Director of the Office of Management and Budget and the Director of the Congressional Budget Office that any such reductions will be completely cost neutral. The reports shall be transmitted to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not less than 60 days prior to the publication of regulations proposing such reductions.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to any loan made under part D of title IV of the Higher Education Act of 1965 for which the first disbursement is made on or after July 1, 1998.

SEC. 453. CONTRACTS.

Section 456(b) (20 U.S.C. 1087f(b)) is amended—

(1) in paragraph (3), by inserting ''and'' after the semicolon;

(2) by striking paragraph (4); and

(3) by redesignating paragraph (5) as paragraph (4).

SEC. 454. FUNDS FOR ADMINISTRATIVE EXPENSES.

Section 458 (20 U.S.C. 1087h) is amended—

(1) by amending subsection (a) to read as follows:

''(a) ADMINISTRATIVE EXPENSES.—

''(1) IN GENERAL.—Each fiscal year there shall be available to the Secretary, from funds not otherwise appropriated, funds to be obligated for—

''(A) administrative costs under this part and part B, including the costs of the direct student loan programs under this part; and

''(B) account maintenance fees payable to guaranty agencies under part B and calculated in accordance with paragraph (2), not to exceed (from such funds not otherwise appropriated) $626,000,000 in fiscal year 1999, $726,000,000 in fiscal year 2000, $770,000,000 in fiscal year 2001, $780,000,000 in fiscal year 2002, and $795,000,000 in fiscal year 2003.

''(2) ACCOUNT MAINTENANCE FEES.—Account maintenance fees under subparagraph (B) shall be paid quarterly and deposited in the Agency Operating Fund established under section 422B.

''(3) CARRYOVER.—The Secretary may carry over funds made available under this section to a subsequent fiscal year.''; and

(2) by amending subsection (b) to read as follows:

''(b) CALCULATION BASIS.—Account maintenance fees payable to guaranty agencies under paragraph (1)(B) shall be calculated—

''(1) for fiscal years 1999 and 2000, on the basis of 0.12 percent of the original principal amount of outstanding loans on which insurance was issued under part B; and

''(2) for fiscal year 2001, 2002, and 2003, on the basis of 0.10 percent of the original principal amount of outstanding loans on which insurance was issued under part B.''.

SEC. 455. LOAN CANCELLATION FOR TEACHERS.

Part D of title IV (20 U.S.C. 1087a et seq.) is amended by adding at the end the following:

''SEC. 459. LOAN CANCELLATION FOR TEACHERS.

''(a) STATEMENT OF PURPOSE.—It is the purpose of this section to encourage individuals to enter and continue in the teaching profession.

''(b) PROGRAM AUTHORIZED.—The Secretary is authorized to carry out a program of canceling the obligation to repay a Federal Direct Stafford/Ford Loan made under this part that is eligible for an interest subsidy, for any new borrower on or after the date of enactment of the Higher Education Amendments of 1998, who—

''(1) has been employed as a full-time teacher for 3 consecutive complete school years—

''(A) in a school that qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such schools;

''(B) if employed as a secondary school teacher, is teaching a subject area that is relevant to the borrower's academic major as certified by the chief administrative officer of the public or non-profit private secondary school in which the borrower is employed; and

''(C) if employed as an elementary school teacher, has demonstrated, in accordance with State teacher certification or licensing requirements and as certified by the chief administrative officer of the public or nonprofit private elementary school in which the borrower is employed, knowledge and teaching skills in reading, writing, mathematics and other areas of the elementary school curriculum; and

''(2) is not in default on a loan for which the borrower seeks forgiveness.

''(c) REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

''(d) LOAN CANCELLATION DURING CONTINUING TEACHING SERVICE.—

''(1) IN GENERAL.—The Secretary shall cancel the obligation to repay—

''(A) 30 percent of the total outstanding amount and applicable interest of subsidized Federal Direct Stafford/Ford loans owed by the student borrower after the completion of the fourth or fifth complete school year of service described in subsection (b);

''(B) 40 percent of such total amount after the completion of the sixth complete school year of such service; and

''(C) a total amount for any borrower that shall not exceed $ 10,000.

''(2) CONSTRUCTION.—Nothing in this section shall be construed to authorize any refunding of any canceled loan.

''(e) LIST.—If the list of schools in which a teacher may perform service pursuant to subsection (b) is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

''(f) CONTINUED ELIGIBILITY.—Any teacher who performs service in a school that—

''(1) meets the requirements of subsection (b)(1)(A) in any year during such service; and

''(2) in a subsequent year fails to meet the requirements of such subsection, may continue to teach in such school and shall be eligible for loan cancellation pursuant to subsection (b).''.

PART E—FEDERAL PERKINS LOANS

SEC. 461. AUTHORIZATION OF APPROPRIATIONS.

Subsection (b) of section 461 (20 U.S.C. 1087aa) is amended—

(1) in paragraph (1), by striking ''1993'' and inserting ''1999''; and

(2) in paragraph (2), by striking ''1997'' each place the term appears and inserting ''2003''.

SEC. 462. ALLOCATION OF FUNDS.

(a) AMENDMENTS.—Section 462 (20 U.S.C. 1087bb) is amended—

(1) in the matter preceding subparagraph (A) of subsection (d)(3), by striking ''the Secretary, for'' and all that follows through ''years,'';

(2) by amending subsection (f) to read as follows:

''(f) DEFAULT PENALTIES.—

''(1) IN GENERAL.—For fiscal year 1998 and any succeeding fiscal year, any institution with a cohort default rate (as defined under subsection (h)) that equals or exceeds 25 percent shall have a default penalty of zero.

''(2) INELIGIBILITY.—

''(A) IN GENERAL.—For fiscal year 1998 and any succeeding fiscal year, any institution with a cohort default rate (as defined in subsection (h)) that equals or exceeds 50 percent for each of the 3 most recent years for which data are available shall not be eligible to participate in a program under this part for the fiscal year for which the determination is made and the 2 succeeding fiscal years, unless, within 30 days of receiving notification from the Secretary of the loss of eligibility under this paragraph, the institution appeals the loss of eligibility to the Secretary. The Secretary shall issue a decision on any such appeal within 45 days after the submission of the appeal. Such decision may permit the institution to continue to participate in a program under this part if—

''(i) the institution demonstrates to the satisfaction of the Secretary that the calculation of the institution's cohort default rate is not accurate, and that recalculation would reduce the institution's cohort default rate for any of the 3 fiscal years below 50 percent; or

''(ii) there are, in the judgment of the Secretary, exceptional mitigating circumstances such as a small number of borrowers entering repayment, that would make the application of this subparagraph inequitable.

''(B) CONTINUED PARTICIPATION.—During an appeal under subparagraph (A), the Secretary may permit the institution to continue to participate in a program under this part.

''(C) DEFINITION.—For the purposes of subparagraph (A), the term 'loss of eligibility' shall be defined as the mandatory liquidation of an institution's student loan fund, and assignment of the institution's outstanding loan portfolio to the Secretary.'';

(3) by amending paragraph (1) of subsection (g) to read as follows: ''(1) For award year 1998 and subsequent years, the maximum cohort default rate is 25 percent.''; and

(4) in subsection (h)—

(A) in the subsection heading, by striking ''DEFINITIONS OF DEFAULT RATE AND'' and inserting ''DEFINITION OF'';

(B) by striking paragraphs (1) and (2);

(C) by redesignating paragraphs (3) and (4) as paragraphs (1) and (2), respectively;

(D) in paragraph (1) (as redesignated by subparagraph (C))—

(i) by striking subparagraph (B); and

(ii) by redesignating subparagraphs (C) through (G) as subparagraphs (B) through (F), respectively; and

(E) in the matter preceding subparagraph (A) of paragraph (2) (as redesignated by subparagraph (C)), by striking ''A loan'' and inserting ''For purposes of calculating the cohort default rate under this subsection, a loan''.

(b) CONFORMING AMENDMENTS.—Section 462 (20 U.S.C. 1087bb) is amended—

(1) in the matter following paragraphs (1)(B) and (2)(D)(ii) of subsection (a), by inserting ''cohort'' before ''default'' each place the term appears;

(2) in the matter following paragraphs (2)(B) and (3)(C) of subsection (c), by inserting ''cohort'' before ''default'' each place the term appears;

(3) in subsection (e)(2), by inserting ''cohort'' before ''default''; and

(4) in subsection (h)(1)(F) (as redesignated by subparagraphs (C) and (D)(ii) of subsection (a)(4)), by inserting ''cohort'' before ''default''.

SEC. 463. AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION.

Section 463 (20 U.S.C. 1087cc) is amended—

(1) by amending subparagraph (B) of subsection (a)(2) to read as follows:

''(B) a capital contribution by an institution in an amount equal to one-third of the Federal capital contributions described in subparagraph (A);'';

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking ''by the Secretary'' and all that follows through ''of—'' and inserting ''by the Secretary or an institution, as the case may be, to such organizations, with respect to any loan held by the Secretary or the institution, respectively, of—'';

(ii) by amending subparagraph (A) to read as follows:

''(A) the date of disbursement and the amount of such loans made to any borrower under this part at the time of disbursement of the loan;'';

(iii) in subparagraph (B)—

(I) by inserting ''the repayment and'' after ''concerning''; and

(II) by striking ''any defaulted'' and inserting ''such''; and

(iv) in subparagraph (C), by inserting '', or upon cancellation or discharge of the borrower's obligation on the loan for any reason'' before the period;

(B) in paragraph (3)—

(i) in the matter preceding subparagraph (A), by striking ''until—'' and inserting ''until the loan is paid in full.''; and

(ii) by striking subparagraphs (A) and (B); and

(C) by amending paragraph (4) to read as follows:

''(4)(A) Except as provided in subparagraph (B), an institution of higher education, after consultation with the Secretary and pursuant to the agreements entered into under paragraph (1), shall disclose at least annually to any credit bureau organization with which the Secretary has such an agreement the information set forth in paragraph (2), and shall disclose promptly to such credit bureau organization any changes to the information previously disclosed.

''(B) The Secretary may promulgate regulations establishing criteria under which an institution of higher education may cease reporting the information described in paragraph (2) before a loan is paid in full.''.

SEC. 464. TERMS OF LOANS.

Section 464 (20 U.S.C. 1087dd) is amended—

(1) in subsection (a), by amending paragraph (2) to read as follows:

''(2)(A) Except as provided in paragraph (4), the total of loans made to a student in any academic year or its equivalent by an institution of higher education from a loan fund established pursuant to an agreement under this part shall not exceed—

''(i) $4,000, in the case of a student who has not successfully completed a program of undergraduate education; or

''(ii) $6,000, in the case of a graduate or professional student (as defined in regulations issued by the Secretary).

''(B) Except as provided in paragraph (4), the aggregate of the loans for all years made to a student by institutions of higher education from loan funds established pursuant to agreements under this part may not exceed—

''(i) $40,000, in the case of any graduate or professional student (as defined by regulations issued by the Secretary, and including any loans from such funds made to such person before such person became a graduate or professional student);

''(ii) $20,000, in the case of a student who has successfully completed 2 years of a program of education leading to a bachelor's degree but who has not completed the work necessary for such a degree (determined under regulations issued by the Secretary, and including any loans from such funds made to such person before such person became such a student); and

''(iii) $8,000, in the case of any other student.

''(C)(i) The total of loans made to a student described in clause (ii) in any academic year or its equivalent by an institution of higher education from loan funds established pursuant to agreements under this part may not exceed—

''(I) $8,000 for each of the third and fourth years of the program of instruction leading to a bachelor's degree; or

''(II) $10,000 for the first year of graduate study (as defined in regulations issued by the Secretary).

''(ii) A student referred to in clause (i) is any student—

''(I) who is a junior in a program of instruction leading to a bachelor's degree;

''(II) who states in writing that the student will pursue a course of study to become an elementary or secondary school teacher; and

''(III) who states in writing that the student intends to become a full-time teacher in a school which meets the requirements of section 465(a)(2)(A).

''(iii) Each institution shall provide a report to the Secretary annually containing the number of loans under this subparagraph that are made, the amount of each loan, and whether students benefiting from the higher loan limits met the requirements for receiving those loans.

''(iv) If 3 years after the date of enactment of the Higher Education Amendments of 1998, the Secretary determines that an institution has engaged in a pattern of abuse of this subparagraph, the Secretary may reduce or terminate the institution's Federal capital contribution.'';

(2) in subsection (b), by amending paragraph (2) to read as follows:

''(2) If the institution's capital contribution under section 462 is directly or indirectly based in part on the financial need demonstrated by students who are (A) attending the institution less than full time; or (B) independent students, a reasonable portion of the loans made from the institution's student loan fund containing the contribution shall be made available to such students.'';

(3) in subsection (c)(1)—

(A) in subparagraph (D), by striking ''(i) 3 percent'' and all that follows through ''or (iii)'';

(B) by redesignating subparagraphs (H) and (I) as subparagraphs (I) and (J), respectively; and

(C) by inserting after subparagraph (G) the following:

''(H) shall provide that, in the case of a loan made on or after July 1, 1999, the loan shall be considered in default (except as otherwise provided in section 462(h)) if the borrower of a loan made under this part fails to make an installment payment when due, or to meet any other term of the promissory note or written repayment agreement, and such failure persists for—

''(i) 180 days in the case of a loan that is repayable in monthly installments; or

''(ii) 240 days in the case of a loan that is repayable in less frequent installments;''; and

(4) by adding at the end the following:

''(g) DISCHARGE.—

''(1) IN GENERAL.—If a student borrower who received a loan made under this part on or after January 1, 1986, is unable to complete the program in which such student is enrolled due to the closure of the institution, then the Secretary shall discharge the borrower's liability on the loan (including the interest and collection fees) by repaying the amount owed on the loan and shall subsequently pursue any claim available to such borrower against the institution and the institution's affiliates and principals, or settle the loan obligation pursuant to the financial responsibility standards described in section 498(c).

''(2) ASSIGNMENT.—A borrower whose loan has been discharged pursuant to this subsection shall be deemed to have assigned to the United States the right to a loan refund in an amount that does not exceed the amount discharged against the institution and the institution's affiliates and principals.

''(3) ELIGIBILITY FOR ADDITIONAL ASSISTANCE.—The period during which a student was unable to complete a course of study due to the closing of the institution shall not be considered for purposes of calculating the student's period of eligibility for additional assistance under this title.

''(4) SPECIAL RULE.—A borrower whose loan has been discharged pursuant to this subsection shall not be precluded, because of that discharge, from receiving additional grant, loan, or work assistance under this title for which the borrower would be otherwise eligible (but for the default on the discharged loan). The amount discharged under this subsection shall not be considered income for purposes of the Internal Revenue Code of 1986.

''(5) REPORTING.—The Secretary or institution, as the case may be, shall report to credit bureaus with respect to loans that have been discharged pursuant to this subsection.

''(h) REHABILITATION OF LOANS.—

''(1) REHABILITATION.—

''(A) IN GENERAL.—If the borrower of a loan made under this part who has defaulted on the loan makes 12 ontime, consecutive, monthly payments of amounts owed on the loan, as determined by the institution, the loan shall be considered rehabilitated, and the institution that made that loan (or the Secretary, in the case of a loan held by the Secretary) shall instruct any credit bureau organization or credit reporting agency to which the default was reported to remove the default from the borrower's credit history.

''(B) COMPARABLE CONDITIONS.—As long as the borrower continues to make scheduled repayments on a loan rehabilitated under this paragraph, the rehabilitated loan shall be subject to the same terms and conditions, and qualify for the same benefits and privileges, as other loans made under this part.

''(C) ADDITIONAL ASSISTANCE.—The borrower of a rehabilitated loan shall not be precluded by section 484 from receiving additional grant, loan, or work assistance under this title (for which the borrower is otherwise eligible) on the basis of defaulting on the loan prior to such rehabilitation.

''(D) LIMITATIONS.—A borrower only once may obtain the benefit of this paragraph with respect to rehabilitating a loan under this part.

''(2) RESTORATION OF ELIGIBILITY.—If the borrower of a loan made under this part who has defaulted on that loan makes 6 ontime, consecutive, monthly payments of amounts owed on such loan, the borrower's eligibility for grant, loan, or work assistance under this title shall be restored. A borrower only once may obtain the benefit of this paragraph with respect to restored eligibility.

''(i) INCENTIVE REPAYMENT PROGRAM.—

''(1) IN GENERAL.—Each institution of higher education may establish, with the approval of the Secretary, an incentive repayment program designed to reduce default and to replenish student loan funds established under this part. Each such incentive repayment program may—

''(A) offer a reduction of the interest rate on a loan on which the borrower has made 48 ontime, consecutive, monthly repayments, but in no event may the rate be reduced by more than 1 percent;

''(B) provide for a discount on the balance owed on a loan on which the borrower pays the principal and interest in full prior to the end of the applicable repayment period, but in no event may the discount exceed 5 percent of the unpaid principal balance due on the loan at the time the early repayment is made; and

''(C) include such other incentive repayment options as the institution determines will carry out the objectives of this subsection.

''(2) LIMITATION.—No incentive repayment option under an incentive repayment program authorized by this subsection may be paid for with Federal funds, including any Federal funds from the student loan fund, nor can an incentive repayment option be paid for with institutional funds from the student loan fund.''.

SEC. 465. DISTRIBUTION OF ASSETS FROM STUDENT LOAN FUNDS.

Section 466 (20 U.S.C. 1087ff) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1)—

(i) by striking ''1996'' and inserting ''2003''; and

(ii) by striking ''1997'' and inserting ''2004''; and

(B) in paragraph (1), by striking ''1996'' and inserting ''2003'';

(2) in subsection (b)—

(A) by striking ''2005'' and inserting ''2012''; and

(B) by striking ''1996'' and inserting ''2003''; and

(3) in subsection (c), by striking ''1997'' and inserting ''2004''.

SEC. 466. PERKINS LOAN REVOLVING FUND.

(a) REPEAL.—Subsection (c) of section 467 (20 U.S.C. 1087gg(c)) is repealed.

(b) TRANSFER OF BALANCE.—Any funds in the Perkins Loan Revolving Fund on the date of enactment of this Act shall be transferred to and deposited in the Treasury.

PART F—NEED ANALYSIS

SEC. 471. COST OF ATTENDANCE.

Section 472 (20 U.S.C. 1087ll) is amended—

(1) in paragraph (3)—

(A) in subparagraph (A), by striking ''of not less than $1,500'' and inserting ''determined by the institution''; and

(B) in subparagraph (C), by striking '', except that the amount may not be less than $2,500''; and

(2) in paragraph (11), by striking ''placed'' and inserting ''engaged''.

SEC. 472. FAMILY CONTRIBUTION FOR DEPENDENT STUDENTS.

Section 475 (20 U.S.C. 1087oo) is amended—

(1) in subsection (g)—

(A) in paragraph (2)—

(i) in subparagraph (D)—

(I) by striking ''$1,750'' and inserting ''$2,200''; and

(II) by striking ''and'' after the semicolon;

(ii) in subparagraph (E), by striking the period and inserting ''; and''; and

(iii) by adding at the end the following:

''(F) an allowance for parents' negative available income, determined in accordance with paragraph (6).''; and

(B) by adding at the end the following:

''(6) ALLOWANCE FOR PARENTS' NEGATIVE AVAILABLE INCOME.—The allowance for parents' negative available income is the amount, if any, by which the sum of the amounts deducted under subparagraphs (A) through (F) of paragraph (1) exceeds the parents' total income (as defined in section 480).''; and

(2) by adding at the end the following:

''(j) ADJUSTMENTS TO STUDENTS CONTRIBUTION FOR ENROLLMENT PERIODS OF LESS THAN NINE MONTHS.—For periods of enrollment of less than 9 months, the student's contribution from adjusted available income (as determined under subsection (g)) is determined, for purposes other than subpart 2 of part A, by dividing the amount determined under such subsection by 9, and multiplying the result by the number of months in the period of enrollment.''.

SEC. 473. FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE.

Section 476(b)(1)(A)(iv) (20 U.S.C. 1087pp(b)(1)(A)(iv)) is amended—

(1) in subclause (I), by striking ''$3,000'' and inserting ''$4,250'';

(2) in subclause (II), by striking ''$3,000'' and inserting ''$4,250''; and

(3) in subclause (III), by striking ''$6,000'' and inserting ''$7,250''.

SEC. 474. REGULATIONS; UPDATED TABLES AND AMOUNTS.

Section 478(b) (20 U.S.C. 1087rr(b)) is amended—

(1) by striking ''For each academic year'' and inserting the following:

''(1) REVISED TABLES.—For each academic year''; and

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

''(2) REVISED AMOUNTS.—For each academic year after academic year 1999–2000, the Secretary shall publish in the Federal Register revised income protection allowances for the purpose of sections 475(g)(2)(D) and 476(b)(1)(A)(iv). Such revised allowances shall be developed by increasing each of the dollar amounts contained in such section by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 1998 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.''.

SEC. 475. REFUSAL OR ADJUSTMENT OF LOAN CERTIFICATIONS.

Subsection (c) of section 479A (20 U.S.C. 1087tt) is amended to read as follows:

''(c) REFUSAL OR ADJUSTMENT OF LOAN CERTIFICATIONS.—An eligible institution may refuse to certify a statement that permits a student to receive a loan under part B, or refuse to make a loan under part D, or may certify a loan amount or make a loan that is less than the student's determination of need (as determined under this part), if the reason for the action is documented and provided in written form to the student. No eligible institution shall discriminate against any borrower or applicant in obtaining a loan on the basis of race, national origin, religion, sex, marital status, age, or disability status.''.

PART G—GENERAL PROVISIONS

SEC. 481. MASTER CALENDAR.

Section 482 (20 U.S.C. 1089) is amended—

(1) in subsection (a), by adding at the end the following:

''(3) To the extent feasible, the Secretary shall notify eligible institutions and vendors by December 1 prior to the start of an award year of minimal hardware and software requirements necessary to administer programs under this title.''; and

(2) by amending subsection (c) to read as follows:

''(c) DELAY OF EFFECTIVE DATE OF LATE PUBLICATIONS.—(1) Except as provided in paragraph (2), any regulatory changes initiated by the Secretary affecting the programs under this title that have not been published in final form by November 1 prior to the start of the award year shall not become effective until the beginning of the second award year after such November 1 date.

''(2)(A) The Secretary may designate any regulatory provision that affects the programs under this title and is published in final form after November 1 as one that an entity subject to the provision may, in the entity's discretion, choose to implement prior to the effective date described in paragraph (1). The Secretary may specify in the designation when, and under what conditions, an entity may implement the provision prior to that effective date. The Secretary shall publish any designation under this subparagraph in the Federal Register.

''(B) If an entity chooses to implement a regulatory provision prior to the effective date described in paragraph (1), as permitted by subparagraph (A), the provision shall be effective with respect to that entity in accordance with the terms of the Secretary's designation.''.

SEC. 482. FORMS AND REGULATIONS.

Section 483 (20 U.S.C. 1090) is amended—

(1) in subsection (a)—

(A) in the subsection heading, by striking ''FORM'' and inserting ''FORM DEVELOPMENT'';

(B) by amending paragraph (1) to read as follows:

''(1) SINGLE FORM REQUIREMENTS.—The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall produce, distribute, and process free of charge a common financial reporting form (which shall include electronic versions of the form) to be used—

''(A) to determine the need (including the expected family contribution and, if appropriate, cost of attendance) and eligibility of a student for financial assistance under parts A, C, D, and E; and

''(B) to determine the need (including the expected family contribution and cost of attendance) of a student for the purposes of part B.

''(2) STATE DATA ITEMS.—The Secretary shall include on the form developed under this subsection such data items, selected in consultation with the States to assist the States in awarding State student financial assistance, as the Secretary determines are appropriate for inclusion.

''(3) PARENT'S SOCIAL SECURITY NUMBER.—The Secretary shall include on the form developed under this paragraph space for the social security number of parents of dependent students seeking financial assistance under this title.

''(4) USE.—The Secretary shall require that the form developed under this paragraph be used for the purpose of collecting eligibility and other data for purposes of part B, including the applicant's choice of lender.''; and

(C) in paragraph (3)—

(i) by striking ''Institutions of higher education and States shall receive'' and inserting ''The Secretary shall provide''; and

(ii) by striking ''by the Secretary''; and

(2) by adding at the end the following:

''(g) PAYMENT FOR DATA.—The Secretary may pay such charges as the Secretary determines are necessary to obtain data that the Secretary considers essential to the efficient administration of the programs under this title.

''(h) MULTIYEAR PROMISSORY NOTE.—The Secretary shall require, for loans made under this title for periods of enrollment beginning on or after July 1, 2000, the use of a promissory note applicable to more than 1 academic year, or more than 1 type of loan made under this title. Prior to implementing this subsection, the Secretary shall develop and test such a promissory note on a limited or pilot basis.''.

SEC. 483. STUDENT ELIGIBILITY.

(a) AMENDMENTS.—Section 484 (20 U.S.C. 1091) is amended—

(1) in subsection (d)—

(A) in the matter preceding paragraph (1), by striking ''either''; and

(B) by adding at the end the following:

''(3) The student has completed a high school education in a home school setting and has met any State requirements with respect to such education in a home school setting.''; and

(2) by adding at the end the following:

''(q) VERIFICATION OF IRS RETURN INFORMATION.—The Secretary shall verify the information reported by all applicants for assistance on the form prescribed under section 483 with the return information (as defined in section 6103 of the Internal Revenue Code of 1986) available to the Secretary of the Treasury. Notwithstanding section 6103 of such Code the Secretary of the Treasury shall provide the return information to the Secretary. In the case of a dependent student the return information shall include the return information of the parent of the student. The form prescribed by the Secretary under section 483 shall contain a prominent notice of the verification of the information and a warning to all the applicants of the penalties for misrepresentation, with respect to the information, under the United States Code.

''(r) SUSPENSION OF ELIGIBILITY FOR DRUG-RELATED OFFENSES.—

''(1) IN GENERAL.—A student who has been convicted of any offense under any Federal or State law involving the possession or sale of a controlled substance shall not be eligible to receive any grant, loan, or work assistance under this title during the period beginning on the date of such conviction and ending after the interval specified in the following table:

''If convicted of an offense involving:

The possession of a controlled substance:	Ineligibility period is:
First offense	1 year
Second offense	2 years
Third offense	Indefinite.

The sale of a controlled substance:	Ineligibility period is:
First offense	2 years
Second offense	Indefinite.

''(2) REHABILITATION.—A student whose eligibility has been suspended under paragraph (1) may resume eligibility before the end of the ineligibility period determined under such paragraph if the student satisfactorily completes a drug rehabilitation program that complies with such criteria as the Secretary shall prescribe in regulations for purposes of this paragraph.

''(3) DEFINITIONS.—In this subsection, the term 'controlled substance' has the meaning given the term in section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6)).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a)(2) regarding suspension of eligibility for drug-related offenses, shall apply with respect to financial assistance to cover the costs of attendance for periods of enrollment beginning after the date of enactment of this Act.

SEC. 484. INSTITUTIONAL REFUNDS.

Section 484B (20 U.S.C. 1091b) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by inserting ''or'' after the semicolon;

(B) by striking paragraph (2); and

(C) by redesignating paragraph (3) as paragraph (2); and

(2) in subsection (c)—

(A) in paragraph (1), by striking ''last day of attendance by the student'' and inserting ''day the student withdrew'';

(B) in subparagraph (A) of paragraph (2), by striking ''last recorded day of attendance by the student'' and inserting ''day the student withdrew''; and

(C) by adding at the end the following:

''(3) For the purpose of this section, the term 'day a student withdrew'—

''(A) is the date that was the last recorded day of attendance by the student; or

''(B) in instances where attendance is not recorded, is the date on which—

''(i) the student began the withdrawal process prescribed by the institution; or

''(ii) the student otherwise provided notification to the institution of the intent to withdraw.''.

SEC. 485. INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION FOR STUDENTS.

(a) INFORMATION DISSEMINATION ACTIVITIES.—Section 485(a) (20 U.S.C. 1092(a)) is amended—

(1) in paragraph (1)—

(A) in the second sentence, by striking ''and mailings, to all current'' and inserting '', mailings, and electronic media, to all enrolled'';

(B) by inserting after the second sentence the following: ''Each eligible institution annually shall provide to all students enrolled at the institution, a list of the information that is required by this section, together with a statement of the procedures required to obtain the information.'';

(C) in subparagraph (M)(ii), by striking ''and'' after the semicolon;

(D) in subparagraph (N), by striking the period and inserting ''; and''; and

(E) by adding at the end the following:

''(O) the requirements and procedures for student withdrawal prior to the end of a period of enrollment and the consequences to the student, with respect to receipt of a refund, of the student's failing to provide notification of withdrawal.'';

(2) in paragraph (2), by inserting ''an application for'' after ''concerning''; and

(3) in paragraph (3), by amending subparagraph (A) to read as follows:

''(A) shall be made available by July 1 each year to current and prospective students prior to enrolling or entering into any financial obligation; and''.

(b) EXIT COUNSELING FOR BORROWERS.—Section 485(b) (20 U.S.C. 1092(b)) is amended—

(1) in paragraph (1)(A), by striking ''(individually or in groups)''; and

(2) in paragraph (2), by adding at the end the following:

''(C) Nothing in this subsection shall be construed to prohibit an institution of higher education from utilizing electronic means to provide personalized exit counseling.''.

(c) DISCLOSURES REQUIRED WITH RESPECT TO ATHLETICALLY RELATED STUDENT AID.—Section 485(e) (20 U.S.C. 1092(e)) is amended—

(1) by amending paragraph (2) to read as follows:

''(2) When an institution described in paragraph (1) offers a potential student athlete athletically related student aid, such institution shall provide to the student, the student's parents, the student's guidance counselor, and the student's coach the information contained in the report submitted by such institution pursuant to paragraph (1). If the institution is a member of a national collegiate athletic association that compiles graduation rate data on behalf of its member institutions, that the Secretary determines is substantially comparable to the information described in the previous sentence, the distribution of the compilation to all secondary schools shall fulfill the responsibility of the institution to provide the information to a prospective student athlete's guidance counselor and coach.''; and

(2) by amending paragraph (9) to read as follows:

''(9) The reports required by this subsection shall be due each July 1 and shall cover the 1-year period ending August 31 of the preceding year.''.

(d) DISCLOSURE OF CAMPUS SECURITY POLICY AND CAMPUS CRIME STATISTICS.—Section 485(f) (20 U.S.C. 1092(f)) is amended—

(1) by amending subparagraph (F) of paragraph (1) to read as follows:

''(F) Statistics concerning the occurrence on campus, during the most recent calendar year, and during the 2 preceding calendar years for which data are available—

''(i) of the following criminal offenses reported to campus security authorities or local police agencies—

''(I) homicide, including murder or nonnegligent manslaughter or negligent manslaughter;

''(II) sex offenses, forcible or nonforcible;

''(III) robbery;

''(IV) aggravated assault;

''(V) burglary;

''(VI) motor vehicle theft; and

''(VII) arson;

''(ii) of the crimes described in subclauses (I) through (VII), and vandalism and simple assault, that manifest evidence of prejudice based on actual or perceived race, gender, religion, sexual orientation, ethnicity, or disability that are reported to campus security authorities or local police agencies, which data shall be collected and reported according to category of prejudice.'';

(2) by redesignating paragraphs (4) through (7) as paragraphs (5) through (8), respectively;

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

''(4)(A) Each institution participating in any program under this title which maintains either a police or security department of any kind shall make, keep, and maintain a daily log, written in a form that can be easily understood, recording all crimes reported to such police or security department, including—

''(i) the nature, date, time, and general location of each crime; and

''(ii) the disposition of the complaint, if known.

''(B)(i) All entries that are required pursuant to this paragraph shall, except where disclosure of such information is prohibited by law or such disclosure would jeopardize the confidentiality of the victim, be open to public inspection within 2 business days of the initial report being made to the department or a campus security authority.

''(ii) If new information about an entry into a log becomes available to a police or security department, then the new information shall be recorded in the log not later than 2 business days after the information becomes available to the police or security department.

''(iii) Where there is clear and convincing evidence that the release of such information would jeopardize an ongoing criminal investigation or the safety of an individual, cause a suspect to flee or evade detection, or result in the destruction of evidence, such information may be withheld until that damage is no longer likely to occur from the release of such information.

''(iv) Notwithstanding clause (iii), an institution of higher education shall record all criminal incidents occurring on campus and shall make the reports open to public inspection not later than 2 business days after the requirements of clause (iii) are met.'';

(4) in paragraph (7) (as redesignated by subparagraph (B)), by inserting at the end the following: ''Such statistics shall not identify victims of crimes or persons accused of crimes, except as permitted by State or local law.''; and

(5) by adding at the end the following:

''(9) STUDY.—

''(A) IN GENERAL.—The Secretary, in consultation with the Attorney General, shall provide for a national study to examine procedures undertaken after an institution of higher education receives a report of sexual assault.

''(B) REPORT.—The study required by subparagraph (A) shall include an analysis of—

''(i) the existence and publication of the institution of higher education's and State's definition of sexual assault;

''(ii) the existence and publication of the institution's policy for campus sexual assaults;

''(iii) the individuals to whom reports of sexual assault are given most often and—

''(I) how the individuals are trained to respond to the reports; and

''(II) the extent to which the individuals are trained;

''(iv) the reporting options that are articulated to the victim or victims of the sexual assault regarding—

''(I) on-campus reporting and procedure options; and

''(II) off-campus reporting and procedure options;

''(v) the resources available for victims' safety, support, medical health, and confidentiality, including—

''(I) how well the resources are articulated both specifically to the victim of sexual assault and generally to the campus at large; and

''(II) the security of the resources in terms of confidentiality or reputation;

''(vi) policies and practices that may prevent or discourage the reporting of campus sexual assaults to local crime authorities, or that may otherwise obstruct justice or interfere with the prosecution of perpetrators of campus sexual assaults;

''(vii) policies and practices found successful in aiding the report and any ensuing investigation or prosecution of a campus sexual assault;

''(viii) the on-campus procedures for investigation and disciplining the perpetrator of a sexual assault, including—

''(I) the format for collecting evidence; and

''(II) the format of the investigation and disciplinary proceeding, including the faculty responsible for running the disciplinary procedure and the persons allowed to attend the disciplinary procedure; and

''(ix) types of punishment for offenders, including—

''(I) whether the case is directed outside for further punishment; and

''(II) how the institution punishes perpetrators.

''(C) SUBMISSION OF REPORT.—The report required by subparagraph (B) shall be submitted to Congress not later than September 1, 1999.

''(D) DEFINITION.—For purposes of this section, the term 'campus sexual assaults' means sexual assaults occurring at institutions of higher education and sexual assaults committed against or by students or employees of such institutions.

''(E) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,000,000 for fiscal year 1999.''.

(e) DATA REQUIRED.—Section 485(g) (20 U.S.C. 1092(g)) is amended—

(1) in paragraph (1), by adding at the end the following:

''(I)(i) The total revenues, and the revenues from football, men's basketball, women's basketball, all other men's sports combined, and all other women's sports combined, derived by the institution from the institution's intercollegiate athletics activities.

''(ii) For the purpose of clause (i) revenues from intercollegiate athletics activities allocable to a sport shall include, without limitation, gate receipts, broadcast revenues, appearance guarantees and options, concessions and advertising, except that revenues such as student activities fees or alumni contributions not so allocable shall be included in the calculation of total revenues only.

''(J)(i) The total expenses, and the expenses attributable to football, men's basketball, women's basketball, all other men's sports combined and all other women's sports combined, made by the institution for the institution's intercollegiate athletics activities.

''(ii) For the purpose of clause (i) expenses for intercollegiate athletics activities allocable to a sport shall include without limitation grants-in-aid, salaries, travel, equipment, and supplies, except that expenses such as general and administrative overhead not so allocable shall be included in the calculation of total expenses only.

''(K) A statement of any reduction that will, or is likely to, occur during the ensuing 4 academic years in the number of athletes that will be permitted to participate in any collegiate sport, or in the financial resources that the institution will make available for any such sport, and the reasons for any such reduction, to the

extent the reduction is known.'';

(2) by striking paragraph (5);

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

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

''(4) SUBMISSION; REPORT; INFORMATION AVAILABILITY.—(A) Each institution of higher education described in paragraph (1) shall provide to the Secretary, within 15 days of the date that the institution makes available the report under paragraph (1), the information contained in the report.

''(B) The Secretary shall prepare a report regarding the information received under subparagraph (A) for each year by April 1 of the year. The report shall—

''(i) summarize the information and identify trends in the information;

''(ii) aggregate the information by divisions of the National Collegiate Athletic Association; and

''(iii) contain information on each individual institution of higher education.

''(C) The Secretary shall ensure that the report described in subparagraph (B) is made available on the Internet within a reasonable period of time.

''(D) The Secretary shall notify, not later than 180 days after the date of enactment of the Higher Education Amendments of 1998, all secondary schools in all States regarding the availability of the information reported under subparagraph (B) and the information made available under paragraph (1), and how such information may be accessed.''.

(f) GEPA AMENDMENT.—Section 444(a)(4)(B) of the General Education Provisions Act (20 U.S.C. 1232g(a)(4)(B)) is amended—

(1) by redesignating clauses (iii) and (iv) as clauses (iv) and (v), respectively; and

(2) by inserting after clause (ii) the following:

''(iii) records that are maintained by local police or campus security officers of an educational agency or institution about—

''(I) individuals who have been found guilty of, or have pled guilty to, committing or participating in any criminal activity as defined in Federal, State, or local law that has occurred while the individual was a student in attendance, including audit or noncredit, at an educational institution; and

''(II) findings of guilt of criminal misconduct and related sanctions from any previously attended educational agencies or institutions where such records were created on or after September 1, 1999, and that are maintained by the institution currently or most recently attended by the individual;''.

SEC. 486. NATIONAL STUDENT LOAN DATA BANK SYSTEM.

Section 485B (20 U.S.C. 1092b) is amended by adding at the end the following:

''(h) STUDENT STATUS CONFIRMATION REPORT.—In order to reduce unnecessary paperwork and to increase the efficient administration, the Secretary shall assure that borrowers under part E are included in the Student Status Confirmation Report in the same manner as borrowers under parts B and D.''.

SEC. 487. TRAINING IN FINANCIAL AID SERVICES.

Section 486 (20 U.S.C. 1093) is amended to read as follows:

''SEC. 486. INFORMATION ON THE COSTS OF HIGHER EDUCATION.

''(a) IN GENERAL.—For the purpose of providing comparative information to families about the costs of higher education—

''(1) the National Center for Education Statistics shall—

''(A) develop a standard definition for the following data elements:

''(i) Tuition and fees.

''(ii) Total cost of attendance, including costs such as housing, books, supplies, and transportation.

''(iii) Average amount of financial assistance received by a student who attends an institution of higher education, in terms of the following:

''(I) Grants and loans.

''(II) Institutional and other assistance.

''(iv) Percentage of students receiving student financial assistance, in terms of the following:

''(I) Grants and loans.

''(II) Institutional and other assistance;

''(B) report the definitions to each institution of higher education and the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than 90 days after the date of enactment of the Higher Education Amendments of 1998;

''(C) collect information regarding the data elements described in subparagraph (A) with respect to all institutions of higher education, and make available the information each year in a timely fashion through the integrated postsecondary education data system, beginning with the information from the 1999–2000 academic year;

''(D) provide the public notice when the information described in subparagraph (C) is available for public inspection; and

''(E) publish in a timely fashion a report after the third year of collection of the information described in subparagraph (C) that compares the information described in subparagraph (C) longitudinally by institution, which information shall be presented in a form that is easily understandable, including clear definitions of the data elements described in subparagraph (A), to allow parents and students to make informed decisions about attending college; and

''(2) institutions of higher education shall provide information regarding each data element described in paragraph (1)(A) to the National Center for Education Statistics by March 1 of each year, beginning in the year 2000.

''(b) STUDY.—

''(1) IN GENERAL.—In consultation with the Bureau of Labor Statistics, the National Center for Education Statistics shall conduct a national study of expenditures at institutions of higher education. Such study shall include information about—

''(A) expenditures for—

''(i) faculty salaries and benefits;

''(ii) administrative salaries, benefits, and expenses;

''(iii) academic support services;

''(iv) research;

''(v) construction; and

''(vi) technology;

''(B) how such expenditures change over time; and

''(C) how such expenditures relate to college costs.

''(2) FINAL REPORT.—The National Center for Education Statistics shall submit a report regarding the findings of the study required by paragraph (1) to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than September 30, 2001.

''(c) HIGHER EDUCATION MARKET BASKET.—In consultation with the Bureau of Labor Statistics, the National Center for Education Statistics shall develop a Higher Education Market Basket that identifies the items that comprise the costs of higher education. The National Center for Education Statistics shall provide a report on the market basket to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than September 30, 2002.

''(d) FINES.—In addition to the actions authorized in section 487(c), the Secretary may impose a fine in an amount not to exceed $25,000 on an institution of higher education for failure to provide the information described in subsection (a)(2) in a timely or accurate manner, or for failure to otherwise cooperate with the National Center for Education Statistics regarding efforts to obtain data on the cost of higher education under such subsection.''.

SEC. 488. PROGRAM PARTICIPATION AGREEMENTS.

Section 487 (20 U.S.C. 1094) is amended—

(1) in subsection (a)—

(A) in paragraph (3)—

(i) by striking subparagraph (B); and

(ii) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively;

(B) in paragraph (9), by striking ''part B'' and inserting ''part B or D'';

(C) in paragraph (14)—

(i) in subparagraph (A), by striking ''part B'' and inserting ''part B or D''; and

(ii) in subparagraph (B)—

(I) by inserting ''for-profit'' after ''Any'';

(II) by striking ''and any eligible institution which'' and inserting ''or''; and

(III) by striking ''part B'' and inserting ''part B or D'';

(D) in paragraph (15), by striking ''State review entities'' and inserting ''the State agencies'';

(E) by striking paragraph (18);

(F) by redesignating paragraphs (19) through (22) as paragraphs (18) through (21), respectively; and

(G) by amending paragraph (20) (as redesignated by subparagraph (F)) to read as follows:

''(20) The institution will meet the requirements established by the Secretary and accrediting agencies or associations, and will provide evidence to the Secretary that the institution has the authority to operate within a State.''; and

(2) in subsection (c)—

(A) in paragraph (1)(A)(i), by striking ''State review entities referred to in'' and inserting ''appropriate State agency notifying the Secretary under'';

(B) in paragraph (4), by striking '', after consultation with each State review entity designated under subpart 1 of part H,''; and

(C) in paragraph (5), by striking ''State review entities designated'' and inserting ''State agencies notifying the Secretary''.

SEC. 489. REGULATORY RELIEF AND IMPROVEMENT.

Section 487A (20 U.S.C. 1094a) is amended to read as follows:

''SEC. 487A. REGULATORY RELIEF AND IMPROVEMENT.

''(a) QUALITY ASSURANCE PROGRAM.—

''(1) IN GENERAL.—The Secretary is authorized to select institutions for voluntary participation in a Quality Assurance Program that provides participating institutions with an alternative management approach through which individual schools develop and implement their own comprehensive systems, including processing and disbursement of student financial aid, verification of student financial aid application data, and entrance and exit interviews, thereby enhancing program integrity within the student aid delivery system. The Quality Assurance Program authorized by this section shall be based on criteria that include demonstrated institutional performance, as determined by the Secretary, and shall take into consideration current quality assurance goals, as determined by the Secretary.

''(2) WAIVER.—The Secretary is authorized to waive for any institution participating in the Quality Assurance Program any regulations dealing with reporting or verification requirements in this title that are addressed by the institution's alternative management system, and may substitute such quality assurance reporting as the Secretary determines necessary to ensure accountability and compliance with the purposes of the programs under this title.

''(3) DETERMINATION.—The Secretary is authorized to determine—

''(A) when an institution that is unable to administer the Quality Assurance Program shall be removed from such program; and

''(B) when institutions desiring to cease participation in such program will be required to complete the current award year under the requirements of the Quality Assurance Program.

''(4) REVIEW AND EVALUATION.—The Secretary shall review and evaluate the Quality Assurance Program conducted by each participating institution and, on the basis of that evaluation, make recommendations regarding amendments to this Act that will streamline the administration and enhance the integrity of Federal student assistance programs. Such recommendations shall be submitted to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives.

''(b) REGULATORY IMPROVEMENT AND STREAMLINING EXPERIMENTS.—

''(1) IN GENERAL.—The Secretary shall review and evaluate the experience of institutions participating as experimental sites during the period of 1993 through 1998 under this section (as such section was in effect on the day before the date of enactment of the Higher Education Amendments of 1998), and shall submit a report based on this review and evaluation to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than 6 months after the enactment of the Higher Education Amendments of 1998. Such report shall include—

''(A) a list of participating institutions and the specific statutory or regulatory waivers granted to each institution;

''(B) the findings and conclusions reached regarding each of the experiments conducted; and

''(C) recommendations for amendments to improve and streamline this Act, based on the results of the experiment.

''(2) SELECTION.—

''(A) IN GENERAL.—The Secretary is authorized to select a limited number of institutions for voluntary participation as experimental sites to provide recommendations to the Secretary on the impact and effectiveness of proposed regulations or new management initiatives, except that additional institutions may not be selected by the Secretary until the report required by subsection (b)(1) has been submitted to Congress.

''(B) CONSULTATION.—Prior to approving any additional experimental sites, the Secretary shall consult with the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives and shall provide—

''(i) a list of institutions proposed for participation in the experiment and the specific statutory or regulatory waivers proposed to be granted to each institution;

''(ii) the objectives to be achieved through the experiment; and

''(iii) the period of time over which the experiment is to be conducted.

''(C) WAIVERS.—The Secretary is authorized to waive, for any institution participating as an experimental site under subparagraph (A), any requirements in this title, or regulations prescribed under this title, that will bias experimental results.

''(c) DEFINITIONS.—For purposes of this section, the term 'current award year' is defined as the award year during which the participating institution indicates the institution's intention to cease participation.''.

SEC. 489A. DISTANCE EDUCATION DEMONSTRATION PROGRAMS.

Part G (20 U.S.C. 1088 et seq.) is amended by inserting after section 487B (20 U.S.C. 1094a) the following:

''SEC. 487C. DISTANCE EDUCATION DEMONSTRATION PROGRAMS.

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

''(1) to allow demonstration programs that are strictly monitored by the Department to test the quality and viability of expanded distance education programs currently restricted under this Act;

''(2) to help determine the specific statutory and regulatory requirements which should be altered to provide greater access to high quality distance education programs; and

''(3) to help determine the appropriate level of Federal assistance for students enrolled in distance education programs.

''(b) DEMONSTRATION PROGRAMS AUTHORIZED.—

''(1) IN GENERAL.—The Secretary, in accordance with the provisions of subsection (d), is authorized to select institutions of higher education or consortia of such institutions for voluntary participation in a Distance Education Demonstration Program that provides participating institutions with the ability to offer distance education programs that do not meet all or a portion of the sections or regulations described in paragraph (2).

''(2) WAIVERS.—The Secretary is authorized to waive, for any institution or consortia participating in a Distance Education Demonstration Program, 1 or more of the requirements of section 472(5) as the section relates to computer costs, sections 472(10), 481(a)(3)(A), 481(a)(3)(B), 484(l)(1), or 1 or more of the regulations prescribed for distance education under part F or G.

''(3) SPECIAL RULE.—An institution of higher education, as defined in section 481(a), is eligible to participate in the demonstration program authorized under this section if such institution awards a degree, except that—

''(A) such institutions that are described in section 481(a)(1)(C) shall not be eligible to participate; and

''(B) subject to subparagraph (A), such institutions that meet the requirements of subsection (a) of section 481, other than the requirements of paragraph (3)(A) or (3)(B) of such subsection, shall be eligible to participate.

''(c) APPLICATION.—

''(1) IN GENERAL.—Each institution or consortia of institutions desiring to participate in a demonstration program under this section shall submit an application to the Secretary at such time and in such manner as the Secretary may require.

''(2) CONTENTS.—Each application shall include—

''(A) a description of the institution or consortium's consultation with a recognized accrediting agency or association with respect to quality assurances for the distance education programs to be offered;

''(B) a description of the statutory and regulatory requirements described in subsection (b)(2) for which a waiver is sought and the reasons for which the waiver is sought;

''(C) a description of the distance education programs to be offered;

''(D) a description of the students to whom distance education programs will be offered;

''(E) an assurance that the institution or consortium will offer full cooperation with the ongoing evaluations of the demonstration program provided for in this section; and

''(F) such other information as the Secretary may require.

''(d) SELECTION.—The Secretary is authorized to select not more than 5 institutions or consortia to participate in the initial year of the demonstration program authorized under this section. If expansion of the demonstration program can be supported on the basis of the evaluations conducted pursuant to subsections (f) and (g), the Secretary may select not more than 10 additional institutions or consortia, taking into account the number and quality of applications received and the Department's capacity to oversee and monitor each demonstration program. To the extent feasible, the Secretary shall select a representative sample of institutions for participation. In selecting institutions for participation, the Secretary shall take into consideration the institution's financial and administrative capability and the type of program or programs being offered via distance education course offerings.

''(e) NOTIFICATION.—The Secretary shall make available to the public and to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives a list of institutions or consortia selected to participate in the demonstration program authorized by this section. Such notice shall include a listing of the specific statutory and regulatory requirements being waived for each institution or consortia and a description of the distance education courses to be offered.

''(f) EVALUATIONS AND REPORTS.—

''(1) EVALUATION.—The Secretary, on an annual basis, shall evaluate the demonstration programs authorized under this section. Such evaluations shall specifically review—

''(A) the number and types of students participating in the programs being offered, including the progress of participating students toward recognized associate, bachelor's, or graduate degrees, and the degree to which participation in such programs increased;

''(B) issues related to student financial assistance for distance education; and

''(C) the extent to which statutory or regulatory requirements not waived under the demonstration program present difficulties for students or institutions.

''(2) POLICY ANALYSIS.—In addition, the Secretary shall review current policies and identify those policies which present impediments to the development and use of distance education and other nontraditional methods of expanding access to education.

''(3) REPORTS.—

''(A) IN GENERAL.—Within 18 months of the initiation of the demonstration program, the Secretary shall report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives with respect to—

''(i) the evaluations of the demonstration programs authorized under this section; and

''(ii) any proposed statutory changes designed to enhance the use of distance education.

''(B) ADDITIONAL REPORTS.—The Secretary shall provide additional reports to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives on an annual basis regarding the demonstration programs authorized under this section.

''(g) INDEPENDENT EVALUATION.—

''(1) IN GENERAL.—The Secretary shall enter into a contract with the National Academy of Sciences to study the quality of and student learning outcomes in distance education programs. Such study shall include—

''(A) identification of the elements by which quality in distance education can be assessed, such as subject matter, interactivity, and student outcomes; and

''(B) identification of the types of students which can most benefit from distance education in areas such as access to higher education, persistence, and graduation.

''(2) SCOPE.—Such study shall include distance education programs offered by the institutions or consortia participating in the demonstration program authorized by this section, as well as the distance education programs offered by other institutions.

''(3) INTERIM AND FINAL REPORTS.—The Secretary shall request that the National Academy of Sciences submit an interim report to the Secretary, the Committee on Labor and Human Resources of the Senate, and the Committee on Education and the Workforce of the House of Representatives not later than December 31, 2000, and a final report not later than December 31, 2002, regarding the study.

''(4) FUNDING.—The Secretary shall make available not more than $1,000,000 for the study required by this subsection.

''(h) OVERSIGHT.—In conducting the demonstration program authorized under this section, the Secretary shall, on a continuing basis—

''(1) assure compliance of institutions or consortia with the requirements of this title (other than the sections and regulations that are waived under subsection (b)(2));

''(2) provide technical assistance;

''(3) monitor fluctuations in the student population enrolled in the participating institutions or consortia; and

''(4) consult with appropriate accrediting agencies or associations and appropriate State regulatory authorities.

''(i) DEFINITION.—For the purpose of this section, the term 'distance education' means an educational process that is characterized by the separation, in time or place, between instructor and student. Distance education may include courses offered principally through the use of—

''(1) television, audio, or computer transmission, such as open broadcast, closed circuit, cable, microwave, or satellite transmission;

''(2) audio or computer conferencing;

''(3) video cassettes or discs; or

''(4) correspondence.''.

SEC. 489B. ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE.

Section 491 (20 U.S.C. 1098) is amended—

(1) in subsection (b)—

(A) in the second sentence, by striking ''and expenditures'' and inserting '', expenditures and staffing levels''; and

(B) by inserting after the third sentence the following: ''Reports, publications, and other documents, including such reports, publications, and documents in electronic form, shall not be subject to review by the Secretary.'';

(2) in subsection (e)—

(A) by redesignating paragraphs (3), (4), and (5), as paragraphs (4), (5), and (6), respectively; and

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

''(3) No officers or full-time employees of the Federal Government shall serve as members of the Advisory Committee.'';

(3) in subsection (g), by striking ''(1) Members'' and all that follows through ''of the United States may'' and inserting ''Members of the Advisory Committee may'';

(4) in subsection (h)(1)—

(A) by inserting ''determined'' after ''as may be''; and

(B) by adding at the end the following: ''The Advisory Committee may appoint not more than 1 full-time equivalent, nonpermanent, consultant without regard to the provisions of title 5, United States Code. The Advisory Committee shall not be required by the Secretary to reduce personnel to meet agency personnel reduction goals.'';

(5) in subsection (i), by striking ''$750,000'' and inserting ''$800,000'';

(6) by amending subsection (j) to read as follows:

''(j) SPECIAL ANALYSES AND ACTIVITIES.—The Advisory Committee shall—

''(1) monitor and evaluate the modernization of student financial aid systems and delivery processes, including the implementation of a performance-based organization within the Department, and report to Congress regarding such modernization on not less than an annual basis, including recommendations for improvement;

''(2) assess the adequacy of current methods for disseminating information about programs under this title and recommend improvements, as appropriate, regarding early needs assessment and information for first-year secondary school students;

''(3) assess and make recommendations concerning the feasibility and degree of use of appropriate technology in the application for, and delivery and management of, financial assistance under this title, as well as policies that promote use of such technology to reduce cost and enhance service and program integrity, including electronic application and reapplication, just-in-time delivery of funds, reporting of disbursements and reconciliation;

''(4) assess the implications of distance education on student eligibility and other requirements for financial assistance under this title, and make recommendations that will enhance access to postsecondary education through distance education while maintaining access, through on-campus instruction at eligible institutions, and program integrity; and

''(5) make recommendations to the Secretary regarding redundant or outdated provisions of and regulations under this Act, consistent with the Secretary's requirements under section 498A(b)(3).'';

(7) in subsection (k), by striking ''1998'' and inserting ''2004''; and

(8) by repealing subsection (l).

SEC. 489C. REGIONAL MEETINGS AND NEGOTIATED RULEMAKING.

Section 492 (20 U.S.C. 1098a) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by inserting '', after the enactment of each Act to reauthorize this Act that contains an amendment to this title,'' after ''The Secretary''; and

(ii) by inserting ''D,'' after ''B,''; and

(B) in paragraph (2)—

(i) by inserting ''D,'' after ''B,''; and

(ii) by striking ''1992'' and inserting ''1998, and for the implementation of this title as amended by each Act to reauthorize this Act enacted after the date of enactment of the Higher Education Amendments of 1998 that contains an amendment to this title''; and

(2) in subsection (b)—

(A) by striking ''After'' and inserting the following:

''(1) IN GENERAL.—After'';

(B) in paragraph (1) (as redesignated by subparagraph (A))—

(i) by inserting ''D,'' after ''B,''; and

(ii) by striking ''1992'' and inserting ''1998, and for the implementation of this title as amended by each Act to reauthorize this Act enacted after the date of enactment of the Higher Education Amendments of 1998 that contains an amendment to this title,''; and

(C) by adding at the end the following:

''(2) EXPANSION OF NEGOTIATED RULEMAKING IN STUDENT LOAN PROGRAMS.—All regulations pertaining to the student assistance programs in parts B, D, G, and H, that are promulgated after the date of enactment of this paragraph, shall be subject to the negotiated rulemaking process, unless the Secretary determines that exceptional circumstances exist making negotiated rulemaking impractical with respect to given regulations and publishes the basis for such determination in the Federal Register at the same time as the proposed regulations in questions are first published. All published proposed regulations shall conform, unless impracticable, to agreements resulting from such negotiated rulemaking. Such negotiated rulemaking shall be conducted in accordance with the provisions of paragraph (1).''.

PART H—PROGRAM INTEGRITY TRIAD

SEC. 491. STATE ROLE AND RESPONSIBILITIES.

Subpart 1 of part H of title IV (20 U.S.C. 1099a et seq.) is amended to read as follows:

''Subpart 1—State Role

''SEC. 495. STATE RESPONSIBILITIES.

''(a) STATE RESPONSIBILITIES.—As part of the integrity program authorized by this part, each State, through 1 State agency or several State agencies selected by the State, shall—

''(1) furnish the Secretary, upon request, information with respect to the process for licensing or other authorization for institutions of higher education to operate within the State;

''(2) notify the Secretary promptly whenever the State revokes a license or other authority to operate an institution of higher education; and

''(3) notify the Secretary promptly whenever the State has credible evidence that an institution of higher education within the State—

''(A) has committed fraud in the administration of the student assistance programs authorized by this title; or

''(B) has substantially violated a provision of this title.

''(b) INSTITUTIONAL RESPONSIBILITY.—Each institution of higher education shall provide evidence to the Secretary that the institution has authority to operate within a State at the time the institution is certified under subpart 3.''.

SEC. 492. ACCREDITING AGENCY RECOGNITION.

(a) AMENDMENTS TO HEADINGS.—Subpart 2 of part H of title IV (20 U.S.C. 1099b et seq.) is amended—

(1) in the subpart heading, by striking ''***Approval***'' and inserting ''***Recognition***''; and

(2) in the heading for section 496, by striking ''***approval***'' and inserting ''***recognition***''.

(b) RECOGNITION OF ACCREDITING AGENCY OR ASSOCIATION.—Section 496 (20 U.S.C. 1099b) is amended—

(1) in the heading for subsection (a), by striking ''STANDARDS'' and inserting ''CRITERIA'';

(2) in subsection (a)—

(A) in the matter preceding paragraph (1), by striking ''standards'' each place the term appears and inserting ''criteria'';

(B) in paragraph (4)—

(i) by striking ''at the institution'' and inserting ''offered by the institution''; and

(ii) by inserting '', including distance education courses or programs,'' after ''higher education''; and

(C) in paragraph (5)—

(i) by striking subparagraph (I);

(ii) by redesignating subparagraphs (A) through (H) as subparagraphs (B) through (I), respectively;

(iii) by inserting before subparagraph (B) the following:

''(A) success with respect to student achievement in relation to the institution's mission, including, as appropriate, consideration of course completion, State licensing examination, and job placement rates;'';

(iv) in subparagraph (I) (as redesignated by clause (ii)), by striking ''in clock hours or credit hours''; and

(v) in subparagraph (L)—

(I) by inserting ''record of'' before ''compliance'';

(II) by striking ''Act, including any'' and inserting ''Act based on the'';

(III) by inserting ''any'' after ''reviews, and''; and

(IV) in the matter following subparagraph (L), by striking ''(G),'';

(3) by amending paragraph (1) of subsection (l) to read as follows: ''(1)(A)(i) If the Secretary determines that an accrediting agency or association has failed to apply effectively the standards in this section, or is otherwise not in compliance with the requirements of this section, the Secretary shall—

''(I) after notice and opportunity for a hearing, limit, suspend, or terminate the approval of the agency or association; or

''(II) require the agency or association to take appropriate action to bring the agency or association into compliance with such requirements within a timeframe specified by the Secretary, except that—

''(aa) such timeframe shall not exceed 12 months unless the Secretary extends such period for good cause; and

''(bb) if the agency or association fails to bring the agency or association into compliance within such timeframe, the Secretary shall, after notice and opportunity for a hearing, limit, suspend, or terminate the approval of the agency or association.''; and

(4) in subsection (n)(3), by adding at the end the following: ''When the Secretary decides to recognize an accrediting agency or association, the Secretary shall determine the agency or association's scope of recognition. If the agency or association reviews institutions offering distance

education courses or programs and the Secretary determines that the agency or association meets the requirements of this section, then the agency shall be recognized and the scope of recognition shall include accreditation of institutions offering distance education courses or programs.''.

SEC. 493. ELIGIBILITY AND CERTIFICATION PROCEDURES.

(a) SINGLE APPLICATION FORM.—Section 498(b) (20 U.S.C. 1099c(b)) is amended—

(1) in paragraph (1), by striking ''and capability'' and inserting ''financial responsibility, and administrative capability'';

(2) by amending paragraph (3) to read as follows:

''(3) requires—

''(A) a description of the third party servicers of an institution of higher education; and

''(B) the institution to maintain a copy of any contract with a financial aid service provider or loan servicer, and provide a copy of any such contract to the Secretary upon request;'';

(3) in paragraph (4), by striking the period and inserting ''; and''; and

(4) by adding at the end the following:

''(5) provides, at the option of the institution, for participation in 1 or more of the programs under part B or D.''.

(b) FINANCIAL RESPONSIBILITY STANDARDS.—Section 498(c) (20 U.S.C. 1099c(c)) is amended—

(1) in paragraph (2), by striking ''with respect to operating losses, net worth, asset to liabilities ratios, or operating fund deficits'' and inserting ''regarding ratios that demonstrate financial responsibility,'';

(2) in paragraph (3)(A), by striking ''Secretary third party'' and all that follows through ''payable to the Secretary'' and inserting ''Secretary any third party guarantees, which the Secretary determines are reasonable, that''; and

(3) in paragraph (4)—

(A) in the matter preceding subparagraph (A), by striking ''ratio of current assets to current liabilities'' and inserting ''criteria''; and

(B) in subparagraph (C), by striking ''current operating ratio requirement'' and inserting ''criteria''.

(c) FINANCIAL GUARANTEES FROM OWNERS.—Section 498(e) (20 U.S.C. 1099c(e)) is amended—

(1) in the subsection heading, by inserting ''OF FOR-PROFIT INSTITUTIONS'' after ''OWNERS'';

(2) in paragraph (1)(A), by striking ''from an'' and inserting ''from a for-profit'';

(3) in paragraph (2)—

(A) in the matter preceding clause (i) of subparagraph (A), by inserting ''for-profit'' after ''or more'';

(B) in subparagraph (B), by inserting ''for-profit'' after ''or more''; and

(4) in paragraph (3), by striking ''operation of, an institution or'' and inserting ''operation of, a for-profit institution or the''.

(d) APPLICATIONS AND SITE VISITS.—Section 498(f) (20 U.S.C. 1099c(f)) is amended—

(1) in the subsection heading by striking ''; SITE VISITS AND FEES'' and inserting ''AND SITE VISITS'';

(2) in the second sentence, by striking ''shall'' and inserting ''may'';

(3) in the third sentence, strike ''may'' and insert ''shall''; and

(4) by striking the fourth sentence.

(e) TIME LIMITATIONS ON, AND RENEWAL OF, ELIGIBILITY.—Subsection (g) of section 498 (20 U.S.C. 1099c) is amended to read as follows:

''(g) TIME LIMITATIONS ON, AND RENEWAL OF, ELIGIBILITY.—

''(1) GENERAL RULE.—After the expiration of the certification of any institution under the schedule prescribed under this section (as in effect prior to the enactment of the Higher Education Act Amendments of 1998), or upon request for initial certification from an institution not previously certified, the Secretary may certify the eligibility for the purposes of any program authorized under this title of each such institution for a period not to exceed 6 years.

''(2) NOTIFICATION.—The Secretary shall notify each institution of higher education not later than 6 months prior to the date of the expiration of the institution's certification.

''(3) INSTITUTIONS OUTSIDE THE UNITED STATES.—The Secretary shall promulgate regulations regarding the recertification requirements applicable to an institution of higher education outside of the United States that meets the requirements of section 481(a)(1)(C) and received less than $500,000 in funds under part B for the most recent year for which data are available.''.

(f) PROVISIONAL CERTIFICATION.—Section 498(h) (20 U.S.C. 1099c(h)) is amended—

(1) in paragraph (1)(B)(ii), by striking ''an eligible'' and inserting ''a for-profit eligible''; and

(2) in paragraph (2), by striking ''the approval'' and inserting ''the recognition''.

(g) TREATMENT OF CHANGES OF OWNERSHIP.—Section 498(i) (20 U.S.C. 1099c(i)) is amended—

(1) in the subsection heading, by inserting ''OF FOR-PROFIT INSTITUTIONS'' after ''OWNERSHIP''; and

(2) in paragraph (2)—

(A) in subparagraph (A), by inserting ''for-profit'' before ''institution'';

(B) in subparagraph (C), by striking ''two'' and inserting ''a for-profit institution with one'';

(C) in subparagraph (D), by inserting ''for-profit'' before ''institutions'';

(D) in subparagraph (E), by inserting ''for-profit'' before ''institutions''; and

(E) in subparagraph (F), by inserting ''for-profit'' before ''institution''.

(h) TREATMENT OF BRANCHES.—The second sentence of section 498(j)(1) (20 U.S.C. 1099c(j)(1)) is amended by inserting ''after the branch is certified by the Secretary as a branch campus participating in a program under title IV,'' after ''2 years''.

SEC. 494. PROGRAM REVIEW AND DATA.

Section 498A (20 U.S.C. 1099c–1) is amended—

(1) in subsection (a)—

(A) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking ''may'' and inserting ''shall'';

(ii) by amending subparagraph (C) to read as follows:

''(C) institutions with a significant fluctuation in Federal Stafford Loan volume, Federal Direct Stafford/Ford Loan volume, or Federal Pell Grant award volume, or any combination thereof, in the year for which the determination is made, compared to the year prior to such year, that are not accounted for by changes in the Federal Stafford Loan program, the Federal Direct Stafford/Ford Loan program, or the Pell Grant program, or any combination thereof;'';

(iii) by amending subparagraph (D) to read as follows:

''(D) institutions reported to have deficiencies or financial aid problems by the State licensing or authorizing agency, or by the appropriate accrediting agency or association;'';

(iv) in subparagraph (E), by inserting ''and'' after the semicolon; and

(v) by striking subparagraphs (F) and (G), and inserting the following:

''(F) such other institutions that the Secretary determines may pose a significant risk of failure to comply with the administrative capability or financial responsibility provisions of this title; and''; and

(B) in paragraph (3)(A), by inserting ''relevant'' after ''all''; and

(2) by amending subsection (b) to read as follows:

''(b) SPECIAL ADMINISTRATIVE RULES.—

''(1) IN GENERAL.—In carrying out paragraphs (1) and (2) of subsection (a) and any other relevant provisions of this title, the Secretary shall—

''(A) establish guidelines designed to ensure uniformity of practice in the conduct of program reviews of institutions of higher education;

''(B) make available to each institution participating in programs authorized under this title complete copies of all review guidelines and procedures used in program reviews;

''(C) permit the institution to correct or cure an administrative, accounting, or recordkeeping error if the error is not part of a pattern of error and there is no evidence of fraud or misconduct related to the error;

''(D) base any civil penalty assessed against an institution of higher education resulting from a program review or audit on the gravity of the violation, failure, or misrepresentation; and

''(E) inform the appropriate State and accrediting agency or association whenever the Secretary takes action against an institution of higher education under this section, section 498, or section 432.

''(2) UNIFORMITY OF APPLICATION OF REGULATIONS.—The Secretary shall review the regulations of the Department and the application of such regulations to ensure the uniformity of interpretation and application of the regulations.

''(3) NONDUPLICATION AND COORDINATION.—The Secretary shall establish a process for ensuring that eligibility and compliance issues, such as institutional audit, program review, and recertification, are considered simultaneously, and shall establish a process for identifying unnecessary duplication of reporting and related regulatory requirements. In developing such processes, the Secretary shall consult with relevant representatives of institutions participating in the programs authorized by this title.''.

PART I—ADMINISTRATIVE PROVISIONS FOR DELIVERY OF STUDENT FINANCIAL ASSISTANCE

SEC. 495. PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE.

Title IV (20 U.S.C. 1070 et seq.) is amended by adding at the end the following:

''PART I—ADMINISTRATIVE PROVISIONS FOR DELIVERY OF STUDENT FINANCIAL ASSISTANCE

''SEC. 499. PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE.

''(a) ESTABLISHMENT.—The Secretary shall establish in the Department a performance-based organization (hereafter in this part referred to as the 'PBO') to administer various functions relating to student financial assistance programs authorized under this title.

''(b) OVERSIGHT AND AUTHORITY.—

''(1) POLICY OVERSIGHT AND DIRECTION.—The Secretary shall maintain responsibility for the policy relating to functions managed by the PBO, and the PBO shall remain subject to the Secretary's oversight and direction.

''(2) AUDITS AND REVIEW.—The PBO shall be subject to the usual and customary Federal audit procedures and to review by the Inspector General of the Department.

''(3) CHANGES.—

''(A) IN GENERAL.—The Secretary and the Chief Operating Officer shall consult concerning the effects of policy, market, or other changes on the ability of the PBO to achieve the goals and objectives established in the performance plan described in subsection (e).

''(B) REVISIONS TO AGREEMENT.—The Secretary and the Chief Operating Officer may revise the annual performance agreement described in subsection (f)(2) in light of policy, market, or other changes that occur after the Secretary and the PBO enter into the agreement.

''(c) PURPOSES OF PBO.—The purposes of the PBO are—

''(1) to improve service to students and other participants in the student financial assistance programs authorized under this title, including making those programs more understandable to students and their parents;

''(2) to reduce the costs of administering those programs;

''(3) to increase the accountability of the officials responsible for administering those programs;

''(4) to provide greater flexibility in the administration of those programs;

''(5) to improve and integrate the information and delivery systems that support those programs; and

''(6) to develop and maintain a student financial assistance system that contains complete, accurate, and timely data to ensure program integrity.

''(d) FUNCTIONS.—

''(1) IN GENERAL.—Subject to subsection (b) of this section, the PBO shall be responsible for administration of the information and financial systems that support student financial assistance programs authorized under this title, including—

''(A) collecting, processing, and transmitting applicant data to students, institutions, and authorized third parties, as provided for in section 483;

''(B) contracting for the information and financial systems supporting student financial assistance programs under this title;

''(C) developing technical specifications for software and systems that support those programs; and

''(D) providing all customer service, training, and user support related to systems that support those programs.

''(2) ADDITIONAL FUNCTIONS.—The Secretary may allocate to the PBO such additional functions as the Secretary determines necessary or appropriate to achieve the purposes of the PBO.

''(e) PERFORMANCE PLAN AND REPORT.—

''(1) PERFORMANCE PLAN.—

''(A) IN GENERAL.—Each year, the Secretary and Chief Operating Officer shall agree on, and make available to the public, a performance plan for the PBO for the succeeding 5 years that establishes measurable goals and objectives for the organization.

''(B) CONSULTATION.—In developing the 5-year performance plan, the Secretary and the Chief Operating Officer shall consult with students, institutions of higher education, Congress, lenders, and other interested parties not less than 30 days prior to the implementation of the performance plan.

''(C) AREAS.—The plan shall address the PBO's responsibilities in the following areas:

''(i) IMPROVING SERVICE.—Improving service to students and other participants in student financial aid programs authorized under this title, including making those programs more understandable to students and their parents.

''(ii) REDUCING COSTS.—Reducing the costs of administering those programs.

''(iii) IMPROVEMENT AND INTEGRATION OF SUPPORT SYSTEMS.—Improving and integrating the information and delivery systems that support those programs.

''(iv) DELIVERY AND INFORMATION SYSTEM.—Developing an open, common, and integrated delivery and information system for programs authorized under this title.

''(v) OTHER AREAS.—Any other areas identified by the Secretary.

''(2) ANNUAL REPORT.—Each year, the Chief Operating Officer shall prepare and submit to Congress, through the Secretary, an annual report on the performance of the PBO, including an evaluation of the extent to which the PBO met the goals and objectives contained in the 5-year performance plan described in paragraph (1) for the preceding year.

''(f) CHIEF OPERATING OFFICER.—

''(1) APPOINTMENT.—

''(A) IN GENERAL.—The management of the PBO shall be vested in a Chief Operating Officer who shall be appointed by the Secretary to a term of not less than 3 and not more than 5 years and compensated without regard to chapters 33, 51, and 53 of title 5, United States Code.

''(B) BASIS.—The appointment shall be made on the basis of demonstrated ability in management and experience in information technology or financial services, without regard to political affiliation or activity.

''(C) REAPPOINTMENT.—The Secretary may reappoint the Chief Operating Officer to subsequent terms of not less than 3 and not more than 5 years, so long as the performance of the Chief Operating Officer, as set forth in the performance agreement described in paragraph (2), is satisfactory.

''(2) PERFORMANCE AGREEMENT.—

''(A) IN GENERAL.—Each year, the Secretary and the Chief Operating Officer shall enter into an annual performance agreement, that shall set forth measurable organization and individual goals for the Chief Operating Officer.

''(B) TRANSMITTAL.—The final agreement shall be transmitted to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate, and made publicly available.

''(3) COMPENSATION.—

''(A) IN GENERAL.—The Chief Operating Officer is authorized to be paid at an annual rate of basic pay not to exceed the maximum rate of basic pay for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of such title.

''(B) BONUS.—In addition, the Chief Operating Officer may receive a bonus in an amount that does not exceed 50 percent of such annual rate of basic pay, based upon the Secretary's evaluation of the Chief Operating Officer's performance in relation to the goals set forth in the performance agreement described in paragraph (2).

''(C) PAYMENT.—Payment of a bonus under this subparagraph (B) may be made to the Chief Operating Officer only to the extent that such payment does not cause the Chief Operating Officer's total aggregate compensation in a calendar year to equal or exceed the amount of the President's salary under section 102 of title 3, United States Code.

''(4) REMOVAL.—The Chief Operating Officer shall be removable—

''(A) by the President; or

''(B) by the Secretary for misconduct or failure to meet the goals set forth in the performance agreement described in paragraph (2).

''(g) SENIOR MANAGEMENT.—

''(1) APPOINTMENT.—

''(A) IN GENERAL.—The Chief Operating Officer may appoint such senior managers as that officer determines necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service.

''(B) COMPENSATION.—The senior managers described in subparagraph (A) may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

''(2) PERFORMANCE AGREEMENT.—Each year, the Chief Operating Officer and each senior manager appointed under this subsection shall enter into an annual performance agreement that sets forth measurable organization and individual goals.

''(3) COMPENSATION.—

''(A) IN GENERAL.—A senior manager appointed under this subsection may be paid at an annual rate of basic pay of not more than the maximum rate of basic pay for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of such title 5.

''(B) BONUS.—In addition, a senior manager may receive a bonus in an amount such that the manager's total annual compensation does not exceed 125 percent of the maximum rate of basic pay for the Senior Executive Service, including any applicable locality-based comparability payment, based upon the Chief Operating Officer's evaluation of the manager's performance in relation to the goals set forth in the performance agreement described in paragraph (2).

''(4) REMOVAL.—A senior manager shall be removable by the Secretary or by the Chief Operating Officer.

''(h) AUTHORIZATION OF APPROPRIATIONS.—The Secretary shall allocate from funds made available under section 458 such funds as are appropriate to the functions assumed by the PBO. In addition, there are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section, including transition costs.''.

TITLE V—GRADUATE AND POSTSECONDARY IMPROVEMENT PROGRAMS

SEC. 501. REPEALS, TRANSFERS, AND REDESIGNATIONS.

(a) IN GENERAL.—Title V (20 U.S.C. 1101 et seq.) is amended—

(1) by amending the title heading to read as follows:

''**TITLE V—GRADUATE AND POSTSECONDARY IMPROVEMENT PROGRAMS**'';

(2) by repealing parts A, B, C, D, E, and F of title V (20 U.S.C. 1102 et seq., 1103 et seq., 1104 et seq., 1107 et seq., 1111 et seq., and 1113 et seq.);

(3) by transferring part C of title IX, part D of title IX, part A of title XI, and part A of title X (20 U.S.C. 1134h et seq., 1134l et seq., 1136 et seq., and 1135 et seq.) to title V and redesignating such parts as parts A, B, C, and D, respectively;

(4) by redesignating sections 931 through 935 (20 U.S.C. 1134h et seq. and 1134k–1 et seq.) as sections 511 through 515, respectively;

(5) by redesignating sections 941 through 947 (20 U.S.C. 1134l and 1134q–1) as section 521 through 527, respectively;

(6) by redesignating sections 1101 through 1109 (20 U.S.C. 1136 through 1136h) as sections 531 through 539, respectively; and

(7) by redesignating sections 1001, 1002, 1003, 1004, and 1011 (20 U.S.C. 1135, 1135a–1, 1135a–2, 1135a–3, and 1135a–11) as sections 541, 542, 543, 544, and 551, respectively.

(b) CROSS REFERENCE CONFORMING AMENDMENTS.—

(1) JACOB K. JAVITS FELLOWSHIP PROGRAM.—Section 514(a) (as redesignated by subsection (a)(4)) (20 U.S.C. 1134k(a)) is amended by striking ''933'' and inserting ''513''.

(2) GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED.—Part B of title V (as redesignated by paragraphs (3) and (5) of subsection (a)) (20 U.S.C. 1134l et seq.) is amended—

(A) in section 524(b)(7) (as redesignated by subsection (a)(5)) (20 U.S.C. 1134o(b)(7)), by striking ''945'' and inserting ''525''; and

(B) in section 525(c) (as redesignated by subsection (a)(5)) (20 U.S.C. 1134p(c))—

(i) by striking ''946(a)'' and inserting ''526(a)''; and

(ii) by striking ''944(b)(2)'' and inserting ''524(b)(2)''.

(3) URBAN AND COMMUNITY SERVICE.—Part C of title V (as redesignated by paragraphs (3) and (6) of subsection (a)) (20 U.S.C. 1136 et seq.) is amended—

(A) in section 532(b) (20 U.S.C. 1136a(b)), by striking ''1104'' and inserting ''534'';

(B) in section 534(12) (20 U.S.C. 1136c(12)), by striking ''1103(a)(2)(B)'' and inserting ''533(a)(2)(B)''; and

(C) in section 538(1) (20 U.S.C. 1136g(1)), by striking ''1103'' and inserting ''533''.

(4) FIPSE.—Subsections (b) and (c) of section 544 (as redesignated by subsection (a)(7)) (20 U.S.C. 1135a–3) each are amended by striking ''1001(b)'' and inserting ''541(b)''.

SEC. 502. PURPOSE.

Section 500 (20 U.S.C. 1101) is amended to read as follows:

''SEC. 500. PURPOSE.

''It is the purpose of this title—

''(1) to authorize national graduate fellowship programs—

''(A) in order to attract students of superior ability and achievement, exceptional promise, and demonstrated financial need, into high-quality graduate programs and provide the students with the financial support necessary to complete advanced degrees; and

''(B) that are designed to—

''(i) sustain and enhance the capacity for graduate education in areas of national need; and

''(ii) encourage talented students to pursue scholarly careers in the humanities, social sciences, and the arts; and

''(2) to promote postsecondary programs.''.

PART A—JACOB K. JAVITS FELLOWSHIP PROGRAM

SEC. 511. AWARD OF FELLOWSHIPS.

(a) AWARD OF JACOB K. JAVITS FELLOWSHIPS.—Section 511 (as redesignated by section 501(4)) is amended—

(1) in subsection (a)—

(A) in the first sentence, by inserting '', financial need,'' after ''demonstrated achievement'';

(B) in the second sentence—

(i) by striking ''students intending'' and inserting ''students who are eligible to receive any grant, loan, or work assistance pursuant to section 484 and intend''; and

(ii) by striking ''commonly accepted'' and all that follows through ''degree-granting institution'' and inserting ''the terminal highest degree awarded in the area of study''; and

(C) in the third sentence, by inserting ''following the fiscal year'' after ''July 1 of the fiscal year''; and

(2) by adding at the end the following:

''(d) PROCESS AND TIMING OF COMPETITION.—The Secretary shall make applications for fellowships under this part available not later than October 1 of the academic year preceding the academic year for which fellowships will be awarded, and shall announce the recipients of fellowships under this section not later than March 1 of the academic year preceding the academic year for which the fellowships are awarded.

''(e) AUTHORITY TO CONTRACT.—The Secretary is authorized to enter into a contract with a nongovernmental agency to administer the program assisted under this part if the Secretary determines that entering into the contract is an efficient means of carrying out the program.''.

(b) ALLOCATION OF FELLOWSHIPS.—Section 512 (as redesignated by section 501(4)) (20 U.S.C. 1134i) is amended—

(1) in subsection (a)—

(A) in the third sentence of paragraph (1), by striking ''knowledgeable about and have experience'' and inserting ''representative of a range of disciplines''; and

(B) in paragraph (2)—

(i) by amending subparagraph (B) to read as follows:

''(B) establish general criteria for the award of fellowships in academic fields identified by the Board, or, in the event that the Secretary enters into a contract with a nongovernmental entity to administer the program assisted under this part, by such nongovernmental entity;''; and

(ii) in subparagraph (C), by inserting ''except that, in the event that the Secretary enters into a contract with a nongovernmental entity to administer the program, such panels may be appointed by such nongovernmental entity'' before the semicolon; and

(2) in the first sentence of subsection (b), by inserting ''except that in the event that the Secretary enters into a contract with a nongovernmental entity to administer the program, such panels may be appointed by such nongovernmental entity'' before the period.

(c) STIPENDS.—Section 513 (as redesignated by section 501(4)) (20 U.S.C. 1134j) is amended—

(1) in subsection (a)—

(A) by striking ''1993–1994'' and inserting ''1999–2000''; and

(B) by striking ''according to measurements of need approved by the Secretary'' and inserting ''determined in accordance with part F of title IV''; and

(2) in subsection (b)(1)(A)—

(A) in clause (i)—

(i) by striking ''$6,000'' and inserting ''$10,000''; and

(ii) by striking ''1993–1994'' and inserting ''1999–2000''; and

(B) in clause (ii)—

(i) in the matter preceding subclause (I), by striking ''1993–1994'' and inserting ''1999–2000'';

(ii) in subclause (I), by striking ''$9,000 for the academic year 1993–1994'' and inserting ''$10,000 for the academic year 1999–2000''; and

(iii) in subclause (II), by striking ''$9,000'' and inserting ''$10,000''.

(d) AUTHORIZATION OF APPROPRIATIONS.—Section 515 (as redesignated by section 501(4)) (20 U.S.C. 1134k–1) is amended by striking ''1993'' and inserting ''1999''.

PART B—GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED

SEC. 521. GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED.

(a) DESIGNATION OF AREAS OF NATIONAL NEED.—Subsection (b) of section 523 (as redesignated by section 501(5)) (20 U.S.C. 1134n) is amended to read as follows:

''(b) DESIGNATION OF AREAS OF NATIONAL NEED.—After consultation with the National Science Foundation, the National Academy of Sciences, and other appropriate Federal and nonprofit agencies and organizations, the Secretary shall designate areas of national need. In making such designations, the Secretary shall take into consideration—

''(1) the extent to which the national interest in the area is compelling;

''(2) the extent to which other Federal programs support postbaccalaureate study in the area concerned; and

''(3) an assessment of how the program may achieve the most significant impact with available resources.''.

(b) CONTENT OF APPLICATIONS.—Section 524(b) (as redesignated by section 501(5)) (20 U.S.C. 1134o(b)) is amended—

(1) in paragraph (2)—

(A) by striking ''funds'' and inserting ''sources''; and

(B) by inserting '', which contribution may be in cash or in kind, fairly valued'' before the semicolon;

(2) by redesignating paragraphs (4) through (9) as paragraphs (5) through (10), respectively;

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

''(4) describe the number, types, and amounts of the fellowships that the applicant intends to offer with grant funds provided under this part;'' and

(4) in paragraph (5)(A) (as redesignated by paragraph (2)), by striking ''criteria developed by the institution'' and inserting ''part F of title IV''.

(c) AWARDS.—Section 525 (as redesignated by section 501(5)) (20 U.S.C. 1134p) is amended—

(1) in the third sentence of subsection (b)—

(A) by striking ''1993–1994'' and inserting ''1999–2000''; and

(B) by striking ''according to measurements of need approved by the Secretary'' and inserting ''determined in accordance with part F of title IV''; and

(2) in subsection (c), by striking ''such payments'' and inserting ''such excess''.

(d) INSTITUTIONAL PAYMENTS.—Section 526(a)(1) (as redesignated by section 501(5)) (20 U.S.C. 1134q(a)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking ''$6,000 annually'' and inserting ''$10,000 for each academic year,''; and

(B) by striking ''1993–1994'' and inserting ''1999–2000''; and

(2) in subparagraph (B)—

(A) in the matter preceding clause (i), by striking ''1993–1994'' and inserting ''1999–2000'';

(B) in clause (i), by striking ''$9,000 for the academic year 1993–1994'' and inserting ''$10,000 for the academic year 1999–2000''; and

(C) in clause (ii), by striking ''$9,000'' and inserting ''$10,000''.

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 527 (as redesignated by section 501(5)) (20 U.S.C. 1134q–1) is amended by striking ''$40,000,000 for fiscal year 1993'' and inserting ''$30,000,000 for fiscal year 1999''.

PART C—URBAN COMMUNITY SERVICE

SEC. 531. URBAN COMMUNITY SERVICE.

(a) PRIORITY.—Section 533(b) (as redesignated by section 501(a)(6)) (20 U.S.C. 1136b(b)) is amended by adding at the end the following: ''In addition, the Secretary shall give priority to eligible institutions submitting applications that demonstrate the eligible institution's commitment to urban community service.''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 539 (as redesignated by section 501(a)(6)) (20 U.S.C. 1136h) is amended by striking ''1993'' and inserting ''1999''.

PART D—FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

SEC. 541. FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION.

(a) AUTHORITY.—Section 541(a) (as redesignated by section 501(a)(7)) (20 U.S.C. 1135(a)) is amended—

(1) in the matter preceding paragraph (1)—

(A) by striking ''or combinations of such institutions'' and inserting '', combinations of such institutions,''; and

(B) by striking ''institutions and combinations of such institutions'' and inserting ''institutions, combinations, and agencies''; and

(2) in paragraph (2)—

(A) by striking ''and programs involving new'' and inserting '', programs and joint efforts involving''; and

(B) by striking ''new combinations'' and inserting ''combinations''.

(b) TECHNICAL EMPLOYEES.—Section 543(a) (as redesignated by section 501(a)(7)) (20 U.S.C. 1135a–2(a)) is amended by striking ''5 technical'' and inserting ''7 technical''.

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 544 (as redesignated by section 501(a)(7)) (20 U.S.C. 1135a–3) is amended—

(1) in subsection (a), by striking ''$20,000,000 for fiscal year 1993'' and inserting ''$26,000,000 for fiscal year 1999''; and

(2) in subsection (b), by striking ''1993'' and inserting ''1999''.

(d) AREAS OF NATIONAL NEED.—

(1) AREAS.—Section 551(c) (as redesignated by section 501(a)(7)) (20 U.S.C. 1135a–11(c)) is amended—

(A) in paragraph (2), by striking ''Campus climate and culture'' and inserting ''Institutional restructuring to improve learning and promote cost efficiencies'';

(B) in paragraph (3), by inserting ''of model programs'' after ''dissemination''; and

(C) by adding at the end the following:

''(4) Articulation between 2-year and 4-year institutions of higher education, including developing innovative methods for ensuring the successful transfer of students from 2-year to 4-year institutions of higher education.''.

(2) AUTHORIZATION OF APPROPRIATIONS.—Section 551(d) (as redesignated by section 501(a)(7)) (20 U.S.C. 1135a–11(d)) is amended by striking ''1993'' and inserting ''1999''.

PART E—HIGHER EDUCATION ACCESS FOR STUDENTS WITH DISABILITIES; HISPANIC-SERVING INSTITUTIONS; GENERAL PROVISIONS

SEC. 551. HIGHER EDUCATION ACCESS FOR STUDENTS WITH DISABILITIES; HISPANIC-SERVING INSTITUTIONS; GENERAL PROVISIONS.

Title V (20 U.S.C. 1101 et seq.) is amended further by adding at the end the following:

"PART E—HIGHER EDUCATION ACCESS FOR STUDENTS WITH DISABILITIES

"SEC. 571. HIGHER EDUCATION ACCESS FOR STUDENTS WITH DISABILITIES.

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

''(1) to support the development of model programs to provide technical assistance or training, and professional development, for faculty and administrators in institutions of higher education, as defined in section 481(a), to provide the faculty and administrators with the skills and assistance to teach effectively students with disabilities; and

''(2) to ensure effective evaluation and dissemination of such model programs.

''(b) GRANTS AUTHORIZED.—

''(1) IN GENERAL.—The Secretary is authorized to award grants to institutions of higher education to carry out the purposes of this part.

''(2) MODEL PROGRAMS.—To the extent feasible, the model programs developed under this part shall be developed for a range of types and sizes of institutions of higher education.

''(3) GEOGRAPHIC DISTRIBUTION.—In awarding grants under this part, the Secretary shall consider—

''(A) providing an equitable geographic distribution of such grants; and

''(B) distributing such grants to urban and rural areas.

''(4) APPROACHES.—The Secretary shall award grants under this part for a range of approaches to providing support to faculty and administrators, such as in-service training, professional development, customized and general technical assistance, workshops, summer institutes, distance learning and the use of educational technology.

''(c) DISSEMINATION OF GRANTS.—The Secretary may award grants to institutions of higher education that have demonstrated exceptional programs for students with disabilities under this part in order to disseminate those programs.

''(d) APPLICATIONS.—Each institution of higher education desiring a grant under this part shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each such application shall include—

''(1) a plan to assess the needs of the institution of higher education in order to meet the purposes of this part, in consultation with a broad range of persons within that institution; and

''(2) a plan for coordinating with or collaborating with the office within the institution that provides services to students with disabilities, and the equal opportunity office within the institution, if the offices exist.

''(e) USE OF FUNDS.—Any institution of higher education receiving a grant under this part—

''(1) shall use the grant funds to—

''(A) meet the purposes of this section; and

''(B) ensure that projects assisted under this part include components for model development, demonstration, evaluation, and dissemination to other institutions of higher education; and

''(2) may include, to the extent practicable, graduate teaching assistants in the services provided under the grant.

''(f) GRANT AWARDS.—The Secretary shall award grants under this part for a period of 3 years.

''(g) CONSTRUCTION.—Nothing in this section shall be construed to impose any additional duty, obligation, or responsibility on an institution of higher education, or on the institution's administrators, faculty, or staff, in addition to the requirements of section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990.

''(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"PART F—HISPANIC-SERVING INSTITUTIONS

"SEC. 581. PURPOSE.

''The purpose of this part is to—

''(1) expand educational opportunities for, and improve the academic attainment of, Hispanic students; and

''(2) expand and enhance the academic offerings, program quality, and institutional stability of colleges and universities that are educating the majority of Hispanic college students and helping large numbers of Hispanic students and other low-income individuals complete postsecondary degrees.

"SEC. 582. PROGRAM AUTHORIZED.

''(a) IN GENERAL.—The Secretary shall provide grants and related assistance to Hispanic-serving institutions to enable such institutions to improve and expand their capacity to serve Hispanic students and other low-income individuals.

''(b) AUTHORIZED ACTIVITIES.—

''(1) TYPES OF ACTIVITIES AUTHORIZED.—Grants awarded under this section shall be used by Hispanic-serving institutions of higher education to assist such institutions to plan, develop, undertake, and carry out programs to improve and expand such institutions' capacity to serve Hispanic students and other low-income students.

''(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—The programs described in paragraph (1) may include—

''(A) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

''(B) renovation and improvement in classroom, library, laboratory, and other instructional facilities;

''(C) support of faculty exchanges, and faculty development and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

''(D) curriculum development and academic instruction;

''(E) purchase of library books, periodicals, microfilm, and other educational materials;

''(F) funds and administrative management, and acquisition of equipment for use in strengthening funds management;

''(G) joint use of facilities such as laboratories and libraries;

''(H) academic tutoring and counseling programs and student support services; and

''(I) expanding the number of Hispanic and other underrepresented graduate and professional students that can be served by the institution by expanding courses and institutional resources.

''(3) ENDOWMENT FUND.—

''(A) IN GENERAL.—A Hispanic-serving institution may use not more than 20 percent of the grant funds provided under this part to establish or increase an endowment fund at the institution.

''(B) MATCHING REQUIREMENT.—In order to be eligible to use grant funds in accordance with subparagraph (A), the Hispanic-serving institution shall provide matching funds, in an amount equal to the Federal funds used in accordance with subparagraph (A), for the establishment or increase of the endowment fund.

''(C) COMPARABILITY.—The provisions of part C of title III regarding the establishment or increase of an endowment fund, that the Secretary determines are not inconsistent with this paragraph, shall apply to funds used under subparagraph (A).

''(c) WAIT-OUT-PERIOD.—Each Hispanic-serving institution that receives a grant under this part shall not be eligible to receive an additional grant under this part until 2 years after the date on which the preceding grant period terminates.

"SEC. 583. APPLICATION PROCESS.

''(a) INSTITUTIONAL ELIGIBILITY.—Each Hispanic-serving institution desiring to receive assistance under this part shall submit to the Secretary such enrollment data as may be necessary to demonstrate that the institution is a Hispanic-serving institution as defined in section 585, along with such other data and information as the Secretary may by regulation require.

''(b) APPLICATIONS.—Any institution which is determined by the Secretary to be a Hispanic-serving institution (on the basis of the data and information submitted under subsection (a)) may submit an application for assistance under this part to the Secretary. Such application shall include—

''(1) a 5-year plan for improving the assistance provided by the Hispanic-serving institution to Hispanic students and other low-income individuals; and

''(2) such other information and assurance as the Secretary may require.

''(c) PRIORITY.—With respect to applications for assistance under this section, the Secretary shall give priority to an application that contains satisfactory evidence that the Hispanic-serving institution has entered into or will enter into a collaborative arrangement with at least one local educational agency or community-based organization to provide such agency or organization with assistance (from funds other than funds provided under this part) in reducing dropout rates for Hispanic students, improving rates of academic achievement for Hispanic students, and increasing the rates at which Hispanic secondary school graduates enroll in higher education.

"SEC. 584. SPECIAL RULE.

''No Hispanic-serving institution that is eligible for and receives funds under this part may receive funds under part A or B of title III during the period for which funds under this part are awarded.

"SEC. 585. DEFINITIONS.

''For purposes of this part:

''(1) HISPANIC-SERVING INSTITUTION.—The term 'Hispanic-serving institution' means an institution of higher education which—

''(A) is an eligible institution under section 312(b);

''(B) at the time of application, has an enrollment of undergraduate full-time equivalent students that is at least 25 percent Hispanic students; and

''(C) provides assurances that not less than 50 percent of its Hispanic students are low-income individuals.

''(2) LOW-INCOME INDIVIDUAL.—The term 'low-income individual' means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.

"SEC. 586. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this part $45,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"PART G—GENERAL PROVISIONS

"SEC. 591. ADMINISTRATIVE PROVISIONS FOR PARTS A AND B.

''(a) COORDINATED ADMINISTRATION.—In carrying out the purpose described in section 500(1), the Secretary shall provide for coordinated administration and regulation of graduate programs assisted under parts A and B with other Federal programs providing assistance for graduate education in order to minimize duplication and improve efficiency to ensure that the programs are carried out in a manner most compatible with academic practices and with the standard timetables for applications for, and notifications of acceptance to, graduate programs.

''(b) HIRING AUTHORITY.—For purposes of carrying out parts A and B, the Secretary shall appoint, without regard to the provisions of title 5,

United States Code, that govern appointments in the competitive service, such administrative and technical employees, with the appropriate educational background, as shall be needed to assist in the administration of such parts. The employees shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

''(c) USE FOR RELIGIOUS PURPOSES PROHIBITED.—No institutional payment or allowance under section 513(b) or 526 shall be paid to a school or department of divinity as a result of the award of a fellowship under part A or B, respectively, to an individual who is studying for a religious vocation.

''(d) EVALUATION.—The Secretary shall evaluate the success of assistance provided to individuals under part A or B with respect to graduating from their degree programs, and placement in faculty and professional positions.

''(e) CONTINUATION AWARDS.—The Secretary, using funds appropriated to carry out parts A and B, and before awarding any assistance under such parts to a recipient that did not receive assistance under part C or D of title IX (as such parts were in effect prior to the date of enactment of the Higher Education Amendments of 1998) shall continue to provide funding to recipients of assistance under such part C or D (as so in effect), as the case may be, pursuant to any multiyear award of such assistance.''.

TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

SEC. 601. INTERNATIONAL AND FOREIGN LANGUAGE STUDIES.

Part A of title VI (20 U.S.C. 1121 et seq.) is amended to read as follows:

''PART A—INTERNATIONAL AND FOREIGN LANGUAGE STUDIES

''SEC. 601. FINDINGS AND PURPOSES.

''(a) FINDINGS.—The Congress finds that—

''(1) the well-being of the United States, its economy and long-range security, is dependent on the education and training of Americans in international and foreign language studies and on a strong research base in these areas;

''(2) knowledge of other countries and the ability to communicate in other languages is essential to the promotion of mutual understanding and cooperation among nations; and

''(3) systematic efforts are necessary to enhance the capacity of institutions of higher education in the United States for—

''(A) producing graduates with international and foreign language expertise and knowledge; and

''(B) research regarding such expertise and knowledge.

''(b) PURPOSES.—It is the purpose of this part—

''(1) to assist in the development of knowledge, international study, resources and trained personnel;

''(2) to stimulate the attainment of foreign language acquisition and fluency;

''(3) to develop a pool of international experts to meet national needs; and

''(4) to coordinate the programs of the Federal Government in the areas of foreign language, area and other international studies, including professional international affairs education, and research.

''SEC. 602. GRADUATE AND UNDERGRADUATE LANGUAGE AND AREA CENTERS AND PROGRAMS.

''(a) NATIONAL LANGUAGE AND AREA CENTERS AND PROGRAMS AUTHORIZED.—

''(1) CENTERS AND PROGRAMS.—

''(A) IN GENERAL.—The Secretary is authorized—

''(i) to make grants to institutions of higher education, or combinations thereof, for the purpose of establishing, strengthening, and operating comprehensive language and area centers and programs; and

''(ii) to make grants to such institutions or combinations for the purpose of establishing, strengthening, and operating a diverse network of undergraduate language and area centers and programs.

''(B) NATIONAL RESOURCES.—The centers and programs referred to in paragraph (1) shall be national resources for—

''(i) teaching of any modern foreign language;

''(ii) instruction in fields needed to provide full understanding of areas, regions, or countries in which such language is commonly used;

''(iii) research and training in international studies, and the international and foreign language aspects of professional and other fields of study; and

''(iv) instruction and research on issues in world affairs which concern one or more countries.

''(2) AUTHORIZED ACTIVITIES.—Any such grant may be used to pay all or part of the cost of establishing or operating a center or program, including the cost of—

''(A) faculty, staff, and student travel in foreign areas, regions, or countries;

''(B) teaching and research materials;

''(C) curriculum planning and development;

''(D) bringing visiting scholars and faculty to the center to teach or to conduct research;

''(E) establishing and maintaining linkages with overseas institutions of higher education and other organizations that may contribute to the teaching and research of the center or program; and

''(F) training and improvement of the staff, for the purpose of, and subject to such conditions as the Secretary finds necessary for, carrying out this section.

''(3) GRANTS TO MAINTAIN LIBRARY COLLECTIONS.—The Secretary may make grants to centers described in paragraph (1) having important library collections, as determined by the Secretary, for the maintenance of such collections.

''(4) OUTREACH GRANTS AND SUMMER INSTITUTES.—The Secretary may make additional grants to centers described in paragraph (1) for any one or more of the following purposes:

''(A) Programs of linkage or outreach between foreign language, area studies, and other international fields and professional schools and colleges.

''(B) Programs of linkage or outreach with 2-year and 4-year colleges and universities.

''(C) Programs of linkage or outreach with departments or agencies of Federal and State Governments.

''(D) Programs of linkage or outreach with the news media, business, professional, or trade associations.

''(E) Summer institutes in foreign area, foreign language, and other international fields designed to carry out the programs of linkage and outreach in subparagraphs (A), (B), (C), and (D).

''(b) STIPENDS FOR FOREIGN LANGUAGE AND AREA STUDIES.—

''(1) IN GENERAL.—The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying stipends to individuals undergoing advanced training in any center or program approved by the Secretary.

''(2) REQUIREMENTS.—Students receiving stipends described in paragraph (1) shall be individuals who are engaged in an instructional program with stated performance goals for functional foreign language use or in a program developing such performance goals, in combination with area studies, international studies, or the international aspects of a professional studies program.

''(3) ALLOWANCES.—Stipends awarded to graduate level recipients may include allowances for dependents and for travel for research and study in the United States and abroad.

''(c) SPECIAL RULE WITH RESPECT TO TRAVEL.—No funds may be expended under this part for undergraduate travel except in accordance with rules prescribed by the Secretary setting forth policies and procedures to assure that Federal funds made available for such travel are expended as part of a formal program of supervised study.

''SEC. 603. LANGUAGE RESOURCE CENTERS.

''(a) LANGUAGE RESOURCE CENTERS AUTHORIZED.—The Secretary is authorized to make grants to and enter into contracts with institutions of higher education, or combinations of such institutions, for the purpose of establishing, strengthening, and operating a small number of national language resource and training centers, which shall serve as resources to improve the capacity to teach and learn foreign languages effectively.

''(b) AUTHORIZED ACTIVITIES.—The activities carried out by the centers described in subsection (a)—

''(1) shall include effective dissemination efforts, whenever appropriate; and

''(2) may include—

''(A) the conduct and dissemination of research on new and improved teaching methods, including the use of advanced educational technology;

''(B) the development and dissemination of new teaching materials reflecting the use of such research in effective teaching strategies;

''(C) the development, application, and dissemination of performance testing appropriate to an educational setting for use as a standard and comparable measurement of skill levels in all languages;

''(D) the training of teachers in the administration and interpretation of performance tests, the use of effective teaching strategies, and the use of new technologies;

''(E) the publication and dissemination to individuals and organizations in the foreign language field of instructional materials in the less commonly taught languages;

''(F) the development and dissemination of materials designed to serve as a resource for foreign language teachers at the elementary and secondary school levels; and

''(G) the operation of intensive summer language institutes to train advanced foreign language students, provide professional development, and improve language instruction through preservice and inservice language training for teachers.

''(c) CONDITIONS FOR GRANTS.—Grants under this section shall be made on such conditions as the Secretary determines to be necessary to carry out the provisions of this section.

''SEC. 604. UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.

''(a) INCENTIVES FOR THE CREATION OF NEW PROGRAMS AND THE STRENGTHENING OF EXISTING PROGRAMS IN UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGES.—

''(1) AUTHORITY.—The Secretary is authorized to make grants to institutions of higher education, combinations of such institutions, or partnerships between nonprofit educational institutions and institutions of higher education, to assist such institutions, combinations or partnerships in planning, developing, and carrying out programs to improve undergraduate instruction in international studies and foreign languages. Such grants shall be awarded to institutions, combinations or partnerships seeking to create new programs or to strengthen existing programs in area studies, foreign languages, and other international fields.

''(2) FEDERAL SHARE AND USE OF FUNDS.—Grants made under this section may be used to pay not more than 50 percent of the cost of projects and activities which are an integral part of such a program, such as—

''(A) planning for the development and expansion of undergraduate programs in international studies and foreign languages;

''(B) teaching, research, curriculum development, faculty training in the United States or abroad, and other related activities, including the expansion of library and teaching resources;

''(C) expansion of opportunities for learning foreign languages, including less commonly taught languages;

''(D) programs under which foreign teachers and scholars may visit institutions as visiting faculty;

''(E) programs designed to develop or enhance linkages between 2-year and 4-year institutions of higher education, or baccalaureate and post-baccalaureate programs or institutions;

''(F) the development of undergraduate study abroad programs in locations abroad in which such study opportunities are not otherwise available and the integration of these programs into specific on-campus degree programs;

''(G) the development of model programs to enhance the effectiveness of study abroad, including predeparture and post return programs;

''(H) the development of programs designed to integrate professional and technical education with area studies, foreign languages, and other international fields;

''(I) the conduct of summer institutes in foreign area, foreign language, and other international fields for purposes that are consistent with the projects and activities described in this subsection; and

''(J) the development of partnerships between institutions of higher education and the private sector, government, and elementary and secondary education institutions to enhance international knowledge.

''(3) NON-FEDERAL SHARE.—The non-Federal share of the cost of the programs assisted under this subsection may be provided either in cash or in kind. Such assistance may be composed of institutional and noninstitutional funds, including State, private sector, corporation, or foundation contributions.

''(4) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to applications from institutions of higher education, combinations or partnerships that require entering students to have successfully completed at least 2 years of secondary school foreign language instruction or that require each graduating student to earn 2 years of post-secondary credit in a foreign language (or have demonstrated equivalent competence in the foreign language) or, in the case of a 2-year degree granting institution, offer 2 years of postsecondary credit in a foreign language.

''(5) GRANT CONDITIONS.—Grants under this subsection shall be made on such conditions as the Secretary determines to be necessary to carry out this subsection.

''(6) APPLICATION.—Each application for assistance under this subsection shall include—

''(A) evidence that the applicant has conducted extensive planning prior to submitting the application;

''(B) an assurance that the faculty and administrators of all relevant departments and programs served by the applicant are involved in ongoing collaboration with regard to achieving the stated objectives of the application;

''(C) an assurance that students at the applicant institutions, as appropriate, will have equal access to, and derive benefits from, the program assisted under this subsection; and

''(D) an assurance that each institution, combination or partnership will use the Federal assistance provided under this subsection to supplement and not supplant funds expended by the institution, prior to the receipt of the Federal assistance, for programs to improve undergraduate instruction in international studies and foreign languages.

''(7) EVALUATION.—The Secretary may establish requirements for program evaluations and require grant recipients to submit annual reports that evaluate the progress and performance of students participating in programs assisted under this subsection.

''(b) PROGRAMS OF NATIONAL SIGNIFICANCE.—The Secretary may also award grants to public and private nonprofit agencies and organizations, including professional and scholarly associations, whenever the Secretary determines such grants will make an especially significant contribution to improving undergraduate international studies and foreign language programs.

''SEC. 605. RESEARCH; STUDIES; ANNUAL REPORT.

''(a) AUTHORIZED ACTIVITIES.—The Secretary may, directly or through grants or contracts, conduct research and studies that contribute to achieving the purposes of this part. Such research and studies may include—

''(1) studies and surveys to determine needs for increased or improved instruction in foreign language, area studies, or other international fields, including the demand for foreign language, area, and other international specialists in government, education, and the private sector;

''(2) studies and surveys to assess the utilization of graduates of programs supported under this title by governmental, educational, and private sector organizations and other studies assessing the outcomes and effectiveness of programs so supported;

''(3) evaluation of the extent to which programs assisted under this title that address national needs would not otherwise be offered;

''(4) comparative studies of the effectiveness of strategies to provide international capabilities at institutions of higher education;

''(5) research on more effective methods of providing instruction and achieving competency in foreign languages;

''(6) the development and publication of specialized materials for use in foreign language, area studies, and other international fields, or for training foreign language, area, and other international specialists;

''(7) studies and evaluations of effective practices in the dissemination of international information, materials, research, teaching strategies, and testing techniques throughout the education community, including elementary and secondary schools; and

''(8) the application of performance tests and standards across all areas of foreign language instruction and classroom use.

''(b) ANNUAL REPORT.—The Secretary shall prepare, publish, and announce an annual report listing the books and research materials produced with assistance under this section.

''SEC. 606. SELECTION OF CERTAIN GRANT RECIPIENTS.

''(a) COMPETITIVE GRANTS.—The Secretary shall award grants under section 602 competitively on the basis of criteria that separately, but not less rigorously, evaluates the applications for comprehensive and undergraduate language and area centers and programs.

''(b) SELECTION CRITERIA.—The Secretary shall set criteria for grants awarded under section 602 by which a determination of excellence shall be made to meet the differing objectives of graduate and undergraduate institutions.

''(c) EQUITABLE DISTRIBUTION OF GRANTS.—The Secretary shall, to the extent practicable, award grants under this part (other than section 602) in such manner as to achieve an equitable distribution of the grant funds throughout the United States, based on the merit of a proposal as determined pursuant to a peer review process involving broadly representative professionals.

''SEC. 607. EQUITABLE DISTRIBUTION OF CERTAIN FUNDS.

''(a) SELECTION CRITERIA.—The Secretary shall make excellence the criterion for selection of grants awarded under section 602.

''(b) EQUITABLE DISTRIBUTION.—To the extent practicable and consistent with the criterion of excellence, the Secretary shall award grants under this part (other than section 602) in such a manner as will achieve an equitable distribution of funds throughout the United States.

''(c) SUPPORT FOR UNDERGRADUATE EDUCATION.—The Secretary shall also award grants under this part in such manner as to ensure that an appropriate portion of the funds appropriated for this part (as determined by the Secretary) are used to support undergraduate education.

''SEC. 608. AMERICAN OVERSEAS RESEARCH CENTERS.

''(a) CENTERS AUTHORIZED.—The Secretary is authorized to make grants to and enter into contracts with any American overseas research center that is a consortium of institutions of higher education (hereafter in this section referred to as a ''center'') to enable such center to promote postgraduate research, exchanges and area studies.

''(b) USE OF GRANTS.—Grants made and contracts entered into pursuant to this section may be used to pay all or a portion of the cost of establishing or operating a center or program, including—

''(1) the cost of faculty and staff stipends and salaries;

''(2) the cost of faculty, staff, and student travel;

''(3) the cost of the operation and maintenance of overseas facilities;

''(4) the cost of teaching and research materials;

''(5) the cost of acquisition, maintenance, and preservation of library collections;

''(6) the cost of bringing visiting scholars and faculty to a center to teach or to conduct research;

''(7) the cost of organizing and managing conferences; and

''(8) the cost of publication and dissemination of material for the scholarly and general public.

''(c) LIMITATION.—The Secretary shall only award grants to and enter into contracts with centers under this section that—

''(1) receive more than 50 percent of their funding from public or private United States sources;

''(2) have a permanent presence in the country in which the center is located; and

''(3) are organizations described in section 501(c)(3) of the Internal Revenue Code of 1986 which are exempt from taxation under section 501(a) of such Code.

''(d) DEVELOPMENT GRANTS.—The Secretary is authorized to make grants for the establishment of new centers. The grants may be used to fund activities that, within 1 year, will result in the creation of a center described in subsection (c).

''SEC. 609. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this part $80,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

SEC. 602. BUSINESS AND INTERNATIONAL EDUCATION PROGRAMS.

Part B of title VI (20 U.S.C. 1130 et seq.) is amended—

(1) in section 612 (20 U.S.C. 1130–1)—

(A) in subsection (c)—

(i) in paragraph (1)—

(I) in subparagraph (B), by striking ''advanced''; and

(II) in subparagraph (C), by striking ''evening or summer''; and

(ii) in paragraph (2)(C), by inserting ''foreign language,'' after ''studies,''; and

(B) in subsection (d)(2)(G), by inserting '', such as a representative of a community college in the region served by the center'' before the period; and

(2) in section 614 (20 U.S.C. 1130b)—

(A) in subsection (a), by striking ''1993'' and inserting ''1999''; and

(B) in subsection (b), by striking ''1993'' and inserting ''1999''.

SEC. 603. INSTITUTE FOR INTERNATIONAL PUBLIC POLICY.

Part C of title VI (20 U.S.C. 1131 et seq.) is amended—

(1) in section 621(e) (20 U.S.C. 1131(e))—

(A) by striking ''one-fourth'' and inserting ''one-half''; and

(B) by adding at the end the following: ''The non-Federal contribution shall be made from private sector sources.'';

(2) by redesignating sections 622 through 627 (20 U.S.C. 1131a and 1131f) as sections 623 through 628, respectively; and

(3) by inserting after section 621 (20 U.S.C. 1131) the following:

"SEC. 622. INSTITUTIONAL DEVELOPMENT.

''(a) IN GENERAL.—The Institute shall award grants, from amounts available to the Institute for each fiscal year, to historically Black colleges and universities, Hispanic-serving institutions, Tribally Controlled Colleges or Universities, and minority institutions, to enable such colleges, universities, and institutions to strengthen international affairs programs.

''(b) APPLICATION.—No grant may be made by the Institute unless an application is made by the college, university, or institution at such time, in such manner, and accompanied by such information as the Institute may require.

''(c) DEFINITIONS.—In this section—

''(1) the term 'historically Black college and university' has the meaning given the term in section 322;

''(2) the term 'Hispanic-serving institution' has the meaning given the term in section 585;

''(3) the term 'Tribally Controlled College or University' has the meaning given the term in section 2 of the Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. 1801); and

''(4) the term 'minority institution' has the meaning given the term in section 365.'';

(4) in section 623 (as redesignated by paragraph (2))—

(A) in the section heading, by striking ''**JUNIOR YEAR**'' and inserting ''**STUDY**'';

(B) in subsection (b)(2)—

(i) by inserting '', or completing the third year of study in the case of a summer abroad program,'' after ''study''; and

(ii) by striking ''junior year'' and inserting ''study'';

(C) in subsection (c)—

(i) in the matter preceding paragraph (1), by striking ''junior year'' and inserting ''study'';

(ii) in paragraph (1), by striking ''junior year'' and inserting ''study''; and

(iii) in paragraph (2)—

(I) by striking ''one-half'' and inserting ''one-third''; and

(II) by striking ''junior year'' and inserting ''study'';

(5) in section 627 (as redesignated by paragraph (2)) (20 U.S.C. 1131e), by striking ''625'' and inserting ''626''; and

(6) in section 628 (as redesignated by paragraph (2)) (20 U.S.C. 1131f), by striking ''1993'' and inserting ''1999''.

SEC. 604. GENERAL PROVISIONS.

Section 632 (20 U.S.C. 1132–1) is repealed.

TITLE VII—RELATED PROGRAMS AND AMENDMENTS TO OTHER ACTS

PART A—INDIAN EDUCATION PROGRAMS

SEC. 711. TRIBALLY CONTROLLED COMMUNITY COLLEGE ASSISTANCE ACT OF 1978.

(a) REAUTHORIZATION.—

(1) AMOUNT OF GRANTS.—Section 108(a)(2) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1808(a)(2)) is amended by striking ''$5,820'' and inserting ''$6,000''.

(2) AUTHORIZATION OF APPROPRIATIONS.—

(A) TITLE I.—Section 110(a) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1810(a)) is amended—

(i) in paragraph (1), by striking ''1993'' and inserting ''1999'';

(ii) in paragraph (2), by striking ''$30,000,000 for fiscal year 1993'' and inserting ''$40,000,000 for fiscal year 1999'';

(iii) in paragraph (3), by striking ''1993'' and inserting ''1999''; and

(iv) in paragraph (4), by striking ''1993'' and inserting ''1999''.

(B) TITLE III.—Section 306(a) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1836(a)) is amended by striking ''1993'' and inserting ''1999''.

(C) TITLE IV.—Section 403 of the Tribal Economic Development and Technology Related Education Assistance Act of 1990 (25 U.S.C. 1852) is amended by striking ''1993'' and inserting ''1999''.

(b) NAME CHANGE.—The Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801 et seq.) is amended—

(1) by striking ''community college'' each place the term appears and inserting ''college or university'';

(2) by striking ''Community College'' each place the term appears (other than when such term is preceded by the term ''Navajo'') and inserting ''College or University'';

(3) by striking ''community colleges'' each place the term appears and inserting ''colleges or universities'';

(4) by striking ''such college'' each place the term appears and inserting ''such college or university''; and

(5) by striking ''community college's'' and inserting ''college or university's''.

SEC. 712. AMERICAN INDIAN, ALASKA NATIVE, AND NATIVE HAWAIIAN CULTURE AND ART DEVELOPMENT.

Section 1531 of the American Indian, Alaska Native, and Native Hawaiian Culture and Art Development Act (20 U.S.C. 4451) is amended to read as follows:

"SEC. 1531. AUTHORIZATION OF APPROPRIATIONS.

''There is authorized to be appropriated to carry out part A $5,000,000 for fiscal year 1999.''.

PART B—ADVANCED PLACEMENT INCENTIVE PROGRAM

SEC. 721. ADVANCED PLACEMENT INCENTIVE PROGRAM.

(a) PROGRAM ESTABLISHED.—The Secretary of Education is authorized to make grants to States having applications approved under subsection (d), from allotments under subsection (b), to enable the States to reimburse low-income individuals to cover part or all of the cost of advanced placement test fees, if the low-income individuals—

(1) are enrolled in an advanced placement class; and

(2) plan to take an advanced placement test.

(b) ALLOTMENT.—From the sum appropriated under subsection (j) for a fiscal year, the Secretary shall allot to each State an amount that bears the same relation to the sum as the number of low-income individuals in the State bears to the number of low-income individuals in all States.

(c) INFORMATION DISSEMINATION.—The State educational agency may use not more than 5 percent of grant funds received for a fiscal year to disseminate information regarding the availability of test fee payments under this section to eligible individuals through secondary school teachers and guidance counselors.

(d) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for grants the Secretary of Education shall—

(1) require that each such application contain a description of the advance placement test fees the State will pay on behalf of individual students;

(2) require an assurance that any funds received under this section, other than funds used in accordance with subsection (c), shall be used only to pay advanced placement test fees; and

(3) contain such information as the Secretary may require to demonstrate that the State will ensure that a student is eligible for payments under this section, including the documentation required by chapter 1 of subpart 2 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a–11 et seq.).

(e) FUNDING RULE.—Funds provided under this section shall be used to supplement and not supplant other Federal, State, local or private funds available to assist low-income individuals in paying for advanced placement testing, except that such funds may be used to supplant the funds so available if the funds used to supplant are used to increase the participation of low-income individuals in advanced placement courses through teacher training and other activities directly related to increasing the availability of advanced placement courses.

(f) SPECIAL RULE.—The Secretary of Education shall only award grants under this section for a fiscal year if the amount the College Board spends for the College Board's fee assistance program for low-income students for the fiscal year is not less than the amount the College Board spent for such program for the preceding fiscal year.

(g) REGULATIONS.—The Secretary of Education shall prescribe such regulations as are necessary to carry out this section.

(h) REPORT.—Each State annually shall report to the Secretary of Education regarding—

(1) the number of low-income individuals in the State who receive assistance under this section; and

(2) the teacher training and other activities described in subsection (e).

(i) DEFINITION.—In this section:

(1) ADVANCED PLACEMENT TEST.—The term ''advanced placement test'' includes only an advanced placement test approved by the Secretary of Education for the purposes of this section.

(2) LOW-INCOME INDIVIDUAL.—The term ''low-income individual'' has the meaning given the term in section 402A(g)(2) of the Higher Education Act of 1965 (20 U.S.C. 1070a–11(g)(2)).

(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $10,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.

PART C—UNITED STATES INSTITUTE OF PEACE

SEC. 731. AUTHORITIES OF THE UNITED STATES INSTITUTE OF PEACE.

The United States Institute of Peace Act (22 U.S.C. 4601 et seq.) is amended—

(1) in section 1705 (22 U.S.C. 4604)—

(A) in subsection (f), by inserting ''personal service and other'' after ''may enter into''; and

(B) in subsection (o), by inserting after ''Services'' the following: ''and use all sources of supply and services of the General Services Administration'';

(2) in section 1710(a)(1) (22 U.S.C. 4609(a)(1))—

(A) by striking ''1993'' and inserting ''1999''; and

(B) by striking ''6'' and inserting ''4''; and

(3) in the second and third sentences of section 1712 (22 U.S.C. 4611), by striking ''shall'' each place the term appears and inserting ''may''.

PART D—COMMUNITY SCHOLARSHIP MOBILIZATION

SEC. 741. SHORT TITLE.

This part may be cited as the ''Community Scholarship Mobilization Act.''

SEC. 742. FINDINGS.

Congress finds that—

(1) the local community, when properly organized and challenged, is one of the best sources of academic support, motivation toward achievement, and financial resources for aspiring postsecondary students;

(2) local communities, working to complement or augment services currently offered by area schools and colleges, can raise the educational expectations and increase the rate of postsecondary attendance of their youth by forming locally-based organizations that provide both academic support (including guidance, counseling, mentoring, tutoring, encouragement, and recognition) and tangible, locally raised, effectively targeted, publicly recognized, financial assistance;

(3) proven methods of stimulating these community efforts can be promoted through Federal support for the establishment of regional, State or community program centers to organize and challenge community efforts to develop educational incentives and support for local students; and

(4) using Federal funds to leverage private contributions to help students from low-income families attain educational and career goals is an efficient and effective investment of scarce taxpayer-provided resources.

SEC. 743. DEFINITIONS.

In this part:

(1) REGIONAL, STATE OR COMMUNITY PROGRAM CENTER.—The term ''regional, State or community program center'' means an organization that—

(A) is a division of, responsible to, and overseen by, the national organization; and

(B) is staffed by professionals trained to create, develop, and sustain local entities in towns, cities, and neighborhoods.

(2) LOCAL ENTITY.—The term ''local entity'' means an organization that—

(A) is a nonprofit organization that is described in section 501(c)(3) of the Internal Revenue Code of 1986, and exempt from taxation under section 501(a) of such Code (or shall meet this criteria through affiliation with the national organization);

(B) is formed for the purpose of providing educational scholarships and academic support for residents of the local community served by such organization;

(C) solicits broad-based community support in its academic support and fund-raising activities;

(D) is broadly representative of the local community in the structures of its volunteer-operated organization and has a board of directors that includes leaders from local neighborhood organizations and neighborhood residents, such as school or college personnel, parents, students, community agency representatives, retirees, and representatives of the business community;

(E) awards scholarships without regard to age, sex, marital status, race, creed, color, religion, national origin or disability; and

(F) gives priority to awarding scholarships for postsecondary education to deserving students from low-income families in the local community.

(3) NATIONAL ORGANIZATION.—The term ''national organization'' means an organization that—

(A) has the capacity to create, develop and sustain local entities and affiliated regional, State or community program centers;

(B) has the capacity to sustain newly created local entities in towns, cities, and neighborhoods through ongoing training support programs;

(C) is described in section 501(c)(3) of the Internal Revenue Code of 1986, and exempt from taxation under section 501(a) of such Code;

(D) is a publicly supported organization within the meaning of section 170(b)(1)(A)(iv) of such Code;

(E) ensures that each of the organization's local entities meet the criteria described in subparagraphs (C) and (D); and

(F) has a program for or experience in cooperating with secondary and postsecondary institutions in carrying out the organization's scholarship and academic support activities.

(4) HIGH POVERTY AREA.—The term ''high poverty area'' means a community with a higher percentage of children from low-income families than the national average of such percentage and a lower percentage of children pursuing postsecondary education than the national average of such percentage.

(5) STUDENTS FROM LOW-INCOME FAMILIES.—The term ''students from low-income families'' means students determined, pursuant to part F of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087kk et seq.), to be eligible for a Federal Pell Grant under subpart 1 of part A of title IV of such Act (20 U.S.C. 1070a).

SEC. 744. PURPOSE, ENDOWMENT GRANT AUTHORITY.

(a) PURPOSE.—It is the purpose of this part to establish and support regional, State or community program centers to enable such centers to foster the development of local entities in high poverty areas that promote higher education goals for students from low-income families by—

(1) providing academic support, including guidance, counseling, mentoring, tutoring, and recognition; and

(2) providing scholarship assistance for the cost of postsecondary education.

(b) ENDOWMENT GRANT AUTHORITY.—From the funds appropriated pursuant to the authority of section 746, the Secretary shall award an endowment grant, on a competitive basis, to a national organization to enable such organization to support the establishment or ongoing work of regional, State or community program centers that foster the development of local entities in high poverty areas to improve high school graduation rates and postsecondary attendance through the provision of academic support services and scholarship assistance for the cost of postsecondary education.

SEC. 745. GRANT AGREEMENT AND REQUIREMENTS.

(a) IN GENERAL.—The Secretary shall award one or more endowment grants described in section 744(b) pursuant to an agreement between the Secretary and a national organization. Such agreement shall—

(1) require the national organization to establish an endowment fund in the amount of the grant, the corpus of which shall remain intact and the interest income from which shall be used to support the activities described in paragraphs (2) and (3);

(2) require the national organization to use 70 percent of the interest income from the endowment fund in any fiscal year to support the establishment or ongoing work of regional, State or community program centers to enable such centers to work with local communities to establish local entities in high poverty areas and provide ongoing technical assistance, training workshops, and other activities to help ensure the ongoing success of the local entities;

(3) require the national organization to use 30 percent of the interest income from the endowment fund in any fiscal year to provide scholarships for postsecondary education to students from low-income families, which scholarships shall be matched on a dollar-for-dollar basis from funds raised by the local entities;

(4) require that at least 50 percent of all the interest income from the endowment be allocated to establish new local entities or support regional, State or community program centers in high poverty areas;

(5) require the national organization to submit, for each fiscal year in which such organization uses the interest from the endowment fund, a report to the Secretary that contains—

(A) a description of the programs and activities supported by the interest on the endowment fund;

(B) the audited financial statement of the national organization for the preceding fiscal year;

(C) a plan for the programs and activities to be supported by the interest on the endowment fund as the Secretary may require; and

(D) an evaluation of the programs and activities supported by the interest on the endowment fund as the Secretary may require; and

(E) data indicating the number of students from low-income families who receive scholarships from local entities, and the amounts of such scholarships;

(6) contain such assurances as the Secretary may require with respect to the management and operation of the endowment fund; and

(7) contain an assurance that if the Secretary determines that such organization is not in substantial compliance with the provisions of this part, then the national organization shall pay to the Secretary an amount equal to the corpus of the endowment fund plus any accrued interest on such fund that is available to the national organization on the date of such determination.

(b) RETURNED FUNDS.—All funds returned to the Secretary pursuant to subsection (a)(7) shall be available to the Secretary to carry out any scholarship or grant program assisted under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

SEC. 746. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part $10,000,000 for fiscal year 2000.

PART E—GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED YOUTH OFFENDERS

SEC. 751. GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED YOUTH OFFENDERS.

(a) FINDINGS.—Congress makes the following findings:

(1) Over 150,000 youth offenders age 21 and younger are incarcerated in the Nation's jails, juvenile facilities, and prisons.

(2) Most youth offenders who are incarcerated have been sentenced as first-time adult felons.

(3) Approximately 75 percent of youth offenders are high school dropouts who lack basic literacy and life skills, have little or no job experience, and lack marketable skills.

(4) The average incarcerated youth has attended school only through grade 10.

(5) Most of these youths can be diverted from a life of crime into productive citizenship with available educational, vocational, work skills, and related service programs.

(6) If not involved with educational programs while incarcerated, almost all of these youths will return to a life of crime upon release.

(7) The average length of sentence for a youth offender is about 3 years. Time spent in prison provides a unique opportunity for education and training.

(8) Even with quality education and training provided during incarceration, a period of intense supervision, support, and counseling is needed upon release to ensure effective reintegration of youth offenders into society.

(9) Research consistently shows that the vast majority of incarcerated youths will not return to the public schools to complete their education.

(10) There is a need for alternative educational opportunities during incarceration and after release.

(b) DEFINITION.—For purposes of this part, the term ''youth offender'' means a male or female offender under the age of 25, who is incarcerated in a State prison, including a prerelease facility.

(c) GRANT PROGRAM.—The Secretary of Education (in this section referred to as the ''Secretary'') shall establish a program in accordance with this section to provide grants to the State correctional education agencies in the States, from allocations for the States under subsection (i), to assist and encourage incarcerated youths to acquire functional literacy, life, and job skills, through the pursuit of a postsecondary education certificate, or an associate of arts or bachelor's degree while in prison, and employment counseling and other related services which start during incarceration and continue through prerelease and while on parole.

(d) APPLICATION.—To be eligible for a grant under this section, a State correctional education agency shall submit to the Secretary a proposal for a youth offender program that—

(1) identifies the scope of the problem, including the number of incarcerated youths in need of postsecondary education and vocational training;

(2) lists the accredited public or private educational institution or institutions that will provide postsecondary educational services;

(3) lists the cooperating agencies, public and private, or businesses that will provide related services, such as counseling in the areas of career development, substance abuse, health, and parenting skills;

(4) describes the evaluation methods and performance measures that the State correctional education agency will employ, which methods and measures—

(A) shall be appropriate to meet the goals and objectives of the proposal; and

(B) shall include measures of—

(i) program completion;

(ii) student academic and vocational skill attainment;

(iii) success in job placement and retention; and

(iv) recidivism;

(5) describes how the proposed programs are to be integrated with existing State correctional education programs (such as adult education, graduate education degree programs, and vocational training) and State industry programs;

(6) addresses the educational needs of youth offenders who are in alternative programs (such as boot camps); and

(7) describes how students will be selected so that only youth offenders eligible under subsection (f) will be enrolled in postsecondary programs.

(e) PROGRAM REQUIREMENTS.—Each State correctional education agency receiving a grant under this section shall—

(1) integrate activities carried out under the grant with the objectives and activities of the school-to-work programs of such State, including—

(A) work experience or apprenticeship programs;

(B) transitional worksite job training for vocational education students that is related to the occupational goals of such students and closely linked to classroom and laboratory instruction;

(C) placement services in occupations that the students are preparing to enter;

(D) employment-based learning programs; and

(E) programs that address State and local labor shortages;

(2) annually report to the Secretary and the Attorney General on the results of the evaluations conducted using the methods and performance measures contained in the proposal; and

(3) provide to each State for each student eligible under subsection (f) not more than $1,500 annually for tuition, books, and essential materials, and not more than $300 annually for related services such as career development, substance abuse counseling, parenting skills training, and health education, for each eligible incarcerated youth.

(f) STUDENT ELIGIBILITY.—A youth offender shall be eligible for participation in a program receiving a grant under this section if the youth offender—

(1) is eligible to be released within 5 years (including a youth offender who is eligible for parole within such time); and

(2) is 25 years of age or younger.

(g) LENGTH OF PARTICIPATION.—A State correctional education agency receiving a grant under this section shall provide educational and related services to each participating youth offender for a period not to exceed 5 years, 1 year of which may be devoted to study in a graduate education degree program or to remedial education services for students who have obtained a secondary school diploma. Educational and related services shall start during the period of incarceration in prison or prerelease and may continue during the period of parole.

(h) EDUCATION DELIVERY SYSTEMS.—State correctional education agencies and cooperating institutions shall, to the extent practicable, use high-tech applications in developing programs to meet the requirements and goals of this section.

(i) ALLOCATION OF FUNDS.—From the amounts appropriated pursuant to subsection (j), the Secretary shall allot to each State an amount that bears the same relationship to such funds as the total number of students eligible under subsection (f) in such State bears to the total number of such students in all States.

(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $14,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

PART F—EDUCATION OF THE DEAF

SEC. 761. SHORT TITLE.

This part may be cited as the ''Education of the Deaf Amendments of 1998''.

SEC. 762. ELEMENTARY AND SECONDARY EDUCATION PROGRAMS.

Section 104(b) of the Education of the Deaf Act of 1986 (20 U.S.C. 4034(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by inserting ''and'' after the semicolon;

(B) in subparagraph (B), by striking ''; and'' and inserting a period; and

(C) by striking subparagraph (C);

(2) in the matter preceding subparagraph (A) of paragraph (2)—

(A) by striking ''paragraph (1)'' and inserting ''paragraph (1)(B)''; and

(B) by striking ''section 618(b)'' and inserting ''section 618(a)(1)(A)'';

(3) in paragraph (3), by striking ''intermediate educational unit'' and inserting ''educational service agency'';

(4) in paragraph (4)—

(A) in subparagraph (A), by striking ''intermediate educational unit'' and inserting ''educational service agency''; and

(B) in subparagraph (B), by striking ''intermediate educational units'' and inserting ''educational service agencies''; and

(5) by amending subparagraph (C) to read as follows:

''(C) provide the child a free appropriate public education in accordance with part B of the Individuals with Disabilities Education Act and procedural safeguards in accordance with the following provisions of section 615 of such Act:

''(i) paragraphs (1), and (3) through (6), of subsection (b).

''(ii) Subsections (c) through (g).

''(iii) Subsection (h), except for the matter in paragraph (4) pertaining to transmission of findings and decisions to a State advisory panel.

''(iv) Paragraphs (1) and (2) of subsection (i).

''(v) Subsection (j)—

''(I) except that such subsection shall not be applicable to a decision by the University to refuse to admit a child; or

''(II) to dismiss a child, except that, before dismissing any child, the University shall give at least 60 days written notice to the child's parents and to the local educational agency in which the child resides, unless the dismissal involves a suspension, expulsion, or other change in placement covered under section 615(k).

''(vi) Subsections (k) through (m).''.

SEC. 763. AGREEMENT WITH GALLAUDET UNIVERSITY.

Section 105(a) of the Education of the Deaf Act of 1986 (20 U.S.C. 4305(a)) is amended—

(1) by striking ''within 1 year after enactment of the Education of the Deaf Act Amendments of 1992, a new'' and inserting ''and periodically update, an''; and

(2) by amending the second sentence to read as follows: ''The Secretary or the University shall determine the necessity for the periodic update described in the preceding sentence.''.

SEC. 764. AGREEMENT FOR THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.

Paragraph (2) of section 112(a) of the Education of the Deaf Act of 1986 (20 U.S.C. 4332(a)) is amended to read as follows:

''(2) The Secretary and the institution of higher education with which the Secretary has an agreement under this section—

''(A) shall periodically assess the need for modification of the agreement; and

''(B) shall periodically update the agreement as determined necessary by the Secretary or the institution.''.

SEC. 765. DEFINITIONS.

Section 201 of the Education of the Deaf Act of 1986 (20 U.S.C. 4351) is amended—

(1) in paragraph (1)(C), by striking ''Palau (but only until the Compact of Free Association with Palau takes effect),''; and

(2) in paragraph (5)—

(A) by inserting ''and'' after ''Virgin Islands,''; and

(B) by striking '', and Palau (but only until the Compact of Free Association with Palau takes effect)''.

SEC. 766. GIFTS.

Subsection (b) of section 203 of the Education of the Deaf Act of 1986 (20 U.S.C. 4353) is amended to read as follows:

''(b) INDEPENDENT FINANCIAL AND COMPLIANCE AUDIT.—

''(1) IN GENERAL.—Gallaudet University shall have an annual independent financial and compliance audit made of the programs and activities of the University, including the national mission and school operations of the elementary and secondary education programs at Gallaudet. The institution of higher education with which the Secretary has an agreement under section 112 shall have an annual independent financial and compliance audit made of the programs and activities of such institution of higher education, including NTID, and containing specific schedules and analyses for all NTID funds, as determined by the Secretary.

''(2) COMPLIANCE.—As used in paragraph (1), compliance means compliance with sections 102(b), 105(b)(4), 112(b)(5), and 203(c), paragraphs (2) and (3) of section 207(b), subsections (b)(2), (b)(3), and (c) through (f), of section 207, and subsections (b) and (c) of section 210.

''(3) SUBMISSION OF AUDITS.—A copy of each audit described in paragraph (1) shall be provided to the Secretary within 15 days of acceptance of the audit by the University or the institution authorized to establish and operate the NTID under section 112(a), as the case may be, but not later than January 10 of each year.''.

SEC. 767. REPORTS.

Section 204(3) of the Education of the Deaf Act of 1986 (20 U.S.C. 4354(3)) is amended—

(1) in subparagraph (A), by striking ''The annual'' and inserting ''A summary of the annual''; and

(2) in subparagraph (B), by striking ''the annual'' and inserting ''a summary of the annual''.

SEC. 768. MONITORING, EVALUATION, AND REPORTING.

Section 205(c) of the Education of the Deaf Act of 1986 (20 U.S.C. 4355(c)) is amended by striking ''1993, 1994, 1995, 1996, and 1997'' and inserting ''1998 through 2003''.

SEC. 769. INVESTMENTS.

Section 207 of the Education of the Deaf Act of 1986 (20 U.S.C. 4357) is amended—

(1) in subsection (c)(1), by inserting ''the Federal contribution of'' after ''shall invest'';

(2) in subsection (d)(3)(A), by striking ''prior'' and inserting ''current''; and

(3) in subsection (h)—

(A) in paragraph (1), by striking ''1993 through 1997'' and inserting ''1998 through 2003''; and

(B) in paragraph (2), by striking ''1993 through 1997'' and inserting ''1998 through 2003''.

SEC. 770. INTERNATIONAL STUDENTS.

Section 210(a) of the Education of the Deaf Act of 1986 (20 U.S.C. 4359a(a)) is amended by inserting before the period '', except that in any

school year no United States citizen who is qualified to be admitted to the University or NTID and applies for admission to the University or NTID shall be denied admission because of the admission of an international student''.

SEC. 771. RESEARCH PRIORITIES.

Section 211 of the Education of the Deaf Act of 1986 (20 U.S.C. 4360) is amended to read as follows:

''SEC. 211. RESEARCH PRIORITIES.

''(a) RESEARCH PRIORITIES.—Gallaudet University and the National Technical Institute for the Deaf shall each establish and disseminate priorities for their national mission with respect to deafness related research, development, and demonstration activities, that reflect public input, through a process that includes consumers, constituent groups, and the heads of other federally funded programs. The priorities for the University shall include activities conducted as part of the University's elementary and secondary education programs under section 104.

''(b) RESEARCH REPORTS.—The University and NTID shall each prepare and submit an annual research report, to the Secretary, the Committee on Education and the Workforce of the House of Representatives, and the Committee on Labor and Human Resources of the Senate, not later than January 10 of each year, that shall include—

''(1) a summary of the public input received as part of the establishment and dissemination of priorities required by subsection (a), and the University's and NTID's response to the input; and

''(2) a summary description of the research undertaken by the University and NTID, the start and projected end dates for each research project, the projected cost and source or sources of funding for each project, and any products resulting from research completed in the prior fiscal year.''.

SEC. 772. AUTHORIZATION OF APPROPRIATIONS.

Title II of the Education of the Deaf Act of 1986 (20 U.S.C. 4351 et seq.) is amended by adding at the end the following:

''SEC. 212. AUTHORIZATION OF APPROPRIATIONS.

''(a) GALLAUDET UNIVERSITY.—There are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1998 through 2003 to carry out the provisions of titles I and II, relating to—

''(1) Gallaudet University;

''(2) Kendall Demonstration Elementary School; and

''(3) the Model Secondary School for the Deaf.

''(b) NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.—There are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1998 through 2003 to carry out the provisions of titles I and II relating to the National Technical Institute for the Deaf.''.

SEC. 773. COMMISSION ON EDUCATION OF THE DEAF.

The Education of the Deaf Act of 1986 (20 U.S.C. 4301 et seq.) is amended by adding at the end the following:

''TITLE III—COMMISSION ON EDUCATION OF THE DEAF

''SEC. 301. COMMISSION ESTABLISHED.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—The Secretary shall establish a Commission on the Education of the Deaf to identify those education-related factors in the lives of individuals who are deaf that result in barriers to successful postsecondary education experiences and employment, and those education-related factors in the lives of individuals who are deaf that contribute to successful postsecondary education experiences and employment.

''(2) DEFINITION OF INDIVIDUALS WHO ARE DEAF.—In this title, the term 'individuals who are deaf' means all persons with hearing impairments, including those who are hard-of-hearing, those deafened later in life, and those who are profoundly deaf.

''(b) COMPOSITION.—

''(1) IN GENERAL.—The Commission shall be composed of 13 members appointed by the Secretary from recommendations made by the National Association of the Deaf, the American Society for Deaf Children, the Alexander Graham Bell Association, the President of Gallaudet, the Vice President of the National Technical Institute for the Deaf, State Schools for the Deaf, projects to train teachers of the deaf funded under section 673(b) of the Individuals with Disabilities Education Act, parent training and information centers funded under section 682 of such Act, the Regional Centers on Postsecondary Education for Individuals who are Deaf funded under section 672 of such Act, Self-Help for Hard of Hearing People, and the Cothe Council on Education of the Deaf.

''(2) QUALIFICATIONS.—

''(A) IN GENERAL.—Members of the Commission shall be appointed from among individuals who have broad experience and expertise in deafness, program evaluation, education, rehabilitation, and job training generally, which expertise and experience shall be directly relevant to the issues to be addressed by the Commission.

''(B) DEAF INDIVIDUALS.—At least 1/3 of members of the Commission shall be individuals who are deaf.

''(C) CHAIRPERSON.—The chairperson of the Commission shall be elected by a simple majority of the Commission.

''(D) ASSISTANT SECRETARY.—One member of the Commission shall be the Assistant Secretary for Special Education and Rehabilitative Services.

''(3) DATE.—Members of the Commission shall be appointed not later than 90 days after the date of enactment of the Education of the Deaf Amendments of 1998.

''SEC. 302. DUTIES, REPORT, AND DURATION OF THE COMMISSION.

''(a) IDENTIFICATION OF FACTORS.—The Commission shall identify, with respect to individuals who are deaf, factors that pose barriers to or factors that facilitate—

''(1) educational performance and progress of students who are deaf in high school;

''(2) educational performance and progress of students who are deaf in postsecondary education;

''(3) career exploration and selection;

''(4) job performance and satisfaction in initial postsecondary employment; and

''(5) career advancement and satisfaction.

''(b) REPORT.—The Commission shall report to the President and Congress such interim reports that the Commission deems appropriate, and not later than 18 months after the date of enactment of the Education of the Deaf Amendments of 1998, a final report containing the findings of the Commission with respect to the factors identified under subsection (a). The final report shall include recommendations, including legislative proposals, that the Commission deems advisable.

''(c) TERMINATION.—The Commission shall terminate 90 days after the date on which the Commission submits the Commission's final report described in subsection (b).

''SEC. 303. ADMINISTRATIVE PROVISIONS.

''(a) PERSONNEL.—

''(1) IN GENERAL.—The Commission may appoint such personnel, including a staff director, as the Commission deems necessary without regard to the provisions of title 5, United States Code, except that the rate pay for any employee of the Commission may not exceed the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

''(2) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

''(b) HEARINGS; QUORUM.—

''(1) HEARINGS.—The Commission or, with the authorization of the Commission, any committee of the Commission, may, for the purpose of carrying out the provisions of this title, hold such hearings, sit, and act at such times and such places in the United States as the Commission or such committee may deem advisable.

''(2) QUORUM.—Seven members of the Commission shall constitute a quorum, but 2 or more members may conduct hearings.

''(3) HEARINGS AND PUBLIC INPUT.—In conducting hearings and acquiring public input under this title, the Commission may use various telecommunications media, including teleconferencing, video-conferencing, the Internet, and other media.

''(c) CONSULTATION; INFORMATION AND STATISTICS; AGENCY COOPERATION.—

''(1) IN GENERAL.—In carrying out the Commission's duties under this title and to the extent not prohibited by Federal law, the Commission is authorized to secure consultation, information, statistics, and cooperation from Federal agencies, entities funded by the Federal Government, and other entities the Commission deems advisable.

''(2) SPECIAL RULE.—The Commission is authorized to use, with their consent, the services, personnel, information, and facilities of other Federal, State, local, and private agencies with or without reimbursement.

''SEC. 304. COMPENSATION OF MEMBERS.

''(a) UNITED STATES OFFICER AND EMPLOYEE MEMBERS.—Members of the Commission who are officers or full-time employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States; but may be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

''(b) PUBLIC MEMBERS.—Members of the Commission who are not officers or full-time employees of the United States shall receive compensation at a rate that does not exceed the daily rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day (including travel time) during which such members are engaged in the actual performance of the duties of the Commission. In addition, such members may be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

''SEC. 305. AUTHORIZATIONS OF APPROPRIATIONS.

''There is authorized to be appropriated to carry out this title such sums as may be necessary for each of the fiscal years 1999 and 2000.''.

PART G—REPEALS

SEC. 781. REPEALS.

(a) HIGHER EDUCATION ACT OF 1965.—The following provisions of the Act (20 U.S.C. 1001 et seq.) are repealed:

(1) The heading for, sections 701 and 702 of, and parts A, C, D, and E of, title VII (20 U.S.C. 1132a, 1132a–1, 1132b et seq., 1132d et seq., 1132f et seq., and 1132i et seq.).

(2) Title VIII (20 U.S.C. 1133 et seq.).

(3) The heading for, section 901 of, and parts A, B, E, F, and G of, title IX (20 U.S.C. 1134, 1134a et seq., 1134d et seq., 1134r et seq., 20 U.S.C. 1134s et seq., and 1134u et seq.).

(4) The heading for, subpart 2 of part B of, and parts C, D and E of, title X (20 U.S.C. 1135c et seq., 1135e et seq., 1135f, and 1135g et seq.).

(5) The heading for, and part B of, title XI (20 U.S.C. 1137 et seq.).

(b) HIGHER EDUCATION AMENDMENTS OF 1992.—The following provisions of the Higher Education Amendments of 1992 (Public Law 102–325; 106 Stat 448) are repealed:

(1) Parts E, F, and G of title XIII of the Higher Education Amendments of 1992 (25 U.S.C. 3332 et seq., 3351 et seq., 3371) are repealed.

(2) Title XIV.

(3) Title XV.

PART H—MISCELLANEOUS

SEC. 791. YEAR 2000 COMPUTER PROBLEM.

(a) SENSE OF CONGRESS.—With the year 2000 fast approaching, it is the sense of Congress that the Department of Education should—

(1) assess immediately the extent of the risk to the operations of the student financial aid system posed by the year 2000 computer problem;

(2) give the highest priority to correcting all 2-digit date-related problems in the Department's computer systems to ensure that those systems continue to operate effectively in the year 2000 and beyond; and

(3) develop contingency plans, with respect to the year 2000 computer problem, for those computer systems that the Department is unable to correct in time.

(b) REPORT REQUIRED.—Not later than March 1, 1999, the Secretary of Education shall provide a report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives describing the compliance status of all mission critical systems at the Department, and contingency plans for those computer systems in the Department that the Department will be unable to correct in time, with respect to the year 2000 computer problem.

MODIFICATION TO COMMITTEE SUBSTITUTE

The PRESIDING OFFICER. Under the previous order, the manager is recognized to modify the bill.

Mr. JEFFORDS. Mr. President, under the order, I send a modification of the committee-reported substitute to the desk.

The PRESIDING OFFICER. The amendment is so modified.

The modification is as follows:

On page 339, after line 24, insert the following:

SEC. 104. GRANTS AND RECOGNITION AWARDS.

Section 110 (as redesignated by section 101(a)(6)) (20 U.S.C. 1145g) is amended by adding at the end the following:

''(e) ALCOHOL AND DRUG ABUSE PREVENTION GRANTS.—

''(1) PROGRAM AUTHORITY.—The Secretary may make grants to institutions of higher education or consortia of such institutions, and enter into contracts with such institutions, consortia, and other organizations, to develop, implement, operate, improve, and disseminate programs of prevention, and education (including treatment-referral) to reduce and eliminate the illegal use of drugs and alcohol and the violence associated with such use. Such grants or contracts may also be used for the support of a higher education center for alcohol and drug abuse prevention that will provide training, technical assistance, evaluation, dissemination, and associated services and assistance to the higher education community as determined by the Secretary and institutions of higher education.

''(2) AWARDS.—Grants and contracts shall be awarded under paragraph (1) on a competitive basis.

''(3) APPLICATIONS.—An institution of higher education, a consortium of such institutions, or another organization that desires to receive a grant or contract under paragraph (1) shall submit an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require by regulation.

''(4) ADDITIONAL REQUIREMENTS.—

''(A) PARTICIPATION.—In awarding grants under this subsection the Secretary shall make every effort to ensure—

''(i) the equitable participation of private and public institutions of higher education (including community and junior colleges); and

''(ii) the equitable geographic participation of such institutions.

''(B) CONSIDERATION.—In awarding grants and contracts under this subsection the Secretary shall give appropriate consideration to institutions of higher education with limited enrollment.

''(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $5,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

''(f) NATIONAL RECOGNITION AWARDS.—

''(1) PURPOSE.—It is the purpose of this subsection to provide models of innovative and effective alcohol prevention programs in higher education and to focus national attention on exemplary alcohol prevention efforts.

''(2) AWARDS.—

''(A) IN GENERAL.—The Secretary shall make 10 National Recognition Awards, on an annual basis, to institutions of higher education that—

''(i) have developed and implemented innovative and effective alcohol prevention programs; and

''(ii) demonstrate in the application submitted under paragraph (3) that the institution has undertaken efforts designed to change the culture of college drinking consistent with the objectives described in paragraph (4)(B).

''(B) CEREMONY.—The awards shall be made at a ceremony in Washington, D.C.

''(C) DOCUMENT.—The Secretary shall publish a document describing the alcohol prevention programs of institutions of higher education that receive the awards under this subsection and disseminate the document nationally to all public and private secondary school guidance counselors for use by secondary school juniors and seniors preparing to enter an institution of higher education. The document shall be disseminated not later than January 1 of each academic year.

''(D) AMOUNT AND USE.—Each institution of higher education selected to receive an award under this subsection shall receive an award in the amount of $50,000. Such award shall be used for the maintenance and improvement of the institution's alcohol prevention program for the academic year following the academic year for which the award is made.

''(3) APPLICATION.—

''(A) IN GENERAL.—Each institution of higher education desiring an award under this subsection shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each such application shall contain—

''(i) a clear description of the goals and objectives of the alcohol program of the institution;

''(ii) a description of program activities that focus on alcohol policy issues, policy development, modification, or refinement, policy dissemination and implementation, and policy enforcement;

''(iii) a description of activities that encourage student and employee participation and involvement in activity development and implementation;

''(iv) the objective criteria used to determine the effectiveness of the methods used in the program and the means used to evaluate and improve the program efforts; and

''(v) a description of the activities to be assisted that meet the criteria described in subparagraph (C).

''(B) APPLICATION REVIEW.—The Secretary shall appoint a committee to review applications submitted under this paragraph. The committee may include representatives of Federal departments or agencies the programs of which include alcohol abuse prevention and education efforts, directors or heads (or their representatives) of professional associations that focus on alcohol abuse prevention efforts, and non-Federal scientists who have backgrounds in social science evaluation and research methodology and in education. Decisions of the committee shall be made directly to the Secretary without review by any other entity in the Department.

''(C) REVIEW CRITERIA.—The committee described in subparagraph (B) shall develop specific review criteria for reviewing and evaluating applications submitted under this paragraph. Such criteria shall include whether the institution of higher education has policies in effect that—

''(i) prohibit alcoholic beverage sponsorship of athletic events, and prohibit alcoholic beverage advertising inside athletic facilities;

''(ii) prohibit alcoholic beverage marketing on campus, which may include efforts to ban alcohol advertising in institutional publications or efforts to prohibit alcohol-related advertisements at campus events;

''(iii) establish or expand upon alcohol-free living arrangements for all college students;

''(iv) establish partnerships with community members and organizations to further alcohol prevention efforts on campus and the areas surrounding campus; and

''(v) establish innovative communications programs involving students and faculty in an effort to educate students about alcohol-related risks.

''(4) ELIGIBILITY.—

''(A) IN GENERAL.—In order to be eligible to receive a National Recognition Award an institution of higher education shall—

''(i) offer an associate or baccalaureate degree;

''(ii) have established an alcohol abuse prevention and education program;

''(iii) nominate itself or be nominated by others, such as professional associations or student organizations, to receive the award; and

''(iv) not have received an award under this subsection during the 5 academic years preceding the academic year for which the determination is made.

''(B) OBJECTIVES.—In order to receive a National Recognition Award an institution shall demonstrate in the application submitted under paragraph (3) that the institution has accomplished all of the following objectives:

''(i) The elimination of alcoholic beverage sponsorship of athletic events, and the elimination of alcoholic beverage advertising inside athletic facilities.

''(ii) The elimination of alcoholic beverage marketing on campus that may include efforts to ban alcohol advertising in institutional publications or prohibit alcohol-related advertisements at campus events.

''(iii) The establishment or expansion of alcohol-free living arrangements for all college students.

''(iv) The establishment of partnerships with community members and organizations to further alcohol prevention efforts on campus and the surrounding areas.

''(v) The establishment of innovative communications programs involving students and faculty in an effort to educate students about alcohol-related risks.

''(5) AUTHORIZATION OF APPROPRIATIONS.—

''(A) IN GENERAL.—There is authorized to be appropriated to carry out this subsection $750,000 for fiscal year 1999.

''(B) AVAILABILITY.—Funds appropriated under subparagraph (A) shall remain available until expended.''.

On page 343, line 16, strike the end quotation marks and the second period.

On page 343, between lines 16 and 17, insert the following:

''SEC. 113. STUDY OF STUDENT-RELATED DEBT REQUIRED.

''(a) IN GENERAL.—The Secretary shall conduct a study that analyzes the distribution and increase in student-related debt in terms of—

''(1) demographic characteristics, such as race or ethnicity, and family income;

''(2) type of institution and whether the institution is a public or private institution;

''(3) loan source, such as Federal, State, institutional or other, and, if the loan source is Federal, whether the loan is or is not subsidized;

''(4) academic field of study;

''(5) parent loans, and whether the parent loans are federally guaranteed, private, or property-secured such as home equity loans; and

''(6) relation of student debt or anticipated debt to—

''(A) students' decisions about whether and where to enroll in college and whether or how much to borrow in order to attend college;

''(B) the length of time it takes students to earn baccalaureate degrees;

''(C) students' decisions about whether and where to attend graduate school;

''(D) graduates' employment decisions;

''(E) graduates' burden of repayment as reflected by the graduates' ability to save for retirement or invest in a home; and

''(F) students' future earnings.

''(b) REPORT.—After conclusion of the study required by subsection (a), the Secretary shall submit a final report regarding the findings of the study to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than 18 months after the date of enactment of the Higher Education Amendments of 1998.

''(c) INFORMATION.—After the study and report under this section are concluded, the Secretary shall determine which information described in subsection (a) would be useful for families to know and shall include such information as part of the comparative information provided to families about the costs of higher education under the provisions of section 486(a)(1).

''SEC. 114. STUDY OF FORECLOSED PROPERTY OR ASSETS.

''Not later than 90 days after the date of enactment of the Higher Education Amendments of 1998, the Comptroller General, in consultation with the Inspector General of the Department, shall submit a report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives that provides the following:

''(1) Descriptions of legislative changes that can be made to strengthen laws governing the transfer of foreclosed property or assets by the Department to individuals or their agents that have had prior dealings with the Department. Such descriptions shall address the transfer of property to individuals or their agents who have been in positions of management or oversight at postsecondary educational institutions that have failed, or are failing, to make payments to the Department on property loans, or defaulted on any property or asset loan from a Federal agency.

''(2) Changes that can be implemented at the Department to strengthen all rules and regulations governing the transfer of foreclosed property or assets by the Department to individuals or their agents as described in paragraph (1).

''SEC. 115. STATE REQUIREMENT.

''(a) IN GENERAL.—Except as provided in subsection (b), each State, that has individuals who reside in the State and who receive financial assistance under this Act, shall provide an appropriate number of mail voter registration forms (as described in section 6(a) of the National Voter Registration Act (42 U.S.C. 1973gg–4(a))) to each eligible institution under section 487 in the State, not later than 60 days before each date that is the last day to register to vote for a regularly scheduled—

''(1) election (as defined in section 301(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(1)); or

''(2) election for Governor or other chief executive within such State.

''(b) NONAPPLICABILITY TO CERTAIN STATES.—The requirement of subsection (a) shall not apply to a State which is described in section 4(b) of the National Voter Registration Act (42 U.S.C. 1973gg–2(b)).

''SEC. 116. STUDY OF OPPORTUNITIES FOR PARTICIPATION IN ATHLETICS PROGRAMS.

''(a) STUDY.—The Comptroller General shall conduct a study of the opportunities for participation in intercollegiate athletics. The study shall address issues including—

''(1) the extent to which the number of—

''(A) secondary school athletic teams has increased or decreased in the 20 years preceding 1998 (in aggregate terms); and

''(B) intercollegiate athletic teams has increased or decreased in the 20 years preceding 1998 (in aggregate terms) at 2-year and 4-year institutions of higher education;

''(2) the extent to which participation by student-athletes in secondary school and intercollegiate athletics has increased or decreased in the 20 years preceding 1998 (in aggregate terms);

''(3) over the 20-year period preceding 1998, a list of the men's and women's secondary school and intercollegiate sports, ranked in order of the sports most affected by increases or decreases in levels of participation and numbers of teams (in the aggregate);

''(4) all factors that have influenced campus officials to add or discontinue sports teams at secondary schools and institutions of higher education, including—

''(A) institutional mission and priorities;

''(B) budgetary pressures;

''(C) institutional reforms and restructuring;

''(D) escalating liability insurance premiums;

''(E) changing student and community interest in a sport;

''(F) advancement of diversity among students;

''(G) lack of necessary level of competitiveness of the sports program;

''(H) club level sport achieving a level of competitiveness to make the sport a viable varsity level sport;

''(I) injuries or deaths; and

''(J) conference realignment;

''(5) the actions that institutions of higher education have taken when decreasing the level of participation in intercollegiate sports, or the number of teams, in terms of providing information, advice, scholarship maintenance, counseling, advance warning, and an opportunity for student-athletes to be involved in the decisionmaking process;

''(6) the administrative processes and procedures used by institutions of higher education when determining whether to increase or decrease intercollegiate athletic teams or participation by student-athletes;

''(7) the budgetary or fiscal impact, if any, of a decision by an institution of higher education—

''(A) to increase or decrease the number of intercollegiate athletic teams or the participation of student-athletes; or

''(B) to be involved in a conference realignment; and

''(8) the alternatives, if any, institutions of higher education have pursued in lieu of eliminating, or severely reducing the funding for, an intercollegiate sport, and the success of such alternatives.

''(b) REPORT.—The Comptroller General shall submit a report regarding the results of the study to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives.

''SEC. 117. SPECIAL RULE.

''Notwithstanding any other provision of law, the sum of financial assistance received under this Act and other Federal financial assistance for postsecondary education received by an individual shall not exceed the individual's cost of attendance as defined in section 472, except that no individual shall have the amount of a Federal Pell Grant for which the individual is eligible reduced as a result of the application of this section.''.

On page 365, line 8, insert ''and in school districts with disproportionately high numbers of limited English proficient students,'' after ''areas,''.

On page 370, between lines 19 and 20, insert the following:

''(c) CONSTRUCTION.—Nothing in this part shall be construed to prohibit a teacher training partnership from using grant funds to coordinate with the activities of more than 1 Governor, State board of education, or State educational agency.

On page 390, line 20, strike ''and''.

On page 390, line 25, strike the period and insert ''; or''.

On page 390, after line 25, insert the following:

''(C) applications from partnerships that propose to carry out programs that use innovative means, including technology, to recruit for participation in the activities assisted under the programs students who are Native Hawaiian, Alaska Native, or Native American Pacific Islander.

On page 407, between lines 8 and 9, insert the following:

(d) ALASKA NATIVE AND NATIVE HAWAIIAN-SERVING INSTITUTIONS.—Part A of title III (20 U.S.C. 1057 et seq.) is amended by adding at the end the following:

''SEC. 317. ALASKA NATIVE AND NATIVE HAWAIIAN-SERVING INSTITUTIONS.

''(a) PROGRAM AUTHORIZED.—The Secretary shall provide grants and related assistance to Alaska Native-serving institutions and Native Hawaiian-serving institutions to enable such institutions to improve and expand their capacity to serve Alaska Natives and Native Hawaiians.

''(b) DEFINITIONS.—For the purpose of this section—

''(1) the term 'Alaska Native' has the meaning given the term in section 9308 of the Elementary and Secondary Education Act of 1965;

''(2) the term 'Alaska Native-serving institution' means an institution of higher education that—

''(A) is an eligible institution under section 312(b); and

''(B) at the time of application, has an enrollment of undergraduate students that is at least 20 percent Alaska Native students;

''(3) the term 'Native Hawaiian' has the meaning given the term in section 9212 of the Elementary and Secondary Education Act of 1965; and

''(4) the term 'Native Hawaiian-serving institution' means an institution of higher education which—

''(A) is an eligible institution under section 312(b); and

''(B) at the time of application, has an enrollment of undergraduate students that is at least 10 percent Native Hawaiian students.

''(c) AUTHORIZED ACTIVITIES.—

''(1) TYPES OF ACTIVITIES AUTHORIZED.—Grants awarded under this section shall be used by Alaska Native-serving institutions and Native Hawaiian-serving institutions to assist such institutions to plan, develop, undertake, and carry out programs.

''(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—Such programs may include—

''(A) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

''(B) renovation and improvement in classroom, library, laboratory, and other instructional facilities;

''(C) support of faculty exchanges, and faculty development and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

''(D) curriculum development and academic instruction;

''(E) purchase of library books, periodicals, microfilm, and other educational materials;

''(F) funds and administrative management, and acquisition of equipment for use in strengthening funds management;

''(G) joint use of facilities such as laboratories and libraries; and

''(H) academic tutoring and counseling programs and student support services.

''(d) APPLICATION PROCESS.—

''(1) INSTITUTIONAL ELIGIBILITY.—Each Alaska Native-serving institution and Native Hawaiian-serving institution desiring to receive assistance under this section shall submit to the Secretary such enrollment data as may be necessary to demonstrate that it is an Alaska Native-serving institution or a Native Hawaiian-serving institution as defined in subsection (b), along with such other information and data as the Secretary may by regulation require.

''(2) APPLICATIONS.—Any institution which is determined by the Secretary to be an Alaska Native-serving institution or a Native Hawaiian-serving institution may submit an application for assistance under this section to the Secretary. Such application shall include—

''(A) a 5-year plan for improving the assistance provided by the Alaska Native-serving institution or the Native Hawaiian-serving institution to Alaska Native or Native Hawaiian students; and

''(B) such other information and assurance as the Secretary may require.

''(e) SPECIAL RULE.—For the purposes of this section, no Alaska Native-serving institution or Native Hawaiian-serving institution which is eligible for and receives funds under this section may concurrently receive other funds under this part or part B.''.

On page 408, strike line 10, and insert the following:

(1) in subsection (a)—

(A) in paragraph (2), by striking ''$500,000'' and inserting ''$1,000,000''; and

(B) by adding at the end of

On page 408, line 12, strike ''$500,000'' and insert ''$1,000,000''.

On page 408, line 14, strike ''$500,000'' and insert ''$1,000,000''.

On page 408, line 17, strike ''$500,000'' and insert ''$1,000,000''.

On page 408, between lines 17 and 18, insert the following:

(2) in subsection (d)(2), by striking ''$500,000'' and inserting ''$1,000,000''.

On page 409, line 9, strike ''and'' after the semicolon.

On page 409, line 13, strike the period and insert a semicolon.

On page 409, between lines 13 and 14, insert the following:

(G) in subparagraph (O), by striking ''and'' after the semicolon.

(H) in subparagraph (P)—

(i) by inserting ''University'' after ''State''; and

(ii) by striking the period and inserting a semicolon;

(I) by adding at the end the following:

''(Q) Norfolk State University qualified graduate program; and

''(R) Tennessee State University qualified graduate program.'';

(4) in subsection (f)—

(A) in paragraph (1), by striking ''$12,000,000'' and inserting ''$15,000,000'';

(B) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by striking ''$12,000,000'' and inserting ''$15,000,000 but not in excess of $28,000,000'';

(ii) in subparagraph (A), by striking ''$500,000'' and inserting ''$1,000,000''; and

(iii) in subparagraph (B)—

(I) by striking ''(A) through (P)'' and inserting ''(Q) and (R)''; and

(II) by striking the period and inserting ''; and

(C) by adding at the end the following:

''(3) any amount appropriated in excess of $28,000,000 shall be available for the purpose of making grants to institutions or programs described in subparagraphs (A) through (R), on a competitive basis and through a peer review process that takes into consideration—

''(A) the ability of the institution to match Federal funds with non-Federal funds;

''(B) the number of students enrolled in the institution or program for which funds are sought;

''(C) the percentage of students enrolled in the institution or program for which funds are sought who are eligible for need-based student aid;

''(D) the percentage of students enrolled in the institution or program for which funds are sought who complete their degrees within a reasonable period of time as determined by the Secretary; and

''(E) the quality of the proposal.''; and

(5) by adding at the end the following:

''(g) SPECIAL RULE.—No institution or program described in subsection (e)(1) that received a grant under this section for fiscal year 1998 and that is eligible to receive a grant under this section in a subsequent fiscal year shall receive a grant under this section in any subsequent fiscal year in an amount that is less than the grant amount received for fiscal year 1996 or 1997, whichever is greater, unless—

''(1) the amount appropriated for the subsequent fiscal year is not sufficient to provide grants under this section to all such institutions or programs; or

''(2) the institution or program cannot provide sufficient matching funds to meet the requirements of this section.''.

On page 411, between lines 20 and 21, insert the following:

(a) MINORITY SCIENCE IMPROVEMENT PROGRAM FINDINGS.—Subpart 1 of part E of title III (as redesignated by paragraphs (6) and (7) of section 301) (20 U.S.C. 1135b et seq.) is amended by inserting after the subpart heading the following:

''SEC. 350. FINDINGS.

''Congress makes the following findings:

''(1) It is incumbent on the Federal Government to support the technological and economic competitiveness of the United States by improving and expanding the scientific and technological capacity of the United States. More and better prepared scientists, engineers, and technical experts are needed to improve and expand such capacity.

''(2) As the Nation's population becomes more diverse, it is important that the educational and training needs of all Americans are met. Underrepresentation of minorities in science and technological fields diminishes our Nation's competitiveness by impairing the quantity of well prepared scientists, engineers, and technical experts in these fields.

''(3) Despite significant limitations in resources, minority institutions provide an important educational opportunity for minority students, particularly in science and engineering fields. Aid to minority institutions is a good way to address the underrepresentation of minorities in science and technological fields.

''(4) There is a strong Federal interest in improving science and engineering programs at minority institutions as such programs lag behind in program offerings and in student enrollment compared to such programs at other institutions of higher education.''.

On page 411, line 21, insert ''(b) DEFINITIONS.—'' before ''Section 365(4)''.

On page 412, line 19, strike ''and'' after the semicolon.

On page 412, line 26, insert ''and'' after the semicolon.

On page 412, after line 26, insert the following:

(C) by adding at the end the following:

''(C) There are authorized to be appropriated to carry out section 317, $5,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.'';

On page 413, line 23, strike ''Title'' and insert ''Part A of title''.

On page 413, strike line 24.

On page 414, line 1, strike ''(A)'' and insert ''(1)''.

On page 414, line 4, strike ''(B)'' and insert ''(2)''.

On page 414, line 5, strike ''; and'' and insert a period.

On page 414, strike lines 6 through 11.

On page 418, between lines 10 and 11, insert the following:

''(I) not less than a minimum percentage of the students enrolled in the course complete the course;

On page 418, line 11, strike ''such a'' and insert ''the''.

On page 418, line 17, strike ''such students'' and insert ''the students enrolled in the course''.

On page 418, line 20, insert ''the minimum percentage of students who complete the course of instruction,'' after ''specify''.

On page 419, line 20, strike ''and''.

On page 419, line 23, strike the period and insert ''; and''.

On page 419, between lines 23 and 24, insert the following:

(4) in subsection (g), by adding at the end the following:

''(4) WAIVER.—The Secretary may waive the service requirements in subparagraph (A) or (B) of paragraph (3) if the Secretary determines the application of the service requirements to a veteran will defeat the purpose of a program under this chapter.''.

On page 419, line 24, strike ''Section'' and insert the following:

''(1) AMENDMENT TO SECTION 402B(b)(5).—Section''.

On page 420, between lines 2 and 3, insert the following:

(2) AMENDMENT TO SECTION 402B(b)(9).—Section 402B(b)(9) (20 U.S.C. 1070a–12(b)(9)) is

amended by inserting ''or counselors'' after ''teachers''.

On page 420, strike lines 6 and 7, and insert the following:

(A) in paragraph (9)—

(i) by inserting ''or counselors'' after ''teachers''; and

(ii) by striking ''and'' after the semicolon.

On page 421, between lines 13 and 14, insert the following:

(e) STAFF DEVELOPMENT ACTIVITIES.—Section 402G(a) (20 U.S.C. 1070a–17(a)) is amended by inserting ''participating in,'' after ''leadership personnel employed in,''.

On page 423, strike lines 10 through 13, and insert the following:

SEC. 414. CONNECTIONS PROGRAM.

Chapter 2 of subpart 2 of part A of title IV (20 U.S.C. 1070a–21 et seq.) is amended to read as follows:

''CHAPTER 2—CONNECTIONS PROGRAM

''SEC. 404A. EARLY INTERVENTION AND COLLEGE AWARENESS PROGRAM AUTHORIZED.

''(a) IN GENERAL.—The Secretary is authorized, in accordance with the requirements of this chapter, to establish a program that—

''(1) encourages eligible entities to provide or maintain a guarantee to eligible low-income students who obtain a secondary school diploma (or its recognized equivalent), of the financial assistance necessary to permit the students to attend an institution of higher education; and

''(2) supports eligible entities in providing—

''(A) additional counseling, mentoring, academic support, outreach, and supportive services to elementary, middle, and secondary school students who are at risk of dropping out of school; and

''(B) information to students and their parents about the advantages of obtaining a postsecondary education and their college financing options.

''(b) AWARDS.—

''(1) IN GENERAL.—The Secretary may award grants to eligible entities to carry out the program authorized under subsection (a).

''(2) PRIORITY.—In making the awards described in paragraph (1), the Secretary shall—

''(A) give priority to eligible entities that—

''(i) carried out, prior to the date of enactment of the Higher Education Amendments of 1998, successful educational opportunity programs; and

''(ii) have a prior, demonstrated commitment to early intervention leading to college access through collaboration and replication of successful strategies; and

''(B) ensure that students served under this chapter prior to the date of enactment of the Higher Education Amendments of 1998 continue to receive service through the completion of secondary school.

''(c) DEFINITIONS.—For the purposes of this chapter, the term 'eligible entity' means—

''(1) a State; or

''(2) a partnership consisting of—

''(A) 1 or more local educational agencies acting on behalf of—

''(i) 1 or more public schools; and

''(ii) the public secondary schools that students from the schools described in clause (i) would normally attend;

''(B) 1 or more degree granting institutions of higher education; and

''(C) at least 2 community organizations or entities, such as businesses, professional associations, community-based organizations, philanthropic organizations, State agencies, institutions or agencies sponsoring programs authorized under subpart 4, or other public or private agencies or organizations.

''(d) COORDINATION.—Each eligible entity shall ensure that the activities assisted under this chapter are, to the extent practicable, coordinated with, and complement and enhance—

''(1) services under this chapter provided by other eligible entities serving the same school district or State; and

''(2) related services under other Federal or non-Federal programs.

''SEC. 404B. ELIGIBILITY ENTITY PLANS.

''(a) PLAN REQUIRED FOR ELIGIBILITY.—

''(1) IN GENERAL.—In order for an eligible entity to qualify for a grant under this chapter, the eligible entity shall submit to the Secretary a plan for carrying out the program under this chapter. Such plan shall provide for the conduct of both a scholarship component in accordance with section 404D and an early intervention component in accordance with section 404C.

''(2) CONTENTS.—Each plan submitted pursuant to paragraph (1) shall be in such form, contain or be accompanied by such information or assurances, and be submitted at such time as the Secretary may require by regulation. Each such plan shall—

''(A) describe the activities for which assistance under this chapter is sought; and

''(B) provide such additional assurances as the Secretary determines necessary to ensure compliance with the requirements of this chapter.

''(b) MATCHING REQUIREMENT.—

''(1) IN GENERAL.—The Secretary shall not approve a plan submitted under subsection (a) unless such plan—

''(A) provides that the eligible entity will provide, from State, local, institutional, or private funds, not less than ½ the cost of the program, which matching funds may be provided in cash or in kind;

''(B) specifies the methods by which such share of the costs will be paid; and

''(C) includes provisions designed to ensure that funds provided under this chapter shall supplement and not supplant funds expended for existing programs.

''(2) SPECIAL RULE.—The Secretary may change the share of the costs required to be provided under paragraph (1)(A) for eligible entities defined in section 402A(c)(2).

''(c) METHODS FOR COMPLYING WITH MATCHING REQUIREMENT.—An eligible entity may count toward the share of the costs required by subsection (b)(1)(A)—

''(1) the amount of the grants paid to students from State, local, institutional, or private funds under this chapter;

''(2) the amount of tuition, fees, room or board waived or reduced for recipients of grants under this chapter; and

''(3) the amount expended on documented, targeted, long-term mentoring and counseling provided by volunteers or paid staff of nonschool organizations, including businesses, religious organizations, community groups, postsecondary educational institutions, nonprofit and philanthropic organizations, and other organizations.

''(d) COHORT APPROACH.—

''(1) IN GENERAL.—The Secretary may require that eligible entities—

''(A) provide services under this chapter to at least 1 grade level of students, beginning not later than 7th grade, in a participating public school that has a 7th grade and in which at least 50 percent of the students enrolled are eligible for free or reduced-price lunch (or, if an eligible entity determines that it would promote the effectiveness of a project, an entire grade level of students, beginning not later than the 7th grade, who reside in public housing as defined in section 3(b)(1) of the United States Housing Act of 1937); and

''(B) ensure that the services are provided through the 12th grade to students in the participating grade level.

''(2) COORDINATION REQUIREMENT.—In order for the Secretary to require the cohort approach described in paragraph (1), the Secretary shall, where applicable, ensure that the cohort approach is done in coordination and collaboration with existing early intervention programs and does not duplicate the services already provided to a school or community.

''SEC. 404C. EARLY INTERVENTION.

''(a) SERVICES.—

''(1) In order to receive a grant under this chapter, an eligible entity shall demonstrate to the satisfaction of the Secretary, in the plan submitted under section 404B, that the eligible entity will provide comprehensive mentoring, counseling, outreach, and supportive services to students participating in programs under this chapter who are enrolled in any of the grades preschool through grade 12. Such counseling shall include financial aid counseling that provides—

''(A) information regarding the opportunities for financial assistance under this title; and

''(B) activities or information regarding—

''(i) fostering and improving parent involvement in promoting postsecondary information regarding the advantages of a college education, academic admission requirements, and the need to take college preparation courses;

''(ii) admissions and achievement tests; and

''(iii) application procedures.

''(2) METHODS.—The eligible entity shall demonstrate in such plan, pursuant to regulations of the Secretary, the methods by which the eligible entity will target services on priority students.

''(b) USES OF FUNDS.—

''(1) IN GENERAL.—The Secretary shall, by regulation, establish criteria for determining whether comprehensive mentoring, counseling, outreach, and supportive services programs may be used to meet the requirements of subsection (a).

''(2) ALLOWABLE PROVIDERS.—For those eligible entities defined in section 404A(c)(1), the activities required by subsection (a) may be provided by service providers such as community-based organizations, schools, institutions of higher education, public and private agencies, nonprofit and philanthropic organizations, businesses, institutions and agencies sponsoring programs authorized under subpart 4 of this part, and other organizations the State deems appropriate.

''(3) PERMISSIBLE ACTIVITIES.—Examples of activities that meet the requirements of subsection (a) include the following:

''(A) Providing eligible students in preschool through grade 12 with a continuing system of mentoring and advising that—

''(i) is coordinated with the Federal and State community service initiatives; and

''(ii) may include such support services as after school and summer tutoring, assistance in obtaining summer jobs, career mentoring, and academic counseling.

''(B) Requiring each student to enter into an agreement under which the student agrees to achieve certain academic milestones, such as completing a prescribed set of courses and maintaining satisfactory academic progress described in section 484(c), in exchange for receiving tuition assistance for a period of time to be established by each State.

''(C) Activities designed to ensure secondary school completion and college enrollment of at-risk children, including identification of at-risk children, after school and summer tutoring, assistance in obtaining summer jobs, academic counseling, volunteer and parent involvement, providing former or current scholarship recipients as

mentor or peer counselors, skills assessment, providing access to rigorous core courses that reflect challenging academic standards, personal counseling, family counseling and home visits, staff development, and programs and activities described in this subparagraph that are specially designed for students of limited English proficiency.

''(D) Summer programs for individuals planning to attend an institution of higher education in the next academic year that—

''(i) are carried out at an institution of higher education that also has programs of academic year supportive services for disadvantaged students through projects authorized under section 402D or through comparable projects funded by the State or other sources;

''(ii) provide for the participation of the individuals who are eligible for assistance under section 402D or who are eligible for comparable programs funded by the State;

''(iii)(I) provide summer instruction in remedial, developmental or supportive courses;

''(II) provide such summer services as counseling, tutoring, or orientation; and

''(III) provide grant aid to the individuals to cover the individuals' summer costs for books, supplies, living costs, and personal expenses; and

''(iv) provide the individuals with financial aid during each academic year the individuals are enrolled at the participating institution after the summer program.

''(E) Requiring eligible students to meet other standards or requirements as the State determines necessary to meet the purposes of this section.

''(c) PRIORITY STUDENTS.—In administering the early intervention component, the eligible entity shall treat as priority students any student in preschool through grade 12 who is eligible—

''(1) to be counted under section 1005(c) of the Elementary and Secondary Education Act of 1965;

''(2) for free or reduced price meals pursuant to the National School Lunch Act; or

''(3) for assistance pursuant to part A of title IV of the Social Security Act.

''SEC. 404D. SCHOLARSHIP COMPONENT.

''(a) IN GENERAL.—

''(1) STATES.—In order to receive a grant under this chapter, an eligible entity described in section 404A(c)(1) shall establish or maintain a financial assistance program that awards grants to students in accordance with the requirements of this section. The Secretary shall encourage the eligible entity to ensure that the tuition assistance provided pursuant to this section is available to an eligible student for use at any institution of higher education.

''(2) PARTNERSHIPS.—An eligible entity described in section 404A(c)(2) may award scholarships to eligible students.

''(b) GRANT AMOUNTS.—The maximum amount of the grant that an eligible student shall be eligible to receive under this section shall be established by the State. The minimum amount of the grant for each fiscal year shall not be less than the lesser of—

''(1) 75 percent of the average cost of attendance for an in-State student, in a 4-year program of instruction, at public institutions of higher education in such State, as determined in accordance with regulations prescribed by the Secretary; or

''(2) the maximum Federal Pell Grant funded under section 401 for such fiscal year.

''(c) RELATION TO OTHER ASSISTANCE.—Tuition assistance provided under this chapter shall not be considered for the purpose of awarding Federal grant assistance under this title, except that in no case shall the total amount of student financial assistance awarded to a student under this title exceed such student's total cost of attendance.

''(d) ELIGIBLE STUDENTS.—A student eligible for assistance under this section is a student who—

''(1) is less than 22 years old at time of first grant award under this section;

''(2) receives a secondary school diploma or its recognized equivalent on or after January 1, 1993;

''(3) is enrolled or accepted for enrollment in a program of undergraduate instruction at an institution of higher education that is located within the State's boundaries, except that, at the State's option, an eligible entity may offer grant program portability for recipients who attend institutions of higher education outside such State; and

''(4) who participated in the early intervention component required under section 404C.

''(e) PRIORITY.—The Secretary shall ensure that each eligible entity places a priority on awarding scholarships to students who will receive a Federal Pell Grant for the academic year for which the scholarship is awarded under this section.

''(f) SPECIAL RULE.—An eligible entity may consider students who have successfully participated in programs funded under chapter 1 of this subpart to have met the requirements of subsection (d)(4).

''SEC. 404E. 21ST CENTURY SCHOLAR CERTIFICATES.

''(a) AUTHORITY.—The Secretary, using funds appropriated under section 404G, not to exceed $200,000 annually—

''(1) shall ensure that certificates, to be known as 21st Century Scholar Certificates, are provided to all students participating in programs under this chapter; and

''(2) may, as practicable, ensure that such certificates are provided to all students in grades 6 through 12 who attend schools at which at least 50 percent of the students enrolled are eligible for a free or reduced price lunch.

''(b) INFORMATION REQUIRED.—A 21st Century Scholar Certificate shall be personalized for each student and indicate the amount of Federal financial aid for college which a student may be eligible to receive.

''SEC. 404F. EVALUATION AND REPORT.

''(a) EVALUATION.—Each eligible entity receiving a grant under this chapter shall biennially evaluate the early intervention program assisted under this chapter in accordance with the standards described in subsection (b) and shall submit to the Secretary a copy of such evaluation. The evaluation shall permit service providers to track eligible student progress during the period such students are participating in the program assisted under this section and shall be consistent with the standards developed by the Secretary pursuant to subsection (b).

''(b) EVALUATION STANDARDS.—The Secretary shall prescribe standards for the evaluation described in subsection (a). Such standards shall—

''(1) provide for input from eligible entities and service providers; and

''(2) ensure that data protocols and procedures are consistent and uniform.

''(c) FEDERAL EVALUATION.—In order to evaluate and improve the impact of the program assisted under this chapter, the Secretary shall, with funds appropriated under section 404G, make grants to, and enter into contracts and cooperative agreements with public and private institutions and organizations, to evaluate the effectiveness of the program and, as appropriate, disseminate the results of the evaluation.

''(d) REPORT.—The Secretary shall biennially report to Congress on the activities assisted under this chapter and the evaluations conducted pursuant to this section.

''SEC. 404G. APPROPRIATIONS.

''There are authorized to be appropriated to carry out this chapter $200,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

On page 436, line 24, insert ''Grant funds under this section may be used to provide before and after school services to the extent necessary to enable low-income students enrolled at the institution of higher education to pursue postsecondary education.'' after the period.

On page 442, between lines 8 and 9, insert the following:

SEC. 419A. LEARNING ANYTIME ANYWHERE PARTNERSHIPS.

Part A of title IV (20 U.S.C. 1070 et seq.) is amended further by adding at the end the following:

''Subpart 9—Learning Anytime Anywhere Partnerships

''SEC. 420D. FINDINGS.

''Congress makes the following findings:

''(1) The nature of postsecondary education delivery is changing, and new technology and other related innovations can provide promising education opportunities for individuals who are currently not being served, particularly for individuals without easy access to traditional campus-based postsecondary education or for whom traditional courses are a poor match with education or training needs.

''(2) Individuals, including individuals seeking basic or technical skills or their first postsecondary experience, individuals with disabilities, dislocated workers, individuals making the transition from welfare-to-work, and individuals who are limited by time and place constraints can benefit from nontraditional, noncampus-based postsecondary education opportunities and appropriate support services.

''(3) The need for high-quality, nontraditional, technology-based education opportunities is great, as is the need for skill competency credentials and other measures of educational progress and attainment that are valid and widely accepted, but neither need is likely to be adequately addressed by the uncoordinated efforts of agencies and institutions acting independently and without assistance.

''(4) Partnerships, consisting of institutions of higher education, community organizations, or other public or private agencies or organizations, can coordinate and combine institutional resources—

''(A) to provide the needed variety of education options to students; and

''(B) to develop new means of ensuring accountability and quality for innovative education methods.

''SEC. 420E. PURPOSE; PROGRAM AUTHORIZED.

''(a) PURPOSE.—It is the purpose of this subpart to enhance the delivery, quality, and accountability of postsecondary education and career-oriented lifelong learning through technology and related innovations.

''(b) PROGRAM AUTHORIZED.—

''(1) GRANTS.—

''(A) IN GENERAL.—The Secretary may, from funds appropriated under section 420J make grants to, or enter into contracts or cooperative agreements with, eligible partnerships to carry out the authorized activities described in section 420G.

''(B) DURATION.—Grants under this subpart shall be awarded for periods that do not exceed 5 years.

''(2) DEFINITION OF ELIGIBLE PARTNERSHIP.—For purposes of this subpart, the term 'eligible partnership' means a partnership consisting of 2 or more independent agencies, organizations, or institutions. The agencies, organizations, or institutions may include institutions of higher education, community organizations, and other public and private institutions, agencies, and organizations.

"SEC. 420F. APPLICATION.

''(a) REQUIREMENT.—An eligible partnership desiring to receive a grant under this subpart shall submit an application to the Secretary, in such form and containing such information, as the Secretary may require.

''(b) CONTENTS.—Each application shall include—

''(1) the name of each partner and a description of the responsibilities of the partner, including the designation of a nonprofit organization as the fiscal agent for the partnership;

''(2) a description of the need for the project, including a description of how the project will build on any existing services and activities;

''(3) a listing of human, financial (other than funds provided under this subpart), and other resources that each member of the partnership will contribute to the partnership, and a description of the efforts each member of the partnership will make in seeking additional resources; and

''(4) a description of how the project will operate, including how funds awarded under this subpart will be used to meet the purpose of this subpart.

"SEC. 420G. AUTHORIZED ACTIVITIES.

''Funds awarded to an eligible partnership under this subpart shall be used to—

''(1) develop and assess model distance learning programs or innovative educational software;

''(2) develop methodologies for the identification and measurement of skill competencies;

''(3) develop and assess innovative student support services; or

''(4) support other activities that are consistent with the purpose of this subpart.

"SEC. 420H. MATCHING REQUIREMENT.

''Federal funds shall provide not more than 50 percent of the cost of a project under this subpart. The non-Federal share of project costs may be in cash or in kind, fairly evaluated, including services, supplies, or equipment.

"SEC. 420I. PEER REVIEW.

''The Secretary shall use a peer review process to review applications under this subpart and to make recommendations for funding under this subpart to the Secretary.

"SEC. 420J. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this subpart $30,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

On page 443, line 2, insert ''FOR FISCAL YEARS 1999, 2000, 2001, AND 2002'' after ''RESERVES''.

On page 443, line 5, strike ''$40,000,000'' and insert ''$21,250,000''.

On page 443, line 6, strike ''2002, and 2003'' and insert ''and 2002''.

On page 443, line 15, strike ''⅕'' and insert ''¼''.

On page 444, line 4, strike ''$200,000,000'' and insert ''$85,000,000''.

On page 444, between lines 7 and 8, insert the following:

''(C) SPECIAL RULE.—Notwithstanding subparagraphs (A) and (B), the percentage reduction under subparagraph (B) shall not result in the depletion of the reserve funds of any agency which charges the 1.0 percent insurance premium pursuant to section 428(b)(1)(H) below an amount equal to the amount of lender claim payments paid 90 days prior to the date of the return under this subsection. If any additional amount is required to be returned after deducting the total of the required shares under subparagraph (B) and as a result of the preceding sentence, such additional amount shall be obtained by imposing on each guaranty agency to which the preceding sentence does not apply, an equal percentage reduction in the amount of the agency's remaining reserve funds.

On page 444, line 22, strike the end quotation marks and the second period.

On page 444, after line 22, insert the following:

''(j) ADDITIONAL RECALL OF RESERVES ON SEPTEMBER 1, 2007.—

''(1) IN GENERAL.—Notwithstanding any other provision of law and subject to paragraph (4), the Secretary shall recall, on September 1, 2007, $165,000,000 from reserve funds held in the Federal Student Loan Reserve Funds established under section 422A by guaranty agencies.

''(2) DEPOSIT.—Funds recalled by the Secretary under this subsection shall be deposited in the Treasury.

''(3) EQUAL PERCENTAGE REDUCTION.—The Secretary shall require each guaranty agency to return reserve funds under paragraph (1) by requiring an equal percentage reduction in the amount of reserve funds held by the agency on September 30, 1996.

''(4) OFFSET OF REQUIRED SHARES.—If any guaranty agency returns to the Secretary any reserve funds in excess of the amount required under this subsection, subsection (h), or subsection (i), the total amount required to be returned under paragraph (1) shall be reduced by the amount of such excess reserve funds returned.

''(5) DEFINITION OF RESERVE FUNDS.—The term 'reserve funds' when used with respect to a guaranty agency—

''(A) includes any reserve funds in cash or liquid assets held by the guaranty agency, or held by, or under the control of, any other entity; and

''(B) does not include buildings, equipment, or other nonliquid assets.''.

On page 446, beginning with line 17, strike all through page 447, line 4, and insert the following:

''(e) OWNERSHIP OF FEDERAL FUND.—The Federal Fund, and any nonliquid asset (such as a building or equipment) developed or purchased by the guaranty agency in whole or in part with Federal reserve funds, regardless of who holds or controls the Federal reserve funds or such asset, shall be considered to be the property of the United States, prorated based on the percentage of such asset developed or purchased with Federal reserve funds, which property shall be used in the operation of the program authorized by the part, as provided in subsection (d). The Secretary may restrict or regulate the use of such asset only to the extent necessary to reasonably protect the Secretary's prorated share of the value of such asset. The Secretary may direct a guaranty agency, or such agency's officers or directors, to cease any activity involving expenditures, use, or transfer of the Federal Fund administered by the guaranty agency that the Secretary determines is a misapplication, misuse, or improper expenditures of the Federal fund or the Secretary's share of such asset.''.

On page 448, line 15, insert ''The Secretary shall pay to the guaranty agency any funds withheld in accordance with this paragraph immediately upon making the determination that the guaranty agency has made all such repayments.'' after the period.

On page 450, line 1, insert ''administrative cost allowances paid under section 458, as such section was in effect on the day preceding the date of enactment of the Higher Education Amendments of 1998, and'' after ''(2)''.

On page 453, strike lines 9 through 17.

On page 453, between lines 17 and 18, insert the following:

SEC. 424. SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM.

Section 424(a) (20 U.S.C. 1074(a)) is amended—

(1) by striking ''October 1, 2002'' and inserting ''October 1, 2004''; and

(2) by striking ''September 30, 2006'' and inserting ''September 30, 2008''.

On page 453, beginning with line 18, strike all through page 458, line 2, and insert the following:

SEC. 425. APPLICABLE INTEREST RATES.

(a) APPLICABLE INTEREST RATES.—

(1) AMENDMENT.—Section 427A (20 U.S.C. 1077a et seq.) is amended by amending subsection (j) to read as follows:

''(j) INTEREST RATES FOR NEW LOANS ON OR AFTER OCTOBER 1, 1998, AND BEFORE JULY 1, 2003.—

''(1) IN GENERAL.—Notwithstanding subsection (h) and subject to paragraph (2), with respect to any loan made, insured, or guaranteed under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

''(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

''(B) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

''(2) IN SCHOOL AND GRACE PERIOD RULES.—Notwithstanding subsection (h), with respect to any loan under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest for interest which accrues—

''(A) prior to the beginning of the repayment period of the loan; or

''(B) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under paragraph (1) by substituting '1.7 percent' for '2.3 percent'.

''(3) PLUS LOANS.—Notwithstanding subsection (h), with respect to any loan under section 428B for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest shall be determined under paragraph (1)—

''(A) by substituting '3.1 percent' for '2.3 percent'; and

''(B) by substituting '9.0 percent' for '8.25 percent'.

''(4) CONSULTATION.—The Secretary shall determine the applicable rate of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.''.

(2) CONFORMING AMENDMENT.—Section 428B(d)(4) (20 U.S.C. 1078–2(d)(4)) is amended by striking ''section 427A(c)'' and inserting ''section 427A(j)(3)''.

(b) SPECIAL ALLOWANCES.

(1) AMENDMENT.—Section 438(b)(2)(G) (20 U.S.C. 1087–1(b)(2)(G)) is amended to read as follows:

''(G) LOANS DISBURSED BETWEEN OCTOBER 1, 1998, AND BEFORE JULY 1, 2003.—

''(i) IN GENERAL.—Subject to paragraph (4) and clauses (ii), (iii), and (iv) of this subparagraph, and except as provided in subparagraph (B), the special allowance paid pursuant to this subsection on loans for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, shall be computed—

''(I) by determining the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 3-month period;

''(II) by subtracting the applicable interest rates on such loans from such average bond equivalent rate;

''(III) by adding 2.8 percent to the resultant percent; and

''(IV) by dividing the resultant percent by 4.

''(ii) IN SCHOOL AND GRACE PERIOD.—In the case of any loan for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, and for which the applicable rate of interest is described in section 427A(j)(2), clause (i)(III) of this subparagraph shall be applied by substituting '2.2 percent' for '2.8 percent'.

''(iii) PLUS LOANS.—In the case of any loan for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, and for which the applicable rate of interest is described in section 427A(j)(3), clause (i)(III) of this subparagraph shall be applied by substituting '3.1 percent' for '2.8 percent', subject to clause (iv) of this subparagraph.

''(iv) LIMITATION ON SPECIAL ALLOWANCES FOR PLUS LOANS.—In the case of loans disbursed on or after October 1, 1998, and before July 1, 2003, for which the interest rate is determined under section 427A(j)(3), a special allowance shall not be paid for a loan made under section 428B unless the rate determined for any 12-month period under section 427A(j)(3) exceeds 9 percent.''.

(2) CONFORMING AMENDMENT.—Section 438(b)(2)(C)(ii) is amended by striking ''In the case'' and inserting ''Subject to subparagraph (G), in the case''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to any loan made, insured, or guaranteed under part B of title IV of the Higher Education Act of 1965 for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003.

On page 460, line 9, strike ''and'' after the semicolon.

On page 460, line 14, strike the period and insert ''; and''.

On page 460, between lines 14 and 15, insert the following:

(3) in paragraph (5)—

(A) by striking ''September 30, 2002'' and inserting ''September 30, 2004''; and

(B) by striking ''September 30, 2006'' and inserting ''September 30, 2008''.

On page 463, line 2, strike ''and'' after the semicolon.

On page 463, between lines 2 and 3, insert the following:

(2) in paragraph (7), by adding at the end the following:

''(D) There shall be excluded from the 6-month period that begins on the date on which a student ceases to carry at least one-half the normal full-time academic workload as described in subparagraph (A)(i) any period not to exceed 3 years during which a borrower who is a member of a reserve component of the Armed Forces named in section 10101 of title 10, United States Code, is called or ordered to active duty for a period of more than 30 days (as defined in section 101(d)(2) of such title). Such period of exclusion shall include the period necessary to resume enrollment at the borrower's next available regular enrollment period.''; and

On page 468, line 5, insert '', except that, beginning on September 30, 2003, this subparagraph shall be applied by substituting '23 percent' for '24 percent' '' before the period.

On page 470, line 5, strike ''The Secretary, for'' and insert the following: ''The Secretary—

''(i) for

On page 470, line 6, insert ''and before October 1, 2003,'' after ''1998,''.

On page 470, line 12, strike the period and insert ''; and''.

On page 470, between lines 12 and 13, insert the following:

''(ii) for loans originated on or after October 1, 2003, and in accordance with the provisions of this paragraph, shall pay to each guaranty agency, a loan processing and issuance fee equal to 0.40 percent of the total principal amount of the loans on which insurance was issued under this part during such fiscal year by such agency.

On page 472, line 2, strike ''210th'' and insert ''300th''.

On page 475, strike line 10 and all that follows through page 476, line 15, and insert the following:

''(3) may only include provisions—

''(A) specifying the responsibilities of the guaranty agency under the agreement, with respect to—

''(i) administering the issuance of insurance on loans made under this part on behalf of the Secretary;

''(ii) monitoring insurance commitments made under this part;

''(iii) default aversion activities;

''(iv) review of default claims made by lenders;

''(v) payment of default claims;

''(vi) collection of defaulted loans;

''(vii) adoption of internal systems of accounting and auditing that are acceptable to the Secretary, and reporting the result thereof to the Secretary in a timely manner, and on an accurate, and auditable basis;

''(viii) timely and accurate collection and reporting of such other data as the Secretary may require to carry out the purposes of the programs under this title;

''(ix) monitoring of institutions and lenders participating in the program under this part; and

''(x) informational outreach to schools and students in support of access to higher education;

On page 477, line 25, strike ''and'' after the semicolon.

On page 478, line 3, strike the period and insert ''; and''.

On page 478, between lines 3 and 4, insert the following:

''(5) shall not prohibit or restrict borrowers from selecting a lender of the borrower's choosing, subject to the prohibitions and restrictions applicable to the selection under this Act.

''(c) PUBLIC NOTICE.—

''(1) IN GENERAL.—The Secretary shall publish in the Federal Register a notice to all guaranty agencies that sets forth—

''(A) an invitation for the guaranty agencies to enter into agreements under this section; and

''(B) the criteria that the Secretary will use for selecting the guaranty agencies with which the Secretary will enter into agreements under this section.

''(2) AGREEMENT NOTICE.—The Secretary shall notify the Chairperson and the Ranking Minority Members of the Committee on Labor and Human Resources of the Senate, and the Committee on Education and Workforce of the House of Representatives, and shall publish a notice in the Federal Register, with a request for public comment, at least 30 days prior to concluding an agreement under this section. The notice shall contain—

''(A) a description of the voluntary flexible agreement and the performance goals established by the Secretary for the agreement;

''(B) a list of participating guaranty agencies and the specific statutory or regulatory waivers provided to each guaranty agency;

''(C) a description of the standards by which each guaranty agency's performance under the agreement will be assessed; and

''(D) a description of the fees that will be paid to each participating guaranty agency.

''(3) PUBLIC AVAILABILITY.—The text of any voluntary flexible agreement, and any subsequent revisions, shall be readily available to the public.

''(4) MODIFICATION NOTICE.—The Secretary shall notify the Chairperson and the Ranking Minority Member of the Committee on Labor and Human Resources of the Senate, and the Committee on Education and Workforce of the House of Representatives 30 days prior to any modifications to an agreement under this section.

On page 481, between lines 11 and 12, insert the following:

SEC. 429. FEDERAL CONSOLIDATION LOANS.

Section 428C(e) (20 U.S.C. 1078–3(e)) is amended by striking ''September 30, 2002'' and inserting ''September 30, 2004''.

On page 481, line 14, insert ''(a) IN GENERAL.—'' before ''Section''.

On page 481, line 21, strike ''and'' after the semicolon.

On page 482, line 2, strike the period and insert ''; and''.

On page 482, between lines 2 and 3, insert the following:

(3) in subsection (e)—

(A) by striking ''or made'' and inserting '', made''; and

(B) by inserting '', or made to a student to cover the cost of attendance in a program of study abroad approved by the home eligible institution if the home eligible institution has a cohort default rate (as calculated under section 435(m)) of less than 5 percent'' before the period.

(b) EFFECTIVE DATE.—The amendment made by subsection (a)(2) shall be effective during the period beginning on October 1, 1998, and ending on September 30, 2002.

On page 482, line 9, insert ''(a) IN GENERAL.—'' before ''Section''.

On page 484, line 14, strike ''and'' after the semicolon.

On page 484, between lines 14 and 15, insert the following:

(3) in subsection (e)—

(A) by amending paragraph (2) to read as follows:

''(2) CAPITALIZATION OF INTEREST.—Interest on loans made under this section for which payments of principal are not required during the in-school and grace periods or for which payments are deferred under sections 427(a)(2)(C) and 428(b)(1)(M) shall, if agreed upon by the borrower and the lender—

''(A) be paid monthly or quarterly; or

''(B) be added to the principal amount of the loan by the lender only—

''(i) when the loan enters repayment;

''(ii) at the expiration of a grace period, in the case of a loan that qualifies for a grace period;

''(iii) at the expiration of a period of deferment; or

''(iv) when the borrower defaults.''; and

On page 484, line 15, strike ''(3) in subsection (e)(6)'' and insert ''(B) in paragraph (6)''.

On page 484, between lines 17 and 18, insert the following:

(b) SENSE OF THE SENATE ON LOAN LIMIT FLEXIBILITY.—

(1) FINDINGS.—The Senate finds that—

(A) due to the annual borrowing ceilings on the Federal student loan programs, increasing numbers of needy students are borrowing from more expensive private sector loan programs than from the Federal loan programs;

(B) according to the College Board, in academic year 1996–1997, students borrowed approximately $1,200,000,000 from private sector loan programs;

(C) the alternative private sector loan programs are not only more expensive, but the interest rates are not capped, leaving students vulnerable to higher monthly payments when interest rates increase; and

(D) with more flexible Federal annual loan ceilings, students could be kept in Federal student loan programs, thereby making available to the students the debt management advantages of loan consolidation and alternative repayment options that are available under Federal student loan programs, and lowering the costs of monthly payments.

(2) SENSE OF THE SENATE.—It is the sense of the Senate that Congress should consider the growing problem described in paragraph (1) by continuing to examine the potential for adding borrowing flexibility to the annual, but not the aggregate, amounts that both undergraduate and graduate students are allowed to borrow under section 428H of the Higher Education Act of 1965.

On page 485, line 3, insert ''qualifying'' before ''loan made''.

On page 485, lines 5 and 6, strike ''the date of enactment of the Higher Education Amendments of 1998'' and insert ''October 1, 1998''.

On page 486, between lines 4 and 5, insert the following:

''(c) QUALIFYING LOANS.—For purposes of this section, a loan is a qualifying loan if—

''(1) the loan was obtained to cover the cost of instruction for an academic year after the first and second years of undergraduate education; and

''(2) the loan did not cover the costs of instruction for more than 2 academic years, or 3 academic years in the case of a program of instruction normally requiring 5 years to complete.

On page 486, line 15, insert ''that are qualifying loans and are'' after ''loans''.

On page 486, line 23, strike ''$10,000'' and insert ''$8,000''.

On page 489, strike lines 18 through 23 and insert:

''(C) has worked full time for the 2 consecutive years preceding the year for which the determination is made as a child care provider in a low-income community.

''(2) LOW-INCOME COMMUNITY.—For the purposes of this subsection, the term 'low-income community' means a community in which 70 percent of households within the community earn less than 85 percent of the State median household income.

On page 490, line 16, insert ''consecutive'' after ''second''.

On page 490, line 22, insert ''consecutive'' after ''third''.

On page 491, line 1, insert ''consecutive'' after ''fifth''.

On page 495, line 2, strike ''multiyear'' and insert ''master''.

On page 500, between lines 16 and 17, insert the following:

(b) EFFECTIVE DATE.—The amendment made by subsection (a)(1)(B) shall be effective during the period beginning on the date of enactment of this Act and ending on September 30, 2002.

On page 501, between lines 5 and 6, insert the following:

(d) DEFINITION OF DEFAULT.—

(1) AMENDMENT.—Section 435(*l*) (20 U.S.C. 1085*l*) is amended—

(A) by striking ''180 days'' and inserting ''270 days''; and

(B) by striking ''240 days'' and inserting ''330 days''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to loans for which the first day of delinquency occurs on or after the date of enactment of this Act.

On page 501, between lines 14 and 15, insert the following:

SEC. 436A. STUDY OF THE EFFECTIVENESS OF COHORT DEFAULT RATES FOR INSTITUTIONS WITH FEW STUDENT LOAN BORROWERS.

Part A of title IV (20 U.S.C. 1071 et seq.) is amended by adding after section 435 the following:

''SEC. 435A. STUDY OF THE EFFECTIVENESS OF COHORT DEFAULT RATES FOR INSTITUTIONS WITH FEW STUDENT LOAN BORROWERS.

''(a) STUDY REQUIRED.—The Secretary shall conduct a study of the effectiveness of cohort default rates as an indicator of administrative capability and program quality for institutions of higher education at which less than 15 percent of students eligible to borrow participate in the Federal student loan programs under this title and fewer than 30 borrowers enter repayment in any fiscal year. At a minimum, the study shall include—

''(1) identification of the institutions included in the study and of the student populations the institutions serve;

''(2) analysis of cohort default rates as indicators of administrative shortcomings and program quality at the institutions;

''(3) analysis of the effectiveness of cohort default rates as a means to prevent fraud and abuse in the programs assisted under this title;

''(4) analysis of the extent to which the institutions with high cohort default rates are no longer participants in the Federal student loan programs under this title; and

''(5) analysis of the costs incurred by the Department for the calculation, publication, correction, and appeal of cohort default rates for the institutions in relation to any benefits to taxpayers.

''(b) CONSULTATION.—In conducting the study described in subsection (a), the Secretary shall consult with institutions of higher education.

''(c) REPORT TO CONGRESS.—The Secretary shall report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not later than September 30, 1999, regarding the results of the study described in subsection (a).''.

On page 508, line 4, insert ''and'' after the semicolon.

On page 508, strike lines 5 through 10, and insert the following:

(C) by inserting ''and (B) provide that the Federal share of the compensation of students employed in community service shall not exceed 90 percent for academic years 1999–2000 and succeeding academic years,'' after ''academic years,''; and

On page 510, beginning with line 4, strike all through page 513, line 8, and insert the following:

(a) DIRECT LOAN INTEREST RATES.—Section 455(b) (20 U.S.C. 1087e(b)) is amended by amending paragraph (5) to read as follows:

''(5) INTEREST RATE PROVISION.—

''(A) RATES FOR FDSL AND FDUSL.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Unsubsidized Stafford/Ford Loans for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

''(i) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

''(ii) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

''(B) IN SCHOOL AND GRACE PERIOD RULES.—Notwithstanding the preceding paragraphs of this subsection, with respect to any Federal Direct Stafford/Ford Loan or Federal Direct Unsubsidized Stafford/Ford Loan for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest for interest which accrues—

''(i) prior to the beginning of the repayment period of the loan; or

''(ii) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under subparagraph (A) by substituting '1.7 percent' for '2.3 percent'.

''(C) PLUS LOANS.—Notwithstanding the preceding paragraphs of this subsection, with respect to Federal Direct PLUS Loan for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003, the applicable rate of interest shall be determined under subparagraph (A)—

''(i) by substituting '3.1 percent' for '2.3 percent'; and

''(ii) by substituting '9.0 percent' for '8.25 percent'.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to any loan made under part D of title IV of the Higher Education Act of 1965 for which the first disbursement is made on or after October 1, 1998, and before July 1, 2003.

(c) REPAYMENT INCENTIVES.—Section 455(b) (20 U.S.C. 1087e(b)) is amended further by adding at the end the following:

''(7) REPAYMENT INCENTIVES.—

''(A) IN GENERAL.—Notwithstanding any other provision of this part, the Secretary is authorized to prescribe by regulation such reductions in the interest rate paid by a borrower of a loan made under this part as the Secretary determines appropriate to encourage on-time repayment of the loan. Such reductions may be offered only if the Secretary determines the reductions are cost neutral and in the best financial interest of the Federal Government. Any increase in subsidy costs resulting from such reductions shall be completely offset by corresponding savings in funds available for the William D. Ford Federal Direct Loan Program in that fiscal year from section 458 and other administrative accounts.

''(B) ACCOUNTABILITY.—The Secretary shall ensure the cost neutrality of such reductions by obtaining an official report from the Director of the Office of Management and Budget and the Director of the Congressional Budget Office that any such reductions will be completely cost neutral. The reports shall be transmitted to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives not less than 60 days prior to the publication of regulations proposing such reductions.''.

On page 514, strike line 6, and insert the following:

in accordance with subsections (b) and (c), not to exceed

On page 514, strike line 8, and insert the following:

$617,000,000 in fiscal year 1999, $735,000,000

On page 514, line 13, strike ''subparagraph (B)'' and insert ''paragraph (1)(B)''.

On page 514, line 18, strike ''and''.

On page 514, line 21, strike ''Account'' and insert ''Except as provided in subsection (c), account''.

On page 515, line 6, strike the second period and insert a semicolon.

On page 515, between lines 6 and 7, insert the following:

(3) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(4) by inserting after subsection (b) the following:

''(c) SPECIAL RULES.—

''(1) FEE CAP.—The total amount of account maintenance fees payable under this section—

''(A) for fiscal year 1999, shall not exceed $177,000,000;

''(B) for fiscal year 2000, shall not exceed $180,000,000;

''(C) for fiscal year 2001, shall not exceed $170,000,000;

''(D) for fiscal year 2002, shall not exceed $180,000,000; and

''(E) for fiscal year 2003, shall not exceed $195,000,000.

''(2) INSUFFICIENT FUNDING.—

''(A) IN GENERAL.—Notwithstanding section 422A(d), if the amount made available under subsection (a) is insufficient to pay the account maintenance fees payable to guaranty agencies under paragraph (1) for a fiscal year, the Secretary shall pay the insufficiency by requiring guaranty agencies to transfer funds from the Federal Student Loan Reserve Funds under section 422A to the Agency Operating Funds under section 422B.

''(B) ENTITLEMENT.—A guaranty agency shall be deemed to have a contractual right against the United States to receive payments according to the provisions of subparagraph (A).''.

On page 515, line 17, insert ''and is a qualifying loan'' after ''subsidy''.

On page 515, lines 18 and 19, strike ''the date of enactment of the Higher Education Amendments of 1998'' and insert ''October 1, 1998''.

On page 516, between lines 17 and 18, insert the following:

''(c) QUALIFYING LOANS.—For purposes of this section, a loan is a qualifying loan if—

''(1) the loan was obtained to cover the cost of instruction for an academic year after the first and second years of undergraduate education; and

''(2) the loan did not cover the costs of instruction for more than 2 academic years, or 3 academic years in the case of a program of instruction normally requiring 5 years to complete.

On page 517, line 3, insert ''that are qualifying loans and are'' after ''loans''.

On page 517, line 11, strike ''$10,000'' and insert ''$8,000''.

On page 528, line 16, strike ''and'' after the semicolon.

On page 528, between lines 16 and 17, insert the following:

(4) in subsection (c), by adding at the end the following:

''(7) There shall be excluded from the 9-month period that begins on the date on which a student ceases to carry at least one-half the normal full-time academic workload as described in paragraph (1)(A) any period not to exceed 3 years during which a borrower who is a member of a reserve component of the Armed Forces named in section 10101 of title 10, United States Code, is called or ordered to active duty for a period of more than 30 days (as defined in section 101(d)(2) of such title). Such period of exclusion shall include the period necessary to resume enrollment at the borrower's next available regular enrollment period.''; and

On page 529, line 23, strike ''The'' and all that follows through page 530, line 2.

On page 537, between lines 5 and 6, insert the following:

SEC. 475. SIMPLIFIED NEEDS TEST; ZERO EXPECTED FAMILY CONTRIBUTION.

Section 479 (20 U.S.C. 1087ss) is amended—

(1) in subsection (b)(3)—

(A) in subparagraph (A), by striking ''or'' after the semicolon;

(B) by redesignating subparagraph (B) as subparagraph (C); and

(C) by inserting after subparagraph (A) the following:

''(B) a form 1040 (including any prepared or electronic version of such form) required pursuant to the Internal Revenue Code of 1986, except that such form shall be considered a form described in this paragraph only if the student or family files such form in order to take a tax credit under section 25A of the Internal Revenue Code of 1986, and would otherwise be eligible to file a form described in subparagraph (A); or''; and

(2) in subsection (c)—

(A) in paragraph (1), by amending subparagraph (A) to read as follows:

''(A)(i) the student's parents file, or are eligible to file, a form described in subsection (b)(3), or the parents certify to the Secretary that the parents are not required to file an income tax return; and

''(ii) the student files, or is eligible to file, a form described in subsection (b)(3), or the student certifies to the Secretary that the student is not required to file an income tax return; and''; and

(B) in paragraph (2), by amending subparagraph (A) to read as follows:

''(A) the student (and the student's spouse, if any) files, or is eligible to file, a form described in subsection (b)(3), or the student certifies to the Secretary that the student (and the student's spouse, if any) is not required to file an income tax return; and''.

On page 537, strike lines 8 and 9, and insert the following:

Section 479A (20 U.S.C. 1087tt) is amended—

(1) in subsection (a), by inserting ''Special circumstances may include tuition expenses at an elementary school or secondary school, medical or dental expenses not covered by insurance, other changes in a family's income or assets, or changes in a student's status.'' after ''absence of special circumstances.''; and

(2) by amending subsection (c) to read as follows:

On page 537, between lines 21 and 22, insert the following:

SEC. 481. DEFINITION OF INSTITUTION OF HIGHER EDUCATION.

Subparagraph (A) of section 481(a)(2) (20 U.S.C. 1088(a)(2)) is amended—

(1) in the second sentence, by inserting ''or veterinary'' after ''case of a graduate medical'';

(2) by striking ''attending a graduate medical school'' and inserting ''attending such school''; and

(3) by amending clause (ii) to read as follows:

''(ii) the institution has a clinical training program that was approved by a State as of January 1, 1992, or students enrolled in the institution complete their clinical training at an approved veterinary school located in the United States.''.

On page 541, strike lines 6 through 13, and insert the following:

''(h) MASTER PROMISSORY NOTE.—

''(1) IN GENERAL.—The Secretary shall develop and require the use of a master promissory note, for loans made under this title for periods of enrollment beginning on or after July 1, 2000, that may be applicable to more than 1 academic year, or more than 1 type of loan made under this title. Prior to implementing the master promissory note for all loans made under this title, the Secretary may develop, test, and require the use of such a master promissory note on a limited or pilot basis.

''(2) CONSULTATION.—In developing the master promissory note under this subsection, the Secretary shall consult with representatives of guaranty agencies, eligible lenders, institutions of higher education, students, and organizations involved in student financial assistance.

''(3) SALE; ASSIGNMENT; ENFORCEABILITY.—Notwithstanding any other provision of law, each loan made under a master promissory note under this subsection may be sold or assigned independently of any other loan made under the same promissory note and each such loan shall be separately enforceable in all Federal and State courts on the basis of an original or copy of the master promissory note in accordance with the terms of the master promissory note.''.

On page 541, between lines 24 and 25, insert the following:

(2) in subsection (l), by amending paragraph (1) to read as follows:

''(1) RELATION TO CORRESPONDENCE COURSES.—

''(A) IN GENERAL.—A student enrolled in a course of instruction at an institution of higher education that is offered in whole or in part through telecommunications and leads to a recognized certificate for a program of study of 1 year or longer, or a recognized associate, baccalaureate, or graduate degree, conferred by such institution, shall not be considered to be enrolled in correspondence courses unless the total amount of telecommunications and correspondence courses at such institution equals or exceeds 50 percent of the total amount of all courses at the institution.

''(B) REQUIREMENT.—An institution of higher education referred to in subparagraph (A) is an institution of higher education—

''(i) that is not an institute or school described in section 521(4)(C) of the Carl D. Perkins Vocational and Applied Technology Education Act; and

''(ii) for which at least 50 percent of the programs of study offered by the institution lead to the award of a recognized associate, baccalaureate, or graduate degree.''; and

On page 543, strike lines 4 through 8, and insert the following:

riod determined under such paragraph if—

''(A) the student satisfactorily completes a drug rehabilitation program that—

''(i) complies with such criteria as the Secretary shall prescribe in regulations for purposes of this paragraph; and

''(ii) includes 2 unannounced drug tests; or

''(B) the conviction is expunged by pardon, reversed, set aside, or otherwise rendered nugatory.

On page 543, strike line 19 and all that follows through page 544, line 25, and insert the following:

Section 484B (20 U.S.C. 1091b) is amended to read as follows:

''SEC. 484B. INSTITUTIONAL REFUNDS.

''(a) RETURN OF TITLE IV FUNDS.—

''(1) IN GENERAL.—If a recipient of assistance under this title withdraws from a payment period in which the recipient began attendance, the amount of grant (other than assistance received under part C of this title) or loan assistance to be returned to the title IV programs is calculated according to paragraph (2) and returned in accordance with subsection (b).

''(2) CALCULATION OF AMOUNT OF TITLE IV ASSISTANCE EARNED.—

''(A) IN GENERAL.—The amount of grant or loan assistance under this title that is earned by the recipient for purposes of this section is calculated by—

''(i) determining the percentage of grant and loan assistance under this title that has been earned by the student, as described in subparagraph (B); and

''(ii) applying such percentage to the total amount of such grant and loan assistance that was disbursed (and that could have been disbursed) to the student, or on the student's behalf, for the payment period, as of the day the student withdrew.

''(B) PERCENTAGE EARNED.—For purposes of subparagraph (A)(i), the percentage of grant or loan assistance under this title that has been earned by the student is—

''(i) equal to the percentage of the payment period completed (as determined in accordance with subsection (d)) as of the day the student withdrew, provided that such date occurs on or before the completion of 60 percent of the payment period; or

''(ii) 100 percent, if the day the student withdrew occurs after the student has completed 60 percent of the payment period.

''(C) PERCENTAGE NOT EARNED.—For purposes of subsection (b), the amount of grant and loan assistance awarded under this title that has not been earned by the student shall be calculated by—

''(i) determining the complement of the percentage of grant or loan assistance under this title has been earned by the student described in subparagraph (B); and

''(ii) applying the percentage determined under clause (i) to the total amount of such grant and loan assistance that was disbursed (and that could have been disbursed) to the student, or on the student's behalf, for the payment period, as of the day the student withdrew.

''(3) DIFFERENCES BETWEEN AMOUNTS EARNED AND AMOUNTS RECEIVED.—

''(A) IN GENERAL.—If the student has received less grant or loan assistance than the amount earned, as calculated under paragraph (2)(B), the institution of higher education shall comply with the procedures for late disbursement specified by the Secretary in regulations.

''(B) RETURN.—If the student has received more grant or loan assistance than the amount earned, as calculated under paragraph (2)(B), the unearned funds shall be returned by the institution or the student, or both, as may be required under paragraphs (1) and (2) of subsection (b), to the programs under this title in the order specified in subsection (b)(3).

''(b) RETURN OF TITLE IV PROGRAM FUNDS.—

''(1) RESPONSIBILITY OF THE INSTITUTION.—The institution shall return, in the order specified in paragraph (3), the lesser of—

''(A) the amount of grant and loan assistance awarded under this title that has not been earned by the student, as calculated under subsection (a)(2)(C); or

''(B) an amount equal to—

''(i) the total institutional charges for the payment period; multiplied by

''(ii) the percentage of grant and loan assistance awarded under this title that has not been earned by the student, as described in subsection (a)(2)(C).

''(2) RESPONSIBILITY OF THE STUDENT.—

''(A) IN GENERAL.—The student shall return assistance that has not been earned by the student as described in subsection (a)(2)(C) in the order specified in paragraph (3) minus the amount the institution is required to return under paragraph (1).

''(B) SPECIAL RULE.—The student shall return or repay, as appropriate, the amount determined under subparagraph (A) to—

''(i) a loan program under this title in accordance with the terms of the loan; and

''(ii) a grant program under this title, as an overpayment of such grant and shall be subject to overpayment collection procedures prescribed by the Secretary.

''(3) ORDER OF RETURN OF TITLE IV FUNDS.—

''(A) IN GENERAL.—Excess funds returned by the institution or the student, as appropriate, in accordance with paragraph (1) or (2), respectively, shall be credited to outstanding balances on loans made under this title to the student or on behalf of the student for the payment period for which a return of funds is required. Such excess funds shall be credited in the following order:

''(i) To outstanding balances on loans made under section 428H for the payment period for which a return of funds is required.

''(ii) To outstanding balances on loans made under section 428 for the payment period for which a return of funds is required.

''(iii) To outstanding balances on unsubsidized loans (other than parent loans) made under part D for the payment period for which a return of funds is required.

''(iv) To outstanding balances on subsidized loans made under part D for the payment period for which a return of funds is required.

''(v) To outstanding balances on loans made under part E for the payment period for which a return of funds is required.

''(vi) To outstanding balances on loans made under section 428B for the payment period for which a return of funds is required.

''(vii) To outstanding balances on parent loans made under part D for the payment period for which a return of funds is required.

''(B) REMAINING EXCESSES.—If excess funds remain after repaying all outstanding loan amounts, the remaining excess shall be credited in the following order:

''(i) To awards under subpart 1 of part A for the payment period for which a return of funds is required.

''(ii) To awards under subpart 3 of part A for the payment period for which a return of funds is required.

''(iii) To other assistance awarded under this title for which a return of funds is required.

''(c) WITHDRAWAL DATE.—

''(1) IN GENERAL.—In this section, the term 'day the student withdrew'—

''(A) is the date that the institution determines—

''(i) the student began the withdrawal process prescribed by the institution;

''(ii) the student otherwise provided official notification to the institution of the intent to withdraw; or

''(iii) in the case of a student who does not begin the withdrawal process or otherwise notify the institution of the intent to withdraw, the date that the payment period ends for which aid under this title was disbursed; or

''(B) for schools required to take attendance, is determined by the institution from such attendance records.

''(2) SPECIAL RULE.—Notwithstanding paragraph (1), if the institution determines that a student was not able to begin the withdrawal process, or otherwise notify the institution of the intent to withdraw, due to illness, accident, grievous personal loss, or other such circumstances beyond the student's control, the institution may determine the appropriate withdrawal date.

''(d) PERCENTAGE OF THE PAYMENT PERIOD COMPLETED.—For purposes of subsection (a)(2)(B)(i), the percentage of the payment period completed is determined—

''(1) in the case of a program that is measured in credit hours, by dividing the total number of calendar days comprising the payment period into the number of calendar days completed in that period as of the day the student withdrew; and

''(2) in the case of a program that is measured in clock hours, by dividing the total number of clock hours comprising the payment period into the number of clock hours completed by the student in that payment period as of the day the student withdrew.''.

On page 545, strike lines 6 through 9, and insert the following:

(A) in the second sentence, by striking '', through appropriate publications and mailings, to all current students, and to any prospective student upon request.'' and inserting ''upon request, through appropriate publications, mailings, and electronic media to an enrolled student, and to any prospective student.'';

On page 545, between lines 14 and 15, insert the following:

(C) by amending subparagraph (F) to read as follows:

''(F) a statement of—

''(i) the requirements of any refund policy with which the institution is required to comply;

''(ii) the requirements under section 484B for the return of grant or loan assistance provided under this title; and

''(iii) the requirements for officially withdrawing from the institution;'';

On page 545, line 16, insert ''and'' after the semicolon.

On page 545, line 18, strike ''and'' after the second semicolon.

On page 545, strike lines 19 through 25.

On page 550, between lines 16 and 17, insert the following:

(4) in paragraph (6) (as redesignated by paragraph (2)), by amending subparagraph (A) to read as follows: ''(A) For purposes of this section the term 'campus' means—

''(i) any building or property owned or controlled by an institution of higher education within the same reasonably contiguous geographic area of the institution, including a building or property owned by the institution, but controlled by another person, such as a food or other retail vendor;

''(ii) any building or property owned or controlled by a student organization recognized by the institution;

''(iii) all public property that is within the same reasonably contiguous geographic area of the institution, such as a sidewalk, a street, other thoroughfare, or parking facility, that is adjacent to a facility owned or controlled by the institution;

''(iv) any building or property (other than a branch campus) owned or controlled by an institution of higher education that is used in direct support of, or in relation to, the institution's educational purposes, is used by students, and is not within the same reasonably contiguous geographic area of the institution; and

''(v) all dormitories or other student residential facilities owned or controlled by the institution.'';

On page 550, line 20, strike ''permitted'' and insert ''required''.

On page 553, line 25, strike the end quotation marks and the second period.

On page 553, after line 25, insert the following:

''(10)(A) The Secretary shall report to the appropriate committees of Congress each institution of higher education that the Secretary determines is not in compliance with the reporting requirements of this subsection.

''(B) The Secretary shall provide to an institution of higher education that the Secretary determines is having difficulty, or is not in compliance, with the reporting requirements of this subsection—

''(i) data and analysis regarding successful practices employed by institutions of higher education to reduce campus crime; and

''(ii) technical assistance.

''(11) For purposes of reporting the statistics described in paragraphs (1)(F) and (1)(H), an institution of higher education shall distinguish, by means of separate categories, any criminal offenses that occur—

''(A) on publicly owned sidewalks, streets, or other thoroughfares, or in parking facilities, that are adjacent to facilities owned by the institution; and

''(B) in dormitories or other residential facilities for students on campus.

''(12)(A) Upon determination, after reasonable notice and opportunity for a hearing on the record, that an institution of higher education—

''(i) has violated or failed to carry out any provision of this subsection or any regulation prescribed under this subsection; or

''(ii) has substantially misrepresented the number, location, or nature of the crimes required to be reported under this subsection, the Secretary shall impose a civil penalty upon the institution of not to exceed $25,000 for each violation, failure, or misrepresentation.

''(B) Any civil penalty may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the appropriateness of the penalty to the size of the institution of higher education subject to the determination, and the gravity of the violation, failure, or misrepresentation shall be considered. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the institution charged.

''(13)(A) Nothing in this subsection may be construed to—

''(i) create a cause of action against any institution of higher education or any employee of such an institution for any civil liability; or

''(ii) establish any standard of care.

''(B) Notwithstanding any other provision of law, evidence regarding compliance or noncompliance with this subsection shall not be admissible as evidence in any proceeding of any court, agency, board, or other entity, except with respect to an action to enforce this subsection

''(14) This subsection may be cited as the 'Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act'.''.

On page 555, line 7, insert end quotation marks and a period after the period.

On page 555, strike lines 8 through 15.

On page 557, line 24, strike '', and that'' and all that follows through page 558, line 2, and insert a semicolon, end quotation marks, and a period.

On page 558, line 24, strike ''Tuition and fees'' and insert ''Tuition and fees for a full-time undergraduate student''.

On page 559, strike lines 1 through 16, and insert the following:

''(ii) Cost of attendance for a full-time undergraduate student, consistent with the provisions of section 472.

''(iii) Average amount of financial assistance received by an undergraduate student who attends an institution of higher education, including—

''(I) each type of assistance or benefit described in section 428(a)(2)(C)(i);

''(II) fellowships; and

''(III) institutional and other assistance.

''(iv) Percentage of students receiving financial assistance described in each of subclauses (I), (II), and (III) of clause (iii);

On page 560, line 1, insert ''at least'' after ''all''.

On page 560, line 1, insert ''participating in the program under this title'' after ''education''.

On page 561, between lines 11 and 12, insert the following:

''(v) operations and maintenance;

On page 561, between lines 13 and 14, insert the following:

''(B) the replacement cost of instructional buildings and equipment;

On page 561, line 14, strike ''such expenditures'' and insert ''the expenditures described in subparagraph (A)''.

On page 561, line 16, strike ''such expenditures'' and insert ''the expenditures described in subparagraph (A) and the replacement cost described in subparagraph (B)''.

On page 562, line 20, strike ''Section'' and insert ''(a) IN GENERAL.—Section''.

On page 564, strike lines 7 through 10, and insert the following:

(A) in paragraph (1)(A)—

(i) in clause (i)—

(I) by striking ''clause (ii)'' and inserting ''clauses (ii) and (iii)'';

(II) by striking ''State review entities referred to in'' and inserting ''appropriate State agency notifying the Secretary under''; and

(III) by striking ''or'' after the semicolon;

(ii) in clause (ii), by inserting ''or'' after the semicolon; and

(iii) by adding at the end the following:

''(iii) with regard to an eligible institution (other than an eligible institution described in section 481(a)(1)(C)) that has obtained less than $200,000 in funds under this title during each of the 2 award years that precede the audit period and submits a letter of credit payable to the Secretary equal to not less than ½ of the annual potential liabilities of such institution as determined by the Secretary, deeming an audit conducted every 3 years to satisfy the requirements of clause (i), except for the award year immediately preceding renewal of the institution's eligibility under section 498(g);'';

On page 564, between lines 16 and 17, insert the following:

(b) PROVISION OF VOTER REGISTRATION FORMS.—

(1) PROGRAM PARTICIPATION REQUIREMENT.—Section 487(a) (20 U.S.C. 1094(a)) is amended by adding at the end the following:

''(23) The institution, if located in a State to which section 113 applies, will make a good faith effort to provide a mail voter registration form, received from such State, to each student enrolled in a degree or certificate program and in attendance at the institution and to make such forms widely available to students at the institution.''.

(2) REGULATION PROHIBITED.—No officer of the executive branch is authorized to instruct the State in the manner in which the amendment made by this subsection is carried out.

On page 568, between lines 22 and 23, insert the following:

''(c) REGULATORY AND STATUTORY RELIEF FOR SMALL VOLUME INSTITUTIONS.—The Secretary, following discussions with representatives of eligible institutions (other than eligible institutions described in section 481(a)(1)(C)) that have obtained in each of the 2 most recent award years prior to the date of enactment of the Higher Education Amendments of 1998 less than $200,000 in funds through this title, shall review and evaluate ways in which regulations under and provisions of this Act affecting the institutions may be improved, streamlined, or eliminated, and shall submit, not later than 1 year after the enactment of the Higher Education Amendments of 1998, a report to the Committee on Labor and Human Resources of the Senate and the Committee on Education and the Workforce of the House of Representatives detailing the Secretary's findings and recommendations, including a timetable for implementation of any recommended changes.

On page 570, strike line 6 and all that follows through page 571, line 2, and insert the following:

''(2) WAIVERS.—The Secretary is authorized to waive for any institution of higher education, system of institutions of higher education, or consortium participating in a Distance Education Demonstration Program, the requirements of section 472(5) as the section relates to computer costs, sections 481(d) and 481(e) as such sections relate to requirements for a minimum number of weeks of instruction, sections 472(10), 481(a)(3)(A), 481(a)(3)(B), 484(l)(1), or 1 or more of the regulations prescribed under this part or part F which inhibit the operation of quality distance education programs.

''(3) SPECIAL RULES.—

''(A) ELIGIBLE INSTITUTIONS.—Only an institution of higher education that provides at least a 2-year, or 4-year program of instruction for which the institution awards an associate or a baccalaureate degree, or provides a graduate degree, shall be eligible to participate in the demonstration program authorized under this section.

''(B) PROHIBITION.—An institution of higher education described in section 481(a)(1)(C) shall not be eligible to participate in the demonstration program authorized under this section.

''(C) SPECIAL RULE.—Subject to subparagraph (B), an institution of higher education that meets the requirements of subsection (a) of section 481, other than the requirement of paragraph (3)(A) or (3)(B) of such subsection, shall be eligible to participate in the demonstration program authorized under this section.

''(D) REQUIREMENT.—Notwithstanding any other provision of this paragraph, Western Governors University shall be considered eligible to participate in the demonstration program authorized under this section, and the Secretary may, in addition to the waivers described in paragraph (2), waive for such university such other requirements of this title as the Secretary determines to be appropriate because of the unique characteristics of such university. In carrying out the preceding sentence, the Secretary shall ensure that adequate program integrity and accountability measures apply to such university's participation in the demonstration program authorized under this section.

On page 572, strike lines 5 through 20, and insert the following:

''(d) SELECTION.—

''(1) IN GENERAL.—For the first year of the demonstration program authorized under this section, the Secretary is authorized to select for participation in the program not more than 15 institutions, systems of institutions, or consortia of institutions. For the third year of the demonstration program authorized under this title, the Secretary may select not more than 35 institutions, systems, or consortia, in addition to the institutions, systems, or consortia selected pursuant to the preceding sentence, to participate in the demonstration program if the Secretary determines that such expansion is warranted based on the evaluations conducted in accordance with subsections (f) and (g).

''(2) CONSIDERATIONS.—In selecting institutions to participate in the demonstration program in the first or succeeding years of the program, the Secretary shall take into account—

''(A) the number and quality of applications received;

''(B) the Department's capacity to oversee and monitor each institution's participation; and

''(C) an institution's—

''(i) financial responsibility;

''(ii) administrative capability; and

''(iii) program or programs being offered via distance education.

On page 574, strike lines 21 and 22, and insert the following:

nual basis regarding—

''(i) the demonstration programs authorized under this section; and

''(ii) the number and types of students receiving assistance under this title for instruction leading to a recognized certificate, as provided for in section 484(l)(1), including the progress of such students toward recognized certificates and the degree to which participation in such programs leading to such certificates increased.

On page 580, strike lines 11 through 24, and insert the following:

(i) by inserting ''D,'' after ''B,''; and

(ii) by striking ''Such meetings shall include'' and inserting ''The Secretary shall obtain the advice of and recommendations from''; and

(B) in paragraph (2)—

(i) by striking ''During such meetings the'' and inserting ''The'';

(ii) by inserting ''D,'' after ''B,''; and

(iii) by striking ''1992'' and inserting ''1998 through such mechanisms as regional meetings and electronic exchanges of information''; and

On page 581, strike lines 6 through 13, and insert the following:

(i) by striking ''holding regional meetings'' and inserting ''obtaining the advice and recommendations described in subsection (a)(1)'';

(ii) by inserting ''D,'' after ''B,'';

(iii) by striking ''1992'' and inserting ''1998''; and

(iv) by striking ''The Secretary shall follow the guidance provided in sections 305.82–4 and 305.85–5 of chapter 1, Code of Federal Regulations, and any successor recommendation, regulation, or law.''; and

On page 581, line 22, strike ''impractical'' and insert ''unnecessary or inadvisable''.

On page 582, between lines 5 and 6, insert the following:

SEC. 489D. PROCEDURES FOR CANCELLATIONS AND DEFERMENTS FOR ELIGIBLE DISABLED VETERANS.

Part G of title IV (20 U.S.C. 1088 et seq.) is amended by adding at the end the following:

''SEC. 493A. PROCEDURES FOR CANCELLATIONS AND DEFERMENTS FOR ELIGIBLE DISABLED VETERANS.

''The Secretary, in consultation with the Secretary of Veterans Affairs, shall develop and implement a procedure to permit Department of Veterans Affairs physicians to provide the certifications and affidavits needed to enable disabled veterans enrolled in the Department of Veterans Affairs health care system to document such veterans' eligibility for deferments or cancellations of student loans made, insured, or guaranteed under this title. Not later than 6 months after the date of enactment of the Higher Education Amendments of 1998, the Secretary and the Secretary of Veterans Affairs jointly shall report to Congress on the progress made in developing and implementing the procedure.''.

On page 588, line 19, strike ''and'' after the semicolon.

On page 588, line 22, strike the period and insert ''; and''.

On page 588, between lines 22 and 23, insert the following:

(5) by adding at the end the following:

''(6) Notwithstanding any other provision of law, any individual, whom the Secretary determines, in accordance with paragraph (2), exercises substantial control over an institution participating in, or seeking to participate in, a program under this title, required to pay, on behalf of a student or borrower, a refund of unearned institutional charges to a lender, or to the Secretary, who willfully fails to pay such refund or willfully attempts in any manner to evade payment of such refund, shall, in addition to other penalties provided by law, be liable to the Secretary for the amount of the refund not paid, to the same extent with respect to such refund that such an individual would be liable as a responsible person for a penalty under section 6672(a) of Internal Revenue Code of 1986 with respect to the nonpayment of taxes.''.

On page 596, line 8, strike ''PBO'' and insert ''Chief Operating Officer''.

On page 598, line 12, insert ''and any revision to the plan'' after ''plan''.

On page 598, line 17, insert ''or revision'' after ''plan''.

On page 599, line 14, strike ''Each year'' and insert the following:

''(A) IN GENERAL.—Each year''.

On page 599, between lines 20 and 21, insert the following:

''(B) CONSULTATION WITH STAKEHOLDERS.—The Chief Operating Officer, in preparing the report described in subparagraph (A), shall establish appropriate means to consult with borrowers, institutions, lenders, guaranty agencies, secondary markets, and others involved in the delivery system of student aid under this title—

''(i) regarding the degree of satisfaction with the delivery system; and

''(ii) to seek suggestions on means to improve the delivery system.

On page 600, lines 7 and 8, strike '', without regard to political affiliation or activity''.

On page 600, line 22, insert '', and any revision to the final agreement,'' after ''agreement''.

On page 604, between lines 3 and 4, insert the following:

''(h) REPORT.—The Secretary and the Chief Operating Officer, not later than 180 days after the date of enactment of the Higher Education Amendments of 1998, shall report to Congress on the proposed budget and sources of funding for the operation of the PBO.

On page 604, line 9, strike ''section'' and insert ''part''.

On page 604, line 9, strike the end quotation marks and the second period.

On page 604, between lines 9 and 10, insert the following:

''SEC. 499A. PERSONNEL FLEXIBILITIES.

''(a) GENERAL PROVISIONS.—

''(1) CERTAIN LIMITATIONS NOT APPLICABLE.—The PBO shall not be subject to any limitation related to the number or grade of its employees.

''(2) APPLICABLE PROVISIONS OF TITLE 5.—

''(A) PROVISIONS.—Any flexibilities provided under this section shall be exercised in a manner consistent with the following provisions of title 5, United States Code:

''(i) Chapter 23, relating to merit system principles and prohibited personnel practices.

''(ii) Provisions relating to preference eligibles.

''(iii) Section 5307, relating to the aggregate limitation on pay.

''(iv) Chapter 71, relating to labor-management relations, except to the extent provided by paragraph (3).

''(B) EXERCISE OF AUTHORITY.—The exercise of any authorities provided under this section shall be subject to subsections (b) and (c) of section 1104 of title 5, United States Code, as though such authorities were delegated to the PBO under subsection (a)(2) of such section. The PBO shall provide the Office of Personnel Management with any information the Office requires in carrying out its responsibilities under this subsection.

''(3) LABOR ORGANIZATION AGREEMENTS.—Employees within a unit to which a labor organization is accorded exclusive recognition under chapter 71 of title 5, United States Code, shall not be subject to any flexibility provided under this section unless the exclusive representative and PBO have entered into a written agreement which specifically provides for the exercise of that flexibility. A written agreement may not be imposed by the Federal Services Impasses Panel under section 7119 of title 5, United States Code.

''(4) FLEXIBILITIES.—

''(A) PRIOR APPROVAL.—The PBO may exercise any of the flexibilities provided under subsections (b), (c)(1), and (d) without prior approval of the Office of Personnel Management.

''(B) PLAN AND APPROVAL.—The PBO may exercise the flexibilities described in subsection (c)(2) only after a specific plan for implementation of those flexibilities is submitted to and approved by the Director of the Office of Personnel Management.

''(5) DEMONSTRATION PROJECTS.—

''(A) IN GENERAL.—The exercise of any flexibilities under this section shall not affect the authority of the PBO to implement a demonstration project subject to chapter 47 of title 5, United States Code, and as provided in subparagraph (B).

''(B) APPLICATION OF TITLE 5.—In applying section 4703 of title 5, United States Code, to a project described in subparagraph (A)—

''(i) section 4703(b)(1) shall be deemed to read as follows:

'' '(1) develop a plan for such project which describes its purpose, the employees to be covered, the project itself, its anticipated outcomes, and the method of evaluating the project;';

''(ii) section 4703(b)(3) shall not apply;

''(iii) the 180-day notification period in section 4703(b)(4) shall be deemed to be a 30-day notification period;

''(iv) section 4703(b)(6) shall be deemed to read as follows:

'' '(6) provide each House of Congress with the final version of the plan.';

''(v) section 4703(c)(1) shall be deemed to read as follows:

'' '(1) subchapter V of chapter 63 or subpart G of part III of this title;';

''(vi) section 4703(d) shall not apply; and

''(vii) section 4703(f) shall not apply, and, in lieu thereof, paragraph (3) of this subsection shall apply as though the demonstration project were a flexibility authority provided under this subsection.

''(b) PERFORMANCE MANAGEMENT.—

''(1) IN GENERAL.—The PBO shall establish a performance management system that—

''(A) maintains individual accountability by—

''(i) establishing 1 or more retention standards for each employee related to the work of the employee and expressed in terms of individual performance, and communicating such retention standards to employees;

''(ii) making periodic determinations of whether each employee meets or does not meet the employee's established retention standards; and

''(iii) taking actions, in accordance with applicable laws and regulations, with respect to any employee whose performance does not meet established retention standards, including denying any increase in basic pay, promotions, and credit for performance under section 3502 of title 5, United States Code, and taking 1 or more of the following actions:

''(I) Reassignment;

''(II) An action under chapter 43 or 75 of title 5, United States Code; or

''(III) Any other appropriate action to resolve the performance problem; and

''(B) strengthens its effectiveness by providing for—

''(i) establishing goals or objectives for individual, group, or organizational performance (or any combination thereof), consistent with the annual performance agreement described in section 499(f)(2) and PBO performance planning procedures, including those established under the Government Performance and Results Act of 1993, and communicating such goals or objectives to employees;

''(ii) using such goals and objectives to make performance distinctions among employees or groups of employees; and

''(iii) using performance assessments as a basis for granting employee awards, adjusting an employee's rate of basic pay, and other appropriate personnel actions, in accordance with applicable provisions or law and regulation.

''(2) PERFORMANCE.—

''(A) ASSESSMENT.—For purposes of paragraph (1)(B), the term 'performance assessment' means a determination of whether or not retention standards established under paragraph (1)(A)(i) are met, and any additional performance determination made on the basis of performance goals and objectives established under paragraph (1)(B)(i).

''(B) UNACCEPTABLE PERFORMANCE.—For purposes of title 5, United States Code, the term 'unacceptable performance' with respect to an employee of the PBO means performance of the employee which fails to meet a retention standard established under paragraph (1)(A)(i).

''(3) AWARDS PROGRAM.—

''(A) IN GENERAL.—The PBO may establish an awards program designed to provide incentives for and recognition of organizational, group, and individual achievements by providing for granting awards to employees who, as individuals or members of a group, contribute to meeting the performance goals and objectives established under this part by such means as a superior individual or group accomplishment, a documented productivity gain, or sustained superior performance.

''(B) LIMITATION.—Notwithstanding section 4502(b) of title 5, United States Code, the PBO may grant a cash award in an amount not exceeding $25,000, with the approval of the Chief Operating Officer.

''(c) CLASSIFICATION AND PAY FLEXIBILITIES.—

''(1) IN GENERAL.—

''(A) DEFINITION.—For purposes of this section, the term 'broad-banded system' means a system for grouping positions for pay, job evaluation, and other purposes that is different from the system established under chapter 51 and subchapter III of chapter 53 of title 5, United States Code, as a result of combining grades and related ranges of rates of pay in 1 or more occupational series.

''(B) ESTABLISHMENT.—The PBO may, subject to criteria to be prescribed by the Office of Personnel Management, establish 1 or more broad-banded systems covering all or any portion of its workforce. The Office may require the PBO to submit to the Office such information relating to its broad-banded systems as the Office may require. Laws and regulations pertaining to General Schedule employees (other than chapter 52 and subchapter II of chapter 53 of title 5, United States Code) shall continue to be applicable to employees under a broad-banded system.

''(C) CRITERIA.—The criteria to be prescribed by the Office of Personnel Management shall, at a minimum—

''(i) ensure that the structure of any broad-banded system maintains, through linkage to the General Schedule, the principle of equal pay for substantially equal work;

''(ii) establish the minimum and maximum number of grades that may be combined into pay bands;

''(iii) establish requirements for adjusting the pay of an employee within a pay band;

''(iv) establish requirements for setting the pay of a supervisory employee whose position is in a pay band or who supervises employees whose positions are in pay bands; and

''(v) establish requirements and methodologies for setting the pay of an employee upon conversion to a broad-banded system, initial appointment, change of position or type of appointment (including promotion, demotion, transfer, reassignment, reinstatement, placement in another pay band, or movement to a different geographic location), and movement between a broad-banded system and another pay system.

''(2) ALTERNATIVE JOB EVALUATION SYSTEMS FLEXIBILITIES.—

''(A) IN GENERAL.—With the approval of the Office of Personnel Management in accordance with subsection (a)(4)(B), the PBO may establish 1 or more alternative job evaluation systems that include any positions or groups of positions that the PBO determines, for reasons of effective administration—

''(i) should not be classified under chapter 51 of title 5, United States Code, or paid under the General Schedule;

''(ii) should not be classified or paid under subchapter IV of chapter 53 of such title; or

''(iii) should not be paid under section 5376 of such title.

''(B) PAY.—

''(i) GENERAL LIMITATION.—An alternative job evaluation system established under this section that includes positions described in clause (i) or (ii), or both, of subparagraph (A) may not provide a rate of basic pay for any employee in excess of the maximum rate of pay under the General Schedule.

''(ii) SPECIFIC LIMITATION.—An alternative job evaluation system established under this section that includes positions described in clause (iii) of subparagraph (A) may not provide a rate of basic pay for any employee in excess of the annual rate of basic pay of the Chief Operating Officer under the first sentence of section 499(f)(3).

''(C) IMPLEMENTATION.—An alternative job evaluation system established under this section shall be implemented in such a way as to ensure the maintenance of the principle of equal pay for substantially equal work.

''(D) APPLICABILITY OF LAWS.—Except as otherwise provided under this part, employees under an alternative job evaluation system shall continue to be subject to the laws and regulations covering employees under the pay system that would otherwise apply to them. If the alternative job evaluation system combines employees from different pay systems into a single system, the plan submitted under subsection (a)(4)(B) shall address the applicability of the laws and regulations for the different pay systems.

''(d) STAFFING FLEXIBILITIES.—

''(1) APPOINTMENT.—

''(A) CONDITIONS.—Except as otherwise provided under this subsection, an employee of the PBO may be selected for a permanent appointment in the competitive service in the PBO through internal competitive promotion procedures if—

''(i) the employee has completed, in the competitive service, 2 years of current continuous service under a term appointment or any combination of term appointments;

''(ii) such term appointment or appointments were made under competitive procedures prescribed for permanent appointments;

''(iii) the employee's performance under such term appointment or appointments met established retention standards; and

''(iv) the vacancy announcement for the term appointment from which the conversion is made stated that there was a potential for subsequent conversion to a permanent appointment.

''(B) SIMILAR APPOINTMENT.—An appointment under this section may be made only to a position in the same line of work as a position to which the employee received a term appointment under competitive procedures.

''(2) CATEGORY RATING SYSTEMS.—

''(A) IN GENERAL.—Notwithstanding subchapter I of chapter 33 of title 5, United States Code, the PBO may establish category rating systems for evaluating job applicants for positions in the competitive service. Qualified candidates under such rating systems shall be divided into 2 or more quality categories on the basis of relative degrees of merit, rather than assigned individual numerical ratings. Each applicant who meets the minimum qualification requirements for the position to be filled shall be assigned to an appropriate category based on an evaluation of the applicant's knowledge, skills, and abilities relative to those needed for successful performance in the position to be filled.

''(B) PREFERENCE ELIGIBLES.—Within each quality category established under subparagraph (A), preference eligibles shall be listed ahead of individuals who are not preference eligibles. For other than scientific and professional positions at or higher than level GS–9 (or equivalent), preference eligibles who have a compensable service-connected disability of 10 percent or more, and who meet the minimum qualification standards, shall be listed in the highest quality category.

''(C) SELECTION.—An appointing authority may select any applicant from the highest quality category or, if fewer than 3 candidates have been assigned to the highest quality category, from a merged category consisting of the highest and second highest quality categories. Notwithstanding the preceding sentence, the appointing authority may not pass over a preference eligible in the same or higher category from which selection is made, unless the requirements of section 3317(b) or 3318(b) of title 5, United States Code, as applicable, are satisfied.

''(3) EXCEPTED SERVICE.—The Chief Operating Officer may appoint, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, not more than 25 technical and professional employees to administer the functions of the PBO. These employees may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

''(4) RULE OF CONSTRUCTION.—Notwithstanding paragraphs (1) through (3), no provision of this subsection exempts the PBO from—

''(A) any employment priorities established under direction of the President for the placement of surplus or displaced employees; or

''(B) its obligations under any court order or decree relating to the employment practices of the PBO or the Department of Education.

''SEC. 499B. PROCUREMENT FLEXIBILITY.

''(a) PROCUREMENT AUTHORITY.—Subject to the authority, direction, and control of the Secretary, the Chief Operating Officer of a PBO may exercise the authority of the Secretary to procure property and services in the performance of functions managed by the PBO. For the purposes of this section, the term 'PBO' includes the Chief Operating Officer of the PBO and any employee of the PBO exercising procurement authority under the preceding sentence.

''(b) APPLICABILITY OF PROCUREMENT LAWS.—Except to the extent otherwise authorized in this section, a PBO shall comply with all laws and regulations that are generally applicable to procurements of property and services by the head of an executive agency of the Federal Government.

''(c) USE OF MUTUAL BENEFIT CORPORATION.—The PBO may acquire services related to the title IV delivery system from any mutual benefit corporation that has the capability and capacity to meet the requirements for the system, as determined by the Chief Operating Officer of the PBO.

''(d) TWO-PHASE SOURCE-SELECTION PROCEDURES.—

''(1) IN GENERAL.—The PBO may use a two-phase process for selecting a source for a procurement of property or services.

''(2) FIRST PHASE.—The procedures for the first phase of the process for a procurement are as follows:

''(A) PUBLICATION OF NOTICE.—The contracting officer for the procurement shall publish a notice of the procurement in accordance with section 18 of the Office of Federal Procurement Policy Act (41 U.S.C. 416) and subsections (e), (f), and (g) of section 8 of the Small Business Act (15 U.S.C. 637), except that the notice shall include only the following:

''(i) A general description of the scope or purpose of the procurement that provides sufficient information on the scope or purpose for sources to make informed business decisions regarding whether to participate in the procurement.

''(ii) A description of the basis on which potential sources are to be selected to submit offers in the second phase.

''(iii) A description of the information that is to be required under subparagraph (B).

''(iv) Any additional information that the contracting officer determines appropriate.

''(B) INFORMATION SUBMITTED BY OFFERORS.—Each offeror for the procurement shall submit basic information, such as information on the offeror's qualifications, the proposed conceptual approach, costs likely to be associated with the proposed conceptual approach, and past performance of the offeror on Federal Government contracts, together with any additional information that is requested by the contracting officer.

''(C) SELECTION FOR SECOND PHASE.—The contracting officer shall select the offerors that are to be eligible to participate in the second phase of the process. The contracting officer shall limit the number of the selected offerors to the number of sources that the contracting officer determines is appropriate and in the best interests of the Federal Government.

''(3) SECOND PHASE.—

''(A) IN GENERAL.—The contracting officer shall conduct the second phase of the source selection process in accordance with sections 303A and 303B of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253a and 253b).

''(B) ELIGIBLE PARTICIPANTS.—Only the sources selected in the first phase of the process shall be eligible to participate in the second phase.

''(C) SINGLE OR MULTIPLE PROCUREMENTS.—The second phase may include a single procurement or multiple procurements within the scope, or for the purpose, described in the notice pursuant to paragraph (2)(A).

''(4) PROCEDURES CONSIDERED COMPETITIVE.—The procedures used for selecting a source for a procurement under this subsection shall be considered competitive procedures for all purposes.

''(e) USE OF SIMPLIFIED PROCEDURES FOR COMMERCIAL ITEMS.—Whenever the PBO anticipates that commercial items will be offered for a procurement, the PBO may use (consistent with the special rules for commercial items) the special simplified procedures for the procurement without regard to—

''(1) any dollar limitation otherwise applicable to the use of those procedures; and

''(2) the expiration of the authority to use special simplified procedures under section 4202(e) of the Clinger-Cohen Act of 1996 (110 Stat. 654; 10 U.S.C. 2304 note).

''(f) FLEXIBLE WAIT PERIODS AND DEADLINES FOR SUBMISSION OF OFFERS OF NONCOMMERCIAL ITEMS.—

''(1) AUTHORITY.—In carrying out a procurement, the PBO may—

''(A) apply a shorter waiting period for the issuance of a solicitation after the publication of a notice under section 18 Office of Federal Procurement Policy Act (41 U.S.C. 416) than is required under subsection (a)(3)(A) of such section; and

''(B) notwithstanding subsection (a)(3) of such section, establish any deadline for the submission of bids or proposals that affords potential offerors a reasonable opportunity to respond to the solicitation.

''(2) INAPPLICABILITY TO COMMERCIAL ITEMS.—Paragraph (1) does not apply to a procurement of a commercial item.

''(3) CONSISTENCY WITH APPLICABLE INTERNATIONAL AGREEMENTS.—If an international agreement is applicable to the procurement, any exercise of authority under paragraph (1) shall be consistent with the international agreement.

''(g) MODULAR CONTRACTING.—

''(1) IN GENERAL.—The PBO may satisfy the requirements of the PBO for a system incrementally by carrying out successive procurements of modules of the system. In doing so, the PBO may use procedures authorized under this subsection to procure any such module after the first module.

''(2) UTILITY REQUIREMENT.—A module may not be procured for a system under this subsection unless the module is useful independently of the other modules or useful in combination with another module previously procured for the system.

''(3) CONDITIONS FOR USE OF AUTHORITY.—The PBO may use procedures authorized under paragraph (4) for the procurement of an additional module for a system if—

''(A) competitive procedures were used for awarding the contract for the procurement of the first module for the system; and

''(B) the solicitation for the first module included—

''(i) a general description of the entire system that was sufficient to provide potential offerors with reasonable notice of the general scope of future modules;

''(ii) other information sufficient for potential offerors to make informed business judgments regarding whether to submit offers for the contract for the first module; and

''(iii) a statement that procedures authorized under this subsection could be used for awarding subsequent contracts for the procurement of additional modules for the system.

''(4) PROCEDURES.—If the procurement of the first module for a system meets the requirements set forth in paragraph (3), the PBO may award a contract for the procurement of an additional module for the system using any of the following procedures:

''(A) SOLE SOURCE.—Award of the contract on a sole-source basis to a contractor who was awarded a contract for a module previously procured for the system under competitive procedures or procedures authorized under subparagraph (B).

''(B) ADEQUATE COMPETITION.—Award of the contract on the basis of offers made by—

''(i) a contractor who was awarded a contract for a module previously procured for the system after having been selected for award of the contract under this subparagraph or other competitive procedures; and

''(ii) at least one other offeror that submitted an offer for a module previously procured for the system and is expected, on the basis of the offer for the previously procured module, to submit a competitive offer for the additional module.

''(C) OTHER.—Award of the contract under any other procedure authorized by law.

''(5) NOTICE REQUIREMENT.—

''(A) PUBLICATION.—Not less than 30 days before issuing a solicitation for offers for a contract for a module for a system under procedures authorized under subparagraph (A) or (B) of paragraph (4), the PBO shall publish in the Commerce Business Daily a notice of the intent to use such procedures to enter into the contract.

''(B) EXCEPTION.—Publication of a notice is not required under this paragraph with respect to a use of procedures authorized under paragraph (4) if the contractor referred to in that subparagraph (who is to be solicited to submit an offer) has previously provided a module for the system under a contract that contained cost, schedule, and performance goals and the contractor met those goals.

''(C) CONTENT OF NOTICE.—A notice published under subparagraph (A) with respect to a use of procedures described in paragraph (4) shall contain the information required under section 18(b) of the Office of Federal Procurement Policy Act (41 U.S.C. 416(b)), other than paragraph (4) of such section, and shall invite the submission of any assertion that the use of the procedures for the procurement involved is not in the best interest of the Federal Government together with information supporting the assertion.

''(6) DOCUMENTATION.—The basis for an award of a contract under this subsection shall be documented. However, a justification pursuant to section 303(f) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(f)) or section 8(h) of the Small Business Act (15 U.S.C. 637(h)) is not required.

''(7) SIMPLIFIED SOURCE-SELECTION PROCEDURES.—The PBO may award a contract under any other simplified procedures prescribed by the PBO for the selection of sources for the procurement of modules for a system, after the first module, that are not to be procured under a contract awarded on a sole-source basis.

''(h) USE OF SIMPLIFIED PROCEDURES FOR SMALL BUSINESS SET-ASIDES FOR SERVICES OTHER THAN COMMERCIAL ITEMS.—

''(1) AUTHORITY.—The PBO may use special simplified procedures for a procurement of services that are not commercial items if—

''(A) the procurement is in an amount not greater than $1,000,000;

''(B) the procurement is conducted as a small business set-aside pursuant to section 15(a) of the Small Business Act (15 U.S.C. 644(a)); and

''(C) the price charged for supplies associated with the services procured are items of supply expected to be less than 20 percent of the total contract price.

''(2) INAPPLICABILITY TO CERTAIN PROCUREMENTS.—The authority set forth in paragraph (1) may not be used for—

''(A) an award of a contract on a sole-source basis; or

''(B) a contract for construction.

''(i) GUIDANCE FOR USE OF AUTHORITY.—

''(1) ISSUANCE BY PBO.—The Chief Operating Officer of the PBO, in consultation with the Administrator for Federal Procurement Policy, shall issue guidance for the use by PBO personnel of the authority provided in this section.

''(2) GUIDANCE FROM OFPP.—As part of the consultation required under paragraph (1), the Administrator for Federal Procurement Policy shall provide the PBO with guidance that is designed to ensure, to the maximum extent practicable, that the authority under this section is exercised by the PBO in a manner that is consistent with the exercise of the authority by the heads of the other performance-based organizations.

''(3) COMPLIANCE WITH OFPP GUIDANCE.—The head of the PBO shall ensure that the procurements of the PBO under this section are carried out in a manner that is consistent with the guidance provided for the PBO under paragraph (2).

''(j) LIMITATION ON MULTIAGENCY CONTRACTING.—No department or agency of the Federal Government may purchase property or services under contracts entered into or administered by a PBO under this section unless the purchase is approved in advance

by the senior procurement official of that department or agency who is responsible for purchasing by the department or agency.

''(k) LAWS NOT AFFECTED.—Nothing in this section shall be construed to waive laws for the enforcement of civil rights or for the establishment and enforcement of labor standards that are applicable to contracts of the Federal Government.

''(l) DEFINITIONS.—In this section:

''(1) COMMERCIAL ITEM.—The term 'commercial item' has the meaning given the term in section 4(12) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(12)).

''(2) COMPETITIVE PROCEDURES.—The term 'competitive procedures' has the meaning given the term in section 309(b) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 259(b)).

''(3) MUTUAL BENEFIT CORPORATION.—The term 'mutual benefit corporation' means a corporation organized and chartered as a mutual benefit corporation under the laws of any State governing the incorporation of nonprofit corporations.

''(4) SOLE-SOURCE BASIS.—The term 'sole-source basis', with respect to an award of a contract, means that the contract is awarded to a source after soliciting an offer or offers from, and negotiating with, only that source.

''(5) SPECIAL RULES FOR COMMERCIAL ITEMS.—The term 'special rules for commercial items' means the regulations set forth in the Federal Acquisition Regulation pursuant to section 303(g)(1) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(g)(1)) and section 31 of the Office of Federal Procurement Policy Act (41 U.S.C. 427).

''(6) SPECIAL SIMPLIFIED PROCEDURES.—The term 'special simplified procedures' means the procedures applicable to purchases of property and services for amounts not greater than the simplified acquisition threshold that are set forth in the Federal Acquisition Regulation pursuant to section 303(g)(1)(B) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(g)(1)(A)) and section 31(a)(1) of the Office of Federal Procurement Policy Act (41 U.S.C. 427(a)(1)).''.

SEC. 496. STUDENT LOAN OMBUDSMAN OFFICE.

Title IV (20 U.S.C. 1070 et seq.) is amended by adding after part I (as added by section 495) the following:

''PART J—STUDENT LOAN OMBUDSMAN OFFICE

''SEC. 499F. STUDENT LOAN OMBUDSMAN OFFICE.

''(a) OFFICE ESTABLISHED.—The Secretary shall establish, within the Department, a Student Loan Ombudsman Office.

''(b) INDEPENDENCE OF STUDENT LOAN OMBUDSMAN OFFICE.—In the exercise of its functions, powers, and duties, the Student Loan Ombudsman Office shall be independent of the Secretary and the other offices and officers of the Department.

''(c) STUDENT LOAN OMBUDSMAN.—The Student Loan Ombudsman Office shall be managed by the Student Loan Ombudsman, who shall be appointed by the Secretary to a 5-year term. The Secretary shall appoint the Student Loan Ombudsman not later than 6 months after the date of enactment of the Higher Education Amendments of 1998. The appointment shall be made without regard to political affiliation or activity. The Secretary may reappoint the Student Loan Ombudsman to subsequent terms.

''(d) DUTIES AND RESPONSIBILITIES.—The Student Loan Ombudsman Office shall—

''(1) directly assist student loan borrowers with loans made, insured, or guaranteed under this title;

''(2) ensure that student loan borrower complaints and requests for assistance are promptly resolved and responded to by the Secretary, contractors or servicers, guaranty agencies, lenders, and other loan holders, or the agents of such individuals or entities;

''(3) investigate and resolve complaints of student loan borrowers;

''(4) provide information on the experience of borrowers with respect to existing and proposed statutes, regulations, and Department directives and actions;

''(5) track and analyze complaint data by loan program, institution, lender, guaranty agency, and servicer, as applicable; and

''(6) report annually to the appropriate committees of Congress, which report shall be made available to the public, regarding the responsibilities and performance of the Student Loan Ombudsman Office, including an analysis of complaint data described in paragraph (5).

''(e) STUDENT LOAN OMBUDSMAN OFFICE ACCESS TO RECORDS.—The Student Loan Ombudsman Office shall, upon presentation of a signed release form from a student loan borrower, have full and complete access to all records regarding the borrower's loan and education program that are necessary to carry out the Student Loan Ombudsman's duties. The Student Loan Ombudsman shall maintain personal identifying information in the strictest confidence and use such information only for the purpose of assisting the borrower in pursuing resolution of the individual's complaint, unless written authorization is obtained to use such information for other specified purposes.

''(f) ACCESSIBILITY FOR BORROWERS.—The Student Loan Ombudsman Office shall maintain a toll-free telephone number and Internet web site for receiving borrower complaints.

''(g) NOTIFICATION TO BORROWERS.—The Student Loan Ombudsman Office shall encourage maximum outreach to borrowers by all appropriate parties, including the Department, Congress, lenders, institutions of higher education, loan servicers, and guaranty agencies, to provide ongoing notice, to student loan borrowers, of the Student Loan Ombudsman Office. Such notice, including the toll-free telephone number, at a minimum, shall be given to borrowers in publications and on Internet web sites.

''(h) CONFLICT OF INTEREST.—Employees of the Student Loan Ombudsman Office shall not be employees or officers of any participant in the student loan programs under this Act (other than the Department), including any lender, guaranty agency, proprietary institution of higher education, postsecondary vocational institution, institution of higher education, loan servicer, collections agency, or trade association or education advocacy group representing any such entity. The Student Loan Ombudsman Office shall avoid all conflicts of interest and appearances of impropriety.

''(i) SUPPLEMENT AND NOT SUPPLANT.—The remedies and procedures of the Student Loan Ombudsman Office shall supplement and not supplant any other consumer remedies and procedures available to borrowers.

''(j) FUNDING.—In each fiscal year, not less than $2,000,000 of the amount appropriated for the fiscal year for salaries and expenses at the Department shall be available to carry out this section.''.

On page 605, line 3, strike ''C, and D'' and insert ''D, and E''.

On page 605, line 6, strike ''511 through 515'' and insert ''501 through 505''.

On page 605, lines 8 and 9, strike ''521 through 527'' and insert ''511 through 517''.

On page 605, line 19, strike ''514(a)'' and insert ''504(a)''.

On page 605, line 21, strike ''513'' and insert ''503''.

On page 606, line 1, strike ''524(b)(7)'' and insert ''514(b)(7)''.

On page 606, line 3, strike ''525'' and insert ''515''.

On page 606, line 4, strike ''525(c)'' and insert ''515(c)''.

On page 606, line 7, strike ''526(a)'' and insert ''516(a)''.

On page 606, line 9, strike ''524(b)(2)'' and insert ''514(b)(2)''.

On page 607, line 17, strike ''and''.

On page 607, between lines 20 and 21, insert the following:

''(iii) encourage talented individuals from underrepresented groups to pursue faculty careers in higher education; and

On page 607, line 26, strike ''511'' and insert ''501''.

On page 609, line 8, strike ''512'' and insert ''502''.

On page 610, line 14, strike ''513'' and insert ''503''.

On page 611, line 16, strike ''515'' and insert ''505''.

On page 611, line 23, strike ''523'' and insert ''513''.

On page 612, line 16, strike ''524(b)'' and insert ''514(b)''.

On page 613, line 11, strike ''525'' and insert ''515''.

On page 613, line 22, strike ''526(a)(1)'' and insert ''516(a)(1)''.

On page 614, line 15, strike ''527'' and insert ''517''.

On page 614, between lines 17 and 18, insert the following:

PART C—FACULTY DEVELOPMENT PROGRAM

SEC. 531. FACULTY DEVELOPMENT PROGRAM REAUTHORIZED.

Title V (20 U.S.C. 1101 et seq.) is amended further by inserting after part B (as redesignated by section 501(a)(3)) the following:

''PART C—FACULTY DEVELOPMENT FELLOWSHIPS

''SEC. 521. FACULTY DEVELOPMENT FELLOWSHIPS AUTHORIZED.

''(a) IN GENERAL.—The Secretary shall make grants to institutions of higher education, or consortia of such institutions, to enable such institutions to award fellowships to talented graduate students in order to increase the access of individuals from underrepresented groups to pursue graduate study, and to teach in institutions of higher education.

''(b) UNDERREPRESENTED GROUPS DEFINED.—For the purpose of this part, the term 'underrepresented groups' means African Americans, Hispanic Americans, Asian Americans, Native Americans, Pacific Islanders, Native Hawaiians, and individuals who are pursuing graduate study in academic disciplines in which the individuals are underrepresented for the individuals' gender.

''(c) PREFERENCE.—In making awards under this part, the Secretary shall give preference to applicants with a demonstrated record of—

''(1) admitting students from the Ronald E. McNair Postbaccalaureate Achievement Program or a program with a similar purpose;

''(2) graduating individuals from groups underrepresented in graduate education; and

''(3) placing the graduates of the institution or consortium in faculty positions in institutions of higher education.

''(d) REPORTING.—Each institution of higher education or consortium receiving a grant under this section shall, on an annual basis, provide to the Secretary evidence regarding—

''(1) the success of the institution in attracting underrepresented students into graduate programs;

''(2) graduating the students; and

''(3) the success of each graduate in obtaining a faculty position in an institution of higher education.

''(e) APPLICATION REQUIRED.—

''(1) IN GENERAL.—Each academic department or program of an institution of higher education desiring a grant under this part shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

''(2) ADDITIONAL ASSURANCES.—Each application submitted pursuant to paragraph (1) shall—

''(A) provide an assurance that, in the event that funds made available to the academic department or program under this part are insufficient to provide assistance due a student under a commitment entered into between the academic department and the student, the academic department or program will endeavor, from funds available to the department or program, to fulfill the commitment made to the student; and

''(B) contain such other assurances as the Secretary may reasonably require.

''(3) APPROVAL OF APPLICATIONS.—The Secretary shall prescribe criteria for the approval of applications submitted under paragraph (1).

''(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this part $30,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.''.

On page 614, line 18, strike ''**PART C**'' and insert ''**PART D**''.

On page 614, line 19, strike ''**531**'' and insert ''**541**''.

On page 615, line 5, strike ''**PART D**'' and insert ''**PART E**''.

On page 615, line 7, strike ''**541**'' and insert ''**551**''.

On page 617, line 7, strike ''**PART E**'' and insert ''**PART F**''.

On page 617, line 10, strike ''**551**'' and insert ''**561**''.

On page 617, line 15, strike ''**PART E**'' and insert ''**PART F**''.

On page 620, line 19, strike ''**PART F**'' and insert ''**PART G**''.

On page 620, between lines 19 and 20, insert the following:

SEC. 580. FINDINGS.

Congress makes the following findings:

(1) Hispanic Americans are at high risk of not enrolling or graduating from institutions of higher education.

(2) Disparities between the enrollment of non-Hispanic white students and Hispanic students in postsecondary education are increasing. Between 1973 and 1994, enrollment of white secondary school graduates in 4-year institutions of higher education increased at a rate 2 times higher than that of Hispanic secondary school graduates.

(3) Despite significant limitations in resources, Hispanic-serving institutions provide a significant proportion of postsecondary opportunities for Hispanic students.

(4) Relative to other institutions of higher education, Hispanic-serving institutions are underfunded. Such institutions receive significantly less in State and local funding, per full-time equivalent student, than other institutions of higher education.

(5) Hispanic-serving institutions are succeeding in educating Hispanic students despite significant resource problems that—

(A) limit the ability of such institutions to expand and improve the academic programs of such institutions; and

(B) could imperil the financial and administrative stability of such institutions.

(6) There is a national interest in remedying the disparities described in paragraphs (2) and (4) and ensuring that Hispanic students have an equal opportunity to pursue postsecondary opportunities.

On page 626, line 11, strike ''**PART G**'' and insert ''**PART H**''.

On page 626, lines 12 and 13, strike ''**PARTS A AND B**'' and insert ''**PARTS A, B, AND C**''.

On page 626, line 17, strike ''parts A and B'' and insert ''parts A, B, and C''.

On page 626, line 25, strike ''parts A and B'' and insert ''parts A, B, and C''.

On page 627, line 10, strike ''513(b)'' and insert ''503(b)''.

On page 627, line 11, strike ''526'' and insert ''516''.

On page 627, lines 16 and 17, strike ''part A or B'' and insert ''part A, B, or C''.

On page 626, strike line 11, and insert the following:

''PART G—THURGOOD MARSHALL LEGAL EDUCATIONAL OPPORTUNITY PROGRAM

''SEC. 588. LEGAL EDUCATIONAL OPPORTUNITY PROGRAM.

''(a) PROGRAM AUTHORITY.—The Secretary shall carry out a program to be known as the 'Thurgood Marshall Legal Educational Opportunity Program' designed to provide low-income, minority, or disadvantaged college students with the information, preparation, and financial assistance to gain access to and complete law school study.

''(b) ELIGIBILITY.—A college student is eligible for assistance under this section if the student is—

''(1) from a low-income family;

''(2) a minority; or

''(3) from an economically or otherwise disadvantaged background.

''(c) CONTRACT OR GRANT AUTHORIZED.—The Secretary is authorized to enter into a contract with, or make a grant to, the Council on Legal Education Opportunity, for a period of not less than 5 years—

''(1) to identify college students who are from low-income families, are minorities, or are from disadvantaged backgrounds described in subsection (b)(3);

''(2) to prepare such students for study at accredited law schools;

''(3) to assist such students to select the appropriate law school, make application for entry into law school, and receive financial assistance for such study;

''(4) to provide support services to such students who are first-year law students to improve retention and success in law school studies; and

''(5) to motivate and prepare such students with respect to law school studies and practice in low-income communities.

''(d) SERVICES PROVIDED.—In carrying out the purposes described in subsection (c), the contract or grant shall provide for the delivery of services through prelaw information resource centers, summer institutes, midyear seminars, and other educational activities, conducted under this section. Such services may include—

''(1) information and counseling regarding—

''(A) accredited law school academic programs, especially tuition, fees, and admission requirements;

''(B) course work offered and required for graduation;

''(C) faculty specialties and areas of legal emphasis; and

''(D) undergraduate preparatory courses and curriculum selection;

''(2) tutoring and academic counseling, including assistance in preparing for bar examinations;

''(3) prelaw mentoring programs, involving law school faculty, members of State and local bar associations, and retired and sitting judges, justices, and magistrates;

''(4) assistance in identifying preparatory courses and material for the law school aptitude or admissions tests;

''(5) summer institutes for Thurgood Marshall Fellows that expose the Fellows to a rigorous curriculum that emphasizes abstract thinking, legal analysis, research, writing, and examination techniques; and

''(6) midyear seminars and other educational activities that are designed to reinforce reading, writing, and studying skills of Thurgood Marshall Fellows.

''(e) DURATION OF THE PROVISION OF SERVICES.—The services described in subsection (d) may be provided—

''(1) prior to the period of law school study;

''(2) during the period of law school study; and

''(3) during the period following law school study and prior to taking a bar examination.

''(f) SUBCONTRACTS AND SUBGRANTS.—For the purposes of planning, developing, or delivering one or more of the services described in subsection (d), the Council on Legal Education Opportunity shall enter into subcontracts with, and make subgrants to, institutions of higher education, law schools, public and private agencies and organizations, and combinations of such institutions, schools, agencies, and organizations.

''(g) STIPENDS.—The Secretary shall annually establish the maximum stipend to be paid (including allowances for participant travel and for the travel of the dependents of the participant) to Thurgood Marshall Fellows for the period of participation in summer institutes and midyear seminars. A Fellow may be eligible for such a stipend only if the Fellow maintains satisfactory academic progress toward the Juris Doctor or Bachelor of Laws degree, as determined by the respective institutions.

''(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $5,000,000 for fiscal year 1999 and each of the 4 succeeding fiscal years.

''PART H—GENERAL PROVISIONS

On page 651, between lines 17 and 18, insert the following:

SEC. 713. NAVAJO COMMUNITY COLLEGE ACT.

Section 5(a)(1) of the Navajo Community College Act (25 U.S.C. 640c–1(a)(1)) is amended by striking ''1993'' and inserting ''1999''.

On page 657, line 8, insert ''or member'' after ''division''.

On page 657, line 9, strike ''the'' and insert ''a''.

On page 661, line 6, strike ''the'' and insert ''a''.

On page 661, line 11, strike ''the'' and insert ''a''.

On page 661, line 20, strike ''the'' and insert ''a''.

On page 662, line 5, strike ''the'' and insert ''a''.

On page 670, between lines 7 and 8, insert the following:

PART F—WEB-BASED EDUCATION COMMISSION

SEC. 753. SHORT TITLE; DEFINITIONS.

(a) IN GENERAL.—This part may be cited as the ''Web-Based Education Commission Act''.

(b) DEFINITIONS.—In this part:

(1) COMMISSION.—The term ''Commission'' means the Web-Based Education Commission established under section 754.

(2) INFORMATION TECHNOLOGY.—The term ''information technology'' has the meaning given that term in section 5002 of the Information Technology Management Reform Act of 1996 (110 Stat. 679).

(3) STATE.—The term ''State'' means each of the several States of the United States and the District of Columbia.

SEC. 754. ESTABLISHMENT OF WEB-BASED EDUCATION COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the Web-Based Education Commission.

(b) MEMBERSHIP.—

(1) COMPOSITION.—The Commission shall be composed of 14 members, of which—

(A) 3 members shall be appointed by the President, from among individuals representing the Internet technology industry;

(B) 3 members shall be appointed by the Secretary, from among individuals with expertise in accreditation, establishing statewide curricula, and establishing information technology networks pertaining to education curricula;

(C) 2 members shall be appointed by the Majority Leader of the Senate;

(D) 2 members shall be appointed by the Minority Leader of the Senate;

(E) 2 members shall be appointed by the Speaker of the House of Representatives; and

(F) 2 members shall be appointed by the Minority Leader of the House of Representatives.

(2) DATE.—The appointments of the members of the Commission shall be made not later than 45 days after the date of enactment of this Act.

(c) PERIOD OF APPOINTMENT; VACANCIES.—Members shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(d) INITIAL MEETING.—No later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold its first meeting.

(e) MEETINGS.—The Commission shall meet at the call of the Chairperson.

(f) QUORUM.—A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

(g) CHAIRPERSON AND VICE CHAIRPERSON.—The Commission shall select a chairperson and vice chairperson from among its members.

SEC. 755. DUTIES OF THE COMMISSION.

(a) STUDY.—

(1) IN GENERAL.—The Commission shall conduct a thorough study to assess the educational software available in retail markets for secondary and postsecondary students who choose to use such software.

(2) PUBLIC HEARINGS.—As part of the study conducted under this subsection, the Commission shall hold public hearings in each region of the United States concerning the assessment referred to in paragraph (1).

(3) EXISTING INFORMATION.—To the extent practicable, in carrying out the study under this subsection, the Commission shall identify and use existing information related to the assessment referred to in paragraph (1).

(b) REPORT.—Not later than 6 months after the first meeting of the Commission, the Commission shall submit a report to the President and Congress that shall contain a detailed statement of the findings and conclusions of the Commission resulting from the study, together with its recommendations—

(1) for such legislation and administrative actions as the Commission considers to be appropriate; and

(2) regarding the appropriate Federal role in determining quality educational software products.

(c) FACILITATION OF EXCHANGE OF INFORMATION.—In carrying out the study under subsection (a), the Commission shall, to the extent practicable, facilitate the exchange of information concerning the issues that are the subject of the study among—

(1) officials of the Federal Government, and State governments and political subdivisions of States; and

(2) educators from Federal, State, and local institutions of higher education and secondary schools.

SEC. 756. POWERS OF THE COMMISSION.

(a) HEARINGS.—The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out the purposes of this part.

(b) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out the provisions of this part. Upon request of the Chairperson of the Commission, the head of such department or agency shall furnish such information to the Commission.

(c) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(d) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

SEC. 757. COMMISSION PERSONNEL MATTERS.

(a) COMPENSATION OF MEMBERS.—Except as provided in subsection (b), each member of the Commission who is not an officer or employee of the Federal Government shall serve without compensation. All members of the Commission who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(b) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(c) STAFF.—

(1) IN GENERAL.—The Chairperson of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform its duties. The employment of an executive director shall be subject to confirmation by the Commission.

(2) COMPENSATION.—The Chairperson of the Commission may fix the compensation of the executive director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the executive director and other personnel may not exceed the rate payable for level V of the Executive Schedule under section 5316 of such title.

(d) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

(e) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

SEC. 758. TERMINATION OF THE COMMISSION.

The Commission shall terminate on the date that is 90 days after the date on which the Commission submits its report under section 755(b).

SEC. 759. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated $650,000 for fiscal year 1999 to the Commission to carry out this part.

(b) AVAILABILITY.—Any sums appropriated under the authorization contained in this section shall remain available, without fiscal year limitation, until expended.

On page 686, beginning with line 15, strike all through page 687, line 12, and insert the following:

SEC. 791. YEAR 2000 REQUIREMENTS AT THE DEPARTMENT OF EDUCATION.

In order to ensure that the processing, delivery, and administration of grant, loan, and work assistance provided under title IV of the Higher Education Act of 1965 is not interrupted due to operational problems related to the inability of computer systems to indicate accurately dates after December 31, 1999, the Secretary shall—

(1) take such actions as are necessary to ensure that all internal and external systems, hardware and data exchange infrastructure administered by the Department of Education that are necessary for the processing, delivery, and administration of the grant, loan, and work assistance are year 2000 compliant, such that there will be no business interruption after December 31, 1999;

(2) ensure that the Robert T. Stafford Federal Student Loan Program and the William D. Ford Federal Direct Loan Program are equal in level of priority with respect to addressing, and that resources are managed to provide for successful resolution of, the year 2000 computer problem in both programs by December 31, 1999;

(3) work with institutions of higher education, guaranty agencies, third party servicers, and other persons to ensure successful data exchanges necessary for the processing, delivery, and administration of the grant, loan, and work assistance;

(4) ensure that the Inspector General of the Department of Education (or an external, independent entity selected by the Inspector General) performs and publishes a risk assessment of the systems and hardware under the Department's management, that has been reviewed by an independent entity, and make such assessment publicly available not later than 60 days after the date of enactment of the Higher Education Amendments of 1998;

(5) not later than June 30, 1999, ensure that the Inspector General (or an external, independent entity selected by the Inspector General) conducts a review of the Department's Year 2000 compliance for the processing, delivery, and administration systems and data exchange systems for the grant, loan, and work assistance, and submits a report reflecting the results of that review to the Chairperson of the Committee on Labor and Human Resources of the Senate and the Chairperson of the Committee on Education and the Workforce of the House of Representatives;

(6) develop a contingency plan to ensure the programs under title IV of the Higher Education Act of 1965 will continue to run uninterrupted in the event of a computer failure after December 31, 1999, which the contingency plan shall include a prioritization of mission critical systems and strategies to allow data partners to transfer data; and

(7) alert Congress at the earliest possible time if mission critical deadlines will not be met.

On page 687, after line 12, add the following:

SEC. 792. GRANTS TO COMBAT VIOLENT CRIMES AGAINST WOMEN ON CAMPUSES.

(a) GRANTS AUTHORIZED.—

(1) IN GENERAL.—The Attorney General is authorized to make grants to institutions of higher education, for use by consortia consisting of campus personnel, student organizations, campus administrators, security

personnel, and regional crisis centers affiliated with the institution, to develop and strengthen effective security and investigation strategies to combat violent crimes against women on campuses, and to develop and strengthen victim services in cases involving violent crimes against women on campuses, which may include partnerships with local criminal justice authorities and community-based victim services agencies.

(2) AWARD BASIS.—The Attorney General shall award grants and contracts under this section on a competitive basis.

(3) EQUITABLE PARTICIPATION.—The Attorney General shall make every effort to ensure—

(A) the equitable participation of private and public institutions of higher education in the activities assisted under this section; and

(B) the equitable geographic distribution of grants under this section among the various regions of the United States.

(b) USE OF GRANT FUNDS.—Grants funds awarded under this section may be used for the following purposes:

(1) To provide personnel, training, technical assistance, data collection, and other equipment with respect to the increased apprehension, investigation, and adjudication of persons committing violent crimes against women on campus.

(2) To train campus administrators and campus security personnel to more effectively identify and respond to violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(3) To develop, train, or expand campus security personnel and campus administrators with respect to specifically targeting violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(4) To develop and implement more effective campus policies, protocols, orders, and services specifically devoted to prevent, identify, and respond to violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(5) To develop, install, or expand data collection and communication systems, including computerized systems, linking campus security to the local law enforcement for the purpose of identifying and tracking arrests, protection orders, violations of protection orders, prosecutions, and convictions with respect to violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(6) To develop, enlarge, or strengthen victim services programs for the campus and to improve delivery of victim services on campus.

(7) To provide capital improvements on campus to address violent crimes against women on campus, including the crimes of sexual assault, stalking, and domestic violence.

(8) To support improved coordination among campus administrators, campus security personnel, and local law enforcement to reduce violent crimes against women on campus.

(c) APPLICATIONS.—

(1) IN GENERAL.—In order to be eligible to be awarded a grant under this section for any fiscal year, an institution of higher education shall submit an application to the Attorney General at such time and in such manner as the Attorney General shall prescribe.

(2) CONTENTS.—Each application submitted under paragraph (1) shall—

(A) describe the need for grant funds and the plan for implementation for any of the purposes described in subsection (b);

(B) describe how the campus authorities shall consult and coordinate with nonprofit, nongovernmental victim services programs, including sexual assault and domestic violence victim services programs;

(C) describe the characteristics of the population being served, including type of campus, demographics of the population, and number of students;

(D) provide measurable goals and expected results from the use of the grants funds;

(E) provide assurances that the Federal funds made available under this section shall be used to supplement and, to the extent practical, increase the level of funds that would, in the absence of Federal funds, be made available by the institution for the purposes described in subsection (b); and

(F) include such other information and assurances as the Attorney General reasonably determines to be necessary.

(d) GRANTEE REPORTING.—Each institution of higher education receiving a grant under this section, upon completion of the grant period under this section, shall file a performance report with the Attorney General explaining the activities carried out under the grant, together with an assessment of the effectiveness of the activities in achieving the purposes described in subsection (b).

(e) DEFINITIONS.—In this section—

(1) the term ''domestic violence'' includes acts or threats of violence, not including acts of self defense, committed by a current or former spouse of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with or has cohabitated with the victim, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction, or by any other person against a victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction;

(2) the term ''sexual assault'' means any conduct proscribed by chapter 109A of title 18, United States Code, whether or not the conduct occurs in the special maritime and territorial jurisdiction of the United States or in a Federal prison, including both assaults committed by offenders who are strangers to the victim and assaults committed by offenders who are known or related by blood or marriage to the victim; and

(3) the term ''victim services'' means a nonprofit, nongovernmental organization that assists domestic violence or sexual assault victims, including campus women's centers, rape crisis centers, battered women's shelters, and other sexual assault or domestic violence programs, including campus counseling support and victim advocate organizations with domestic violence, stalking, and sexual assault programs, whether or not organized and staffed by students.

(f) GENERAL TERMS AND CONDITIONS.—

(1) NONMONETARY ASSISTANCE.—In addition to the assistance provided under this section, the Attorney General may request any Federal agency to use the agency's authorities and the resources granted to the agency under Federal law (including personnel, equipment, supplies, facilities, and managerial, technical, and advisory services) in support of campus security, and investigation and victim service efforts.

(2) REPORTING.—Not later than 180 days after the end of the fiscal year for which grants are awarded under this section, the Attorney General shall submit to the committees of the House of Representatives and the Senate responsible for issues relating to higher education and crime, a report that includes—

(A) the number of grants, and the amount of funds, distributed under this section;

(B) a summary of the purposes for which the grants were provided and an evaluation of the progress made under the grant;

(C) a statistical summary of the persons served, detailing the nature of victimization, and providing data on age, sex, race, ethnicity, language, disability, relationship to offender, geographic distribution, and type of campus; and

(D) an evaluation of the effectiveness of programs funded under this section.

(3) REGULATIONS OR GUIDELINES.—Not later than 120 days after the date of enactment of this section, the Secretary shall publish proposed regulations or guidelines implementing this section. Not later than 180 days after the date of enactment of this section, the Attorney General shall publish final regulations or guidelines implementing this section.

(g) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this section, there are authorized to be appropriated $10,000,000 for each of the fiscal years 1999 through 2002.

SEC. 793. AUTHORITY TO ADMINISTER SUMMER TRAVEL AND WORK PROGRAMS.

The Director of the United States Information Agency is authorized to administer summer travel and work programs without regard to preplacement requirements.

SEC. 794. IMPROVING UNITED STATES UNDERSTANDING OF SCIENCE, ENGINEERING, AND TECHNOLOGY IN EAST ASIA.

(a) ESTABLISHMENT.—The Director of the National Science Foundation is authorized, beginning in fiscal year 2000, to carry out an interdisciplinary program of education and research on East Asian science, engineering, and technology. The Director shall carry out the interdisciplinary program in consultation with the Secretary of Education.

(b) PURPOSES.—The purposes of the program established under this section shall be to—

(1) increase understanding of East Asian research, and innovation for the creative application of science and technology to the problems of society;

(2) provide scientists, engineers, technology managers, and students with training in East Asian languages, and with an understanding of research, technology, and management of innovation, in East Asian countries;

(3) provide program participants with opportunities to be directly involved in scientific and engineering research, and activities related to the management of scientific and technological innovation, in East Asia; and

(4) create mechanisms for cooperation and partnerships among United States industry, universities, colleges, not-for-profit institutions, Federal laboratories (within the meaning of section 4(6) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3703(6))), and government, to disseminate the results of the program assisted under this section for the benefit of United States research and innovation.

(c) PARTICIPATION BY FEDERAL SCIENTISTS, ENGINEERS, AND MANAGERS.—Scientists, engineers, and managers of science and engineering programs in Federal agencies and the Federal laboratories shall be eligible to participate in the program assisted under this section on a reimbursable basis.

(d) REQUIREMENT FOR MERIT REVIEW.—Awards made under the program established under this section shall only be made using a competitive, merit-based review process.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for fiscal year 2000.

SEC. 795. UNDERGROUND RAILROAD EDUCATIONAL AND CULTURAL PROGRAM.

(a) PROGRAM ESTABLISHED.—The Secretary of Education, in consultation and cooperation with the Secretary of the Interior, is authorized to make grants to 1 or more nonprofit educational organizations that are established to research, display, interpret, and collect artifacts relating to the history of the Underground Railroad.

(b) GRANT AGREEMENT.—Each nonprofit educational organization awarded a grant under this section shall enter into an agreement with the Secretary of Education. Each such agreement shall require the organization—

(1) to establish a facility to house, display, and interpret the artifacts related to the history of the Underground Railroad, and to make the interpretive efforts available to institutions of higher education that award a baccalaureate or graduate degree;

(2) to demonstrate substantial private support for the facility through the implementation of a public-private partnership between a State or local public entity and a private entity for the support of the facility, which private entity shall provide matching funds for the support of the facility in an amount equal to 4 times the amount of the contribution of the State or local public entity, except that not more than 20 percent of the matching funds may be provided by the Federal Government;

(3) to create an endowment to fund any and all shortfalls in the costs of the on-going operations of the facility;

(4) to establish a network of satellite centers throughout the United States to help disseminate information regarding the Underground Railroad throughout the United States, if such satellite centers raise 80 percent of the funds required to establish the satellite centers from non-Federal public and private sources;

(5) to establish the capability to electronically link the facility with other local and regional facilities that have collections and programs which interpret the history of the Underground Railroad; and

(6) to submit, for each fiscal year for which the organization receives funding under this section, a report to the Secretary of Education that contains—

(A) a description of the programs and activities supported by the funding;

(B) the audited financial statement of the organization for the preceding fiscal year;

(C) a plan for the programs and activities to be supported by the funding as the Secretary may require; and

(D) an evaluation of the programs and activities supported by the funding as the Secretary may require.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $6,000,000 for fiscal year 1999, $6,000,000 for fiscal year 2000, $6,000,000 for fiscal year 2001, $3,000,000 for fiscal year 2002, and $3,000,000 for fiscal year 2003.

SEC. 796. GNMA GUARANTEE FEE.

(a) IN GENERAL.—Section 306(g)(3)(A) of the National Housing Act (12 U.S.C. 1721(g)(3)(A)) is amended by striking ''No fee or charge'' and all that follows through ''States)'' and inserting ''The Association shall assess and collect a fee in an amount equal to 9 basis points''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2002.

SEC. 797. PROTECTION OF STUDENT SPEECH AND ASSOCIATION RIGHTS.

(a) PROTECTION OF RIGHTS.—It is the sense of Congress that no student attending an institution of higher education on a full- or part-time basis should, on the basis of participation in protected speech or protected association, be excluded from participation in, be denied the benefits of, or be subjected to discrimination or official sanction under any education program, activity, or division of the institution directly or indirectly receiving financial assistance under the Higher Education Act of 1965, whether or not such program, activity, or division is sponsored or officially sanctioned by the institution.

(b) CONSTRUCTION.—Nothing in this section shall be construed—

(1) to discourage the imposition of an official sanction on a student that has willfully participated in the disruption or attempted disruption of a lecture, class, speech, presentation, or performance made or scheduled to be made under the auspices of the institution of higher education; or

(2) to prevent an institution of higher education from taking appropriate and effective action to prevent violations of State liquor laws, to discourage binge drinking and other alcohol abuse, to protect students from sexual harassment including assault and date rape, or to regulate unsanitary or unsafe conditions in any student residence.

(c) DEFINITIONS.—For the purposes of this section:

(1) OFFICIAL SANCTION.—The term ''official sanction''—

(A) means expulsion, suspension, probation, censure, condemnation, reprimand, or any other disciplinary, coercive, or adverse action taken by an institution of higher education or administrative unit of the institution; and

(B) includes an oral or written warning made by an official of an institution of higher education acting in the official capacity of the official.

(2) PROTECTED ASSOCIATION.—The term ''protected association'' means the joining, assembling, and residing with others that is protected under the first and 14th amendments to the Constitution, or would be protected if the institution of higher education involved were subject to those amendments.

(3) PROTECTED SPEECH.—The term ''protected speech'' means speech that is protected under the first and 14th amendments to the Constitution, or would be protected if the institution of higher education involved were subject to those amendments.

SEC. 798. BINGE DRINKING ON COLLEGE CAMPUSES.

(a) SHORT TITLE.—This section may be cited as the ''Collegiate Initiative To Reduce Binge Drinking''.

(b) FINDINGS.—Congress makes the following findings:

(1) Many college president rank alcohol abuse as the number one problem on campus.

(2) Alcohol is a factor in the 3 leading causes of death (accidents, homicides, and suicides) for individuals aged 15 through 24.

(3) More than any other group, college students tend to consume large numbers of drinks in rapid succession with the intention of becoming drunk.

(4) 84 percent of college students report drinking alcohol during the school year, with 44 percent of all college students qualifying as binge drinkers and 19 percent of all college students qualifying as frequent binge drinkers.

(5) Alcohol is involved in a large percentage of all campus rapes, violent crimes, student suicides, and fraternity hazing accidents.

(6) Heavy alcohol consumption on college campuses can result in drunk driving crashes, hospitalization for alcohol overdoses, trouble with police, injury, missed classes, and academic failure.

(7) The secondhand effects of student alcohol consumption range from assault, property damage, and unwanted sexual advances, to interruptions in study or sleep, or having to ''babysit'' another student who drank too much.

(8) Campus binge drinking can also lead to the death of our Nation's young and promising students.

(c) SENSE OF CONGRESS.—It is the sense of Congress that, in an effort to change the culture of alcohol consumption on college campuses, all institutions of higher education should carry out the following:

(1) The president of the institution should appoint a task force consisting of school administrators, faculty, students, Greek system representatives, and others to conduct a full examination of student and academic life at the institution. The task force should make recommendations for a broad range of policy and program changes that would serve to reduce alcohol and other drug-related problems. The institution should provide resources to assist the task force in promoting the campus policies and proposed environmental changes that have been identified.

(2) The institution should provide maximum opportunities for students to live in an alcohol-free environment and to engage in stimulating, alcohol-free recreational and leisure activities.

(3) The institution should enforce a ''zero tolerance'' policy on the illegal consumption of alcohol by students at the institution.

(4) The institution should vigorously enforce the institution's code of disciplinary sanctions for those who violate campus alcohol policies. Students with alcohol or other drug-related problems should be referred for appropriate assistance.

(5) The institution should adopt a policy of eliminating alcoholic beverage-related sponsorship of on-campus activities. The institution should adopt policies limiting the advertisement and production of alcoholic beverages on campus.

(6) The institution should work with the local community, including local businesses, in a ''Town/Gown'' alliance to encourage responsible policies toward alcohol consumption and to address illegal alcohol use by students.

SEC. 799. SENSE OF THE SENATE REGARDING HIGHER EDUCATION.

(a) FINDINGS.—The Senate makes the following findings:

(1) Higher education must be kept affordable for all families as the number of students attending institutions of higher education in the 1995–1996 academic year reached 19,400,000 students at all levels.

(2) According to the College Board's Annual Survey of Colleges, 1997–1998 undergraduate students at United States colleges will pay on average, approximately 5 percent more for the 1997–1998 academic year in tuition and fees at 4-year institutions of higher education than the students paid for the 1996–1997 academic year, and from 2 to 4 percent more for the 1997–1998 academic year in tuition and fees at 2-year institutions of higher education than the students paid for the 1996–1997 academic year.

(3) From academic years 1980–1981 to academic years 1994–1995, tuition at 4-year public colleges and universities increased 234 percent, while median household income rose only 82 percent, and as a result, families now spend nearly twice as much of their income on college tuition as families did in 1980.

(4) A college education has become less affordable as undergraduate public school tuition has increased substantially in the years preceding 1998.

(5) In the 1997–1998 school year, average undergraduate tuition and fees—

(A) for public 4-year institutions of higher education were $3,111, representing a 97 percent increase from the 1988–1989 school year; and

(B) for private 4-year institutions of higher education were $13,664, representing an increase of 71 percent from the 1988–1989 school year.

(6) In the 1996–1997 academic year—

(A) over $580,000,000 in Federal Supplemental Educational Opportunity Grants were disbursed to more than 990,000 students;

(B) $760,000,000 in Federal funds supported more than 700,000 students in the Federal Work-Study Program; and

(C) more than 700,000 students borrowed approximately $940,000,000 in Federal Perkins Loans.

(7) In the 1996–1997 academic year, Federal loan programs provided over $30,000,000,000 in financial aid to students.

(8) Student financial aid in the form of loans is disproportionate to the amount of financial aid received through grants. In 1980, approximately 40 percent of Federal student financial aid was distributed through loans. In the 1996–1997 academic year, 60 percent of Federal, State, and institutional student financial aid was distributed through loans.

(9) As the proportion of Federal grants continues to decline, students and families will have to consider alternative ways to finance a college education.

(10) In the 1970s, Federal Pell Grants financed ¾ of the costs at a public 4-year institution of higher education and ⅓ of the costs at a private 4-year institution of higher education. In contrast, in the 1996–1997 academic year, Federal Pell Grants financed ⅓ of the costs at a 4-year public institution of higher education and ⅐ of the costs at a private 4-year institution of higher education.

(11) While student dependence on Federal loans programs has increased, the default rate on those loans has decreased. According to the Department of Education, in fiscal year 1990, the national default rate on federally insured student loans was 22.4 percent. In fiscal year 1994, the national default rate declined to 10.4 percent.

(12) The National Commission on the Cost of Higher Education concluded in the report of the National Commission that Federal student aid grants have not contributed to increases in tuition while the evidence is inconclusive regarding the impact of Federal student loans on increases in tuition.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) the cost of tuition at institutions of higher education continues to increase at a rate above the Consumer Price Index, affecting the nearly 20,000,000 students at all levels, resulting in an increase in the number of students seeking Federal loans and Federal grants;

(2) efforts should be made to address the disproportionate share of Federal student aid in the form of Federal student loans compared to Federal student grants available for students at institutions of higher education; and

(3) Federal incentives provided to public and private institutions of higher education may be an effective way to limit tuition growth.

SEC. 799A. SENSE OF CONGRESS REGARDING TEACHER EDUCATION.

(a) FINDINGS.—Congress finds that—

(1) the education of teachers is a university-wide responsibility requiring the integration of subject matter and teacher education course work across faculties with multiple site-based clinical learning experiences;

(2) teachers well prepared in both subject matter and good professional practice are essential to raising the achievement levels of our Nation's students, especially in mathematics and the sciences;

(3) teacher educators, substantive experts, and kindergarten through grade 12 teachers need to interact with one another through shared experiences that incorporate school-site-based knowledge into the teacher preparation curriculum;

(4) partnerships between practitioners and academics working together in all phases of teacher education improve the quality of such education and create incentives for teachers to pursue excellence in their teaching;

(5) individuals may be more likely to choose teaching as a career if more flexible teacher preparation programs, tailored to the needs and experiences of the individuals, with multiple entry points and pathways into the teaching profession, are made available;

(6) strong leadership skills of school principals are essential to improving the quality of teaching and academic achievement of all students;

(7) collaboration among teacher educators, other university faculty, elementary and secondary schools, and community colleges facilitate, strengthen, and renew all the individuals and entities participating in the collaboration.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) Federal programs, including the Federal Work-Study Programs, should encourage students, particularly prospective teachers, to become involved in supervised tutoring and mentoring activities in kindergarten through grade 12 schools;

(2) institutions of higher education, kindergarten through grade 12 schools, local educational agencies, States, and the Department of Education should enter into partnerships to identify and prepare promising candidates as future education leaders and to provide continuing professional development opportunities to current principals and other education leaders;

(3) options for access to teacher preparation programs and new avenues to careers in teaching should be expanded to reach professionals seeking second careers and individuals whose prior experiences encompass critical subject areas such as mathematics and the sciences;

(4) partnerships between institutions of higher education and kindergarten through grade 12 schools should emphasize contacts between faculty and the business community to align expectations for academic achievement to create a more seamless transition for students from secondary to postsecondary schools and to the workplace; and

(5) Congress should focus on identifying, replicating, and facilitating the expansion of exemplary partnerships between institutions of higher education and kindergarten through grade 12 schools, with particular emphasis on partnerships targeted toward fostering excellence in kindergarten through grade 12 school leadership, attracting and preparing qualified professionals for new careers in teaching, helping teachers incorporate technology into curricula, and aligning the curricula and expectations for student achievement in secondary schools and institutions of higher education, and for the workplace.

The PRESIDING OFFICER. The Senator from Vermont.

PRIVILEGE OF THE FLOOR

Mr. JEFFORDS. Mr. President, I ask unanimous consent that Pam Moran, a fellow with the Committee on Labor and Human Resources, be allowed the privileges of the floor during consideration of S. 1882, the Higher Education Amendments of 1998.

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

Mr. JEFFORDS. Mr. President, I am extremely pleased that the Senate is considering S. 1882, the Higher Education Amendments of 1998. This legislation extends for 5 years the authorization of programs under the Higher Education Act and makes significant improvements in student benefits and in the operation of these programs.

The Higher Education Act is among the most significant statutes under the jurisdiction of the Committee on Labor and Human Resources. Since its inception in 1965, the Act has been focused on enhancing the opportunities of students to pursue postsecondary education. This legislation will make college more accessible for more Americans by increasing the amount of Pell grants and lowering interest rates for student loans. By increasing the access and quality of higher education, this bill will help ensure that our nation remains a leader in educational excellence for all of our citizens. By giving more students the ability to attend college, we are giving them the opportunity to pursue their dreams.

136 years ago this week, Senator Justin Smith Morrill from Vermont led the effort in the United States Senate to pass the Land Grant College Act of 1862, which opened the doors of higher education to all Americans. Today, I am proud to follow in Justin Smith Morrill's footsteps and urge the Senate to pass this important bipartisan legislation which will make the dream of getting a college education become a reality for millions of students across this nation.

Over the years, the federal effort in this area has been substantial and will continue to be so. The Higher Education Act currently provides $48.5 billion in student financial assistance for 8.5 million students and $216 million for institutional development. In 1995–96, 55 percent of undergraduate students received financial aid under this Act. Over the next ten years, the Federal Government will guarantee over 88 million student loans—totaling over $383.5 billion. Over the next five years, the Federal Government will provide more than 25.4 million Pell Grants.

The reauthorization bill we are considering today preserves the focus on students—who are the primary reason we have a Higher Education Act in the first place. Students now in school will be assured of receiving the lowest interest rate in nearly two decades on their loans. Students now in high school who aspire to a college education will benefit from an expanded early intervention program known as CONNECTIONS, as well as continuing to receive services from the time-tested and highly regarded TRIO programs.

Students who have graduated and are faced with exceptionally high loan burdens will be able to take advantage of extended repayment options under the

guaranteed loan program. Recognizing the toll which ever increasing college costs are placing on students, the bill builds on recommendations of the National Commission on the Cost of Higher Education so that students and their families can obtain useful cost information.

This bill reflects a strong commitment to the maintenance of two viable loan programs—the guaranteed or Federal Family Education Loan Program (FFELP) and the Direct Loan Program. Among the most challenging tasks facing the committee was developing a student loan interest rate which could offer the lowest viable interest to students while assuring sufficient lender participation to preserve full access to loans. After nearly a year of consultation with students, lenders, representatives of the higher education community, the administration and financial services experts, the committee developed a compromise interest rate package. Lender yield is reduced by 30 basis points while students receive the significant interest rate reduction they have anticipated. This solution is by no means perfect, but it promises to preserve the stability of the FFEL program for the nearly 4 million students and their families who depend upon these loans each year.

The legislation also includes a new guaranty agency financing model—the goal of which is to achieve cost savings and efficiencies in the delivery and administration of student aid while ensuring that students, lenders, the Federal Government, and institutions of higher education receive high quality service. Additional efforts to improve the delivery of student aid programs include the development of a Performance Based Organization (PBO) to strengthen the management of key systems within the Department of Education. A number of provisions in the legislation also pave the way toward taking advantage of the efficiencies made possible through electronic processing and other technological advances.

Looking toward the future, the bill contains several provisions dealing with the Year 2000 computer problem. The Office of Management and Budget has raised serious questions about the Department of Education's ability to meet the timetable outlined by the General Accounting Office for the testing of software renovation work. Failure to renovate all mission critical systems could result in disruptions in the management and delivery of student financial aid to more than 8 million students. This is an area in which the committee will be following closely in the months ahead.

Perhaps the most exciting and far-reaching innovation in this legislation is its provisions dealing with teacher preparation. The bill before us eliminates some 15 small, categorical teacher training programs—only one of which receives funding—and replaces them with a comprehensive model for change and improvement. The teacher quality provisions included in Title II of S. 1882 are an important first step towards really improving teacher training. I think it will be viewed as one of the lasting achievements of this reauthorization.

It represents a collaboration of good ideas from many members of the Labor and Human Resources Committee, each who spent a great deal of time on this matter. The result is a proposal that breaks away from ''business-as-usual'' practices, and encourages States and education partnerships to reform their efforts to meet the needs of students in today's classroom.

At its foundation, Title II embraces the notion that investing in the preparation of our nation's teachers is a good one. Well prepared teachers play a key role in making it possible for our students to achieve the standards required to assure both their own well being and the ability of our country to compete internationally. In fact, the continued health and strength of our nation depends on our country's ability to improve the education of our young people. Integral to that is the strength and ability of our nation's teaching force. Without a strong, competent, well prepared teaching force, other investments in education will be of little value.

The bill takes a two-pronged approach to helping assure that our nation's elementary and secondary school teachers will be thoroughly prepared to offer the quality of instruction needed to assure that students achieve the standards we need and expect. Working at both the state level to promote system-wide reforms and at the local level to develop partnerships to enhance the quality of teacher training, the bill offers a comprehensive and systematic approach to this pressing national need.

Title II demands excellence from our teacher preparation programs; encourages coordination; focuses on the need for academic content knowledge and strong teaching skills; and fosters state innovations in establishing more rigorous standards and exploring alternative certification. These efforts recognize the fundamental connection that exists among states, institutions of higher education, and efforts to improve education for our nation's elementary and secondary school teachers.

The teacher training provisions included in this bill are unique in other ways as well. In particular, the committee included very strong accountability measures as part of this title. In order to maintain a grant, a State or a partnership will have to show improvement—measurable results—that go to the heart of learning.

It is important to consider the Title II provisions in the context of education reform because, as I have said before, good teachers are at the core of educational improvement.

It has been 15 years since the national crisis in education was raised by the ''A Nation At Risk'' report. The admonition was given in these terse words: If a foreign government had imposed on us our educational system we would have declared it an act of war.

Yet little has changed. There is some improvement in science but little in math. Children are coming to school slightly more prepared to learn, but this is primarily in the area of health.

It is obvious that nothing is going to change unless it changes in the classroom. And nothing will change in the classroom until the teachers change. And the teachers can't be expected to change until they have help in knowing what is expected of them.

In the most recent Goals 2000 Report issued last November, we learned that in more than 40 States there was no change in the percentage of teachers who reported that they held a degree or held a teaching certificate in their main teaching assignment. In 33 States no change was reported in the proportion of beginning public school teachers who participated in a formal teacher induction process.

Dindo Rivera, who travels about the county for IBM raising this issue, likes to explain it this way: If you were an office worker and had fallen asleep as Rip Van Winkle did for twenty years and walked into a modern office you would go into catatonic shock at trying to do anything from answering the phone to typing a letter. However, if you were a school teacher when you walked back into the classroom after your slumber, you'd feel right at home in your subjects.

Some changes are occurring. The concept of ''social promotion'' initiated in the 60's is being challenged but creating serious problems for schools requiring remedial help. Literacy programs are being initiated to stop or reduce the inflow of non readers. But as to the crisis of math and science and other critical subjects, we have seen little in the way of results.

Pointing a finger at the colleges of education is not inappropriate. They need to change. They must ensure that graduates are capable of facing today's challenge—not yesteryears. But they are unlikely to change unless the universities that host them pay attention to them. Often times, the schools of education are treated as step children. In most cases the degrees issued are not enough to increase their capacity to teach updated courses—and these updated courses are sorely needed.

We must focus attention on this issue. We should fully fund the new Title II Teacher Quality Program that is included in this bill. We should also call together the presidents of the universities to challenge them to take immediate action to remedy the crisis. We must enlist the teachers and the teachers unions and insist that they too help out.

The Higher Education bill before us does make strides in the direction of reform and improvement. Still, we must do even more to raise awareness

of the problem and the need to change. The number of teachers is not as important as the quality of teachers. On the Federal level we must focus on promoting and ensuring quality. We don't necessarily need millions of new teachers—what we really need are millions of good teachers.

The need for good teachers has been recognized. The Hunt Commission Report, ''What Matters Most: Teaching for America's Future'' has a goal of providing 100,000 nationally accredited teachers. But their goal is too far off into the next century. Their goal would provide one teacher for every school. We need one for every classroom and, most certainly every new teacher graduating must be trained to be a good teacher. Every teacher's college must meet that challenge and every present teacher must be given the training to be a good teacher. The present bill takes a giant step in that direction.

In closing, I would like to acknowledge the long hours and hard work of members of the Labor and Human Resources Committee and their staffs over the past 18 months as we have worked to develop this legislation. Even with the substantial streamlining we have done in the Act, a thorough review of all its provisions is a large and challenging task. At this time, I would like to offer particular thanks to the ranking minority member, Senator KENNEDY, to Senator COATS, and to Senator DODD. These three members have gone well beyond the extra mile in helping to forge a bipartisan approach to improving the lives of American students. Throughout committee deliberations, there have been legitimate differences of opinion. The spirit of cooperation and the commitment to working through these differences has allowed us to present to the Senate a solid piece of legislation which I believe every member of this body can proudly support.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I yield for a consent request.

PRIVILEGES OF THE FLOOR

Mr. WELLSTONE. Mr. President, I ask unanimous consent that Erin Shanahan, Sarah West and Micky Holmes, interns and fellows, be allowed on the floor during the debate and votes on the education bill.

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

PRIVILEGES OF THE FLOOR

Mr. KENNEDY. Mr. President, I ask unanimous consent congressional fellow Jennifer Krone and Jim Butler be granted floor privileges.

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

Mr. KENNEDY. Mr. President, at the outset, as we begin this debate on the Higher Education Act, I thank my good friend, the chairman of our committee, Senator JEFFORDS, and all of the members of the committee for their broad support for this legislation and for the workmanship which was reflected in this product over a considerable period of time.

This legislation was reported unanimously out of our committee, and I think it reflects the best judgment of the members of the committee. I am particularly impressed by the work of our friends and colleagues on the Republican side—Senator COATS, Senator COLLINS, and many of the others, members who were very, very much involved; and on our side, Senator DODD, Senator MURRAY, and many, many others whom I will refer to in my opening comments as well. This has been really a very strong bipartisan effort.

Those of us who have had the honor to serve on the Education Committee for a number of years have always felt that education is something which should have a special position in the thinking of not only the families of America but elected officials in trying to find a common ground in these areas that are so important to families across this country. This bill reflects that continued effort by the membership of the committee.

We have strong differences on some policy issues, which we have seen in recent hours and recent days, which we will see coming through these next several weeks, the next 35 days that we are in the Senate. Thankfully, we have been able to keep that kind of view out of the consideration of this legislation.

There will be several amendments from our side and from the Republican side. Those are based upon rather thoughtful consideration and thoughtful differences on education policy, but they are certainly serious amendments and thoughtful ones, and we look forward to addressing these issues as we move ahead.

We are very hopeful that we can move this legislation, because of its importance, to an early conclusion with due opportunity for the membership to express their views.

I want to pay particular tribute, as I mentioned, to the chairman of our committee, Senator JEFFORDS. He has had a longstanding, continuing commitment to a number of different issues in our Human Resources Committee, but I believe personally the commitment in terms of education generally has been a very special interest. He has been absolutely tireless in working with all the members of the committee to bring this product forward. All of us are grateful to him and to his staff for all of the efforts they have made and for the strong and good leadership that he has provided in fashioning this legislation.

Our goal in this bill is to strengthen the Federal support for higher education. A recent study from the Institute of Higher Education Policy summarizes the public and private benefits of higher education, both economic and social. As you can see on this chart, higher education provides major economic benefits, such as increased tax revenues, greater productivity, increased flexibility in the workforce.

We are all mindful that when we had the GI bill after World War II, for every dollar that was invested in the GI bill, more than $8 was actually returned by those who participated in those scholarship programs. The Nation benefits, the individuals benefit, our communities benefit, America benefits, and our position in the world and our values in the world benefit from the strong investment that we make in education and by the extraordinary talent that we have in the young people of our country.

This legislation provides vital social benefits as well. College graduates have greater involvement in their communities, give more to charities. They also show an appreciation of diversity that is vital in our increasingly complex society. This legislation expands access to college for all qualified students. It increases the maximum authorization for Pell grants for the neediest students and expands the formula for need analysis to protect more of the income of working parents and students.

The bill also continues the critical investments in graduate education through the program of Graduate Assistance in Areas of National Need and the portable Javits fellowships for talented students in the arts, humanities, and social sciences.

The bill also will enable colleges to work with faculty and administrators to improve teaching for students with disabilities. Many more students with disabilities are benefiting from higher education, and faculty members often have little experience in teaching these students. This bill reaches out to all colleges and universities and includes training in this area for graduate teaching assistants—the faculty of the future.

The bill takes a major step in improving training of teachers. Senator JEFFORDS has spoken to that issue in very considerable detail, but let me underline some points on that subject.

Fifty percent of the funding in this category goes to local partnerships that include elementary and secondary schools, colleges, and even teachers unions, businesses, and community organizations. The other 50 percent goes to competitive grants to State education agencies.

The bill also includes greater loan forgiveness for teachers. It forgives up to $8,000 of loans for teachers who teach at least 3 years in high-need schools. Many college graduates with heavy debtloads cannot afford to go into teaching in schools that need help the most. This program will make it easier for idealistic young men and women to work with the needy children.

The bill also includes early intervention initiatives to encourage students to plan for college as part of their future. One of the greatest tragedies of education today is that so many young students in elementary school, middle school, and high school regard college as out of reach.

I know many of our colleagues have had the opportunity that I have had in going out and talking to middle-school students around our States. You ask those young people, those young students, ''How many of you would want to go to college?'' and almost before the words come out of your mouth, every hand goes up in that classroom. There is a great desire, a great interest, on the part of these young students to continue their education.

Then something happens as they go through eighth and ninth grades and begin to become more disillusioned about the possibilities of going on to college and continuing their education, perhaps somewhat more realistic about some of the financial obligations that they have. It is not completely separate from the fact that the increased use of drugs in the eighth and ninth grades increases about 300 percent to 350 percent. The time when kids are beginning to cool off in terms of their realization of the possibilities for their continuing on to higher education corresponds to the period of dramatic increase among young people in terms of substance abuse.

Mr. President, the hope and the desire of young students in our society to go on to higher education is there in the middle schools, and so many of them are discouraged from doing so. This happens at a time when there has been a corresponding record of increased use of illegal substances. Many people believe it is the increased use of the substances that have discouraged students.

On the other hand, there are many others who believe that these young students, when they find out they will not have the opportunity to go on to higher education or continue their education, become discouraged, in many instances despondent, lose interest and subject themselves to the adverse behavior that some young people involve themselves in.

The whole question in terms of trying to reach out to these students in elementary school, middle school, and high school is very, very important. We need to do what we can to change that distressing mindset. This bill is a major step in that direction.

The bill also expands the Federal aid for student learning through distance education. The managers' package broadens the demonstration programs, and allows the use of Federal aid for certain distance education certificate programs.

Distance learning can open the doors of higher education to many who cannot attend classes because they live in remote areas or because of their job or family responsibilities. Some have some special needs, as well. But we must also ensure that the promise of these programs do not lead to abuses. The bill calls for the Department of Education to monitor these changes in distance education, and to report to Congress on the result.

Another important provision in the bill calls for the creation of a Performance Based Organization in the Department of Education. Its goal is to streamline and improve the financial aid functions of the Department, and give it more flexibility to deal with the many aspects of Federal aid.

The bill also enables guaranty agencies to enter into voluntary flexible agreements with the Secretary of Education. It will be more businesslike and will focus more heavily on preventing defaults. The guaranty agency in Massachusetts has been in the forefront of this reform.

Under these arrangements, guaranty agencies can concentrate on preventing defaults instead of simply collecting from students after they have defaulted on their loans. Under current law, these agencies are paid too much when the students go into default and they are not paid enough to prevent the defaults in the first place.

In a pilot project, the Great Lakes Guaranty Agency reduced its default rate by 96 percent, 96 percent over 18 months by emphasizing the prevention of defaults. This is a win-win-win idea. The student borrowers win because they avoid default and ruining their credit. Government wins because it saves millions in reinsurance payments. The lenders win because the loan continues to earn interest in their portfolios.

This bill accommodates the concerns of many individuals. Senator TORRICELLI in his bill, S. 1534, says students who are called to active duty in the Reserves of our Armed Forces will not have to worry about repaying their student loans before they return. Senator MOSELEY-BRAUN sponsored a program to encourage more individuals from underrepresentative groups to become college professors. Senators SARBANES and MIKULSKI spearheaded efforts to include the Thurgood Marshall Legal Education Opportunity Program.

The major issue in this bill is the interest rate on student loans. The bill reduces the interest rate that students will pay on loans by almost 1 percent, a substantial benefit for students. The average borrower with a loan of $12,000 will save $650 in interest payments over the 10-year life of the loan. The average master's degree student with a debt of $20,000 will save more than $1,000. For borrowers with larger loans, the savings will be even greater.

Unfortunately and unwisely, the bill trims the rates paid to banks only slightly. As in the House bill, students will pay the same lower interest rate to the banks that they pay to the Government in the Direct Loan Program. But the bill offers a sweetheart deal to the banks by giving the banks a half of a percent interest rate subsidy. This subsidy means that bank receipts will go down only slightly from the excessive receipts they receive under the high interest rates now in effect. It is estimated that the average bank return on student loans will be 16 percent—far higher than the average bank return of 12 percent on its overall assets since 1970.

This interest rate subsidy will be paid by the taxpayers. The Congressional Budget Office calculates that the costs will be at least $1 billion over 5 years and maybe as much as $3.6 billion. The Office of Management and Budget calculates that this subsidy will cost $2.7 billion over that period, a cost that is not paid for under the bill.

This failure could trigger a sequester of mandatory inventory programs in October, including Medicare, and we need to deal with this problem more effectively. The best solution is to change the current system under which Congress sets the interest rates the banks can charge. Instead, we should adopt, I believe, a market-based system for interest rates, not one based on price fixing by Congress.

We are considering offering an amendment that allows the Secretary of Education and the Secretary of the Treasury to conduct pilot programs using auctions as an alternative for setting these interest rates. Competition should determine how much of a premium lenders need in order to offer and service these loans. The results of the pilot programs would be reported to Congress and full-scale implementation would follow only after a subsequent vote of approval by Congress. These pilot programs will give Congress the information to make a sensible decision providing adequate incentives to the banks without gouging students or taxpayers.

I look forward to final Senate action on this bill. I commend the constructive bipartisan spirit that has brought us to this point. Our colleges and universities deserve no less.

Mr. GRAHAM. Mr. President, I ask unanimous consent for a period of morning business for the purposes of making a statement for 10 minutes.

Mr. McCONNELL. Mr. President, reserving the right to object, we have a Senate agreement we want to propound momentarily regarding an emergency piece of legislation that has now been cleared on both sides. I don't want to interrupt the Senator from Florida, but we are anxious.

Mr. GRAHAM. I modify my unanimous consent request to first provide for the Senator from Kentucky to proceed as indicated.

Mr. JEFFORDS. Reserving the right to object, I know we are trying to get the opening statements out with respect to this bill. Senator COATS, I know, has been waiting. Senator DODD is also waiting. So at this point I object until at least those two Members are taken care of.

The PRESIDING OFFICER. The Senator from Florida has the floor.

Mr. GRAHAM. Mr. President, it had been my understanding that unanimous consent requests could be made after Senator KENNEDY's statement, but if the Senator from Vermont would like to have other opening statements, I modify my unanimous consent request that I have 10 minutes of morning business immediately upon the

completion of the statements by the Senators from Indiana, Connecticut, Minnesota, and any other members of the committee wishing to do so—that at that point, I have 10 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. MCCONNELL. Mr. President, I have been told it is only going to take a minute to run a hotline on the Democratic side, after which I would like to propound, on behalf of myself and Senator BIDEN, a unanimous consent agreement. This whole matter will take just a minute or so. I would like to, with the consent of my colleagues, get that out of the way here before the debate continues, if the Senator from Vermont finds that acceptable.

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. Mr. President, the Senator has this consent request. I hope he will offer it and we can consider it, if the leadership so desires. I would certainly support it. Can't we wait until we get the agreement?

The PRESIDING OFFICER. The Senator from Florida has the floor.

Mr. KENNEDY. I object then.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, let me restate my unanimous consent, which is that upon the completion of the opening statements of the members of the committee, I be allowed 10 minutes as in morning business for a statement on the wildfires in Florida.

The PRESIDING OFFICER. Is there objection?

Mr. WELLSTONE. Mr. President, I will not object. I just say to my colleague, I am pleased to speak right after him. I just ask that other colleagues will speak, and I would like to speak after the Senator from Florida.

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

The Senator from Connecticut is recognized.

Mr. DODD. Mr. President, let me thank my colleague from Florida for his graciousness. For the purposes of getting the opening statements out, it is worthwhile to hear those who have worked over the past year or more to put this piece of legislation together.

Let me begin by commending the distinguished chairman of the committee, Senator JEFFORDS of Vermont, and the distinguished ranking Democrat, Senator KENNEDY, and my colleague from Indiana, Senator COATS, for their tremendous efforts here to put this higher education bill together.

Mr. President, there are very few pieces of legislation that we will consider in this Congress that are as important to American families as the one we take up today.

I see my colleague from Kentucky. Does he wish me to yield?

Mr. MCCONNELL. If the Senator will yield for a moment, the unanimous consent agreement has now been cleared.

Mr. DODD. Without interrupting the flow of the debate and without yielding my right to the floor, for the purposes of propounding the unanimous consent agreement, I will yield to the Senator from Kentucky.

UNANIMOUS CONSENT REQUEST—S. 2282

Mr. MCCONNELL. Mr. President, I ask unanimous consent that at 2 p.m. today, the Senate proceed to the consideration of S. 2282, which I send to the desk, and that it be considered under the following agreement: 2 hours on the bill, equally divided between myself and Senator BIDEN or our designees; that no motions or amendments be in order; that following the conclusion or yielding back of the time, the bill be advanced to third reading, and the Senate proceed to vote on passage of the bill, all without any intervening action or debate.

Mr. BIDEN. Mr. President, that has been cleared on the Democratic side.

The PRESIDING OFFICER. Is there objection?

Mr. DODD. Reserving the right to object, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Kentucky has the floor. Is there objection?

Mr. KENNEDY. Reserving the right to object——

Mr. DODD. I will object for a moment.

The PRESIDING OFFICER. Objection is heard.

Who seeks recognition?

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. GRAHAM. Mr. President, I ask unanimous consent that the 10 minutes I reserved previously be available to me at this time.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from Florida is recognized.

FLORIDA'S FIRE CRISIS

Mr. GRAHAM. Mr. President, I am here with a sense of disappointment in that the President of the United States today is visiting my State and, particularly, visiting areas of the State that have recently been ravaged by an unprecedented series of wildfires. I regret that because of the schedule of the Senate, particularly the votes we have just taken this morning and those we will take later in the day, I was unable to accept the President's invitation, which he had generously extended to my colleague, Senator MACK, and myself. Therefore, I would like to take this opportunity to make a statement to my colleagues as to the circumstances in Florida.

Mr. President, next month—on August 24—Floridians will observe the sixth anniversary of one of the worst natural disasters in recent memory: Hurricane Andrew.

Many of my colleagues will remember that Andrew roared ashore in the middle of the night and vented its fury on the people of South Florida. The storm severely disrupted the lives of thousands of families. It damaged 128,000 homes and left approximately 160,000 people homeless. The insurance industry estimates that Andrew cost our state nearly $30 billion.

Perhaps even more sobering than these numbers is the knowledge that the devastation and loss of life would have been even worse had the storm struck just twenty miles to the north, in the heart of downtown Miami.

These facts demonstrate the unprecedented nature of Hurricane Andrew's destructive force.

But perhaps even more unprecedented was the tremendous generosity shown by people outside of Florida in the aftermath of Andrew's driving rains and fierce winds. Americans from every corner of our nation put their lives on hold to assist those Floridians whose lives had been turned upside down by Mother Nature. Some sent food and supplies. Others packed up cars, loaded vans, and boarded buses so that they could join relief efforts.

State disaster agencies lent personnel, expertise, and know-how to the Florida Department of Community Affairs in its clean-up efforts.

This enormous outpouring of support by Americans for people they had never met and neighborhoods they had probably never visited reaffirmed our belief in the vitality and essential goodness of the human spirit.

This August, Floridians will remember Hurricane Andrew with another natural disaster on their minds. Since May 24, a deadly combination of intense heat and prolonged drought has sparked more than 2,000 forest fires in Florida's 67 counties. Even for a state that is experienced in dealing with natural disasters, these fires have been spawned during what may be one of the worst years in Florida meteorological history.

In late January and early February—in the midst of our state's dry season—several Northern Florida counties were deluged by massive floods. Not long after, parts of Central Florida were devastated by thunderstorms and tornadoes that are more typical in the summer months.

The fire crisis is the latest example of our state's climactic reversal of fortune in 1998. Florida's hot summer temperatures are typically accompanied by afternoon thunderstorms and tropical weather. This year's heat and drought, and the lush undergrowth and foliage that sprung up in the wake of Florida's unusually wet winter, combined to fuel the fires that have put the

state under a cloud of smoke and chased nearly 112,000 residents from their homes—7,040 of them into emergency shelters.

The numbers that I have just cited, and those that I will provide hereafter, are the result of analyses done by local and State emergency agencies and the Federal Emergency Management Agency.

These fires have had severe consequences. More than 350 homes, businesses, or buildings have been destroyed or heavily damaged. Nearly 100 individuals, mostly brave firefighters battling the blazes, have been injured.

Fortunately, as of today there have been no lives lost directly as a result of the wildfires.

A 140-mile stretch of Interstate 95 which was closed for several days was recently reopened. Four hundred and eighty-three thousand acres of land have been burned. As of the current estimate of damage, with higher estimates anticipated as a full economic accounting can be completed, there has been damage sustained of almost $300 million to private interests and over $100 million in costs to local, State, and Federal Governments.

In a step never before taken in Florida's long history with violent weather, on Friday of last week every one of the 45,000 residents of Flagler County, a county that is just north of Daytona Beach, had to be evacuated from their homes. That evacuation continued over the Independence Day weekend.

I happened to be with Governor Chiles when he made that mandatory evacuation order. There is no more difficult requirement of a Governor than to order people out of their homes for their safety. Governor Chiles was resolute, he was prompt, he was compassionate in that order, and it no doubt resulted in substantial saving of lives, of potential injuries, and the homes of those persons who were evacuated.

Mr. President, Mother Nature has once again subjected Florida to unprecedented weather conditions.

But with the memories of recent disasters, such as Hurricanes Opal and Andrew, and the aftermath still fresh in our minds, we know that the national response to our pleas for help is anything but unprecedented and are moved by the immediacy of America's heartfelt offers of assistance.

The Clinton Administration and Federal Emergency Management Agency (FEMA) moved quickly to ensure that Florida could rely on the federal government as a full partner in its battle against the fires. On June 19, President Clinton declared all 67 Florida counties as a major disaster area and made them eligible for immediate federal financial assistance.

In the weeks following that declaration, FEMA officials have skillfully coordinated relief efforts and worked hard to channel additional aid to the hardest hit areas. We greatly appreciate the continued efforts of FEMA Director James Lee Witt and his agency. Director Witt has spent much of his six years on the job in the Sunshine State—responding to Hurricane Opal, floods in North Florida, tornadoes in Central Florida, and now fires in every corner of the state.

I commend him and his fellow FEMA employees for their long-standing dedication to helping Floridians recover from Mother Nature's wrath.

But it is not just FEMA that has responded to this crisis. Americans from 44 states are fighting side-by-side with Floridians to prevent these fires from endangering families and engulfing even more homes, businesses, and roads. For example, U.S. Marines, National Guardsmen, and National Weather Service meteorologists from all over the country have converged on Florida. Two hundred and twenty-six firefighters and 53 firefighting vehicles have been airlifted from California, Oregon, and South Dakota, states whose residents are not strangers to violent weather and natural disasters.

North Carolina, a state that is even more heavily forested than my own, has sent 47 fire trucks and 95 firefighters to Florida.

Pennsylvania, which lost more than 2,200 citizens in less than ten minutes during the catastrophic Johnstown flood of 1889, has contributed 80 volunteers to combat this natural disaster in 1998.

So many states have donated equipment that two-thirds of all the firefighting helicopters in the United States are now working in Florida.

Even foreign governments have been eager to lend a hand. As Miami Herald Staff Writer Cyril Zaneski reported on July 4th, the Canadian provinces of Quebec and Ontario ''offered firefighting tanker planes capable of dropping about 9,500 gallons of water an hour and refilling their tanks without landing.''

I am pleased to announce that the Herculean efforts of these brave firefighters have not been in vain. The tide is turning.

Over the last few days, those Floridians who were forced from their homes have returned. Most of the fires have been brought under control. Meteorologists are predicting lower temperatures and more rain in the coming days. We have not reached the end of this crisis—but I am hopeful that this good news marks the beginning of the end.

Before I conclude today, I want to share a story that I think demonstrates why Floridians are so grateful for the efforts of our friends from around the nation.

An article in the Columbus Dispatch on July 6 chronicled the efforts of two Ohio firefighters in Central Florida. I'd like to read part of that article, and I ask that the full text be included in the RECORD.

Around every corner, behind every door and over every store counter, the stories just keep coming—stories of gratitude to the men and women who have come from all over to stare down an inferno.

There's the woman originally from Maine who invited all Maine firefighters to stay with her.

There's the firefighter from Western Florida who, try as he might, wasn't permitted to pay for a pair of boots at Wal-Mart.

There's the laundry owner from nearby DeLeon Springs who offered to wash buckets full of sooty, sweaty socks.

And then there's the free eye drops and sunblock, the free bottled water and Gatorade by the truckload, the free food cooked up in every possible pot, from residents' kitchens to popular restaurants.

Mark Puhl, a firefighter from Nelsonville, Ohio, who arrived in Deland with a relief crew Saturday night, got an early taste of the appreciation. ''Usually response like this comes through toward the end of a job,'' he said. ''But we had people in the airport thanking us in advance.''

His colleague, Lea Ann Parsley of Granville, Ohio, understood. The wildfires she typically fights are in sparsely populated areas out West. ''We're usually protecting timber,'' she said. ''Here we're protecting people's homes. It hits home a lot more.''

Mr. President, I ask unanimous consent that the article be printed in the RECORD.

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

[From the Columbus Dispatch]

FLORIDIANS TEND TO FIREFIGHTERS—FROM HAIRCUTS TO BOOTS, IT'S ALL 'ON THE HOUSE'

DELAND, FLA. (AP)—Around every corner, behind every door and over every store counter, the stories just keep coming—stories of gratitude to the men and women who have come from all over to stare down an inferno.

There's the woman originally from Maine who invited all Maine firefighters to stay with her. There's the firefighter from western Florida who, try as he might, wasn't permitted to pay for a pair of boots at Wal-Mart. There's the laundry owner from nearby DeLeon Springs who offered to wash buckets full of sooty, sweaty socks.

And there's the free eye drops and sunblock, the free bottled water and Gatorade by the truckload, the free food cooked up in every possible pot, from residents' kitchens to DeLand's most popular restaurants.

''It's the only fire I've ever fought and gained weight,'' joked Jacob Wilkerson, a 29-year-old DeLand firefighter who has been attacking flames since Memorial Day.

DeLand, a town at the edge of disaster, might well adopt a Dalmatian as its mascot. In these jumbled, sweaty, smoky days, it has become a firefighters' community.

The town of 16,000, about 30 miles north of Orlando, is just beyond the area that the Florida wildfires have hit the hardest.

On the road, practically every third car is an emergency vehicle, some from as far as Canada, Colorado, California. Motels not jammed with evacuees from adjacent Flagler County are filled with firefighters, as are the dorms at Stetson University.

Signs—on store marquees and hand-stenciled on plywood, on towels, on bedsheets, on cardboard—are everywhere. Most say thanks; some simply tell firefighters to hang in there.

''We luv ya,'' says the Farm Bureau Insurance sign east of town. ''Thank you for saving our home,'' said another, farther north.

It's understandable. DeLand has been choked for days by a haze of acrid smoke. Everyone realizes that if it's this bad here, it's far worse on the fire line.

''If it's difficult for us, what are they facing?'' said Carlos Esquivel, 18, who just graduated from DeLand High School. ''They could die out there.''

Similar sentiments are heard in other fire's-edge towns. In Ormond Beach, on the Atlantic Coast, Tim Curtis has turned his restaurant, Houligan's, into a veritable arcade for firefighters, offering everything from massages to haircuts.

Here in DeLand, firefighters are astonished at the massive outpouring.

''I've never been to a place where their towns are burning down and they're worried about us,'' said Mike Caldaro, a firefighter from western Florida just back from a 23-hour workday.

He is one of 200 firefighters staying at Stetson University, which opened its dormitories for firefighters. His colleague, Edward Osborne, fought fires so hot they melted his thermal boots. When he went to Wal-Mart to buy more, the cashier handed back his money.

''She gave me my boots and she gave me a hug. I needed both,'' Osborne said.

Mark Puhl, a firefighter from Nelsonville, Ohio, who arrived in DeLand with a relief crew Saturday night, got an early taste of the appreciation.

''Usually response like this comes through toward the end of a job,'' he said. ''But we had people in the airport thanking us in advance.''

His colleague, Lea Ann Parsley of Granville, Ohio, understood. The wildfires she typically fights are in sparsely populated areas out West.

''We're usually protecting timber,'' she said. ''Here we're protecting people's homes. It hits home a lot more.''

Mr. GRAHAM. Mr. President, I am very pleased that the President of the United States is going to Florida today, meeting with the victims and thanking the firefighters for their valiant effort.

Mr. President, I have lived in Florida for more than sixty-one years.

In that time, I have never observed wildfires as widespread and unmanageable as those that have plagued our state for the last forty-four days.

On behalf of over 14 million Floridians, I offer my deepest thanks to the thousands of Americans who have voluntarily left their homes and risked their lives so that our state's fire victims might not lose theirs.

They are true heroes, and all of us who proudly call Florida our home are forever in their debt.

Thank you, Mr. President.

Mr. JEFFORDS addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. JEFFORDS. Mr. President, I yield to the Senator from Kentucky for the purpose of a unanimous consent request.

Mr. MCCONNELL. I thank the Senator from Vermont.

UNANIMOUS CONSENT AGREEMENT—S. 2282

Mr. MCCONNELL. Mr. President, this agreement has been cleared on both sides.

I ask unanimous consent that at 2 p.m. today the Senate proceed to the consideration of S. 2282, which is at the desk, and it be considered under the following agreement:

Two hours on the bill to be equally divided between myself and Senator BIDEN, or our designees; that no motions or amendments be in order except those agreed to by both managers; and that following the conclusion or yielding back of time, the bill be advanced to third reading and the Senate proceed to vote on passage of the bill, all without intervening action or debate.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. MCCONNELL. I thank the Senator from Vermont.

Mr. DODD addressed the Chair.

Mr. DODD. Mr. President, I will proceed as I started earlier. I apologize to my colleagues for the minor interruption. I wanted to make a correction on that unanimous consent agreement.

HIGHER EDUCATION AMENDMENTS OF 1998

The Senate continued with the consideration of the bill.

Mr. DODD. Mr. President, There are few pieces of legislation as important to American families as the bill we take up today—the Higher Education Amendments of 1998.

I have been pleased and honored to work with the chairman and the ranking member of the Labor and Human Resources Committee, and with Senator COATS of Indiana to put this bill together over the last year. I appreciate the tremendous effort of Senator JEFFORDS, Senator KENNEDY and Senator COATS on this bill, which is going to move I think rather expeditiously. There will be some amendments, but it is a tribute to the efforts of the membership of this group and their staff that we have reached a point where we have this very, very important piece of legislation that has achieved as much harmony as it has. So I begin these brief remarks by commending them and the staff members who have put this bill together. And, together, we bring to the floor today a strong, bipartisan bill—a bill that American families need and deserve.

Mr. President, America has long been known as the land of promise. We take great pride in that as Americans. Those words are used at every national holidays—''a land of promise.'' I think the foundation of that promise has been, during the more than two centuries of our existence as a nation, education. A democracy as complicated, as sophisticated, and as subtle as ours could not succeed without an educated population. Education is also the root of our economic strength. Without an educated population, you cannot remain on the cutting edge of industry and business.

I think any successful national endeavor you talk about, Education is a critical factor in its success. It is the central theme that has created the kind of opportunity and success this Nation has enjoyed for so many years—particularly, I would add, higher education. This is no secret. Parents recognize that their child's success is, in no small measure, dependent on his or her educational achievement. Statistics bear this out. A person with a college degree earns twice as much as one with just a high school education.

But this issue is not only a concern of families. Higher education has also, as I said a moment ago, defined and shaped America's economy in the post-World War II era. Our economy has grown on the strength of knowledge-based, highly skilled industries and workers. This would not have been possible without our unparalleled network of universities and colleges and our Federal commitment to ensuring access to these institutions of higher learning.

Since the GI bill, millions of Americans have been able to attend college because of the assistance of their Federal Government. Today, in fact, 75 percent of all student aid is Federal.

Unfortunately, families increasingly worry that college is slipping beyond their grasp as college costs rise and student debt mounts. Studies suggest that even with the nearly $35 billion of Federal aid available each year, affordability is a significant factor for those at all income levels. For middle-income families, college costs are shaping students' decisions about where to attain their higher education and what type of careers they intend to pursue. For the neediest of students in our country, affordability of education is already affecting the fundamental decision of whether to attend higher education at all.

We cannot discuss the Higher Education Act, which is centrally about ensuring access to higher education, without discussing cost. I firmly believe that the choice of an institution, the choice of a career, and the choice of whether to attend college at all should not be based alone on the issue of cost—and for too many families today, it is.

Let's face it. Families are increasingly unable to cope with the cost increases that we see in higher education. According to a survey conducted by the American Council on Education, the public worries a great deal about the cost of attending college. They believe that college is too expensive, and they think that the cost can be brought down without affecting academic quality.

When asked what concerned them most about their children's well-being, respondents across this country in all income groups ranked paying for college as the second biggest concern. Their largest concern was use of illegal drugs. But right behind that was the cost of a higher education.

Today, 4 years at one of our Nation's leading colleges can easily total well over $120,000. Estimates are that the family of a child born today who might enter college at age 18 in the year 2016 could easily be looking at a cost of well over $250,000 for 4 years of college education at one of our nation's leading universities. In nearly all families, a

letter offering financial aid is as, if not more, important than the actual letter of accepting the student into the college of their choice.

In the last 20 years, from 1977 to 1997, college costs—tuition, room and board—rose by an astounding 304 percent. During the same period, inflation rose by roughly half that figure, 165 percent. Let's look at just the tuition over the last 10 years.

Mr. President, I want to refer to a chart that will maybe help explain this a bit more graphically. As this chart indicates, while inflation between 1987 and 1996 rose by 38 percent, public 4-year college education rose 132 percent; private 4-year institutions went up 99 percent; and public 2-year institution's cost rose 85 percent.

Again, I come back to the Consumer Price Index. It went up 38 percent, and yet you see in tuition and fees rose at a significantly higher rate in every area of higher education, public and private, 2- and 4-year institutions as well.

As a result of these increases in the price of attending college, more and more students and families are going into debt in order to finance postsecondary education.

We take the first important steps in this bill, in my view, to make sure that the serious problem of rising college costs does not create a new class of haves and have-nots in terms of access to postsecondary education.

In particular, we have adopted many of the recommendations of the Cost of College Commission formed by Congress last year. We streamlined regulatory requirements that may contribute to those costs. Most importantly, we adopted strong new disclosure requirements to assist families and policymakers with cost issues.

Mr. President, let me tell you, we come back year after year to this bill and this issue. And we do what I think we ought to do—we increase the financing for Pell grants, which has been of tremendous help to millions; we try to deal with student loan issues and make these necessary burdens easier to bear.

The Senator from Massachusetts, who knows this as well as anyone in this chamber, will tell you that he recalls it was not that many years ago when we had, in overall terms, 80 percent of our aid in grants; most students did not acquire debt as well as a diploma. We assisted students because we thought it was the right thing to do; there was a direct investment coming back. And 20 percent of our assistance to students was in the form of loans.

Today, those numbers are reversed. Students now rely on loans for over 80 percent of their aid. And so we come back each year. We get involved in the student aid issue, the Pell grant issue, a lot of other factors. At some point, we have to come back to these institutions and say: Look, how does it happen? How is it that the Consumer Price Index goes up 38 percent and yet your public 4-year institution has risen 132 percent in the same 10-year period, in 20 years up 304 percent, as opposed to a CPI number of 165 percent?

We can't come back here every 5 years and continue to monkey around with the student loan issue and to continue to try to come up with ways to meet the needs here as we watch debt accumulate and students making the choice to not go to college. We are seeing that today with a lot of needy students. They just decide they can't take on the financial burden. What a great outrage, what a great loss to all of us.

So I am not suggesting there is any simple answer to this question, but one of the things that I like so much about this bill we have put together is that we are going to take a really hard look at this for the first time. This is not to suggest there may be some very clear answers as to why costs are rising. But this bill will finally help answer this central question.

We take several specific steps in the key area. First, our bill ensures that families will have the information they need to become good consumers when it comes to higher education. Today, you may be able to find cost figures for different institutions, but often times they don't match up and are hard to compare. The American Council on Education survey also revealed that the public does not know how much financial aid is available to help pay college bills, where it does come from, or how to get it.

These new disclosure provisions will provide families with timely, reliable, and comparable information on college costs as well as the availability of financial aid and educational loans for students who attend each institution so that they can exercise their power as consumers to choose institutions that are of high quality and of reasonable cost.

Secondly, Mr. President, the bill requires new information for policymakers on costs, including trends across and within sectors. Over the next few years, the National Center for Education Statistics will conduct a national study to examine how expenditures at institutions of higher education change over time, how such expenditures relate to college costs and ultimately the price of tuition for students. This study will attempt to explain why the price to obtain a higher education for each student has increased so much faster than the price for the institutions to provide an education for each student. Let me explain it in this chart here, if I can. From 1987–1997, the price for a public institution to instruct each student increased by 57 percent, but during that same period of time the price for each student to attend a public institution increased by 132 percent.

It is critical that this grave disparity be explained before policy makers can adequately address the issue of containing college costs.

Finally, we ask the Bureau of Labor Statistics to establish a market basket for higher education that will finally give us some clue as to what costs are reasonable.

These are crucial first steps that will help fill the knowledge gap on cost. But we must make sure these disclosure provisions work. The committee adopted an amendment that I offered to ensure that there are strong enforcement tools, such as a $25,000 fine to ensure that institutions cooperate in providing accurate information. Again, I don't have any reason to believe they won't. I am confident these institutions will want to participate in this kind of analysis. But just in case there are some who are reluctant, a little incentive is not a bad idea.

These provisions on college costs put colleges on notice that we are watching and we are not going to let pricing policies put college beyond the reach of too many Americans. It is far too important to them and, quite candidly, as has been said before, it is vitally important to all of us in this Nation.

This legislation also strengthens Federal financial aid programs which are lifelines to families who struggle with cost increases. We authorize an increase in the maximum Pell grant award and hope the appropriators and the budget committees will follow through with adequate funds. We also adjust the treatment of the neediest students' earnings to ensure that their families are not penalized in the award of aid because the students work, as I recommended in earlier legislation. We also expand campus-based aid programs like College Work-Study and low-cost Perkins Loans, to reach more students. We improve Federal student loan programs, providing extended repayment periods for students with large loan balances and by giving colleges more tools to help their students avoid expensive loans.

Most significantly, students are also guaranteed a substantially lower student loan interest rate. As the average debt of a student mounts to nearly $12,000 on average across the country, the relief that this nearly 1 point reduction in interest rates offers should not be undervalued. Again, I commend the chairman and the ranking Democrat, Senator KENNEDY, for being leaders on this issue and making a difference here that is going to save each student borrower in my State an average of $640. It could mean as much as $3,200 to those students who borrow for graduate and professional degrees. But for a family trying to make ends meet, $650 a year for a student loan is a lot of money. This will make a big, big difference.

Not surprisingly, the issue of student loan interest rate has been the most controversial and closely followed issue in this bill. I am very pleased that the solution we put forward today ensures that students will receive the long-term benefit substantially lower rates. However, I am disappointed that this bill expects taxpayers to bear much of the cost with a new subsidy to

banks. I am unsure whether subsidizing the banks' returns on student loans is ultimately the best way to ensure affordability for our nation's students.

The legislation also takes important steps to address the needs of non-traditional students, whose participation in higher education is rising at an impressive rate.

We include new authority for the Secretary to explore the potential of distance learning. In the past, distance education too often meant correspondence courses with little merit and high cost. Today, the Internet, the World Wide Web and other emerging technologies offer new opportunities for quality, interactive learning right from a student's home. However, current law provides little opportunity for institutions and their students to explore these exciting opportunities. This bill broadly expands these opportunities and directs the Secretary to undertake and carefully monitor a demonstration program in distance education. I think this provision will be vitally important in meeting the needs of nontraditional students pursuing higher education.

The bill also includes another important initiative to increase access to post-secondary education—the Child Care Access Means Parents in Schools Act, which I authored with Senator SNOWE. This bill will support campus-based child care centers meeting the needs of those nontraditional students who have children of their own. The face of college has changed. One of the key obstacles many of today's students face is locating affordable, quality child care. Campuses are a key place to meet this need. In Connecticut—I am sure it is true across the country—when you visit good college campuses, you find they build child care centers right into the campus design. This initiative will help strengthen these efforts and expand the reach of these critical programs.

Finally, this bill addresses the training of teachers. Colleges, of course, are our Nation's laboratories for teachers. This bill offers significant new support in this area. We have all worked hard to resolve the competing concerns and differing approaches, and the result, I believe, is a strong, comprehensive teacher training program that support state level initiatives and local partnerships. This two-track approach will ensure that colleges and schools that work together to improve teacher training will be rewarded at the state level with recognition for achieving higher standards. In another important initiative for teachers, this bill offers loan forgiveness for teachers working in high poverty schools. This effort will provide high qualified teachers with a powerful incentive to share their talents, skills and knowledge with the neediest children.

Beyond bringing student aid programs in line with today's realities, we take a key step to modernize and to improve the crucial student aid programs with the creation of a Performance-Based Organization within the Department of Education. This office will administer and deliver all Federal student aid. At nearly $35 billion a year, the complexity of this undertaking demands talent, energy, experience, and performance. This PBO, this Performance-Based Organization, will, I believe, ensure the Secretary of Education can recruit the best people for this job and retain them based on their performance.

It is not a perfect bill. That probably has been said by others. But it really is a very sound effort to deal with cost and shore up federal financial assistance, to deal with the issue of the non-traditional students, and to deal with the issue of teaching in our country. It sets us on the right road for the 21st century—putting in place strong federal policy to help make the promise of higher education a reality for more American families.

The PRESIDING OFFICER (Mr. BENNETT). The Senator from New Hampshire.

Mr. KENNEDY. Will the Senator from New Hampshire yield for a brief observation for a minute or two?

Mr. GREGG. Without losing the floor, I will yield to the Senator from Massachusetts.

Mr. KENNEDY. For purposes of Members' schedules—perhaps after the Senator from New Hampshire, to indicate—we have a number of our colleagues here who have been very, very cooperative, working with the leadership to try to bring their amendments up. They have been working with us so we could move this along. Now it will be set aside from 2 o'clock to 4. That includes the Senator from California, Senator FEINSTEIN, with whom we have worked. We want to be able to accept her amendment; Senator GRAHAM as well. Senator WELLSTONE is prepared to move on ahead.

I hope, just without asking consent—I will, if I might, ask that, if it is agreeable with the manager—I don't want to foreclose the process of moving back and forth—but it would seem, if it was agreeable to the floor manager, after the Senator from New Hampshire is recognized that we move ahead with the Senator from California, the Senator from Florida, and then the Senator from Minnesota, if that is agreeable?

Mr. GREGG. I yield to the Senators who are managing the bill for purposes of addressing this issue, but I note I am aware the Senator from Indiana also wishes to speak.

Mr. JEFFORDS. Mr. President, I would just say I want to expedite the movement of the bill by all possible means.

The people who are here should be recognized in an appropriate order, and I have no problem with the suggestion that was made. My good friend from New Hampshire has worked so long and hard on this bill and has been an important factor in getting this to a position where it can be expeditiously passed. I look forward to listening to his statement first.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire—

Mr. KENNEDY. Can I ask that as a unanimous consent request?

Mr. GREGG. I yield for purposes of propounding a unanimous consent request.

The PRESIDING OFFICER. Did the Senator from New Hampshire yield?

Mr. GREGG. Solely for the purpose of asking consent.

The PRESIDING OFFICER. Is there objection to the unanimous consent request made by the Senator from Massachusetts?

Mr. WELLSTONE. Reserving the right to object.

Mr. KENNEDY. Mr. President, I object. I withdraw it. I withdraw it.

The PRESIDING OFFICER. The request is withdrawn. The Senator from New Hampshire.

Mr. GRAHAM. Mr. President, will the Senator from New Hampshire yield for a unanimous consent request for floor privileges?

Mr. GREGG. I will yield to the Senator from Florida to make a unanimous consent request.

The PRESIDING OFFICER. The Senator from New Hampshire yields with the understanding that he retains the floor.

PRIVILEGE OF THE FLOOR

Mr. GRAHAM. Mr. President, I ask unanimous consent that a congressional fellow in my office, Neymi Aponte, and three interns, Gilberto Sanchez, Rachel Milstein and Jennie Beysolow, be allowed the privilege of the floor for the duration of this speech.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I rise in support of this bill and also to express my appreciation and respect for the leaders of this committee in developing this bill. I know Senator JEFFORDS, Senator KENNEDY, Senator COATS and Senator DODD have spent an immense amount of time on this and have done an extraordinarily good job of pulling together a strong bill which will ensure we continue a major commitment—a very significant commitment—to those people in our Nation who are attending school and use Federal resources to assist them in attending school.

We understand rather well that our Nation, especially in the New England region, depends, for our energy and our productivity, on basically people's creativity and their brain power. In New Hampshire, for example, we don't have any natural resources that produce great wealth, such as oil or large farmlands or mineral deposits. Our great natural resource in our State, and much of this country, is the wonderful minds of the people who work in our State and who produce products and, as a result of producing those products,

which are competitive around the world, create prosperity, jobs and a good lifestyle.

The key to that, of course, is quality education, and first-class education depends on having students who have the ability to pick and choose among colleges and are able to afford the college of their choice to attend. In order to accomplish that, they have to have support, in many instances.

As the Senator from Connecticut so precisely outlined, the cost of quality education is going up dramatically, much faster than the price of most products in this country; in fact, almost 100 percent faster than the cost-of-living index over the last few years.

What is driving that cost, we are not absolutely sure. There are many of us who have opinions on it, but we are not sure. One thing we know is because those costs are going up quickly, it is becoming harder and harder to pay for college education. This bill is an attempt to address that and make sure students have available to them the resources necessary for a first-class college education.

As has been alluded to—this bill is filled with a lot of excellent ideas and many have already been outlined—but as has been alluded to, the core issue, the most important provision in this bill is the change in the student loan interest rates. Students who want to receive a higher education but must take out loans to do so will have a better chance in succeeding when they get out of school because the cost of paying back those loans will be less because the interest rates will have been cut, and that is a major step, a positive step in the right direction.

In addition to cutting the rates, we also cut the amount the Federal Government pays to support the lenders who supply the loans. As you know, lenders currently make very little money on student loans—many people know this, anyway—and the high cost of administration, however, that is tied to student loans has been reduced in this bill and, as a result, we not only cut the rate that it costs students to borrow money to go to college but we also cut the actual amount that lenders are going to make.

The big debate was whether or not we would cut it even further. The issue really wasn't whether or not these costs of administration should be cut further, the issue really came down to a question of whether or not we were going to shift from a system which had two competing arenas in which you could get a loan—a direct loan from the Federal Government or private loan from a private lender, to a single provider of loans—basically the Government.

For those of us who have seen the Government function under the Direct Student Loan Program, we have seen a dramatic and considerable risk to the entire loan portfolio, the ability of students to get loans if they were only given the option of going to the Federal Government. We wanted to make sure that this adjustment in loan rate was done in a way that maintained the viable private market.

In New Hampshire, for example, 96 percent—96 percent—of all the students go through a private loan process rather than through the direct loan process. So you can see that if a direct loan is their only avenue, it will actually create chaos. We know that to be a fact. Just last year when the Direct Loan Program was gearing up and was supposed to be ready and able to take care of the amount of activity that was being applied under the Direct Loan Program, we in the Congress had to pass an emergency bill to basically bail out the Direct Loan Program of the Federal Government which was already in chaos even though it hadn't even gotten up to, I think, much more than 25, 30 percent at that point in student loans, which is approximately where it is right now.

We know for a fact that the Direct Loan Program has some serious, serious problems. Not only that, but we are seeing that some of these problems, independent of the fact that they simply can't handle the volume of loans that will occur were the private sector driven out of the market, part of these problems are tied to their administrative activity.

The cost of the administration in the Direct Loan Program has gone up dramatically. By ''administration,'' I am talking about compensation, travel and operational costs. It has gone up almost 143 percent, I believe is the number, even though the number of loans have only gone up by something around 35 percent during this same period.

The increase in the administrative overhead is a classic example of what happens, of course, when you have a Federal agency involved, when there is very little accountability in the area of administrative overhead and you have a huge bureaucracy which is dominated not by a desire to be efficient, but by a desire basically to create work, in many instances, and to be an agency which covers itself on every issue and creates bureaucrats for purposes of watching bureaucrats.

The whole issue in this bill, or the core issue in this bill was how we were going to balance private loan programs with the Direct Loan Program. We did finally reach an understanding on that, and it is a reasonable understanding. It is going to cost us money, but, in the end, it will allow us to give to students the most important item, which is a lower interest rate, and at the same time maintain a competitive marketplace where there will be pressure on the Federal Government's program, the direct lending program, to be more efficient because it will be competing with the private sector programs which have to be efficient in order to survive. That is a very big plus that that decision was made in this way.

There are a couple of other issues that were put into this bill I was actively involved in, and I want to address also one the Senator from Minnesota brought to our attention. That was the violence on campuses, especially directed at women. He had an amendment in committee that addressed this and created a program authorizing, under the Violence Against Women Act, $10 million to be set aside for the purposes of looking at the problem we now have on colleges.

Unfortunately, it is a serious problem. It has been seen here in the Capital region and the University of Maryland. I doubt there is a major college in this country that has not experienced a series of violent acts relative to women on campuses.

So not only did the Senator from Minnesota bring the idea forward, but it seemed to me to be such a good idea in the appropriations bill which I fund, we are going to be funding the idea. This may be the fastest funded authorization that has happened around here in a long time. But there will be $10 million spent relative to violence against women on campuses.

Another issue which is in this bill that I think deserves some mention is the fact that it addresses the issue of the use of drugs by students. The Senator from Connecticut was accurate. He said, in polling parents, the concern of the cost of education was listed as their No. 2 concern relative to how they are going to handle their children when they are growing up. He also mentioned that the No. 1 concern is if their children will become involved with drugs, and illegal drugs specifically.

This bill reflects that concern. It says that taxpayers should not be carrying the burden of supporting a student who has taken the irresponsible activity of using and being found to be guilty of using an illegal drug. Basically, it says that if you are caught using an illegal drug, and you are convicted of using an illegal drug, then you lose your eligibility for a student loan—on a first offense for 1 year; on a second offense for 2 years; and on a third offense indefinitely.

You can avoid this if you, as a student, go through a properly approved, satisfactory drug rehabilitation program. And the Secretary has the capacity to set up the regulations as to what will be a satisfactory drug rehabilitation program. So you can mute the effect of this, but essentially it sends a very clear message to students that if they are going to obtain the benefit—having the taxpayers of this country support them when they are in college through giving them basically a subsidized loan—then they are going to have to be responsible in the manner in which they pursue their academic careers and not use illegal drugs. This is, I think, a major step forward in delivering the correct philosophical position on the question of using drugs.

So this, on balance, is a good bill. It moves in the right direction. It confirms and energizes and reinforces programs which have proven to be extraordinarily successful. Again, I congratulate the leadership of the committee for bringing it forward.

I yield the floor.

Mrs. FEINSTEIN addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

AMENDMENT NO. 3107

(Purpose: To provide the Secretary of Education with discretionary authority to extend, on a case-by-case basis, Federal Pell Grant aid to teaching students enrolled in postbaccalaureate courses required by State law for teacher certification)

Mrs. FEINSTEIN. Mr. President, I join with those who have congratulated the committee for what I consider to be really a fine higher education bill. I want to extend my personal congratulations, representing Californians, both to the chairman and the ranking member of this committee.

This is a bill that really meets the needs of the day with respect to higher education. And I think we can all, hopefully, support it with great pride and enthusiasm.

I have been very involved in education in California because I have seen this great State, once in the lead, sink to below mediocrity in terms of its K-through-12 education system. And there are many reasons for it that the Federal Government cannot control, decisions that have to be made by the State itself, such as eliminating social promotion, setting specific standards of achievement for students in each of the grades, no-nonsense tests, remedial programs, and so on. But one thing the Federal Government can do is provide funds to help with the development of good teachers. And that is what this bill does and does so well.

I want to bring to the attention of the Senate one anomaly which the amendment I am about to send to the desk seeks to address. And that is that in the Pell grant program, there are two States that require a 5th year of teacher education. One of those States is New Hampshire; the other State is California. New Hampshire provides the 5th year before the baccalaureate degree and California requires the 5th year after the baccalaureate degree, ergo, California's higher education students are not currently eligible for Pell grants. And so, if I may, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from California [Mrs. FEINSTEIN], for herself and Mrs. BOXER, proposes an amendment numbered 3107.

The amendment is as follows:

On page 417, line 17, insert ''(i)'' after ''(B)''.

On page 417, line 19, insert ''or clause (ii)'' after ''subparagraph (A)''.

On page 417, line 23, strike the end quotation marks and ''; and''.

On page 417, between lines 23 and 24, insert the following:

''(ii) Notwithstanding subsection (a)(1), the Secretary may allow, on a case-by-case basis, a student to receive a basic grant if the student—

''(I) is carrying at least ½ the normal full-time work load for the course of study the student is pursuing, as determined by the institution of higher education; and

''(II) is enrolled or accepted for enrollment in a postbaccalaureate program that does not lead to a graduate degree, and in courses required by a State in order for the student to receive a professional certification or licensing credential that is required for employment as a teacher in an elementary school or secondary school in that State,

except that this subparagraph shall not apply to a student who is enrolled in an institution of higher education that offers a baccalaureate degree in education.''; and

Mrs. FEINSTEIN. I thank the clerk.

Mr. President, this amendment is sent to the desk on behalf of Senator BOXER and myself. Essentially, what this amendment would do is authorize the U.S. Secretary of Education to award, on a case-by-case basis, Pell grants for students taking a 5th year of postbaccalaureate teacher education courses in order to get a teaching credential in a State that requires a 5th year.

This was brought to my attention, Mr. President, by the new chancellor of the California State University, Dr. Charles B. Reed. I want to just read an opening paragraph.

When I came to the California State University in March of this year, I established as a top system priority strengthening and improving the quality of our teacher preparation programs. Over the next decade, in California alone, we will need an additional 250,000 new K–12 classroom teachers. In addition to our changing demographics, the shortage of teachers in California is particularly acute due to the State's classroom size reduction initiative. . . .

The Governor of our State has quite rightly determined that K through 3 should have class sizes of not more than 20 students per teacher. This is a real improvement and, of course, it will mean that more teachers will be necessary in the future. Additionally, there is an extraordinarily large number of teachers who are due to retire over the next 10 to 20 years.

Mr. President, I ask unanimous consent to have that letter printed in the RECORD at the end of my statement.

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

(See Exhibit 1.)

Mrs. FEINSTEIN. So the amendment simply authorizes the U. S. Department of Education, on a case-by-case basis, to award a Pell grant to a needy student that wants to get a teaching credential, but needs that 5th year required by the state. We all know that even 4 years of college is costly, and many students cannot afford it. That is the rationale, the purpose, and the foundation of the Pell Grant program.

Well, if you cannot afford 4 years, you likely cannot afford a 5th year. Therefore, we lose teachers because young people cannot afford that 5th year. And it is one of the reasons why today in California we have 21,000 teachers who are not credentialed. This would permit, on a case-by-case basis, a Pell grant to be granted to a needy student for that 5th year.

These students in California would get a bachelor's degree in an academic subject, such as biology or French or whatever it is, and then take a 5th year in teacher education. That 5th year consists of learning teaching methods and of student or practice teaching.

The American Council on Education, a consortium of all the higher education groups, has said, ''These students [in California] who want to teach are unfairly caught in a state requirement 'catch-22' and should not be penalized as a result.''

One of the central purposes of the higher education bill is to strengthen teacher education. And it is long overdue; and it is well met by this bill. I think we can all be very proud of the vote we will cast.

Title II authorizes new grants to States and to institutions to reform and toughen teacher training. Once again, California may well be leading the way because requiring this fifth year is also a good way to strengthen teacher education.

According to the National Commission on Teaching, each dollar spent on improving teacher qualifications nets greater gains in student learning than any other use of the education dollar. This study and others have found that teacher quality is very uneven through this country. Just last week, in the ranking member's State, Massachusetts, the state Board of Education said that 56 percent of their teachers failed the State's first basic reading and writing test for teachers. Nationwide, over one-quarter of newly hired teachers lack the qualifications for their jobs according, again, to the Teaching Commission.

Studies also show that unprepared or underprepared teachers simply don't stick it out. They are more likely to leave teaching after a few years. In my State, California, 30 percent of the teachers leave after their first 2 years; after 5 years, almost half of California's teachers have left. A November 1997 report of the California Advisory Panel on teacher education found in hard-to-staff schools as many as half of all beginning teachers leave teaching permanently after only 3 years in the classroom. That is shocking to me. Among underprepared teachers, this attrition rate climbs to two-thirds. What this is saying is that if a teacher isn't prepared, doesn't have the qualifications, doesn't have the teaching skills and aptitude, two-thirds of them leave within 3 years. This undermines education.

There is a precedent for the approach of this amendment. Congress gave the Secretary the authority to award year-long Pell grants, similar to what this amendment does, in 1992.

I want just quickly to make a few other comments on the teacher shortage and why this amendment is important. We have, as I said, 21,000 teachers

in California on emergency credentials. That is 1 out of every 11 teachers. Half of California's math and science teachers didn't minor in those subjects in college, but they are still teaching. That is wrong. In Los Angeles, according to a U.S. News & World Report article last October, ''New teachers have included Nordstrom clerks, a former clown, and several chiropractors.''

This is a situation that shouldn't exist. It exists because there are not enough teachers. Therefore, emergency credentials are granted and these credentials can go on for 10 or 15 years and be granted to people who are really not qualified to teach. They are certainly not credentialled to teach.

The need for good teachers is exacerbated by the fact that we need these new teachers in the next decade because public school enrollment in California is growing at triple the national rate. In California, the need for new teachers is triple the national rate.

I am hopeful that this amendment would be accepted by this Senate.

The amendment is going to be particularly helpful to prospective teachers enrolled at California State University. This is an institution today which prepares 60 percent of my State's teaching force. At this university, 48 percent of the students are Pell-grant eligible and the average Pell grant is $1,200 to $1,500. The University of California has 1,200 candidates for a teaching credential each year, and one-third are eligible for Pell grants. Thus, 400 UC students could benefit from a fifth year Pell grant each year.

Essentially, this amendment is going to encourage more needy students to stick it out, to get that teaching credential, to do that fifth year at the university. That means that our young elementary and secondary students are going to be better served because they will have a teacher in the classroom who is qualified to teach. I, frankly, believe and would propose and urge the California Legislature to eliminate all emergency credentials by the year 2005 and be able to provide that the California teacher corps, K–12, is essentially 100 percent credentialled. But they will not be able to get there unless this body is willing to pass this amendment today.

Again, in summary, California requires a fifth year. These students are not eligible for Pell grants for the fifth year. Forty-eight percent of the students who would go into teaching need these grants. We need 250,000 new teachers. We currently have 21,000 teachers teaching who are not qualified to teach, who are teaching on so-called emergency credentials. The quality of education, its excellence and its accountability, I believe, will be heightened by this amendment.

I thank both the chairman and the ranking member. I am hopeful you will accept the amendment.

I yield the floor.

EXHIBIT NO. 1

THE CALIFORNIA STATE UNIVERSITY,
Long Beach, CA, July 8, 1998.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Washington, DC.

DEAR SENATOR FEINSTEIN: When I came to the California State University in March of this year, I established as a top system priority strengthening and improving the quality of our teacher preparation programs. Over the next decade, in California alone, we will need an additional 250,000 new K–12 classroom teachers. In addition to our changing demographics, the shortage of teachers in California is particularly acute due to the State's classroom size reduction initiative, together with the large number of teachers who are expected to retire over the next 10–20 years.

As you know, one in eleven California teachers is teaching under an emergency certificate or waiver. Although the State of California requires that prospective teachers complete a 5th year of classroom preparation and pedagogy following receipt of their baccalaureate degree in order to become fully credentialed, these 5th-year students—who are considered neither undergraduate nor graduate students—lack access to federal grant aid. Your Pell Grant amendment to S. 1882 would go a long way to encourage financially needy students to persist in their studies so that they may become fully certified to teach in California's K–12 schools—rather than deferring completion of their requisite 5th year while teaching under an emergency certificate.

Indeed, those who enter the classroom without the necessary preparation are more likely to permanently leave the profession. In its November 1997 report to the California Commission on Teacher Credentialing, the Advisory Panel on Teacher Education, Induction and Certification for Twenty-First Century Schools states, ''In many hard-to-staff schools, as many as half of all beginning teachers leave teaching permanently after only three years in the classroom. Among under-prepared new teachers, this attrition rate climbs to two-thirds.''

On behalf of the California State University, which prepares more than half of the 18,000 new teachers credentialed in California each year, I wish to express my appreciation for your efforts to ensure that California's 21st Century teachers have access to the federal financial assistance they need to become fully prepared to provide all of California's children with the quality education they deserve.

With kind regards,

Sincerely,

CHARLES B. REED,
Chancellor.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. First of all, I thank the Senator from California for working closely with us in order for us to help out the State. I understand the special circumstances involved in the State of California makes it different than the other 49 States in this regard, but the amendment has been carefully crafted so that it is acceptable to this side of the aisle.

We believe they should have the opportunity to provide Pell Grant assistance in the fifth year, which is generally seen, perhaps, now, as a necessary aspect of getting the teachers fully qualified for many of the areas they teach.

I have no objections on this side of the aisle to the amendment. It is accepted as far as the majority is concerned.

The PRESIDING OFFICER (Mr. GRAMS). The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I urge we accept this amendment. It is basically completely consistent with what we are attempting to do with the legislation; that is, to put a high priority on enhancing teacher training and the qualification of teachers and enhance educational background for teachers. That is what this program is directed towards with the program that has been fashioned and shaped in California.

This is basically not a graduate school program. It is just a continuation of a program that happens to take 5 years. There is an issue of whether we want to use the Pell funding for graduate education. I think those are policy issues that deserve a good deal of consideration, but this really doesn't fall in that category. It falls into a category where we are getting a very advanced kind of training program for young people who are going into teaching. This lasts over more of an extended period of time than in other parts of the country. This amendment is fashioned and shaped on a case-by-case method to make sure the program is going to be contained and targeted in ways that are absolutely consistent with the legislation.

I welcome the opportunity to urge our side to accept the amendment, and I thank the Senator from California for bringing it to our attention. Obviously, we didn't want those young people disadvantaged. We are, again, talking about needy students who will have gone to school for a long period of time. These are extraordinary young men and women who will continue over the fifth year to be eligible for Pell Grants. These are people who are really dedicated and committed. In terms of teaching, I think they are a unique group of young people. We certainly should not discourage them from their careers in education.

I urge the Senate to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 3107) was agreed to.

AMENDMENT NO. 3109

(Purpose: To amend section 485(f) of the Higher Education Act of 1965 to increase public awareness concerning crime on college and university campuses)

Mr. JEFFORDS. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Vermont [Mr. JEFFORDS], for Mr. SPECTER, proposes an amendment numbered 3109.

The amendment is as follows:

On page 550, between lines 16 and 17, insert the following:

(4) in paragraph (6) (as redesignated by paragraph (2)), by amending subparagraph (A) to read as follows: ''(A) For purposes of this section the term 'campus' means—

''(i) any building or property owned or controlled by an institution of higher education within the same reasonably contiguous geographic area of the institution, including a building or property owned by the institution, but controlled by another person, such as a food or other retail vendor;

''(ii) any building or property owned or controlled by a student organization recognized by the institution;

''(iii) all public property that is within the same reasonably contiguous geographic area of the institution, such as a sidewalk, a street, other thoroughfare, or parking facility, that is adjacent to a facility owned or controlled by the institution;

''(iv) any building or property (other than a branch campus) owned or controlled by an institution of higher education that is used in direct support of, or in relation to, the institution's educational purposes, is used by students, and is not within the same reasonably contiguous geographic area of the institution; and

''(v) all dormitories or other student residential facilities owned or controlled by the institution.'';

On page 553, line 25, strike the end quotation marks and the second period.

On page 553, after line 25, insert the following:

''(10)(A) The Secretary shall report to the appropriate committees of Congress each institution of higher education that the Secretary determines is not in compliance with the reporting requirements of this subsection.

''(B) The Secretary shall provide to an institution of higher education that the Secretary determines is having difficulty, or is not in compliance, with the reporting requirements of this subsection—

''(i) data and analysis regarding successful practices employed by institutions of higher education to reduce campus crime; and

''(ii) technical assistance.

''(11) For purposes of reporting the statistics described in paragraphs (1)(F) and (1)(H), an institution of higher education shall distinguish, by means of separate categories, any criminal offenses that occur—

''(A) on publicly owned sidewalks, streets, or other thoroughfares, or in parking facilities, that are adjacent to facilities owned by the institution; and

''(B) in dormitories or other residential facilities for students on campus.

''(12)(A) Upon determination, after reasonable notice and opportunity for a hearing on the record, that an institution of higher education—

''(i) has violated or failed to carry out any provision of this subsection or any regulation prescribed under this subsection; or

''(ii) has substantially misrepresented the number, location, or nature of the crimes required to be reported under this subsection,

the Secretary shall impose a civil penalty upon the institution of not to exceed $25,000 for each violation, failure, or misrepresentation.

''(B) Any civil penalty may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the appropriateness of the penalty to the size of the institution of higher education subject to the determination, and the gravity of the violation, failure, or misrepresentation shall be considered. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the institution charged.

''(13)(A) Nothing in this subsection may be construed to—

''(i) create a cause of action against any institution of higher education or any employee of such an institution for any civil liability; or

''(ii) establish any standard of care.

''(B) Notwithstanding any other provision of law, evidence regarding compliance or noncompliance with this subsection shall not be admissible as evidence in any proceeding of any court, agency, board, or other entity, except with respect to an action to enforce this subsection

''(14) This subsection may be cited as the 'Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act'.''.

Mr. JEFFORDS. Mr. President, I offer this amendment on behalf of Senator SPECTER. I believe it is an excellent amendment.

First of all, I commend Senator SPECTER for the tremendous work he has done in the field of education. And as chairman of the Appropriations Subcommittee that handles education as well as many other very difficult subjects, he has done an extremely capable job of ensuring a good balance in all of the programs he handles. I commend him and I am pleased to have him back with us in the Senate. He was unable to be here at this particular time, so I am offering this amendment on his behalf.

Mr. President, since the last reauthorization of the Higher Education Act, crime on our college and university campuses has continued to be a major concern. In a 1997 report on campus crime, the National Center for Education Statistics noted the following:

During each of the 3 years between 1992 and 1994, institutions reported a total of about 10,000 violent crimes and up to 40,000 property crimes. For 1994, the individual crime composition for violent crimes was about 20 murders, about 1,300 forcible sex offenses, 3,100 robberies, and 5,100 cases of aggravated assault. In the property crime category, institutions reported 28,800 burglaries and 9,000 motor vehicle thefts in 1994. In 1994, institutions reported about 20,400 arrests for liquor law violations, and about 7,200 arrests for drug abuse violations, and about 2,000 arrests for weapons possession.

From 1995 to 1996, for example, reports of murder, sexual offenses, and liquor- and drug-related violations for large universities increased substantially. It is not necessarily the case that crimes have gotten worse but perhaps that reporting has gotten better. Reports of crimes have continued to grow, but some institutions have still been less than diligent in accurately reporting campus crime statistics.

Every Member should be greatly concerned by these campus crime statistics. I am pleased that the Senate Labor Committee has made what I think are great strides in improving campus crime provisions in the 1998 Higher Education Act amendments. We have added to the list of crimes to be reported. We have enabled information about students' criminal records to become publicly accessible. We have required institutions of higher learning to maintain daily logs of crimes on campuses. With the help of Senator TORRICELLI, we have strengthened the reporting of hate crimes on campuses.

With the assistance of Senators GREGG and WELLSTONE, we created a competitive grant program to help institutions of higher education develop and strengthen the effective security and investigation strategies to combat violent crimes against women on campuses.

The amendment being offered by Senator SPECTER today provides an absolutely essential addition to the campus crime provisions in the Higher Education Act. His leadership on this issue is much appreciated. With his meticulous crafting, he has substantially improved the definition of ''campus'' for the purpose of reporting campus crime statistics. When Senator SPECTER held his campus crime hearing, he discovered that if a crime was committed on a sidewalk within the perimeters of a university, that institution was not required to report the incident in their campus crime statistics. Obviously, the law needed clarification, and I applaud Senator SPECTER in his superb efforts. His efforts create a careful balance.

This amendment minimizes additional reporting burdens to institutions of higher education while at the same time providing students and other members of campus communities with needed information to help improve their awareness about campus security issues. Such information, for example, can be used to help people make more conscious decisions about walking alone in particular areas or making sure to walk with a friend on or near a campus at night.

This amendment makes four changes in the statute. As I mentioned, it modifies the definition of ''campus'' to include additional areas that must be included in campus crime statistics. It requires the Secretary of Education to report to Congress when institutions of higher education are not in compliance with campus crime reporting requirements. It gives the Department of Education the explicit authority to impose fines if institutions substantially misrepresent information about campus crimes. And it renames the campus crime section of the bill after Jeanne Clery, the woman who died tragically at Lehigh University in 1986 as a result of a brutal campus crime. The Clery family has been instrumental in creating a national awareness and focus on campus crime over the past decade. Both Senator SPECTER and I are indebted to their service in helping Congress craft these provisions.

Mr. President, it is my pleasure to offer this on behalf of Senator SPECTER. I ask for its adoption.

Mr. KENNEDY. Mr. President, I join in urging adoption of this amendment. The original campus security amendment was offered by Senator Bradley of New Jersey and myself some 6 years ago. This recognizes some of the areas where there have been loopholes in the interpretation of that amendment. Senator SPECTER has done good work in helping all of us to make sure that

we are going to have safe campuses. Students cannot learn unless they are have safe campuses. There are important loopholes that Senator SPECTER has identified and additional kinds of reporting requirements and a small enforcement mechanism, but an effective one. This is a good, solid amendment. I urge its adoption.

Mr. SPECTER. Mr. President, I seek recognition today to thank the Managers for agreeing to accept my amendment on campus crime reporting, which is based on legislation (S. 2100) I introduced on May 20, 1998.

As a lead sponsor of the Crime Awareness and Campus Security Act of 1990, I have been very concerned about what I perceive as the Department of Education's ineffective implementation of the Act's crime offense reporting requirements. On March 5, 1998, I held an oversight hearing on campus security issues as Chairman of the Senate Labor, Health, and Human Services and Education Appropriations Subcommittee. At that hearing, Assistant Secretary for postsecondary Education David Longanecker testified that the Department does not require colleges to report offenses occurring on sidewalks, streets and other public lands within what ordinarily would be considered a ''campus.'' He also testified that buildings which are owned by a college but used for commercial purposes (such as a leased food court) do not fall within the Department's interpretation of ''campus.''

I believe that the omission of such information violates the spirit of the law and is a disservice to parents and students because commercial property such as food shops and retail stores and streets thread through a campus and must be visited or traveled in the course of one's studies. I was further troubled to hear testimony at the hearing that the Department has not imposed civil penalties on any school for failure to comply with the Act.

The best means of improving the implementation of the 1990 law is the enactment of the statutory clarifications included in my amendment, which redefines ''campus'' and requires the imposition of civil penalties where applicable.

I am grateful that the Managers have agreed to name these provisions of law in honor of Jeanne Clery, the daughter of Howard and Connie Clery of King of Prussia, Pennsylvania, who was brutally raped and murdered at Lehigh University in 1986. After that tragic incident, the Clerys founded Security on Campus, Inc., a non-profit dedicated to improving safety on our nation's college campuses. The Clerys brought the campus crime reporting issue to my attention in 1989 and it is highly fitting that after so many years of being inspired by their work on this issue, Congress will recognize Jeanne Clery in this manner.

I am hopeful that my amendment will be preserved in conference with the House and again thank my colleagues for their efforts on this issue.

Mr. MACK. Mr. President, I want to make some brief comments to commend the work of Senator SPECTER with regard to the inclusion of language in the bill to improve public safety on college and university campuses. I am an original cosponsor of the legislation Senator SPECTER introduced on May 20, 1998, the Campus Crime Disclosure Act.

My involvement in this important legislation began earlier this year, when I met with the Clery family of Palm City, Florida. Their personal tragedy, whereby Howard and Connie Clery's daughter Jeanne was brutally murdered in her college dormitory in 1998 at Lehigh University, saddened me. Since her death, her family has kept her memory alive by working to provide parents and students with more and better information about crimes occurring on college campuses. The result is the important changes to federal law which we are considering here today.

These changes include a modification to the Department of Education's definition of a ''college campus''. This definition will now include sidewalks and other areas adjacent to schools but not owned by the school. The Department had previously interpreted the term ''campus'' to exclude these areas. I, like Senator SPECTER, believe this is an incorrect interpretation. The result was that schools were not reporting crimes that had taken place on a sidewalk used by students to get to class. This legislation will correct that problem.

Furthermore, the legislation sets up a stronger but flexible enforcement mechanism which provides that the Department can fine schools that are not complying with federal reporting laws dealing with campus security. Congress has given the Secretary of Education enforcement discretion when a school is found to be in non-compliance after a public hearing is conducted.

Mr. President, I am pleased that we are taking these important steps to ensure safer campuses for college students. I appreciate the fine work of the Chairman, Mr. JEFFORDS, in including these important provisions. I commend the work of the Clery's in increasing the public's awareness about campus crime, although I realize that this day must be bitter-sweet. I look forward to continuing to work with them in the future.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 3109) was agreed to.

Mr. JEFFORDS. Mr. President, I ask unanimous consent that now that we have adopted the Specter amendment, Senator GRAHAM be recognized to offer his amendment and that there be 30 minutes of debate on the amendment.

Mr. WELLSTONE. Mr. President, I ask that I may follow Senator GRAHAM.

Mr. KENNEDY. Yes. Mr. President, I ask unanimous consent that Senator WELLSTONE be permitted to follow Senator GRAHAM.

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

The Senator from Florida is recognized.

AMENDMENT NO. 3110

(Purpose: To amend the need analysis calculation regarding certain veterans' educational assistance, and to provide an offset)

Mr. GRAHAM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Florida [Mr. GRAHAM] proposes an amendment numbered 3110.

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

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

The amendment is as follows:

On page 537, between lines 20 and 21, insert the following:

SEC. 476. TREATMENT OF OTHER FINANCIAL ASSISTANCE.

Section 480(j)(3) (20 U.S.C. 1087vv(j)(3)) is amended by inserting ''educational assistance after discharge or release from service under chapter 30 of title 38, United States Code, or'' after ''paragraph (1),''.

In section 458(a)(1)(B) of the Higher Education Act of 1965, as amended by section 454 of this Act, strike ''$617,000,000'' and insert ''$612,000,000''.

In section 458(a)(1)(B) of the Higher Education Act of 1965, as amended by section 454 of this Act, strike ''$735,000,000'' and insert ''$730,000,000''.

On page 514, line 9, strike ''$770,000,000'' and insert ''$765,000,000''.

On page 514, line 10, strike ''$780,000,000'' and insert ''$770,000,000''.

On page 514, line 11, strike ''$795,000,000'' and insert ''$785,000,000''.

On page 446, line 6, strike ''section 428(c)(6)(A)(i)'' and insert ''section 428(c)(6)(A)''.

On page 450, line 6, strike ''section 428(c)(6)(A)(ii)'' and insert ''section 428(c)(6)(B)''.

Mr. GRAHAM. Mr. President, I rise before you today to offer an amendment on behalf of myself and Senators DORGAN, COVERDELL, MURRAY, and HAGEL. I offer this amendment to correct an injustice in our current student financial aid policy. Since June 1 of 1987, the Montgomery GI bill has guaranteed basic educational assistance for most persons who are or have been members of the Armed Forces or the selected reserves for significant periods of time.

This legislation was created in 1987 to achieve a number of important national objectives. It was to assist veterans in their readjustment to civilian life, to aid in the era of an all-volunteer military, in the recruitment and retention of qualified personnel in the Armed Forces, and to develop a more highly educated and productive workforce.

Unfortunately, currently, the Montgomery GI benefits are considered

''other financial aid'' in the determination of a student's need. In other words, when a veteran applies for financial aid, colleges and universities are required to take into account any benefits received under the Montgomery GI bill program in arriving at a judgment as to what resources that student would be entitled to receive.

The ultimate result is that the total financial aid award is substantially reduced.

Mr. President, I ask unanimous consent to have printed in the RECORD an analysis of three typical cases of student aid requests and the impact that the requirement to consider Montgomery GI benefits as a resource has on their financial aid.

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

Student A

Student is an unmarried male born in 1972 and is independent due to his age and his status as a veteran. With an adjusted gross income of just under $8,000 and having turned down work-study but accepted loans, the student has a budget of $10,100, a student contribution of $1,998, and unmet need of $0. His award package is shown below:

Program	Award with Montgomery GI bill	Award without Montgomery GI bill
Pell Grant	$750	$750
Supplemental Educational Opportunity Grant		1,200
Institutional Grant	2,588	3,100
Federal Direct Subsidized Loan	1,972	3,172
Federal Direct Unsubsidized Loan	2,138	2,138
Montgomery G.I. Bill	2,912	

Statistics from the University of Florida's Office of Financial Aid.

Student B

Student is a married male born in 1972 and is independent due to his age, marital status, and his veteran status. The couple's adjusted gross income is just under $12,000 and the student declined loans. His budget is $10,100, student contribution of $2,493, and unmet need of $1,465. His award package is as follows:

Program	Award with Montgomery GI bill	Award without Montgomery GI bill
Pell Grant	$400	$400
Florida Student Assistance Grant	1,092	1,092
Supplemental Educational Opportunity Grant	906	1,200
Institutional Grant	0	3,558
Montgomery G.I. Bill	3,744	

Statistics from the University of Florida's Office of Financial Aid.

Student C

Student is a single male born in 1970 and is independent due to his age. His adjusted gross income is just under $8,500. His budget is $10,230, student contribution is $2,222, and unmet need is $0. His award package is:

Program	Award with Montgomery GI bill	Award without Montgomery GI bill
Pell Grant	$225	$225
Federal Work Study	962	1,474
Federal Direct Unsubsidized Loan	1,181	1,181
Institutional Grant	2,000	2,300
Montgomery G.I. Bill	812	

Statistics from the University of Florida's Office of Financial Aid.

Mr. GRAHAM. Mr. President, this penalty, which is currently subjected to veterans' benefits, does not apply to other analogous benefits.

For instance, the current law states that those persons who receive benefits under the National Service Program Educational Award Program, which is generally known as the AmeriCorps Program, will not have their financial assistance treated as a deduction in their eligibility for other forms of student financial aid.

In fact, Mr. President, the amendment I offer is an amendment to precisely that section of the law adding the Montgomery GI bill to the current exemption for AmeriCorps as the basis of calculating student financial aid.

Mr. President, this unjust treatment of veterans' benefits has had a number of perverse affects. Although over 80 percent of persons in the military today are applying to become eligible for the Montgomery GI benefits—in fact, the latest statistics from the Department of Defense are that 94 percent of veterans are signing up for this program—less than 40 percent are actually using the program. And this discriminatory treatment is cited as a significant reason for that low level of utilization. It also is undercutting the ability of those who are attempting to recruit persons into the volunteer armed services by having to state that the real value of these benefits is substantially reduced and, therefore, this major inducement—in fact, the major inducement for many young people to come into the military—is diluted.

Mr. President, I offer this amendment today, which has been costed at $85 million over the next 10 years by the Congressional Budget Office, and is offset by reducing accounts in the Secretary's discretionary fund as a step towards achieving the objectives that this Congress sought when it first adopted the Montgomery GI bill in 1987.

Mr. President, our country has had a long experience, particularly the experience since the end of World War II, in encouraging returning veterans to continue their education. I believe that the GI bill of 1944 ranks with legislation that has already been referred to by the chairman of the committee, the Morrill Act, that established the Land Grant College system, and Social Security as premier examples of congressional legislation that has had a positive effect on our Nation.

I urge the adoption of this amendment which will assure that the full benefits of the Montgomery GI bill, our current national statement of appreciation to those who have served in our armed services, that the injustice that is currently attached to that program be eliminated, and that the full benefits of the program be available to not only the veterans but to all Americans.

Mr. President, that concludes my statement. If there are no other statements, I ask for the consideration of this amendment.

Mr. COVERDELL. Mr. President, I rise to speak for a brief moment on the amendment offered by my colleague from Florida to the Higher Education Reauthorization Act. This amendment is a common sense correction of a barrier veterans face when applying for financial aid from colleges and universities.

Currently, educational benefits veterans receive under the Montgomery GI bill count as a financial resource when they apply for financial aid. The ultimate result is a reduction in the total financial aid award a veteran receives to pay for college. I find it ironic, Mr. President, that the benefits intended to help veterans pay for higher education end up counting against them. Furthermore, the National Community Service Act of 1990 does not treat a national service educational award or post-service benefit as financial assistance. To present a contrasting case, Americorps education benefits are not counted as a resource in financial aid calculations.

Veterans who pay for the Montgomery GI bill through paycheck deductions and dedicated service to their country should not be penalized when applying for financial aid. Mr. President, we all understand the value of higher education, and we should work to eliminate the barriers that prevent people from moving on to college. This was the intent of the Montgomery GI bill, Mr. President—assist veterans in their pursuit of higher education. We should honor the intent of this bill.

Mr. President, I am proud to be a part of this effort to help our nation's veterans and pleased to serve as an original co-sponsor to the bill Senator GRAHAM introudced last evening. I urge my colleagues to adopt this important measure.

Mr. JEFFORDS addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. Mr. President, we have one Member who would like to talk in support of the amendment who is on his way.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I thank the Senator from Florida for bringing this matter to our attention and for presenting it here on the floor of the Senate.

As a Member of the Armed Services Committee, I was there at the time the Montgomery educational programs were advanced as a part of the expanded opportunity for young people in the military services. That has been an enormously important program. It has been a vehicle for continuing education for those that are in the armed services. We have been encouraging that program for those people in the armed services. There is an incentive program for matching funds from the Federal Government for those young people who put aside and save their rather limited salaries. It has been very important and very effective.

Now we have the accumulation of some of those benefits after the young people come out and save for themselves and have served in the Armed Forces, many of them in very perilous

conditions, called to serve overseas. Their GI Bill benefits have been part of the contract of service. Unless we accept this amendment, we are really unduly penalizing young people who have served in the Armed Forces and set aside some savings of their own in order to carry on their education.

It seems that we ought to take this very reasonable step, as the Senator from Florida has suggested, to make sure that those cumulative funds will not reduce the financial aid that these young people are eligible for.

I think that this makes a great deal of sense. I certainly support it.

One aspect of the proposal seriously concerns me. That is about how the amendment is paid for, because the amendment takes the money from the Department of Education's administrative funds. These funds are used for both the Direct Lending Program and the FFEL Program.

Last year's bipartisan budget agreement included major cuts in the Department's administrative fund, and the Department has already had to terminate a number of major contracts to live within these reduced funding levels. Funding cuts undermine the Department's efforts to modernize the student aid delivery systems and to address the year 2000 computer problems.

This can potentially hurt students and lenders.

We must work in the conference to find a better way to offset the cost of this important benefit for veterans. I will work with all of our colleagues in the conference to do so.

On the substance of the amendment, it makes sense. I thank the Senator.

Mr. JEFFORDS addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. Mr. President, I will make the remarks in support of Senator GRAHAM's amendment, and I support him.

I believe that this takes care of really an important problem which some of our service people have had. Thus, I do not object to it. I did have a problem with the way the offset was chosen originally, which would have put the bill out of balance with the Congressional Budget Office and, therefore, we worked with the Senator from Florida to find a more acceptable way.

I sympathize with the comments of Senator KENNEDY in taking it from the discretionary fund of the Secretary. But it is better to do it this way and not put the bill out of balance, and to spread it over a number of years so that it is not a big hit.

I commend him for bringing this to our attention. I thank him for allowing us to include in the managers' package language that ensures that in the aggregate, all types of Federal aid for education will not exceed the cost of the required levels. The inclusion of this provision expresses the concerns I had, and, therefore, I support it.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I wonder if I might ask my colleague if I might make general comments about the bill as we are waiting.

Mr. JEFFORDS. The Senator from New Hampshire has arrived to comment on the pending amendment, and then we will be moving to the amendment after that.

Mr. WELLSTONE. That is fine.

Mr. GREGG. Mr. President, I appreciate the courtesy of the Senator in allowing me to proceed.

Mr. President, I rise in support of the amendment of the Senator from Florida and to talk a little bit about the payment process on this amendment—how we pay for this idea, which is an excellent idea, to make sure that the people benefiting from the GI bill don't end up being penalized for having participated in our military. Ironically, as has been mentioned, we treat people who participate in the AmeriCorps better than we treat the people who participate in the military.

The Senator from Florida corrects this problem. In order to pay for this, he suggested that we reduce the overhead administrative costs within the 458 account of the direct lending program, and there is great justification for doing this—great justification for doing this.

One of the concerns I think many of us had when the Federal Government got into the business of lending money for education was that we would end up with a bureaucracy that would end up spending a lot of money and maybe not be as efficient as the private marketplaces are. That is just inherent in government; government at all levels does not have a profit motive, and therefore efficiency is always questionable, and in many instances efficiency is poor. There are few exceptions to that, but for the most part you can say almost as a Black rule of law that a government program is going to be less efficient than a private program that is subject to competition.

In the instances of direct lending, we are seeing that that appears to have been borne out again. We know that the workload, casework load, is up from 1992 by about 29 percent. But we see that the administrative overhead is up by 143 percent, which is an increase of 120 points more, or 115 points more than the workload going up. And we are not talking here about things which are directly student related; we are talking more about things which are tied to inefficiency, in my opinion.

We see that, for example, in the data processing area, the cost has gone up about 222 percent; in the payroll roll area, the cost has gone up 351 percent; in the training area, the cost has gone up 480 percent; in the staffing area, the cost has gone up 429 percent—this in comparison, again, to a workload which has only gone up 29 percent.

So clearly there is a great deal of expansion in overhead costs here which is questionable on its face and on a statistical evaluation. So the Senator from Florida has included within his amendment an attempt to address this by reducing in the outyears the amount of increase which will be allowed in the area of administrative costs.

I congratulate him for that because I do think that is the right approach, and I think it is the way that this amendment should be paid for. I believe it is going to end up benefiting not only the GIs and the members of the service who benefit from the underlying amendment, but I think it is going to benefit the taxpayers generally, because we will be saving money out of administrative costs which are very questionable and applying it to getting people educated, which is the key.

So I congratulate the Senator from Florida for his amendment.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, to close, I ask unanimous consent to have printed in the RECORD a letter dated July 7 from Mr. Steve A. Robertson, director of the National Legislative Commission of the American Legion, in which he states, ''The American Legion urges you to support the Graham amendment to S. 1882, the Higher Education Reauthorization Act.''

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

THE AMERICAN LEGION,
Washington, DC, July 7, 1998.

DEAR SENATOR: The American Legion urges your support to the Graham amendment to S. 1882, the Higher Education Reauthorization Act,, which will exempt Montgomery GI Bill (MGIB) benefits from being counted as resources when veterans apply for financial aid.

According to the Department of Veterans Affairs, over 95 percent of servicemembers entering the military elect to participate in the Montgomery GI Bill (MGIB). Sadly, less than 50 percent of eligible veterans have used their earned MGIB benefit. Because of the high costs associated with college, counting MGIB benefits as resources when applying for other types of federal financial aid, penalizes veterans and prevents many from enrolling in an educational program.

Ironically, counting earned benefits as resources only applies to the MGIB and not other federal education programs like AmeriCorps. Under existing law, many nonveterans entering college actually have a larger monetary budget and still receive more financial aid than veterans receiving MGIB benefits. Penalizing veterans for receiving an earned individual benefit sends the wrong message to America's youth and is illogical and counterproductive. The Graham amendment to the Higher Education Reauthorization Act corrects this injustice and helps to restore the integrity and purpose of ''earning an education.''

Young servicemembers have long understood the meaning of earning educational benefits and the concept of working, contributing and patiently planning to improve their economic situation. Historically, the MGIB has served as a tremendous recruiting tool for the Department of Defense. Unfortunately, young men and women are less likely to join the military today because of other

federal education assistance programs that require little, if any, up front commitment, sacrifice and out of pocket expenses. Your efforts to help correct this trend will provide much needed financial relief to young veterans and their families when trying to transition from the military to the civilian work force and help them realize their educational potential.

Once again, The American Legion urges you to support the Graham amendment to the Higher Education Reauthorization Act. The American Legion appreciates your continued leadership and commitment to veterans and their families.

Sincerely,

STEVE A. ROBERTSON,
Director, National Legislative Commission.

Mr. WELLSTONE. Mr. President, I ask unanimous consent to be included as a cosponsor.

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

Mr. GRAHAM. Mr. President, I would like to conclude by recognizing the person who first brought this issue to my attention, Mr. Ron Atwell, who is the director of veterans benefits at the University of Central Florida in Orlando, FL. While participating in graduation ceremonies at the university in May, Mr. Atwell raised with me the inequity of this circumstance of veterans having effectively the benefits that they deserved to receive, that they had made a partial contribution towards, be diluted by the manner in which other student financial aid was calculated.

I thank Mr. Atwell. This is an example of a citizen with a legitimate concern who has made a difference in the lives of potentially many thousands of future veterans who will get the benefit of this removal of an injustice from our student financial aid program.

With that, Mr. President, I urge adoption of this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 3110) was agreed to.

Mr. GRAHAM. Mr. President, I move to reconsider the vote.

Mr. WELLSTONE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. I thank the Chair.

Mr. President, I am going to very shortly send an amendment to the desk. I want at the very beginning to just take a couple of minutes to thank my colleagues, Senator JEFFORDS and Senator KENNEDY, for their very fine work. To me, it is a labor of love to be on the Labor and Human Resources Committee, and I want to very briefly talk about the Higher Education Act which was first passed in 1965.

I want to highlight at the beginning the Pell Grant Program, and I want to pay my respects to one of the Senators whom I have most enjoyed getting to know and to work with. I think he is a giant. I think he represents civility. And that is Senator Claiborne Pell. When we talk about the Pell Grant Program, I would say to the pages, as you go to apply for higher education, the Pell Grant Program will be critically important. This was Claiborne Pell's great contribution.

I do believe that eventually—and I think my colleagues agree with me; and I am really disappointed that we haven't done this—we ought to fully fund the Pell Grant Program. We have bumped it up now to about $3,100 or thereabouts, but, frankly, we ought to take it up to $5,000. It is the most cost-effective approach. You reach the most students in need. You reach well into the middle-income range as well. Students don't graduate in such debt. It is absolutely critically important, and that would remain for me kind of the major priority in higher education.

I also want to just at the very beginning remind colleagues that I still think, on the Hope scholarship tax credit proposal, we have got our work cut out for us, because if it is not refundable, those students, many of whom are in community colleges, Mr. President, in our State of Minnesota, who come from families under $28,000 a year, just simply have no help at all. So the promise of a tremendous amount of assistance for 2 years of higher education is not being realized.

The average college student today is just so different—I mean is really so different. I sometimes believe the nontraditional students, students who are older and going back to school, many of them with children themselves, have become the traditional students. Over 57 percent of college students are female—it certainly wasn't that way in 1965 when we passed the Higher Education Act—37 percent are students of color. The average age of a student today in higher ed is 27, and more than 25 percent of college students are over 30. About 1 in 5 are married, and 1 in 10 are single parents. So it is not just 18- and 19-year-olds living in the dorm any longer. Really, we are talking about a very different situation.

I wanted to highlight this, and I will just take a few moments and then get right to the amendment by just some profiles of some of our Minnesota students.

Tony Rust is a senior at Southwest State University at Marshall, MN, and the Minnesota State University Student Association State Chair. He received the Pell grant his freshman year, only the Perkins loan his first 3 years, and the Stafford loan all 4 years. During his 4 years of college, Rust has worked at least 20 hours per week in order to pay for tuition and other expenses. His parents have not helped him financially, but he did, however, receive scholarships during his sophomore year. ''I wouldn't have been able to attend college without the Federal financial aid programs,'' Rust said. ''I wouldn't be graduating this weekend if it wasn't for federal programs.'' Rust's loan debt will be approximately $20,000.

That weekend, of course, goes back to the beginning of June. By the way, Southwest State University is one great university. And the thing I like about it best, Mr. President—you have probably visited it as well—is the accessibility for those students who are developmentally disabled. It is just an incredible place; it really is.

Paula Heinonen, after working for years in a rural hospital and raising four children, decided to return to school to enhance her skills. A nontraditional student, Paula is a junior at the Center for Extended Learning at Bemidji State University at Bemidji, MN. Paula is a wife, mother, worker, and student.

And we have a lot of students like that today on our campuses.

Then, finally, Troyce Williams. Troyce is a single mother of four children who is working hard to complete her studies at Minneapolis Community and Technical College within the one-year education requirement—which I will come back to in the amendment. Affordable housing and child care are critical to her graduating.

Mr. President, there are a couple of things in this bill I appreciate. There was an amendment I was proud of that we introduced, we did extend the Pell award for summer semesters, and that will help a lot these nontraditional students. I think that was terribly important. We did have increases, not all that we should have, in the Pell grants and in the TRIO Program. I don't think I heard a lot of discussion about the TRIO Program, but talk about a heart-and-soul program, I love the TRIO people in Minnesota. It is an effort to reach down in the public school system and attract students of color or ''disadvantaged'' students, low-income students, to higher education. And then, once there, once they are in our colleges and universities, to provide them with the kind of additional support services that they need. It is just wildly successful and, actually, we have strong bipartisan support for the TRIO Program. There was a time when we were fighting for the survival of the TRIO Program. I am really glad that both parties have united behind it.

Senator DEWINE and I—and I have enjoyed working with Senator DEWINE from Ohio—we have an amendment in this bill that I feel very good about. What we essentially say is that for those men and women who graduate who go into early childhood development, there will be loan forgiveness. That is a really positive incentive. We keep saying we have to get it right for students before kindergarten, but we pay men and women in child care miserably low wages. You make half of what you make working at a zoo, if you are working with children.

By the way, I think people who work at zoos do very important work. I love zoos. Actually, I think they are precious. But the point is, why in the world do we say, ''These early years are so important for the development

of the brain, as shown in all of the studies, and we have to get it right for these children, it has to be intellectually stimulating,'' and we have so many people who work for $6 or $7 or $8 an hour, many without any health care benefits and all? Senator DEWINE and I have a loan forgiveness provision in the bill which I think at least helps.

We have a mental health package which will provide those who are choosing careers in mental health to have research work and internships on the campus to be considered as study.

We have an effort with Senator KENNEDY in an area that has languished, recruiting women into the fields of math and science.

We do some things that I think are important with the Fair Play Act, which would require the university data—I say to the chair of the committee, don't worry, I am not going to get started on this today, at least—but we have expenditures on all sports to be shared with the Department of Education, so we can try to figure out why some of these minor sports, be they men's sports or women's sports, are being cut.

My colleague, Senator GREGG from New Hampshire, is great to work with. I am proud of the amendment we did on campus safety. We want more accurate reporting. We have an issue with the Senator from Pennsylvania, and we have a $10 million grant program for collaboration between campus police, local law enforcement, and those women who are working in battered women shelters, which I think is extremely important.

Finally, we are going to have an GAO study just look again at some of the cuts in college sports, some of which I think have been arbitrary and capricious, and to try to have a little bit more accountability.

I thank my colleagues for their work on this bill. I am proud of the amendments I was able to contribute. I think this is a very good piece of legislation.

I now will send an amendment to the desk. This amendment I introduce on behalf of myself, Senator WENDELL FORD, Senator TIM JOHNSON, Senator DICK DURBIN, Senator CARL LEVIN, Senator BARBARA MIKULSKI and Senator CAROL MOSELEY-BRAUN. A number of these Senators are going to be out on the floor speaking on this amendment. I think it is an extremely important amendment, colleagues. I believe we can pass it. I hope we can pass it.

AMENDMENT NO. 3111

(Purpose: To expand the educational opportunities for welfare recipients)

Mr. WELLSTONE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Minnesota [Mr. WELLSTONE], for himself, Mr. FORD, Mr. JOHNSON, Mr. DURBIN, Mr. LEVIN, Ms. MIKULSKI and Ms. MOSELEY-BRAUN, proposes an amendment numbered 3111.

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

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

The amendment is as follows:

At the appropriate place in title VII, insert the following:

SEC ___. EXPANSION OF EDUCATIONAL OPPORTUNITIES FOR WELFARE RECIPIENTS.

(a) 24 MONTHS OF POSTSECONDARY EDUCATION AND VOCATIONAL EDUCATIONAL TRAINING MADE PERMISSIBLE WORK ACTIVITIES.—Section 407(d)(8) of the Social Security Act (42 U.S.C. 607(d)(8)) is amended to read as follows:

''(8) postsecondary education and vocational educational training (not to exceed 24 months with respect to any individual);''.

(b) MODIFICATIONS TO THE EDUCATIONAL CAP.—

(1) REMOVAL OF TEEN PARENTS FROM 30 PERCENT LIMITATION.—Section 407(c)(2)(D) of the Social Security Act (42 U.S.C. 607(c)(2)(D)) is amended by striking '', or (if the month is in fiscal year 2000 or thereafter) deemed to be engaged in work for the month by reason of subparagraph (C) of this paragraph''.

(2) EXTENSION OF CAP TO POSTSECONDARY EDUCATION.—Section 407(c)(2)(D) of the Social Security Act (42 U.S.C. 607(c)(2)(D)) is amended by striking ''vocational educational training'' and inserting ''training described in subsection (d)(8)''.

Mr. WELLSTONE. Mr. President, most of my colleagues who support this amendment, and I believe there will be bipartisan support, supported the welfare bill. This is not about the welfare bill. Most colleagues who support this amendment were strongly in support of the welfare bill.

I want to say at the beginning, a few words about that welfare bill which is a little counterintuitive to what I think people have been reading about or hearing about. I want to say, and unfortunately I believe I can marshal a lot of evidence for this point of view, that the reduction of welfare rolls by some 4 million plus people will be a good thing if what we are talking about is a reduction of poverty. The question is whether or not it has led to a reduction of poverty. There is precious little information out there and we need to understand, when we say to a family—a single parent, almost always women with small children—you now are off the rolls, you will be working, the question becomes what kind of jobs at what kind of wages can they support their families on? And, when they lose their health care a year later, are they worse off or better off? We have to make sure that these women and these children will be better off and that this will lead to a reduction of poverty, economic independence and all the rest.

I am not at all sure that is happening. As a matter of fact, I think if we were ever to get the data State by State, we would find that many of these others and these children are worse off. First point. Then I will get to the amendment.

Second point—child care. There are too many stories that too many people are now telling about how, yes, they are working, but it is a 3-to-11 job. Where is the child care available for their 3-year-old or their 4-year-old? There are too many of these families that talk about very ad hoc arrangements, one week it is a cousin, another week it is an older brother, but they never know from week to week how they will be able to find the child care.

There are too many long waiting lists for affordable child care for working families. Now, you have another group of people who are coming into the workforce. There are too many first and second graders who are going home alone with no one there at all, and too many 3-year-olds and 4-year-olds also who are at home alone. That is the truth. Somebody has to look at that. I just want to say it on the floor once and then I go right on to the amendment. Someone has to look at that.

If we are going to say that children are so precious—and we say that—and if we are going to say the children are 100 percent of our future—and we say that—then these children, even if they are poor children, matter as much as any other children. They are, all of these children, are a mother's child and a father's child, and they should matter. Somebody, somewhere, sometime, someplace has to get beyond the hype and look at exactly what is happening.

Now, for the amendment supported by many colleagues who have a very different view about the welfare bill; this amendment is straightforward. What it does is it allows States to permit 24 months of vocational and postsecondary education as work activity. I will explain what this means. And, in addition, it removes teens from the 30 percent education cap.

Two issues: The States have a cap as to how many citizens they can count as working if they are going to school, and teenagers are included. In a way, the teenagers should not be included because the given is we want teenagers to complete their high school education. I think that is pretty simple and straightforward, and that will help a lot of our States out as they try to work through the work participation requirements.

The second thing this amendment says is, for any State that wants to—and there is no mandate at all—for any State that wants to, you can allow a mother to be able to complete 2 years of education.

This is extremely important. Senator LEVIN began this effort last summer when he offered a similar amendment to the Balanced Budget Act. His amendment would have expanded the current law to permit 24 months of vocational education. I commend his efforts.

I remind colleagues that there were 55 votes in favor of the amendment. Since that time, more data, more reports, more anecdotal evidence has emerged reinforcing the need to make this modification. In other words, we want to give States more flexibility with their welfare plans.

We have to make this modification, because right now what is happening is that in too many cases States don't have the flexibility and, therefore, women, single parents with small children who are on the path to economic self-sufficiency because they are going to school, are essentially being driven out of school. This is crazy. We shouldn't do this.

If we can at least put into effect this modification, which I think will have strong support, we will enable these women and these mothers to go on through the 2 years of education. We will enable the States to have the flexibility. No State is required to; it is up to the States. These women will be in a much better position to be economically sufficient.

I will provide a lot of data, I say to my colleagues. If the Senator from Illinois is here to speak on the amendment—I know he is an original cosponsor. Has the Senator come to speak on the amendment? I will give an introduction and then defer to my colleague because we are going to finish up soon.

Mr. President, what I am simply saying to colleagues is, I think this modification just makes all the sense in the world. Right now what happens is you have a State that is under pressure with all the work participation requirements. The State doesn't feel like it has the flexibility to give these mothers this option. And so you have this kind of bitterly ironic situation where a mother, a single parent, with two small children in college is forced out of college. She gets a $6-an-hour job with no benefits. One year later, she loses her medical assistance, and she and her children are far worse off, as opposed to—and I will provide a lot of data to support this—as opposed to what happens when this woman, this mother can complete her education.

There is no mandate. What we are saying is that if my State of Minnesota or the State of Illinois or the State of Vermont or the State of Massachusetts or the State of Alabama so desires, or the State of Kentucky—my colleague, Senator FORD, has been very active on this—then they can do so.

The question is, When these mothers are on the path to economic self-sufficiency, why do we want to take them off that path? I recently heard from a mother, Camille Martinson, who is a single mother with two children on the verge of completing a nursing degree. But fearing she will be unable to do so—her words best express the frustration she is now feeling and highlights, I think, the importance of the amendment. I quote from the letter that Camille sent me:

With this infant program—

That is our welfare program in Minnesota—

They are forcing me to work a $5.15 per hour job. But if I was to graduate as a nurse, I will work for pay of over $10 per hour or higher. I am almost ready to graduate but it's damn near impossible with all these demands on me. If I didn't love my children so much that I want to provide them and give them a good life, I would have quit school and flipped burgers for eternity. I guess that's what the State may be forced to have me do. It sure seems like it. I want to make something out of my life for me and my children and succeed in life but won't at this rate.

These are her words, a direct quote:

Please help me with these issues as I see no other way out. It is hell for me. I guess you have to be in my shoes to know exactly how I feel and what I'm going through. I don't like the way this program is set up. It is a lose-lose situation. I can't win no matter what I do. The system I'm currently working on will make me fail no matter what I do. When I speak on these issues I'm not only speaking for myself, but many thousands of others are having similar problems that I do.

I have a lot to lay out on this amendment. I yield the floor to my colleague from Illinois who was gracious enough to come down and speak on this.

Mr. DURBIN. I thank the Senator from Minnesota.

The PRESIDING OFFICER (Mr. SESSIONS). The Senator from Illinois.

Mr. DURBIN. Mr. President, I ask for recognition in support of his effort. I say to my colleagues in the Senate, we have, in the course of the century, embarked on major undertakings at the Federal level. Probably the most historic was the New Deal. The New Deal, which goes back some 65 years-plus, was an effort to bring this country out of a terrible situation. It was initiated by President Franklin Delano Roosevelt, and he tried very many different ideas to try to get America moving again.

I thought the hallmark of the New Deal was the willingness to concede that every new idea in the New Deal didn't work. Some of them had to be junked; some of them had to be changed substantially.

I was one who voted in favor of the welfare reform legislation. I believed that we needed to change the welfare system in this country, to change the mentality of welfare, to break the generational dependency that was repeating and repeating.

I said as I voted for it, and I repeat today, that bill, as drafted, was not perfect law by a long shot. It didn't reflect the reality of change that would take place across America. So since then, on four or five different occasions, we have modified welfare reform in order to be more responsive to the actual needs of Americans.

What the Senator from Minnesota is asking us to do is to open our eyes, go beyond the stereotypes, go beyond the clichés, look at the real people who are now making the life struggle to come off welfare and into an independent state and a state where they can raise their families in dignity.

I have met women like those who have written to Senator WELLSTONE. One I can recall is in Springfield. She is coming off welfare, attending the community college. Bringing her 12-year-old daughter to class with her because she had no one to watch her, keeping that daughter in class with her during the course of the day, and trying to find her way home in the evening by public transportation was making the ultimate sacrifice. She was going to get that associate degree and use it to improve her life and to help her daughter no matter what. We should never stand in the way of that.

What the Senator from Minnesota is saying is let us have the flexibility to recognize when people are making an honest and determined effort. Let us not set up these barriers and walls to progress. Let us join in a partnership and hold our hand out to help these people come up that ladder to success. I think when it comes to education, it should go out without debate and really without controversy here; that if we have people who are moving on the track to training and education which liberates them from welfare dependency, we shouldn't constrict them with rules or with our laws or our legal stereotypes.

I gladly support the Senator from Minnesota, and I hope that we can provide this flexibility, and with this flexibility, we can give more people an opportunity to succeed.

Mr. President, I yield back the remainder of my time.

Mr. WELLSTONE. I thank my colleague. I know we are going to take a break in a moment. I say to my colleagues, if you don't have debate and want to support this amendment, I won't talk that long. I am ready to go forward with it. I don't know what my colleagues have heard. I believe both of them are supporters.

I will simply summarize right now. There is a lot of data I can present later on about the difference an associate degree makes in terms of an economic situation for a family.

I want to pick up on one comment my colleague from Illinois made. I can't even begin to recount the number of community colleges I have been at where maybe there are 300 students. I know about 20 percent are single parents, many welfare mothers. Over and over again, the plea that I hear is, ''Please let me finish my education; please let me get my 2-year degree, because I will be in such a better position to support myself and my children.''

I think if a State wants to allow a mother to do so, and her family will be much better off, we ought to give States that flexibility. I believe our States are saying that, I believe the community colleges are saying that and these families are saying that.

I have a list of about 70 different organizations—120 organizations—that are saying that. So I hope we will adopt this amendment.

Mr. President, I ask the manager, my colleague, the chairman, I have much to say if we are going on and there is debate. If there is support for this, I am prepared to urge its adoption. Does my colleague know? Is there opposition?

Mr. JEFFORDS. I am not at liberty to say at this time. I don't know. I suspect there is opposition, but I haven't

had anyone come forward who wishes to speak at this point. But since we have reached the magic hour of 2 o'clock, it is best we proceed under the unanimous consent agreement.

AGRICULTURE EXPORT RELIEF ACT OF 1998

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the clerk will report S. 2282.

The legislative clerk read as follows:

A bill (S. 2282) to amend the Arms Export Control Act, and for other purposes.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 1 hour under the previous agreement.

Mr. MCCONNELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. MCCONNELL. Mr. President, I rise today to offer the Agriculture Export Relief Act. First, I thank the members of the sanctions task force for their critical contributions to this bill. The staff has met several times, and I think the concerns which were raised in each meeting have been incorporated in this legislation.

Before I describe the bill, I would like to mention a few Members for their unique role in bringing this bill to the floor and energizing all of the interest that has developed around this particular issue.

Senator ROBERTS of Kansas deserves special recognition for his leadership in resolving this pressing issue. It was two bills first introduced by Senator ROBERTS—one dealing with the specific issue of lost markets for U.S. farmers and another more important bill dealing with the broader issue of ensuring that the executive branch has the flexibility it needs to conduct foreign policy in south Asia—that provided the initial impetus for today's action on this important legislation.

Senator ROBERTS quickly recognized the need to provide additional flexibility in dealing with the troublesome relationship between India and Pakistan. His legislation to provide that flexibility prompted the majority leader to create the sanctions task force 2 weeks ago. And today, in the task force's action, the U.S. Senate is preparing to act on the legislation originally sponsored by Senator ROBERTS.

I am very pleased to associate myself with the work of the Senator from Kansas. While his efforts to protect and defend America's farmers and ranchers are widely appreciated, I am particularly pleased to recognize his strong leadership in the area of U.S. foreign policy and in protecting the national security interests of the American people.

I also want to take a moment to recognize the work of Senator CONRAD BURNS, Senator CHUCK HAGEL, and Senator LUGAR. Each have been vocal, effective advocates for their agriculture communities' interests, which I am convinced is why the Senate is acting so quickly today. And, in addition to that, Senator GRAMS of Minnesota and Senator ALLARD of Colorado have been particularly active and involved in this issue.

Let me outline briefly what I think this bill accomplishes, since we operated on a tight deadline and there may be some Members who have not had a chance to review the details. Frankly, it is short and it is simple.

As many Members know, current law imposes sanctions on nations which transfer nuclear technology or detonate a nuclear weapon. The law exempts from these sanctions intelligence activities and humanitarian assistance. This legislation adds one additional category. We have permanently exempted financing and credits extended by the Department of Agriculture to support the sales of agricultural commodities. We have also clarified that current law exemptions on commercial financing extend not only to agricultural commodities but also to fertilizer.

The reasoning behind this exemption is simple: Sanctions are supposed to squeeze the targeted country, not the American farmer or producer. Cutting off our sales will not alter or reverse the decision to detonate. Cutting off American export financing will not change any government's judgment or, for that matter, change its behavior about its nuclear program. There is no leverage in curtailing or cutting off our sales; there is only loss of income for our farmers, our ranchers, our producers.

As we discuss this bill, the U.S. agriculture community faces the possibility of not being able to bid on a tender of 350,000 tons of wheat recently proffered by the Pakistani Government. At a time when Asian markets and sales are depressed, this tender is unusually important. Whether the Pakistanis buy U.S. wheat, Canadian wheat, or some other country's wheat isn't going to make a difference on a dinner table in Islamabad—but it sure will in Topeka. We should not sacrifice the American farmer in our effort to put the nuclear genie back in the bottle.

This bill is a good first step. But I would like to let my colleagues know it is not as far as most of the members of the task force wanted us to go. I think many shared the view that we should exempt from the sanctions law all official export promotion support to all American businesses, especially in view of the enormous pressure many are under because of the Asian meltdown. In the search for substitute markets, it would have made a real difference to allow the Export-Import Bank and OPIC support for a wide range of businesses from aircraft to home computers. However, given Senator FEINSTEIN's and Senator GLENN's objections, we were not able to proceed with export support.

We also could not proceed with language which would give the President a margin of flexibility to facilitate a reduction of tensions in the region. We did not plan to offer a permanent waiver or suspension of sanctions. We were simply going to give the President authority to waive any restrictions until March 1 if doing so would produce some progress.

I think many of us are concerned about the possibility of additional tests, the prospect of deployment of nuclear weapons, and the transfer of fissile material to third parties. I am convinced that there was some merit in providing the President a short period of time to waive a restriction on economic assistance if he could produce meaningful results in enhancing our security interests.

Again, objections on the other side of the aisle have prevented us from offering that option today. We may not have reached as far as most of the members of the task force wanted, but we have taken a first, constructive step in defining when sanctions are and when sanctions are not in American interests and changing the law to better reflect those interests. This bill will advance and protect American economic security interests.

I have been pleased by the cooperative spirit which has characterized this first round in the task force's efforts and the fact that we had a very tough deadline set by the leadership which we were able to meet a week early. We would not have been able to move so quickly without Senator BIDEN's active and thoughtful effort. I thank him for that. We have had a lot of explaining to do, and my colleague has taken on that challenge with expertise and enthusiasm.

Mr. President, I do not see Senator BIDEN here yet. There are a variety of Senators on this side of the aisle who have been heavily involved in this, many of whom I see on the floor today. Senator CRAIG has been very, very active and concerned about this issue, and I believe he was first on the floor. I would be happy to yield to Senator CRAIG 5 minutes.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President let me thank my colleague and chairman, Senator MCCONNELL, for working so closely with so many of us to bring S. 2282 to the floor. It is important that we act now and that we act decisively to send a very clear message to our producers and to our markets, both nationally and around the world, that we recognize, although sometimes the action of Government does not appear to, that the American economy and American farmers live in a global economy, and that we have to be a good deal more sensitive to our actions as it relates to that and the impact that those actions can have on our producers. Cutting ourselves off through unilateral sanctions seldom benefits us as a nation and almost always hurts the producer. In this instance today, we are

speaking of that producer being the American farmer.

Many of us have recognized that for a long time and have tried to say in a clear way through different pieces of legislation that food should never be used as a tool of foreign policy. But we stumble into that on a regular basis. As a result of that, we damage significantly the producer, because in the business of trade, one of the things that American agriculture has been able to establish over the years is two very important items. First of all, they are able to let the world know they can deliver a quality product. The world knows that and appreciates it. But it is also important that the world knows we are a reliable supplier. We search and we allow our producers to find markets and work to build those markets, only to be snuffed out by a piece of legislation that may or may not have impact upon another nation. That is exactly what has happened in this instance and why it is so important we act today and in a timely way.

Food should never be used as a tool of foreign policy for all the reasons that have been spoken to by myself and Senator MCCONNELL and I am sure will be referenced here today. It is poor policy to require the farmer to bear the burden of a faulty foreign policy or undeterminable goals, faulty goals.

In the bill we passed a year and a half ago, a new farm bill, we made a variety of promises to American agriculture producers. We promised, as we eliminated most price supports and ushered in a greater freedom to produce, that we would help open up world markets and that we would assure their openness and access to those markets, and that would become an important part of the marketplace. We promised less government intervention, and we promised to improve risk management options. The tragedy is, while we promised it, the action that was necessary to be taken under the Arms Export Control Act was a denial of that promise.

Today, we are here on the floor reinstating that promise very clearly. I hope the task force that Senator MCCONNELL and others are involved in, while they have looked at this and while Senator ROBERTS has been a leader in helping us focus on this issue, that we go well beyond this in this future, that we examine all of the things we are doing in the area of sanctions to see whether they really make sense or not. Maybe they would have in a world economy if we were the sole provider, if we had something nobody else had, if we had something that everybody else needed; maybe then we could force policy that was otherwise unpopular with some. That is not the case, certainly not the case with agricultural commodities. We must be a supplier of quality, and we must be a reliable supplier. Government needs to stay out of the way, only to help facilitate access to those markets, not in any way to deter them.

This amendment today moves us again to deal with this issue in a forthright manner. I think it will go a long way toward sending the right signal to our markets. I thank Senator MCCONNELL and others who have been involved.

He mentioned a good number who have been involved with us on a regular basis over the last several months, both Democrat and Republican, in focusing on this issue. I am happy to have played some role in it but, most importantly, to help get this to the floor on a timely basis so we can impact markets and production and price in this country. I am convinced this action today will do so.

I yield back any remaining time.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, I am very pleased today to join my colleagues, Senator BIDEN, Senator ROBERTS, and numerous other sponsors of this amendment, in moving forward this important piece of legislation today.

I ask unanimous consent Senator KERREY be added as a cosponsor as well.

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

Mrs. MURRAY. Mr. President, it is imperative that we preserve Pakistan as an export market for our wheat. Washington State wheat growers need this bill. Our wheat prices right now are beneath the cost of production. Our growers and the rural communities they support are, frankly, losing the shirts off their backs.

There are now 3,500 wheat farms in eastern Washington; that is 3,500 wheat families. These families are the backbone of our rural economy. In Douglas, Lincoln, and Adams Counties, in Ritzville and Garfield, our growers need export markets like Pakistan so they can keep going. Every day we are losing family farms, and it is imperative that we do something about it.

This bill doesn't just affect farmers, it affects our truckers, it affects our ports, it affects our barge operators, and all of their families as well.

Given the evolving market forces in south Asia, it is really critical that we pass this bill today to give wheat growers in Washington State, the Northwest, and the Nation the chance to compete with other suppliers who are just waiting to take our customers.

No one condones the actions of either Pakistan or India earlier this year. The proliferation of nuclear weapons must not be allowed. The Arms Export Control Act of 1994, passed overwhelmingly by Congress, and requires that sanctions be imposed on these nations.

But the original act excluded food and humanitarian assistance. Unfortunately, the export credit guarantee programs of USDA essential to sale of food to poorer nations like Pakistan were not excluded.

Last month, during committee consideration of the Agriculture appropriations bill, I passed an amendment to explicitly exclude these export credit guarantees, most notably the GSM–102 program, from the sanctions.

Unfortunately, because of recent developments here on the floor, this amendment on agriculture will not be enacted into law soon enough to prevent the loss of this important export market.

Pakistan recently announced that they will tender for 350,000 metric tons of white wheat on July 15 for an August shipment. Without access to the GSM–102 credit guarantees, United States wheat producers will not sell a single kernel of wheat to Pakistan.

In recent years, Washington state wheat producers, in fact, Pacific Northwest growers, have sold more than one-third of their wheat to Pakistan. Washington state and other Pacific Northwest states produce almost exclusively white wheat, making Pakistan out number one export market.

Washington wheat needs this export market. This is a $300 million market for Washington wheat.

If we do not enact this legislation by July 15, we will lose not only the ability to bid on this tender, but potentially the entire Pakistan market, as other nations step in to fill the void.

That is why we are bringing this amendment as a stand-alone piece of legislation this afternoon.

If we do not pass this bill and preserve this important wheat market, the United States reputation as a reliable supplier of high quality wheat will be weakened and our competitive advantage in the global marketplace undermined.

That is why this Congress must act now.

Mr. President, I have a number of items that I ask unanimous consent to have printed in the RECORD: A letter from Sandy Berger, Assistant to the President for National Security Affairs, in support of my amendment; remarks of the President in a radio statement on wheat exports in support of the legislation; a statement by the Secretary of Agriculture, Dan Glickman, in support of the legislation; a letter from the National Association of Wheat Growers in support of this legislation; and a letter from the National Association of State Departments of Agriculture in support of this legislation.

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

THE WHITE HOUSE,
Washington, DC., June 11, 1998.

Hon. PATTY MURRAY,
U.S. Senate, Washington, DC.

DEAR SENATOR MURRAY: Thank you for your leadership in addressing the question of Agriculture Department export credit programs that may be affected by the imposition of sanctions on Pakistan and India under section 102 of the Arms Export Control Act. As you know, in implementing the sanctions we are endeavoring, whenever possible, to minimize the humanitarian impact on the people of India and Pakistan.

With this purpose in mind, the Administration supports the legislative language in the bill, introduced today by you and Senator Roberts, which would amend the Arms Export Control Act to create an exception for ''credit, credit guarantees, or other financial assistance provided by the Department of Agriculture for the purchase or other provision of food or other agricultural commodities.'' We further support your efforts to move such legislative language as expeditiously as possible.

Sincerely,

SAMUEL R. BERGER,
Assistant to the President for National Security Affairs.

THE WHITE HOUSE,
OFFICE OF THE PRESS SECRETARY,
June 11, 1998.

For Immediate Release:

REMARKS OF THE PRESIDENT IN A RADIO STATEMENT ON WHEAT EXPORTS

''Today, I announced my support for Senator Murray's legislation to ensure that American farmers can continue to export wheat to Pakistan and India under the Department of Agriculture's export credit program.

In implementing sanctions against India and Pakistan, we are trying, wherever possible, to minimize the humanitarian impact on the people of those countries. We have long believed that food should not be used as a weapon to influence other nations.

Farmers in the United States provide a significant percentage of Pakistan's wheat imports. Cutting off that supply would only hurt the citizens of Pakistan and American farmers without furthering our important goals of nonproliferation of atomic weapons. We hope this amendment is passed as quickly as possible.''

CONTINUING AGRICULTURAL EXPORT CREDITS TO INDIA AND PAKISTAN

[From Radio Address of Agriculture Secretary Dan Glickman, June 12, 1998]

When India and Pakistan recently conducted underground tests of their nuclear weapons, they crossed a line with the United States that requires a firm, no-nonsense response. This Administration has imposed tough sanctions that we support and that are required by law.

But the law also has called into question the fate of U.S. agricultural export credits. Export credits promote the sale of U.S. farm products to buyers in countries facing economic difficulties. These credits, which come at no cost to U.S. taxpayers, have enabled our farmers and ranchers to sell several billion dollars worth of food and fiber around the world. Without these credits, our exports would decline, as would our farm income, and areas in Asia and other parts of the world would be more unstable because economically troubled countries would have a harder time buying food.

While India makes only nominal use of these export credit programs, Pakistan is another story. They are the third largest market for U.S. wheat, and the top market for white wheat. Last year, Pakistan purchased 81 million bushels of U.S. wheat, almost all through export credit guarantees. And, so far this year, these credits have made possible $162 million in U.S. wheat sales to buyers in Pakistan.

Unfortunately, as Congress wrote the arms control act, these sales may soon be in jeopardy. By law, this Administration could be forced to suspend these credits.

For humanitarian reasons, we should not use food as a weapon to influence other nations. From an economic perspective, it's important to show that the U.S. is committed to being a reliable supplier of agricultural products. And, for all practical purposes, the ones who will be punished most by this action would be U.S. wheat farmers who already have been beaten up by low prices.

This Administration will resist any action that would lead to a de facto grain embargo, and I do not believe the arms control act was written with that end in mind. We need to act quickly to protect these export credits. Fortunately, legislation now before the Congress—authored by Senator Patty Murray, of Washington, and Senator Pat Roberts, of Kansas—would do just that. This Administration strongly supports this bill which would separate agricultural trade from American's non-proliferation efforts.

For our world to be stable and secure in the next century, we need strong international arms control efforts, but we also need a strong agricultural trading system that is capable of getting enough food to people around the world. Both are essential ingredients to peace and stability, and neither should be sacrificed to the other.

NATIONAL ASSOCIATION OF WHEAT GROWERS
Washington, DC, June 11, 1998.

Hon. PATTY MURRAY,
U.S. Senate, Washington, DC.

DEAR SENATOR MURRAY: We are writing in strong support of the ''India-Pakistan Agricultural Credit Sanction Exemption Bill''. It is our understanding that this bill will provide a narrow exemption for food and food credit programs from any possible sanctions resulting from Section 102(b) of the Arms Export Control Act against the nations of India and Pakistan. Further, this limited exemption is consistent with the existing statutory exemption for commercial agricultural loans.

Pakistan is the third largest wheat export market for the United States. In 1997–98, Pakistan imported 2.2 million metric tons. Wheat is the major staple of the Pakistani diet and inadequate inventories could cause social unrest. In 1997, wheat shortages led to the collapse of the political system. Such unrest could lead to the ouster of the current government or worse, a military strike at India. We see food as a means to protect the political stability of Pakistan.

Indian is subject to the same sanctions as a result of its nuclear tests, however, it does not participate in the USDA export credit guarantee program nor is it currently a major importer of U.S. wheat. Nevertheless the narrow exemption expressed in the ''India-Pakistan Agricultural Credit Sanction Exemption Bill'' should be applied equally.

Thank you for your leadership in advancing the view that food should not be used as a weapon of foreign policy. We would also like to express our appreciation for your brave effort to reverse the tide of unilateral economic sanctions. Currently, eleven percent of the world wheat market is off limits to U.S. producers due to the imposition of unilateral economic sanctions. The addition of Pakistan and India to the sanctions list would further disadvantage U.S. wheat farmers and drive down already low wheat prices. It is our experience that most sanctions serve no one but our competitors and do little, if anything, to improve the behavior of the offending government. We pledge to work with you and the bill's co-sponsors to reform our unilateral sanctions policy and exempt food and other humanitarian assistance from the U.S. sanctions arsenal.

Sincerely,

BILL FLORY,
President.

NATIONAL ASSOCIATION OF STATE DEPARTMENTS OF AGRICULTURE,
Washington, DC, June 11, 1998.

Hon. PATTY MURRAY,
U.S. Senate, Russell Senate Office Building, Washington, DC.

DEAR SENATOR MURRAY: On behalf of the nation's commissioners, secretaries and directors of the state departments of agriculture, I am writing to express our strong support for your amendments to exempt certain Department of Agriculture programs from sanctions under the Arms Export Control Act. Prohibitions against U.S. agricultural exports will only serve to hurt U.S. farmers.

As you know, the GSM–102 credit program is extremely important to U.S. agricultural exporters. It serves as a safety net for reluctant exporters by guaranteeing financing for the sale of U.S. agricultural commodities to certain foreign markets. The recently imposed sanctions against Pakistan do not exempt such programs as the GSM–102 program, virtually cutting off that market to U.S. agricultural products. Many of our nation's farmers rely upon Pakistan as a market for their products under the GSM–102 program.

Given the recent crisis in Asia, which has had a substantial impact on U.S. agricultural exports, now is not the time to cut off another key market for U.S. farm products. Senator Murray, we appreciate your efforts on behalf of U.S. agriculture. NASDA does not believe that foreign policy should serve to ban the export of U.S. agricultural products.

Sincerely,

RICHARD W. KIRCHHOFF,
Executive Vice President and CEO.

Mrs. MURRAY. Mr. President, agriculture is in crisis. The bottom has fallen out of the agriculture economy. Many of our growers are on the verge of bankruptcy. In fact, many have already gone over the edge.

We are losing family farms and we are losing the rural way of life.

Many in this chamber argue that trade is the answer. Trade is important, critically important. Pacific Northwest agriculture depends upon vigorous trade promotion.

I am a strong proponent of trade. But trade is not enough.

The 1996 farm bill took away the safety net for our growers. The old farm bill needed to be changed. And Freedom to Farm made some important changes. But it went too far and now growers are suffering.

While a market-based approach creates freedoms and opportunities in a competitive global market, some semblance of a safety net is necessary to ensure our growers survive the ups and downs of a volatile market. Congress needs to take action to protect agriculture and preserve rural communities before it is too late.

And this bill is an important step. Maintaining our export markets is essential to our long-term success. I urge the Senate to approve this legislation.

I retain the balance of our time.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. MCCONNELL. I yield 5 minutes to the distinguished Senator from Montana.

Mr. BURNS. I thank my friend from Kentucky. I also want to thank the

Senator in a couple of other areas, because responding to what we have in the Northwest is, in my regard, an emergency.

Let's back up a little bit and talk about what has happened to farm export, and especially to the Northwest. Last January, we sat down with officials, including the Prime Minister of Australia, and talked about what has been commonly referred to as the Asian flu, the financial crisis in the Pacific rim—the complete, or almost complete collapse of financial conditions in four countries: Indonesia, Malaysia, Thailand and South Korea. And then we talked a little bit about the financial situation that Japan finds herself in, not being able to ride to the rescue of her neighbors in the rim. At that time, there was a consensus that maybe those countries that found themselves in financial difficulty would not impact the GDP of Australia, and little was regarded here in this country. I thought at the time that you cannot let the economies in four major importing countries of agricultural products cave in and it not affect this country. Sadly, I was correct.

So our exports to that part of the world have gone to zero. Now we come along with sanctions. Let me tell you a little bit about sanctions. I have never been convinced that sanctions on food really work. I will tell you in an instant that if we unilaterally sanction a country on American agricultural exports, here is what happens: That country is still capable of buying a supply from somebody else in the world. But the market knows of these sanctions; therefore, the rest of the world maybe puts 1 or 2 cents a bushel on wheat. Now, 1 or 2 cents doesn't sound like a lot for a bushel of wheat that weighs 60 pounds. That is in a short ton anyway. But when you are buying 300,000 metric tons, it is a lot of money. Even to a farmer, it is the difference between making the land payment this year and not making the land payment—that 2 cents a bushel.

Once that sale is made to the country that we have had sanctions on, then the country that did the selling pours the rest of their crop on the world market. So what do we do and what do our farmers do? They compete at a lower level. That is not right. It hasn't worked, as far as denying the country that had the sanctions on it. It didn't deny them of food supply for the people who live there. But it has denied our farmers entry into the marketplace, a place to compete.

To give you an idea, in the last 4 years the United States has imposed 61 unilateral economic sanctions on 35 countries containing 40 percent of the world's population. Now, what does that country do when that sanction is placed? It retaliates: I am not going to buy American products at any price. I am not going to do that.

So, in essence, we have denied our grain producers access to that market to even be considered to compete. I realize that we are talking about food here. I realize that to some folks that is not very important—until it comes suppertime. But to a farmer who only gets one or two paychecks a year, that is how he makes his payment on his operation, his fertilizer, his machinery, his land payment. It contributes to his schools, his community, his church. But under the conditions right now, they cannot do this.

So I ask my colleagues to strongly support this amendment. Yes, I know there are far-reaching implications of sanctions and, yes, there are folks who really understand that maybe national security may be at stake.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. MCCONNELL. I yield to the Senator from Montana an additional minute.

Mr. BURNS. Thank you. Mr. President, you tell me where they have worked when it comes to the supply of food. That is the very basic of all of our necessities every day. The Senator from Idaho is exactly right. We have developed export markets by using two methods—it is quality, it is quantity, and it is reliability. We are a reliable customer, and to deny our producers—and you can go all over the world. Our producers compete on an individual basis. We don't pool our wheat like Canada. We don't sell wheat on the international market by a decision made by Government. We do it by individual producers who want to sell their crop at a given time. Given the proper tools of risk management, they could take advantage of the international market.

I urge support of this amendment. I thank my friend from Kentucky for championing it.

The PRESIDING OFFICER. Who yields time?

Mr. BIDEN. Mr. President, I yield 8 minutes to the Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. WYDEN. Mr. President, before I begin, I want to express my appreciation to the Senator from Delaware, who spent about 2½ hours with a group of us this morning, working to make sure that this legislation got to the floor today. I also want to thank our colleague from Kentucky, Senator MCCONNELL, who was equally helpful in our effort to make sure that this bipartisan legislative effort didn't blow up at the last minute. I want to assure my colleagues that it was very close to going by the boards this morning.

Mr. President, the wheat farmers of the Pacific Northwest are 6 days away from a disaster. On July 15, Pakistan is going to initiate a process to purchase 350,000 metric tons of white wheat for August 1 to 20 shipment. Without access to the Government credit guarantees that we are talking about here, U.S. producers are not going to sell a kernel of wheat to Pakistan. The USDA estimates that Pakistan is going to import just under a million metric tons this year. Now, our prices are at a low. This year's crop is going to be one of the best ever. But the fact is, farmers across this country are staring an economic train wreck in the eye. We have a storage and transportation bottleneck with the imminent wheat harvest. We have a fair amount of the old crop still in the bins. We are facing the prospect of storing a great deal of wheat on the ground this year. Making a sale to Pakistan in the key August shipping period would be an enormous help in dealing with these logistical challenges. A sale might mean the difference between two or three turns of a river barge fleet versus only one turn in August.

Let me touch briefly on what it means to just one county, Umatilla, which I am very pleased that my colleague, Senator SMITH, who has worked so effectively with all of us on a bipartisan basis, calls home, and wheat growers there produce nearly one-third of all the wheat produced in our State. The economy of that county depends on both the direct sales of wheat and on all of the related jobs through suppliers, equipment, fertilizers, warehousing, shipping, and all of the economic base of our regional economy.

The fact is, Mr. President, and colleagues, unilateral sanctions simply do not work. They end up inflicting harm on U.S. producers and shippers. They don't target those specific leaders who are engaged in the most reprehensible activity. They hand market share to our competitors and then put the typical citizen in these countries in a position where they will not be able to secure the humanitarian help they need to survive. Each of these outcomes is not, obviously, a growth of U.S. foreign policy.

I am of the view that we do a lot of things well in our country. But I think what we do best is we grow things, and, at a critical time when we are seeing the United States in a position to play this leadership role in the global economy, it would be a tragedy to make the mistake of not passing this legislation, which, as far as I can tell, has kept about 15 Members of the U.S. Senate on the floor simply to speak for how important this legislation is.

We are, in the Pacific Northwest, 6 days away from a disaster. So it is critical now at the 11th hour that this legislation pass.

I am pleased to have been a part of this bipartisan group that has worked on this legislation over the last few weeks.

Again, I want to express my thanks to Senator MCCONNELL of Kentucky, and Senator BIDEN, for their patience through that 2½-hour exercise this morning that had Sandy Berger of the White House and others involved, because had not Senator MCCONNELL and Senator BIDEN been so patient this morning, we might not have this bipartisan legislation on the floor this afternoon, and our wheat farmers would not have had the help they need.

Mr. President, I yield the floor.

Mr. MCCONNELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. MCCONNELL. Mr. President, I yield 5 minutes to the distinguished Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 5 minutes.

Mr. HAGEL. Mr. President, thank you.

I wish to first congratulate the bipartisan leadership in this body, the leadership of our two leaders, Senator LOTT and Senator DASCHLE, for addressing this issue and addressing the more encompassing issue of sanctions in total.

I want to also thank my friends and colleagues, Senators BIDEN and MCCONNELL, for their active leadership on this issue.

This is a strong first step. We need a comprehensive trade package, a comprehensive package we will talk about and address. Yes, sanctions; sanction reviews—a number of my colleagues and I have worked on this issue for the last year. We have legislation pending. Senator LUGAR has been a leader in this area. We need to address the IMF issue as a Congress. We will be addressing MFN status with China and fast track. But a complete package.

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

Our relationships with other nations must not be held captive to one issue. But our relationships with other nations are complicated. They include trade, of course, commerce. They include U.S. interests abroad, national defense, and human rights. But we must not allow one dynamic of our relationship with all our other nations on this globe to be held captive to just one issue.

History has shown, Mr. President, that trade and commerce engagement in reaching out does more to change attitudes and alter behavior than any one thing. Why? It improves diets; it improves standards of living; it opens society; it exposes people who have lived under totalitarian rule, who have had limited exposure to freedom, to liberty, to economic freedom, products, choice, consumerism. That is what trade does. Not one among us believes that just trade alone is all we need. But it is an important, integral part of our relationships around the world.

We live in a very dynamic time. The light of change today in the world is unprecedented in modern history, and maybe all of history. That change is spherical. It is moving. It touches every life in every way. Food, fiber, housing, and trade are common denominators of mutual interests of all the peoples of the world.

We must not isolate ourselves. Unilateral sanctions isolate those who impose unilateral sanctions. We need dynamic policies for dynamic times. The world is not static.

This is a good beginning. This is a significant beginning. Our leadership in this body has seized the moment at a critical time as we have witnessed our President in China for 9 days dealing with many of these issues. We know we have far to go in all dynamics with respect to our relationships with China, Pakistan, with India, all nations. But trade and commerce will play a vital role in building those relationships, enhancing the freedoms and liberties of people throughout the globe. We in the United States must play a full, dynamic leadership role in that process.

Mr. President, I am very proud to join my friends and colleagues who have worked on this diligently, who will continue to provide leadership, not just to this body but to the country, to the world, and to our farmers and our ranchers, our producers, and our citizens. We are all interconnected. We do live in a global village underpinned by a global economy.

I encourage all of my colleagues to vote for this very important amendment. Again, I say to my colleagues that this is an engagement we must all be part of.

I yield the floor.

Mr. BIDEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. BIDEN. I yield myself 2 minutes.

Mr. President, I have not spoken. I am not going to take much time because Senators whose States which have very, very important interests in passage of this bill should be given time.

I would like to begin by thanking Senator MURRAY. She has been the spearhead of this effort. I, quite frankly, wish we had done something broader. The Senator from Kentucky and I thought we had worked out something more along the lines that my friend from Nebraska was just talking about, a broader approach to dealing with not just merely agriculture, which is obviously very important, but I just say to my colleagues, hopefully the Senator from Kentucky and I will be back on the floor in the not-too-distant future with a proposal for a more rational policy relating to sanctions generally, not just as they relate to Pakistan and not just as they relate to agriculture.

Mr. President, I am pleased to join the Senator from Kentucky in presenting this legislation.

As our colleagues know, just before the Fourth of July recess, the majority and minority leaders formed a bipartisan Task Force on Sanctions Policy. The Senator from Kentucky was named the chairman, the Senator from Delaware the co-chairman.

The task force was given two tasks; first, to make recommendations to the Senate leadership, by July 15, related to the existing sanctions against India and Pakistan. And second, to make recommendations, by September 1, on sanctions policy generally.

These are tight deadlines, but with the support of the leadership, the chairman and I are determined to try to meet them.

The situation with regard to Pakistan and India is our first challenge.

Two months ago, the security situation in South Asia changed, and changed utterly, to borrow a phrase from Yeats. The explosion of nuclear devices, first by India, then by Pakistan, brought two nations into the so-called club of countries which acknowledge that the possess nuclear weapons.

The testing by both countries was promptly—and properly—condemned by the United States and the international community. But the United States went further than most countries, because under the Glenn amendment, enacted in 1994, the President was required to impose sanctions on both governments.

The sanctions imposed by the Glenn amendment are as severe as they are sweeping.

They require the termination of all assistance under the Foreign Assistance Act—with certain exceptions such as narcotics assistance and humanitarian aid—the termination of all military sales and financing, the termination of all licenses for the exports of items on the U.S. Munitions List, and the termination of all credits or credit guarantees provided by the U.S. government.

Additionally, the law requires the United States to oppose the extension of loans by international financial institutions like the World Bank, and requires the U.S. government to prohibit private U.S. banks from making loans or credits for the purpose of purchasing food or other agricultural commodities.

The Glenn amendment provides little flexibility. Once imposed, there is no authority for the President to waive the law. His hands are completely tied.

I voted for the Glenn amendment in 1994, which was part of the State Department Authorization Act that year. But when viewed in the context of Pakistan's and India's decision to test, I have to conclude that while our approach worked for many years, it is no longer working. It didn't stop them from testing, and the lack of flexibility in the law provides little incentive for India and Pakistan to take positive steps now.

All this is not to suggest that sanctions should never be applied. I have voted for many sanctions laws in the past, and even authored a few. In this instance, sanctions were clearly appropriate, both as a strong condemnation of the governments in Delhi and Islamabad and to deter other countries which might seek a nuclear weapon.

What I am second-guessing is the decision of Congress not to provide more flexibility to the President.

I am a strong defender of congressional power, and I believe Congress is

well within its constitutional authority to impose sanctions for foreign policy reasons. But the President is charged with the conduct of diplomacy. And any statute which provides little or no discretion for the President necessarily interferes with his ability to perform that task.

The task in this case is already difficult enough: the President faces the considerable challenge of convincing the two governments to constrain their nuclear weapons programs and avoid further escalation of tensions in the region. The inflexibility in the Glenn amendment deprives the President of tools that he might use to advance these objectives.

In imposing sanctions, we must also pause before applying sanctions unilaterally.

The weight of the historical evidence suggests that we are more likely to advance our objectives if we can gain the cooperation of our major allies. Moreover, unilateral sanctions may impose a greater cost on our economic interests than they do on the targeted country.

In the case of India and Pakistan, we are therefore faced with two questions: should we reconsider some of the unilateral sanctions set forth in the Glenn amendment?

And should we give the President some flexibility in order to advance his diplomatic objectives in the region?

I answer both questions in the affirmative and, I believe, so does the chairman.

However, the bill we are now considering is limited only to removing one unilateral sanction:

The bill before us would provide a permanent exemption under the Glenn amendment for U.S. government credits to support the purchase of food or other agriculture commodities.

This provision is identical to the provision sponsored by Senators MURRAY and GORTON which was added to the Agriculture appropriations bill during its consideration by the Committee on Appropriations.

The exemption for Commodity Credit Corporation—or CCC credits—is consistent with the approach of the Glenn amendment, which permits loans by private banks for the purchase of food and other agricultural commodities.

This matter is of some urgency, because there is an important sale offer to be made by Pakistan in the coming days.

Wheat farmers in the Pacific Northwest provide a significant portion of Parkistan's wheat market, and they rightly fear that they could lose that market if the CCC credits are not available.

I have long believed that we should not force U.S. farmers to bear the burden of foreign policy sanctions, so I am pleased to support this measure.

But I remain hopeful that in the coming weeks, we can devise a means to provide the President flexibility with the remaining sanctions now in place against india and Pakistan.

I do not mean to suggest that we should repeal these sanctions.

At this stage, just a few weeks after the nuclear tests in the region, and with the President's diplomatic efforts still at an early stage, it is premature to contemplate a complete repeal or blanket waiver of the provisions in the Glenn amendment.

But we should attempt, before we adjourn for the year, to give the President some latitude in order to assist his efforts to negotiate with the two countries.

We should not underestimate the enormity of the task before the President.

Helping to construct a new security framework in South Asia may take considerable time, given the complexity of the situation and the deep-seated antagonism between the countries of the region. I hope that our colleagues will give the administration the support that it needs in the months ahead.

In closing, I would like to thank the chairman of the task force, Senator McConnell, for his gracious acceptance of the job and for helping point us in this direction. I would also like to thank the majority and minority leaders for their confidence in selecting us to lead the task force, and for their support for this initial legislation.

I urge my colleagues to support it.

Mr. President, with the permission of my friend, may I yield now, even though it will be two Democrats in a row, to my friend from North Dakota, Mr. DORGAN, for 10 minutes.

The PRESIDING OFFICER. The Senator from North Dakota is recognized for 10 minutes.

Mr. DORGAN. Mr. President, I thank the Senator from Delaware. I am pleased to speak in support of this legislation. I will ask unanimous consent to be added as a cosponsor.

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

Mr. DORGAN. Mr. President, I was pleased to be a cosponsor of this particular proposal when it was offered by Senator MURRAY in the Senate Appropriations Committee. I know that Senator MURRAY offered it on behalf of herself and Senator ROBERTS from Kansas, and I was pleased then to cosponsor it. It is the right thing to do. I must say, however, it is inching along in the right direction. This is not taking giant steps today. It is inching along in the right direction.

The question of sanctions, especially sanctions in international trade that say to the American farmer, you bear the entire cost of sanctions that we impose for foreign policy reasons; we are upset with Cuba so let's cut Cuba off so they can't get any grain. We are upset with Iran, Iraq, Libya, let's cut them off so they can't buy grain—10 percent of the world's wheat market is off limits to American farmers because, for foreign policy purposes, this country has decided that is what ought to be done. I fundamentally disagree with that.

Hubert Humphrey used to say send them anything they can't shoot back. Translated, he meant we ought not cut off food shipments around the world. I don't think we ought to cut off food shipments. All that does is hurt the poor people and hungry people around the world. But the fact is we do have sanctions in place, and I think in addition to a piece of legislation today that says with respect to the sanctions now dealing with Pakistan and India, that it will not include GSM credits, which therefore would then facilitate the flow of grain from the Northwest in this case. That is a step in the right direction, albeit a small one.

We don't ship grain to Pakistan. They are going to make these purchases largely from the Northwest. But farmers are farmers, and the wheat market is the wheat market.

The fact is the Senator from Washington, Mrs. MURRAY, described very well the crisis that exists in farm country today. Wheat farmers in this country have seen wheat prices on the international marketplace, on the national markets collapse, just drop to the cellar.

In my State, we not only have just rock-bottom wheat prices, we have the worst crop disease in a full century. It is called fusarium head blight. We call it scab. It has devastated the crops. So a farmer takes all the risks. They plant the seed, hope it will grow, hope insects don't come, hope it doesn't get destroyed by hail, hope it doesn't rain too much, hope it rains enough. Finally, all of those things are OK. They hope they raise a crop, and when they raise a crop they hope it isn't devastated by disease. They take the grain to the elevator in their 2-ton truck and discover they get $2 a bushel less than it cost them to raise it. And they go out of business hand over fist. We have so many auction sales right now they are calling auctioneers out of retirement to handle them.

We have a huge problem. We have to deal with the underlying farm bill. I know some people think it is working just fine. Gee, this is just great. It is not just great. It is not working just fine. We are pulling the rug out from family farmers in price support and calling it freedom to farm. It is like taking the minimum wage to a dollar an hour and calling it freedom to work. It doesn't make any sense.

We need to deal with the underlying problem. We need to deal with the larger trade problems. We can't get wheat to China. Japan isn't buying enough beef. We have had a flood of unfairly subsidized imports come in in durum and spring wheat and barley from Canada. We have a whole range of problems.

This bill deals with one small issue that is urgent and must be dealt with now. It deals with, in GSM, credit issues that will allow us to ship wheat to Pakistan and India. I support that. But we have a lot more to do. We ought to decide as a Congress right now that

sanctions will not include food shipments, period. Let's get that 10 percent of the world wheat market back for American farmers.

Second, we ought to decide if there are those who insist that sanctions include food shipments from American farmers to overseas markets, then farmers ought to be reimbursed for the cost and the loss. Why should farmers be told, here is our new foreign policy and you pay the price. You bear the cost. Why should farmers be sent that bill and told to pay up. If it is our belief that the best foreign policy is to shut off food shipments through sanctions to some part of the world, why not as a part of our foreign policy through the State Department or part of our defense policy through the Defense Department, why not reimburse family farmers who are told now they bear the entire cost of those sanctions.

So I stand today to say again I appreciate this legislation. Senator MURRAY and Senator ROBERTS initiated it, at least on the Senate side, and I was pleased the day that Senator MURRAY introduced it on behalf of her and Senator ROBERTS. I am pleased to be a cosponsor. It is the right thing to do right now. But there is much, much, much more to do if we are going to address in a real and significant way the farm crisis.

This is as tough as I have ever seen it in rural America. I am not going to go further talking about the farm problem and the trade problem because they are abiding and tough and difficult, and we must get about the business of dealing with it. And I expect that in the coming couple of weeks we are going to have a big discussion. I know some people don't have farmers in their areas; they don't have to deal with farm problems every day. I think it is an opportunity to deal with farm problems. Family farmers are the roots of our society. Family values originate on the family farm and they nurture small towns and big cities in this country and always have.

I am pleased to represent a State of family farmers, and I think it is interesting to see people who wouldn't know a razorback hog from a pickup truck tell us here in Washington, DC, all about the theory of family farming. The fact is family farmers don't live on theory. They risk everything they have to try to raise a crop and hope when they have raised a crop to be able to sell it to make a decent living. Today the sad answer is this economy doesn't produce that because we have a whole series of problems, one of which, a small one, is addressed by this bill, and that is the potential cutoff of a foreign market for western wheat. This bill addresses it, and I am pleased to be a cosponsor. But I hope in the coming weeks we will do much, much, much more to address the crisis faced by family farmers.

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

Mr. MCCONNELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. MCCONNELL. I yield 10 minutes to the distinguished Senator from Kansas.

Mr. ROBERTS. I thank the Senator for yielding.

Mr. President, first let me pay a sincere thanks to Senator MCCONNELL and Senator BIDEN, and both Republican and Democratic leaders, and to all of my colleagues who have addressed this most important issue for their help and support. I do really appreciate the opportunity to speak in behalf of what I consider to be a truly emergency agriculture export relief bill.

If we move, if we pass this bill, our U.S. wheat producers may, and I emphasize may, be able to sell Pakistan almost 14 million bushels of wheat. Now, that means about $40 million in the pockets of American wheat farmers instead of $40 million in the pockets of our competitors, not to mention the poor people in Pakistan who are suffering from malnutrition and hunger in regards to a very needed commodity.

The deadline for the wheat tender or sale is July 15. That is next week. That is why this is an emergency. That is why the decks are cleared. That is why this legislation is hotlined. Now, if the Congress delays, in this body or in the House, it will be a $40 million delay at the expense of U.S. agriculture. This bill simply exempts the GSM export credit program from the mandated sanctions now imposed upon Pakistan.

Let's take a look at a list of the positive things that will happen when and if the GSM credits are made available.

First, armed with the credits and facing desperate, desperate economic straits, Pakistan may well buy the wheat from these United States as opposed to our competitors.

Second, as a result of sale, the wheat market will gain strength, as will price recovery, especially in the northwestern part of the United States.

Third, lost U.S. market share due to the sanctions hopefully will be regained, but most important the passage of this legislation will send an immediate strong signal to the world trade community that the U.S. will compete aggressively, aggressively for export markets, and that the Congress is taking steps, finally taking steps, as the Senator from Nebraska has indicated, to correct the current drift in our trade policy. And, yes, it has great implications in regard to farm program policy. I am not going to go into that as of this afternoon, but it does have great implication.

Mr. President, Pakistan is expected to tender for wheat again in a few months, not just next week. So, with our export credit program freed from sanction chains, why, U.S. producers may win that sale as well. I might add again, time is of the essence. Our harvest is just concluded or is in the process of concluding. Now is the time when our U.S. wheat is the most competitive. If we don't sell the wheat now, the advantage will fall to our competitors.

I am pleased this legislation basically encompasses the legislation that Senator GORTON, Senator MURRAY, myself, and others introduced when we first heard of the sanctions some weeks ago. I also note the presence of the distinguished chairman of the Senate Agriculture Committee. He has a very comprehensive sanctions reform bill that looks ahead. I see Senator HAGEL is still on the floor, and Senator BIDEN. I have joined them in introducing a bill to take a look back in regard to the 115 sanctions that we have now imposed on 75 percent of the world's population. And we have other bills as well. So, I am very pleased to take part in that effort.

That is the good news. But I feel compelled to warn my colleagues, however, that I believe there is some bad news, with potentially more to come. This bill as originally proposed by the bipartisan task force on sanctions, ably led by Senators MCCONNELL and BIDEN, took one important step for agriculture, and I think a bigger step towards meaningful sanctions reform as it pertains to our national security and our foreign and our trade policy. It represented, in my view, the first step in providing the President, any President, and his national security team and his foreign policy team, the real-world flexibility to deal with the proliferation and testing of nuclear weapons.

The obvious case in point, and the reason we are here, is the situation in Pakistan and India. More than a month ago, Secretary of State Albright told Members of this body, in a briefing, that she needed a full arsenal of diplomatic tools to help both coerce and possibly positively influence India and Pakistan to cease any further testing and to discuss some kind of mutual strategy for improved relations between the two countries. I would add at this point, my colleague and the senior Senator from Kansas, Senator BROWNBACK, and Senator ROBB from Virginia, have been to India and Pakistan and have taken a hard look at that situation.

As I recall Secretary Albright's words, she wanted the flexibility to use carrots and sticks instead of a sledgehammer. I think that is pretty graphic.

Let me stress, too, that the actions of India and Pakistan were most serious and dangerous. No way did this bill or the original and more comprehensive bill really condone the aggressive and dangerous actions of India and Pakistan. That is not the case. It should go without saying that our national and international security is the foremost concern of everyone in this body, and the President, and, yes, farmers and ranchers, and, yes, everybody in the business community. It is this Senator's foremost concern.

The United States cannot countenance the proliferation and testing of any weapons of mass destruction. We must continue to evaluate and improve

our joint effort with our allies to achieve these mutual goals. But, in the doing of this, I say to my friends, there is a right way and there is a wrong way.

Unfortunately, the best of policies years ago may not serve our best interests as of today. Those who passed legislation 4 years ago could not know—we cannot know—how the world would look in 1998 or 4 years down the road. But as a result of mandatory sanction legislation passed in 1994, the executive has little—little, if any—any flexibility to deal with the extremely sensitive issue of India and Pakistan.

These sanctions are now in place. We have stopped all loans from international lending institutions, all credit programs. India, which is not dependent on World Bank financing, has largely been—somewhat—has been unaffected by the sanctions. But Pakistan is in serious jeopardy of default. How can this serve peace and cooperation?

Under the law of unintended effects, mandatory U.S. sanctions may well increase the suffering in Pakistan, it may well promote further extremism, serve no useful purpose—I might add in farm language, the testing cow is already out of the nuclear barn—and increase the likelihood of war in south Asia. And, in the process, since the United States alone has imposed sanctions, our trade competitors are first in line to seize our U.S. markets.

In the original bill introduced by Senators MCCONNELL and BIDEN, and supported by the great majority of the Senate, we fixed that problem. Step two of the bill would have granted the executive the full authority to impose none, some, or all of the sanctions in the Arms Control Act. It also gave the President authority to lift some or all of the sanctions when appropriate. In other words, the original bill provided an ''as you were, 9-month cooling off period,'' and gave to Secretary Albright the tools she requested to see if we could not achieve some progress in south Asia.

However, due to the concerns of several Senators—and I do not question their intent, their concern—it will not be possible to enact this more comprehensive bill. But as I said, in terms of the warning I said earlier—here is the warning: My friends, we are passing a very narrow and limited sanctions reform bill that applies to agriculture only, due to the Pakistani wheat tender and problems in farm country and our trade policy and our export policy. But I must warn you, when you deal with sanctions, they become overall embargoes. We saw that in 1980, with the infamous embargo imposed by President Carter. It ended up for 10 years like shattered glass and we had a terrible time putting it back together in regard to contract sanctity for U.S. agriculture.

If our competitors offer the same credit arrangements, and Pakistan has a choice, who do you think they are going to buy from as long as we continue the overall sanctions? In farm country language, you sanction a country and they get their nose out of joint.

The danger is this: Without section 3, which we originally had in the bill, we are also endangering the agricultural segment. It could happen. I hope it doesn't, but it could happen. As a matter of fact, I think a policy of ''we will continue to sanction a whole lot of this but we will sell you some of that only if it suits us'' does not do anything for a comprehensive and a clear trade policy.

I have already pointed out that in national security terms the current policy is counterproductive. Let me spell out some economic consequences in striking section 3.

Prior to the imposition of sanctions, the United States accounted for 25 percent of India's international trade. That is remarkable, considering all the miles in between our country and theirs. Also, I say, Senator BROWNBACK just went all the way over and all the way back to try to get an update on this. It has been truly extraordinary. The sanctions are now, however, estimated to cost India and Pakistan $4 billion in international bank loans. The Boeing aircraft company stands to lose up to $6 billion over several years in business with 30 airplanes that cannot now be delivered. Enron is building a huge power plant in western India, essential to raise the standard of living of India's near billion population. A foreign competitor could, in fact, actually take over that project. And $21 million in economic development and housing assistance and $6 million to combat greenhouse gases in India have been terminated.

Now, if there was any evidence, some evidence, a shred of evidence, that stopping this business activity or assistance would somehow result in Pakistan and India agreeing on a test plan and resolving their differences, I would gladly support sanctions. I would gladly do that. If there is any evidence that trade and foreign policy dominated by trade sanctions would have any practical or positive effect, I would support sanctions. In some rare cases they may be effective. In this case, I think they are making things much worse.

I think we have made a mistake in striking section 3 of this bill. In doing so, we have put grain sale to Pakistan at risk. I hope that is not the case. I am still optimistic. We continue to send signals that out of date and counterproductive sanctions are still the order of the day.

I full well realize, and I respect, the concerns in regard to authorship, jurisdiction, and the agreed-upon goal of a sanctions task force and the committees of jurisdiction achieving meaningful and comprehensive sanction reform. I understand that. I am part of the sanctions task force. That is going to take a considerable amount of time. It probably should, in terms of comprehensive reform. And, as a member of the task force, I look forward to working with my colleagues. But, Mr. President, in the doing of this, and in striking section 3, if we limp to the meetings it will be because, by delay in striking section 3 from this bill, we will have continued to shoot ourselves in the foot.

I yield the floor.

Mr. BIDEN. Mr. President, I yield 5 minutes to the Senator from South Dakota.

The PRESIDING OFFICER (Mr. SMITH of Oregon). The Senator from South Dakota.

Mr. JOHNSON. Mr. President, first, I thank the Senator from Delaware, Senator BIDEN, and the Senator from Kentucky, Senator MCCONNELL, for their work in helping expedite consideration of this very urgent legislation; also, a special commendation to my colleague, Senator PATTY MURRAY of Washington State, for her extraordinary leadership on this legislation, as well as to Senator ROBERTS from Kansas.

Over 10 percent of the world's wheat market is currently boxed out to our country's wheat farmers due to the current economic sanctions. The situation of wheat becomes all the more urgent as we consider sanctions against Pakistan and India, Pakistan being our third largest importer of wheat, at a time when wheat prices have fallen to less than $3 a bushel.

I have to say, however, that our effort to address this issue today needs to be regarded, I think, as part of a much larger effort to revisit the entire matter of sanctions imposed by the United States, as well as taking a look at other protrade mechanisms available to us.

In my view, it is inexcusable that the 105th Congress has not moved full funding of the International Monetary Fund, the IMF, and fast track continues to languish. I look forward to working with Senator LUGAR and others who are looking at comprehensive reform of our entire sanctions regime.

The fact is, Mr. President, that the United States has slapped economic sanctions on other countries about 120 times in the past 80 years, but over half of those instances have been since the Clinton administration came to power. This month, it is India and Pakistan, but no other country on Earth opts for sanctions as often as has the United States. Currently, our sanctions imposed by our Government affect more than 70 nations in one form or another, home to two-thirds of the world's population. What is worse is that this 105th Congress is considering, as we speak today, an additional 30 sanctions in other pieces of legislation.

Frankly, it is often an emotional and short-term political calculation which drives these sanctions, rather than a longer term, reasoned, logical explanation of what kind of cost benefit would derive and what kind of diplomatic leverage actually is derived from the sanctions.

It vents more outrage, but more often than not backfires, particularly

in the case of food items, particularly in the case of grain where other nations have an opportunity to grow and to take our markets.

It is America all too often, rather than the target nations, that becomes isolated and that becomes victims of our own sanctions. When other nations refuse to join with our sanctions, American business suffers. In 1995 alone, unilateral sanctions cost the U.S. economy an estimated $15 billion to $19 billion and up to 260,000 jobs, according to the Institute for International Economics. Sanctions beyond that also give American suppliers a reputation for unreliability and its effects can be long lasting.

There are instances where sanctions, to some degree, have been effective. South Africa comes to mind. Some aspects or sanctions against Iraq come to mind relative to chemical, biological and nuclear weapons. But the successes we have had with sanctions in the United States, I think, points to a general rule, and that is, to be effective, sanctions must have broad international support and must target specific vulnerabilities.

We need to be examining more alternatives to sanctions, whether agricultural or otherwise. The engagement with other nations, rather than isolation, is one that I think is coming upon this Congress and certainly this administration as a direction that we need to pursue.

I am pleased that the Clinton Administration has organized a special State Department team installed to rethink our overall sanctions policy. The premise, I think, of our policy as we move in this direction—first with this bill and then, hopefully, with broader, more far-reaching sanctions legislation—is that it is multilateral sanctions, even if they are weaker in nature, that are usually preferable to unilateral sanctions. And secondly, any sanctions that we do impose should be subject to a cost-benefit analysis. Incredibly, in the past, few sanctions have been evaluated for their consequence on the American economy relative to what it does to the target nations.

The focus, I believe, needs to be on a much more reasoned approach to sanctions in general. This is a good first step in the right direction. It is urgent because of the Pakistani offer to purchase 350,000 net tons of wheat as of July 15, and we have this urgency now. But I support this legislation, and I ask unanimous consent to be listed as a cosponsor and yield back what time I may have.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MCCONNELL. I yield 5 minutes to the distinguished Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. BROWNBACK. Thank you very much, Mr. President. I thank very much the Senator from Kentucky. I, too, ask that I be added as a cosponsor of this bill.

I applaud the leadership of Senator MCCONNELL, and the leadership of the majority leader, TRENT LOTT, in moving this forward rapidly.

I think the number of people who have spoken on the floor about the issue of food and that it should never, ever be used as a political weapon or tool in foreign policy, speaks clearly with the mind of the Senate that it doesn't work. Food being used as a political tool or as a tool of foreign policy should never, ever occur.

Hopefully, as we move forward on some reforms, that will be a point of agreement, something with which everybody agrees: Food is never, ever to be used. It only hurts the people and hurts our farmers in the United States. So I congratulate my colleagues.

I particularly recognize my colleague from Kansas who has been a leading proponent in agriculture and agricultural trade for many years in the Congress, now in the U.S. Senate. We need to move this legislation, and we need to move it now.

Senator ROBB and I just got back 10 days ago—actually less than that, 7 days ago—from a trip to India and Pakistan. We met with the prime ministers of both countries. We met with the defense and foreign policy leadership in both countries, and we saw areas that they want to engage with the United States, feel they have definite security needs—both India and Pakistan —that they are responding to and are having difficulty in understanding us throwing the book at them.

I think we need to work now, obviously, in lifting this particular sanction on food. It should not be in place, period, anyway. It should be lifted rapidly, and I am glad to see the leadership doing that.

We next need to work on lifting the rest of the sanctions. We need to do it, in my estimation, rapidly. Pakistan is in crisis. They have less than 2 months foreign reserves of funds left to meet their debt loans. They have lost half of the valuation of their stock market. We need to do so rapidly.

We need to move forward in a way that reduces tension in the region, and this is a key point as well. We went to the line of control between Pakistan and India, and tensions are high. At the time we were there, 11 people were bombed and killed on the Pakistani side—just the time we were there. We met with a number of villagers who had been wounded at some point in time in the last 6 to 12 months. They were showing us the wounds they had. We have to act in a way that reduces tension. We have to act in a way that re-engages the United States in the region.

I am convinced we can do all of these things. This is a good first step. We have to further engage. I think we have to engage the United States broadly in the region with India and Pakistan.

There were a number of concerns raised by India while we were there at the same time the President was in China, saying that they were reacting to perceived threats from China that they have stated publicly and they were saying to Senator ROBB and myself as well.

On Monday, Senator ROBB and I will be hosting a hearing in the Foreign Relations subcommittee that deals with the Indian subcontinent on the issue of how can we next move forward with lifting the remainder of these sanctions in a way that we can do so rapidly, that helps the countries involved, that doesn't hurt unequally countries like Pakistan and India, that reduces tension in the region, and works rapidly to move this issue forward. We need to do so.

I am delighted to see that we are dealing with this issue of food. We do need to deal with the rest of the issues, particularly in the economic areas. We do need to deal with the areas of reducing tension in the region. I am convinced we can do all of this. We need to be back up in front of this body quickly, again, with the steps we need to take to further engage the United States in lifting the sanctions in this region.

I congratulate the leadership on moving this forward. I yield back the remainder of my time.

Mr. BIDEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. BIDEN. I yield 13 minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Thank you, Mr. President.

Mr. President, before I make the rest of my remarks, I want to say I support this legislation and will vote for it. I do want to bring up some points, though, that have not been brought up here today. I support this. It is good legislation that extends the exemption for food assistance already contained in the Glenn Amendment sanctions. This has been worked out with the leadership. And it is basically the language that Senator MURRAY brought out of committee, I believe. I think it is identical language—or close to it. So I want to congratulate her also on this. But let me put a different perspective on sanctions than some of those that have been expressed here today.

The United States currently has in effect some 61 sanctions against different nations around the world. They are not all involved in nuclear nonproliferation. We have sanctions involved with such things as drugs, as terrorism, human rights, sanctions against Cuba.

This legislation today does not address those. I do not think in some of these areas—for instance, on drugs, even if food was involved—we would be lifting these sanctions. But the United States has wanted to prevent nuclear war. Ever since the case of Hiroshima

and Nagasaki, most responsible nations in the world have realized we need to control the threat of nuclear holocaust by sometime, somehow, some way reducing nuclear weapons.

While that remained a long-term objective, it would become even more difficult if more and more nations developed a nuclear weapons capability. It was with that longtime hope that legislation has been passed for more than 20 years—much of it my legislation; that is the reason I feel a special relationship or a special responsibility here today—for more than 20 years trying to stop the spread of nuclear weapons while at the same time holding out hope for eventual weapons control and reduction.

For many years I felt this was a rather futile gesture. I did not feel good about what we had done at all because we were not making much progress. But finally the cold war demise brought new hope for really gaining control of nuclear weaponry, and in a comparatively short period of time there was real optimism that control over these weapons could be gained.

With the end of the cold war and agreement with the Soviet Union, we saw missiles suddenly being taken out of silos, weapons being taken down, cores of fissile material being removed, and real progress was being made. The Lugar–Nunn—Nunn-Lugar—whichever way you want to say it—legislation gave some help in that direction. That has been a big mammoth help. And with U.S. leadership, we have achieved something we would not have even thought possible a few years ago, 185 nations signed the NPT, and progress is being made on the CTBT, the Comprehensive Test Ban Treaty, which now has 149 signatories.

So it was against that backdrop of really making some progress that the Glenn amendment was passed in 1994—which we are altering here today—with the belief that if we were even a little tougher than we had been, that this would really discourage other nations from moving toward nuclear weapons. That hope, of course, went down the drain when India's extreme Hindu nationalism took precedent over what most people around the world thought should have been more rational behavior. It was against that backdrop we passed the legislation.

The sanctions passed in the 1994 legislation were meant to be tough and provided no Presidential waiver largely because of the very spotty performance in nuclear nonproliferation in past administrations. I would remind my colleagues today who are here decrying what has gone on here that this bill passed unanimously in the U.S. Senate. Everyone critical today—most of the people here were here in 1994. And so it passed unanimously in the U.S. Senate.

Some feel that sanctions are just no good in any respect. But sanctions or the threat of sanctions as one of our diplomatic tools, I believe, has been effective in the past in helping to turn off either actual or incipient nuclear and missile programs. And we can give as examples Argentina and Brazil. Taiwan—I made a trip out there some years ago when we knew what Taiwan was doing in heading toward possible nuclear capability. South Korea was also on that list, and South Africa. And we may even have delayed some of Pakistan's access to the bomb which resulted in nuclear explosions.

What we do today here in the name of our own U.S. economy—I want everyone to realize what we are doing—what we are approving are U.S. loans, taxpayer dollars, to replace the money the Pakistanis spent on developing nuclear weapons instead of on food for their own people.

I also say, does this bring them any closer—with what we are about to do today, will this result in or do we have any under-the-table or tacit agreement that they will go ahead and sign the NPT, that they will sign the Comprehensive Test Ban Treaty? We can say this is a carrot hanging out there, but our carrots to Pakistan in the past have been rebuffed by one falsehood after another for the last 17 or 18 years that I have been experiencing personally, including visits to Pakistan to talk to their top people when they denied having any weapons or any weapons program, clear up until the time they set off the bombs that they claimed they did not have all these years.

So my reaction to this is, yes, for humanitarian reasons, I certainly do not want the Pakistani people themselves and little babies going hungry, and so on. So I am willing to go along with these humanitarian concerns. But we do need definitely to rethink sanctions across the board and what we mean by them.

As time has gone along, and the nations of the world are no longer being forced to choose between the United States and the Soviet Union, the world really has become more multipolar in every respect, with business, industry, banking, economics, and so on. And so the role of sanctions has changed along with that.

It has become increasingly evident through the years that the sanctions only become really effective if they have multilateral support, either from our major allies or preferably at the United Nations. I believe sanctions still have a major role to play in nonproliferation and in our fight against drugs and terrorism and human rights abuses and the situation in Cuba, and so on. I do not think we have to say all sanctions are bad, but they are only effective if they have multilateral support.

Today we have economic arguments here because sanctions are going to hurt our own farmers in this country, and we may have some that will affect the manufacturing of jeeps out of Toledo, for instance, in my home State of Ohio, as well as farming interests there.

So the world situation has changed, and we need, in each one of these cases, to consider the case on its own individual merits. In that regard, I have submitted legislation that was put in just before the last break. The legislation would alter the way sanctions are administered, and would be not only prospective but would be retrospective, also. And it would be basically this: At the time of an event or a determination that triggers a sanction against a given country, the President could, at his discretion, place a hold on the imposition of the sanction for up to 45 calendar days to decide whether to remove or impose the sanction or to say, ''Here is a part that will work; here is a part that will not work.'' Maybe the President would want to say, ''None of it will work,'' so he wants to recommend that we do away with that whole sanction for that particular country at that time.

He would be completely flexible in what he could recommend, but he would have 45 days to either build the multilateral support that I spoke about or come to the Congress and say to the Congress: Here is what I recommend in changing this sanction in this particular situation. And then he would propose that to the Congress, and Congress would have 15 session days to act under expedited procedures—15 days. We would have a limit on what debate could occur, obviously. It would be given preferential treatment here, and we would consider the President's purpose in this and require him to give us his reasons why he wants to change this legislation, alter it, or how he thinks it could be better administered. Congress would have 15 days to approve or disapprove what the President had done. That gives the President ultimate flexibility, it seems to me, and would be a great step forward.

For sanctions that are already in place, the President, on the anniversary of that sanction, would have to come back and say once again to us why it is working, why it is not working, what changes he thinks should be made in the sanction. And he would do that at the 2-year anniversary of the imposition of any sanction, and then would have to give us a report every year thereafter on that sanction as to whether it was working or not working and recommend any changes to make it more effective.

I do not see any other way to make this whole thing work in the multipolar world in which we live now. Sanctions 15 or 20 years ago may have had more of a chance of an effect even though they were unilateral, but rarely in the situation we find ourselves in in the world community today.

So while I am for this legislation today for humanitarian reasons, I do not go along with some people who talk about poor little Pakistan and how they are in the situation that they have brought upon themselves because they have deliberately misled us intentionally—one leader after another for

about the last 15 or 16 years that I have been personally dealing with this. But I do not want to see the Pakistani people go hungry or anything like that, and so I go along with this today.

It was mentioned a moment ago what a sad situation it was that we did not include the other parts that were originally posed in this legislation. If we had kept those proposals on this legislation, I can guarantee you I would probably have participated in my first filibuster in my 24 years in the U.S. Senate. I feel that strongly about it.

I do think we have played a good role in stopping the proliferation of nuclear weapons, and sanctions have helped—but if we take these off today as far as food sales go, maybe it will give us a lever; maybe it will give Pakistan an incentive to sign the NPT, sign the comprehensive test ban treaty, and hopefully that would encourage India.

There is nothing in here for India, so I don't know whether we are unbalancing this situation or not. I don't know what the administration may have planned to sweeten the pie, sweeten the pot for India in this regard; also, to get them to move toward NPT and CTBT status.

Make no mistake, these are not just some international loans we are approving, these are U.S. loans we are approving to Pakistan and will pass in the Senate. It still has to pass the House, obviously, and we hope this can get done in time to take place before the bidding starts on the international sales, as I understand it, by the 15th.

I repeat, I think we need to rethink sanctions. The outline of what I have proposed is in legislation now. It has been filed. I hope we can move in that direction, because I think it would give the President the ultimate flexibility he needs without dumping congressional responsibility at the same time. It would mean whatever the President proposes with regard to sanctions we would have to consider on an expedited, privileged basis. To me, this is the way we should be going in the future.

I know I am part of the task force that will indeed be looking at these options between now and September 1 when we have to have them submitted for the U.S. Senate.

How much time remains?

The PRESIDING OFFICER. The Senator has used his time.

Mr. GLENN. I yield the floor.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. McCONNELL. I yield 5 minutes to the distinguished Senator from Washington.

Mr. GORTON. Mr. President, the time has come to pay the piper, and we don't much like the price. For years we have been able to sing the siren song of sanctions on the cheap. Whenever we are concerned about human rights—sanctions. If we are concerned about nuclear proliferation—sanctions. But I think almost always the magic of those sanctions has been that they don't go into effect when we make the speeches on that subject on the floor; they may happen sometime later. And now they have happened.

All of us in this body and our predecessors are guilty of this song. But now we learn what it really does. At a time in which farm prices, especially in our wheat country and the Pacific Northwest, are already declining precipitously because of the financial crisis in east Asia, we add to our own pain by creating a situation that will almost certainly cause us to lose hundreds of millions of dollars' worth of sales in Pakistan to other countries that don't share our enthusiasm for sanctions, unless we act in a period of time of less than 1 week.

Yes, this is an urgently needed bill, urgently needed for the farm sector of our community, urgently needed for our own ability to operate in a highly competitive world of agriculture. For that purpose, the work of the Senator from Kentucky and the Senator from Delaware and everyone else who has been a part of this is vitally important.

But the Senator from Ohio just said, gosh, this is unbalanced, it does something for Pakistan and it doesn't do anything for India. It did something for India this morning, Mr. President. This morning it did when it also allowed waivers with respect to the Export-Import Bank, where last year we sold almost $400 million worth of aircraft from my State, with future similar sales greatly threatened by sanctions which now remain because the Senators from California and from Ohio wouldn't permit this bill to come up at all unless that was taken out.

Of course we are going to support the bill in its present form, and of course we will support a task force, and what my seatmate here, the distinguished Senator from Indiana, has been working on for months, to bring a more rational system of sanctions together. But we are finding that the sanctions cost us more than they cost the Nations against whom they are imposed, because you can buy wheat in parts of the world other than the Pacific Northwest. Unfortunately, you can buy jet airliners from other sources than Seattle, WA. In fact, when you impose sanctions on one thing on a country, you give that country an immense incentive to buy other things from other countries, as well as a form of resentment.

In this case, when the India nuclear tests were largely caused by our policies with respect to China, and of course the Pakistani test by what happened in India, the sanctions are particularly bizarre.

The sanctions that we are in part removing today should be removed. But they are an illustration of an even bigger fact—that we should have done what this bill did this morning and does not do now; we should be doing even more. So in that respect, the promise in this bill is dual: First, an opportunity, if we do get it all the way through and to the President, that we will save a vitally important part of our wheat sales; and, second, the illustration that we are only at the beginning of deciding that maybe that song wasn't worth the price that we are now paying the piper for. And that may be every bit as important a part as the specific sections we are passing this afternoon, as important as they are.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. ROBB. Mr. President, I yield myself 5 minutes, with the permission of the Senator from Delaware who stepped off the floor.

The PRESIDING OFFICER. The Senator is recognized for 5 minutes.

Mr. ROBB. Mr. President, let me say that I think the debate this afternoon has been instructive, particularly with respect to the impact of sanctions, because we are acknowledging, perhaps for the first time in a forum and debate like this, the fact that sanctions clearly have limitations and all too often the target of the sanctions ends up being less impacted by the sanctions that are actually put in place than the country that enacts those particular sanctions.

Senator BROWNBACK spoke a few moments ago of a trip that he and I took to the Asian subcontinent just over a week ago. We had very good meetings with Prime Minister Vajpai and his key officials within his Government, including Interior Minister Advani, Defense Minister Fernandez, and others. We spent another day in Pakistan with Prime Minister Sharif, Foreign Minister Khan, and a number of key officials. We went up to a line of control and not only observed the positions there but did observe the fact that the fighting in the Kashmir area continues to inflict far more casualties on civilians than it does on actual combatants.

But for a very different reason than my good friend and colleague from Ohio, I am pleased that section 3 was removed because it was less than, I believe, we need to do in terms of taking congressional fingers off of the ability to waive sanctions that we currently employ. I believe it is important that we continue to focus on our oversight role and make the administration not only responsible for the conduct of foreign policy, but for defending foreign policy choices. But ultimately, if we prescribe sanctions and act, in effect, as 535 Secretaries of State in too many instances, we make it virtually impossible for the administration to carry out the functions of any administration—whether it be Democratic or Republican—to carry out the functions that we expect an administration to carry out on our behalf. So taking section 3 out of this particular legislation, which would have had a limited waiver authority, and working to provide the kind of complete waiver authority and comprehensive treatment that I believe this subject deserves, in my judgment, it is the right thing to do. Given the statement just made a few minutes

ago by the distinguished Senator from Ohio, it may be that we will have extended debate on that particular topic. But it is important that we do so.

In this particular instance, much like fast-track authority and others, the Congress of the United States can play a role, but frequently its most important role is as the ''bad cop'' to provide an opportunity for the administration to get concessions and to make progress in areas that, but for the possible effect of sanctions or other activities that the Congress might impose, the President working directly with the other country with singular decisionmaking authority can achieve results that we simply could not obtain if we were reliant solely upon the actions of the Congress of the United States.

So I am pleased to be supportive of this legislation. I think that food is the right place to draw the line in the near term. I support the amendment that will be offered by my distinguished colleague from Virginia, and I believe the Senator from Connecticut, with respect to adding medicine to that list—I think that is an appropriate addition.

Next week, we will begin to consider, in a more comprehensive fashion, the kinds of authority that we ought to provide to the Chief Executive of the United States, whatever party he or she might be in at any given time, the authority to negotiate directly with foreign governments and not have the prospect of having to then bring whatever negotiation that took place back to the Congress, where it might be amended or changed.

With that, again, I salute those who were involved. I thank Senator BROWNBACK for making a very exhaustive 96-hour trip to visit those two countries and to get directly engaged in some of the problems that confront us. I thank all of our colleagues for the effort they have put into trying to find an equitable solution to a very serious problem confronting not only the United States and the South Asian Continent, but the international community and sanctions that we might employ in the future have the kind of effects that we may not have intended them to take.

With that, I yield back whatever time I may have and I yield the floor.

Mr. MCCONNELL addressed the Chair.

The PRESIDING OFFICER (Mr. BURNS). The Senator from Kentucky is recognized.

Mr. MCCONNELL. Mr. President, I yield 5 minutes to the distinguished Senator from Oregon.

Mr. SMITH of Oregon. Mr. President, Senator MCCONNELL and Senator BIDEN, my friends, who have shown leadership on this issue, I thank you publicly for doing that. It's been a remarkable afternoon as we've debated this issue. In fact, the debate has been somewhat limited because I think there's a whole lot of unanimity and that perhaps the Senate may have acted precipitously in the past.

I appreciated Senator GLENN's willingness to share with us some of the history and motivation that went into the markup of the Arms Export Control Act. I don't think anyone here doubts his sincerity and the accuracy of what he said. However, I think all of us who have risen today to defend wheat farmers recognize how seriously we have failed in some regard. We have not kept a nuclear genie in the bottle on the Indian Subcontinent, and now we see the bizarre spectacle of the American Government poised to wrestle American farmers to the ground because our law does not control arms half a world away.

I am pleased to rise as a defender of Oregon farmers. I suppose the motivation of everyone here is absolutely appropriate. I have additional motivation in that the farmers that we're talking about are my neighbors.

I come from Eastern Oregon, a place of rolling hills of wheat. And so when I consider this issue, I see their faces. And I know how much they're suffering as we speak, because last time I checked, wheat in the Port of Portland was selling at about $2.75 a bushel. I don't know when it has been that low and to have the threat of sanctions come on top of it is truly—truly a double jeopardy. I am pleased with what the Senate is doing today and I am happy to be an original cosponsor of this amendment. Again, I am thankful to the Republican and Democratic leadership for changing at least a small portion of the Arms Export Control Act.

Let me indicate how important this is as a country issue and a city issue. This year alone about 40 percent of the U.S. soft white wheat comes from the Pacific Northwest. Again, this year alone that crop amounts to about $255 million. Sales of this magnitude for the rest of the year will simply go to another country if we don't act as we are today.

In addition to that, this will have an effect on the city of Portland. So far this year, wheat sales in the Pacific Northwest have resulted in about $10 million. So, this is an issue that brings country and city together in a very significant way.

Now, Mr. President, I am pleased to tell you that in a recent conversation with President Clinton, he emphasized his willingness, even his great desire to sign this legislation. So we are doing something here, acting unitedly as Americans and with our president.

I am also pleased to tell you that a couple days ago I met with the Foreign Minister of Pakistan and Special Envoy of the Government of Pakistan. We discussed the need for Pakistan to develop with America a new way of rebuilding our relationship. I indicated to him that I felt it important to keep the door of commerce open as we acted in this Congress on sanctions legislation. I also let him know that they should also act to reach towards us as well. He gave me his assurance that purchasing soft white wheat from the Pacific Northwest would be a priority over similar purchases from other countries.

Mr. President, it's been a pleasure to stand with so many Senators who care about our farmers. I count myself chief among them. I thank them for their support and ask for their votes in the Senate and for the state of Oregon. I yield the remainder of my time.

Mr. BIDEN. Mr. President, I yield 5 minutes to the Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota is recognized for 5 minutes.

Mr. CONRAD. I thank the Senator from Delaware.

Mr. President, in my home State of North Dakota, we are facing a disaster of stunning proportion. We are losing literally thousands of farm families as a result of what I call a ''triple whammy'' of bad prices, bad weather and bad policy. One part of the bad policy is the sanctions that we place on foreign countries that locks us out of their markets.

Mr. President, I have just spent 9 days in my State going from town to town. Everywhere I have gone, farmers have taken me aside, bankers have taken me aside, Main Street business people have taken me aside and they have told me that something is radically wrong. Farmers are not cash-flowing. We have the lowest prices in history, coupled with a dramatic reduction in production because of the outbreak of massive disease—scab and other disease—that is reducing yields dramatically. That combination is absolutely devastating to farmers.

In the midst of this, our Asian markets, which are critical to us, are weakening because of a financial collapse there. And on top of it, our own Government is imposing sanctions on countries like Pakistan, which is the third largest buyer of wheat, and we are locking ourselves out of those markets, further weakening prices, creating what is, in effect, a death spiral.

Mr. President, what are the consequences? In my State, there are now 30,000 farm families. We are anticipating losing as many as 10 percent—3,000 farm families—this year. We have auctions that are being offered daily—many of them each and every day, as farm families liquidate, leave the land, because they can't possibly make it. These are some of the very best farmers that North Dakota has.

Mr. President, it is critically important that we pass this legislation to exempt agriculture from these sanctions to give our farmers a fighting chance. I visit farmsteads frequently in North Dakota. I wish I could explain to my colleagues the depth of despair that is being felt there. I had a farmer say to me this last week that he believes farm conditions are worse than the 1930s.

I have had many farmers say to me that conditions are worse than the

1980s. That was an incredibly bad period in North Dakota and, of course, in the rest of the farm country as well.

Mr. President, it is time to act. We can take a first important step today by passing this sanctions legislation.

I want to especially thank my colleague, Senator MURRAY of Washington, for her outstanding leadership on this legislation; Senator MCCONNELL from Kentucky, who has taken a strong interest in getting this legislation passed—my hat is off to Senator MCCONNELL as well; Senator BIDEN, who has played a critical role in advancing this legislation and keeping it together in the difficult hours this morning; and Senator ROBERTS from Kansas, who has also played a leading role. My thanks to each and every one of them.

I can tell you, we face a desperate situation in my State. It is truly a disaster. I just went through six counties, and in every one of them they are literally under water. There are 2 and 3 feet of water on the farm fields. There won't be any crops there this year. Coupled with the very low prices on crops they had last year, we face a deepening of the disaster that is already occurring.

This is an important step. I urge my colleagues to support it.

I yield the remainder of my time.

Mr. MCCONNELL. Mr. President, I yield 5 minutes to the distinguished chairman of the Senate Agriculture Committee, who really, I think, began this debate with his comprehensive sanctions proposal. We are all grateful that it began to stimulate all Senators to certainly rethink where we are at this point with our history of sanctions.

I thank the chairman of the Agriculture Committee and yield him 5 minutes.

Mr. LUGAR. Mr. President, my thanks to the distinguished Senator from Kentucky. I appreciate his leadership, that of Senator BIDEN, and likewise the role of Senator LOTT and Senator DASCHLE in appointing this important task force.

I am eager to speak today as an original sponsor of the legislation before the Senate. This bill is appropriate and a good first step toward comprehensive review of economic sanctions that is sorely needed for our Nation's economic security.

First, the legislation is timely. Executive agencies have debated whether the Agriculture Department's export credit guarantees for Pakistan should be included in the Glenn Amendment prohibitions, or not. The Justice Department concluded the law did prohibit these guarantees.

In fiscal year 1997, Pakistan bought $347 million worth of U.S. wheat with USDA's export credit guarantees. In fiscal year 1998, Pakistan was allocated $250 million in export credit guarantees and has used $162 million of that amount, all for wheat.

On July 15, Pakistan will hold a tender for 350,000 metric tons of wheat. Without export credit guarantees, the United States will get none of that business. That will mean the loss of about $37 million in foreign exchange earnings.

The Pakistani government will not draw any lessons from our lack of participation, except that the U.S. has chosen to cede another market to its competitors. Other grain exporters are participating in the tender and will make the sales if we do not. Only our farmers will suffer. Quick action by the Congress, however, can resolve the short-term problem.

Second, the legislation is appropriate. Food should not be a weapon in foreign policy. The history of unilateral agricultural sanctions over several decades adequately demonstrates their futility.

When sanctions are unduly rigid and automatic, they become a roadblock to prudent diplomacy. This is a much more serious issue. In fact, sanctions tend to harm our industries and hamper our foreign policy more than they advance their stated goals.

Mr. President, rarely did we state our goals when we adopted any of the 61 sanctions that are now on the books; nor have we established benchmarks that show whether these sanctions have been successful. Obviously, our policy was not successful with regard to the sanctions we are discussing today. Unilateral sanctions rarely accomplish their objectives in the absence of multilateral cooperation. In fact, scholarship on this subject is replete with almost no instance in which unilateral U.S. sanctions have achieved their intended goals, even when the goals were implicit as opposed to being explicit.

Finally, the legislation is a good first step. This Senate needs a broad debate on economic sanctions and their consequences. The majority and minority leaders have shown strong leadership in naming a bipartisan task force to consider sanctions policy.

The fact that we need to pass this legislation on an emergency basis only illustrates the need for a more comprehensive legislative approach. We need to think through the consequences of unilateral, inflexible sanctions before they are imposed, not after.

In the near future, I will offer a modified version of my bill, S. 1413, for the Senate's consideration. That legislation will establish a framework for the consideration and review of future sanctions, and will broadly exempt food and humanitarian assistance.

I look forward to working closely with the task force headed by Senator MCCONNELL and Senator BIDEN. I appreciate that we must examine not only prospective views on any legislation suggested but likewise retrospective views and those of our Chief Executive and Secretary of State.

For the moment, we need to pass the bill before us. I commend those who brought this important legislation to the floor today.

Mr. President, we will also need to think carefully, as other Senators have suggested, about the overall agriculture situation in our country. As a general rule we ought to be thinking about how we make the sale and move the grain, not about how we store the grain and dismember the farm bill.

Congress should grant the President fast track trade negotiating authority. We must have this in order to successfully move our grain to the rest of the world this year, next year, and for many years to come. Fast track is essential for the World Trade Organization (WTO) negotiations that will be paramount next year. We must also act on International Monetary Fund (IMF) replenishment. This is critical to having any chance of regaining Asian demand. Right now, prices are down because demand is down. It is as clear as that.

Finally, we must have broad sanctions reform. Sanctions inhibit us and cost American jobs and American sales.

For all of these reasons, Mr. President, this is an important moment, an important bill, and I strongly support its passage.

Mr. BIDEN. Mr. President, I yield 5 minutes to the Senator from Montana.

Mr. BAUCUS. Mr. President, I first thank my good friend, the Senator from Delaware.

Mr. President, we are now embarked on a very significant policy change with respect to sanctions. Over the past several years, it was simple for the U.S. Congress to slap sanctions on an offensive country. We could also give the President the authority to grant sanctions. We could do this because we believed this power was free. That is to say, we in Congress freely used sanctions to express our sentiments about issues of particular concern, and we passed several pieces of legislation giving the President sanctions authority because it didn't cost anything. And we made our statements loud and clear by doing so. Good statements, for example, that tried to curb proliferation of weapons of mass destruction. And at that time, these efforts were necessary in steering certain countries away from a course contrary to world public policy.

Unfortunately, despite our best intentions, most of these sanctions bills have been ineffective. Many have not accomplished the purpose for which they were intended. We may ask ourselves why? I believe one important reason is the fact that the world has become so global. In addition, this global marketplace is not conducive to the imposition of unilateral sanctions imposed by the United States. Quite simply, the sanctioned country can very easily avoid the purpose and penalty of our sanctions by going to other countries to get the products that they would otherwise obtain from the United States.

So, by and large, unilateral sanctions have not worked very well. On the

other hand, multilateral sanctions tend to work when a majority of countries in the world join together with the same purpose and to help accomplish the same objective. The legislation that we are considering today, and will pass today, recognizes that phenomenon.

That being said, I believe that there is definitely a role for sanctions—unilateral and multilateral. We just have to work together to determine when and where each sanction is most appropriate and effective.

Over the last couple of weeks, we have seen a demonstrated interest in reforming our sanction's policy. We realize today that it probably makes more sense to pass something narrowly crafted than to use a blanket action to achieve a specific goal. Take for example, the fact that we are considering a waiver with respect to GSM agricultural credits for food shipments to Pakistan. We now believe—and I think I am speaking for almost all Members of Congress—that food shipments should never be used as a foreign policy weapon. Barring a country from a necessary food source is wrong. It is antihumanitarian. More often it hurts the very people who need it the most. It also tends to inadvertently penalize our producers here in America.

Food as a weapon simply does not work, and the legislation before us today essentially provides a release valve with respect to food shipments and agriculture products. Today we are talking about Pakistan, but we should also rethink our policy toward India and the rest of the sanctioned countries after this particular vote. We must also devise a way to give the President a little more flexibility when targeting a specific result. These results include the reduction of nuclear tests and weapons of mass destruction in Asia.

I believe that it is also important to point out that our agricultural producers are currently blocked out of 10 percent of the global market due to sanctions. This lack of market access obviously hurts our producers. It is almost ironic that in many cases we hurt ourselves far more than we hurt or influence an errant country. This is most often the result when we employ the use of unilateral sanctions. Our producers simply cannot afford to bear the brunt of our failed foreign policy endeavors. We simply must oppose and remove trade sanctions that unfairly inhibit market opportunities for our ag producers.

I might also add that I recently accompanied President Clinton on his trip to China. During this trip, I talked to several Chinese officials and tried to encourage them to open up their markets to American products like Pacific Northwest wheat. Unfortunately, the response I received was to the effect that China would be willing to buy if America was a reliable supplier. Their spin on trade was justified by claiming we in America sanction our food exports too often. Why, then should they depend on us to provide a reliable source of wheat, or beef or any other commodity subject to sanctions?

Now I'm not saying the sole reason China does not take wheat, particularly Pacific Northwest wheat, is due to sanctions. But I do believe our random sanctions policy is a contributing factor. Again it was obvious that if we stop using food as a tool of foreign policy, we will have an easier time in encouraging market access.

Mr. President. It took awhile but sanctions reform is now moving quickly. Many Senators should be recognized for their efforts in bringing the forefront—Senators MCCONNELL, LUGAR, DODD, BIDEN, GLENN, MURRAY, FEINSTEIN and ROBERTS. There are many more and I would like to compliment them for their efforts. I only suggest that, as we work together on a solution, we be a little more thoughtful than we were this morning in rushing to push legislation throughout without thoughtful consideration and foresight.

Discretion is the better part of valor. For that reason, I am pleased that we in the Senate decided to focus on a narrow sanctions reform provision that would pass on its merits in the immediate future. This is much more reasonable that trying to enact broader sanctions reform which we should do, but at a later date in the fall after we have a sufficient amount of time to work together to produce a truly dynamic sanctions package. In the interim, I urge us to think carefully, think thoughtfully. Find a proper role for sanctions and offer a nonpartisan solution. We need to work together as a team. We have to, in fact, as the world becomes more complex with regard to foreign policy and trade policy build a strong coalition. As a team of Americans representing the Democrats, Republicans and Administration we will be able to set forth a policy enabling Americans to be respected as we would like to be.

With that, Mr. President, I compliment those who are involved in this legislation. It is a good first step. Let us continue down this path.

Mr. MCCAIN. Mr. President, I note with some concern the support of some of my colleagues for a weakening of the sanctions currently in place against India and Pakistan under the terms of the Nuclear Proliferation Prevention Act of 1994. Although I do not oppose the Farmers Export Relief Act of 1998, I would encourage members of Congress not to lose sight of the national security considerations which motivate our sanctions against India and Pakistan, and to tread warily along the path of haphazardly lifting those sanctions.

In 1994, the United States Senate voted unanimously in favor of automatic sanctions against any country which ''crashed the gates'' of the nuclear club. The gravity of counter-proliferation sentiment in the Senate at the time was clearly expressed by the absence of the standard ''national security waiver'' that sanctions legislation typically contains. At the time, we believed that such a tough sanctions requirement would serve as an effective deterrent to any country which believed it had more to gain than lose by developing the ability to detonate a nuclear device.

The tenor of the debate in the Senate today indicates that our 1994 sanctions legislation is viewed as a failure. India and Pakistan are now nuclear powers, attesting to the inability of the global non-proliferation regime to constrain their national ambitions.

But can we say with any degree of certainty that our sanctions policy is as powerless as some suggest? The 1994 legislation was intended not only to deter countries from developing a nuclear weapons capability, but to punish countries that flouted the global consensus, embodied in the Nuclear Non-Proliferation Treaty, against developing nuclear weapons as a legitimate instrument of national power. Sanctions against India and Pakistan have been in place for less than two months. It has been widely acknowledged that both countries, particularly Pakistan, have suffered from the cut-off in U.S. trade and investment and the cessation of loan guarantees from the international financial institutions.

An earlier draft of the Farmers Export Relief Act of 1998 would have granted the President the authority to waive all the sanctions mandated by Congress by the Nuclear Proliferation Prevention Act of 1994. I am pleased that this language was removed, as it would have been inconsistent with both the spirit and letter of the 1994 law.

I support American farmer and agribusinesses who wish to export their products to South Asian markets. However, I am not convinced that the campaign to waive U.S. sanctions for agricultural products is driven by concern for American national security interests. What is the basis for singling out agricultural products, rather than any other category of goods, for a sanctions waiver? I am not convinced that the merits of exporting grain, cotton, or even tobacco—all agricultural goods that would be exempt from sanctions should this legislation pass—are such that agriculture should be singled out for a sanctions waiver. What national security logic drives this approach?

Let me stress that I do not oppose this legislation to exempt agricultural goods from the sanctions regime in place against India and Pakistan. I simply wish to caution my colleagues against piecemeal efforts to take the teeth out of sanctions whose credibility and effectiveness hinge on their capacity to hurt countries which defy international norms and undermine American national security. we must approach sanctions policy with an eye for overall strategy rather than taking a more narrow, tactical approach that obscures the larger objectives of our foreign policy.

Mr. LEAHY. Mr. President, I am a member of the Sanctions Taskforce established by the Majority and Minority Leaders, and I support this bill. I want to give the President additional flexibility in his efforts to persuade the Indian and Pakistani Governments to walk back from the nuclear precipice. I think this bill represents an appropriate compromise.

But I also want to emphasize that I am doing so because the President's waiver authority expires on March 1, 1999. I do not favor an open-ended waiver, nor do I want my support for this bill to be interpreted as a signal that the President should immediately use the authority to waive sanctions. I hope he will think long and hard before he does, and do so only if he is convinced that it could bring about a significant change in behavior of these countries.

The United States finds itself in a difficult position. We are, after all, the only country that has ever used nuclear weapons against another country. We have also conducted thousands of nuclear tests, and we have an enormous nuclear arsenal. From the perspective of the Indians and the Pakistanis, our expressions of outrage at their recent nuclear tests may seem hypocritical.

I for one believe the United States could do a great deal more to set an example on nuclear disarmament. We do not need to wait for the Russians before we take further steps of our own. Our overwhelming military power makes it possible for us, indeed I would say we have a responsibility, to do so. We can reduce our arsenal further without risking our own security or the security of our allies.

But having said that, I also believe that the actions of the Indian and Pakistani Governments were at complete variance with the trend of history. Their acts were reckless and unnecessary. They contributed nothing to their defense, and they have only increased tensions and insecurity in South Asia. They have invited similar recklessness by other countries.

It is therefore imperative that the President use whatever diplomatic means he has to encourage the Indians and Pakistanis to join the Comprehensive Nuclear Test Ban Treaty, to enter into serious negotiations on a solution to the Kashmir problem, and to take whatever steps are necessary to ensure that they are not drawn into a nuclear arms race. In that regard, they need only look to the experience of the United States and the former Soviet Union to understand why it is in their interests to not start down that road.

I want the President's diplomacy to succeed, and I support giving him the tools he needs. But I also support the sunset provision in this bill because it gives these countries ample time to demonstrate whether or not they intend to respond to these concerns. If they do not, then sanctions should be reimposed. Any country that detonates a nuclear device should expect to suffer the consequences. On the other hand, if they do respond positively then I have no doubt that the Congress will reciprocate.

Mr. President, the avoidance of nuclear war is our country's first priority. Ever since the end of World War II we have done our utmost to avoid the use of nuclear weapons, by ourselves or by others. We have made headway with Russia on nuclear disarmament, but that process has stalled. I fully support the President's decision to go to Moscow to try to revive that process. The administration has also made progress in building international support for the Test Ban Treaty. The Indian and Pakistani tests have set that process back. This bill seeks to revive it. If we fail, we can anticipate a future with nuclear weapons bristling on every continent. That is not a legacy we want to leave.

I commend Senators MCCONNELL and BIDEN for their very effective leadership of the Taskforce that produced this legislation.

Mr. KEMPTHORNE. Mr. President, times are tough for Idaho's farmers right now. No one who has read a commodity report in the last few months would disagree. Wheat and barley prices are at record lows as are prices for other important Idaho agricultural products. Growers all over the state are on the verge of bankruptcy. This is an emergency.

In a time when the situation is so desperate, eliminating a market that represents almost half of Idaho's white wheat exports could permanently cripple the grain industry in my state.

That is why sanctions against countries such as India and Pakistan, at least those based on agricultural commodities, don't make sense. In fact, the only loser—the only group that will suffer as a result of the sanctions—will be America's farmers.

While I completely understand the reasons behind sanctioning countries that violate the Arms Export Control Act, I cannot support punishing Idaho wheat farmers for the actions of foreign governments. This body cannot stand by while much of the nation's wheat crop is sitting in grain elevators. Closing an existing market to America's grain producers could have dire consequences. American wheat producers are already shut out of 20 percent of international markets. I believe that we need to expand new markets, not close off existing ones.

It is for that reason that I am an original cosponsor of S. 2282, the Farmer Export Relief Act. This bill would send a strong signal to the international trade community that the United States will aggressively compete for commodity markets.

The fact is, food should not be used as an economic weapon. The people of these countries, two of the world's largest, have to eat. There are 967 million mouths to feed in India, 135 million in Pakistan. That's over 4 times more mouths than we have here at home.

Pakistan will soon make a $37 million purchase of white wheat. Our producers should be able to bid on that 13.5 million bushel sale. If they don't get their food from us, that void will quickly be filled by other nations with similar surplus problems. Pakistan is the third largest wheat export market for the United States. We can't allow such a big portion of exports to be handed over to our competitors.

Bill Flory, an Idahoan, is the president of the National Association of Wheat Growers. As a grain producer from Northern Idaho, Bill knows first hand the problems facing growers. Bill recently told me that the prices he is getting for his wheat are almost exactly the same as he was getting in the 1970's—almost thirty years ago.

Mr. President, this is, indeed, an emergency. Idaho's grain farmers should not be punished for the actions of other nations. It is time for this body to come to the aid of American grain producers and lift the sanctions that don't hurt the violators, but instead only hurt our own farmers.

Mr. KERREY. Mr. President, I am pleased to support this important measure to keep our agricultural export markets open.

Beyond the legislation currently under consideration, I am pleased that Congress has begun a serious discussion about the general issue of our sanctions policy. Too often in the past we have been quick to use the blunt instrument of unilateral sanctions without fully evaluating its impact. I believe that when considering sanctions, we in the Congress must take into account not only the likelihood the policy will meet our objectives, but also the effects sanctions will have both domestically and abroad. By acknowledging that our farmers should no longer bear the brunt of our sanctions policy, this legislation is a small but important first step.

More importantly, those of us from rural states know that a crisis is brewing in rural America and I think it is vitally important that the Senate begin to act to preserve family based agriculture. Exports are down, prices are collapsing, and producer incomes are decreasing at an alarming rate. And somehow, this crisis in rural America is growing at a time when the rest of the country enjoys an unprecedented economic boom.

Without action, we are about to see another migration from our family farms. If we don't act to preserve this way of life, we are going to alter forever the face of rural America. And I suspect that the agricultural sector we end up with will not be one we like.

I believe strongly that this Congress should act and will act to preserve family based agriculture. I am pleased that we are taking this first step to support our wheat farmers today and I look forward to the upcoming debate about how best to act to preserve a healthy and prosperous rural economy.

Mr. President, I urge my colleagues to support this important legislation.

Mr. DOMENICI. Mr. President, I rise in strong support of the legislation before us today. This bill touches on matters of great importance to the future of American farmers as well as the direction of foreign policy for the United States.

I agree with many of my colleagues who contend here today that this legislation signals an important first step in reevaluating our sanctions policy. Many of us would agree that we have overused and thereby deadened the sting of sanctions. In addition, unilateral sanctions only hurt U.S. producers, regardless of the sector, and essentially amount to a gift to our foreign competitors.

I would also like to express my agreement with those who have suggested that agricultural sanctions in particular are an ineffective stick and cause substantial damage to already depressed agricultural markets. In a world market where the prices for agricultural commodities continue to decline and almost every major player heavily subsidizes its agricultural sector, curtailing U.S. farmers' access to significant portions of the global market through sanctions only serves to make a difficult situation worse.

I would also like to emphasize the importance of allowing the free market to dictate agricultural production and sales. The wealth of nations—and this is a conscious choice of wording—is not attained by erecting barriers—either through tariffs or embargoes—to the export of our agricultural commodities. Our agricultural surplus must be allowed into markets where there is a demand. Pakistan is only one of those markets.

If left in place, these sanctions will have a devastating immediate impact on American farmers. The pending sale of 15 million tons of wheat to Pakistan hangs in the balance. Our wheat farmers will shoulder the most immediate burden of misguided foreign policy unless we are willing today to take a small, but crucial step, in changing that policy. American farmers desperately need the remaining 10% of global markets that our current sanctions deny them. We already witnessed the impotence of embargoes in 1980. How often do we have to repeat our mistakes to learn?

Between 1993 and 1996, the United States unilaterally imposed sanctions 61 times against 35 countries. The effectiveness of these sanctions in attaining specific foreign policy objectives would have to be evaluated on a case by case basis. However, what requires no detailed examination at all is that we have created a web of walls to U.S. exports that previously did not exist. We have erected, in essence, extensive non-tariff barriers to myriad U.S. exports. We have systematically carved out large pieces of the global market and made them inaccessible to U.S. producers. The competition should be overwhelmed with gratitude. We are doing more to bolster foreign producers of agricultural goods than their own governments could hope to achieve through subsidies.

The focus of this legislation are the sanctions invoked in reaction to the nuclear tests carried out in India and Pakistan earlier this Spring. The 1994 Glenn amendment not only included agricultural commodities, it also shut off agricultural credit programs that enabled countries like Pakistan to import U.S. wheat and feed its citizens. In sanctioning Pakistan in this manner, we run the risk of further destabilizing the existing regime. I have already voiced my concern about the danger inherent in this approach. Hungry citizens and desperate regimes with nuclear weapons capability could be a formula for disaster.

A further disaster must, however, be noted and has not been adequately emphasized in the discussion of this bill. Allowing international markets to be regulated by supply and demand for agricultural products—as well as other goods, services and capital—is an idea that dates back to the founding of this nation. The wealth of this nation can only be derived from a free market economy and unimpeded international trade. These artificial barriers will spell disaster for U.S. farmers in the immediate term, and they will eventually have negative ramifications for every sector in the U.S. economy.

Mr. President, I am hopeful that this legislation will initiate further changes. It is essential to American farmers that we change the current policy. This is an important first step to removing the barriers we have created to allowing U.S. producers to compete and profit in global markets. The economic lessons published by Adam Smith in 1776 are as pertinent today as they were at this country's birth. U.S. sanctions will serve to crush the invisible hand and hinder our competitiveness. I believe we should keep this foremost in our mind as we evaluate our sanctions policies, MFN and fast track in the coming months.

The PRESIDING OFFICER (Mr. GORTON). Who yields time?

Mr. BIDEN. Mr. President, I believe I have 6 minutes remaining under my control.

The PRESIDING OFFICER. Just under 5.

Mr. BIDEN. Mr. President, I yield just over 4 then to the Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, I thank my colleague.

Let me join in the chorus of praise of our distinguished colleagues from Kentucky and Delaware, who have worked out this arrangement to allow for the adoption of this resolution that will permit the sale of food shipments to go forward in the case of both Pakistan and India.

I also want to take a moment here to commend our colleague from Indiana, who is no longer in the Chamber, but who went beyond the particular legislation in front of us and suggested that there are a number of things we need to be doing on the international level if we are going to continue to have the kind of success economically at home that we have enjoyed over these past several years.

The critical elements, of ensuring success at home economically over the long term are that we have a sound education policy, an issue which we have been debating today as part of the higher education reauthorization legislation, in addition to the obvious sound monetary and economic policy. Another important component is to also have responsible global economic policies. Certainly enactment of IMF legislation is a critical element of such a policy. I am hopeful that the other body will follow the Senate in passing the IMF legislation before we adjourn this Fall.

Sanctions policy is another part of our global economic policy that certainly demands our attention in this Congress and in this session. I think most Members now have come to the conclusion that our present sanctions policy is not only not working very well, but is actually counter to our own self-interest.

Someone suggested the other day that when we adopt unilateral sanctions, what we ought to do is immediately lay off about 5 percent of the workforce in the affected industries, because that is the ultimate effect and we should be honest about it.

Senator HAGEL, Senator PAT ROBERTS, Senator BIDEN, and I, and others introduced legislation before the July 4 recess would fundamentally change how unilateral sanctions are dealt with in this country. I would restore the appropriate balance of power between the Congress and the Executive in the sanctions area by giving the President the authority to delay, suspend, or terminate a particular sanction if he believes it serves an important national interest to do so. But we are not going to debate that today or bring it up, but I am hopeful that before this session ends we will find the time to do so.

I am fearful that while there is a keen interest in the sanctions issue now because of recent events in Pakistan and India, we will soon move on to other things without fundamentally addressing the problems with sanctions that the India/Pakistan highlighted so vividly. I hope that doesn't happen.

We currently have in place sanctions that effect more than 40% of the world's population. In one year alone, existing sanctions has cost the United States $20 billion in lost export revenues and affected 200,000 jobs in America. And even if you did not pass one new sanction, that $20 billion turns into $100 billion over a five year period, and those 200,000 jobs turn into a million.

So I am hopeful that this interest being expressed today by both Democrats and Republicans on this particular issue—and they have gone beyond it to suggest we need to fundamentally change how we impose unilateral sanctions—will bear fruit in terms of some broader legislative steps before this Congress expires.

AMENDMENT NO. 3113

(Purpose: To exempt medicines and medical equipment from sanctions)

Mr. DODD. Mr. President, Senator WARNER and I have an amendment, on which we have been joined by Senator HAGEL and Senator ROBB, which I am going to send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Connecticut [Mr. DODD], for himself, Mr. WARNER, Mr. HAGEL, and Mr. ROBB, proposes an amendment numbered 3113.

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

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

The amendment is as follows:

On page 1, after line 14, insert:

(c) Section 102(b)(2)(D) of the Arms Export Control Act is further amended in clause (ii) by inserting after the word ''to'' the following words: ''medicines, medical equipment, and,''

Renumber succeeding subsections accordingly.

Mr. DODD. This amendment has been cleared by both sides. What it does is, to exempt the sale of medicines and medical equipment from sanctions that would be imposed under this provision of the Arms Export Control Act. Senator WARNER, Senator HAGEL, Senator ROBB, and I feel that just as food should not be used as a weapon against other countries, neither should medicine or medical equipment.

I have heard it said now countless times over the last hour and a half or 2 hours on this floor that food shipments ought never to be used as an instrument of sanctions policy. Whatever else we may choose to do to sanction a government, we shouldn't be hurting the average person in that country because they aren't responsible for the actions of their leaders. We shouldn't be victimizing innocent men, women and children with our sanctions policy.

I guarantee you that the political leaders who formulate policies of countries get their flu shots, get their medicine; they get their food. It is the general population who are the innocent victims who suffer. So we wanted to add medicine and medical equipment to make a point today, to put them on the same footing as food shipment are treated in this bill, so that we would begin to set the precedent that food shipments and medicine will no longer be used as a tool of our sanctions policy. Our ultimate goal is to lift all sanctions on the sale of food and medicine that currently are included in existing law, and bar the imposition of any future sanctions of this kind. We hope we will accomplish this broader objective before Congress adjourns later this year. But that goes beyond the parameters of the legislation that is being considered today.

Mr. President, I am pleased to join with my colleagues in correcting what is clearly an unintended consequence of Congressional enacted sanctions—namely preventing American farmers from being able to export their products abroad. This not only hurts American farm families, but it also ends up hurting innocent populations who in many cases are terribly dependent on American food stuffs in order to stay alive. Moreover, it is unlikely to alter the behavior of the sanctioned government.

I do not believe that food should ever be used as a weapon against other governments or people. That is not what the United States should be about. The American people have an enormous humanitarian spirit always reaching to help the weak and defenseless. Surely there are enough weapons in our foreign policy arsenal that we can forswear the use of food as a sanctions tool.

Similarly, I believe that we should also forswear denying life saving medicines and medical equipment to innocent women and children, simply because we don't like something their government officials may have done. Let's not kid ourselves into thinking we are denying any high government officials access to all the food or medicine they need—they'll get it even though there is scarcity with respect to the general public.

I am pleased that the Managers have agreed to accept the Dodd/Warner amendment that amends the Arms Export Control Act to make it explicitly clear that medicines and medical supplies will not be withheld under the sanctions provisions of this act.

When we impose sanctions against other governments we are at the same time sending a signal to the rest of the world about what the United States stands for and believes in. For that reason I believe we should never be telling the world that we believe in starving innocent people or denying them access to medical care. It is important that throughout the planet everyone understands that the United States operates only on the highest moral standards and will never stoop to the kind of behavior that is the hallmark of petty dictatorships who care nothing for the well being of their people.

Mr. President, while I support what we are doing today, I do not believe it goes far enough. It does not resolve the problem that currently confronts the President with respect to sanctions generally and India and Pakistan most immediately. We have done nothing today to give him the flexibility he needs to bring India and Pakistan back within the fold of internationally responsible countries in the realm of nuclear nonproliferation. I would hope that we could get agreement to deal with this issue very quickly so that a bad situation does not become a global tragedy.

The PRESIDING OFFICER. All time under the control of the Senator from Delaware has now expired.

Mr. DODD. Mr. President, I ask for an additional 30 seconds.

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

Mr. DODD. I think this proposal is a step in that direction. It makes sense. It deserves our broad-based support. I strongly urge our colleagues to join with us on the broader efforts to fundamentally change sanctions policy.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time? The Senator from Kentucky has 2½ minutes.

Mr. MCCONNELL. Mr. President, there is no objection to the amendment.

THE PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 1313) was agreed to.

Mr. MCCONNELL. Mr. President, I move to reconsider the vote.

Mr. BIDEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MCCONNELL. Mr. President, the situation is this. We are just about out of time, but I have one more Senator on our side of the aisle who would like a couple of minutes.

Mr. President, I ask unanimous consent that Senator THOMPSON have 2 minutes and Senator HARKIN have 2 minutes, and Senator BIDEN and I have 2 minutes each for a close.

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

Mr. MCCONNELL. So I say to our colleagues, that means the vote will be about 8 minutes from now.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. THOMPSON. I thank my colleagues from Kentucky and Delaware.

Mr. President, just a couple of brief points that I think need to be made in order to put what we are doing in context. I think the legislation is good legislation and it is needed. However, I think what we are doing here is taking a step toward Congress intervening in the sanctions process, as we have sometimes, and I think that is good. But I think we need to keep in mind that most of these sanctions have been passed in times past because of concerns of nuclear proliferation. Proliferation has come about because of detonation by countries that have been carried out in their own countries, such as India and Pakistan. Proliferation has also come about because of exports from one country to another, to a troublesome country, to a rogue nation or a nation that we feel might pose some danger to us.

So, while we are fashioning a particular remedy for a particular purpose with regard to these sanctions, we need to keep in mind that it is in a much larger context that we are going to have to address this. Because, while we want to liberalize the administration's discretion with regard to sanctions in this area, we need to keep in mind that what is also going on right now is the situation where Congress, time and time again, has expressed concern that the administration has not used the sanctions that are available to it. We have a situation right now where we have imposed sanctions on India because of detonations, and India's response is that they are doing so in large part because of our relationship with China. China, on the other hand, continues to be the world's greatest distributor of weapons of mass destruction around the world, and as they do so, the President waives sanctions on China.

More recently, the administration has decided to exercise its waiver authority and not to sanction the Russian company Gazprom for energy investments in Iran which violate the Iran-Libya Sanctions Act.

So, while it may be appropriate and needed for Congress to intervene to liberalize the application of sanctions in the area that we are dealing with today, we need to keep in mind that while we are bashing sanctions—and I personally believe that they have been greatly overapplied, are indiscriminate, there has not been sufficient distinction with regard to countries that pose a threat or not——

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. THOMPSON. I ask consent for an additional 30 seconds.

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

Mr. THOMPSON. We have not made that kind of distinction; we have not made a distinction between those countries that pose a threat and countries that do not. We are going to have to address all of those issues and mainly we are going to have to address the question of whether or not we want to also intervene, as a Congress, with regard to those instances where the administration is not imposing sanctions when this Congress believes they should; where this administration is granting waivers to Russia and China time and time again with regard to their activities of proliferation.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I want to make a few comments in favor of the bill and its swift passage. I just want to point out again what the bill accomplishes. What this legislation will do is to establish that the automatic sanctions under the Nuclear Proliferation Prevention Act of 1994 will not include a prohibition against credit, credit guarantees or other financial assistance provided by the Department of Agriculture to support the purchase of food or other ag commodities. Again, this bill does not deal with the underlying purposes and operation of the Nuclear Proliferation Prevention Act of 1994. It only deals with the question of whether the automatic sanctions will include USDA credit guarantees or other financial assistance for the purchase of food and ag commodities.

My views in this regard are similar to what Hubert Humphrey, a former Member of this body, once said when he wanted to extend more food sales to the then-Soviet Union—which, of course, was our enemy in the cold war—and someone was taking him to task for that. Senator Humphrey replied that he was in favor of selling them anything that they couldn't fire back.

That is essentially my perspective, too. We ought to be willing to sell food with credit guarantees not only for our own purposes here in this country but because a lot of people whose economic circumstances are marginal in other countries need this food for their basic subsistence.

Finally, it is important that the Senate not have the misimpression that this legislation is going to solve what is shaping up to be a very serious crisis in rural America and on our farms. We need to pass this legislation. It will help, but it should not delude us into thinking that now this is going to cure our low wheat prices or corn prices or solve the farm income problem.

With respect to U.S. ag exports, I would point out the net impact of U.S. trade sanctions in six markets—Cuba, Iran, Iraq, North Korea, Libya, and Sudan—amounts to only 1 percent of the total U.S. ag exports. Those six countries purchased only about 2 percent—I ask unanimous consent for 30 seconds.

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

Mr. HARKIN. Those six countries purchased only about 2 percent of the total world ag imports in 1996. When India and Pakistan were added, the result was only 3.2 percent of the total world ag trade subject to U.S. sanctions. That is simply not enough to have caused the tremendous drop we have recently seen in wheat and other commodity prices. So, yes, we need to pass this bill, but we need to come back in this body and do something to help solve the low ag prices that are hurting our farmers all over America. This bill alone won't do it.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. BIDEN. Mr. President, what we are doing here today at the urging of Senator MURRAY and Senator ROBERTS is necessary and important. But I want to make it clear we didn't start this off as an ag bill. This is about foreign policy. This is about sanctions. It does affect us. It is important.

My only regret here today is we are only exempting agriculture. I hear my colleagues from the agricultural States stand up and talk about how farmers are put at risk. I point out, people who work in a factory at Boeing are put at risk. People who work in the Du Pont Company are put at risk. People who work in every other industry are put at the same risk farmers are put at when we impose these sanctions. So we should go further than we are going today.

That is the task that has been assigned to the task force that is chaired by Senator MCCONNELL and myself. I am hopeful and I am encouraged by the fact that we have been nonpartisan in our approach so far, to try to deal with this. There is going to be a tendency on the part of Democrats to say, ''Gosh, if there is a Republican President next, maybe we should not do this.'' There is a tendency on the part of Republicans to say, ''We have a Democratic President for the next 2 years, maybe we should not do this.'' I hope we continue to rise above that and do what needs to be done and have a rationalized sanctions policy that is fundamentally different than what we have here today.

But that is easier said than done. That is our task. We will attempt to do it. I am just sorry we weren't able to go forward with what was, even the broader version of this, was a modest version of what we had to do. We weren't able to get that done today, but with the leadership of the Senator from Kentucky and the help of our colleagues who have engaged in this, maybe we can come up with something before this session is over that rationalizes our sanctions policy.

I thank my friend from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. MCCONNELL. I thank my good friend from Delaware. I do look forward to this challenge we have together to try to move forward on this issue.

I ask unanimous consent that Senator GRAMS of Minnesota and Senator BOND of Missouri be added as cosponsors.

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

Mr. MCCONNELL. Mr. President, before we close for the vote on this India-Pakistan bill, let me re-examine our mandate from the leadership.

Senator BIDEN and I and the task force have been asked to focus on the following issues: What constitutes a sanction? Is it a sanction when we withhold or condition U.S. foreign assistance? Is it a sanction when we ban investment? Obviously, it is a sanction to ban commercial activity or investment, but there are other issues of aid conditions that are clearly foggy. What sanctions are in place? What flexibility has been offered? And how are these current sanctions being implemented? Implementation, even after we enact a sanction, has been somewhat haphazard.

Mr. President, as the task force moves forward, let me suggest that we are very likely to have a hearing before the August recess to give people out in the country who are affected by what

we decide an opportunity to have their say. We know the business community, for example, seems to be comfortable with the 301 process, because they know what to expect and when to expect it. We look forward to hearing from them. There are others out in our country who feel the United States is, after all, the beacon of freedom in the world and we should express ourselves about policies in other countries with which we disagree, and we want to hear from them, Mr. President, as well.

It is the intention of Senator BIDEN and myself to meet the September 1 deadline that the leadership has given us. I want to say that we welcome the thoughts and comments of our colleagues both on and off the task force.

Mr. President, I understand that time has expired.

The PRESIDING OFFICER. All time has expired. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. MCCONNELL. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is, Shall the bill, as amended, pass? On this question, the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Texas (Mrs. HUTCHISON) and the Senator from Arizona (Mr. KYL) are necessarily absent.

The result was announced—yeas 98, nays 0, as follows:

[Rollcall Vote No. 190 Leg.]

YEAS—98

Abraham	Faircloth	Lugar
Akaka	Feingold	Mack
Allard	Feinstein	McCain
Ashcroft	Ford	McConnell
Baucus	Frist	Mikulski
Bennett	Glenn	Moseley-Braun
Biden	Gorton	Moynihan
Bingaman	Graham	Murkowski
Bond	Gramm	Murray
Boxer	Grams	Nickles
Breaux	Grassley	Reed
Brownback	Gregg	Reid
Bryan	Hagel	Robb
Bumpers	Harkin	Roberts
Burns	Hatch	Rockefeller
Byrd	Helms	Roth
Campbell	Hollings	Santorum
Chafee	Hutchinson	Sarbanes
Cleland	Inhofe	Sessions
Coats	Inouye	Shelby
Cochran	Jeffords	Smith (NH)
Collins	Johnson	Smith (OR)
Conrad	Kempthorne	Snowe
Coverdell	Kennedy	Specter
Craig	Kerrey	Stevens
D'Amato	Kerry	Thomas
Daschle	Kohl	Thompson
DeWine	Landrieu	Thurmond
Dodd	Lautenberg	Torricelli
Domenici	Leahy	Warner
Dorgan	Levin	Wellstone
Durbin	Lieberman	Wyden
Enzi	Lott	

NOT VOTING—2

Hutchison	Kyl

The bill (S. 2282), as amended, was passed, as follows:

S. 2282

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Agriculture Export Relief Act of 1998''.

SEC. 2. SANCTIONS EXEMPTIONS.

(a) Section 102(b)(2)(D) of the Arms Export Control Act (22 U.S.C. 2799aa–1(b)(2)(D)) is amended as follows:

(1) In clause (ii) by striking the period and inserting in lieu thereof '', or''.

(2) By inserting after clause (ii) the following new clause—

''(iii) any credit, credit guarantee or financial assistance provided by the Department of Agriculture to support the purchase of food or other agriculture commodity.''.

(b) Section 102(b)(2)(F) is amended by striking the period at the end and inserting ''which includes fertilizer.''.

(c) Section 102(b)(2)(D) of the Arms Export Control Act is further amended in clause (ii) by inserting after the word ''to'' the following words: ''medicines, medical equipment, and,''.

(d) Amounts which may be made available by this section 102(b)(2)(D)(iii) are designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: *Provided*, That such amounts shall be available only to the extent that an official budget request that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress.

(e) Any sanction imposed under section 102(b)(2)(D) of the Arms Export Control Act before the date of this Act with respect only to the activity described in section 2(a)(2) of this Act shall cease to apply upon the enactment of this Act.

Mr. CRAIG. Mr. President, I move to reconsider the vote.

Mr. NICKLES. I move to lay it on the table.

The motion to lay on the table was agreed to.

HIGHER EDUCATION AMENDMENTS OF 1998

The Senate continued with consideration of the bill.

The PRESIDING OFFICER. The Senate will resume consideration of S. 1882.

The clerk will report.

The legislative clerk read as follows:

A bill (S. 1882) to reauthorize the Higher Education Act of 1965.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. Mr. President, I appreciate the fact that the Senate took up this very important issue of agricultural sanctions and has acted on it.

Now, of course, we return to the Higher Education Act. The managers of the legislation have been making progress. We have at least a couple of amendments that will still take some more time. I encourage Senators to speak briefly and just go ahead and get a vote on the issues that are involved. The plan is to stay on the Higher Education Act until we complete it tonight, so we will need cooperation of all Senators. I understand some Senators may have other events they would like to go to, but you can't say, ''I want to offer amendments, but, by the way, I have an event I have to go to.''

Please work with the Senator from Vermont and the Senator from Massachusetts. This is important legislation that expired July 1. We need to get it completed so we can get it in conference and get it done before we go out at the end of the year. I believe with a little cooperation, we can complete this very important Higher Education Act tonight. It is my intent for us to stay in until we get it done tonight.

I yield the floor.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. Mr. President, I ask unanimous consent the pending Wellstone amendment be set aside for a period not to exceed 20 minutes.

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

Mr. JEFFORDS. It is my understanding that an amendment will be offered by Senator SANTORUM. He believes he will take 10 minutes or less. I know of no one that wants to speak on the other side.

I ask that Senator SANTORUM be recognized.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SANTORUM. Mr. President, I thank the chairman of the committee and also the ranking member, Senator KENNEDY, and other members of the working group, including Senator COATS and Senator DODD, for working with me on this amendment. It is a very important amendment to proprietary schools, career schools, who are doing the real lion's share of the work in educating in the poor communities, with disadvantaged people in our society. They are doing a great job in some of the toughest settings to try to make up the skills deficit that we have heard so much talk about in this country for the working poor and for those, in many cases, coming off of welfare.

We are moving from welfare to work, and we are going to have to have educational institutions in poor communities, in the cities, to be able to educate the poor. As a result, I have worked with the working group. And I will send the amendment to the desk I am offering with Senators DEWINE and COVERDELL.

AMENDMENT NO. 3114

(Purpose: To amend the Higher Education Act of 1965 to improve accountability and reform certain programs)

Mr. SANTORUM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM], for himself, Mr. DEWINE and Mr. COVERDELL, proposes an amendment numbered 3114.

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

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

The amendment is as follows:

On page 466, between lines 19 and 20, insert the following:

(2) in paragraph (2)—

(A) in subparagraph (A), by striking ''proof that reasonable attempts were made'' and inserting ''proof that the institution was contacted and other reasonable attempts were made''; and

(B) in subparagraph (G), by striking ''certifies to the Secretary that diligent attempts have been made'' and inserting ''certifies to the Secretary that diligent attempts, including contact with the institution, have been made''.

On page 494, between lines 20 and 21, insert the following:

SEC. 434. NOTICE TO SECRETARY AND PAYMENT OF LOSS.

The third sentence of section 430(a) (20 U.S.C. 1080(a)) is amended by inserting ''the institution was contacted and other'' after ''submit proof that''.

On page 501, between lines 14 and 15, insert the following:

(d) PUBLICATION DATE.—Section 435(m)(4) (20 U.S.C. 1085(m)(4)) is amended by adding at the end the following:

''(D) The Secretary shall publish the report described in subparagraph (C) by September 30 of each year.''.

At the end, add the following:

SEC. ___. LIAISON FOR PROPRIETARY INSTITUTIONS OF HIGHER EDUCATION.

Title II of the Department of Education Organization Act (20 U.S.C. 3411 et seq.) is amended by adding at the end the following:

''SEC. 219. LIAISON FOR PROPRIETARY INSTITUTIONS OF HIGHER EDUCATION.

''(a) ESTABLISHMENT.—There shall be in the Department a Liaison for Proprietary Institutions of Higher Education, who shall be an officer of the Department appointed by the Secretary.

''(b) APPOINTMENT.—The Secretary shall appoint, not later than 6 months after the date of enactment of the Higher Education Amendments of 1998 a Liaison for Proprietary Institutions of Higher Education who shall be a person who—

''(1) has attained a certificate or degree from a proprietary institution of higher education; or

''(2) has been employed in a proprietary institution setting for not less than 5 years.

''(c) DUTIES.—The Liaison for Proprietary Institutions of Higher Education shall—

''(1) serve as the principal advisor to the Secretary on matters affecting proprietary institutions of higher education;

''(2) provide guidance to programs within the Department that involve functions affecting proprietary institutions of higher education; and

''(3) work with the Federal Interagency Committee on Education to improve the coordination of—

''(A) the outreach programs in the numerous Federal departments and agencies that administer education and job training programs;

''(B) collaborative business and education partnerships; and

''(C) education programs located in, and involving, rural areas.''.

Mr. SANTORUM. Mr. President, this amendment does three things, all of which will, I believe, aid career colleges in proprietary skills and in their ability to hold down at-risk default rates. They are serving populations who, as a result of being at risk, have a tendency to have higher default rates. They want to work with the system to be able to help hold down those default rates because, obviously, they want to stay in business and continue to educate.

So the first provision that we put in this amendment is to require the guaranty agencies and lenders to contact institutions when they are doing skip-tracing of borrowers who have gone into default. In other words, this will allow the schools to be notified when former students of theirs are going into default because, in many cases, through their placement offices they know where to locate these people and can, in fact, aid the lending institutions and guaranty agencies in bringing these people back on to a payment schedule, to avoid default, and to keep the default rate low, but also to help the young people who are out now in the working environment avoid a bad thing on their credit. And, obviously, it will save the Federal Government some money.

Secondly, it sets September 30 of each year as the deadline for the Department of Education to release its annual default rate for schools. This will help schools in their planning process, giving more certainty in how to deal with potential problems they may have with the default rate down the road.

Third, it creates a liaison position at the Department of Education for proprietary schools, similar to the liaison position created several years ago for community colleges. Community colleges and proprietary schools, in many cases, serve similar populations. There have been problems in communicating, in getting information, and having a voice at the Department of Education. This is a mechanism for those who are sometimes considered somewhat of a ''stepchild'' in the higher education community to get some real responsiveness from the Department to their needs and to their concerns.

That is the sum total of the amendment. I believe it will help these career and proprietary schools better serve an at-risk population that is in desperate need of making up a skills deficit. It will put them in a better position to keep the default rates down and improve the program overall.

Again, I thank the chairman, the ranking member, Senator COATS, and Senator DODD for working with me and my staff in coming up with this amendment.

I yield the floor.

Mr. JEFFORDS. Mr. President, I ask unanimous consent that we have an immediate vote.

Mr. KENNEDY. Well, I just need 30 seconds, Mr. President.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I think these are very good suggestions and recommendations. I think they will improve the accountability in the important areas of recovery of debt, and also give better information on these default rates, and will help to assist some of the proprietary schools. I think they are all very solid, good management recommendations that can make the programs more efficient. I thank the Senator for those initiatives.

I urge that we accept the amendment.

The PRESIDING OFFICER. Is there further debate?

The question is on agreeing to the amendment.

The amendment (No. 3114) was agreed to.

AMENDMENT NO. 3111

Mr. JEFFORDS. Mr. President, the pending amendment, I believe, is the Wellstone amendment.

I move that we return immediately to the Wellstone amendment and relinquish any time that was available.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. WELLSTONE. Mr. President, I think my colleague, Senator DODD from Connecticut, wants to speak on this amendment, and Senator FORD and Senator MOYNIHAN are going to come down. I believe my colleague from Delaware also is going to speak.

PRIVILEGE OF THE FLOOR

Mr. WELLSTONE. Mr. President, I ask unanimous consent that Matthew Tourville, an intern in my office, be allowed to be on the floor while we debate the higher education bill.

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

Mr. WELLSTONE. Mr. President, I will yield time to the Senator from Connecticut.

Mr. BINGAMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

PRIVILEGE OF THE FLOOR

Mr. BINGAMAN. Mr. President, I ask unanimous consent that Rena Subotnik, a fellow in my office, be allowed floor privileges during the pendency of this bill.

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

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, I commend our colleague from Minnesota for this amendment. I think it is a very thoughtful amendment, one that I think most Americans would feel very comfortable in backing and supporting.

There was a significant debate, as we all recall, in this Chamber not that many months ago on the issue of welfare reform, and the desire to have people who collect public assistance find meaningful work. All of us supported the underlying principle of that concept. There were disagreements on how it should be achieved and on final passage of the bill. But the underlying desire to move people from welfare to work was certainly a laudable goal.

What our colleague is suggesting here is that a person on welfare who enters an educational program to learn skills and training—that education experience ought to be considered on a par with a work experience. For persons acquiring skills and trying to improve the quality of their life, to enhance their opportunities, I think that ought to be applauded and encouraged. If a person is engaged in that effort here, certainly that individual deserves our support and backing. A person who acquires skills is going to be a person who will earn that income that will make him or herself independent, a good provider at home, a better citizen. All of us know of the vital importance of education.

I made note earlier in the day that we now know factually that a person who earns a college degree today earns twice the income of a person with only a high school diploma. That was not the case only a few short years ago. A few short years ago, with a high school diploma, a set of good hands and a good heart, you could provide for your family, you could earn a good salary, a good wage, buy a home, educate your children, provide for their health needs. But today that is no longer the case. You have to have more education.

In my view, if a person who has been on welfare, on public assistance, is entering an educational opportunity, as I said a moment ago, then that ought to be supported. So I strongly urge our colleagues here to support the Wellstone amendment. If there is one thing that we know works to end the cycle of poverty, it is education. A person who has those tools will be in a far better position to not only gain employment, but to remain employed and to understand and support democracy.

I have often cited this quote, and I can't resist because sitting next to me is our dear friend and colleague from West Virginia. I have often used it and said to my audiences in my home State of Connecticut that Thomas Jefferson understood this concept 200 years ago when he said in a speech—I think I have the quote pretty close—''Any nation that expects to be ignorant and free expects what never was and never can be.'' He made those comments at the beginning of the 19th century. We are just a few short days from the end of the 20th century. Certainly, if it was true then, it is true today—that ''Any nation that expects to be ignorant and free expects what never was and never can be.''

As expensive as education is, ignorance is far more costly. We certainly know that people who are dependent on public assistance in most cases are people who lack educational skills.

To strengthen our country, to create opportunity to improve an individual's chance to succeed in this country, I think the idea should be equating a person who is entering an educational process on the same footing as someone who is entering into a work experience. For those reasons, I support the amendment of our colleagues from Minnesota, and urge adoption of it by a strong vote in this body.

Mr. President, I yield the floor.

Ms. MIKULSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. Mr. President, I rise in support of the Wellstone amendment and am an enthusiastic cosponsor of it.

I come to the Senate floor as a professionally trained social worker. I have been through seven welfare reforms in my career, both as a social worker in the streets and neighborhoods, and now in the corridors of the U.S. Senate. When we talk about reforming welfare, we want to make sure that welfare is not a way of life but that it is a tool to move to a better life.

Over the break I sat in a room in Baltimore meeting with welfare mothers who wanted exactly to move to a better life and who were practicing self-help. But the very cruel rules of government are going to derail their hopes, dreams, and practical opportunities. And what is that? They were enrolled in a community college program—one in business, one as an addiction counselor, and one doing prenursing courses to make sure they could get back to society and be able to give an income to their family. But they were told they had to leave the program. They had to leave the program and look for work rather than complete the program so that they could have jobs that were truly self-supporting and sustaining. Why were they told that? Not because of a callous social worker. We are not callous. But the rules of government said you can get some kind of temp training. You can get into a training program where you can get some type of training that might or might not take you to a livable wage.

That is not what welfare reform is all about. Welfare reform is to end the culture of poverty. And yet the very rules that we now have reinforce the culture of poverty. We are not giving help to those who want to practice self-help—meaning those who want to go to school, stay in school, and learn the skills for the new global economy, whether it is in the service field, the nonprofit, or the private sector.

The Wellstone amendment allows States, if they so choose—I happen to have the type of Governor who would be eager to have this—to allow these women to be able to go into a job training program or have 2 years of higher education.

There are people—there are women now on welfare who because of a bad choice in marriage actually dropped out of college. They might be 18 credits away. If we could help them finish, they would be able to have a job with benefits and be able to lead, indeed, a better life.

The Wellstone amendment is not about new rules. It is about opportunity. The other side of the aisle, and this side of the aisle, has said one of the most important functions of government is to create an opportunity ladder. This is what the Wellstone amendment does. It creates an opportunity ladder that doesn't necessarily take you to the top but gets you over the top.

I support the Wellstone amendment. I want to compliment the Senator from Minnesota for his steadfast commitment to children, but to know that for the children, they need a parent who has the best social program, which is a job that pays a living wage. And this is the best way to get one.

I look forward to voting for the amendment, supporting the amendment, and I look forward to seeing to it that those women I talked to are able to get on with their life while we get on with doing our job.

Mr. WELLSTONE. Mr. President, let me thank my colleague from Maryland. She always kind of takes these issues from the abstract and connects them to people. I really thank her for her statement. I am very proud to have her support. I hope we really get a strong vote for this.

Mr. President, I think my colleague from Kentucky is on the floor and wishes to speak.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. I thank the Chair.

Mr. President, I rise today to speak in support of the Wellstone amendment. I am honored to be able to add my name as an original cosponsor to this important amendment.

Booker T. Washington wrote that ''success is to be measured not so much by the position one has reached in life as by the obstacles which one has overcome while trying to succeed.''

He might well have been talking about the single, uneducated parents in this country trying to turn their lives around, while ensuring their children grow up in a healthy, safe environment.

Things like child care, transportation, and education, become obstacles of insurmountable proportions for these struggling parents, putting jobs that can build secure futures further and further out of reach.

As many of my colleagues know, I supported and voted for welfare reform. It's been almost two years since Congress rewrote our welfare laws in hopes of breaking the cycle of dependency that was trapping too many Americans in poverty and despair. Much good has come of that law, including substantial drops in the welfare rolls, saving states like Kentucky $14 million.

But despite its good intentions, the new welfare law is penalizing parents trying to improve their chances at getting good jobs. Under the new law, a parent must work 20 hours to continue receiving aid.

That might not seem particularly onerous, but the law also limits these single parents to just one year of education before requiring them to find work.

Let me just repeat that. But the law also limits these single parents to just 1 year of education before requiring them to find work.

As one of Kentucky community college wrote me, ''for even the best prepared traditional students, our community college programs require two years with a full load of course work. The best prepared traditional student, however, doesn't represent our average student. With over 70 percent of our students testing into developmental English, reading or math courses, the extra time needed to prepare for actual college course work is critical to their success. Twelve months is inadequate time for a person to move from a life of dependence upon government assistance to a life of independence and self-sufficiency.''

For most single parents, the burden of going to school full-time, holding down a part-time job, all while trying to raise healthy children, will simply become too much, forcing them to choose a low-paying job with no future over the path to skilled, high-paying work.

Leaders in my home state of Kentucky, like Representative Tom Burch, recognized this problem. But their efforts to change the policy have been hampered by fears that the state will lose critical federal funds, further short-changing those who need the aid most.

That is why I am pleased to join in offering this amendment which will stop penalizing parents trying to improve their situation.

This amendment allows up to 24 months of post-secondary or vocational education, removes the 30 percent limitation on education as a work activity for teen parents, and clarifies that participation in a federal work-study program is a permissible work activity.

In my state, nearly 4,000 parents could benefit directly from these changes. But the truth is, they're not the only ones who stand to benefit. With the economy growing in Kentucky, employers are having a harder time finding qualified employees. With good-paying jobs, these parents can provide a much better quality of life for their children, and that adds up to success no matter how you measure it.

I urge my colleagues to vote for this worthwhile amendment.

Mr. President, I ask unanimous consent that letters of support for the Wellstone amendment from Kentucky's Secretary for Families and Children, Viola Miller; the Honorable Tom Burch; Kentuckians for the Commonwealth; and President Deborah Floyd of the University of Kentucky's Prestonburg Community College be printed in the RECORD.

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

THE SECRETARY FOR FAMILIES AND CHILDREN, COMMONWEALTH OF KENTUCKY,
March 25, 1998.

Hon. WENDELL H. FORD,
U.S. Senate,
Washington, DC.

DEAR SENATOR FORD: This is to express my support for the amendment you and Senator Wellstone have proposed for S. 1133 to support education for welfare recipients. While we understand that the goal of welfare reform is for recipients to obtain employment, and fully support that goal, we need to acknowledge that some recipients must acquire skills to be employable.

Approximately one-half of our recipients do not have a high school diploma or GED and less than one percent have any postsecondary education. We want to provide assistance that will not only help recipients get jobs, but also allow them to keep jobs and to advance. Thus, we support this initiative whether as an amendment to S. 1133 or through some future action.

Sincerely,

VIOLA P. MILLER,
Secretary.

COMMONWEALTH OF KENTUCKY,
HOUSE OF REPRESENTATIVES,
March 19, 1998.

Senator WENDELL FORD,
173A Russell Building,
Washington, DC.

DEAR SENATOR FORD. We appreciate your continuing interest and support of education for Kentucky's low-income parents. The General Assembly, the Kentucky Welfare Reform Coalition, and Kentucky's low-income parents are working hard to maintain access to educational opportunities. With the cooperation of the Kentucky Cabinet for Families and Children, progress has been made. Nonetheless, legislative attempts to expand educational opportunities are being stymied by the Cabinet's fear of incurring federal penalties under TAN–F work requirements. Clearly, the Commonwealth of Kentucky does not want to risk losing federal funds to assist those most in need.

Getting off and staying off public assistance are directly linked to educational attainment. The Urban Studies Institute at the University of Louisville recently reported that 51% of a sample of discontinued K–TAP recipients (Kentucky's version of TAN–F) have less than a 12th grade education. The University of Kentucky reports that 1996 average weekly earnings of women with less than 12 years of education are $176.00, far below the federal poverty level. With some college, weekly earnings for Kentucky women more than double to $371.00

This session we introduced 98 HB 434 to increase access to educational opportunities for Kentucky's low-income parents. The seed for this bill grew from K–TAP recipients struggling to stay in school. We could only make small strides with this legislation given the Cabinet's desire to comply with the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Your proposed amendment to S. 1133 to allow up to 24 months of post-secondary education or vocational education, to remove the 30% limitation on education for teen parents, and to clarify that education counts as a work activity will potentially help nearly 3,700 low-income parents annually continue on the road to economic independence. We strongly endorse your support of this legislation for the people of the Commonwealth of Kentucky and the United States of America. Thank-you for the opportunity to support this legislation.

Sincerely,

TOM BURCH.

KENTUCKIANS FOR THE COMMONWEALTH,
Prestonsburg, KY, March 20, 1998.

DEAR SENATOR FORD, We were thrilled to learn that you will co-sponsor an amendment to SR 1133 to expand educational opportunities for welfare recipients.

As you know, Kentuckians For The Commonwealth has been organizing to build support for state legislation addressing this issue. In fact, several members of our organization met with you in October 1995 to express concerns about access to education and training in the welfare reform plans being discussed by the Republican Congress. We haven't stopped working ever since.

We applaud your efforts and look forward to lending our support to this cause.

KFTC and Kentucky Youth Advocates co-sponsored a series of public forums last fall in five locations across Kentucky. During these events, hundreds of low-income Kentuckians, teachers, social workers and concerned citizens shared their concerns about the impacts of welfare reform on their families and communities. Federal restrictions on educational opportunities were mentioned more than any other issue at these events. (Enclosed is a short video with excerpts from people who spoke first-hand about the importance of education in getting a living wage job and leaving welfare.)

Led by a remarkable group of low-income parents, KFTC worked with a coalition of groups to develop legislation which was eventually sponsored by Representative Tom Burch in the Kentucky General Assembly. HB 434 sought to prevent recipients from being pushed out of education and training due to punishing federal work requirements and lack of supportive services. The bill would have used state dollars, not federal TANF money, to support students in post-secondary education. We hoped this would allow student-parents some relief from the time clock and 20-hour work requirements while they got the training necessary to earn a living wage.

We found a great deal of support among legislators, community college presidents, low-income Kentuckians and others for our effort. In fact, the original version of the bill was co-sponsored by 15 law-makers, including both Democrats and Republicans. However, the administration strongly opposed the bill because they feared that federal penalties would harm Kentucky if we made such a commitment to education and training. The ''flexibility'' states were promised under federal welfare reform wasn't there.

Our bill (HB 434) was weakened and now simply requires the Cabinet for Families and Children to fully inform recipients of their rights to education and to convene an advisory board to examine the issues further. We also won a commitment from the administration to provide child care assistance to TANF-eligible students who decline cash assistance. This may allow some Kentuckians to leave welfare and get the supportive services they need to stay in school. We've come a long way, but not far enough for the 3,700 Kentucky parents who must, starting July 1, 1998, work twenty or more hours in addition to raising their families and attending school full time.

Clearly, a lasting and comprehensive solution to this problem lies at the federal level. Thank you for your leadership. We look forward to working with you to win passage of this amendment. Please let us know how we can be actively involved in support of your efforts.

Sincerely,

SHERRI BARKER,
Floyd County.
DAISY JOHNSON,
Union County.

On behalf of Kentuckians For The Commonwealth.

PRESTONSBURG COMMUNITY COLLEGE,
Prestonsburg, KY, March 20, 1998.

Senator WENDELL H. FORD,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR FORD: It is with great optimism that I write this letter in support of the Wellstone Amendment to S. 1133 on Education as a Work Activity in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

For many people of our region, education and training present them their only way to escape a lifetime of poverty and/or dependence on public assistance. As you know, Prestonsburg Community College has long been committed to providing education opportunities to all citizens in the Big Sandy region. In our 35-year history, this commitment has often meant removing obstacles from the paths our students take to success.

Rather than removing obstacles, the Personal Responsibility and Work Opportunity Reconciliation Act actually presents a serious obstacle.

For students at PCC and other post-secondary and vocational educational institutions in the Commonwealth, this meant that after the twelve months had expired, each student had to find time in the day (1) to attend classes, (2) work a minimum of 20 hours per week to meet the countable work activity and (3) raise the families that are the driving motivation behind attending school.

For even the best-prepared traditional students, our community college programs require two years (full load). The best prepared traditional student, however, does not represent our average student. With over 70 percent of our students testing into developmental English, reading or mathematics courses, the extra time needed to prepare for actual college course work is critical to their success. Twelve months is inadequate time for a person to move from a life of dependence upon government assistance to a life of independence and self-sufficiency.

The Wellstone Amendment—with its provision for up to 24 months of post-secondary or vocational educational opportunities—is the chance our students have needed since the passage of the original 1996 legislation. If our students are able to remain actively engaged in the educational process for a full 24 months, they will be able to concentrate on their elected course of study without the heavy burden of meeting an additional, sometimes unrealistic, work requirement. With the completion of that course work, these students are far more likely to move into meaningful employment with opportunities for advancement and success throughout their careers.

Thank you so much for your support of the Wellstone Amendment. Despite the detriments of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Prestonsburg Community College has remained committed to helping all of our students successfully continue in school. The Amendment is an opportunity for the Senate to remove a roadblock that hinders the progress of institutions and students alike in their effort to produce a society of self-sustaining citizens. This is an opportunity to help not only our students, but students across the Commonwealth and the nation.

Sincerely,

DEBORAH L. FLOYD,
President.

Mr. FORD. Mr. President, I have one other item I would like to put in the RECORD. It is an editorial from the Lexington Herald-Leader dated July 1, 1998. I only quote a couple of paragraphs from that editorial. It says:

We urge Congress to endorse such a change in a welfare policy that right now insists on work first, education later. It makes sense that work be the priority but not at the expense of forcing the most motivated to choose an entry-level job over a career track.

It is a shame we have to pass laws to mandate what is common sense. A better education leads to career opportunities and long-term self-sufficiency.

And they end that editorial with this paragraph:

One thing we do know. In this country, education is the surest route out of poverty. And we shouldn't close off that option by forcing people out of college into any old kind of job just so we can proclaim that we made the transition from welfare to work.

I ask unanimous consent that this editorial be printed in the RECORD.

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

END WELFARE'S CATCH–22

FORD-WELLSTONE BILL WOULD ALLOW MORE TIME FOR EDUCATION

To address a problem, politicians often prefer the grand gesture or the new proclamation rather than the less glamorous work of just fixing what's wrong.

That approach was evident in the massive overhaul of nation's welfare policies. Instead of changing the rules that actually kept families dependent on monthly checks, Congress imposed deadlines and ordered folks to either get jobs or work for their benefits.

Spurred by this tough-love message and aided by a strong economy, the welfare rolls have shrunk considerably in the last two years. Now, Congress can finally look at changing the rules that prevent folks from getting a leg up.

Proposals by Kentucky Sen. Wendell Ford and Minnesota Sen. Paul Wellstone are a step in that direction. Their legislation would increase from one to two years the time a recipient can spend in vocational school or college and allow participation in a federal work-study program to count toward work requirements.

We urge Congress to endorse such a change in a welfare policy that right now insists on work first, education later. It makes sense that work be the priority, but not at the expense of forcing the most motivated to choose an entry-level job over a career track.

Kentucky is one of the few states that have agreed to count some work study toward work requirements. But changing the federal law would help ensure that the state would not lose federal money for doing the right thing.

It's a shame we have to pass laws to mandate what is common sense: A better education leads to career opportunities and long-term self-sufficiency.

Yet, our national welfare policy has long snared poor families in a Catch-22. For example, we bemoan single-parent families yet force fathers out of the homes before giving the families aid. We push folks to take low-pay, no-benefit jobs, then cut medical benefits and food subsidies before they can get on their feet, forcing them back on the rolls.

Over the last two years, those on welfare have proven that they either want to work or will go to work if required. Now, we may be ready to focus on what's needed to help them become truly self-sufficient.

One thing we do know: In this country, education is the surest route out of poverty. And we shouldn't close off that option by forcing people out of college into any old kind of job just so we can proclaim that they made the transition from welfare to work.

Mr. FORD. I don't know how many of my colleagues have been to junior colleges in the last year. I don't know how many of my colleagues have been to universities and colleges that have these types of individuals who have started. I go to my community college, and I talk to them. And this young lady with tears in her eyes says, ''I finally am on the edge of opportunity, and that edge is being sharpened by 1 year, and I have to leave education and go to work.'' She said, ''I cannot handle a job, I cannot handle education, I cannot handle my children, unless you give me this opportunity.''

I have looked into the eyes of those who want to do better, who can do better, and we must give them that opportunity so they can have that better life. I hope that the 4,000 in my State have that opportunity for that second year of education, that opportunity to find that job, and that opportunity to make a better life for their children.

Mr. President, I yield the floor and I thank the chairman.

Mr. LEVIN. Mr. President, I support the Wellstone amendment which increases from 12 to 24 months the limit on the amount of post-secondary education training that a state can count towards meeting its work requirement under the new Temporary Assistance for Needy Families program. Under the old Aid to Families with Dependent Children program, recipients could attend post-secondary education training for up to 24 months. I support the new law's emphasis on moving recipients more quickly into jobs, but I am troubled by the law's restriction on post secondary education training, limiting it to 12 months. The limitation on such advanced training raises a number of concerns, not the least of which is whether persons may be forced into low-paying, short term employment that will lead them back onto public assistance because they are unable to support their families.

Mr. President, a majority of my colleagues in the Senate has previously cast their vote in support of making 24 months of post secondary education a permissible work activity under the Temporary Assistance for Needy Families program. A year ago, on June 25, 1997, a Levin-Jeffords amendment to the Senate Reconciliation bill, permitting up to 24 months of post-secondary education, received 55 votes—falling five votes short of the required procedural vote of 60. I would also like to make note of the fact that the amendment had the support of the National Governors Association.

Study after study indicates that short-term training programs raise the income of workers only marginally, while completion of at least a two-year associate degree has greater potential of breaking the cycle of poverty for recipients of public assistance. According to the U.S. Census Bureau, the median earnings of adults with an associate degree is 30 percent higher than adults with only a high school diploma or its recognized equivalent.

Mr. President, I would like to share with my colleagues some examples of

jobs that an individual could prepare for in a two-year vocational or community college program and the salary range generally applicable to the positions. One very productive specialty area is information technology. Graduates in this area are generally hired immediately following or in some cases prior to completing their program.

According to a recent survey of the American Association of Community Colleges, information technology programs that have exhibited the most industry and labor force growth, with an average starting salary of $25,500 are as follows:

(1) Computer Technology/Computer Information Systems.

(2) Computer Applications and Software.

(3) Computer Programming.

(4) Microsoft Operating Systems.

Other important two-year training programs that present opportunity for growth and self-sufficiency include:

Accounting	$14,000–$28,000
Law enforcement	13,500–25,000
Dental hygiene	18,000–60,000
Resipiratory therapy/tech	21,000–32,000
Radiology technician	22,235–32,425
Legal assistant	28,630–30,000
Child care development	23,590–29,724
Registered nurse	24,400–38,135

Additionally, Mr. President, in an effort to further improve the success of welfare reform, this amendment would remove teens from being calculated in the 30% cap of those involved with work/education activities, ensuring that teens complete high school while giving states more flexibility in designing a welfare program that meets the needs of welfare recipients.

I urge my colleagues to support this amendment because it will help us reach the new law's intended goal of getting families permanently off of welfare and on to self-sufficiency.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, just very briefly, I hope this amendment will be accepted. I think in the study of welfare reform there are a number of items which are necessary to help move people into meaningful jobs. They have to have, one, by and large some help and assistance with child care; secondly, they have to have the health care needs of their children attended to. One of the reasons people are on welfare is the fact that health care costs have depleted their resources and they have ended up on welfare. Third, there has to be a job available; and, fourth, there has to be some training or education. That is the key element in terms of a successful movement. And taking all of those elements with an expanding economy, they have the real opportunity of promise for, I think, meaningful health care reform.

I did not believe in the last welfare reform bill we were really addressing those kinds of issues and questions, and therefore I voted in opposition to that particular program. The Senator from Minnesota has offered, I think, a very important and significant amendment that will really help to assist in terms of the medium- and long-term interests of those individuals who have the ability to gain entrance into educational institutions, obviously the commitment and the dedication to be able to do so, and I think it will make a major difference in terms of their lives.

I think it is very commendable. I hope the Senate will accept it.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER (Mr. COATS). The Senator from Delaware.

Mr. ROTH. Mr. President, I rise in opposition to the Wellstone amendment as it will halt the momentum of welfare reform which has gained bipartisan acclaim for reducing the welfare rolls by 34 percent from the peak level in 1994. This amendment is a step backwards, and it will surely invite additional means of thwarting welfare reform.

The Wellstone amendment has little to do with education. It will weaken the work participation requirements under welfare reform for which the States are to be held accountable. The Wellstone amendment will create three new loopholes through which States will be tempted to avoid their responsibility for helping families gain the work experience they need to achieve self-sufficiency.

First, the Wellstone amendment will double the amount of time in vocational education from 12 months to 24 months that can be counted as meeting the work requirement. Second, it allows postsecondary education to be counted as work in the same manner as vocational education. And, finally, it removes parents up to age 20 from the 30 percent cap on the number of individuals who can be counted in educational activity. In other words, it will expand the number of people who can be in educational activities rather than in the workplace. This amendment will significantly weaken the work requirements which deserve some of the credit for the decline in the welfare rolls. And the effect of this amendment is to keep individuals on welfare for a longer period of time.

If this amendment passes, many more variations on this theme will follow, and without restrictions on the number of individuals counted in nonwork activities, there will be no meaningful work participation rates. Raising these limits is another way of unraveling welfare reform.

The grave injustice of weakening the work requirement is that it takes the pressure off the States to assist the hardest to serve, and it also requires an inequity among welfare recipients. A person who does not have a high school degree must work first. Only after such a person has worked 20 hours a week does any education count toward his or her work requirement. But a person who is in postsecondary education will not be required to work. Under this amendment, college will count from the very beginning of the work requirement but reading, writing, and arithmetic will not. One of the harshest indictments of the former welfare system is that it shrugged its shoulders at the indifference to welfare dependency. It did nothing to help those with little skills and education to find the path to independence.

The key to forcing the States to serve this most needy population is the work participation rate. Every time the work participation rate is weakened, it simply makes it easier for the States to do nothing for those who are hardest to serve, and that is the effect of this amendment. And this we should not do.

The work participation requirement on the States is an issue which the Senate has now acted upon four times in the past 3 years. The Senate has debated this issue at length, and there is no demonstrated need to reopen the bipartisan welfare reform agreement. The Wellstone amendment simply does not belong on the higher education bill. Make no mistake about this amendment, its purpose is not about providing education to welfare recipients; it will begin to unravel welfare reform.

The picture emerging from the states is crystal clear: welfare reform is working and work is the key reason. In March 1994, a record 5.1 million families were on the old AFDC program. There are now 3.4 million families receiving welfare assistance, a decline of 34 percent.

As the General Accounting Office found in its recent report to Congress on welfare implementation, the ''work first'' strategy has been a central feature of states' efforts to shift the emphasis from entitlement to self-sufficiency.

This strategy is working. States and counties which found the education and training model to be unsuccessful in moving recipients into work and self-sufficiency in the past are now helping more families find employment.

GAO reports that more families are participating in work activities than under the old JOBS programs and are able to keep more of their earnings while maintaining eligibility.

Another sign of success is in growth in wages. Oregon is among the states which are following the progress of families that have left the welfare rolls.

By matching job placements with data on employer-related wages, Oregon found that between 1993 and 1996, those former recipients who remained employed experienced a wage growth averaging 14 percent per year.

The states and the families are making progress. This is no time to change direction.

This amendment is not about helping individuals get off welfare.

The Wellstone amendment is about keeping people on welfare, even people who are seeking college degrees.

Let us make it clear that federal law allows a person to receive welfare

while she is in vocational school or even in college. Under current law, welfare recipients can participate in vocational education training, job skills training, education directly related to employment, or attend school to earn a high school diploma or GED. All of these count as work activities.

Indeed, the new welfare law allows states to use welfare funds to pay for expenses related to a person's education if they so choose.

There is plenty of flexibility already built into the new welfare system if the states choose to make accommodations for individuals pursuing post-secondary education. A number of states have already created special programs to provide assistance to students while in college, so models are available. And, because of the decline in the welfare caseload, sanctions for failure to meet the work participation rate is not really an issue for all but a couple of states.

From a very practical standpoint, the Wellstone amendment is not really needed. But it sends the wrong message at the wrong time.

The Wellstone amendment is simply not needed to allow someone to pursue her educational training she chooses to advance.

The evidence of this comes from the ''National Evaluation of Welfare to Work Strategies'' which was recently released by the U.S. Department of Health and Human Services and the U.S. Department of Education.

This study, as conducted by the Manpower Demonstration Research Corporation, tracks over 55,000 individuals in seven sites across the country.

The first report examines the outcomes of welfare recipients in Atlanta, Georgia, Grand Rapids, Michigan, and Riverside County, California.

The studies include both individuals who are directed toward a ''work first'' approach and those who are assigned to educational activities.

MDRC found that many individuals pursued their educational interests outside of the welfare programs which were offered. In Grand Rapids, Michigan, for example, MDRC found that about 34 percent of those in Grand Rapids ''work first'' approach reported they were already enrolled in an education or training program at the point they were randomly assigned to a research group.

Moreover, MDRC found individuals were almost as likely, or more likely, to participate in basic education or college outside of the JOBS program as they were as part of JOBS.

In other words, participation in basic education and college, was self-initiated. People are going to pursue educational opportunities if they believe that is in their best interest.

Mr. President, the Wellstone amendment is simply another attempt to weaken the work participation requirements by excluding people from being counted under the cap on educational activities.

Under the existing cap, no more than 30 percent of individuals engaged in work may be included in the calculation of work participation rates because they are in vocational training or in educational activities.

The Wellstone amendment contains another feature which is troubling. It sends a very mixed message among those on welfare who are the hardest to serve.

In general, if an individual is going to college or is in a two-year vocational educational program, that individual already has two advantages many welfare recipients do not—academic success and some means to support the pursuit of higher education. For these individuals, school alone meets the obligation to work 20 hours per week.

But if you do not have a high school degree, you go to work first.

For these individuals, the state receives credit for their basic education only after they work 20 hours per week.

Mr. President, we have encouraging studies coming in which demonstrate that work requirements work.

The ''National Evaluation of Welfare-to-Work Strategies'' has found that in terms of comparing a labor force attachment strategy to an education and training strategy, work wins.

This study shows that an emphasis on employment leads to higher earnings for the welfare family, is less expensive to operate, and produces higher savings to the taxpayers.

So, there is evidence to suggest while the education approach is good, work is better. But just as I do not believe that we should re-open welfare reform to impose even tougher work requirements on the states, neither should we adopt the Wellstone amendment. I simply do not believe the rules should be changed at this point in time.

More importantly, by weakening the work requirements, we risk falling back into the same trap of the old welfare system in which it was all too easy for the states to do nothing for those who need the most assistance in finding the pathway to independence. The Wellstone amendment turns its back on the hardest to serve and should be rejected.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, I am surprised at the distinguished chairman of the Finance Committee for objecting to an individual having the opportunity to get an education. He ought to understand better than anybody in this Senate Chamber that education is power, education levels the playing field, education gives people an opportunity to do things that they have always wanted to do. The employers will be able to reach out to get individuals who are educated and trained. These people we are trying to help here want to get out of welfare. They want to be educated. They want better jobs. They want to take care of their children. If education does not belong on a higher education bill, I don't understand where it belongs.

The employers want better employees. Where do you get better employees but educated employees? Where do you find them today? Those who are on welfare, trying to get out of welfare, get out of Catch–22.

We have the American Association of Community Colleges that endorses this amendment, the State Directors of Vocational Technical Education Consortium, Career College Association, the Children's Defense Fund, Center for Women Policy Studies, American Association of University Women, the National Coalition for Women and Girls in Education, the American Council on Education. I could go on and on, of the associations that endorse this amendment.

So we are saying here this is going to destroy the welfare program? How in the world are they going to buy a Roth IRA, if they don't have a better job and have more money so they can save?

Mr. President, I hope the distinguished Senator would understand we are trying to get them out of poverty, give them a good job, help the employers—and higher education is where this amendment belongs. I hope this doesn't destroy welfare. We have a bipartisan effort here. These people are Democrats and Republicans who have endorsed this amendment.

So I am hopeful we would not look at this amendment as destroying the welfare reform bill that I voted for and that I supported. I think this is one place, now that it is in place, soon to be a 2-year anniversary, that we would have an opportunity to correct those things that we made a mistake on. This is one we made a mistake on. It belongs in the higher education bill.

I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I rise in support of the amendment and, from the perspective, if I may, of someone who has been involved with welfare dependency for a third of a century and more, and to make two points, not each of which will give complete comfort to either side of the debate.

First, to say that when we began to recognize that a different sort of person was finding herself on welfare—which is to say the program which began for widows, and was a temporary bridge program until survivors insurance matured, as old-age insurance matured; and Francis Perkins, who presided over the creation of the Social Security Act, would describe the AFDC program, the typical recipient, as a West Virginia miner's widow, someone who wasn't going to work in the mines, this was a time of depression—this was a person who was left with children and no other source of support. We began to recognize that, more and more, we were getting younger mothers who had never been married, who had never had,

either themselves or through a spouse, a relationship to the workforce; and we began to think in terms of vocational education.

Vocational education was a Federal program. It began in World War I with the idea of training persons for the elementary purposes of providing the skills needed at the time in war industries. That has turned out to be a problematic experiment. Too often it became a way of providing jobs for teachers in vocational education programs, and with no real cumulative effect upon the recipients it was designed to help. However, in that interval I have been engaged in this, 33 years, we have seen something quite remarkable in our educational system, the development of a new level of education called the community college, 2 years after high school, to acquire some specific training, often in complicated tasks for which there is a direct job relationship. That is the way the community colleges have learned to work. They train you at things for which there are jobs.

Last evening on the Jim Lehrer show we had a quarter hour segment of a community college in Austin, TX, where they are running short of high-tech computer producers and they are taking people in the community college there and they are teaching them about as advanced a degree of production skills as you could imagine—people who work with masks over their mouths lest their breath contaminate the infinitely complex circuitry of the computer chips they are making. This is done with the support of local industries who want those people to be employed and are in need of them and in a hurry for them.

This is exactly the sort of work program, training program, that takes people off welfare permanently, as much as you can speak so of any individual. It puts them, not just in jobs, but in jobs that require high levels of training for which there is real demand in this economy. To deny that opportunity to young women because they have been on welfare is a form of injustice as well as a self-inflicted wound on the society.

This is good sense. These are good training programs. These are people who, as the Senator from Kentucky has observed—let them get these 2 years behind them, get into the workforce, and buy Roth IRAs—Roth IRAs. The more the better for the people and the more people with this kind of education the more such purchases there will be.

Mr. President, I do hope in the interests of good common sense and experience, that this amendment be accepted.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I shall be brief. I am just going to summarize.

I thank my colleague. I think Senator FORD and Senator MOYNIHAN said it well. Mr. President, I think this is eminently reasonable. I want to be clear one more time, this just gives the States the flexibility to allow a mother who is in college or wants to go to college for 2 years, to be able to do that and not be penalized for it. No State has to adopt this amendment. It is entirely up to the judgment of the States. But right now we have a situation where States face penalties and they are put in a position of having to drive some of these women out of school where they could do so much better in terms of employment, so much better in terms of jobs. There is a wealth of evidence that I could go into, but I think we want to go to a vote.

This is the right thing to do. This is a terribly important initiative supported by many Senators who supported the welfare bill, and I hope there will be a very strong vote for it.

I ask unanimous consent that a letter from the Center for Women Policy Studies, that has over 100 signatures representing children, women and education organizations in support of this amendment, along with a letter from the National Urban League be printed in the RECORD. Since I don't have time to go into other organizations of support I ask that a list of these organizations from all around the country also be printed in the RECORD. I would also like to include in the RECORD that I have received letters in support for this amendment from the American Vocational Association, the American Association of Community Colleges, the Association of Community College Trustees, and letters from a number of different legislators.

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

DEAR SENATOR: The undersigned organizations from the women's, children's civil rights, education, and human needs advocacy communities urge your support for an amendment to be offered by Senator Paul Wellstone (D–MN) to S. 1882, the Higher Education Amendments of 1998. The amendment would expand educational opportunities and encourage economic self-sufficiency for welfare recipients by doing the following:

Increase from 12 to 24 months the limit on vocational education;

Allow 24 months of postsecondary education to count as a ''work activity'';

Remove teen parents from the vocational education cap so more adults can; Pursue education.

Postsecondary education allows welfare recipients to pursue careers beyond the low wage, short-term jobs usually available to them.

Without an education, most women who leave welfare for work will earn wages far below the federal poverty line, even after five years of working (Weisbrot, 1997).

Nationally, the economy is projected to create only half as many new low skill jobs as there are welfare recipients targeted to enter the labor market (Weisbrot, 1997).

At least half of all new jobs by the year 2000 will require a college-educated workforce (Kates, 1993).

Postsecondary education is a cost-effective strategy for permanently moving welfare recipients from welfare to work at a decent wage.

African American women holding bachelor's degrees earn $2,002 a month, compared with $1,204 for those with only some college education (Gittell, Vandersall, Holdaway, and Newman, 1996).

Among families headed by African American women, the poverty rate for heads of households with at least one year of postsecondary education is 21 percent, compared to 51 percent for those with only a high school education (Gittell, Vandersall, Holdaway, and Newman, 1996).

Among families headed by Latinos, the poverty rate drops from 41 percent to 18.6 percent with at least one year of postsecondary education (Census Population Survey, as cited in Sherman, 1990).

For white women, the poverty rate drops from 22 percent to 13 percent (Census Population Survey, as cited in Sherman, 1990).

On average, women with a college degree earn an additional $3.65/hour (1997 dollars) over the wages of women with only a high school diploma (Spalter-Roth and Hartmann, as cited in Institute for Women's Policy Research, 1998).

Postsecondary education breaks the cycle of poverty for women and their children.

Benefits extend to the children of educated parents, as they are more likely to take education seriously and aspire to go to college themselves (Gittell, Gross, and Holdaway, 1993).

There is a strong association between parental income and the income of their children in future years (Gittell, Gross, and Holdaway, 1993).

We urge you to support Senator Wellstone's amendment to give TANF recipients the opportunity to pursue postsecondary education and become economically self-sufficient.

If you have any questions, please contact Tanya Chin or Kathleen Stoll at the Center for Women Policy Studies, 202/872–1770, or Mikki Holmes in Senator Wellstone's office, 202/224–5641. References cited above are available from the Center for Women Policy Studies.

Sincerely,

ACES: The Association for Children for Enforcement of Support.

ACORN: Association of Community organizations for Reform Now.

African-American Women's Clergy Association.

All Families Deserve a Change (AFDC) Coalition.

American Association for Adult and Continuing Education.

American Association of Community Colleges.

American Association of State Colleges and Universities.

American Association of University Women (AAUW).

American College of Nurse-Midwives.

American Council on Education.

American Counseling Association.

American Friends Service Committee.

American Psychological Association.

American Speech-Language-Hearing Association.

Applied Research Center, Oakland, CA.

The Arc.

Association of Community College Trustees.

Big Brothers, Big Sisters, KY.

Blue Grass Community Action.

Bread for the World.

Business and Professional Women/USA.

The California State University.

Campaign for Budget Fairness/Community Action Board of Santa Cruz County, Inc., CA.

Catholic Social Service Bureau.

Center for Advancement of Public Policy.

Center for the Child Care Workforce.

Center for Civil Justice.

Center for Community Change.
Center for Economic Options, Inc.
Center for Law and Social Policy.
Center for Policy Alternatives.
Center for Women & Enterprise.
Center for Women Policy Studies.
Central Conference of American Rabbis.
Child Care Council.
Children's Defense Fund.
Church Women United.
Clearinghouse on Women's Issues.
Coalition for Ethical Welfare Reform (CEWR).
Coalition of Labor Union Women (CLUW).
Coalition on Human Needs.
Department of Vocational Rehabilitation, KY.
Elizabeth Coalition to House the Homeless.
Elkhorn Middle School Youth Services Center, KY.
Family & Children's Service.
Florida Legal Services, Inc.
Frankfort/Franklin County Community Education, KY.
Franklin County Health Department, KY.
Franklin County Health Department (Home Health), KY.
Friends Committee on National Legislation (Quakers).
Harry J. Cowherd Family Resource Center.
Housing Comes First.
J.E.D.I. for Women (Justice, Economic Dignity & Independence).
Jewish Labor Committee.
Judge David L. Bazelon Center for Mental Health Law.
Justice for Women Working Group, National Council of Churches.
Kentuckians for the Commonwealth.
Kentucky State District Council of Carpenters, AFL–CIO.
Kentucky Youth Advocates.
LDA, The Learning Disabilities Association of America.
Legal Action Center.
Legal Aid Society of San Francisco, Employment Law Center.
LIFEtimE: Low-Income Families' Empowerment through Education.
Lutheran Office for Governmental Affairs, ELCA.
MANA, A National Latina Organization.
McAuley Institute.
Mennonite Central Committee, Washington Office.
Metro Human Needs Alliance/Jefferson County Welfare Reform Coalition, KY.
Mexican American Legal Defense and Educational Fund (MALDEF).
Minnesota State University Student Association (MSUSA).
Mothers Mobilized for Economic & Social Justice.
National Alliance to End Homelessness.
National Association for Equal Opportunity in Higher Education.
National Association of Child Advocates.
National Association of Community Action Agencies.
National Association of Developmental Disabilities Councils.
National Association of Independent Colleges and Universities.
National Association of Private Schools for Exceptional Children (NAPSEC).
National Association of Protection & Advocacy Systems.
National Association of Social Workers.
National Association of Social Workers, Nevada.
National Association of State Directors of Special Education.
National Association of State Directors of Vocational Technical Education Consortium.
National Association of State Universities and Land-Grant Colleges.
National Black Women's Health Project.
National Coalition for the Homeless.
National Council of Jewish Women.
National Council of La Raza.
National Council of Senior Citizens.
National Council of State Directors of Adult Education.
National Council of Women of the US, Inc.
National Easter Seal Society.
National Education Association.
National Law Center on Homelessness & Poverty.
National Low Income Housing Coalition.
National Network to End Domestic Violence.
National Organization for Women.
National Parent Network on Disabilities.
National Partnership for Women & Families.
National Puerto Rican Coalition.
National Therapeutic Recreation Society.
National Women's Conference Committee.
National Women's Law Center.
NAWE.
NETWORK, A National Catholic Social Justice Lobby.
Nevada Empowered Women's Project.
New Ways to Work.
New York State Education Department.
Northeast Missouri Client Council for Human Needs, Inc.
NOW Legal Defense and Education Fund.
Oakland County Welfare Rights Organization, MI.
PUSH Early Childhood Development Center.
Resource Office for Social Ministries (R.O.S.M.).
San Luis Valley Welfare Advocates, CO.
SEIU 660.
Simon House, Inc.
Spina Bifida Association of American.
Union of American Hebrew Congregations.
Unitarian Universalist Association.
United Cerebral Palsy Associations.
United States Student Association.
Utah Issues.
VAW Local 2320, NY.
VOICES (Voices for Opportunity, Income, Child Care, Education, & Support).
Volunteers of America.
Washington Welfare Reform Coalition.
Welfare Law Center.
Welfare Rights Initiative.
WeLISN (Welfare & Low-Income Support Network).
Wider Opportunities for Women.
The Woman Activist Fund, Inc.
Woman's National Democratic Club, Jewish Women's Caucus.
Women Employed.
Women and Poverty Public Education Initiative.
Women Work!
Women's Business Development Center.
Women's Resource Center, University of Nevada, Reno.
YWCA of the U.S.A.

NATIONAL URBAN LEAGUE,
POLICY AND GOVERNMENT,
Washington, DC, May 20, 1998.

DEAR SENATOR: The National Urban League stands in strong support of an amendment by Senator Paul Wellstone (D–MN) that would expand the educational opportunities for welfare recipients. Senator Wellstone will be offering his amendment to the Higher Education Amendments of 1998 (S. 1882).

The Wellstone Amendment would address a critical flaw in the 1996 welfare reform law (The Personal Responsibility and Work Opportunity Reconciliation Act) that places unrealistic limits on welfare recipients who seek economic self-sufficiency through education. The Amendment would:

Make 24 months of postsecondary and vocational education a permissible work activity under TANF (Temporary Assistance for Needy Families). Under current law, states can only count 12 months of vocational education as a work activity.

Remove teen parents from the 30% limitation in the educational cap so that more adults can pursue education.

If the goal of welfare reform is to place welfare recipients into permanent employment, and we know from studies that people with more education and training have higher earnings and a greater likelihood of being employed, then common sense dictates that access to quality higher education is the key to an effective reform of our welfare system. According to the 1996 Economic Report of the President, by the early 1990s, the earnings differences between high school and college graduates had nearly doubled from 49% in 1979 to 89% in 1993. And presently, each additional year of schooling after high school is worth about 5 to 15 percent in additional earnings.

Welfare recipients face the same changing economic conditions as any other person seeking employment today. According to a recent report, Education and Training for America's Future (Anthony P. Carnevale, 1998), more skill is not only necessary to get a job, but also to keep one as well. The report notes that education and training increasingly have separated the economic winners from the losers in a global economy where economic and technological change has been increasingly biased in favor of skill. Therefore, our national welfare policy must not be responsible for relegating welfare recipients into the ''economic losers'' category, when we know what it takes to make them winners. If they join the ranks of ''economic winners,'' then their children win and so does society at large.

We should do no less for welfare recipients who seek to make themselves permanently employable than what we seek for all others in our quest for improving our national workforce development system. We urge your support for the Wellstone Amendment when it is offered.

Sincerely,

MILTON J. LITTLE, JR.,
Executive Vice President and COO.

GROUPS IN SUPPORT OF THE WELLSTONE AMENDMENT TO THE COVERDELL BILL

COSPONSORS: RICHARD DURBIN (D–IL), WENDELL FORD (D–KY), TIM JOHNSON (D–SD), CARL LEVIN (D–MI)

American Association of Community Colleges; American Association for Adult and Continuing Education; American Association of State Colleges and Universities; American Vocational Association; Association of Community College Trustees; Center for Women's Policy Studies; Hispanic Association of Colleges and Universities; National Association for Equal Opportunity in Higher Education; National Association of State Universities and Land Grant Colleges; National Council of State Directors of Adult Education; New York State Education Department; United Negro College Fund; United States Student Association.

Mr. WELLSTONE. I ask for the yeas and nays.

Mr. JEFFORDS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator has asked for the yeas and nays. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. JEFFORDS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. BYRD. Mr. President, may I inquire as to how long it will be before the vote? I can use this time that is being used in a quorum call; I can use it in making some remarks. But I will be glad to withhold my remarks.

Mr. JEFFORDS. If I can inquire, if the information required to go to a vote is obtained, will the Senator mind being interrupted?

Mr. BYRD. Well, I am not accustomed to that, may I say. Washingtonian magazine says when I start speaking, it is hard to stop me.

Mr. JEFFORDS. That may have prompted my question.

Mr. BYRD. Well, you got a courteous answer, but an answer that was to the point, I guess. I saw this conversation going on over here, and I thought I might as well be speaking.

Mr. WELLSTONE. Mr. President, I ask my colleague from West Virginia to see if this can be resolved briefly. If not, maybe we will want to change course. I think we might be able to move to a vote briefly. Can we wait for a few moments?

Mr. BYRD. How long is a moment?

Mr. WELLSTONE. How long is a moment? Sixty seconds. I prefer, since the arguments are fresh in everybody's mind, to vote.

The PRESIDING OFFICER. The Senator from West Virginia has the floor.

Mr. BYRD. I have the floor.

Mr. JEFFORDS. There is no point of order, so we are ready to go to a vote.

Mr. BYRD. You are ready to go to a vote?

Mr. JEFFORDS. Yes.

Mr. BYRD. I yield.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. Mr. President, I have no other speakers on this side. It is my understanding the yeas and nays have been ordered, and I believe we are ready to vote.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. NICKLES. I announce that the Senator from Texas (Mrs. HUTCHISON) and the Senator from Arizona (Mr. KYL) are necessarily absent.

The result was announced—yeas 56, nays 42, as follows:

[Rollcall Vote No. 191 Leg.]

YEAS—56

Akaka	Biden	Breaux
Allard	Bingaman	Bryan
Baucus	Boxer	Bumpers
Byrd	Hatch	Moynihan
Chafee	Hollings	Murray
Cleland	Inouye	Reed
Collins	Jeffords	Reid
Conrad	Johnson	Robb
D'Amato	Kennedy	Rockefeller
Daschle	Kerrey	Sarbanes
Dodd	Kerry	Snowe
Dorgan	Kohl	Specter
Durbin	Landrieu	Stevens
Feingold	Lautenberg	Thomas
Feinstein	Leahy	Torricelli
Ford	Levin	Warner
Glenn	Lieberman	Wellstone
Graham	Mikulski	Wyden
Harkin	Moseley-Braun	

NAYS—42

Abraham	Faircloth	Mack
Ashcroft	Frist	McCain
Bennett	Gorton	McConnell
Bond	Gramm	Murkowski
Brownback	Grams	Nickles
Burns	Grassley	Roberts
Campbell	Gregg	Roth
Coats	Hagel	Santorum
Cochran	Helms	Sessions
Coverdell	Hutchinson	Shelby
Craig	Inhofe	Smith (NH)
DeWine	Kempthorne	Smith (OR)
Domenici	Lott	Thompson
Enzi	Lugar	Thurmond

NOT VOTING—2

Hutchison	Kyl

The amendment (No. 3111) was agreed to.

Mr. FORD. Mr. President, I move to reconsider the vote.

Mr. DASCHLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JEFFORDS addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

CHANGE OF VOTE

Mr. JEFFORDS. Mr. President, on rollcall vote No. 191, Senator WARNER voted ''nay,'' which was not his intention. He meant to be recorded as ''aye.'' I ask unanimous consent that he be recorded as an ''aye.'' This would in no way affect the outcome of the vote.

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

(The foregoing tally has been changed to reflect the above order.)

Mr. JEFFORDS. Mr. President, I ask unanimous consent that Senator SESSIONS now be recognized for up to 10 minutes on his amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, just for the information of Senators, following that, I know our friend and colleague from West Virginia has been here for some period of time and is prepared to speak on an amendment, which he has talked with us about. We are prepared to accept the amendment, but he wants to comment about it.

In terms of our side, we have one more amendment by the Senator from Minnesota, Senator WELLSTONE, and then an amendment by Senator BINGAMAN, and an amendment by Senator HARKIN. That is where we are. We haven't been able to get time agreements, but it gives you some idea about the amendments. And then I expect we will have one or two other Senators that want to speak on the measure. I think that gives us some idea about the work that remains for the evening—at least from our side. Is that your understanding?

Mr. JEFFORDS. Yes. It is our intention to finish tonight and to have the vote on final passage tomorrow morning at 9:30.

I just urge everybody to take Senator SESSIONS' example by getting a time limit and disposing of the amendments. I think this side is nearing completion. I don't believe we have any controversial amendments that will take a great deal of time. So I am really expecting that we can finish tonight, with the cooperation of all Members. Certainly, I look forward to Senator BYRD's comments.

Mr. KENNEDY. Mr. President, I wanted to mention, as well, that I have an amendment on a market-based study on interest rates, which we may or may not be able to get to. I thank the Chair.

The PRESIDING OFFICER. Under the previous order, the Senator from Alabama is recognized.

AMENDMENT NO. 3115

(Purpose: To amend the Internal Revenue Code of 1986 to provide additional tax incentives for education, and for other purposes)

Mr. SESSIONS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Alabama [Mr. SESSIONS], for himself, Mr. GRAHAM, Mr. MCCONNELL, and Mr. COVERDELL, proposes an amendment numbered 3115.

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

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

The amendment is as follows:

At the end add the following:

SEC. ___. ELIGIBLE EDUCATIONAL INSTITUTIONS PERMITTED TO MAINTAIN QUALIFIED TUITION PROGRAMS.

(a) IN GENERAL.—Section 529(b)(1) of the Internal Revenue Code of 1986 (defining qualified State tuition program) is amended by inserting ''or by 1 or more eligible educational institutions or any organization exempt from taxation under this subtitle that consists solely of eligible educational institutions'' after ''maintained by a State or agency or instrumentality thereof''.

(b) CONFORMING AMENDMENTS.—

(1) The text and headings of each of the sections 72(e)(9), 135(c)(2(C), 135(d)(1)(D), 529, 530(b)(2)(B), 4973(e), and 6693(a)(2)(c) of the Internal Revenue Code of 1986 is amended by striking ''qualified State tuition'' each place it appears and inserting ''qualified tuition''.

(2)(A) The section heading of section 529 of such Code is amended to read as follows:

''SEC. 529. QUALIFIED TUITION PROGRAMS.''.

(B) The item relating to section 529 in the table of sections for part VIII of subchapter F of chapter 1 of such Code is amended by striking ''State''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. ___. EXCLUSION FROM GROSS INCOME OF EDUCATION DISTRIBUTIONS FROM QUALIFIED STATE TUITION PROGRAMS.

(a) IN GENERAL.—Section 529(c)(3)(B) of the Internal Revenue Code of 1986 (relating to distributions) is amended to read as follows:

''(B) DISTRIBUTIONS FOR QUALIFIED HIGHER EDUCATION EXPENSES.—

''(i) IN GENERAL.—If a distributee elects the application of this clause for any taxable year—

''(I) no amount shall be includible in gross income under subparagraph (A) by reason of a distribution which consists of providing a benefit to the distributee which, if paid for by the distributee, would constitute payment of a qualified higher education expense, and

''(II) the amount which (but for the election) would be includible in gross income under subparagraph (A) by reason of any other distribution shall not be so includible in an amount which bears the same ratio to the amount which would be so includible as such expenses bear to such aggregate distributions.

''(ii) IN-KIND DISTRIBUTIONS.—Any benefit furnished to a designated beneficiary under a qualified State tuition program shall be treated as a distribution to the beneficiary for purposes of this paragraph.

''(iii) DISALLOWANCE OF EXCLUDED AMOUNTS AS CREDIT OR DEDUCTION.—No deduction or credit shall be allowed to the taxpayer under any other section of this chapter for any qualified higher education expenses to the extent taken into account in determining the amount of the exclusion under this subparagraph.''.

(b) ADDITIONAL TAX ON AMOUNTS NOT USED FOR HIGHER EDUCATION EXPENSES.—Section 529(c)(3) of the Internal Revenue Code of 1986 (relating to distributions) is amended by adding at the end the following:

''(E) ADDITIONAL TAX ON AMOUNTS NOT USED FOR HIGHER EDUCATION EXPENSES.—The tax imposed by section 530(d)(4) shall apply to payments and distributions from qualified tuition programs in the same manner as such tax applies to education individual retirement accounts.''.

(c) COORDINATION WITH EDUCATION CREDITS.—Section 25A(e)(2) of the Internal Revenue Code of 1986 (relating to coordination with exclusions) is amended—

(1) by inserting ''a qualified tuition program or'' before ''an education individual retirement account'', and

(2) by striking ''section 530(d)(2)'' and inserting ''section 529(c)(3)(B) or 530(d)(2)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after December 31, 2003, for education furnished in academic periods beginning after such date.

SEC. ___. QUALIFIED TUITION PROGRAMS INCLUDED IN SECURITIES EXEMPTION.

(a) EXEMPTED SECURITIES.—Section 3(a)(4) of the Securities Act of 1933 (15 U.S.C. 77c(a)(4)) is amended by striking ''individual;'' and inserting ''individual or any security issued by a prepaid tuition program described in section 529 of the Internal Revenue Code of 1986;''.

(b) QUALIFIED TUITION PROGRAMS NOT INVESTMENT COMPANIES.—Section 3(c) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)) is amended by adding at the end the following:

''(15) Any prepaid tuition program described in section 529 of the Internal Revenue Code of 1986.''.

Mr. SESSIONS. Mr. President, I intended to come to the floor today, along with Senators BOB GRAHAM, MITCH MCCONNELL and PAUL COVERDELL, to offer an amendment to the Higher Education Act that would have helped more than 2.5 million students afford a college education.

I would like to particularly recognize the outstanding efforts of my good friend from Kentucky, Senator MCCONNELL. He has been a true champion of this issue for quite a number of years. Senator BOB GRAHAM of Florida has done an outstanding job of guiding and helping us work on this amendment and handle it in the proper way. His advice and leadership have been crucial in gaining the support for this amendment that we think is necessary for its passage. Let me take a few minutes to discuss the concept of prepaid tuition plans and why they are critically important to help America's families.

As a parent myself, who has put two children through college—I just had my second one graduate in May, and another one is currently in college—I know firsthand that America's families are struggling to meet the rising cost of higher education. In fact, American families have already accrued more college debt in the 1990s than during the previous three decades combined. The reason is twofold: The Federal Government subsidizes student debt with interest breaks and deferred payments and penalizes educational savings by taxing the interest that accrues on those savings accounts for college.

In recent years, however, many families have tackled rising tuition costs by taking advantage of prepaid college tuition plans. These plans allow families to purchase tuition credits years in advance. Thanks to innovative programs already established by at least 17 States, like my home State of Alabama, parents can actually lock in today's college tuition rates for tomorrow's education.

Congress has supported participating families in this effort by expanding the scope of prepaid tuition plans and by deferring taxes on the interest earned when students go off to college.

Recently, thanks to the hard work of Senator COVERDELL and several Members of the House of Representatives, including Chairman BILL ARCHER, a provision was included in the Coverdell A+ Educational Accounts bill, which would make all earnings in all prepaid tuition plans tax free. That is, interest that accumulated on the savings would accumulate without having to be taxed.

Unfortunately, President Clinton has promised to veto that bill on his opposition to several other unrelated provisions—provisions that I think are excellent, but the President has made clear his intention in that regard.

Due to his anticipated veto, more than 2.5 million students and their families planning to take advantage of prepaid tuition and savings programs over the next decade will be denied the ability to invest in their children's education using tax-free interest income.

Our amendment, modeled after Chairman ARCHER's and Senator COVERDELL's efforts during the A+ Educational Accounts conference committee, would have made earnings in State and private prepaid plans completely tax free.

Currently, most of the interest earned by families saving for college is taxed twice. The parent is paying taxes on it when he earns it. Then they set it aside in the college account—even the prepaid tuition accounts—and they have to pay taxes on the interest that it earns. On the other hand, the Federal Government subsidizes student loans by deferring interest payments until after graduation and sometimes giving low-interest rate loans. So it is no wonder that American families are having a hard time saving for college and instead are having to go heavily into debt to finance college at a later time. This trend must not continue. As a matter of fact, it is not good public policy.

Mr. President, let me take a few minutes to make a very critical point. I had an opportunity this morning to review a standard student education loan agreement, which belongs to one of my staff members. The loan, which was used to pay for the final 2 years of his college education, was $13,674.02. My young staffer is currently 25 years old. After the roughly 15 years it will take to pay off his loan, at which time he will be 40 years of age, he will have paid a total of $13,171.64 in interest alone. Mr. President, that will bring his total payment for his 2 years in college to $26,845.65; that is nearly double the original loan balance. This is the Federal Government's only option, the only way it provides help to families to pay for their children's education.

So in order to provide families a new alternative, the Sessions-Graham-McConnell-Coverdell amendment would provide tax-free treatment to all prepaid plans for public and private colleges and universities. This would place all savings plans and all schools on an equal playing field.

This bipartisan amendment would not only provide American families with more than $1 billion in much-needed tax relief over the next decade, but would also help control the cost of college for all students. In fact, the track record of existing State prepaid plans indicates that working, middle-income families benefit the most from these prepaid plans.

Prepaid tuition plans must become law. The Federal Government can no longer subsidize student debt with interest rate breaks and penalize educational savings by taxing the interest earned by families who are trying to save for college. Both public and private prepaid tuition plans should be held equal by the Federal Government and must be completely tax free.

If these goals are achieved, the Federal Government would be providing families with the help they need to meet the cost of college through savings rather than through debt. Indeed,

as a nation we ought to be reviewing all of our laws and all of our public tax policies to make sure we are encouraging savings rather than encouraging debt. Too often our policies have been just the opposite.

I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks several items in support of my amendment.

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

(See Exhibit 1.)

AMENDMENT NO. 3115, WITHDRAWN

Mr. SESSIONS. Mr. President, unfortunately at this point I will be having to withdraw this amendment due to the fact that it appears it may be in violation of existing rules governing the revenue proposals which have to originate in the House of Representatives.

The PRESIDING OFFICER. The Senator has that right. The amendment is withdrawn.

Mr. SESSIONS. Mr. President, I simply say with regard to the letters that have been introduced, those are letters to me from the Independent College Association and from the several other groups, such as the American Council on Education, that say the steps referred to in this amendment ''would make prepaid tuition plans more widely available and more attractive for families. By doing this, families will have a strong incentive to begin to save money for college when their children are young. And, as with any investment, saving early is vitally important.''

That is the American Council on Education, dated July 9, referring to this amendment.

The National Association of Independent Colleges and Universities is likewise supporting this amendment. They say, ''On behalf of the over 900 independent colleges and universities that make up the National Association of Independent Colleges and Universities, I want to express our appreciation of your efforts.

''We agree that students and families who want to utilize prepaid tuition plans should be allowed to dedicate those funds to the institution of their choice'' to be able to compete on a level playing field.

The College Savings Plans Network has likewise supported this proposal in a letter to Congressman ARCHER dated July 2, 1998.

The National Association of State Treasurers has adopted this resolution. Many State treasurers have formulated this legislation in the State—in fact, the Alabama State Treasury, and former State Treasurer George Wallace, Jr., is the one who passed the legislation in Alabama for the prepaid tuition plan.

Also, The Heritage Foundation has supported this effort.

EXHIBIT ONE

AMERICAN COUNCIL ON EDUCATION,
GOVERNMENT AND PUBLIC AFFAIRS,
Washington, DC, July 9, 1998.

Hon. JEFF SESSIONS,
U.S. Senate, Washington, DC.

DEAR SENATOR SESSIONS: I am writing with respect to the amendment on prepaid tuition plans that you hope to offer when the Senate considers S. 1882, The Higher Education Amendments of 1998.

In recent years, states and private sector organizations have begun to offer prepaid tuition plans designed to encourage families to save money for higher education. The American Council on Education supports these efforts. We believe that your amendment would enhance these plans in two important ways. First, it would exclude from federal income tax the value of the plan when the student enrolls in higher education. Second, the amendment would allow private colleges and universities to establish these initiatives.

These steps would make prepaid tuition plans more widely available and more attractive for families. By doing this, families will have a strong incentive to begin to save money for college when their children are young. And, as with any investment, saving early is vitally important.

We understand that there may be a jurisdictional problem with your amendment and we hope that this can be satisfactorily worked out. If it proves impossible to fix the jurisdictional issue, we will work with you to ensure that your plan is enacted this year.

We are enormously grateful for your leadership on this issue of such importance to families and colleges and universities. We look forward to working on it with you.

Sincerely,

TERRY W. HARTLE,
Senior Vice President.

NATIONAL ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES
Washington, DC, July 9, 1998.

Hon. JEFF SESSIONS,
U.S. Senate, Washington, DC.

DEAR SENATOR SESSIONS: On behalf of the over 900 independent colleges and universities that make up the National Association of Independent Colleges and Universities, I want to express our appreciation of your efforts to allow private colleges and universities to establish prepaid tuition plans that would enjoy the same tax treatment and preferences as state sponsored plans. We agree that students and families who want to utilize prepared tuition plans should be allowed to dedicate the funds to the institution of their choice. Allowing private colleges and universities to compete on a level playing field in the tax arena is absolutely necessary and fair.

We appreciate the parliamentary restrictions of including this language in the Higher Education Reauthorization Act, S. 1882, and look forward to working with you to see that this issue is addressed in a manner that will be enacted into law in the very near future.

Again, thank you for your efforts. Please do not hesitate to contact me if and when I can be further assistance on this or any issue of importance to independent higher education.

Sincerely,

DAVID L. WARREN,
President.

COLLEGE SAVINGS PLANS NETWORK,
Lexington, KY, July 2, 1998.

Hon. BILL ARCHER,
U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: On behalf of the College Savings Plans Network, I am writing in support of the proposed amendment by Senator Jeff Sessions to S. 1882, The Higher Education Amendments of 1998. The amendment is designed to increase the nation's saving rate and to improve access to higher education. The College Savings Plans Network (CSPN), the association of the state-sponsored college tuition programs, strongly supports Senator Session's amendment which would establish an exclusion from gross income for amounts distributed from qualified tuition programs to cover qualified higher education expenses. The enactment of this provision would further the public policy of encouraging parents to save for their children's college education, which would provide long-term benefits to the U.S. economy. CSPN urges you to support the amendment to S. 1882.

CSPN believes that the tax treatment of the qualified state programs should be carefully crafted to account for the unique design and circumstances in which the state programs operate. The Network supports the amendment because it provides clearer tax treatment for contributions to and distributions from the state-sponsored plans. Clearer tax treatment would encourage college savings, and would reduce the need to borrow, which would provide long-term benefits to over 700,000 families who participate in the state-sponsored qualified tuition programs.

Thank you for your strong leadership on this proposal and commitment to expanding the educational opportunities of American families.

Very truly yours,

MARSHALL G. BENNETT,
President, College Savings Plans Network and Mississippi State Treasurer.

RESOLUTION

FEDERAL TAX-EXEMPTION FOR COLLEGE TUITION PROGRAMS

Urging the Congress and the President to enact bipartisan legislation that will provide for the tax-free treatment of qualified state-sponsored college tuition programs, including both prepaid and savings programs.

Whereas, over the last several years, the constantly increasing costs of higher education and decreases in state and Federal funding of higher education have made an affordable, high quality college education increasingly difficult to obtain for everyday Americans; and

Whereas, in response, State legislatures created state-sponsored college savings programs to help families afford postsecondary education for their children; and

Whereas, the State sponsored programs are designed and operated in a manner to account for the unique nature of each state's educational system; and

Whereas, the programs are primarily directed to middle-income working families and encourage and permit these families to save for and send their children to college, where otherwise they may not be able to access postsecondary education without relying on significant borrowing to afford spiraling tuition costs; and

Whereas, over the past five years borrowing for higher education expenses has increased more than in the previous three decades; and

Whereas, the State sponsored programs are accountable to State-level policymakers, and are subject to close public scrutiny and multiple levels of accountability, which provides strong safeguards to the public's interest in these programs; and

Whereas, the Congress, recognizing the unique role states play in providing access to higher education for their citizens, in 1996, passed legislation to improve the tax treatment of State sponsored programs; and

Whereas, the Congress, further recognizing the unique role states play in providing access to higher education for their citizens,

has included provisions in the Revenue Reconciliation Act that would further clarify and enhance the tax advantages offered to families through qualified state tuition plans, and

Whereas, under the proposed legislation, parents will be given greater incentive to save for or prepay a major portion of higher education costs in advance, in increments as little as $15 or $25 a month, which fit easily within their budgets; and

Whereas, this legislation is truly bipartisan and has been widely supported by Democratic and Republican members of the House and Senate.

Now, Therefore Be It Resolved, That the National Association of State Treasurers does hereby call upon the Congress and the President of the United States to promptly enact legislation providing for tax-free treatment of distributions from qualified state-sponsored college tuition programs.

THE HERITAGE FOUNDATION,
Washington, DC.

ANOTHER CHANCE TO HELP FAMILIES AFFORD COLLEGE

Last year, Congress took a big step to help American families save for the huge cost of their children's education. Thanks to the Taxpayers' Relief Act of 1997 (Public Law 105–34) families are now able to establish Education Individual Retirement Accounts (Education IRAs) and deposit up to $500 annually for use later to pay for higher education expenses without having taxes levied on the accrued interest. But in passing this measure, Congress placed undue restrictions on the amount of money families could place in such accounts, and it favored public colleges over private institutions.

Now, as the Senate moves to re-authorize the Higher Education Act, and as Congress considers a tax bill, there is another opportunity to help those families with college-bound students while dealing with the deficiencies in current law. An effective policy would:

1. Extend to all private tuition savings and prepaid plans the same tax treatment public plans receive. Currently, 28 states have established special programs that allow resident families to save for college costs. Federal income tax on the accrued interest in these state-sponsored accounts is deferred until the account is cashed in to pay for college. However, there are drawbacks to these plans, including the fact that they do not effectively meet the needs of families interested in sending their children to private colleges and universities since the plans are designed specifically to benefit public institutions. Nearly 25 percent of families choose to send their children to a private college or university, yet few state plans serve the needs of this population. Nor do state plans provide a nationwide network of institutions from which participating families may choose, yet 20 percent of students decide to attend an institution outside of their home state. Congress can help fix these deficiencies by giving the same tax treatment to private colleges and universities—or nationwide consortia of these institutions—that establish plans similar to those of the states as it does to the state-sponsored accounts for public colleges.

2. Make all interest earned through tuition savings and prepaid plans tax-free. Not only should all tuition savings and prepaid plans receive equal tax treatment, they also should be relieved of the double taxation that currently exists within the tax code (the money being saved is taxed when earned, and the interest on the savings also is taxed). In the case of Individual Retirement Accounts (IRAs), Roth IRAs and similar retirement plans, Congress has ended double taxation, but not on money placed in education accounts. Ending the double taxation of money in education accounts would both encourage savings for college and be consistent with long term tax reform.

Although these two provisions would provide significant relief to the more than two and a half million students and their families who plan to take advantage of tuition savings and prepaid plans, there would not be a significant revenue loss to the federal government. The Joint Committee on Taxation has estimated that granting state tuition savings and prepaid plans tax-free withdrawals would result in a loss to the federal government of just $339 million over the next five years. Since even the most enthusiastic industry estimates of the private market do not anticipate greater participation than is anticipated in the state plans, the total impact on federal revenues for both of the above proposals would be well below $800 million over five years. And even if it is assumed that families saving in private plans were, on average, in a higher tax bracket than those participating in state plans, the total revenue loss would not exceed $1.2 billion over the next five years.

But it is in any case erroneous to assume that tuition savings and prepaid plans benefit mainly the wealthy. In fact, the experience of existing state plans indicates that it is working, middle-income families who benefit most. For example, families with an annual income of less than $35,000 purchased 62 percent of the prepaid tuition contracts sold by the state of Pennsylvania in 1996. The average monthly contribution to a family's college savings account during 1995 in the state of Kentucky was $43.

Several Members of Congress have proposed tax-free savings for college. Senator PAUL COVERDELL (R–GA), House Ways and Means Chairman BILL ARCHER (R–TX) and Representatives DICK ARMEY (R–TX) and KAY GRANGER (R–TX), gained inclusion of a provision in the Education Savings Act for Public and Private Schools (H.R. 2646), also known as the ''A+ Education Accounts Act,'' that would not only accomplish the above two goals for good tax policy but would also make interest earned on family savings for primary and secondary education tax-free. However, H.R. 2646 would place a $5,000 annual contribution limit on private tuition savings and prepaid plans.

Recently, Senators JEFF SESSIONS (R–AL), BOB GRAHAM (D–FL), and MITCH MCCONNELL (R–KY) have proposed an amendment to the reauthorization of the Higher Education Act (S. 1882) that would accomplish the two goals without any annual contribution limit. The result of these tax measures would be in line with the over-arching goal of the bill, to make attainment of a college diploma a reality for more American students.

American families accumulated more college debt during the first five years of the 1990s than the previous three decades combined. Recognizing that this trend cannot continue, several states have established tuition savings and prepaid plans. Now, a nation-wide consortium of more than 50 private schools, with more than 1 million alumni, has launched a similar plan for private institutions. These plans are extremely popular with parents, students, and alumni. They make it easier for families to save for college, and the pre-paid tuition plans also take the uncertainty out of the future cost of college. It is time for Congress and the President to recognize the value of such plans and eliminate the double taxation that exists on interest earned through the programs and to end the disparity that currently exists between public and private colleges.

STUART M. BUTLER, PH.D.,
Vice President, Domestic and Economic Policy Studies.

Mr. SESSIONS. Mr. President, we believe we have a good plan. I want to again say how much I appreciate the leadership, advice, and support given by Senator BOB GRAHAM of Florida. He is an outstanding Senator and has been a great aid to this effort. I see him on the floor at this time and would be glad to yield such time as I have remaining to Senator GRAHAM.

Mr. BYRD. Mr. President, will the Senator yield? Has time been allotted to the Senator?

Mr. SESSIONS. I asked for 10 minutes.

The PRESIDING OFFICER. The Senator has 47 seconds left.

Mr. BYRD. He has yielded that to the Senator from Florida.

The PRESIDING OFFICER. That is correct. The Senator from Florida has 47 seconds.

Mr. GRAHAM. To my friend from Alabama, I express my appreciation for the kind remarks in bringing this matter to the attention of the Senate, even though, because of the rules of the two bodies, we cannot consider it tonight. But I believe what he has essentially done has put all of us on alert that we are going to be looking for another opportunity to remedy this remaining tax issue with the State college tuition plans and thus give to the families of America the assurance that every dollar they invest in a prepaid college tuition contract will go to the education of their children and thus encourage more families to participate.

Mr. President, I hope that with the message the Senator from Alabama has issued tonight we will soon be able to follow his clarion call.

Thank you.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, does the distinguished Senator from Florida need an additional 2 or 3 minutes or so? I will be glad to wait.

Mr. GRAHAM. I appreciate, as always, the Senator's graciousness. I anticipate that we will have an opportunity to discuss this issue again, I hope soon, and at that time we can actually be making movement toward legislative enactment. I will withhold any further comments until then. But I express my appreciation to the Senator.

Mr. BYRD. Mr. President, I thank the very distinguished Senator from Florida.

A TREND WORTH STOPPING

Mr. BYRD. Mr. President, I recently learned of an extremely alarming riot which occurred on the campus of Michigan State University. On May 2, 1998, nearly three thousand students abandoned their dorm rooms and various other corners of the university's massive campus to protest a university

decision to end drinking at Munn Field, a popular campus spot where students gather before and after football games. Outraged students tore through a fence surrounding the field, thereafter charging into downtown East Lansing, home to the university, to set ablaze one of the area's busiest intersections. Police officers were pelted with flying bottles, rocks, and bricks, and were only able to quell the scores of protesting students with shots of tear gas.

Michigan State University does not stand alone. Both Washington State University and Plymouth State College in New Hampshire have experienced similar protests. Mr. President, our Nation has a serious problem, which only continues to worsen with each passing day, yet, we in Congress have all but ignored this epidemic plaguing our nation's young people. Rather, we have stood on this floor ranting about the pernicious effects of tobacco, while its evil twin continues to rampage across college campuses throughout the country. I support the efforts we have undertaken to crack down on youth use of tobacco, but is it not time, I ask, to broaden the equally staggering problem of alcohol abuse among our young people?

I hope that the President and the administration will engage in a similar crusade against alcohol abuse—similar to that which they have led with respect to the use of tobacco.

I hear nothing said about alcohol—not a word. The country seems to be silent. It seems to have lost its voice when it comes to alcohol abuse.

Alcohol, Mr. President, is the drug of choice—the drug of choice among teenagers and college students—not tobacco, not marijuana, not heroin, but alcohol. Surveys show that over 85 percent of all college students imbibe alcohol. That is a disgrace.

Let me read that again. Over 85 percent of all college students imbibe alcohol, whether it be a beer, wine, or some other potent concoction tossed together at a fraternity party. More than 40 percent consume five or more drinks at one sitting within a 2-week period, otherwise defined as ''binge drinking.'' It really isn't the ''in thing,'' Mr. President, and I hope that young people will learn that.

In the past year, the media have reported several incidents in which college students have tragically died due to alcohol poisoning or excessive inebriation, including deaths at Louisiana State University and the prestigious Massachusetts Institute of Technology. In Virginia alone, five students died within a one-month timespan in alcohol-related accidents.

If this were some new plague that was being visited upon the country, people would be asking for a remedy.

The amendment I have included in the managers' package recognizes ten universities, colleges, or community colleges across the nation that have responded to this crisis with innovative and effective alcohol prevention policies. Under my amendment, each institution receives a grant of $50,000 in recognition of its efforts, subsequently to be used to help maintain and improve each respective program. In addition, my amendment requires the Department of Education to distribute a publication identifying these schools and their policies to high school counselors for the information of prospective college-going students and their parents. It is my hope that parents and responsible students—I should say responsible parents and responsible students—will use this information to select schools that are most active in helping students to be students, not drunks—students.

Mr. President, over the years, the culture of college has gradually changed from one of academics and concentrated study to one consumed with partying—partying, and nobody benefits from it. Gathering at the library with classmates to prepare for an exam has taken a backseat to sitting around swilling beers at keg parties or ordering a round of shots at the closest bar.

Sadly, the process does not always begin in college. Often times, experimentation with alcohol begins in high school, or even earlier in the homes. That is where it begins many times. The examples are set by parents.

According to the 1995 ''Monitoring the Future'' study conducted by the National Institute on Drug Abuse, 55 percent of 8th graders have experimented with alcohol—55 percent of 8th graders have experimented with alcohol. When I was attending a little two-room school back in the mountains of West Virginia, it would never have been thought of, nobody would think of a student's going to school experimenting with alcohol. According to the study, 71 percent of 10th graders and 81 percent of high school seniors have experimented with alcohol. What are they doing in school? What do their parents think about that? What are their parents doing about it? Are the parents doing the same at home?

Even more alarming, perhaps, is the widespread occurrence of binge drinking—measured by five or more drinks in a row at least once in the prior 2-week period. As indicated by the Monitoring the Future study, binge drinking stands at 15 percent for 8th graders, 24 percent for 10th graders, and 30 percent for high school seniors. What a shame.

Today, alcohol is infesting the lives of vulnerable young children at the hands of irresponsible parents and schools, and students are not just walking away from the empty beer bottle with a so-called ''buzz.'' In 1996, approximately 2,315 drivers between the ages of fifteen and twenty lost their lives in alcohol-related traffic deaths.

Yet, all the rage is about tobacco. I don't have any criticism of that rage, but why not alcohol also? Nobody hears a peep, not even a peep, about alcohol abuse.

More than 40 percent of all 16- to 20-year-old deaths result from motor vehicle crashes, about half of whom die in alcohol-related crashes. Nobody reads about tobacco-related crashes. These are alcohol-related crashes. Where are the administration speakers? Why don't they speak out about alcohol as well? Where are the churches? Where is the great moral force of the churches in this country anymore?

Alcohol is a factor in the three leading causes of death for 15- to 24-year-olds—accidents, homicides and suicides. There you have it. In approximately 50 to 60 percent of youth suicides, alcohol is involved—not tobacco, but alcohol—booze. That is stuff that inflames one's mind. Furthermore, links have been shown between alcohol use and teen pregnancies and sexually transmitted diseases.

So, Mr. President, with the drinking onset age becoming younger and younger, colleges each year face an influx of students who already know this drug all too well. Students walk on to college campuses today with booze on the brain—we have heard of water on the knee or water on the brain; these students have booze on the brain—completely apathetic to curriculum, major requirements, and freshman seminar choices.

Fraternity parties run amuck with students hankering to get their hands on a beer or whatever may be the alcoholic beverage of the night. According to a national survey recently released by researchers at Cornell and Southern Illinois universities, nearly three of every four fraternity leaders engage in binge drinking, averaging approximately fourteen drinks per week. Fourteen drinks per week!

Student alcohol abuse is the number one problem on college campuses across the nation, yet, precious little is being done to combat this destructive trend. In 1989, as part of the amendments to the Drug-Free Schools and Communities Act, Congress passed a minimum set of requirements for college substance abuse policies as a condition of receiving funds or any other form of financial assistance under any Federal Program. These regulations require institutions of higher education to certify to the Department of Education that they have implemented a policy that prohibits the unlawful possession, use, or distribution of drugs or alcohol on college property, or as part of a college activity, and to distribute to college students a document describing campus policy on alcohol and other drugs.

While many schools reluctantly meet these minimum federal requirements, there are a select few that go far beyond the call of duty to combat alcohol abuse on campus. It is these schools, these candles that are glowing in the darkness, that deserve recognition for their efforts. I have read articles highlighting a northeastern school which has implemented substance-free housing on campus, reducing binge drinking

by as much as 30 percent in the past few years as a result of the program. It is this kind of progress which must be sought by parents and educators. However, such significant headway does not happen overnight, and certainly requires much work and dedication.

Again, my amendment names ten institutions of higher education each year with proven effective alcohol prevention policies and awards each a grant of $50,000 to help get at the root of the problem. These awards would not be conferred haphazardly to schools that craft a pretty brochure on alcohol abuse, but do virtually nothing to enforce what has been put down on paper. Vacuous words do not have much meaning, but action does. There are some terrific programs out there, such as the one at the aforementioned northeastern school, which should serve as models for other schools still grappling with alcohol abuse problems. My amendment awards those schools that make a difference.

Accordingly, my amendment lays forth explicit criteria which schools must meet in order to be eligible to receive a National Recognition award. Applicant colleges must have specific policies implemented on campus, including restrictions on alcohol advertising in campus publications and at sporting events, the establishment or expansion of alcohol-free living arrangements for all students, and the development of partnerships with community members and organizations to further alcohol prevention efforts on campus. In addition, my amendment creates a review board, with members to be appointed by the Secretary of Education, to review and evaluate the applicant's implementation of these policies on campus.

Earlier this year, Secretary Shalala urged members of the National Collegiate Athletic Association (NCAA) to sever their ties with the alcoholic beverage industry, and called on colleges to eliminate alcohol advertising from sporting events. I second that motion. After all, this is simple common sense. It is unequivocally evident that alcohol and sports do not mix, yet colleges continue to endorse alcoholic beverage sponsorship of athletic events. One particular school, until recently, actually herded basketball players from the locker room onto the home court by way of an inflatable silver tunnel resembling a can of beer!

My amendment included in the Higher Education Act begins to touch upon some of the fundamental areas which must be addressed in halting this deadly substance from further permeating college campuses. As we have learned this year from the tragic deaths of several promising young students at some of our finest universities just this past year, the decision to drink alcohol can sometimes mean life or death, even when an automobile is not involved.

Mr. President, I would like to acknowledge Senator WELLSTONE, and thank him for his work on the Labor and Human Resources Committee in addressing the issue of college drinking prior to S. 1882 coming to the floor. Senator WELLSTONE was successful in including an extremely important counterpart to my amendment which creates a grant program for colleges to establish alcohol and drug treatment, counseling, as well as alcohol and drug education. I want to commend Senator WELLSTONE for his efforts and dedication to fighting alcohol abuse on college campuses.

Mr. President, when I was a member of the West Virginia State Senate, 48 years ago, I was a witness to the execution of a young man named James Hewlett at the West Virginia State Penitentiary, in Moundsville. I asked to be a witness because the law at that time required a certain number of witnesses, to an execution. I asked to be a witness and the warden accepted me as a witness. Before the execution, I told the warden that I wanted to talk with this young man who was going to be executed at 9 p.m. He had shot a cabdriver in the back and left the cabdriver to die by the side of the road after robbing him and then drove off with the cab. This young man was later apprehended in a theater at Montgomery, WV, and was convicted and sentenced to die in the electric chair.

He did not wish to have a Chaplain in his cell. He scoffed at the idea of religion. But, as the days and weeks wore on, he asked for a Chaplain, because the Governor did not commute his sentence. And, so, the young man knew that he was going to die.

I went into the doomed man's cell that evening and shook his hand. He was perspiring. I said, ''I often speak to young people, 4–H groups, Boy Scout groups and Girl Scout groups, and I thought that you might have a message that I could pass on to these young people.''

He said, ''Well, tell them to go to Sunday school and church. If I had gone to Sunday school and church, I probably wouldn't be here tonight.''

I turned to go after a few more words. He said, ''Wait a minute. Tell them something else. Tell them not to drink the stuff that I drank.'' Those were his very words. That was almost 50 years ago, but I have told that story over and over to young audiences. ''Tell them not to drink the stuff that I drank.''

I said, ''Why do you say that?''

The chaplain in his cell spoke up and said, ''Do you see that little crack in the wall up there?''

I looked up at the wall and said, ''Yes.''

He said, ''If he were to take a couple of drinks, he would try to get through that little crack in the wall. That's what alcohol does to him.''

I said goodbye and left, went back over to the warden's office and, at the stroke of 9, we were back in the death house where we watched the execution. That was the story of Jim Hewlett, ''Tell them not to drink the stuff that I drank.''

About 30 years later, I was visiting in the northern panhandle of West Virginia and someone said to me, ''Why don't you pay a visit to the home of Father so-and-so. He's very ill, and it might help if you just stopped by and said hello.'' I personally did not know the clergyman.

I said, ''Well, tell me where to go,'' and I went. And the priest was there. He was very ill. I don't know how the subject matter arose, how I came to tell this story to him, but I told this same story of having talked with Jim Hewlett just before the execution.

I told it in greater detail than I am now telling my colleagues, and the priest just sat and listened. He never said anything. When I finished, he said, ''Yes. That's the way it was. You see, I was the chaplain in that cell that night when you came to visit Jim Hewlett.''

That young man said to me—those words I will never forget —''Tell them not to drink the stuff I drank.''

So I plead to our young people, those young pages who are here in this great Chamber and those who are listening and watching on television: Avoid alcohol. Stay away from it. There is nothing good in it. And the point is, you may get into an automobile and kill an innocent person—a woman taking her children to school, to the library, to the hospital or to church. You may kill them. Smoking tobacco is bad, but tobacco won't cause you to drive while drunk.

I am not upholding tobacco, but what I am saying is, in this country, we have been engaged in a great crusade against tobacco, but nobody lifts a finger, nobody says a word, there is not a peep said about alcohol abuse.

I implore the young people in this country to stop, look and listen before you ''drink the stuff'' that Jim Hewlett drank.

I thank the managers for accepting my amendment, and I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I thank the Chair. Let me just say to my colleague from West Virginia that it was an honor to work with him on this amendment. I thank him for his eloquence and for all that he does in the Senate.

Mr. President, other colleagues are here—two colleagues. I am going to be quite brief. I am going to speak briefly about an amendment I was going to offer, and then I was going to ask unanimous consent my slot be eliminated. I wonder if that will be in order.

Mr. JEFFORDS. That is fine.

Mr. WELLSTONE. While I have the floor, I ask unanimous consent that my slot be eliminated.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. WELLSTONE. I thank the Chair.

Mr. President, I will be very brief, because there are amendments that we

have in the evening ahead of us. Let me simply talk about a conversation I had with Nils Hasselmo, who was president of the University of Minnesota and dropped by my office yesterday. He works with the American Association of Universities. He said, ''Look, Paul, I rather you not do this amendment. We in the higher education community want to work with you.'' If so, fine.

I want to refer for a moment to a report. This was the Boyer Commission on Educating Undergraduates titled ''Reinventing Undergraduate Education: A Blueprint for America's Research Universities.'' This was dedicated in memory of Ernest Boyer, who had been president of the Carnegie Foundation. Many of us knew Ernest Boyer as a visionary concerning education.

What concerns me about this report that came out a few months ago—and there were quite a few front-page stories about it—is the findings.

To be very brief, the findings go as follows: That in all too many of our large research universities, undergraduates go to these schools and their tuition is applied, of course, to the finances of these universities. They go in part because they hear about some of the university professors who have excellent reputations, but they never see them as teachers in their classes. It is not uncommon for undergraduates, first-year students—basically in their first year—to hardly have any professors—associate or full professors. It does seem to me if our universities and colleges are going to say they have a teaching mission, then there has to be some way that they live up to that mission.

I could go on for hours and hours, but let me simply say that as an undergraduate many years ago, I experienced this. I have been a rebel about this forever. I think it is just simply unacceptable that in so many of our large research institutions, the graduate students are the priority, and the truth of the matter is, the undergraduates are not. I think when parents send their children—women and men—to go to higher education institutions, they have every right to expect that there will be a real emphasis on teaching to go along with that emphasis on research and that, indeed, in their first year, these students will have a chance to have some of these professors as teachers. That is what is wrong.

I was going to speak to this in an amendment. When I talked with Nils Hasselmo and talked with others in the higher education community, we agreed to bring some presidents together, bring some higher education people together and go through this and see what kind of changes can be made.

I know that Mark Yudof at the University of Minnesota is doing some very good work to try and put more of an emphasis on what happens to first-year students, and I think some of that is coming from the higher education community.

I have to say, I didn't offer the amendment tonight, but I really want to see some changes take place here, and I believe there are many other Senators who will as well. The higher education community has to be accountable. There is a whole lot of Federal grant money that goes to these institutions. With all due respect, I think we have a right to say, ''Look, we want to make sure that you don't just give lip service to teaching.''

By way of conclusion, I want to mention what was in this Carnegie report as a kind of, if you will, bill of rights for students which gives us some direction, some sense of direction that I think the universities can go on:

(1) By admitting a student, an institution of higher education commits to providing the student maximal opportunities for . . . including—

(A) opportunities to learn through inquiry rather than simple transmission of knowledge;

(B) training in the skills necessary for oral and written communication at a level that will serve the student both within the institution of higher education and in post-graduate, professional and personal life;

(C) appreciation of arts, humanities, sciences, and social sciences, and the opportunity to experience the arts, humanities, sciences, and social sciences at any intensity and depth the student can accommodate; and

(D) careful and comprehensive preparation for whatever may lie beyond graduation, whether it be graduate school, professional school, or a first professional position.

(2) A student in a research university has the right—

(A) to expect to, and to have an opportunity for, work with talented senior researchers to help and guide the student's efforts;

(B) to have access to first-class facilities in which to pursue research, including laboratories, libraries, studios, computer systems, and concert halls;

(C) to have many options among fields of study, and among directions to move within those fields, including areas and choices not found in other kinds of institutions; and

(D) to have opportunities to interact with people of backgrounds, cultures, and experiences different from the student's own background, culture, and experience, and with pursuers of knowledge at every level of accomplishment, from freshmen students to senior research faculty.

Mr. President, I say to President Hasselmo and others, I look forward to having discussions with the higher education communities. I see several colleagues who are ''education'' Senators—the Senator from Maine, the Senator from Vermont. I am going to get a letter out to Senators saying if you want to be involved in a roundtable discussion, let's do so. The Chair, the Senator from Utah, has a fierce interest in education. I think he is one of the intellectuals in the U.S. Senate.

I hope that we can work with the higher education community. Tonight won't be the debate on the amendment, but I say to my colleagues in higher education, this was my background. I was a teacher, a professor for 20 years. The fact of the matter is, it is time to be more accountable. The fact of the matter is, you keep saying that teaching is your mission, but with all due respect, there is plenty of evidence that is not so much the case, and we ought to give these first-year students and these undergraduates a fair shake.

I conclude by asking unanimous consent that a series of statements and very powerful statements from students around the country in relation to the higher education bill be printed in the RECORD.

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

STUDENT PROFILES FOR HIGHER EDUCATION FLOOR STATEMENT

DISTANCE LEARNING

Amy Saeland: Amy is a 23-year old student at Northwest Technical College in Bemidji, MN. The distance learning program provides the flexibility she needs to schedule classes around work. However, the current federal student financial assistance restrictions prevent her from fully benefiting from the advantages of distance education.

Sue Listerud: (Inver Hills Community College) ''Distance learning is an ideal way for adults to go back to college. Making time to come to campus is extremely difficult. Education and development of new skills allows students to enhance their employability. The non-traditional student needs non-traditional instructing methods.''

Lu Schmidtke: (Inver Hills Community College) ''Distance learning allows me to receive credit for knowledge I already have in addition to teaching me a great deal more about the subject. I can do this on my own time at my own pace with a minimum amount of time in class.''

Gwen Borgen: ''I am a Dean of Students at Badger School in Badger Minnesota. I am currently pursuing my Masters in Educational Administration through Bemidji State University. Working full-time and trying to obtain this degree is quite a challenge. I am approximately 150 miles from Bemdiji so the convenience of distance learning is phenomenal. I am able to work full-time, raise a family, be involved in community and church and still work on my degree.''

Jane Klaers: ''I live in the town of Wabasso, MN. We have about 750 people in our town. I have been taking ITV classes off and on for about 3 or 4 years now through West Community College-Worthington campus. What I like most about these type of classes is that I don't have to travel to a college to take college level classes. To me that is a tremendous advantage. I have 2 small children and having these types of classes has allowed me to continue my college studies. This system is a tremendous service to people such as myself that can't go to the 'traditional' classes.''

Karen Affinito: Karen was admitted to the Master's program in Education in April 1997. Ms. Affinito works as an Early Intervention Specialist with infants who are at high risk for cognitive and physical developmental problems. She has attempted to continue her education at local traditional educational institutions but found the time constraints of full-time employment and a family to be real barriers to her education. TGSA's distance learning program is making her education possible.

Keitha Hatfield: Keitha is an office manager for the Texas Conference of Churches, entered the Graduate School of America's Master's program in Organization and Management in October 1997. Through faculty-guided, self-directed study and the interactive capabilities of telecommunications and computer technology, The Graduate

School of America is able to deliver an educational experience that is personal, convenient and of the highest quality. Her goal for her academic program is to develop the skills and knowledge which will enable her to establish a nonprofit foundation devoted to research on social innovation, the public sector, and current social systems. About her studies, Ms. Hatfield writes ''ideas are the most important social force in history'' and ''all these ideas started with one individual, one visionary, one dreamer who knew how to say ''Why?''

Susan Arakawa: Susan was admitted to the Graduate School of America's Master's program in Interdisciplinary Studies in February 1996. Ms. Arakawa had worked as an English as a Second Language (ESL) instructor for 10 year prior to beginning her academic work with TGSA; for three of those 10 years, Ms. Arakawa lived, worked and studied in mainland China. Ms. Arakawa has structured her academic program to accomplish the research necessary to write and publish a book about the relations (historic as well as current) between China and the United States. Ms. Arakawa has made excellent progress in her program and has begun work on the final project for her degree.

Francis Jock: Francis is a Native American, admitted to the Graduate School of America's Ph.D. program in Organization and Management in June 1994. Previously, he had spent 22 years in military service, achieving the rank of Command Master Chief Petty Officer and managing over 300 enlisted personnel. It was very clear from Mr. Jock's application that he was highly motivated to be a lifelong learner, he listed as one of his personal goals ''to continuously improve my personal growth through continuing education.'' Mr. Jock withdrew from The Graduate School of America in March 1995 due to lack of funding.

WORKING MANY HOURS WHILE GOING TO COLLEGE

Eric Alleckson: (1997) Eric Alleckson, a junior and President of the student government at Concordia College. Eric works two part time jobs, received financial assistance from his family, and will graduate with still large loans to repay. ''Some money from loans is quite acceptable, if it is a reasonable amount,'' Eric said, ''[But] the burden of student debt can be as restrictive as no education at all.'' Despite his two jobs and the sacrifice his parents are making financially, Eric says that his education would not be possible if there was no external financial assistance.

Abbie Weiss: Abbie will be a junior at Concordia University in St. Paul. She is in a one-parent, middle-class family. With the help of her father and the federal grant program she is able to attend college. She still needs to work three on campus jobs and one off-campus job (25–30 hrs/wk) to pursue her education. Without the help of financial aid, finishing at Concordia will be threatened. ''Financial aid allows students to attend the college of their choice and to excel in their situation. My experience does not stand alone. Many other students are in the same situation that I am in and without help they may not be able to fulfill their dreams.''

HIGH STUDENT LOAN DEBT

Sonja Lenk: (1997) Sonja Lenk, a junior at Moorhead State, was attending college with financial help from MSU work study and her parents' contributions, but will still graduate with approximately $11,000 in student loan debt.

Michael Kurowski: Michael, a senior at Winona State University and the MSUSA vice chair elect, received the unsubsidized Stafford loan. He worked three jobs equaling close to 50 hours per week. Michael will have a loan debt of approximately $20,000. (PHOTO)

Mario Hernandez: Mario, a senior at Southwest State University, in Marshall, MN, and the MSUSA MVP, received the Pell grant, state grants, the subsidized and unsubsidized Stafford loans. He worked approximately 30 hours per week. Hernandez received scholarships to help dampen the costs. His loan debt is $4500. (PHOTO)

Tony Fragnito: Tony, a senior at Bemidji State University, in Bemidji, MN, received the Pell grant all four years of college. He also worked between 35–40 hours per week. Although Tony received one scholarship, most of his financial funding is from loans. His loan debt will be $12,000.

Michael V. Nesdahl: Michael, a fifth year senior at Southwest State University, in Marshall, MN, didn't receive any financial aid throughout his five years of college. He worked approximately 40 hours per week and was in the National Guard. Most of his funding was from the military. Nesdahl will have a loan debt of $7300.

Tony Rust: Tony, a senior at Southwest State University, and the Minnesota State University Student Association state chair elect, received the Pell grant his freshman year only, the Perkins loan his first three years and the Stafford loan all four years. During his four years of college, Rust has worked at least 20 hours per week in order to pay for tuition and other expenses. His parents have not helped him financially, but he did receive scholarships during his sophomore year. His loan debt will be approximately $20,000.

Kay Wendling: Kay, a senior at Winona State, received no financial aid this year. However, in the past three years, Kay received a subsidized Stafford loan. She worked at least 16 hours per week off campus and 10 hours per week on campus. She will have a debt of $13,000.

Heidi deRuyter: Hedi, a senior at Moorhead State, and MSUSA treasurer and operations officer, received federal loans only. During her four years of college, deRuyter worked at least 20 hours per week. She received some scholarships the first year and her parents usually paid the interest on the loans. She will have a debt of $18,000.

Francis Klinkner; Francis, a fifth year senior at Mankato State, and the MSUSA state chair, received no financial aid this year. However, he did receive the Pell and state grants and the Stafford loans during his first four years in college. Francis worked at least 40 per week throughout his four years. His parents paid for his books, otherwise most of his funds came from loans. His debts will be $23,000.

IMPACT OF WELFARE REFORM

Crys Hans: Crys Hans, 28 years old, is transferring to the University of Minnesota from the Hibbing Community College and has maintained a GPA above a 3.8 while raising her 3-year-old daughter and working part time. Crys is determined to achieve financial independence for her and her daughter. However, under the new Welfare Reform legislation, Crys will have ''even greater challenges.'' In six months, her one year of approved education will expire; she will have to work a minimum of 30 hours a week; and, she has to begin paying for child care. Crys is concerned about the impact the new welfare reform guidelines will have on her ability to finish school, secure a good paying job, and support and spend time with her daughter Tiana.

Colleen: Colleen, a divorced mother of two, dropped out of high school when she became pregnant. She obtained her GED; worked on a limited basis at a low wage office job; and decided that she needed a college degree to be able to support her family over the long term. She is enrolled in liberal arts classes at Minneapolis Community and Technical College and is doing very well. However, she would like to enroll in the Registered Nursing program to earn an A.S. degree. Because it takes 3 years to complete this degree (due to prerequisites needed), Colleen has had to put her dream on hold because of the welfare reform guidelines. The nursing degree would help Colleen achieve economic self-sufficiency, which office worker positions would not.

Camille Martinson: Camile is a single mother of 2 children. She is currently on the Minnesota Family Investment Program (state's new welfare reform program) and receiving AFDC, MA, and food stamps, while attending North Hennepin Technical College. New welfare reform requirements are pressuring her to go to work now for $5.15 an hour, rather than finish her education and be qualified to earn up to $20 an hour as a nurse.

Jonia Stanfel: Jonia, a single mother majoring in computer programming at the Minneapolis Community and Technical College, will be finished with her A.S. degree in less than a year. She is getting A's and should be able to support herself and her 3 young children after she graduates. However, last summer she was told by her Stride caseworker that ''we are not supporting education programs.'' She was then told her child care would be discontinued and she must work 20 hours per week to receive her MFIP grant. Because the computer curriculum is rigorous, she knew she could not work, raise her kids and put in the time needed to get her computer degree. So . . . she has taken out a $2,600 loan and is funding her education on her own for the next 9 months. Her question is, ''why wasn't funding available to someone who wanted to earn a two-year degree in a field with guaranteed jobs at high salaries?'' Jonia feels fortunate that her college went to bat for her on the child care funding issue. But what happens to those people who don't have such an advocate?

Beth Frenette: Beth, a single mother of a two-year-old, has a clear cut career path in place when the new MFIP guidelines hit. Her plan was to earn a two-year degree and transfer to finish a B.A. degree in Elementary Education. To offset expenses, she was planning to get a job in Human Resources while in school. She began her plan by appealing for MFIP funding for her B.A. degree, but her appeal was denied. The reason: ''if she can get a job now in Human Resources, she doesn't need funding for additional education.'' She then enrolled at Minneapolis Community and Technical College to begin taking her general education requirements, and appealed again for MFIP funding. Her second appeal was also denied, for the same reason stated before. She had submitted a clear education plan at each appeal. With help from our Career Placement Director, Beth's funding has been reinstated, although now she must squeeze 30 hours of work per week into her busy school and family schedule. She will graduate from MCTC in 9 months.

Crystal Visneski: Crystal, a single mother of two, is a human services major at Minneapolis Community and Technical College. She is juggling her studies, her children, a part time job, and responsibilities as an MCTC student ambassador. The new work requirement that came with the MFIP guidelines has drastically reduced the amount of time she can spend on her studies, as well as the time she can spend with her children, ages 4½ and 20 months. She will have to miss her son's graduation from preschool in June because she's taking an extra class this summer to ensure that she will finish her degree before the MFIP one-year clock runs out.

Taking extra classes each quarter and satisfying the work requirement have created stress that has affected her patience with her children and her ability to focus on her studies. In addition, in the transition between her Stride program and MFIP, she lost her bus passes, her mileage reimbursement, and finally, her child care funding. She is now paying $1,000 a month for the cheapest child care available downtown, which is at the college's child Care Center. She is not eligible for a sliding fee scale because she receives welfare. Crystal is caught in the middle.

Latashie Brown: Latashsie, a single mother in her 30's, decided to return to college to enhance her nursing skills and improve her earning power. (PHOTO)

Troyce Williams: Troyce is a single mother of four children who is working hard to complete her studies at Minneapolis Community and Technical College within the one-year education requirement. Affordable housing and child care are critical to her graduating. (PHOTO)

HOW CAN MY FAMILY AFFORD COLLEGE?

Jacqueline Maddox: Jacqueline is a single parent who is concerned about how to pay for her daughter Bree's college education next year. Her daughter was on the honor roll in high school and is involved in extracurricular activities. Bree's father passed away when she was 13 years old and did not provide for her until he became terminally ill. Still, she will lose Social Security benefits when she turns 18. There is no money left after the rent, utilities and food. It seems the only option is a student loan, but Jacqueline is till paying back her own student loans.

NON TRADITIONAL STUDENTS

Paula Heinonen: After working for years in a rural hospital and raising four children, Paula Heinonen decided to return to school to enhance her skills. A non-traditional student, Paula is a junior at the Center for Extending Learning at Bemidji State University in Bemidji, Minnesota. Paula is a wife, mother, worker, and student.

Karen Ackland: Karen Ackland is a non-traditional student at Bemidji State University. Federal student financial aid and the TRIO program helped Karen return to school so that she could earn her baccalaureate degree.

Carla Barbeau: Carla started college at the age of 33 as a single parent with three children ages 9, 11, and 12. It was very difficult to support her family earning only $6 an hour and no benefits so decided to attend college. She wanted to enhance her skills in order to get a better job that paid well and had good benefits. Not being able to attend summer school because of financial aid restrictions is only delaying her graduation with a computer science degree. The longer it will take to finish school, the longer it will take to get a better job. She has received support from financial aid and federal TRIO programs.

TRIO

Mai Lor Yang: Mai Lor, (pronounced ''My Low''), who is an immigrant from Laos, is graduating from high school in Duluth this year, participated in the TRIO Upward Bound Program, and plans to attend college in the Twin Cities next fall. (PHOTO)

Jeanie Kopf: 20 years ago, Jeanie, attended the U. of Superior with the intention of obtaining a BA in Political Science. This dream was brought to a close when, after the second semester, her state grant was cut off and the only way she could continue would be to take out student loans. Being that she was a single parent with a new baby the idea of compiling new amounts of financial debt was overwhelming. She could see no way out and chose to drop out of school and raise her child. She fully intended coming back to school when her son was in school himself. When her son was 9, he was diagnosed with Attention Deficit Disorder and she needed to care for him full-time. Her second son was born and was diagnosed with Tourette Syndrome in 1993 and is a strong advocate for his proper education services to address his needs. She was diagnosed with Multiple Sclerosis in 1988 and was injured in a car accident in 1995. It wasn't until the accident before anyone mentioned the possibility of getting financial aid through DRS. This program ran out of funds and she then turned to the TRIO program. This program provided her with the support she needed to compete with the updated education field of today. The TRIO programs tutoring and study skills have proved to be indispensable to her.

Shannon Ament-Yellowbird: Shannon Ament-Yellowbird, who is a graduate of the University of Minnesota-Duluth, is pursuing her dream of a career in medicine with the support from TRIO Upward Bound and the McNair Post-baccalaureate Achievement program. While student financial aid programs help students overcome financial barriers to higher education, TRIO programs helps students overcome class, social academic and cultural barriers to higher education. Shannon, a Lakota Indian, is a registered member of the Pine Ridge Reservation of South Dakota.

Celena Hopp: Celena ia single parent, a Mexican-American female, welfare recipient and first-generation college student. She joined the STRIDE program in 1995 and became an active participant. She relies on financial aid, child care, and transportation assistance from STRIDE in order to come to school She also works part-time as a student worker in the college library. This year the STRIDE caseworker told her the new welfare requirements meant she could no longer pursue her bachelor's degree and that she had enough education and should immediately go to work. After three years of hard work in college, she had to fight to get approved just to stay in school for even one more year. STRIDE agreed to let her stay in school to complete an associate degree, provided she finished by spring of 1999. This was an extremely painful blow to her, especially since she was clearly on the road to transfer and a bachelor's degree.

BINGE DRINKING

Janice Rabideaux: On November 1, 1997 Janice, a 16-year-old high school student, died from alcohol poisoning at a sleep over party. She apparently drank a large amount of alcohol in a short period of time. There were no adults present when the police arrived, but an adult provided the alcohol and the State District Court was looking into charges against her.

Scott Krueger: On September 29, 1997, Scott Krueger became a victim of ''binge drinking.'' Scott was a freshman, fraternity member at MIT. He went to a fraternity party on September 25 where drinking was required in order to fit in. He died with a blood alcohol level of .41—five times the drunken-driving standard in Massachusetts. After Darlen Krueger's comatose son left his frat house in a ambulance, one of the brothers told her, 'You have to understand—this was a very big night at our fraternity house.' (Source: Newsweek June 15, 1998)

Anonymous: A few years ago, an 18 year old freshman woman at a college in Minnesota went with 4 girlfriends to a ''house party'' at the home of several male students. All of the women engaged in binge drinking with a number of men at the party. They all became intoxicated. The young woman remembers the room spinning and she and one of her girl friends were escorted to a bedroom by 2 men who lived in the house. She recalls coming in and out of consciousness while a number of men had sex with her and her friend. She recalls seeing four different men, none of whom she knew. Her friend remembers nothing.

Five die in car wreck in Winona: In 1997, five young people who died when their vehicle plunged into the icy Mississippi River in Winona, Minnesota were legally drunk. The drowning victims were students and alumni at St. Mary's University in Winona.

Anonymous: In 1995, a sophomore student at a college in Iowa and other pledges of a fraternity were required to attend a formal ceremony called the ''Big Brother/Little Brother Ceremony.'' The ceremony is a required meeting all pledges must attend in order to become an initiated member of the fraternity. The pledges were taken downstairs together, and after stating an oath, they left with their new ''Big Brothers.'' The sophomore and other pledges were given a variety of beverages which they were expected to drink. The sophomore consumed a 40-ounce bottle of beer and a flask of Southern Comfort liquor. As a result, he became intoxicated, unconscious and unable to properly care for himself sometime near 11 p.m. Then, he was taken upstairs by active members of the fraternity. During various times in the night and the next day, members of the fraternity observed the sophomore student lying unconscious, and members of the Fraternity drew on his skin including drawing a beard on his face. No one could wake up the student as he lay snoring loudly and gurgling. No one called for an ambulance either. After 12 hours of being left alone, another fraternity member went upstairs to check on the sophomore and discovered he was not moving or breathing. Paramedics were called to the scene. He was pronounced dead immediately. The medical examiner estimated his death at 7:00 a.m. He died of pulmonary edema, caused by acute alcohol intoxication. His blood alcohol level was measured to be .250 to .300 at its peak (Iowa law considers a person to be intoxicated at an alcohol level of .1 and .001 for under-aged drinkers. Most of the active members and pledges at the ''Big Brother/Little Brother Ceremony'' were under the age of 21.

OTHER

Mary Brklich: Mary Brklich, a sophomore at Hibbing Community College and single mother of three, will transfer to Winona State College after the spring semester to complete her bachelor's degree. The Student Support Services and faculty at Hibbing Community College have assisted Mary and other non-traditional students to set their academic and professional goals, and the Support Services provide the encouragement and resources to reach them.

Holly Spinks. Holly Spinks was a second year student at Century Community and Technical College in White Bear Lake, MN in 1997. She planned to transfer to the University of Minnesota to finish a degree in psychology so that she may become a counselor for diabetic children. Holly is diabetic, and annually spends approximately $3,000 for medical expenses. From two years of study as a full time student, Holly has already accumulated $10,000 in debt, and her mother is unable to help with the cost of school. She receives a annual $420 Pell Grant award and about $5,000 in loans, as well. The cost of school for Holly is roughly twice that amount. Holly affirms that the Pell Grant program must be fully funded and the minimum age for declaring independence must be dropped from 24 to 21. ''I am not asking for a hand-out,'' Holly said. ''I am actively working to take my place in society as a producer and taxpayer.''

Rick Harvala: In 1997, Rich Harvala, a student in the Marketing Program at Northwest Technical College in Moorhead, MN, lives independently of his parents and works full time at Pizza Hut to finance his education. Even though Eric receives the Pell Grant and Minnesota Grant awards, he has already accumulated $5,000 in debt. Eric is 19 years old. He worries that he is not devoting enough time to his studies because of his full time employment. Eric has managed to maintain a 3.87 GPA, but wishes he could focus on school more seriously and wonders how the rising costs will affect him in the future. ''If financial aid increases do not keep pace with the ever climbing costs of a college education,'' Eric explains, ''students will be forced out of college and the pool of educated employees will dwindle.''

WRESTLING

Steve King: Steve was a national wrestling champion at a small Minnesota high school. he decided to attend Notre Dame for the academies. But then the school eliminated the wrestling program just before finals week at the end of King's junior year. ''It was devastating,'' said King. Student athletes were not consulted about the decision, he added. ''We're informed, boom, the program's dropped,'' he said. He transferred to the University of Michigan, but he lost so many credits in the move that he had to go to summer school on his own money to be eligible. (Source: AP and Steve King)

Mr. WELLSTONE. I say to my colleague from Indiana, who is on the floor, my understanding is that we reached an accommodation or compromise when it comes to higher education and ''minor sports.'' We will have the GAO study that will go forward. And, in addition, we already have language in the bill that does call for a disclosure of financial information as to what is spent on different sports on the campuses. I think that is really important to a lot of us who were involved in some of these ''minor sports.'' And I see those sports being cut right now in our institutions of higher learning.

I thank my colleagues for their accommodation. They seem ready to speak. I said I would be brief. I am done, I say to the Senator from Maine.

I yield the floor.

Mrs. FEINSTEIN. I would like to engage in a colloquy with the bill's manager, Senator JEFFORDS.

In Title II, Improving Teacher Quality, the bill authorizes the Secretary of Education to award grants to states to reform teacher preparation and, on page 363, lines 13–15, ''to ensure that current and future teachers posses the necessary teaching skills and academic content knowledge in the subject areas in which the teachers are assigned to teach.''

In (1) beginning on lines 18, the bill includes as an authorized activity that can be funded by a grant, ''reforms that hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which teachers plan to teach, which may include the use of rigorous subject matter competency tests and the requirement that a teacher have an academic major in the subject area, or related discipline, in which the teacher plans to teach.''

I commend the committee for these provisions and believe they will be very helpful in training good teachers.

Could the gentleman clarify a point for me?

Mr. JEFFORDS. I would be pleased to.

Mrs. FEINSTEIN. The bill uses the language, ''academic content areas in which the teachers plan to teach.'' I am concerned that this would limit grants to programs that train teachers pursuing certain academic majors, such as biology or history or French.

My concern is that individuals in teacher preparation courses preparing to teach in the elementary grades might be excluded. Students in preparation to teach at the elementary level would not have an academic major, in the traditional sense that is directly related to the subject that they plan to teach, in part because elementary teachers teach all subjects.

Yet, I'm sure we all agree that strong teaching, particularly the teaching of reading and math at the elementary level, in the primary grades, is critical. It is fundamental to a student's educational success in the subsequent grades.

Do you not agree?

Mr. JEFFORDS. Absolutely. I agree.

Mrs. FEINSTEIN. And so, could you clarify that these funds could be used for teacher preparation programs preparing teachers to teach in elementary and secondary schools, in particular elementary reading and mathematics?

Mr. JEFFORDS. Yes, clearly, that is the intent. We do not intend to exclude the preparation of teachers for teaching at the elementary and secondary level and we agree that good instruction in how to teach reading and elementary mathematics should be a major emphasis because giving students a strong foundation in reading and math in the early years is critical to giving them a solid foundation for learning throughout their entire lives.

Mr. ASHCROFT. Mr. President, I would like to take this opportunity to speak about a provision that has been included in the managers' amendment of the higher education legislation that we are considering. Specifically, I have some reservations about a provision, offered by Senator CRAIG of Idaho, which expresses a sense of Congress regarding the protection of student speech and association rights.

I value highly the protections guaranteed to our nation's citizens under the First Amendment to the United States Constitution. Freedom of speech and association are cherished rights. They are foundational rights, in that the ability to speak freely and criticize the government are necessary to ensure that other constitutional rights are guaranteed and that the system of government erected in the Constitution functions well.

However, it must be remembered that the First Amendment was targeted against government oppression and designed to protect against censorship by the government—not by private individuals or institutions. The Bill of Rights was adopted to address the concern that the new federal government would not accord sufficient respect for the rights of individual citizens. It protects the citizens from the government, not from other citizens. As Thomas Jefferson wrote in a December 20, 1787 letter to James Madison, ''a bill of rights is what the people are entitled to against every government on earth.'' The protections of the Bill of Rights were designed to check specific abuses that can flow from government power; they were neither designed nor intended to be a general code of conduct applicable to all citizens. Indeed, a wholesale application of the Bill of Rights to all private citizens would turn these key protections on their head—provisions designed to safeguard individual liberty would become the instrument for limiting individual liberty.

The United States Supreme Court has long recognized the unique role of the Bill of Rights as a limitation on government action through the state action doctrine. With the exception of limited circumstances in which some heavily regulated quasi-private entities are deemed state actors for limited purposes, the Supreme Court has refused to treat private entities as state actors to which the Bill of Rights apply. Two cases, Flagg Brothers, Inc. v. Brooks from 1978, and Jackson v. Metropolitan Edison Co., from 1974, articulate the Court's position in this area.

The notion that the Bill of Rights is directed exclusively at government action is implicit in the First Amendment itself. The First Amendment protects citizens not only from government regulation of speech, but also limits the government's ability to interfere with the right of individuals to join together to form private associations and organizations, including private educational institutions. A private college or university may choose to remain private in nature so that it can maintain control over its educational mission and policies. Wholesale application of the First Amendment protections to private institutions does not vindicate the First Amendment right to speech, but rather ends up restricting the First Amendment freedom of association.

None of this is meant to suggest that the federal government should never impose conditions on private institutions that receive federal funds. Although there has been an excessive tendency toward applying such mandatory conditions, there are situations in which Congress can properly insist that organizations receiving federal funds maintain certain minimum standards or not use the funds for questionable purposes. Even in the specific context of federal funds directed to private institutions of higher learning, it

may be appropriate for Congress to insist that beneficiaries afford some rights to their students.

My concern is not that the Craig provision favors imposing some conditions on these institutions, but that it imports wholesale the limitations and restrictions developed over two centuries of cases interpreting the First Amendment. There is no reason to think that liberties designed to protect private individuals and entities from the government will strike the appropriate balance in the very different relationship between a student and a private college or university. Fortunately, the measure before the Senate today is not legislation that would impose the First Amendment directly on private educational institutions, but rather a sense of the Congress resolution that these constitutional limitations should apply to private institutions. I do not share that sense, and if the measure before the Senate were binding legislation, I would exercise my rights in an effort to change the legislation. However, in light of the non-binding nature of the Craig provision, I am content to note my views and concerns for the record.

Mr. KERREY. Mr. President, I rise today in support of S. 1882, the Higher Education Reauthorization Act, which is perhaps the most important piece of legislation Congress will pass this year to ensure that more Americans have a shot at the American Dream.

This legislation makes important strides both in improving the education students receive within colleges and universities and in increasing access to higher education.

For example, the bill makes significant improvements in teacher training. It authorizes $300 million for competitive grants to states improve teaching, and it also authorizes $37 million for grants to institutions with teacher education programs working in partnership with school districts in underserved areas in an effort to recruit teachers to communities that are most in need of assistance.

It also provides support for institutions that serve large numbers of low-income students. In particular it creates a new authorization for tribal colleges, which play an important role in educating students in my state of Nebraska.

But most importantly, this legislation is important because it opens the doors of higher education to more individuals. It helps more individuals acquire the knowledge and skills that will help them make better lives for themselves and their families.

Approximately $45 billion in this bill is devoted to postsecondary grants and loans for students. This is wise investment for all Americans because this financial assistance to obtain higher education helps individuals increase their earning power once they graduate. When we increase the income of Americans, we reduce spending and in turn reduce the tax burden on our citizens.

According to the U.S. Census, college graduates make an average of $600,000 more over their lifetime than do individuals without a college degree. That differential has doubled in the last 15 years.

An individual with a bachelors degree can expect to earn $1.4 million over the course of a lifetime. With a professional degree, that person can earn over $3 million in a lifetime.

But currently, on 60% of high school graduates go on to college, and by the time they are 25 years old, only about 25% have a college degree. Many young people have the intellectual ability to succeed in college, but they do not have the financial ability.

We still have much work to do as we try to figure out how to make higher education more affordable.

Nationwide we have about 10 million students enrolled in four-year and two-year public colleges and universities. About 83,000 of those students are in school in Nebraska.

We have about 2.5 million in private institutions—19,000 in Nebraska. About 36% of students nationwide receive some form of Title IV assistance: 22% receive Pell Grants; 22% receive subsidized loans; 10% receive unsubsidized loans; not to mention a smaller percentage who receive PLUS loans, Federal Work Study, Supplemental Educational Opportunity Grants, and Perkins loans.

In public institutions in Nebraska, the number of Pell grants is about 20,000. The dollar volume is $27.4 million. And the number of loans made to Nebraska students in public institutions is about 40,000. That dollar volume is $137 million.

This $137 million is a substantial increase over the 1990–91 loan dollar volume, which was $43.5 million. We must figure out how to bring student loan debt under control.

At the same time, we must remember that Title IV assistance goes to those most in need. 91% of Pell recipients have incomes of $30,000 or less. 65% of all recipients of subsidized loans have incomes of $30,000 or less.

This bill is a step in the right direction. It increases the authorization for maximum Pell Grants to $5,000 for 1999–2000. But it also calls for more reporting by institutions on college costs.

Reducing college costs and increasing access to higher education must be a joint effort. I am pleased to be a part of this effort.

I am also pleased to contribute to this legislation in a number of other ways. The bill includes a Web-based education commission to determine the Federal role in helping parents, students, and teachers identify high-quality educational software.

With Senator WELLSTONE and others, I encouraged the expansion of distance-learning opportunities through the Learn Anytime Anywhere partnerships.

We must also continue to stress the need for substantive partnerships between higher education institutions, K–12 institutions, and business communities.

Mr. President, I urge the Senate to pass S. 1882 so that all Americans will have a shot at achieving the American Dream.

Ms. SNOWE. Mr. President, we have before us the important task of reauthorizing the Higher Education Act for the next five years. I rise today in support of reauthorization, and I want to congratulate my friend, the Chairman, Senator JEFFORDS, for his efforts to bring the Senate a bill that makes a higher education more affordable to all Americans.

The Higher Education Act of 1998 continues a vital component of our nation's commitment to providing the very best education possible to our citizens. In particular, it is the programs reauthorized in this bill that to a great degree determine the shape of our federal presence in postsecondary education. In fact, nearly all of the available federal student aid, and about 70 percent of all financial aid awarded to postsecondary students, comes as a result of this act. And overall, Higher Education Act programs are responsible for an estimated $35 billion in grant, loan, or work-study assistance.

As we all know, the principal objective of the HEA is to expand postsecondary education opportunities, particularly for low income individuals, as well as increasing the affordability of postsecondary education for moderate income families. Since 1966, the Guaranteed Student Loans Program within the Higher Education Act—now called the Federal Family Education Loan (FFEL)—has provided over $143 billion to students. In 1993, the program reached an all time high of $16.5 billion in new loans.

Today, at a time when 71 percent of Americans—71 percent—think a college education is not affordable for most families, building on these successes is all the more pressing. That is why, throughout the reauthorization process, I have expressed the belief that it is critical we ensure the student loan program is strengthened in ways that will increase access.

I have always said that there is more to balancing the budget than making our debits equal our credits. Rather, it's about leadership, fiscal responsibility and being visionary in our investments. In order to survive the many multi-faceted challenges of the 21st century, we will have to invest heavily —more than ever before—in giving the essential tools to our country's greatest natural resource: today's students who are tomorrow's workforce.

That's why, as a member of the Senate Budget Committee, I have continuously fought to make education a priority during the balanced budget debate, and—specifically—have fought to preserve funding for the Student Loan program. In a world of increasing global competition, now is NOT the time to be reducing the Federal commitment to higher education!

The fact is, education is the great equalizer in our society that can give every citizen of our nation—regardless of race, income, or geographic background—the same opportunity to succeed in the global economy of the 21st century. This point is especially important when one considers that of the new jobs that are being created—and will be created—more than half of the new jobs that are being created will require education beyond high school.

Education is also the biggest single factor in the so-called ''income gap''. Consider these statistics from the Census Bureau: In 1990, for example, the average income for high school graduates was almost $18,000. But those who had 1 to 3 years of a college education, earned on the average $24,000. And those who graduated from college and received a college diploma received an average salary of $31,000. We simply must ensure that our young people have access to our system of higher education if they are to succeed in the changing global environment and maximize their earnings potential.

That's why the bill we're considering is so important. It maintains and improves the various grant, loan, and work study assistance programs already available under the Higher Education Act. It reduces the interest rate on student loans. It increases the maximum Pell Grant award by $200 per year, up to $5,800 by 2004. It removes various barriers for independent students seeking financial assistance. And it cancels loans for students who agree to teach for at least three years in high-need areas.

This is a significant step forward in our commitment to building a brighter future for the generations that will succeed us. I want to thank the members of the Senate Committee on Labor and Human Resources for their work on this bill, and in particular the Committee Chairman, Senator JEFFORDS, for accommodating some of my concerns in his manager's amendment. Because the federal role in higher education extends beyond loans, I believe that the changes which were incorporated have made for a stronger bill, and I appreciate his willingness to work with me on their inclusion.

The first provision increases the personal liability and responsibility of owners of proprietary schools to ensure their students receive the education that they were promised and purchased. This is important when you consider what happened to students at the Maine Academy of Hair Design, where the school was closed and the students left without recourse—or the education they paid for. I am pleased that the House bill already contains this provision, and its inclusion in the Senate version will ensure that it will be adopted in the upcoming House-Senate conference.

The second provision requires the General Accounting Office in consultation with the Inspector General at the Department of Education to issue a report to Congress outlining changes in federal law, and changes in administrative procedures at the Department, that would ensure property transfers, such as the recent one involving Nasson College and its former owner in my home state of Maine—could be prevented in the future. In the case of Nasson, the Department of Education conducted an auction in which purchaser and seller represented the same individual—the person ultimately responsible for paying on the mortgage, who for ten years had failed to make payments toward the $600,000 he owned to the Department, or to pay $28,500 in back property taxes to the community. It is an outrage—but, according to the Department of Education, perfectly legal. The language in the bill will help us in rewriting the law to prevent this from happening again.

And finally, I am pleased that the Committee, during markup, included a provision I authored along with Senator DODD to address the needs of low-income students who are parents. The ''Child Care Access Means Parents in Schools'' provision, or ''CAMPUS'', authorizes three-year grants to institutions of higher education to support or help establish a campus-based child care program serving the needs to low-income student parents. The Secretary will award grants based on applications submitted by the institution, and the grant amount will be linked to the institution's funding level for Pell Grants, in order to assure that the program reaches low-income students.

Senator DODD and I have worked together before on child care issues and I want to thank him for his leadership on the CAMPUS Act.

The bottom line is, students are more likely to remain in school, and to graduate sooner and at a higher rate, if they have CAMPUS-based child care. These services are particularly critical for older students who go back to school to get their degree or to improve their skills through advanced education. This is especially important in today's economy, where people need to continuously train and retrain in order to meet the demands of high-tech jobs.

Mr. President, this has been a carefully crafted bill that fulfills one of America's most important needs as we close out this century and look to the next. I wholeheartedly support this reauthorization of the Higher Education Act, and I urge my colleagues to do the same.

Mrs. FEINSTEIN. Mr. President, I am pleased today to support S. 1882, the Higher Education Act reauthorization bill.

The bill has several important features:

It authorizes $300 million for reforming and strengthening teacher training so that teachers will be better prepared to teach elementary and secondary students.

It continues student loans and increases the maximum authorized Pell grant from $4,500 to $5,800 in 1999 to help students regardless of income level get a college education.

It continues federal support for colleges and universities, such as science and engineering programs and graduate fellowships.

Education, particularly a college education, can open many doors in our society.

Today, approximately 22 percent of all jobs in the U.S. require at least a bachelor's degree, up from 15.8 percent in 1996, according to Occupational Outlook Quarterly. People with bachelor degrees have median incomes about 60 percent higher than for those with only a high school education.

In California, shifts in the economy make higher education more important than ever. Service-related jobs, such as those in high technology, have displaced many traditional manufacturing jobs. These new jobs require a level of knowledge and skill that can for the most part only be gained by a college education.

There are at least three specific factors that make this bill important to my state:

First, California has 21,000 teachers on emergency credentials and will need up to 300,000 in the next decade.

Second, California has many first generation, bilingual and ''nontraditional'' students, that this bill will assist.

Three, the bill provides for increases in several student assistance programs. Californians receive $1.7 billion in federal student financial aid. Over 400,000 Pell grants go to California students.

5th year Pell grant. The Senate today unanimously accepted my amendment to authorize the Secretary of Education to award on a case-by-case basis Pell grants for disadvantaged students for the fifth year of teacher education required in California to get a teaching credential. This will enable many disadvantaged students to become teachers, at a time when we are facing a severe teacher shortage and have 21,000 teachers in the classroom on emergency credentials.

Distance learning. I am also grateful that the managers have accepted two of my amendments to the distance learning demonstration (teaching away from the traditional campus via a computer, teleconferencing or other technologies). The manager's amendment includes a clarification that university ''systems'' (e.g., UC system, CSU system) would be eligible and the bill now authorizes 15 sites, up from 5 authorized in the committee bill.

Limited English Proficient Students/School Districts: The bill authorizes state grants for innovative ways to reduce teacher shortages in high poverty areas. At my suggestion, the bill includes as eligible or target areas, school districts with disproportionate numbers of limited English speaking children. This is especially important in California, where 1.3 million students have limited English proficiency,

a tripling since 1986, and where 87 languages are spoken.

Study of Few Borrowers: The bill provides that schools whose student loan default rate exceeds 25% for three years will be ineligible to participate in the student loan program. For schools like California's community colleges, that have just a few borrowers, this method gives the appearance of having a very high default rate. For example, if the school has only four borrowers but two defaulters, they would have a 50 percent default rate. The manager's amendment includes my suggestion of a study of the effectiveness of this measurement method by September 30, 1999.

Enrollment in California's public schools, the college generation of the future, is growing at three times the national rate. Enrollment in the three major segments of higher education will increase by 28.9 percent, or by 549,144 students, between 1996 and 2006, according to the state's Department of Finance.

California will have this surge in college applicants because (1) the number of high school graduates has increased by 22 percent since 1993; (2) many adult workers are changing careers by choice because of organization restructuring, or to enhance their employment skills; (3) migration to California from other states and countries is continuing; and (4) more Californians over 40 are pursuing lifelong learning.

California's higher educational system has four components: the University of California system, the California State University system, the community system, and private colleges and universities.

The University of California (UC) consists of nine campuses that served 129,257 undergraduate students and 40,605 graduate students in fall 1997. UC educates approximately one in twelve of all postsecondary students in California, and includes the top one-eighth of high school graduates. Total enrollment at UC is projected to grow by about 36,500 students by fall 2006.

In addition to providing instruction in liberal arts and the sciences, UC has exclusive public responsibility for doctorate, law, medicine, dentistry, and veterinary medicine degrees. The UC campuses, especially Berkeley and UCLA, are some of the most prestigious public or private institutions in the nation and the world.

The California State University System (CSU) consists of 22 regional campuses with 276,054 undergraduate students, and 67,725 postbaccalaureate and graduate students enrolled in fall 1997. This was one in six of every student enrolled in higher education in California. Enrollment is expected to grow by 31.4 percent or 105,809 students by year 2006.

Another characteristic of the CSU system is its large number of ''nontraditional'' students, students who are older than the usual college age. This is because many community college graduates transfer to CSU and many CSU students are working people seeking to progress professionally or maintain technical proficiency.

CSU's primary function is to provide instruction in the liberal arts and sciences and CSU prepares 60 percent of the state's teaching force with 21 teacher preparation programs.

The need for new teachers in my state is especially critical because there are currently 31,000 elementary and secondary classrooms being taught by men and women without full teaching credentials.

A major emphasis of the bill to which I give my full and enthusiastic support is to increase support for teacher education and to emphasize reform, accountability, and competency. Funds are provided to both states and postsecondary institutions for strengthening teacher training.

Another important element of higher education in California is the California Community system, the largest community college system in the world. Its 106 campuses provided vocational, academic, and community service programs to over 1.4 million students of varying ages, income levels and educational backgrounds in 1997. Roughly three of four public postsecondary students were enrolled in community colleges. The system is expected to increase by 28.9 percent as its attendance is projected to be over 1.8 million by fall 2006. A notable increase between 1990 and 1997 has been in the age group 50 and older, which grew by 21 percent.

Students at community colleges are older and tend to be employed full-time, many supporting families. Approximately 41 percent of community college students are in the 20–29 age group. Older students, particularly those over 40, are seeking postsecondary education for several reasons, including career enhancement, job displacement, divorce (especially for women), personal growth, and reforms in government assistance programs.

The student aid provisions of the bill will be particularly helpful to these students.

The bill also helps three specific types of institutions: Hispanic-serving institutions, tribal colleges and universities, and historically Black colleges and universities. Although California does not have any historically Black universities, more than 2,000 students do attend Hispanic-serving institutions and tribal colleges and universities. DQ University in Davis serves Native Americans from California and other states; and the National Hispanic University is a California higher education institution with a 25 percent or more Hispanic enrollment. This reauthorization bill strengthens these institutions by providing special grant awards to help them serve these populations and to become financially stable.

Student financial aid is a critical component of higher education in California. Expenses for tuition and supplies at California's postsecondary institutions, public and private, averaged $19,500 during the 1997–98 school year. The California Postsecondary Education Commission estimates that 50–55 percent of students at California's public and private institutions are receiving some form of state, federal or institutional financial assistance.

Federal student grant and loan programs since 1973 have enabled people to go to college. Tuition at higher education institutions throughout the United States is increasing at rates higher than the consumer price index (CPI) and the growth in family incomes. This is particularly troubling for California, a high cost state. In 1993 the CPI was 2.7 percent and average undergraduate fees for the University of California system was $3,044.00. The CPI in 1997 was 1.7 percent while the UC fees rose to $4,166, an increase of 136.9 percent!

Total expenses during the 1997–1998 school year to attend the University of California at Berkeley were $13,169 a year; at UC San Diego, $13,400; at California State University, Chico, $10,000. For private schools, the costs are more than $20,000 a year—at Occidental, $26,000; University of the Pacific, $25,000; and Stanford, $30,000. College affordability is becoming more difficult.

By continuing federal grant and loan programs, this bill will be a big help to many California families.

I strongly support S. 1882, the Higher Education Act Reauthorization of 1998 because it continues the federal commitment to an important endeavor of our society, the pursuit of a college education, increasingly the gateway to economic self-sufficiency. It will also revamp and toughen federal support for teacher training, a dire need in my and most states.

I hope my colleagues will join me in supporting this bill.

Mr. LIEBERMAN. Mr. President, I rise today to express my strong support for the teacher training amendment that Senator BINGAMAN has offered. I am proud to be his prime cosponsor, and I want to thank the Committee leadership for agreeing to accept this provision as part of the managers' amendment.

The proposal we have put forward addresses an issue critical not just to the future of our public schools but to our nation as a whole—the quality of teachers who will be preparing our children to be productive 21st century citizens and to compete in the Information Age economy.

There is growing evidence that many of the education schools charged with developing the next generation of teachers are failing at their fundamental mission. Our amendment seeks to focus attention on this problem, to push these seedbeds of teaching to set higher standards for their graduates, to hold them accountable when they don't, and ultimately to raise up the quality of the next generation of American teachers.

To understand the importance of this problem, it is important to first put it into the context of today's education debate. We all recognize that we have many outstanding public schools and many outstanding teachers working in them, men and women who are heroes in every sense of the word, for their dedication to helping America's students to fulfill their potential and realize their dreams. But it is becoming readily apparent that there are also many schools that are not meeting our expectations, that are failing to provide many students with the academic skills they need to succeed in an increasingly knowledge-based labor market, and that in particular are denying a distressing number of inner city children any chance of escaping the poverty and hopelessness that surrounds them.

We hear this over and over from parents, who tell us that they are deeply concerned about the health of our education system and who list improving our schools as their top priority. And we see this over and over in the mounting number of alarming studies and surveys that have been released recently, which taken collectively indicate that we remain a nation at risk even 15 years after that landmark report was issued.

One of the most publicized and compelling warning signs came from the latest results of the TIMSS test, which showed that our 12th-graders ranked near the bottom of the world in their knowledge of math (19th out of 21 nations) and science (16th out of 21). Our advanced students did even worse, scoring dead last in physics.

Another troubling indicator came from a broad Public Agenda survey of employers and college professors, the prime consumers of K–12 education in this country, which found profound dissatisfaction with the way public schools are preparing students. More than 60 percent of employers and three quarters of professors said they believe that a high school diploma is no guarantee a student has learned the basics, and nearly 7 out of 10 employers said the high school graduates they see are not ready to succeed in the workplace.

With this heightened scrutiny, it is becoming clear that a big part of the problem is the caliber and performance of many of the teachers we count on to help our children meet the increasingly high standards we are setting for them. The fact is that many college students who choose to go into teaching today fall near the bottom of their peer group academically—a survey of students in 21 different fields of study found that education majors ranked 17th in their performance on the SAT. For those that go on to become secondary school teachers, a stunning member lack any expertise in their core field of instruction—one national survey found 36 percent did not major or even minor in their main teaching subject.

Also alarming is the dismal performance of many teaching candidates on state licensing and certification exams and other assessments of their qualifications. In Hawaii, for example, more than half of the 986 hires made in this past school year either failed to pass or complete certification tests that by all accounts have generous cut-off scores. In Long Island, only one in four teaching candidates in a pool of 758 could pass an English test normally given to 11th-graders. And most recently in Massachusetts, in a case that has received national media attention, 59 percent of the 1,800 candidates who took the state's first-ever certification exam flunked a literacy exam that the state board of education chairman rated as at ''about the eighth-grade level.''

The situation in Massachusetts has generated real outrage, and for good reason. Studies have shown conclusively that the quality of teaching is one of the greatest determinants of student achievement, and also that low-performing students make dramatic gains when they study with the most knowledgeable teachers. So we should be deeply troubled by the trends we are seeing, especially when we consider that the surge in student enrollment we're expected to face over the next decade will necessitate the hiring of up to 2 million new teachers. If we do not confront this problem now, we could be facing an incompetence boom in our schools that would doom our hopes of true education reform.

A number of states have begun to respond to the crisis in teacher quality and reevaluate their standards for certification and the tests they use to judge subject knowledge. Texas in particular has been at the forefront of this movement, implementing a comprehensive teacher quality and accountability plan that among other things will crack down on education schools that continually churn out unqualified graduates.

But this is truly a national problem that demands a national response, and the legislation we are considering today offers us a valuable opportunity to do something concrete to fix this problem. The underlying bill makes an important step in that direction through the new teacher training title it creates, which will encourage states and local school districts to: set tougher standards for their certification exams; expand efforts to recruit top-notch teachers in high-need content areas like math and science; improve their professional development programs for veteran teachers and mentoring programs for newcomers; and to create new partnerships that will draw on the expertise and resources of the business and higher education communities to produce better, more knowledgeable teachers.

The amendment that Senator BINGAMAN and I have proposed, and that the Committee leadership graciously accepted, is meant to be a complement to that new title, in that it targets the problem of teacher quality at its source, the nation's education schools. While there are many excellent training programs interspersed throughout the country, there are also a surprising number of schools that are routinely graduating inept teaching candidates. Many of these aspiring instructors are incapable of passing even the most watered down certification or licensing exams—in fact, the pass rate at more than a few schools is below 50 percent. This situation is simply unacceptable, given the children's lives involved, and we believe our amendment will go a long way toward fixing it.

Among other things, our proposal would force the states, local school districts and the general public to confront the severity of this problem. The truth is that most people don't know how poor some of these teacher training programs are, in large part because most ed schools do not disclose their pass rates as other professional schools generally do. Our amendment would change that by requiring education schools to widely publicize the results of their graduate's performance on state certification and licensing exams. It would also require each state to collect a broad array of data to produce a report card on teacher quality, which in turn would be forwarded to the Department of Education to compile a national report card, allowing us to measure for the first time the caliber of America's teaching force.

But this amendment, which is comparable to a provision the House passed overwhelmingly, is not just about opening our eyes to bad programs. It's about closing the door on the worst of them, and holding those chronic underperformers accountable. Under our plan, states that receive funding under the Higher Education Act would be required to identify those teacher training programs that are failing and to then take action against them if they do not improve, including withdrawing state approval and terminating financial support. To show that we mean business at the Federal level, our amendment would disqualify any education school from participating in the Federal student aid programs if a state goes so far as to sever its ties with that program.

Mr. President, we recognize that this legislation on its own will not magically turn every new teacher into Socrates. It is going to take a lot of hard work in each school district and each individual state to change the way we have been operating for many years. We are convinced that this plan will help to lay the groundwork for a new national effort to improve teacher quality, and will thereby make a significant contribution to our broader goal of lasting education reform. Our optimism has been reaffirmed by the broad bipartisan support this amendment has received here in the Senate and the House and by the welcome endorsement we received from both major teachers unions.

Again, I want to express my appreciation to the bill managers for their

willingness to accept our amendment, and I look forward to its passage. Thank you.

Mr. SMITH of Oregon. Mr. President, before I begin, I would like to thank my colleague, Senator JEFFORDS, for his leadership on this bill.

Mr. President, I believe the reauthorization of the Higher Education Act reestablishes our commitment to the young people of our Nation by focusing on one of our Nation's founding principles—opportunity.

By improving the quality of teacher training and recruitment, increasing the purchasing power of students through Pell grants and other forms of student assistance, and by improving access to higher education for students with disabilities, this legislation provides opportunity for the young people of our Nation to seek a higher education.

While I could continue to talk about the many merits of this bill, there is one issue that has been of great concern to me and to the students and parents of my State, and that is the rapidly rising cost of tuition. Even as we battle—successfully-every year to give more and more of our Nation's children an opportunity to seek a higher education by expanding Federal financial assistance, the cost of tuition continues to increase far beyond the Consumer Price Index—thus offsetting out efforts to expand education opportunities. We are winning the yearly battle but faring not nearly so well in the war.

In the 1997–98 school year, average undergraduate yearly tuition and fees for public 4-year institutions of higher education were $3.111, representing a 97-percent increase from the 1988—89 school year. For private 4-year institutions, tuition and fees that same year were $13,664, representing an increase of 71 percent. As a result, students and families have become increasingly dependent on Federal financial aid in the form of grants and loans. In the 1996–97 academic year, Federal loan programs provided over $30 billion in financial aid to students.

Even as we have continued to provide assistance to our students over the last 10 years, a troubled trend has developed. Student financial aid in the form of loans is disproportionate to the amount of financial aid received through grants. In the 1996–97 academic school year, 60 percent of Federal, State and institutional students financial aid was distributed through loans.

The combination of a decline in Federal grants and an increase in tuition cost for both public and private institutions has forced many students and families to seek Federal loans to pay for a higher education. I believe our goal in expanding the availability of student loans can't be simply to replace disappearing grants and subsidize vast tuition increases. Our goal is to expand opportunity. And so, providing money is not enough; we must control costs. Some have suggested that Federal incentives may be one way to control rising tuition rates. While this may not be a popular suggestion, we cannot afford to continue this cycle and this game of cat and mouse with our Federal education dollars.

Earlier this morning, my colleague from Connecticut, Senator DODD, addressed this issue in great detail and made some excellent points with respect to access and affordability. Basically, we're pricing parents and students out of the education marketplace by limiting the number of Federal grants. It is my hope that we can work together to change this disparity in the ratio of loans to grants and to find ways to streamline the existing student financial assistance structure so that the good we do here on a bill like this isn't undermined by tuition rates which increase even more quickly than our ability to adequately meet the financial needs of our students.

However, in the meantime, I am pleased that the chairman, Senator JEFFORDS, has included a sense-of-the-Senate provision in this bill on behalf of myself and Senator WYDEN that expresses these concerns.

Mr. President, it was once said that ''education is a social process. Education is growth. Education is not preparation for life; education is life itself.'' I believe this bill represents our commitment to our students by providing them with the access, assistance, and the opportunity for a higher education. Education—the process of learning—is what drives us, fulfills us, and inspires us to achieve, and I believe it is our collective responsibility as legislators, and as citizens of this country, to sustain it. Again, I thank my colleague, Senator JEFFORDS, the members of the committee and their staff for their work on this important legislation.

Mr. TORRICELLI. Mr. President, I rise today in support of the Higher Education Reauthorization Act of 1998 (S. 1882). I commend my colleagues, Chairman JEFFORDS and Senator KENNEDY, for their hard work and leadership on this most important legislation. There are few pieces of legislation in this Congress that are as important to American families.

I would also like to express my gratitude to Senators JEFFORDS and KENNEDY for including in this bill two amendments I authored and which I think are critically important for students across the nation.

The first, the Torricelli Campus Hate Crimes Right to Know Act, would expand the campus security information available to the over 14 million students and their parents who apply to college every year.

In 1990, the Crime Awareness and Campus Security Act, was enacted in response to a steady rise in violent crime on some college campuses. This legislation paved the way for families to obtain vital security information about their college campuses. However, it is clear the law needs strengthening. Currently, the Campus Security Act requires colleges to report only those hate crimes motivated by race, religions, national origin, sexual orientation, or ethnicity, and those that result in murder, rape, or aggravated assault. This dual reporting requirement severely limits the ability of prospective students to gain information about the safety of a campus.

Our nation's college campuses should be a refuge from crime, particularly heinous attacks motivated by hatred and bigotry. The disturbing truth, however, is that college campuses are often fertile ground for bigotry. Twenty-five percent of minority college students attending predominantly white colleges have been victims of a hate crime. In 1996, 90 incidents of anti-Semitic activity occurred on college campuses.

Students and their parents have the right to know about any crimes, particularly those involving hatred and bigotry, that were committed on a college campus they will call home for four or more years. My legislation, which is now part of the Higher Education Act, will ensure they get that information.

The Torricelli Campus Hate Crimes Right to Know Act lists hate crimes as one of the reportable offenses and expands the definition of a hate crime to include those that result in robbery, burglary, arson, motor vehicle theft, vandalism and simple assault. The legislation also expands the definition of a hate crime to include gender and disability.

I am grateful to my colleagues, Senators JEFFORDS and KENNEDY for including this language in the Higher Education Act to provide students and their parents with vital information so that they may better protect themselves against such crimes.

Mr. President, I would also like to express my gratitude to the managers of this bill for including another piece of legislation I introduced.

This legislation undoes a travesty. We are inadvertently penalizing student reservists who are called to active duty and deployed overseas in places like Bosnia. While these courageous individuals are enduring great personal sacrifice in the service of their country, we are putting them at a financial disadvantage by starting the clock on the six month grace period for paying back their federal student loans.

Since the average call-up for a student reservist now lasts for 270 days, the grace period on their loans expires. Instead of returning home to a hero's welcome, they are coming home to a mailbox full of default notices. Although the Department of Education can grant deferments to these students upon their return, federal law prohibits reinstating the six month grace period, so interest continues to accrue whenever they are not attending classes. It is unfair and inconsistent with our increased reliance on the Reserve forces to call up these students to serve in

harm's way, and, at the same time, to keep the clock running on their six month grace period for paying back their student loans.

This amendment, which is based on legislation I have introduced with Senators SESSIONS, HUTCHISON, DEWINE, CLELAND, D'AMATO and BINGAMAN, will not provide these veterans with any special treatment or benefit. It will simply guarantee that the repayment status on their student loans will be the same when they return as when they left.

These selfless Americans are helping to maintain a tradition that is over 350 years old, and extends back in time to before the founding of our Republic. Historically, militia and National Guard units have fought with honor in all major U.S. military operations from 1637 to the present. Today, these dedicated individuals represent all fifty states and four territories, and truly embody our forefather's vision of the American citizen-soldier. Reservists are active participants in the full spectrum of U.S. military operations, from the smallest of contingencies to full-scale theater war, and no major operation can be successful without them.

Since the start of operation Joint Endeavor almost 1,000 New Jerseyans have served with the New Jersey Air National Guard in Bosnia, and right now there are New Jerseyans on the ground in the Balkans fulfilling the requirements of the Dayton Accords. It is important for us to acknowledge their sacrifice so that we never forget what it means to be truly selfless.

In closing, Mr. President, I would like to thank Senators JEFFORDS and KENNEDY and their staffs for all of their hard work on the Higher Education Reauthorization Act and for their assistance with these two amendments.

Mr. MCCAIN. Mr. President, I rise today to express my support for S. 1882, the ''Higher Education Reauthorization Act of 1998. This important piece of legislation provides the authority for a litany of education programs which are intended to provide low and moderate income families with opportunities for postsecondary education.

It is my firm belief that our nation's colleges, universities, and post-secondary institutions have been and will continue to be the key to equal opportunity and economic advancement in our society. Each year, enrollment increases in postsecondary institutions around the country as more and more people realize the important role education plays in their economic future as well as the personal fulfillment and growth which can be achieved through higher education. It is imperative that we continue to encourage students of all ages to continue their studies and take advantage of the opportunities available for them at our nation's colleges, universities and postsecondary institutions, which are the finest in the world.

The rising cost of college and higher education continues to be a major concern for American families. Tuition for college continues to skyrocket, making it harder and harder for working families to save and pay for their childrens' education. Over the last twenty years the average tuition at public 4 and 2 year educational institutions has increased by 400% while tuition at private 4 year institutions has increased more than 440%. These are unnerving statistics for parents just starting their families, but terrifying to families with college-bound children.

This bill addresses these financial concerns of American families by increasing the availability of grants and loans to students and their families. It also provides students with the lowest loan interest rates in nearly two decades. These programs work together to help make college affordable for millions of Americans and alleviate their anxieties about incurring excessive debts.

In addition to making college more affordable for all Americans, this piece of legislation includes many programs which help strengthen educational opportunities for millions of low income or high risk students. This bill expands early intervention programs such as TRIO. As many of my colleagues know, the TRIO program reaches out to high risk students in high school and provides them with the encouragement, tools and personal training necessary to succeed in college. Personally, I have seen the success of the TRIO program in my home state of Arizona where this program has played an important role in encouraging Native American and Hispanic children to finish high school and to go on to receive their college degree and often their masters degree.

Another important component of this bill is the establishment of a comprehensive program promoting statewide reforms to enhance the performance of teachers in the classroom by improving the quality of teacher training. Having professional, well-trained teachers is an essential component for ensuring that our children achieve high educational standards. These new teacher training programs will be held to high standards and accountability to ensure that meaningful training is occurring. Finally, in our concerted effort to increase the number of students entering the teaching profession and serving our nation's underserved urban and rural areas this bill provides financial incentives for individuals who enter the teaching profession.

By passing this piece of legislation, Congress is strengthening our nation's education system while helping students get a college education, which is an important and essential investment for our country. This is why I am proud to support this bill and commend my colleagues on the Labor Committee for their dedication to this important matter.

Mr. GRAMM. Mr. President, I would like to thank Senator JEFFORDS for his leadership in bringing the important Higher Education Act Amendments bill to the floor of the Senate. The bill reflects a great deal of hard work and difficult compromises on a number of issues, particularly with regard to the FFELP, the Federal Family Education Loan Program.

However, there remains an issue of importance to my home state of Texas regarding state secondary markets that I and my colleague from Texas, Senator HUTCHISON, are concerned about. While I understand that you did not include a provision in the bill addressing this issue, I would nevertheless ask that you and the other members of the Committee continue to review the matter and seek an acceptable provision to address it.

As you know, each state is authorized to designate one state secondary market that may also act as an eligible lender under the FFELP. For most states, which have only one state secondary market, this is not a concern. However, Texas and several other states have multiple state secondary markets. The multiple secondary markets in these states are the only state secondary markets in the country that are not considered under the law to be either eligible lenders or eligible holders of student loans. Rather, these secondary markets must go through the costly and burdensome exercise of utilizing an eligible lender bank trustee in order to effectively hold and originate loans.

This is inconsistent with the intent of the FFELP—to ensure maximum access to student loan capital, and does not appear to meet any significant policy objective of the FFELP. Particularly at a time when lender yields and the number of lenders under the FFELP are declining, it is becoming increasingly important that these multiple secondary markets have the same ability to add capital to the student loan system as the secondary markets in single-market states now have.

Moreover, if the multiple secondary markets in Texas and other states were granted eligible lender status, it is my understanding that there would be virtually no change in the level or type of government regulation and oversight that these multiple secondary markets would be subject to. In Texas, this regulatory oversight includes a variety of state and federal agencies, including the Internal Revenue Service, the Securities and Exchange Commission, the state guarantee agency, the state attorney general, the state bond review agency, state auditors, private bond rating companies, private auditors, municipal governments, and individual boards of directors and corporate officers. While the exact type of regulation of multiple secondary markets varies somewhat from state-to-state, my understanding is that the granting of eligible lender status would again not reduce or otherwise change that oversight.

Thank you very much for your willingness to continue to consider this

issue, and I look forward to working with you in this regard.

Mr. JEFFORDS. I thank the Senator, and I appreciate your support for higher education in Texas and your interest in this particular issue. I certainly understand your concern and your desire to ensure that all state secondary markets are treated equitably and that they are able to fully participate in the FFEL Program. I, too, want to see this important program and all its participants succeed so that students continue to have adequate access to affordable loans for their post-secondary education goals.

While this specific issue is one that we have not yet held hearings on in the Labor and Human Resources Committee, I am interested in doing so in order to thoroughly review the merits of granting eligible lender status to all state secondary markets. As this process continues, I will certainly seek the input and suggestions of you as well as Senator HUTCHISON.

Mr. GRAMM. I thank the Senator and I thank the Chair. I yield the floor.

Mr. COATS. Mr. President, this bill represents a strong bi-partisan consensus on the Labor Committee to ensure that students maintain access to post-secondary education through vital student opportunity programs, such as TRIO; healthy, stable, and streamlined loan programs; and a simplified student aid process. I am pleased to have contributed to this important bill and look forward to its quick passage today and on the floor.

This bill was developed using several guiding principles. First, we strove to maintain the primary focus of the Higher Education Act since its inception in 1965, which is to ensure that students have access and opportunity to pursue higher education. We have strengthened the major student opportunity programs in the Act by focusing more on the needs of low-income students through an expanded Pell Grant program, and making needed reforms to the TRIO programs.

In an effort to ensure continued access to higher education programs for all students, these amendments also include a new, low interest rate for student loans. This legislation sets a student loan repayment rate of 7.43 percent which represents a significant reduction in the interest rate for students. The interest rate that was scheduled to take effect on July 1, 1998 would have destabilized the successful Federal Family Loan Program by causing thousands of lenders to stop making student loans which would have left students without loans for the school year. The interest rate included in these amendments provides a significant reduction to students while maintaining the long-term viability of the student loan programs and ensuring that students will continue to have access to private loans at the lowest interest rate in 17 years.

Another vital principle for these amendments was the improvement and modernization of the student aid delivery system. This legislation creates a Performance-Based Organization (PBO) within the Department of Education aimed at providing quality service to students and parents. The utilization of this PBO which will incorporate the best and most successful practices in the private financial sector, coupled with other reforms aimed at streamlining the student aid regulatory requirements will result in a better managed and higher quality federal student aid system.

A third principle which guided these amendments was the need for much-needed reform of teacher preparation programs. A recent report found that 36 percent of teachers in the core subjects, such as math and science, neither majored nor minored in those subjects. Annually, more than 50,000 under-prepared teachers enter the field, which means about 1 in 4 new teachers are not prepared to meet the enormous responsibilities of teaching. This shortage of qualified teachers is the only real shortage of teachers in this country, and it most seriously impacted inner-city students who are often taught by teachers who lack a degree in their subject matter. This problem is growing—between 1987 and 1991, the proportion of well-qualified new teachers entering the field declined from 74% to 67%.

I am very pleased that these amendments include a new initiative for teacher training and professional development aimed at addressing the shortage of qualified teachers in this country which replaces most of the existing teacher preparation programs with a two-pronged approach. This initiative encourages state level reforms intended to produce well trained and highly competent teachers, and local level partnerships intended to improve under-performing teacher education programs.

States will compete to receive some of these teacher training dollars and can use the grants to strengthen their teacher certification requirements, create or expand alternative certification programs to attract highly qualified people from other occupations to the teaching profession, to decrease the shortage of highly qualified teachers in high need areas, or to develop programs which reward excellent teachers and remove unqualified teachers.

This reauthorization was also guided by a strong desire to streamline and consolidate the many programs and activities which are found in the Higher Education Act. This Act has become increasingly complex over the years and these amendments make great strides in simplifying the Act and better targeting its programs and activities.

I would like to thank the staff who have worked on this important legislation for the last year: on Senator JEFFORD's staff, Susan Hattan, Jenny Smulson, Scott Giles, Cory Heyman, and Pam Moran have done excellent work on this bill. In addition, Marianna Pierce with Senator KENNEDY and Suzanne Day with Senator DODD have worked diligently to ensure that this bill represents a strong bipartisan consensus. Thank you all so much for your long hours and excellent work.

Again, I am pleased to have been a part of crafting this important legislation.

OLYMPIC EDUCATION SCHOLARSHIP

Mr. LEVIN. Mr. President, I would like to engage the chairman of the Committee on Labor and Human Resources, Senator JEFFORDS, in a colloquy on an important measure which will be a subject of discussion during the House-Senate conference on the Higher Education reauthorization Act.

It has been observed that America does not send its athletes to the Olympic Games, Americans do. Indeed, the U.S. Olympic Committee, whose responsibilities include the support for training and selecting athletes to represent the United States in the Olympic and Pan America Games, is the only major national Olympic Committee from among the 197 participating nations that receives no funding whatsoever from its federal or state governments. All funds for training U.S. athletes must come from private sources, including an individual's personal resources.

In September 2000 more than 800 young American men and women will gather in Sydney, Australia to represent their countrymen in the XXVII Olympiad. They will join more than 10,000 other athletes from nearly 200 nations to engage in friendly competition. Many will have spent more than a decade preparing for what Jesse Owens once referred to as ''fifteen seconds of glory.''

As they have since the modern Olympic Games were instituted in 1896, Americans back home will follow with great pride the accomplishments of the U.S. athletes, and will vicariously share in each triumph. But when the Olympic flame is extinguished and our American heroes return home most will leave forever the athletic careers to which they have devoted so much of their lives.

The greatest homecoming we can prepare for our U.S. athletes is assistance in obtaining the educational foundation that will enable them to pursue productive lives outside of their athletic arenas. We can achieve this by reauthorizing the Olympic Education Scholarship program. Originally authorized in 1992, this important program recently expired; however, reauthorization language has been included in the House version of the Higher Education Act and it is my hope that our Senate conferees will support the House reauthorization of this important Olympic Education Scholarship program. The $5 million authorization level for this program would be an important step toward allowing these

young men and women to simultaneously advance themselves on the training field and in the classroom.

Mr. JEFFORDS. Mr. President, I would like to say to the Senator from Michigan that I am tremendously impressed with the dedication, determination, and work ethic of our Olympic hopefuls. Given the opportunity, the same ethic suggests that they would apply similar dedication to academic endeavors. Balancing a schedule of rigorous training and education is very difficult for any person. Our Olympic athletes should be in the position to acquire post-secondary education after representing our country in the Olympic games. For these reasons, I pledge to the Senator from Michigan my efforts in the conference to consider the House language which reauthorizes the Olympic Education Scholarship.

Mr. LEVIN. Mr. President, I ask unanimous consent that two letters to the Chairman and Ranking Member of the Labor Committee, signed by myself, Senator BEN NIGHTHORSE CAMPBELL, Senator WAYNE ALLARD, Senator DANIEL PATRICK MOYNIHAN, Senator SPENCER ABRAHAM, Senator ALFONSE D'AMATO, Senator DIANNE FEINSTEIN, and Senator BARBARA BOXER, be included in the RECORD following this colloquy.

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

WASHINGTON, DC,
June 26, 1998.

Hon. JAMES M. JEFFORDS, Chairman,
Hon. EDWARD KENNEDY, Ranking Member,
Labor and Human Resources Committee, Washington, DC.

DEAR JIM AND TED: We write to request your support for an amendment reauthorizing the Olympic Education Scholarship (OES) program which we wish to have included in your manager's amendment to the Higher Education Reauthorization Act of 1998 (HEA). Originally authorized in 1992, this important program recently expired. Reauthorization language has been included in the House version of HEA. A copy of our proposed amendment is attached.

The OES program will help America's athletes advance their education while training at U.S. Olympic Training Centers through a targeted educational scholarship program. Without such a program, many American athletes have been forced to put aside higher education as they deal with the extraordinary demands of Olympic training. Sadly, once their Olympic careers are over, many of these athletes find themselves without the educational tools necessary to move forward. The $5 million authorization level for this program would be an important step toward allowing these young men and women to simultaneously advance themselves on the training field and in the classroom. This is particularly true for the Olympic athletes who train at the USOC training centers in Lake Placid, New York; Colorado Springs, Colorado, San Diego, California; and Marquette, Michigan.

Sincerely,

CARL LEVIN.
DANIEL PATRICK MOYNIHAN.
SPENCER ABRAHAM.
BEN NIGHTHORSE CAMPBELL.
WAYNE ALLARD.
ALFONSE D'AMATO.

WASHINGTON, DC,
July 8, 1998.

Hon. EDWARD KENNEDY,
Ranking Member, Committee on Labor and Human Resources, Dirksen Office Building, U.S. Senate, Washington, DC.

DEAR SENATOR KENNEDY: I am writing to request that you include in your manager's amendment to S. 1882, the Higher Education Act of 1965, support for the Olympic Training Scholarship Program.

The program provides financial support for American athletes with their education while they train for the Olympics. Many of our Olympic athletes have had to either postpone their education while they train or forego opportunities to participate in the Olympics. Unfortunately, many who postpone their education often find themselves without sufficient education to establish professional careers. The $5 million authorization level for this program would allow these young men and women to simultaneously study and train for the Olympics.

I appreciate the support of the committee and look forward to working with you to address California's needs. Please do not hesitate to call on me if I can be of further assistance.

Sincerely yours,

DIANNE FEINSTEIN,
U.S. Senator.

WASHINGTON, DC,
July 9, 1998.

Hon. JAMES M. JEFFORDS,
Chairman,
Committee on Labor and Human Resources.

DEAR MR. CHAIRMAN: I am writing to request your support for including a reauthorization of the Olympic Education Scholarship (OES) program in the manager's amendment to the Higher Education Reauthorization Act of 1998.

The OES program helps America's athletes advance their education while training at U.S. Olympic Training Centers through a targeted educational scholarship program. Without this program, many American athletes may be forced to postpone higher education due to fiscal restraints. Once their Olympic careers are over, many of these athletes are without the educational background necessary to move into professional careers. The $5 million authorization level for the Olympic Education Scholarship program would be an important step toward allowing these young men and women to advance themselves both on the training field and in the classroom.

Sincerely,

BARBARA BOXER,
U.S. Senator.

FACULTY RETIREMENT INCENTIVE PROVISION

Mr. ASHCROFT. Mr. President, I rise today along with my friend and colleague, Senator MOYNIHAN, to address the faculty retirement incentive provisions contained in the House-passed version of the Reauthorization of the Higher Education Act. This provision amends the Age Discrimination in Employment Act of 1967 (ADEA) to allow the use of age-based incentives for the voluntary retirement of faculty at colleges and universities.

In the House, Congressman FAWELL worked to include this provision in the Higher Education Act, and we thank him for his leadership on this issue. Here in the Senate, Senator MOYNIHAN and I have introduced an similar provision in the last two Congresses. I am please that Congress and the President will have an opportunity this year to pass this important legislation.

This legislation, called the Faculty Retirement Incentive Act, will clarify that institutions may establish plans that give faculty who wish to retire early financial assistance in doing so. Further it would help to ensure that academic institutions will be able to make necessary new hires, particularly in expanding disciplines and new fields. For those who are concerned about potential recrimination if a faculty member would choose not to retire early, the double protections of the ADEA and the tenure system provide effective safeguards against coercion. It is also important to note that current law expressly permits the type of age-based benefit for employees participating in defined-benefit plans. Most colleges and universities, however, maintain defined-contribution retirement plans for tenured faculty.

In January, the bipartisan National Commission on the Cost of Higher Education included this legislation initiative in its recommendations to check the skyrocketing cost of a college education. The Commission recommended that ''Congress enact a clarification to the Age Discrimination in Employment Act to ensure that institutions offering defined contribution retirement programs are able to offer early retirement incentives to tenured faculty members.''

The Faculty Retirement Incentive Act has the active support of a number of organizations, including the American Association of University Professors, the American Council on Education, the American Association of Community Colleges, the American Association of State Colleges and Universities, the Association of American Universities, the Association of Catholic Colleges and Universities, the Association of Community College Trustees, the Association of Jesuit Colleges and Universities, the University Personnel Association, the Council of Independent Colleges, the National Association of Independent Colleges and Universities, the National Association of State Universities and Land Grant Colleges, and the National Association of Student Personnel Administrators.

I feel it is important that Congress enact this important legislation and I know my colleague from New York shares this same belief.

Mr. MOYNIHAN. It has been a pleasure to work with my colleague from Missouri on the Faculty Retirement Incentive Act. Before I discuss the specifics of our bill, however, I would just like to commend the Chairman, Senator JEFFORDS; the Ranking Minority Member, Senator KENNEDY; and the other Committee members for the bipartisan way they have gone about the business of reauthorizing the Higher Education Act. I think they have done an outstanding job.

It has taken us several years to address the need of institutions of higher education to offer age-based incentives for the voluntary retirement of faculty. In 1990, Congress passed the Older

Workers Benefit Protection Act (OWBRA) which made early retirement incentives permissible in the context of defined-benefit retirement plans, but did not address the status of such incentives in the context of defined-contribution retirement plans. Defined-contribution retirement plans are most popular with tenured faculty due to their pension portability. The OWBRA did not preclude defined-contribution retirement plans, but by not addressing them at all, it added to the ambiguity surrounding the matter. Functionally, early retirement incentives operate in the same manner for both types of plans. There is continued uncertainty, however, whether early retirement incentives with an upper-age limit that are offered to tenured faculty conflict with the purpose of the ADEA of prohibiting arbitrary age discrimination.

Inclusion of the Faculty Retirement Incentive Act in the Reauthorization of the Higher Education Act will provide a safe harbor for colleges and universities by clarifying that the early retirement incentives are permitted by the ADEA. Senator ASHCROFT and I believe that the faculty retirement incentive provision will benefit colleges and universities, as well as those faculty who choose to participate. As officials for the American Association of University Professors have stated, this provision will ''provide greater flexibility in faculty retirement planning, offer a substantial retirement benefit to those professors who choose to retire under the terms of an incentive plan, and leave other professors whole in their choice to continue their careers.''

Senator ASHCROFT and I intended to offer our bill as an amendment to the reauthorization of the Higher Education Act, but the Chairman informed us that there is broad support among Committee members for the House-passed provision, and that this issue can be resolved in the Conference Committee.

Mr. JEFFORDS. I would like to thank both Senators MOYNIHAN and Senator ASHCROFT for their diligent work on tenured faculty retirement incentives, and for their cooperation. I want to assure my two colleagues that there is, indeed, broad support for the measure and that I am confident that Senate conferees will give the House-passed provision the consideration it is due.

Mr. BIDEN. Mr. President, included in the manager's package of amendments to the higher education bill is a resolution I introduced last March on binge drinking on college campuses.

This was the same resolution that was introduced in the other body by Representative JOE KENNEDY—and virtually the same as what was adopted by the other body in its version of the Higher Education Act.

I want to take a few minutes to talk about my resolution—and why this issue is so important. But, first, let me thank Senators KENNEDY, DODD, JEFFORDS, and COATS for accepting the resolution.

Let me also thank Representative JOE KENNEDY, who came up with the idea for this resolution and has long been trying to bring alcohol-related problems to the attention of Members of Congress.

And, finally, let me thank the Center for Science in the Public Interest, which endorsed the resolution early on and has worked tirelessly to get it passed.

Mr. President, I think every one of my colleagues has heard or read about college students across the country—from Louisiana to Massachusetts to Virginia—who fell drunk out of dorm room windows or consumed so much alcohol, so fast that it literally poisoned them.

There were at least 18 such deaths this last academic year.

And, Mr. President, I think every one of my colleagues saw the news reports from this past spring on the riots—yes, riots—on several college campuses across the country—from Washington to Michigan to Ohio.

We saw police wearing riot gear; carrying shields; and firing tear gas into throngs of drunk college students.

These riots were either alcohol-induced—parties that got out of control—or were based on a peculiar notion—that underage college students should have a right to get drunk.

That's what binge drinking is. There is a technical definition for the academics who study this problem—and I'll talk about that in a minute. But, in layman's terms, binge drinking is simply the idea that you drink to get drunk, or, as a recent article in the Washington Post magazine put it, it is where ''drinking isn't part of the party; it is the party.''

And, binge drinking is, according to many university presidents, the biggest problem facing America's colleges today.

Let me repeat that. The biggest issue facing America's colleges—according to many college president's themselves—is not raising money for the university. Not ensuring high academic standards. Not finding top quality faculty. No, it's binge drinking.

There is a reason for that. And, it has to do with more than just the 18 college students who died this last year—tragic as that is.

According to a study by Harvard University, 44 percent of college students are binge drinkers—that is, technically, for men, consuming five drinks in one sitting during a 2-week period, and for women, consuming four drinks in one sitting.

Again, 44 percent of college students are binge drinkers.

Nearly one in every five college students is a frequent binge drinker—that is, binge drinking three or more times in a 2-week period.

And, almost half of all freshmen—18 year olds—binge in their first week at school.

But, it even goes deeper than that—deeper than the 18 deaths; deeper than the 44 percent of students who are binge drinkers.

The reason that binge drinking is the most important issue facing colleges today is because binge drinking affects everyone on campus—even those college students who do not during—and even the majority of college students who are not binge drinkers. They are all affected by those who are.

Talk to a student who lives in a dorm room next to someone who drinks a lot, and I can guarantee you that he or she does not get many peaceful nights of sleep—and does not get many peaceful moments to study.

The greater the number of binge drinkers at a school, the greater the chances are that a student will be hit, pushed, insulted, assaulted—and of being the recipient of an unwanted sexual advance.

And, alcohol is involved in most campus rapes, violent crimes, student suicides, and fraternity hazing incidents. Many of the victims of these crimes are not the ones doing the drinking.

You know, we have heard a lot in the last decade or more about the connection between alcohol and car accidents, where those who die or are injured are often innocent victims who were not drinking.

And, there has been a great effort—led by Mothers Against Drunk Driving, a group for which I have the highest respect—to educate the public and prevent the tragedy.

But, there is also a growing body of evidence showing a link between alcohol and other crimes and irresponsible behaviors.

There is a link between alcohol and unsafe sex; between alcohol and suicide; between alcohol and rape; between alcohol and violence.

And, nowhere is this link more prevalent than on college campuses.

Unfortunately, there are many people out there—including many officials on college campuses—who look at binge drinking by college students as just part of the ''campus experience''—as just some ''rite of passage'' to adulthood.

Well, I make no apologies for saying that drinking yourself to death is no ''rite.'' It's just plan stupid.

And, I make no apologies for saying that those who overlook the problem are contributing to it.

It is time for the culture on college campuses to change—before someone else's son or daughter becomes another statistic.

We need to bring the problem of binge drinking among college students to the attention of the American people—to educate them and to prevent the tragedies associated with it—just as we have done with drunk driving.

So, Mr. President, my resolution would call on all college and university presidents to recognize and acknowledge the problem—and then to find solutions.

Specifically, my resolution expresses the sense of the Senate that every college and university president should carry out six specific activities to reduce alcohol consumption on college campuses.

(1) To appoint a task force to establish a policy on reducing alcohol and other drug-related problems;

(2) To provide students with the opportunity to live in an alcohol-free environment;

(3) To enforce a zero tolerance policy on the consumption of alcohol by minors;

(4) To eliminate alcoholic beverage-related sponsorship of on-campus events;

(5) To enforce vigorously a college's disciplinary codes against those who violate campus alcohol policies; and

(6) To work closely with the local officials in the town in which the college is located.

Mr. President, these activities are very similar to what is currently happening at the University of Delaware under the leadership of President David Roselle.

They need to happen on every college campus in America.

Now, there are some who say that this is just a sense-of-the-Senate resolution—it just expresses our opinion. True. But, Mr. President, we must start somewhere.

I believe that if we begin to take the problem seriously—and if colleges begin to seriously address the problem—we can begin to make a difference.

The lives of students can be saved—and the quality of life on our college campuses will be better.

Again, I thank my colleagues for their support and for including my resolution in the bill.

Ms. MOSELEY-BRAUN. Mr. President, I want to commend Senators JEFFORDS, KENNEDY, COATS, and DODD for their efforts in putting this bill together, and thank them for working with me to include several of my priorities in the bill.

No issue is as important to our future as education. When I was growing up, it was possible to graduate from high school and get a job as a police officer, a firefighter, or a clerk, and earn enough to raise and support a family. Mechanics used to train for their work on the job. The nursing profession used to consist of women who apprenticed in hospitals.

Times have changed. Now, if you want to be a airline mechanic, you need four years of college. Nursing is a degree program, and there are sub-specialities of nurses who are highly and scientifically educated. One recent advertisement for a maintenance technician stated the job required an understanding of ''basic principles of electricity, mechanical systems, and fluid power.'' By the year 2000, the Department of Labor estimates that more than half of all new jobs will require an education beyond high school.

A higher education has never been as important as it is today. Unfortunately, while the value of a higher education is increasing, so is its cost. According to the U.S. General Accounting Office, tuition as a percentage of median household income has nearly doubled over the last 15 years—from 4.5 percent in 1981, to 8.9 percent in 1995. In 14 states, tuition is more than 10 percent of median household income. In 30 states, tuition is more than eight percent of household income. In all but one state, tuition is 1995 was more than it was 15 years ago.

The GAO reports that tuition at public, four-year colleges and universities increased 234 percent in 15 years. By contrast, the cost of medical care has gone up 182 percent, new cars by 106 percent, new houses by 101 percent, median household income by 82 percent, and food by 66 percent. The Consumer Price Index has risen 74 percent.

The exploding cost of college means that access to higher education is getting more and more out of reach for working- and middle-class Americans. The more tuition goes up, the more students will be priced out of their opportunity to pursue the American Dream.

That is exactly the wrong direction for our country. As President Clinton said in his 1997 State of the Union, ''education is a critical national security issue for our future.'' He is absolutely right. In order to compete with cheap, third-world labor in a global economy, and to maintain the rising standard of living to which we have grown accustomed, America will need a workforce even better trained than it is now.

Last year in Davos, Switzerland, world economic leaders met to discuss the effects of technological change on the global market. They noted that if education and training policies do not keep pace with technological innovation, the gap between the ''knows'' and the ''know-nots'' will grow, increasing the disparities in wealth and capacity, and the ability of industrialized nations to remain competitive will shrink.

It that is the case, we should be working overtime to ensure that no student is barred from college because of a lack of financial resources. The legislation before us today goes a long way toward achieving that goal. It will standardize and make available information about college costs, so we will know exactly why costs are increasing at a rate so out of proportion with every other indicia of inflation. It will help us solve the mystery of the case of the Incredible Rising Tuition Bill. It will help American families and students make better decisions about where to go to college.

The legislation tells schools that the time has come to come clean about why their prices are climbing so rapidly, and to answer the question of whether the massive tuition increases are really necessary. Schools who opt to not comply with the requirements of the bill will be fined $25,000. I want to thank Senator DODD for this provision. I believe it is particularly important, because it puts the schools on notice that we are serious about these requirements.

I also want to thank Senator DODD and the other managers of the bill for including an amendment of mine directing the Secretary of Education to study the impact of student debt. Unfortunately, the trend in student aid over the last 20 years has been to move away from grants in favor of loans. Combined with the increasing cost of college, this trend has meant that more and more students are graduating with more and more debt.

According to the GAO, the percentage of undergraduate students who took out loans shot up 41 percent between 1993 and 1996. The percentage of graduates of four-year colleges who borrowed more than $20,000 rose from 9 percent in 1993 to 19 percent in 1996.

The General Accounting Office was not able to determine, however, the effect of this increasing debt burden on students and graduates. Under this legislation, the Secretary of Education will, within 18 months, determine how this increasing burden affects students' decisions about whether and where to go to school, how much to borrow, how long to stay in school, what kind of employment to seek, and whether burdensome debt payments impede graduates' ability to save for retirement or invest in a home.

The legislation will provide for the first time a comprehensive picture of exactly what is happening to college costs, why it is happening, and what the effects are.

Mr. President, I also want to thank the managers of the bill, as well as Senator WELLSTONE, for incorporating the provisions of the Fair Play Act into this higher education legislation. The Fair Play Act, which I introduced last year with Senators SNOWE and KENNEDY, builds upon the extraordinary success of Title IX and promotes the continued expansion of athletic opportunities for women.

Colleges and universities are currently required to collect information about their men's and women's athletic programs, including participation rates, operating and recruitment budgets, the availability of scholarships, revenues generated from athletic programs, and coaches' salaries, and are required to make this information available upon request.

The Fair Play Act directs colleges and universities to send this information, which they already compile annually, to the Department of Education, and directs the Department to issue an annual report and make the information available through a variety of mechanisms, including the Department's World Wide Web site.

The Fair Play Act will provide prospective students and prospective student athletes with the kind of information they need to make informed decisions about where to go to school. I will give the Department of Education valuable information to aid its enforcement of Title IX in the area of athletics, and it will encourage schools to continue to expand their athletic programs to meet the interests of women nationwide.

Over its 25 year history, Title IX has been directly responsible for expanding the athletic opportunities available to millions of women and girls. The Fair Play Act builds on this legacy of success, and provides the information needed to ensure that the expansion of athletic opportunities available to women continues into the 21st century.

I am grateful for the support of my colleagues on the Labor Committee, and I look forward to continuing to work with them on this important issue.

Mr. President, I also want to thank the managers of this bill for accepting an amendment of mine creating a Faculty Development Fellowship Program. The program will enable institutions of higher education to award graduate fellowships to talented students from groups under-represented in the American professoriate.

In many respects, colleges and universities are our nation's paragons of diversity. They understand the importance of having a student body made up of men and women of different races, ethnicities, and backgrounds. When I talk with university presidents from Illinois and elsewhere, they invariably tout their school's diversity.

The diversity appears to stop, however, after the undergraduate level. There is a disturbing dearth of diversity among graduate students and professors. In 1993, African-Americans received only 3 percent of all doctoral degrees conferred in the United States, and women received only 38 percent. According to the Department of Education, only 14 percent of full-time instructional faculty at colleges and universities are minorities, and only one-third are women.

We can do better than that. The problem is not a lack of talent among minorities and women, but a lack of opportunity. My amendment authorizes $30 million per year to encourage talented students from under-represented groups to pursue studies and become professors. The program will help us tap the talents of all our children, and therefore make us a stronger society. A community that gives all its members a chance to contribute to the maximum extent of their abilities is a stronger community, because it benefits from a broader range of contributions. As we head into the 21st century and a truly global economy, we cannot afford not to tap the talents of all our children.

Mr. President, that is really what this whole bill is about, making sure that every American has the chance to go as far as his or her talents will allow. This bill is about making sure that wealth and class are not obstacles to education. It is about giving more students more opportunities to receive a better education. I congratulate the leaders of the Labor Committee for their bipartisan efforts to put this bill together, and I look forward to its imminent passage.

Mrs. MURRAY. Mr. President, I rise today to express my strong support for S. 1882, the Higher Education Reauthorization bill. This bill is a major victory for students and teachers across America. As a member of the Committee, I have had the opportunity to hear from countless witnesses from across the nation who have testified on everything from default rates to job hunting, campus crime to child care. With a daughter entering college this fall, this issue has provided me with some very interesting insights into the higher ed challenges, millions face each year.

Throughout the Labor Committee's effort on this bill, I worked to strengthen our nation's commitment to providing the strongest training possible for school teachers. I am most pleased with the bill's focus on teacher training and in particular its emphasis on technology training. A year ago, I introduced the Teacher Technology Training Act to add technology to the areas of professional development and teacher training included in current law. S. 1882 now contains my legislation, and I thank Chairman JEFFORDS, Senator KENNEDY and Senator WARNER for their cooperation and support in adding this critical piece to the bill.

The work of the committee on the teacher education provisions is really quite historic and a drastic overhaul of the previous teacher training section. The bill provides Teacher Quality Enhancement Grants that will institute state-level reforms to ensure both current and future teachers possess the skills and academic knowledge to teach children effectively in their assigned area. As a member of the Labor Appropriations subcommittee, I will fight to ensure that this section is finally funded at a level that does make a difference in the classroom.

This teacher quality section particularly highlights training in the effective use of technology in the classroom. All of us have witnessed the tremendous impact that technology now plays in our daily world. It affects the way we communicate, the way we conduct commerce, and the way our children learn in school.

Young people today are in the midst of a technology explosion that has opened up limitless possibilities in the classroom. In order for students to tap into this potential and be prepared for the 21st century, they must learn how to use new technologies. But all too often, teachers are expected to incorporate technology into their instruction without being given the training to do so. Many students in our public schools have told me they know more than their teachers about how to use computers.

We can not continue to rely on students to teach teachers in the rapidly expanding area of technology. I have toured several teaching schools and found them well supplied with up-to-date equipment. However, student teachers are often not provided adequate instruction in the use of that technology beyond simple communication purposes. It is not enough for a teacher to be able to email or use computers merely for administrative reasons, they must be able to use this education technology to advance their curriculum and provide their students resources along the information highway.

Last year, just 10 percent of new teachers reported that they felt prepared to use technology in their classrooms, while only 13 percent of all public schools reported that technology-related training for teachers was required by the school, district, or teacher certification agencies. Currently only 18 states require pre-service technology training.

This act will significantly turn these numbers around and provide our teachers with the training so critical to harnessing new technologies. I again thank Chairman JEFFORDS and Senator KENNEDY for their leadership on this effort. This technology training for teachers has been supported by a wide array of interests including the National Education Association, PTA, Society for Technology in Education, National Association of Secondary School Principals, National School Boards Association, Information Technology Association of America, Washington State School Directors, the Software and Digital Alliance, the Colleges of Teacher Education. I also would like to thank Senator WELLSTONE for his work on the TANF amendment, so important for literacy instruction and lifelong learning.

With increased Pell Grants and decreased interest rates on loans, students can begin to think about their future rather than paying for their past. I believe this first generation of the new millennium will benefit immensely from the efforts put forth over this past year. From simplifying the financial aid process to campus security improvements to technology instruction, S. 1882 will stand as a proud trademark of this Congress.

Mr. SARBANES. Mr. President, I rise today in strong support of S. 1882, the Higher Education Act Amendments of 1998, reauthorizing the Higher Education Act for 5 years. The Higher Education Act, enacted in 1965 to provide disadvantaged students with greater educational opportunities, recognized the shared benefit of providing every American a chance to maximize his or her potential. As a result of the passage of this legislation, doors have been opened to millions of citizens who

otherwise would not have had the access or the resources to obtain a higher education. Although the act has been amended over the years through the reauthorization process, the central purpose of the legislation has remained the same—to ensure access, choice and opportunity in higher education.

First, and foremost, this measure reauthorizes all postsecondary grant and loan programs which have allowed so many of our citizens to obtain additional education and training. It lowers the in-school interest rate on student loans from the current 7.6% to 6.8% and for the years after school from the current 8.2% to 7.4% to make higher education more affordable for more students. Most notably, the bill includes an increase in the maximum Pell Grant from $3,000 for the 1998–1999 academic year to $4,500 for 1999–2000, and increases that award by $200 a year for the following four years and further expands eligibility to include more students who are financially independent of their parents.

I am pleased that the bill also reinforces our continued support of the TRIO programs which have been so successful in serving disadvantaged and first-generation college students. I have been a longstanding supporter of TRIO which has served more than 700,000 through 1,900 programs nationwide. The impact of the outreach and early intervention services provided by TRIO become even more profound considering that more than two-thirds of the students benefitting from the program come from families with incomes under $24,000. No one set of Federal programs captures more completely the American ideal that fostering educational opportunity for all citizens benefits both the individual and the society as well.

Title II of the bill consolidates teacher training programs and refocuses Federal efforts to more efficiently and effectively train and recruit new teachers for our Nation's schools. It also provides for greater loan forgiveness for those who choose to dedicate their lives to the teaching profession. Now those who agree to teach for at least three years in high-need areas can see up to $8,000 in their student loans forgiven. In my view, this is an important step in relieving the heavy loan debt many graduates find themselves burdened with upon graduation to allow some of our best and brightest to enter the teaching profession independent of this financial pressure.

I am also pleased that legislation I introduced to establish the Thurgood Marshall Legal Opportunity Program has been incorporated into the bill before us. This program would identify socially and economically disadvantaged law school students and provide them with the opportunity to hone their skills through summer institutes, mid-year seminars and support services. Working within the framework of the highly successful Council on Legal Education Opportunity (CLEO), this program will provide the necessary resources to ensure that those who have proven themselves at the undergraduate level of study are able to maximize their potential as they move on to law school. Investing in the promise of these talented individuals is a worthwhile endeavor and I am pleased that this legislation has been included in this reauthorization.

Mr. President, passage of this legislation sustains our Nation's longstanding commitment to access, choice and opportunity in higher education. Every society places a premium on education in terms of fostering a skilled and trained work force in the next generation, and the more complex economically the world becomes, the more critical it is to address this aspect of developing our human resources. In our society, however, education carries two other very important responsibilities which make the legislation we are talking about today essential to the health and vitality of our society.

The first is that we are one of a handful of countries that has maintained a democracy over a sustained period of time. Obviously, education is essential to a literate citizenry capable of making a democracy work. The other dimension is that education in America represents a ladder of opportunity. We take great pride in being an open society in which people can move up and forward, and the way they do that is essentially through the educational ladders provided in the programs we are reauthorizing today. In a Nation which believes that a person's merit and talent should take them as far as they can go, we must continue to foster a path which allows them to maximize this potential. Many of us here today have benefitted from this philosophy and have achieved certain levels of success as a direct result of the opportunities afforded by such principles. However, all of the programs we address in this bill are not solely for the benefit of the individual, as important as that aspect is. These programs are part of our national effort to include people in our society rather than exclude them, an essential concept in my view to the harmonious working of American society.

In passing this legislation, it is important to understand that the value of programs authorized by this bill cannot be measured simply in terms of dollars spent. Without Federal support, millions of Americans would not have been able to attend college or receive the advanced training required to make them contributing, productive members of society. If this Nation is to continue to thrive in an ever-evolving global economy, we must not underestimate the value of the Federal government's commitment to higher education.

The Senate's approval of the reauthorization of the Higher Education Act is a critical step in our on-going efforts to maintain access and choice in higher education. We must continue to acknowledge the vital importance of education in this country, to sustain the educated base we have created, and to commit ourselves to a quality education for all our Nation's citizens.

Ms. MIKULSKI. Mr. President, I rise today in support of S. 1882, the Higher Education Amendments of 1998. I commend my colleagues, especially Senators KENNEDY, JEFFORDS, COATS and DODD, for all their hard work in putting together a bi-partisan education bill to reauthorize the Higher Education Act. I congratulate you for producing a package aimed at the needs of our students in paying for college and getting a quality education. This bill truly helps us to get behind our kids and our students. It lays the groundwork for the future in working toward a strong economy by educating our citizens and future leaders.

This bill contains may important provisions reauthorizing the range of student financial assistance. I support this bill for three reasons, in particular. First, it contains important provisions that expand our teacher training programs. Second, it increases the maximum amount needy students can receive under the Pell Grant program. Third, it encourages new teachers to serve elementary and secondary schools in low-income areas by providing loan forgiveness for their Stafford loans.

Training our teachers is one of the most important steps we can take toward improving education today. Our children deserve to be taught by well-qualified teachers in every classroom. We need more teachers, but we need more quality teachers. That is why I cosponsored Senator KENNEDY's and Senator REED's proposals to provide grants to local partnerships for teacher training. I am happy to see that many of the provisions in these two bills were included in this legislation. These grants will be made to local partnerships and are designed to encourage the reform and improvement of education at the local level.

Second, I am very pleased that this bill increases the amounts available to students for Pell Grants. This bill continues the historic commitment of our government to grant aid to the neediest students by increasing the Pell Grant to $5,000. Education should be an opportunity for all people, regardless of their financial status. Education should be both accessible and affordable. We have an obligation to make sure that every single citizen of our country has the chance to go to school, get an education, get a good job and a boost up the opportunity ladder.

Third, this bill provides loan forgiveness for Stafford loans to teachers who choose to teach in elementary and secondary schools in low-income areas. It authorizes the Secretary of Education to repay certain loans made to borrowers who become full-time teachers for three consecutive school years in a high-poverty area. This section combines our commitment to a quality

public education for all students with our commitment to also target the areas in highest need. It provides incentives for well-trained teachers to teach in areas that really need committed and well trained teachers. This bill helps ensure that we are meeting the needs of all of our students by targeting funds to those high need areas.

Let me briefly mention two other provisions of this bill that are of special importance to me. I am very pleased to see that the Thurgood Marshal Legal Education Opportunity Program, legislation that I cosponsored with Senator SARBANES, was included in the manager's package of this bill. This amendment will help qualified disadvantaged students gain admission to law school and help prepare them for their legal education. It identifies socially and economically disadvantaged law students and provides them with both financial and academic support services. This program has a 29 year record of assisting these disadvantaged students and I am proud to have been a strong supporter of this program.

Mr. President, I would also like to thank Senator JEFFORDS and Senator KENNEDY for including language in the manager's package that doubles the authorization of federal funds that do not have to matched by the Historically Black Colleges and Universities graduate programs. This will greatly help our HBCU graduate programs increase their quality of programs. It follows our important commitment to support our Historically Black Colleges and Universities. I am particularly happy that both HBCU graduate programs in my state at Morgan State University and Eastern Shore will benefit from this important amendment.

Mr. President, this bill represents a real investment in the education of our youth. It represents, as it should, a bipartisan effort to ensure the quality and affordability of education for all. Education can and should be something that we can all agree on. We will all have to live in the future with the decisions we make now on education. We are responsible for our future, and that means we are responsible for making sure that our children are equipped to deal with the issues they will be facing.

Mr. DASCHLE. Mr. President, the legislation before us today, the Higher Education Act, is an example of what can happen when the majority makes an effort to work together with Senators from this side of the aisle to do something for the good of the country. I commend Senator JEFFORDS and Senator KENNEDY for their good work on this bill. Unfortunately, we have seen too few examples of this type of bipartisan cooperation this year.

The Higher Education Act is very important, and I am pleased we are making good progress in renewing and strengthening it. As we are all well aware, access to higher education can help unlock the door to a better future for our students and for our Nation, and this legislation provides the key for many students. Pell grants, student loans, campus-based aid and other programs have helped millions of students afford a college education. Through these programs, we provide $38 billion in financial assistance to more than 19.4 million students in postsecondary education institutions.

The bill we are adopting today makes a number of important improvements in this law. First, and most important, it continues the effort to make a college education more affordable by continuing current programs, increasing the maximum Pell Grant, reducing interest rates on student loans, improving repayment options for students, and increasing the information available to families about the cost of a college education while encouraging institutions to minimize cost increases.

The bill includes important incentives to improve the quality of teacher training and recruitment and to expand professional development opportunities. I commend the Committee, and in particular the Senator from New Mexico, Senator BINGAMAN, and the Senator from Rhode Island, Senator REED, for their efforts to consolidate and strengthen these provisions into a more logical, coordinate system. We know that putting students in a classroom with a well-trained, qualified teacher is one of the most effective ways to help them achieve to the best of their abilities.

I am also pleased that the bill establishes a demonstration program to expand post-secondary opportunities for distance learning. This will help many people, especially those in rural areas, those with disabilities and nontraditional students, gain access to programs in which they might not otherwise be able to participate. The Senator from Minnesota, Senator WELLSTONE, has been a strong supporter of these provisions.

The bill also includes a proposal offered by the Senator from Connecticut, Senator DODD, which I cosponsored, to encourage colleges to establish campus-based child care for low-income students. I also support provisions in the bill that will help reduce binge-drinking on college campuses and reduce campus crime levels.

Finally, I strongly support the provision creating a new grant program for Tribal Colleges and Universities. These institutions, most of which struggle financially, do a remarkable job of creating educational opportunities for Native Americans. They need and deserve federal support.

I would like to note that while I did not support the Kennedy amendment, I do support the study called for in the managers' amendment to determine whether there might be ways to move toward a more market-based student loan system to improve the efficiency of the student loan system. While I did support the Harkin amendment because it reduced the cost of student loans, I would note that I strongly believe we must take care to maintain a strong Federal Family Education Loan program. The evidence is strong that competition between the Direct Loan program and the FFEL program is good for both programs and ultimately good for students, and I believe it is important that we work to maintain this balance.

Mr. President, the Higher Education Act is yet another example of the positive impact the federal government can have in helping our Nation invest in our future. By helping to lower the cost barriers to higher education, we help millions of young people gain the skills they will need to be contributing members of society while we build a strong work force, encourage the development of our intellectual capital and nurture the leaders of the next generation. I urge my colleagues to join me wholeheartedly in supporting this very important piece of legislation.

Mr. JEFFORDS. Mr. President, it has come to my attention that the official CBO scoring of the Graham amendment adopted earlier today shows a slight mismatch in outlays relating to the new spending and offset contained in the amendment. This technical drafting error has resulted in a small paygo problem for this legislation.

It is my intention that this bill be in full and complete compliance with all relevant budget rules and I intend to ensure that the bill as it comes out of conference will meet this standard.

SECTION 632 OF TITLE VI

Mr. DOMENICI. Mr. President, I would like to raise the issue of Section 632 of Title VI of the Higher Education Act, the so called ''hold harmless'' provision as the Senate discusses this very important reauthorization of the Higher Education Act.

It is my understanding that Section 632 was first enacted in the Higher Education Amendments of 1992 in order to prevent the Department of Education from funding new or expanding existing Title VI, International Education Programs unless existing Title VI programs were funded at their FY 1992 level. However, the bill before us removes the provision, so as to give the Secretary of Education greater flexability.

The University of New Mexico's Latin American Institute has contacted me to raise its concerns about the removal of Section 632 from the Higher Education Act. I also understand the international programs at Ohio State and the U. of Michigan have contacted their respective Senators with similar concerns.

However, I also understand the reauthorization of the Higher Education Act does not create any new programs within Title VI, so is it your understanding that since no new programs are created within Title VI that Section 632 is unnecessary?

Mr. JEFFORDS. I understand the concern of the distinguished Senator from New Mexico in protecting the funding of international programs such as the Latin American Institute at the

University of New Mexico. I would concur with my colleague from New Mexico in what he has said and I would urge the Secretary of Education to allocate funding to international programs in a fair manner.

Mr. DOMENICI. I thank the distinguished Chairman for his consideration of this important matter.

Mr. JEFFORDS addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. I ask unanimous consent that Senator COLLINS be recognized to speak on the bill for up to 15 minutes, and that following her remarks, Senator DEWINE be recognized to speak on the bill for up to 15 minutes, and that following their remarks, Senator BINGAMAN be recognized to offer his amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Ms. COLLINS addressed the Chair.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. Mr. President, I am pleased to be a cosponsor of this important legislation, and I want to commend the Senator from Vermont, the chairman of the committee, for his work in bringing this very important legislation to the floor.

Mr. President, today we continue a historic commitment which began 40 years ago when Congress enacted the National Defense Education Act.

In 1958, the NDEA provided that: ''The security of the Nation requires the fullest development of the mental resources and technical skills of its young men and women.'' At that time, Congress was thinking of security in terms of the cold war and was reacting to the Soviet Union's stunning achievement in launching Sputnik.

Although the cold war is behind us now, the sentiments expressed in 1958 remain valid today. The threat may no longer be as dramatic as the threat posed by the technological advancements of a hostile superpower; instead, the threat that we face today is a quiet threat of lost opportunity—economically, culturally, and socially—a threat that will be realized if we fail to provide educational opportunities to our citizens.

As a Senator from a State with a very high rate of high school completion but a very low rate of participation in higher education, I am particularly concerned about the threat that the lack of access to higher education poses to the future well-being of many of our lower-income citizens.

We know, Mr. President, that fewer people from lower-income families enroll in postsecondary education. The problems caused by the lack of access, however, do not stop once we get students to campus. Another challenge is keeping them there and encouraging them to graduate.

The disturbing truth, Mr. President, is that students who find college least affordable are much less likely to complete college than their financially more secure counterparts. As the Educational Testing Service's Policy Information Center has reported, ''The education staircase . . . is getting steeper and harder to climb, particularly for those in lower income groups.''

The center has reported the alarming fact that students from lower-income backgrounds, in addition to having much lower rates of entrance into college, have much higher dropout rates than those from higher-income families.

In 1979, a student in the top quartile of family income was four times more likely to obtain a baccalaureate degree by age 24 than a student from the bottom quartile.

By 1994, Mr. President, this problem, this gap, had gotten much worse. Individuals from the top quartile were 10 times more likely to attain a 4-year degree by age 24.

When you couple this statistic with the well-established relationship between educational attainment and lifetime earnings, the consequences of the education gap are obvious. We keep reading about the gap between the rich and the poor in this country and that that gap is growing. That gap is, by and large, an education gap.

If we are able to provide educational opportunities to lower-income families, we will help close that gap, because the differences in the lifetime earnings of people who complete only high school versus those who go on to postsecondary education are enormous. We are at risk of creating a permanent underclass of people without the skills that open the gateways to economic opportunity, the skills that allow entry into a job market demanding a higher-educated and better-trained workforce. In fact, Mr. President, it is estimated that in the State of Maine more than 80 percent of the new jobs being created require some sort of postsecondary education.

Unless steps are taken to close this educational gap, a gap rooted in economics rather than in intelligence or ability, we are locking the children of America's lower-income families into a self-perpetuating cycle of inadequate education and low-income status. Without educational opportunities, a significant part of American society will never have the chance to participate fairly in America's bright technology-based future.

Mr. President, the legislation before us, the Higher Education Act reauthorization, will help provide these educational opportunities. I would like to highlight some specific provisions in this legislation that I worked on and believe are critical. These provisions increase access to education by focusing on two components—first, helping families afford education; and, second, increasing the aspirations of our young people, particularly those who come from families where higher education is not a tradition.

Mr. President, the Pell Grant Program has been one of the Federal Government's greatest contributions to the success of higher education. Over the last 25 years, this program has provided invaluable assistance to tens of millions of our neediest students.

The Pell Grant Program has, however, had some flaws. Most notably, under its current formula, the program creates a disincentive to work. This was brought home to me when I talked to a young person who had decided to take a year off between high school and college in order to earn more money for her education. She worked at McDonald's and lived at home, saved every penny. The consequence was that she lost her Pell grant when she went to school the next year.

We have created, in the current formula, a disincentive, because we have a very low cap on allowable earnings which penalizes students who are trying to pay for their education through work rather than relying solely on loans.

Earlier this year, I introduced the Working Students Income Protection Act to address this problem. I am very pleased that the Labor and Human Resources Committee has incorporated my bill into the final version of the legislation before us today. It will increase by $1,000 the earnings allowance for students who receive Pell grants.

Another important provision improving the Pell grant that is included in this legislation is the elimination of the dependent care cap that had been included in the formula in the past. Again, I introduced legislation to make this change because I was concerned that as we increase the maximum level of aid, we end up limiting Pell grant awards to some of the most needy students, those who have child care expenses. Often these are single parents who are balancing raising children, going to work, and attending college. The changes that are included in this bill will make it a little bit easier for these students.

Another provision of this bill includes legislation that Senator REED of Rhode Island and I have authored to strengthen the State Student Incentive Grant Program. This program provides assistance to 12,000 Maine students who come from families whose average income is under $12,000.

Mr. President, as important as all this financial assistance is—and I know from my experience working in a Maine college that it is critical—there is another significant barrier to higher education for a lot of our young people.

If students come from a disadvantaged social or economic background, and come from families where there is no experience with higher education, they may look at college as being beyond their reach. It may be a frightening experience for them or something they simply do not consider, despite having the ability to succeed.

In reauthorizing the Higher Education Act, we are continuing one of the Federal Government's most successful efforts, and that is the TRIO

Programs. In my home State, TRIO Programs such as Talent Search and Upward Bound have identified and reached out to promising young people who otherwise never would have considered postsecondary education but for these terrific programs. Two-thirds of the students benefiting from the TRIO Programs come from families where neither parent has any higher education and whose families' incomes are below $24,000.

One such student, Mr. President, recently visited me. She was a young woman from Greene, ME, who talked with such excitement about the benefit of the Talent Search Program to her aspirations. She said that the program had convinced her that she wants to go to college. This young woman comes from a low-income family. Neither of her parents went to college. In fact, her mother was a teenage mother who dropped out of high school to raise her children. This young woman put it very well. She said, ''But for this program, but for the Talent Search Program, I would have been too frightened to go to college. I would have just assumed that it wasn't for me.'' This program, by exposing her to a college environment, by giving her the counseling, the mentoring, and the encouragement that she needed, has convinced her that higher education will be part of her future. I am convinced that it will be a bright future indeed.

It is difficult for me to think of a more worthwhile investment of Federal funds than these important programs. The Federal Government cannot guarantee equal educational attainment for every student, but we can certainly take steps that will guarantee equality of access for every student. We can help eliminate the barriers of cost and inadequate aspirations that prevent students from lower- and middle-income families from pursuing postsecondary education. We can give them equal opportunity by providing the access through the important programs in this legislation.

The Higher Education Act that is before the Senate today will help our citizens overcome economic and social barriers, take advantage of education, and reach their full potential. That not only benefits them as individuals, it benefits our Nation as a society, as well.

Today I encourage my colleagues to join in affirming and extending the commitment for access to education that we began 40 years ago.

I thank the President for the time, and I thank the chairman for his efforts, as well.

I yield the floor.

The PRESIDING OFFICER (Mr. SESSIONS). The Senator from Ohio.

Mr. DEWINE. Mr. President, I will offer a few brief comments in regard to this very important piece of legislation that the Senate is now considering. In my work on the Labor Committee, one of the things I have been focusing on is the issue of quality teaching in our classroom. Really, there is nothing more important in regard to education than the teacher. Our children deserve to be taught by teachers who really understand their subject, understand the subject matter.

I have worked hard to incorporate measures concerning good teaching into this bill. I want to thank Chairman JEFFORDS for the assistance that he has given me and the cooperation in getting these sections incorporated into this very good bill.

Title II of this legislation is entitled ''Improving Teacher Quality.'' Here are some of the measures that I have been promoting that I am pleased to say have been included in this bill. One, the bill funds programs that establish, expand, and improve alternative routes to State certification for highly qualified individuals from other occupations and for recent college graduates with records of academic distinction.

Two, this bill would develop and implement innovative efforts aimed at reducing the shortage of highly qualified teachers in high-poverty urban and in high-poverty rural areas. These efforts might include the recruitment of highly qualified individuals from other occupations—again, through alternative certification programs.

Three, this bill would provide prospective teachers with alternatives to traditional preparation for teaching, through programs at colleges of arts and sciences or at nonprofit educational organizations.

I am pleased that this bill has a strong focus on alternative certification or licensure of teachers. I introduced S. 1742, the Alternative Certification and Licensure of Teachers Act back in February of this year. I introduced it because I wanted to give highly qualified people who like to teach, who want to teach, a chance to do so. These are people who can serve as mentors and who can serve as role models, real life examples of how a good education can make a huge, positive difference in a student's future. These are the types of individuals that we should be encouraging to become teachers and to get into education.

I also take a moment to talk about the commonsense Quality Child Care Loan Forgiveness Act, which I introduced last July. I am pleased that this provision has also been included in this bill. Members can find it incorporated in title IV of the bill before the Senate.

Now, Mr. President, the Quality Child Care Loan Forgiveness Act provides school loan forgiveness to individuals who earn a degree in early childhood education or in related fields and who then obtains employment in a child care facility. I think we must recognize the extraordinary need that exists today for quality child care. Recent studies have shown that more than 80 percent of child care centers provide mediocre or poor quality services. The indications are that a mere 14 percent of the centers surveyed met levels of quality that were high enough to adequately support a child's development. The Quality Child Care Loan Forgiveness Act will help ensure that our children get higher quality child care. It will do it by encouraging more people, better qualified people, to teach in these facilities. It will encourage students who are in college to major in this area and to make their lifework early childhood development. Again, I don't know what could be more important.

Finally, let me say I am glad that this bill includes important legislation I sponsored having to do with the underground railroad. The Underground Railroad Education Culture Act will provide for the establishment of programs to research, display, interpret, and collect artifacts and other items relating to the history of the underground railroad. The history of the underground railroad is important to this country. It is important to Ohio, and it is important to me personally. In the 20 years prior to the Civil War, it is estimated—no one will ever know what the true figure is—but it is estimated that more than 40,000 slaves, 40,000 human beings escaped bondage and made their way to free soil on the trail of the underground railroad.

This is a great story. It is a great story that every schoolchild in America should know about. More than 150 underground railroad sites have been identified in my home State of Ohio alone. We are sure there are many, many more besides that. These are sites that symbolized at the time freedom for thousands and thousands of enslaved Americans. When I visit these places, as I have with my family, it gives me real pause for hope about the future of our country.

When we talk about race relations in this country, we would do well to remind ourselves that at one of the darkest points in our history—maybe our darkest point, the period of slavery—some blacks and some whites took immense personal risk to work together for freedom, to work together for liberty. It is a great story. This is a part of the American story that we should be proud of and we should build on. In Ohio, we are very proud of the part our ancestors played in this great story. This is why I think this legislation is so very important.

I want to again thank my colleague, Senator JEFFORDS, the chairman of our committee, and my other colleagues on the Labor Committee, for agreeing to place this legislation in the managers' amendment. It was very important to recognize this period in our history.

Let me conclude, Mr. President, by mentioning briefly what I believe to be the next step on education policy. I have introduced legislation that would provide assistance for the creation of nonprofit teacher training facilities across the United States, facilities that would help train teachers—teachers who are already in the classroom, or individuals who are about to enter this great profession. S. 1742, the Teacher

Quality Act, which I have introduced, is a commonsense piece of legislation that would assist school districts in their struggle to maintain the highest possible academic standards for their children. I hope that in the weeks ahead we will consider this bill as well.

Mr. President, I strongly support this bipartisan effort and will vote in favor of its passage. Again, I congratulate Senator JEFFORDS and the other members of our committee who have worked so long and hard to bring this very good and comprehensive bill to the Senate.

Mr. JEFFORDS. Mr. President, first of all, I want to thank both of my colleagues from Maine and from Ohio, Senator COLLINS and Senator DEWINE, for a very eloquent and pertinent statement and for all the work they did in committee in helping us to put together this bill.

Mr. President, I now believe that, under the previous unanimous consent order, Senator BINGAMAN is to be recognized. I don't believe there is any time agreement.

Would the Senator be willing to accept an hour equally divided?

Mr. BINGAMAN. Mr. President, I am not certain that a half hour on my side will be adequate. I have two other speakers in addition to myself. I would like to allow each of them to speak first. I don't expect that it will take much more than that on my side.

Mr. JEFFORDS. We will wait on that.

AMENDMENT NO. 3116

(Purpose: To ensure that secondary school teachers are sufficiently prepared during their pre-service training to have sufficient academic knowledge to be able to help their students reach high academic standards)

Mr. BINGAMAN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Mexico [Mr. BINGAMAN], for himself, Mr. COCHRAN, Mr. REID, and Mr. HOLLINGS, proposes an amendment numbered 3116.

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

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

The amendment is as follows:

Insert at the end of Title II, Part A (page 237, after line 14)

"SEC. 237. ACADEMIC MAJORS FOR SECONDARY SCHOOL TEACHERS.

''(a) States and postsecondary programs that prepare secondary school teachers and receive Federal funds under this Act excluding aid provided under Title IV, shall, unless they have already done so, adopt within 3 years after the date of enactment of the Higher Education Amendments of 1998 a policy that all undergraduate candidates preparing to be secondary school teachers be required to successfully complete an academic major, as defined by the institution of higher education at which the student attends, in the academic area in which they plan to teach.''

''(b) Nothing in this Section shall affect the eligibility of an individual student or an institution of higher education to receive Federal grants or loans under Title IV under this Act.''

Mr. BINGAMAN. Mr. President, this Higher Education Act that we are engaged in discussing and debating here is a very important act. We only get around to it every 6 years, so this is not a subject like a lot of subjects around here that come up every year and we go through a dog and pony show here on the Senate floor. This issue comes up once every 6 years. The last time we reauthorized the Higher Education Act was in 1992. The next time we are expected to reauthorize the Higher Education Act will be 2004. So it is important that we get it right and do it right this year.

I join with others who have spoken in congratulating Senator JEFFORDS and Senator KENNEDY for the leadership they have provided. We have a bipartisan bill. There are a number of incentives in this bill to streamline and strengthen the ways in which we deal with the issue of higher education in the country and the ways that we license and place teachers, including several provisions that I have recommended.

But there is some unfinished business, Mr. President, and that is what my amendment tries to address. Let me go on and describe a little of the background before I describe the amendment itself.

Teaching, of course, is our largest profession. We have close to 3 million people employed in teaching. To maintain and even increase the supply of teachers, the teacher preparation programs need to generate thousands of teaching candidates every year as we move ahead. The Federal Government is a major support for the students who go through these training programs. We provide $1.8 billion in student loans. Yet, we all know that the quality of these programs, in many cases, is inadequate, and we need to question this large Federal investment when we look at the quality of some of the teaching programs we are supporting.

How is it that some universities can condone a rate of only 40 percent of their teacher education students passing licensing exams? How do I, as a Senator, explain to my constituents the investment of Federal tax dollars going to these institutions when they fail to prepare students to meet the exams that the States themselves are providing for people who want to teach?

For this reason, I propose an amendment to the Higher Education Act to require accountability on the part of education schools and the universities that house those education schools. The amendment requires that States develop criteria to identify low-performing teacher preparation programs, including a State-determined pass rate on State licensing exams.

It also proposes that States make a public list of the teacher preparation programs that meet the criteria for being labeled low performing; that States develop a list of suggested ways in which local teacher preparation programs can improve; and, finally, after a 4-year period—4 years into this 6-year reauthorization bill—if the State removed its approval from a teacher preparation program that the State itself felt had not made adequate improvement, then the Federal Government would support the State by withholding Federal funds from that program as well.

That is what I have proposed. The education school accountability amendment was designed to ensure that teaching candidates have the baseline knowledge that they need before they go into the classroom. The amendment included a section on reporting. States and institutions would collect and publish the information needed by potential students to make informed decisions about enrollment in teacher preparation programs.

I must say, Mr. President, that we have been able to work out a provision on accountability of schools of education, which is being included in the managers' amendment, which I think is a substantial step forward. It does not include many of the provisions I had urged, unfortunately. And I must say that I have been baffled by the response of the higher education community to this effort to impose a little more accountability for low-performing teacher preparation institutions—those institutions existing nearly in every State.

In all the literature that has been distributed by that community in response to this amendment and the amendment Congressman MILLER offered on the House side, I have not seen any attempt by the higher education community to take any responsibility or come up with any suggestions for how to deal with the problem, which we know is a real one. The entire substance of their argument was one that they opposed interference by the Government; they certainly didn't want the Federal Government involving itself in the role of the States, and they didn't want the States involving themselves in higher education programs any more than they presently do. Basically, they were saying that the higher education programs need to be left as they are, in spite of the problems that clearly exist.

Most troubling to me was the lack of willingness even to report pass rates of teacher preparation programs. In a letter dated June 9, the American Council on Education indicated that reporting is too burdensome—the reporting that we were urging be accomplished. I don't really understand why it is possible for law schools and medical schools to publish their student pass rates, but not schools of education. Obviously, the question needs to be raised and answered: Is there something to hide? Is there some information they don't want out? I fear that that may be the case.

Together we can help the colleges and universities to raise the status of teacher education to ensure that students enrolling in teacher education programs get the return on their investment that they expect and deserve. But we can't forget that the most important constituency for us to be concerned about is the children who are going to be served by the graduates of these education schools. I think we can make real progress if we impose some accountability there.

Mr. President, the amendment that I have offered and sent to the desk is in addition to what has been agreed to in the managers' amendment. I commend the managers of the bill for agreeing to what I have already described.

But the amendment that I am proposing says if you are training people to teach at the high school level—just at the high school level, not the elementary school level—if you are training people to teach at the high school level, give those people an academic major. Give them any education courses you want. Certainly courses in methods and courses in technique are fine, but don't turn out people to teach in our high schools who have only taken education courses. We are not saying that you have to have a major in the academic subject in which you wind up teaching. We are not putting in any kind of requirement like that in the law, only that you have to have some kind of academic major.

This is not, let me make it very clear, Mr. President, an amendment which intends to bash teachers. It is just the opposite. The amendment is intended to support the good teachers we have in our education system today, to give them more good teachers to work with them in improving education.

In my State we have many extremely well-qualified and committed teachers who do a wonderful job for very little pay. In my own family, both my parents devoted their careers to teaching. My sister is a teacher. I am a great believer in the value of good teachers.

I believe the amendment I have offered will strengthen our ability to turn out good teachers and have those teachers in the classroom. We give a lot of speeches here about accountability. We need to make people more accountable. We need to make government more accountable. We need to make the institutions of government more accountable. I agree with all of that. The amendment I sent to the desk tries to do that very thing. It says to the schools that are training our teachers—give the new teachers that are coming out a good academic background.

The problem has been discussed extensively. There has been a great deal of publicity about the recent testing that has occurred in Massachusetts, of course, and the inadequate percentage of people there who are able to pass the exam, the people who are getting ready to go into teaching. Similar problems exist in other States. The simple fact is you cannot teach something if you do not understand it. You have to have more than technique in order to be a good teacher. You have to also know the subject matter. You have to have good academic skills provided to the teachers or else the students cannot be expected to have good academic skills themselves.

According to a recently completed analysis of State level student achievement data, students in States with more teachers holding certification plus a major in their field do significantly better on the national assessment of educational progress on reading and math exams than in States where this requirement is not available. Students of teachers who completed undergraduate activity majors and appropriate professional coursework achieve better than peers their own age whose teachers completed education majors. That is true no matter how poor the students are, no matter what their ethnicity, no matter whether English is their first language or their second language.

Mr. President, let me start with two charts that I want to call to people's attention. This first chart makes the obvious point that there are 32 States that require teachers to complete an academic major for high school teaching, 30 that explicitly require that you have an academic major if you go into high school teaching, two others that require the equivalent of that.

If any Senator wants to know whether his or her State already has this requirement in State law, they need to look at this chart. We have tried to provide copies of it. I am told we are not able to put copies on the Republican side of the aisle because there is some kind of a breakdown in our efforts to be bipartisan around here and we are only able to give them to the Democrats. But the chart is here. If anyone is willing to walk across the aisle, I would like to show them the chart. It is the same on both sides of the aisle. It makes the point, very clearly, that 32 States are now requiring the exact thing that we are trying to get done through this amendment.

I have been asked to break the discussion so that the Senator from Iowa may speak.

PRIVILEGES OF THE FLOOR

Mr. HARKIN. Mr. President, I ask unanimous consent that an intern in my office, Michael Pratt, and Lloyd Horwich, a detailee from the Department of Education, be given floor privileges during the duration of the debate on the Higher Education Act.

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

Mr. HARKIN. Thank you, very much.

Mr. BINGAMAN. Mr. President, let me make another point—that requiring an academic major saves money. Let me show this second chart which makes this point, I think, very graphically.

This chart makes the point that entry and retention rates of teachers of teacher preparation programs that allow beginning teachers to complete a major in their subject and require a firm grounding in teaching skills is substantially higher than those programs, the traditional programs, that only have education courses in them. For every 100 candidates who are just in teacher education, 3 years after they complete their education only 28 of the 100 are still in teaching. We are training 72 of the people out of those 100 candidates in teacher education who don't stay in teaching more than 3 years. Those are the programs where they don't have an academic major. In the case where they do have an academic major, if you start with 100 candidates, after 3 years 75 of those candidates are still in teaching.

Mr. President, it is clear to me that this is a good deal for the taxpayer to give these people an academic background, keep them in teaching, and don't wind up spending a lot of money to train people who are going to drop out of the teaching profession very quickly. So I think it is very important that we try to do this.

Teachers with academic majors feel significantly better, are better prepared for their work, and they are significantly more likely to enter teaching following their preparation. Over 90 percent do enter teaching following their preparation, and they are much more likely to remain in the profession for more years.

The Higher Education Act, which we are considering on the floor, encourages State and higher education institutions to implement an academic major requirement. But it does not make it a priority for deciding who gets funding.

Given the evidence that directly links the acquisition of a major with student achievement, we are arguing with this amendment that the language of the bill should provide that those States that do not require a major for high school teachers would be required to develop a plan for implementation of that kind of requirement over the next 3 years. Requiring a major will help raise standards for entrance into the teaching profession.

According to a recent study by the National Education Longitudinal Study of 1988, in the field of math, only 35 percent of women attending a major in education scored in the top two of the five proficiency levels in the subject. Male education majors are almost three times as likely to be below the lowest level of reading proficiency as their peers going into other majors.

Professional organizations are weighing in on this issue in favor of what we are proposing in this amendment. The October 1997 Conference of the National Council of History Education conferees recommended that the colleges' education faculty be given the authority to reduce the number of generic methods courses in order to present team-taught courses with subject matter of scholars and seasoned teachers from the field.

The National Science Teachers Association supports all efforts that encourage science teachers to major in the subject that they plan to teach and at the same time receive a teaching credential.

If we expect higher standards of our students, as we all do, we need to provide them with teachers who have the content area preparation to help them meet those standards.

That is an impossible task when 39.5 percent of science teachers do not even hold a minor in the subject that they are teaching. Thirty-four percent of math teachers and 25 percent of English teachers were similarly teaching outside their field. In many high-poverty schools, the percentage of out-of-field teachers can rise above 50 percent. Increasing the number of teachers with an academic major is one way to alleviate the problem. We owe our children a quality education, a quality teacher in every classroom, and this higher education amendment is a place to start in that effort.

This bill, as I indicated earlier, only comes up once every 6 years. It is important, I believe, that we take this action tonight before we complete action on the bill. It is not enough to say we are going to study this for another 6 years. Either we believe that upgrading the quality of teaching is important or we do not. Let's not put off action until we are well into the next century. This is a chance to quit cursing the dark and to light a single candle. I do not think people who decide they should vote against this amendment should spend the next 6 years complaining about the poor quality of teaching in our schools. This is a chance to deal with that poor quality of teaching in a concrete way, and I hope people will support the amendment.

Let me defer. I see my colleague and cosponsor, Senator COCHRAN from Mississippi, has risen to speak. Let me yield the floor so he can do so, Mr. President.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I am delighted to join with my friend from New Mexico in sponsoring this amendment and urging the Senate to approve it.

I ask unanimous consent that I be shown as a cosponsor of the amendment, Mr. President.

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

Mr. COCHRAN. There has been some misunderstanding, I think, in conversations I have had with fellow Senators about this amendment. What it does not purport to do is to tell the States how to certify or what criteria to use in the certification process for secondary school teachers. This amendment is directed to the universities and the colleges that have departments of education and that grant degrees in education, and it seeks to insist that as a part of the education of secondary school teachers there be a requirement that there is a subject matter major included as part of the learning experience for these teacher candidates. So it doesn't purport to set out new rules to impose on States in the certification process.

That is another subject, and we could talk about that in a separate debate. But this subject talks about what kind of quality learning experience do we want our secondary school teachers to have. Some can go through the education departments in colleges and universities—at least in 18 States, or 16 States. Thirty-two require that there be subject matter majors of education degree candidates. But the other States, you can go through an education department learning experience and get a degree and then be a candidate for certification and teach in the secondary schools of the State without ever having a major field of study in an academic subject like English or history or math or science.

It seems to me that it makes eminently good sense to suggest as a matter of national policy that our education schools throughout the country insist upon an academic major for the graduates in the education schools. And that is all this amendment does.

The Senator from New Mexico talked about a number of other subjects that he thought ought to be considered by State governments, and they deal in large part with certification items. But the committee has already sorted through those suggestions. They have included some in the managers' package before the Senate, and they have not included some. But this is a very narrow amendment.

Of all the suggestions my friend from New Mexico makes, this one, to me, is one that ought to be approved by the Senate without any question whatsoever. It is certain that those who teach in the high schools of our country ought to be well versed, well grounded in some academic subjects, not just in teaching methods or teaching techniques or other courses—the relationship of the school with the community.

We have all, in our common experience, had knowledge of the courses that are taught in many of the education schools. Many of them are important, and they are valuable. But we do not want teachers coming through those colleges and universities with only courses in method and technique and the relationship of the school to the community and the other subjects that they are taught in the education departments. And we are not being critical. I am certainly not. My State of Mississippi, I am glad to see, is one of the 32 States where the academic major is required of teacher candidates who are graduating from the departments of education in our college and university system.

So I hope Senators will look at this amendment carefully and support it. To me, it is a very important step in the right direction of improving the overall quality of all of our teachers in secondary schools throughout the country.

Mr. JEFFORDS addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. I reluctantly rise in opposition to this amendment. I do so reluctantly because the Senator from New Mexico and certainly the Senator from Mississippi have been very active in trying to accomplish the goals which are intended by this amendment. The bill itself already, with the assistance of the Senator from New Mexico—in many cases his own language—has provided incentives and has carefully outlined programs to reward the States for accomplishing the role of making sure that the teachers, the new teachers, have a major in the area that they intend to teach.

So I applaud him for those, but I just think it goes too far, and I think it is counterproductive if you order the States to do something, which I agree they should do, but I think it will be counterproductive for the purposes of getting States to understand why they should and to do it not because they are told to but because they want to. On the ''want to'' side, also, States are rewarded when they do so by grants and funding, and those that do not will not be eligible for some of the funds that would be eligible to those that do. So there are incentives built in already to accomplish the goal.

This provision just goes too far and will result not in improving teacher preparation programs but will instead provide little or no incentive for States to reform teacher preparation or for schools of arts and sciences to work with their schools of education. Mandating at the Federal level that States or partnerships require academic majors for prospective teachers in order to be eligible for title II funds is counterproductive to the goals of that title.

Title II requires that schools of arts and sciences work with schools of education to improve and expand the academic rigor of these programs. By excluding these States and partnerships from competing for title II money, we are discouraging change in the very States and schools that need it the most.

About 20 States do not currently require students to have majors in academic content areas, and 30 do. So we should not exclude those that are not presently doing it from getting funds to help them do it. In other words, those of us who oppose it believe that the carrot is much more effective in this area than the stick. Title II will demand much of these grantees that receive the funds. Grantees will be required to show that they have increased the number of courses taught by teachers with academic majors in a particular field of study or they will lose their grants.

It is important to note that the amendment would deny States or institutions other Federal funds provided

under this act, excluding title IV assistance.

This, too, is of concern to me. Requiring a major is not an issue that the Federal Government should be mandating. It is an issue that has historically been decided by States and institutions of higher learning. And while we encourage it in title II, it is not appropriate for the Federal Government to mandate it, as a prerequisite for participation in the title II grant program.

Finally, many States are moving towards requiring majors and increasing the academic content knowledge of prospective teachers. It does not seem at all sensible to deny funds to the folks who are now moving in the right direction.

This is a very, very critical area, and this is an important amendment, and it should be carefully reviewed. It has some support, but I believe the bill is well balanced as it presently is written, that this amendment will be counterproductive of the goals of the bill, and therefore I must reluctantly oppose the amendment.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, I rise to inquire, I have some questions of my colleague from New Mexico. I have not formulated a final position myself on it. I was listening here to the debate and read some of the material about this.

First of all, let me say I commend my colleagues from New Mexico and Mississippi. Even having a discussion of how we can improve the quality of our teachers who are working in our elementary and secondary schools is worthy. I compliment the chairman and managers. We do some major things in this bill to really try to assist teaching, such as loan forgiveness for people in the teaching professions, extended payment periods—a lot of things that really try to recognize the value of teachers.

I see my colleague from Connecticut has arrived on the floor as well.

I was going back over, in my own State of Connecticut, what criteria we have. On the list, we are listed as one of the States that requires a major. That is true, but only in a limited degree. We require majors in certain subject matters, not in every subject matter. For instance, in languages we do not require that you have a major in a language, English or a foreign language, in order to teach; the assumption being, if you were Hispanic or Latino and had acquired that skill, to major in it would require that you have teaching skills on how to teach the language, but not necessarily require a major in the field.

We do in other areas. In the science and math areas we do require majors. The general sciences, history, social studies, business, we do require majors; in foreign languages and English we do not. We have a requirement here of a minimum of 30 semester hours of credit in the subject for which endorsement is sought. I don't know whether or not that constitutes a major or not. But it seems, here, we have sort of a mixed approach.

We have some very fine teachers. Mr. President, 80 percent of our teachers have advanced degrees in Connecticut, and are normally rated as some of the best educated teachers in the country. So my first inquiry would be, I guess, if we do not require majors in every subject matter, would we be subject here? For instance, if someone did not have a major in a language, would Connecticut now have to require a major in that language, or would the 30 semester hours meet the standard? Or would the fact that we do in some and not in others meet the standard? Or would we be faced with having our program dollars cut unless we changed?

Mr. BINGAMAN. Mr. President, in response to the Senator from Connecticut, I would have to learn more of the detail precisely of what is done in Connecticut before I could answer the question. The source of the information that is reflected on this chart and that he has referred to as to which States already require this was Education Week magazine. They did interviews with the departments of education this last year, in September of 1997, and published this list.

Our amendment does not say that you have to have a major in the subject you wind up teaching. It says you should have a major in a subject you intend to teach. Maybe there should be an exception in there for foreign language. I would be glad to entertain that modification, if the Senator thinks that is a problem. But the notion that you should go into high school teaching without ever having majored in anything, any academic subject, is the concern I have. We have schools around the country—and they are not the schools the Senator is thinking of generally, and that I generally think of when I think of teacher preparation—but there are schools around the country that are not requiring people to take academic course work before they turn them out to teach in our high schools. So you have people going through, with very good intentions, who want to become teachers, want to become high school teachers, who take a whole raft of education courses and then are turned out to teach, and they do not have the academic training that they need in order to properly prepare students.

Mr. DODD. I appreciate the response on that. I do not have an amendment to offer because I don't feel competent to suggest what my State ought to require that there be major studies in. They have excluded certain areas. We require 3 semester hours in certain subject hours, 30 semester hours in others, a major in some and not in others. They have made a decision to have sort of a multiple approach to this thing, a varied approach on it. Far be it from me to stand here this evening and say Connecticut ought to require a major in certain areas where they don't require it. I have enough confidence in the people who have designed the program there to give them some flexibility.

What I do not want, if I am supporting my colleague's amendment, is to find out if my State loses financial assistance because we have not provided major fields, or required a major in every subject matter although we have in others. Then I would feel remiss in terms of a number of areas.

As I understand it, you would lose funding in international education, graduate education, funding for historically black colleges and universities, strengthening institutional grants that go to mainly community colleges. I don't want to be in the position, if I vote for this, to go back and find out I have just deprived my State of funding in those areas because the amendment, as crafted, would deny my State those benefits because in some areas majors are not required. That is my concern.

Several Senators addressed the Chair.

Mr. COATS. Will the Senator from New Mexico yield for a question?

The PRESIDING OFFICER. The Senator from Connecticut has the floor, I believe.

Mr. DODD. I am glad to yield to my colleague.

Mr. COATS. It is right on this very point, because on the list the Senator from New Mexico placed, I think, on the desk here—at least I have that list; I think it is the same as his chart—Indiana is also a State listed that requires secondary teachers to acquire academic accreditation. I think the States ought to do that, or at least ought to make that decision. I don't think the Federal Government ought to mandate it for the same reasons the Senator from Connecticut stated.

However, I am concerned now that the Senator from Connecticut has indicated that his State is one of the States you listed under the ''Yes'' column, as requiring that, as is Indiana, yet it doesn't require it in the sense that the Senator's amendment requires it in order to receive funds. We just learned of the amendment half an hour or so ago and have not had an opportunity. Our department of education is closed in Indiana now. I haven't had the opportunity to call and say does this conform? Is this across-the-board? Does this conform with the amendment of the Senator, or are there exceptions like there are in Connecticut where, for certain disciplines, you require the academic major?

I am in the same position, I think, as is the Senator from Connecticut. I cannot vote to support that if I don't know whether or not my State is going to be penalized. Does the Senator know the answer to that question relative to the State of Indiana?

Mr. BINGAMAN. Are you asking me or the Senator from Connecticut?

Mr. COATS. I am pretty sure the Senator from Connecticut doesn't

know. If he does he knows more about the education in my State——

Mr. BINGAMAN. Mr. President, I would respond in the same way I would respond to the Senator from Connecticut. The basis for the list is Education Week, which published this based on interviews which they did with departments of education around the country last September. I do not know the detail of the department of education's requirements there in Indiana, any more than I know the detail of the department of education requirements in Connecticut.

Mr. COATS. I join the Senator from Connecticut in saying I think the Senator's efforts are laudable. I do think, as the Senator from Vermont has enumerated, there is a lot of language in this bill which I think reflects what the Senator from New Mexico and the Senator from Mississippi are attempting to do, yet it does it in an encouraging way rather than a penalizing way. Given the fact there is a lot of confusion about how this amendment applies to these States, and there is no way we could determine that this evening, I wonder if the Senator wouldn't be interested in withdrawing his amendment—at least working with us to try to accomplish these goals, but not in a way that puts us in a position where we will penalize our State.

Mr. BINGAMAN. In response to that question, I would say the amendment by its own language says the requirement doesn't take effect for 3 years.

There is a period of time in which to adjust the language if we were to adopt the amendment. There is plenty of time to adjust it if it is onerous on a particular State. Of course, I would not want to withdraw the amendment because, quite frankly, I think we have a tendency—every 6 years when we get to this thing, the education schools around the country lobby heavily against any change in the law or in the requirements imposed on them. We will be here in the year 2004—at least some of you will be here in the year 2004—once again trying to decide whether it is appropriate to require anything of these schools. I do not want to withdraw the amendment.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Connecticut yield the floor?

Mr. DODD. Mr. President, I pointed out earlier, I have not formed a final opinion on it. I raised the question because this was raised to me by my State. I am concerned—and I didn't expect this, so my colleague from New Mexico doesn't have a definitive answer—that there might be some criteria left open to the States to determine whether or not something classifies as major. It is not his intention to say to some State that he thinks falls into this category unwittingly they may be deprived of these funds because we didn't realize certain subject majors were not required. That is my concern.

I reluctantly may have to vote against the amendment, but I am not enthusiastic about doing it because I like the idea behind it. I think it makes a lot of sense. John Silber, the distinguished former president of Boston University, wrote an article the other day, one of the op-ed pieces in one of our national papers that makes the case. We are turning out people really not qualified to be teaching in our classrooms.

I am sympathetic to the idea to increase the teacher skills and knowledge base. I want to make sure in doing so, in our enthusiasm for that, we are not doing harmful things along the way. I share the enthusiasm. I share the appetite for it.

It is almost 8 o'clock here, east coast time. I want to make sure that in voting for something like this I am not saying to 32 States that may have very differing views on what classifies as a major that we have to turn around and undo something here that would otherwise deprive these States of funds they need and are clearly moving in the area of improving content as well as teaching skills.

I thank my colleague from New Mexico. I will listen to the debate. Maybe there will be something enlightening on this. I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, first of all, I think all of us on the Education Committee know of the enormous commitment and perseverance and persistence and wisdom of our friend from New Mexico in the development of education policy, particularly the quality of our teachers. It is a very important record. When he speaks about these issues, I think all of us take these very seriously. I do think, however, that in this particular situation, on this particular amendment, I must say that I differ with the Senator from New Mexico. Let me be very brief about the reasons.

First of all, in the various education programs and recruitment and retention programs—and I won't take the time to go on through them, but as one who is a supporter and an author of a fair amount of them, they never were funded over a period of time or funded very lightly:

The Paul Douglas Teacher Scholarship, Christa McAuliffe Teacher Corps, National Board for Professional Teachers, Standards class size demonstration, middle-school demonstration, new teaching careers, all the various mini-corps programs, foreign language instruction, small State teaching initiative—none of these effectively were funded. None of these were funded, and we had, as the Senator from New Mexico said, no evaluation of the few that were funded.

He makes a very good case about the past. I take some exception, and I ask our friends to review the parts of the legislation—I know the hour is late. We don't spend as much time in going through the particular provisions of the legislation. That is point No. 1.

Point No. 2, I believe, that many of the 18 States are just the kinds of States that need this help and assistance. I will go into the various details of the programs, and many of the comments the Senator from New Mexico has made are actually the kinds of criteria which are included in the various competitive grants. I don't want to exclude these 18 States. In many instances, they need the help and assistance the most. We all need it. We have to have 2 million teachers over the next 10 years, and we have to strengthen the opportunities for teachers to teach better and give our teachers additional training programs so they can do it and hold them to a higher accountability. We are in complete agreement with that.

The question is how you get there. I am not for excluding 18 States from being able to participate. When we were considering the Goals 2000, we were told that in making available resources that were going to be available to States on a voluntary basis that there were many States that said, ''We don't want to do it because we do not want to have participation of Federal programs in here.'' I do not want the States that may need this the most denied it.

Let us look at the question—I will take the part of the Senator's evaluation first. If you look in the legislation on page 373, you see ''Accountability and Evaluation.'' After a State receives a competitive grant under this section, it ''shall submit an annual accountability report to the Secretary''—the Secretary of Education—but also to the Committee on Labor and Human Resources, our committee, and as well as to the House.

Such report shall describe the degree in which the State is using the funds to, what? Student achievement: ''Increasing student achievement for all students, as measured by increased graduation rates, decreased dropout rates, or higher scores on local, State or other assessments.''

Second: ''Raising Standards.—Raising the State academic standards required to enter the teaching profession . . .'' That is going to be part of the criteria. It will be part of the application for States if they want to participate in this program. They may have to, as part of their evaluation, have programs that will encourage the States to raise academic standards ''required to enter the teaching profession, including, where appropriate, incentives to incorporate the requirement of an academic major in the subject, or related discipline, in which the teacher plans to teach.''

This is a positive incentive. We are trying to, with the scarce resources that are going to be included in this bill, to say, yes, we want to see movement toward an academic major in the subject area and related discipline in which the teacher plans to teach. That is written right in the evaluation program.

It continues with regard to the core academic subjects, and it talks about the efforts that will be made to decrease shortages for professional development in poor urban areas and rural areas and communities, and it does an evaluation of these.

What it does find out, as it says on page 377:

''Each State or teacher training partnership''—that is either the State or local community—''receiving a grant . . . shall report annually on progress toward meeting the purposes of this part [upon which the grant was given] . . .. If the Secretary, after consultation with the peer review panel . . .''—and that has been spelled out—''determines that the State or partnership is not making substantial progress in meeting the purposes, goals, objectives and measures, as appropriate, by the end of the second year of the grant, the grant shall not be continued for the third year of the grant.''

I think that is pretty good, Mr. President, if we have a Secretary who we are going to hold accountable to this. I think that is pretty good. That is a tough evaluation. It identifies many of the points—virtually all of the points—that the Senator from New Mexico has identified. Whether it will be enforced, whether we will be serious about seeing that it is enforced is going to be the challenge that is going to be placed upon us.

Look at page 372 where it talks about the responsibility of the local partnership in encouraging teachers at the local partnership. The application will:

describe how the partnership will restructure and improve teaching, teacher training, and development programs, and how systematic changes will contribute to increased student achievement;

describe how the partnership will prepare teachers to work with diverse student populations, including individuals with disabilities and limited English proficient individuals;

Some might say that is too prescriptive in terms of establishing at least criteria where there will be competition for these resources. Describe how the partnership will help prepare teachers to use technology. We can have all the technology in the world in our classrooms, but if our teachers do not know how to blend it into curriculum, that is very significant to mention.

The point is, Mr. President, that I believe that in this program we have the most effective kind of evaluation and criteria and accountability that I have seen in higher education. We do not do as well as we should in most programs, I will agree with that. But it does seem to me that the committee has given very substantial consideration, first of all, in recognizing that so many of these programs here just did not measure up, did not have the support, and was not the way to go.

And the best way we were going to try to do it was to provide some resources—half the money to the States, half to the partnerships. We had a lot of debate about the allocations of resources, and then we established criteria which is spelled out and which has included many of the points of the Senator from New Mexico about what we hope will be achieved in those applications. And we do that for the States as well as the local partnerships. Then we have a tough evaluation program to hold the States and the partnerships accountable.

So I must say, although there is much to which the Senator has pointed out that I agree with, it seems to me that the danger that we are risking in accepting the Senator's amendment is that we will be denying important opportunities for States that for one reason or another will not meet the exact criteria. They will be denied. We will be cutting them off from any participation. I do not think that is the way to go. I think the evaluating programs and the enforcement mechanisms included in this bill are the way to go. So I hope that the amendment would not be accepted.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER (Mr. HUTCHINSON). The Senator from Indiana.

Mr. COATS. I won't belabor this because I think most of the points have been made. I do want to join both the chairman and the ranking member of the committee in opposing this amendment for all the reasons that were stated. We have spent a considerable amount of time and effort in the committee to try to address the very areas that the Senator from New Mexico has raised. We have worked with the Senator from New Mexico in attempting to incorporate a number of his suggestions and ideas.

I think the Senator from Connecticut raises a critical point relative to the fact that a chart out of Education Week does not really tell us the full status of where each of our States reside relative to these requirements. And because the Senator's amendment was substituted in lieu of another amendment, most of us are not able to get ahold of our State education departments at 8 o'clock in the evening to find out just exactly where we stand. We end up then potentially penalizing our States for failure to meet the requirements of the Senator's amendment rather than providing, as the Senator from Massachusetts said, incentives for them to do so.

Also, I point out to Members that the Senator's amendment violates the actual Department of Education Organization Act policy, which I would like to read from. Section 103, titled ''Federal-State Relationship'' says:

It is the intention of the Congress, in the establishment of the Department, to protect the rights of State and local governments and public and private educational institutions in the areas of educational policies and administration programs and to strengthen and improve the control of such governments and institutions over their own educational programs and policies. The establishment of the Department of Education [this was written into the code when the Department of Education was established] shall not increase the authority of the Federal Government over education or diminish the responsibility of education which is reserved to the States and the local school systems and other instrumentalities of the States.

It goes on to talk about basically attempting to micromanage from the Federal level decisions that even with the establishment of the Department of Education the intent of Congress is listed.

Now, in a sense, we are doing that. But we are doing that here in this bill in a way that encourages and still leaves the decisions to the States to determine what their policies will be, and in this regard, policies relative to qualifications for teachers.

We all support the goal of higher qualified teachers being available. But the Senator's amendment, I believe, takes us one step further than we ought to go by penalizing those States that do not have that standard. And I think there are some 15 or 20 that fall in that category. But as we now have learned, there may be several more. There is no way we can find out this evening. There may be several more that have modifications of that requirement that require it in certain disciplines but do not require it in other disciplines.

The Senator from Connecticut cited the example of an individual affluent in a native language that might major in a different subject, and yet because they do not need to major in that language, but then intend to teach in that subject, they want to have an academic major in another subject. Are we going to penalize a State institution which receives funds from the Federal Government for allowing that to take place?

I think there are unintended consequences here that we ought to realize. And we worked on this carefully in a bipartisan way. There was a unanimous consensus coming out of committee in terms of how we would address this particular issue—18 to nothing vote.

I urge Members to support the hard effort that has been put into this and not at the last minute here, on an amendment we really have not had time to review and even check with our States on, to add this mandatory language to this bill.

Mr. President, I yield the floor.

Mr. BINGAMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, let me just respond to the various points that have been made, and then I will yield the floor and we can get on to other business. I gather that it is not possible, because of the arrangements that have been previously made with some Senators, to go ahead with the vote. So it is going to be stacked for later.

Let me just respond to a couple points that have been made. The notion that we are trying to micromanage by putting this requirement in

Federal law, I do not think is accurate. We are saying, look, we give the States $1.8 billion to support these education training programs. Is it too much to ask that the education training programs that are being supported with this $1.8 billion provide academic instruction to the people who they are going to turn out to teach in our high schools? Is that too much to ask?

I mean, we are not asking that that be done for the elementary schools. Fine, you can continue to turn out people for the elementary schools who take nothing but education courses. We are not trying to interfere with that. But if you are going to teach at the high school level, you ought to take some kind of academic training. That is what this amendment provides.

The notion that this is overreaching by the Federal Government, the Senator from Indiana saying this violates the spirit or the policy that established the Department of Education, we have done the same thing with student loan default rates. We set it up with standards that need to be met. We have substantially reduced student loan default rates because of what we have done in that area.

We say here, fine, if you do not want the $1.8 billion, then do anything you want. If you want the $1.8 billion, then we will give you 3 years in which to figure out how to begin providing academic instruction to the people who are going to teach in the high schools.

I am in an awkward position here. Most of the people who have spoken against this amendment are from States that already require what the amendment is intended to require.

I am from a State that does not require what the amendment is intended to require, and I think we should. I think the State of New Mexico ought to require that anyone who is going into high school teaching have a major in some academic subject, not necessarily the one they wind up teaching in but in some academic subject.

I appreciate the concern of the Senator from Massachusetts and everyone else. They are genuinely concerned about what will happen to the 18 States. I represent one of the 18 States. I tell you what I think will happen to the 18 States. I think they will propose a little stiffer requirements. They will do a better job of teaching the teachers who are going into our schools. And I think the students of the country will benefit from that.

I think this is a responsible thing to do. I hope very much Members will support the amendment.

Mr. JEFFORDS. I ask unanimous consent the Bingaman amendment be temporarily set aside. I further ask unanimous consent that Senator DOMENICI be recognized to speak for up to 10 minutes, and upon the conclusion of his remarks, that Senator WARNER be recognized, and following that, we take up the amendment of Senator HARKIN.

Mr. HARKIN. Reserving the right to object, I now have been waiting at least 4 hours since I came on the floor. It was my understanding—just my understanding, I didn't consult with the manager of the bill—but it is my understanding I was to come right after the disposal of Senator BINGAMAN's amendment.

Mr. JEFFORDS. I point out, this will just take a very few minutes.

Mr. HARKIN. I thought you said there was another amendment?

Mr. JEFFORDS. It is one I don't think will take any time.

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

The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, I am the other Senator from New Mexico, so whatever has been said about the amendment, and who is for and who is against it, was not talking about my amendment.

First, I don't have any amendments. I rise to congratulate the committee on an excellent bill. By authorizing this Higher Education Act, the Senate is making a downpayment on our Nation's future. Benjamin Franklin, in the very early days of our country, put it best when he said, ''An investment in knowledge always pays the best interest.'' Sometimes around here we are talking about interest rates as if they apply only to the economy and the like. So Benjamin Franklin, even many years ago, was talking about interest. He said, ''An investment in knowledge pays the best interest.'' I believe that is right.

Building upon his statement and others, I say it is a simple fact that the future is prejudiced in favor of those who can read, write, and do math. A good education is a ticket to an opportunity to a secure economic future in the middle class of the United States.

As the earning gap between brains and brawn grows even larger, almost no one doubts today the link between education and an individual's prospects for a good and substantial livelihood and a good life in America. That is what the Senate is doing today in improving the postsecondary education system of our country. Incidentally, I said ''improving'' because it is already the best in the world. There are no countries in the world that have a postsecondary education system that comes anywhere close to ours.

So we are not here to be critical, we are here to offer improvements. In a nutshell, this bill improves the financial aid opportunities for students, creates a unified program to promote excellence in the teachers of our public schools, and streamlines the Higher Education Act by consolidating overlapping programs and eliminating unnecessary regulatory requirements.

Before I make some specific comments on provisions in the bill, I will quickly talk about my home State of New Mexico. We are a small State. Approximately 100,000 students are enrolled in New Mexico's public colleges and universities, with about 53,000 enrolled in community colleges and about 47,000 in universities. However, the number of high school graduates is expected to increase during the next decade and members of the current workforce are expected to seek additional education during that period.

Consequently, we must have a very high quality, low-cost college education available to a growing number of students. We must provide that regardless of income level, ethnic background, or place of residence. Students attending New Mexico institutions received more than $200 million in financial aid, counting grants and loans from all sources, during the 1995–1996 academic year. Thus, I believe that educational performance is a crucial element to our State's future. Speaking as a New Mexican, clearly, our state's future relies upon the capacity to prosper in this extremely competitive national-international economy and is directly related to the education we are able to give our young people.

Our colleges and universities directly and indirectly contribute to the economic vitality of our country and our State as they produce graduates with considerable intellectual depth and breadth, workers whose skills allow them to meet the demands of their employers, and first-rate research that helps to expand the boundaries of our knowledge.

Let me make a few comments about some provisions.

Title II: I congratulate the committee for improving teacher quality. Focusing on the two areas they have with reference to teacher quality and recruitment of teachers for underserved areas, first, the bill seeks to improve student achievement, improving the quality of the current and future teaching force by improving preparation of prospective teachers and enhancing professional development of activities; second, it seeks to increase the number of students, especially minority students, who complete high-quality teacher preparation programs.

Title III: the institutional aid title, creates a new grant program for tribal colleges—those are our Indian colleges, which obviously are severely underfunded and severely lacking in maximum professional qualities of their teachers—and the universities to strengthen services to Native American students.

Student financial aid is given a huge boost through several changes which I believe are in compliance with the 5-year budget agreement we made last year, which annually increased maximum Pell grant levels to the following amounts: $5,000 for academic year 1999–2000; $5,200 for academic year 2000–2001; $5,400 for academic year 2001–2002; $5,600 for academic year 2002–2003; and eventually up to $5,800 for academic year 2003–2004.

There are TRIO Programs that are given a boost through changes to the Student Assistance section under title IV which provides benefits to 700,000

students nationwide. Two-thirds of the participating students come from families where neither parent attended college and incomes are below $24,000. This bill reserves up to 2 percent of that program for the evaluation and dissemination of partnership grants.

The new Dissemination/Partnership provision would encourage partnerships between TRIO programs and other community based organizations offering programs or activities serving at-risk students.

The Federal Family Education Loan Program (FFEL) is stabilized in the following way. Student loan rates will be equal to the 91-day T-bill-plus-1.7-percent while students are in school, and plus-2.3-percent during repayment after graduation. The interest amount is capped at 8.25 percent and for PLUS loans, rates will be the 91-day-T-bill-plus-3.1 percent, capped at 9 percent for borrowers and lenders.

An innovative loan forgiveness program is also included for teachers. Thirty percent of a teacher's loans will be forgiven after the fourth and fifth complete years of teaching in a high-poverty school and 40 percent after the sixth complete year after meeting certain eligibility requirements.

Finally, there is the creation of new part within Title V dedicated solely to supporting the needs of Hispanic Serving Institutions that is authorized at $45 million for fiscal year 1999.

Mr. President, I believe we are taking an important step forward today by making an investment in our nation's future with the reauthorization of the Higher Education Act.

I close by saying, frankly, I believe that we have a magnificent post-high-school education system because there is great competition. As a matter of fact, there is no question in my mind that if we had similar competition or even a little bit of it in our public school system, we would not have the education bills that we bring before the U.S. Congress which are so detailed and give so much direction and have so many hundreds of programs.

Higher education is competitive. You can make your choice. It can be a private school, a public school. You can find the very best; you can find less than the very best. But everywhere you look, you will find an opportunity to get a good college education. That is because there are so many institutions that want to do this, love their work, and think they are part of America's future.

I end tonight congratulating the committee, in particular the chairman, for the good bipartisan work that has been accomplished on this bill. I am glad, on a matter of this importance, we are not fighting in a partisan way here on the floor but tonight will approve this bill by an overwhelming bipartisan vote which means we support secondary education in America in a big way. It is our future. I yield the floor.

Mr. WARNER. Mr. President, I am in consultation with the distinguished managers of this bill in hopes that an amendment can be accepted, and I am receiving, I think, very fine cooperation.

I would like to state my case so that Senators can fully understand the purpose of this amendment. There is an ever-increasing problem, regrettably, throughout America at our colleges and universities, and that is binge drinking. But first I would like to congratulate the chairman of the committee, Senator JEFFORDS, for all his hard work in crafting an excellent Higher Education Reauthorization bill. I am privileged to serve on the committee with the distinguished Chairman. Indeed, our distinguished ranking member, Senator KENNEDY, along with Senators COATS and DODD, must also be recognized for their efforts in this successful reauthorization legislation.

S. 1882 has several important provisions aimed at reducing and eliminating the illegal use of drugs and alcohol on college campuses. I applaud the provisions for competitive grants to institutions programs of alcohol and drug abuse prevention and education. In addition, the collegiate initiative to reduce binge drinking, included in the legislation as a Sense of the Congress, is also noteworthy as institutions try to change the culture of alcohol use on college and university campuses.

Mr. President, more can be done, I think, to change this culture of alcohol on college campuses. This past year—and I regret to have to be on the floor of the Senate to say this—there have been five alcohol-related deaths at colleges and universities in the Commonwealth of Virginia. Five. One inebriated student fell out of a dorm window to her death. A second inebriated student fell down a flight of stairs to her death.

In response to these deaths, the then-Attorney General of Virginia, Richard Cullen, created a ''Task Force on Drinking by College Students'' in November of 1997. The task force included forty-four members. Among them were parents of the deceased students, a representative from every college and university in the Commonwealth of Virginia, representatives of the business community, representatives of the law enforcement community, representatives of the legal community, and a number of members of the General Assembly of Virginia, our state legislature. The current Attorney General, Mark Early, assumed leadership of the task force in January of this year when he was inaugurated. He should be commended for all of his hard work and dedication in bringing to a conclusion the important work of this volunteer group, as it relates to the use of alcohol on college campuses. The task force met for the final time on July 1 of this year and prepared its recommendations.

One problem the task force recognized immediately was the restriction placed on colleges and universities by the Family Educational Rights and Privacy Act, known as FERPA, for schools to disclose a student's educational record to a parent without the consent of the student. The recommendation continues that it should be the policy and the practice of each college and university to notify parents of dependent students of violations of law as they relate to alcohol and drugs.

Mr. President, I could not agree more with this recommendation. As a parent, and indeed as a grandparent, I would want to know if my children were in the unfortunate position of being in violation of the law as it relates to alcohol and drugs while they were students at a college or university. I would want to step forward in a constructive way, as would other parents, to lend a hand and assistance to work with the faculty and administration of the college or university to help that student. But sometimes parents are not aware of these problems because of the provision as construed in FERPA. Our colleges and universities should be free to notify the parents of dependent students who have violated the law relating to drugs and alcohol.

My amendment, which I am still working on—and I understand, of course, it has to be accepted by the managers of the bill. There is no way to bring it to the attention of the Senate through a vote. The Amendment I seek is simple. It reads: ''Nothing in this bill shall be construed to prohibit an institution of postsecondary education from disclosing, to a parent of a student, information regarding violation of any federal, state, or local laws governing the use or possession of alcohol or drugs, whether or not that information is contained in the student's education records, if the student is under the age of 21.''

The federal Family Educational Rights and Privacy Act, FERPA, creates, we believe, an impediment to the disclosure of a nondependent student's educational records to parents without the student's consent. Notification of parents of dependent students of violations of alcohol and drug law should be the policy and practice of colleges and universities all across our Nation.

As a member of the Virginia delegation to Congress—and I am privileged to be one—I am trying to see that there is appropriate legislation—so that there is a presumption of dependency by colleges and universities for all students who are under the age of 21 for the purposes of this notification to parents. This would ensure that parents are informed when their sons and daughters had the misfortune of violating state alcohol law or drug laws.

Mr. President, that summarizes my views. I shall continue to work with the distinguished managers of this bill through the evening in the hopes that we can reach some understanding and that this measure may be incorporated in the bill.

You know, it is interesting. Tonight, I was very pleased to see an announcement by the President of the United

States of a decision to expend literally hundreds of millions of dollars on an advertising program to combat drug abuse to these young people. It seems to me that this provision I am offering simply enables the universities and colleges to bring in the parents of dependent students under 21 and involve them in a process, hopefully, to help the university and the administration. We are placing a tremendous burden on the administrative staffs of the universities and colleges. Why should they not have the benefit of parental help in tragic situations where there has been a clear violation of law as it relates to drugs and alcohol?

I thank the distinguished managers. Perhaps during the course of the evening, we can work out an amendment. The one I have here technically, for some reason, is not correct, but I have full confidence in the managers to see that we can get this done.

Mr. JEFFORDS. Mr. President, I thank the Senator from Virginia, who has been a tremendous help to me on the committee. I just point out that since he has been on there, the ability to get a consensus has grown immensely. A lot of it is through his savvy way of being able to pull people together to walk in the same direction. I deeply appreciate that. I assure him that this is a critical area, which all of us happen to be deeply concerned about. I will work with the ranking member of this committee to find a solution.

Mr. WARNER. Mr. President, I thank the Chairman for those kind words. I don't think I deserve any special credit. But I have over a quarter of a century of association with the distinguished ranking member. We went to the University of Virginia Law School at slightly different times. I was a member of the law class with his marvelous brother, Robert Kennedy, whom I adored in law school. I wish he were here tonight. He could stop this thing in a minute.

Mr. KENNEDY. We accept the amendment.

Mr. WARNER. Mr. President, then I will be seated.

Mr. DODD. I am sure your parents recalled quite frequently that you were both at the university. [Laughter.]

Mr. WARNER. I am not sure we wanted them to.

I thank the managers.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I have an amendment at the desk.

Mr. JEFFORDS. Mr. President, if I could ask the indulgence of the Senator, I think we are both willing to accept the Warner amendment, if we could have that offered and accepted, if that would be all right with the Senator from Iowa.

AMENDMENT NO. 3117

Mr. WARNER. I thank both managers.

I send an amendment to the desk

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Virginia [Mr. WARNER] proposes an amendment numbered 3117.

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

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

The amendment is as follows:

At the appropriate place insert:

Nothing in this bill shall be construed to prohibit an institution of postsecondary education from disclosing, to a parent of a student, information regarding violation of any Federal, state, or local laws governing the use or possession of alcohol or drugs, whether or not that information is contained in the student's education records, if the student is under the age of 21.

Mr. WARNER. Mr. President, it is my understanding that it is acceptable to both managers. I thank them.

Mr. JEFFORDS. It is acceptable.

Mr. KENNEDY. I urge acceptance of the amendment.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (No. 3117) was agreed to.

Mr. WARNER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. KENNEDY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3118

(Purpose: To reduce student loan fees, and for other purposes)

Mr. HARKIN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa (Mr. HARKIN), for himself, and Mr. REID, proposes an amendment numbered 3118.

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

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

The amendment is as follows:

At the appropriate place in title IV, insert the following:

SEC. ___. REDUCTION IN STUDENT LOAN FEES.

(a) FEDERAL DIRECT STAFFORD LOANS.—Section 455(c) (20 U.S.C. 1087e(c)) is amended by inserting '', except that the Secretary shall charge the borrower of a Federal Direct Stafford Loan an origination fee in the amount of 3.0 percent of the principal amount of the loan'' before the period.

(b) SUBSIDIZED FEDERAL STAFFORD LOANS.—

(1) AMENDMENT.—Subparagraph (H) of section 428(b)(1) (20 U.S.C. 1078(b)(1)) is amended—

(A) by striking ''not more than''; and

(B) by striking ''will not be used for incentive payments to lenders'' and inserting ''shall be paid to the Federal Government for deposit in the Treasury''.

(2) REPEAL.—Subparagraph (H) of section 428(b)(1) (20 U.S.C. 1078(b)(1)) is repealed.

(c) UNSUBSIDIZED STAFFORD LOAN AND PLUS LOAN INSURANCE PREMIUM REDIRECTION.—

(1) UNSUBSIDIZED STAFFORD LOANS.—Section 428H(h) (20 U.S.C. 1078–8(h)) is amended—

(A) by striking ''may'' and inserting ''shall'';

(B) by striking ''not more than'';

(C) by striking '', if such premium will not be used for incentive payments to lenders''; and

(D) by inserting at the end the following: ''The proceeds of the insurance premium shall be paid to the Federal Government for deposit into the Treasury.''.

(2) PLUS LOANS.—Section 428B (20 U.S.C. 1078–2) is amended by adding after subsection (f) (as added by section 427(2)) the following:

''(g) INSURANCE PREMIUM.—Each State or nonprofit private institution or organization having an agreement with the Secretary under section 428(b)(1) shall charge the borrower of a loan made under this section a single insurance premium in the amount of 1 percent of the principal amount of the loan. The proceeds of the insurance premium shall be paid to the Federal Government for deposit into the Treasury.''.

(d) EFFECTIVE DATES.—

(1) SUBSECTION (b)(1).—The amendments made by subsection (b)(1) shall take effect on the date of enactment of this Act.

(2) SUBSECTIONS (a) AND (b)(2).—The amendments made by subsections (a) and (b)(2) shall take effect on July 1, 1999.

(3) SUBSECTION (c).—The amendments made by subsection (c) shall take effect on October 1, 1998.

Mr. HARKIN. Mr. President, the amendment I just sent to the desk really can be called the Tax Reduction for College Students Amendment, because that is exactly what it is.

So all Senators who are interested in cutting taxes, I say listen up because this is your amendment because that is what this amendment does. It cuts taxes, and it cuts taxes for college students. Let me explain.

First of all, I would like to say the legislation we are considering today, the Higher Education Amendments of 1998, is a strong bill. There are many positive features of this legislation.

I want to commend Senators JEFFORDS, KENNEDY, COATS, and DODD for putting together a strong bipartisan bill. However, I believe that this amendment I am offering will do more to strengthen it even further.

So the amendment is simple. It cuts the tax which has become known as origination and insurance fees. But a tax by any other name is still a tax. That is what it is. This amendment cuts this tax, this student tax, by 25 percent.

In other words, it cuts it from 4 percent to 3 percent for students with Federally subsidized guaranteed and direct student loans. It is paid for by eliminating or reducing excessive government subsidies paid to the student loan middlemen—the guaranty agencies.

My amendment eliminates the 1-percent insurance fee paid by students on the subsidized Federal family education loans, and reduces the origination fee on subsidized direct loans by one point. The net result is that all students with subsidized loans will have these taxes cut to 3 percent. In real terms it means up to an additional $171.25 while a student is in school.

Sam Barr, from the University of Northern Iowa, wrote,

I have been in the financial aid profession since 1985. . . . Over the years, I have had the opportunity to meet with and counsel hundreds of students regarding loans. Many of these students have expressed concern regarding the fact that they received less money than they borrowed, and were very upset that they had to pay back the fees—with interest [even though they didn't get anything.]

Currently students pay the following taxes on their loans. Students with direct loans pay a 4-percent origination fee. Students with guaranteed loans pay a 3-percent origination fee, and a 1-percent insurance fee. In some cases, guaranty agencies currently waive a part or all of the insurance tax for some students with guaranteed loans.

For example, the Iowa agency waived half of the fee for students with guaranteed loans. California and Pennsylvania waived the entire 1-percent insurance fee.

So I have to ask, Mr. President, if some agencies are currently waiving the insurance fee on a selective basis, we really must question whether this revenue is really needed by the agencies.

Second, this benefit should be available to students on an equitable basis in all States and in both loan programs. Unfortunately, Federal law does not provide a similar break for students with direct loans. As a result, in my State of Iowa, more than half of the students that attend direct loan schools cannot receive this cut. In other words, Iowa waves half of the fee. So that brings it down to 3½ percent. That is for guaranteed loans, but half of the students in Iowa go into the Direct Loan Program. They have to pay the full 4 percent. That is simply not fair.

So my amendment provides an equitable distribution of the tax cut by providing relief for all students with subsidized guaranteed and direct loans instead of just a select few. It creates a level playing field between the two programs by cutting the combined student loan tax by 25 percent. The amendment will also ensure that all agencies will operate in the most efficient manner possible.

Mr. President, this insurance fee has been a part of the Guaranteed Student Loan Program since its inception. However, over the years additional subsidies were added to support the guaranty agencies. As a result, these agencies have accumulated huge reserves, currently in excess of $2.4 billion. So what we are doing is recalling about half of that money. But agencies will continue to hold over $1 billion in reserves needed to reimburse lenders for defaulted student loans.

In addition, the excessive subsidies have enabled agencies to pay lavish salaries in the past. At one point, a CEO of U.S.A. Group, the Nation's largest guaranty agency, was paid over $1 million in salary and benefits.

To be sure, the Department of Education has cracked down on this practice and has established a compensation ceiling to prevent agencies from using Federal funds to pay exorbitant salaries. However, it is clear that generous subsidies enabled this to occur. The Senate bill has revamped the guaranty agency subsidies.

Even with my amendment, these agencies will continue to be paid handsomely for their work and will receive in excess of $4.5 billion over the next 5 years.

So if you have heard from some of your guaranty agencies that the Harkin amendment is going to break them and cause them to go bankrupt, this chart will prove otherwise. Over the next 5 years, if you add up their fees, collections, investment income, and prevention fees, it adds up to almost $4.6 billion that they are going to get over the next 5 years.

Without my amendment, they are going to get probably about double that, about $8 billion over the next 5 years. So this is quite sufficient to take care of any problems that they might have—$4.58 billion.

Mr. President, I am fully aware of the opposition to this amendment. The guaranty agencies are obviously opposed to it. Critics have called it a thinly veiled attempt to destabilize the Guaranteed Loan Program to force schools to enter a Direct Loan Program. But how could that be true? For example, in Iowa, as I said, in my home State, the State has waived half the fee. Students under the Guaranteed Loan Program pay 3½ percent. Under the Direct Loan Program, they pay 4 percent. These kinds of anomalies occur in a lot of States. All I am saying is make them both the same; make them both 3 percent.

That is what my amendment does. As I have stated in committee repeatedly in the past, I have supported the two loan programs. The competition of the Direct Loan Program has led to dramatic improvements in the Guaranteed Loan Program, and I think the result has been very positive for our students when we have both of these programs. But they are uneven and they are unfair.

Now, opponents also allege my amendment would cause individual agencies to become insolvent, thereby jeopardizing the payment of default claims by lenders. Absolute nonsense. In 1992, in the aftermath of the failure of the Higher Education Assistance Foundation, the law was changed to make it clear that default claims would be paid by the Federal Government in the event of the insolvency of an agency—period.

Well, Mr. President, over the past 17 years, since the inception, in 1981, of this program, the lender subsidy has declined dramatically, from about $1.9 billion in fiscal year 1982 to less than $300 million last year. Unfortunately, students have not seen a commensurate reduction in the student loan tax. In fact, students are actually paying more. Revenues from the program, the origination fees, have more than doubled. In 1982, when it started, revenues were $292 million; last year, they were $629 million. So students are paying more.

The President's fiscal year 1999 budget proposed phasing out the fee for the neediest students over the next few years. I wish we could do that this year. However, I recognize that elimination of the tax probably does not seem possible at this time. So this amendment takes the first step with a 25-percent cut in the tax for the neediest students.

Last year, we provided a significant boost to the Pell grant. We raised the maximum grant by $300 million to $3,000 per student. This effort received strong bipartisan support. My amendment will have a similar impact for students. It puts more money in their pockets to pay their educational expenses. This chart shows that.

What this amendment does is it basically says that over a 4-year period the reduction in the tax will mean a savings of about $171.25 per student. Now, to those of you who don't think that is much money, that buys a lot of textbooks for a student going to college. It buys a lot of textbooks.

These students, the neediest of students need every penny they can get to pay tuition and buy their books in school. Again, they are frustrated when they go in and borrow the money and they pay the fee, and they get less money than what they borrowed. And then when they pay it back, they even have to pay interest on the money they never got. Very unfair.

Well, my amendment has the support of virtually every major higher education group, and I have a number of letters in support of this amendment. I ask unanimous consent, first of all, that a list of organizations supporting the amendment be printed in the RECORD.

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

ORGANIZATIONS THAT SUPPORT THE HARKIN AMENDMENT

Secretary Richard Riley.
American Council on Education.
American Association of Community Colleges.
American Association of State Colleges and Universities.
Association of Jesuit Colleges and Universities.
Council of Graduate Schools.
Council of Independent Colleges.
National Association for Equal Opportunity in Higher Education.
National Association of College and University Business Officers.
National Association of State Universities and Land-Grant Colleges.
National Association of Student Financial Aid Administrators.
U.S. PIRG.
U.S. Student Association.
The Education Trust.
The National Association of Graduate Professional Students.
Association of American Universities.
California Community Colleges.
California Association of Student Financial Aid Administrators.

Mr. HARKIN. I have several letters here—one from the Secretary of Education, Richard Riley, in support of this amendment; one from the American Council on Education in support of the amendment; one from a consortium including U.S. PIRG, United States Student Association, the Education Trust, and the National Association of Graduate Professional Students in support of this amendment, and, lastly, one from the National Association of Student Financial Aid Administrators in support of the amendment.

Mr. KENNEDY. Will the Senator yield for a question?

Mr. HARKIN. I will be delighted to yield.

Mr. KENNEDY. Is it the Senator's understanding that this origination fee was really developed to help pay costs of the loan program when we had soaring interest rates?

Mr. HARKIN. That is exactly right, these huge, high interest rates.

Mr. KENNEDY. So it was really an insurance program in terms of the loan program at that period of time. And then as the Senator makes the point now that we have virtually a strong economy, we have stable interest rates, low interest rates in terms of these programs, whatever justification was there at that time certainly is not there at the present time but still this fee has been maintained.

The Senator, as I understand, has spelled out that with his amendment there is still going to be a sound economic situation in terms of the total program, and that we are going to save at a time, as the Senator from Connecticut and others have pointed out, of ever-increasing costs and the pressure that is on middle-income families and working families, you are talking about, what is it, $171?

Mr. HARKIN. Yes, $171.

Mr. KENNEDY. And that is a lot of money for an awful lot of students. I can remember in my own State of Massachusetts when the University of Massachusetts in Boston had $1,000 a year tuition, 85 percent of the parents of the students who attended that university had never gone to college and 85 percent of them worked 25 hours a week or more. And when they raised the tuition by $100, they lost 15 percent of their applications—15 percent.

It is a real reflection—when you are talking $170, we are talking about a lot of books. We are talking about a real lifeline, in many instances, to sons and daughters of hard-working families, I know certainly in many of the urban areas and I believe in the rural areas, as well.

We have followed this issue for a long period of time. The Senator has been a constant advocate for moderating the cost of higher education over the long time that he has been in the Senate, and it has been a challenging one. But he, I believe, has made a very solid recommendation, and I would certainly hope his position is sustained.

I urge all of our colleagues to support his amendment.

Mr. HARKIN. I thank Senator KENNEDY for those comments in support of this amendment.

The Senator is absolutely right. This came in at a time when there was extremely high interest rates, used as an insurance policy. And then for some reason it just continued on and on and on and on. Again, as I pointed out, we have reduced some of the subsidies over the intervening years, but for some reason this student tax continued on. There is absolutely no reason for it today, and, as the Senator from Massachusetts pointed out and as this chart clearly shows, even with my amendment, over the next 5 years they are going to get $4.6 billion that they really don't even need. But they have it. Do they need twice that much? Do they need $8 billion? I don't think so.

So let's give our students a little bit of a tax break. Everybody is always talking about giving people tax cuts around here. Here is one you can vote for. Here is one that has an immediate impact right now. That means these students going to college this fall will have an extra amount of money to buy that textbook or to pay their tuition costs. For some people, $171 may not sound like a lot of money. But for a low-income student, families working hard trying to get their kids into college and through college, that is a lot of money. And it is money that is not needed by these guaranty agencies. It is just not needed. They get plenty of money, $4.5 billion. So I hope the Senate will support this very modest amendment. It is not cutting the whole thing. It is just cutting it by 25 percent. I think our students deserve that tax cut.

I am a product of student loans when I went to college. Neither one of my parents went to college. They didn't have any money, so I had to borrow money to go to college. But in those days we had the National Defense Education Act which came in under the Eisenhower administration. We borrowed the money. We never had to pay any interest on it all the time we were in school, never had to pay any interest on it when we were in the military. Finally, when I got through law school, I had to start paying back the loans and the interest started accruing on it.

I always thought what was good for our generation ought to be good for the present generation. I don't know why it shouldn't be that way. This is one step we can take to tell at least the neediest students today that they deserve to have a tax break and they deserve to have a little bit more money to buy their textbooks. So I urge the adoption of the amendment.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. Mr. President, I rise in strong opposition to the amendment put forward by my colleague, Senator HARKIN. I think what is really intended here is an effort to try to undermine the effectiveness of the FFEL Program. I know my good friend from Iowa is a fan of direct lending. I know the same is true of my colleague from Massachusetts. And any way that they can try to undermine the FFEL Program and increase the capacity of the direct loans to somehow supplant it, is an effort which I can understand.

I have been involved in this a long time. I was involved in creating the commission that ended up recommending direct lending. We have tried very hard to make sure these programs operate on a basis of fairness and comparability. So far, that has worked well.

This bill provides nearly $1 billion each year in new benefits. Many of these benefits were paid for by offsets found within the guaranteed student loan program.

Pell grants—S. 1882 raises the maximum Pell grant to historically high levels and authorizes $85.6 billion in Pell grants over the next 5 years.

Other student assistance—S. 1882 authorizes more than $15 billion over the next 5 years for work-study grants, TRIO Programs, SEOG, childcare grants for low-income students and other important programs.

Loan forgiveness for child care providers—S. 1882 authorizes more than $50 million over the next 5 years to provide loan forgiveness to low-income individuals who pursue careers as child care providers.

Loan forgiveness for teachers—S. 1882 authorizes more than $615 million over the next 10 years to provide loan forgiveness to teachers who pursue teaching careers in private or public secondary or elementary schools that serve low-income families.

Extended repayment options—S. 1882 permits, at a cost of $290 million over 5 years, borrowers in the FFEL program with debt levels equal to or greater than $30,000 to be offered extended and graduated repayment terms similar to those available in direct lending.

Student loan interest rate—And finally, and without doubt the most important benefit we are offering to students, is the low interest rate. S. 1882 preserves two vital and healthy loan programs while providing students with the lowest interest rates they have enjoyed in nearly 20 years. By some estimates, this interest rate will provide students with a new benefit (in reduced interest costs) of nearly $11 billion.

These examples speak for themselves and they reflect the strong commitment I share with my colleagues to encouraging greater participation in higher education. The debate in which we are now engaged does not reflect upon one's commitment to student benefits. S. 1882 already provides nearly $1 billion in new student benefits each year. The issue which we must now confront is whether we are truly committed to preserving the stability of two student loan programs. The Harkin amendment, I believe unintentionally, would destroy the hub of the FFEL program by putting more than

twenty-two guaranty agencies, including the Vermont Student Assistance Corporation, out of business—out of business.

I want to reiterate this point. In order to provide some students with a maximum of a $42 per year benefit, this amendment undermines the guaranty agency financing model and threatens the continued viability of the FFEL program both now and in the future. The choice is quite clear—a vote for the amendment offered by Senator HARKIN is a vote to destabilize the FFEL program. A vote against the amendment offered by Senator HARKIN is a vote to preserve the many benefits that the FFEL program so successfully offers to students and their families. I strongly urge my colleagues to oppose this amendment.

I point out that the $172 that was mentioned is over 4 years. It doesn't sound quite as much when you talk about 4 years as it does in 1 year. That is a few six-packs of beer a year. It is significant, perhaps a single text book, but certainly not something that is going to make a huge difference to any student.

I point out, this Federal fund and the insurance premium were created to try to take care of student loan defaults, to take care of the times when student's default on their loans, or loans are discharged due to death or disability.

Mr. President, 43 percent of the total cost of the FFEL Program are student loan defaults. This insurance premium helps take care of those defaults.

I would like to address for a moment the student and family benefits that are provided in this bill. S. 1882 reflects a strong bipartisan—in fact, unanimous commitment of members of the Senate Labor Committee—to craft a bill which strengthens and expands the access to higher education.

We have built up a dual system of competition perhaps. But we have two student loan systems that are more in balance now, and this bill balances those two systems again. This amendment would attempt to unbalance it, to again favor the direct lending program by taking a benefit away from one program and giving it to the other, and along the way, perhaps putting many of the present guaranty agencies that provide assistance to our college students out of business.

So I urge Senators to take a look at what this amendment really does. The minimal gain, $42 a year, which might possibly occur, is no balance to the risk of putting this whole program into a position where it could fail, at a cost of billions to students and the Federal Government.

Mr. SANTORUM. Mr. President, I rise to oppose the amendment offered by the Senator from Iowa. This amendment, which purports to lower guarantee fees on student loans, would, in actuality, increase fees for borrowers in Pennsylvania and elsewhere.

Under current law, student loan guarantee agencies participating in the Federal Family Education Loan Program (FFELP) have the option of charging borrowers a guarantee fee of up to 1% for subsidized Stafford loans, unsubsidized Stafford loans, and PLUS loans. Amendment No. 3117 would eliminate the optional guarantee fee for subsidized Stafford loans, and it would reduce by 1% the guarantee fee on Direct subsidized loans administered by the Department of Education. The costs of this provision would be offset by obligating guarantee agencies to charge the full 1% guarantee fee on all unsubsidized Stafford loans and PLUS loans.

The Pennsylvania Higher Education Assistance Agency (PHEAA), which guarantees loans for borrowers within the Commonwealth, presently waives the guarantee fee for both subsidized and unsubsidized Stafford loans, as well as the fee for PLUS loans. In addition, PHEAA also waives all guarantee fees for borrowers in West Virginia and Delaware, the two states for which it has been designated by the state's governor as the guarantee agency. Should Amendment No. 3117 become law, PHEAA would be compelled to begin charging a 1% fee on unsubsidized Stafford loans and PLUS loans. Consequently, total guarantee fees charged to student borrowers in Pennsylvania, West Virginia, and Delaware would actually increase.

Consider that in FY1997, PHEAA guaranteed $651 million in unsubsidized Stafford loans for 172,000 students and $171 million in PLUS loans for 28,000 parents. None of those borrowers were charged a guarantee fee. However, if this amendment had been law, it would have cost those borrowers $8.22 million in total guarantee fees. Moreover, 20% of FFELP borrowers nationwide receive fee waivers or fee reductions from their guarantor. Consequently, Amendment No. 3117 would increase fees for borrowers in states other than just those serviced by PHEAA. As such, I must oppose this amendment, and I urge my colleagues to join me in doing so.

The PRESIDING OFFICER (Ms. COLLINS). The Senator from Arkansas.

Mr. HUTCHINSON. Madam President, I rise in strong opposition to the Harkin amendment. I commend our chairman for the outstanding leadership on this legislation, but I have concerns on the impact of this legislation, what it would do to making student loans accessible to millions of our students.

At the core of making higher education affordable and accessible are two programs we have heard much about: The Federal Family Education Loan Program, or FFEL Program, which, through public-private partnership, has successfully provided loans to millions of students since 1965. The second program is the Direct Student Loan Program, a program initiated by President Clinton, and a program I think designed to make the Department of Education the largest student lender in the country. In fact, there are currently 36 active State and private nonprofit guaranty agencies, including the Student Loan Guarantee Foundation of Arkansas.

These guaranty foundations work closely with students, with families, with schools, and lenders to process loans, prevent loans from going into default, and pay claims on and collect on those loans that do default as a part of the traditional Guaranteed Student Loan Program, the FFEL Program.

Over the past 33 years, FFELP student loan providers have reliably delivered more than 92 million loans totaling $245 billion. Two-thirds of all student loans are provided by the private sector via the FFEL Program.

FFELP is cost effective for the Government, and the competitive environment spurs FFELP innovation and high-quality service. Reducing student loan original fees—which this amendment does not do—reducing student loan origination fees which are paid by students to the Department of Education, I believe, is a laudable goal, something we need to study and something we may do, but the amendment we are debating, the Harkin amendment, does not reduce the 3 percent origination fee paid by students in the Guaranteed Student Loan Program. Rather, it eliminates the 1 percent insurance program, also called the guaranty fee.

It is interesting, when you are against something, you call it a tax. And this fee has tonight been called a tax. Suddenly, we are voting for a tax decrease, a tax cut. But this guaranty fee has, in fact, preceded even the nationalizing of this loan program. It goes all the way back to 1965. This was not enacted as a temporary measure because of economic conditions. The original fee, in fact, was, but we are not dealing with the original fee, we are dealing with the guaranty fee, the insurance premium fee. That is what the amendment would do this evening.

That serves as the primary source of revenue to guarantors, intended to help offset the risk of default on student loans. Without the insurance premium coming in on the new guaranteed loans, guaranty agencies will have insufficient funds in their Federal reserve fund to pay lender claims on defaulted loans. Many of them will for sure. In fact, losing the 1 percent insurance fee equates to approximately 40 percent of revenue for the Student Loan Guaranty Foundation in my home State of Arkansas.

I believe—I think I am correct in this—that of all the institutions of higher learning in Arkansas, there is only one currently using the direct lending program. All the rest have opted to continue in the FFEL Program, and we seriously jeopardize the guaranty foundation with the Harkin amendment; therefore, we jeopardize the accessibility of student loans to hundreds of thousands of students who are going to need those loans now and in the future.

With less money in their reserve to process loans and pay lender claims on defaulted loans, the Arkansas guaranty agency could be forced out of business in less than 2 years. So I say to the competition, which has been lauded as being such a good thing, such a meritorious thing, it would be eliminated as the bias is made toward direct student lending, and the FFEL Program which has served my State so well would be jeopardized.

Madam President, the Harkin amendment, I believe sincerely, is a wolf in sheep's clothing. It would essentially kill the guaranteed loan program by driving guaranty agencies out of business. If schools really wanted to be in the Direct Loan Program, then over 80 percent of them would not have chosen to remain in the guaranteed loan program, which I believe we threaten by this amendment.

I urge my colleagues to support the loan program, which provides private capital and servicing for nearly two-thirds of all Federal student loans, and do so by opposing the Harkin amendment.

I yield the floor.

Mr. HARKIN. I wonder if the Senator will yield for a little colloquy on that issue to try to get something straightened out.

Mr. HUTCHINSON. I will be glad to yield. I will be delighted.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. I ask my friend from Arkansas——

Mr. HUTCHINSON. I will be glad to yield for a question. I am not sure I have the authority to yield for a colloquy.

Mr. HARKIN. I will enter into kind of a colloquy on the floor here. I thought I would ask a question——

Mr. FORD. Just ask unanimous consent to have a colloquy.

Mr. HUTCHINSON. I would be delighted.

Mr. HARKIN. I ask unanimous consent to have a colloquy.

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

Mr. HARKIN. I submit to my friend from Arkansas that one of the greatest myths about the guaranteed loan program is that the agencies are the real guarantors of the loans. I listened to the Senator and I listened to the Senator from Vermont also talk about putting the agencies in jeopardy by reducing the amount of money to pay for defaulted loans—at least that is what I heard—that my amendment might put them in jeopardy.

I think, contrary to popular belief, the Federal Government is the guarantor, and this changed in 1992. So I think there is a holdover from the previous era. In 1992—and I will just read to the Senator from the law itself: ''Consequence of guaranty agency insolvency. In the event that the Secretary has determined that a guaranty agency is unable to meet its insurance obligations under this part, the holder of loans insured by the guaranty agency may submit insurance claims directly to the Secretary, and the Secretary shall pay to the holder the full insurance obligation of the guaranty agency.''

Mr. HUTCHINSON. If I might respond, if I understand what you have just read from the law, that while that ensures the fact the Federal Government is the ultimate guarantor, that that only occurs when the guaranty foundation, the guaranty agency, has faced solvency, and that is my very concern.

Yes, while there may be an ultimate protection, before that ultimate protection is realized, the agencies that have served our students so well would, in fact, face insolvency. That is my concern for the State of Arkansas; that is my concern for the students of Arkansas.

Mr. HARKIN. I think the Senator makes a good point. As I pointed out, even with this modest cut of 25 percent, that leaves, over the next 5 years, $4.58 billion for these guaranty agencies. I haven't seen any evidence that this would be at all insufficient in the future for these agencies.

Mr. HUTCHINSON. If I might just conclude, we can stand here and debate and have a colloquy over the numbers you presented. I cannot and would not question the numbers you presented my colleagues, so I will not speak on the aggregate that you presented. But I will say that while you are dealing with the aggregate, you are not speaking to the specific circumstances and situations of guaranty foundations across the country. I only know in particular how it would impact the Arkansas Guaranty Foundation, which has served our State well, and I believe that the numbers in Arkansas reflect that it, in fact, could face insolvency in a matter of years should the Harkin amendment be adopted. And that is the basis of my very sincere and very strong opposition.

Mr. HARKIN. And I understand that. I want to make a couple points, I hope, clear, and that is, the Federal Government is the ultimate guarantor, not the guaranty agency.

Mr. HUTCHINSON. I understand, though, that if the guaranty foundation is insolvent, if I heard you read the law correctly——

Mr. HARKIN. That is correct.

Mr. HUTCHINSON. That is my very concern—then we would force students into direct lending. We would force institutions to adopt that program whether they want to or not.

Mr. HARKIN. Again, Madam President, I just want to point out, again, I do happen to have these figures available. For the State of Arkansas right now, the reserve fund is $7.9 million—$7.9 million that Arkansas has in its reserve fund. Even under my amendment, the yearly revenue for the next 5 years will be $3.8 million a year. So for the next 5 years, that will be another almost $20 million coming into Arkansas, and Arkansas has, as I said, a $7.9 million reserve fund right now.

Mr. HUTCHINSON. If I might just respond to that, the numbers we have indicate—and these are as of July 3, 1998—the cash reserve is $6.8 billion, which is considerably different from the numbers that you are presenting, and that, in fact, the information I have is that reserve would be jeopardized to a far more significant degree than what you have reflected.

Mr. HARKIN. The Senator may be right. My figures are from the end of the last fiscal year.

Mr. HUTCHINSON. Then I think it is certainly precarious for the foundation.

Mr. HARKIN. The Senator just said the reserve fund was $6.8 million as of the end of this last month; is that what the Senator said?

Mr. HUTCHINSON. That is what I said.

Mr. HARKIN. $6.8 million. Even under my amendment——

Mr. HUTCHINSON. What was the number that you gave for——

Mr. HARKIN. $7.9 billion as of the end of the last fiscal year.

Mr. HUTCHINSON. That would be a drop of $1.1 million in less than a year.

Mr. HARKIN. That is right.

Mr. HUTCHINSON. Without the Harkin amendment. With the Harkin amendment, it will be a considerable decrease in addition to that. Once again, I would say the projections are, within 2 years they would be insolvent, and the worst case scenario would become a reality in the State of Arkansas.

Mr. HARKIN. In the State of Arkansas, the Harkin amendment would continue to give $3.8 million over the next 5 years. That is hardly going insolvent.

Mr. HUTCHINSON. They have lost $1.1 million without the Harkin amendment in the reserve fund. So, Madam President, I would say, once again, my concern is for the students of Arkansas, that they have a competitive environment for student loans. I believe that will not continue if the Harkin amendment is adopted and that, in fact, the end result, intended or otherwise, will be to force institutions into direct student lending, which I do not think is in the best interest of the students of my State or this country.

I yield the floor.

Several Senators addressed the Chair.

Mr. HARKIN. I believe I have the floor.

The PRESIDING OFFICER. That Senator is correct.

Mr. HARKIN. I say to my friend from Arkansas, once again, without going further, I don't know why that went down $1.1 million. A lot of times these agencies dip into reserve funds to pay salaries and benefits and things like that. I don't know why they dipped in the reserve funds.

I just say that even $6.8 million for the State of Arkansas, with $3.8 million per year, is more than enough for

the reserve fund. And, secondly, I say that in the worst case scenario that the Federal Government still is the guarantor. And, lastly, I just point out that unless one is totally pessimistic about the economy over the next 2 or 3 or 4 years, saying that everything is just going to go down the tubes, that we are going to have plenty of money in this reserve fund, even with this amendment.

(Mr. HUTCHINSON assumed the chair.)

Mr. HARKIN. Lastly, I just say to my friend from Arkansas, who now has assumed the chair, that there was some mention made that this amendment was a direct threat to the Guaranteed Loan Program and a way of tilting it toward the Direct Loan Program. And, again, I say that nothing could be further from the facts here, because my amendment takes a cut of 25 percent in both the Guaranteed Loan Program and in the Direct Loan Program. It puts them both at 3 percent. So it makes the playing field absolutely level. It does not give one a benefit over the other.

Mr. President, I yield the floor.

Mr. REED addressed the Chair.

The PRESIDING OFFICER (Mr. DEWINE). The Senator from Rhode Island.

Mr. REED. Thank you, Mr. President.

I believe the Senator from Iowa has introduced a very worthy amendment that is consistent with the overall thrust of the legislation to provide more affordable access to college for hundreds of thousands of American students. I hope that his amendment will prevail.

It also, I believe, compliments many other portions of this legislation which is particularly directed at providing more opportunities for Americans to go on to higher education.

One aspect that I think it compliments is the existing State Student Incentive Grant Program. This is a program that has been operating for years to provide Federal resources to local communities, to States, which they match dollar for dollar, which provides grants and work-study programs for students.

As you recall, last year this provision was threatened with extinction because of no appropriations. But we in the Senate were able to rally support by an overwhelming vote and restored this program. I am pleased to say that the legislation that we are debating today, the underlying bill, makes significant improvements in the State Student Incentive Grant Program. It strengthens it, provides more flexibility for the States. And I hope we will provide further support, not only here but in the other body, so that we can continue to fund this very worthy program.

Once again, this program, like the Senator's amendment, is designed to provide particularly low-income American students access to higher education, to make higher education more affordable.

Also, having this opportunity to speak briefly for a moment, I would like to point out another aspect of the underlying legislation which I think is very important, and that is the strengthened provisions for teacher education.

I was very pleased to note that many provisions of legislation introduced to strengthen teacher education have been incorporated in the underlying legislation. In particular, I was very pleased to introduce legislation under S. 1169, the Teacher Excellence in America Challenge Act, or the TEACH Act. This legislation was based upon a national commission to report what matters most, teaching in America, which essentially pointed out that we have a long way to go to ensure that every child in this country has a high-quality teacher in the classroom. Yet, we can take steps to get us to that worthy objective.

One step we can do is to force partnerships between schools of higher education and actually elementary and secondary schools and other participants, essentially incorporating a model of education much like medical education. We would never think about going to a physician that had no extensive clinical training, yet we send young teachers into the classroom that have barely weeks of actual classroom experience.

So I hope building on this commission's report, building on the language of this particular legislation, that we can improve dramatically the quality of education and teachers in this country.

Just as an aside, several weeks ago, Massachusetts conducted its first intensive testing of prospective teachers. They found, in a shocking way, that 59 percent of these teachers failed an examination which was designed to test a strong 10th grader, basically focusing on simple grammar, English, writing, and mathematics. This is a shocking indication of how far we have to go to improve teaching in America. And the underlying legislation has provisions which I have introduced separately which have been incorporated which will do that.

By and large, this is an excellent piece of legislation. I, of course, commend Senator JEFFORDS and Senator KENNEDY for their leadership, and Senator COATS and Senator DODD, and all the members of the committee. And, once again, I hope that we will quickly not only adopt the amendment of the Senator from Iowa, but also the underlying legislation which is a strong bipartisan attempt to further increase and strengthen the access to college for American students. In doing so, I think we will go a long way in keeping faith with a very important part not only of our country, but making sure that the future of our country is strong.

With that, I yield back my time.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Mr. President, the hour is getting late. I doubt too many Members are listening to this debate. I will be brief because I know we want to move on to get these amendments finished so we can begin voting. I would like to just briefly respond regarding this amendment. And I will not repeat the benefits that flow to students under this legislation. Senator JEFFORDS of Vermont outlined those benefits: almost $10 billion in new student benefits paid through extensive loan provider cuts and other means over a period of years.

I think it is important to recognize that students benefit greatly from this legislation. It is kind of ironic that we are spending this amount of time debating a bill that came out of committee on a unanimous vote, 18–0. We felt we had a bipartisan package put together that would sail through the Senate here, but we are obviously tied up a little bit on some of the provisions. Hopefully, we can resolve some of them.

I think it is important to recognize that what those of us who oppose the Harkin amendment are doing, as we have done on a number of other amendments, is trying to preserve a viable, competitive system in terms of providing service and collection and the provision of loans to students. There has been a concerted effort over the past 6 or 7 years to eliminate the private sector loan program in favor of a full Federal-run program. There were efforts to take it to 100 percent. Those were thwarted after a lot of contentious debate under previous Congresses.

But I thought at least finally we had settled on the concept that competition is good, competition within the system is good, and we ought to have two programs side by side—a direct loan program run by the Federal Government, the Department of Education; and a private program that was operated in the private sector, involving guarantor agencies and banks and others that provided students benefits for years. And it was, of course, backed by the Federal guarantee. But it operated pretty well. There were concerns that those guarantor agencies were reaping too much benefit from that particular program.

So over the last several years there have been a variety of measures enacted which substantially reduce the fees that go to the guarantor agencies. This bill takes $500 million from the guaranty agencies to pay for student benefits. Between 1993 and 1997, revenue to student loan guarantors was cut by $2 billion. That is $2.5 billion we have taken out. Student loan guarantors get back another $1 billion in reserves over the next 5 years under the Balanced Budget Act that the Congress entered into last year. As a consequence of that, the concerns that were raised by the Senator from Arkansas become very real.

Ten student loan guarantors have ceased operations due to increased

risk, declining revenues. The Alabama Commission on Higher Education, Delaware Higher Education Loan Program, Maryland Higher Education Loan Corporation, Mississippi Guaranteed Student Loan Agency, Ohio Student Loan Commission, Puerto Rico Higher Education Assistance Corporation, the State Education Assistance Authority of Virginia, the State Student Assistance Commission of Indiana, the Student Loan Funds of Idaho, and the Virgin Islands Board of Education have all ceased operations.

I don't think it is possible to accurately predict just which future agencies will go out of business as we keep squeezing the private sector and keep expanding benefits and provisions through the public sector, but a list has been put out that guaranty agencies would fail in a number of States over the next several years if the Harkin amendment is adopted and if the process of continuing to impose restrictions and squeezing the revenues of the private sector so they can't compete equally with the public sector continue to be enacted.

Now, the ultimate decisionmakers shouldn't be Members of Congress or the Department of Education. The Department of Education, obviously, has a bias in favor of expanding their scope in this program and becoming the only provider. That is what their intent was originally. That is what they have been working for. They have had the support of some Members of Congress on that.

I think we ought to go back to some basic philosophic understandings of what it is in this country that has proven over time to provide the most effective service and benefits at the most effective cost. And it hasn't been the Federal Government. You can't point to agencies of the Federal Government—whether it be Post Office, which used to be under the Federal control, but now is semi-independent—you can't point to any agency and compare it to a private agency and say the Federal Government is a more efficient provider of services at a more effective cost.

I remember asking the First Lady when she presented the Clinton health care plan, I said, ''Mrs. Clinton, you have done a lot of work on this particular plan, but there is, in my opinion, a faulty assumption underlying the entire proposal, and that is that the Federal Government can provide services more efficiency and cost effectively than the private sector.'' I said, ''In my experience here in Washington, I haven't come across any Federal Government program that has been able to do that. When matched head to head, they haven't been able to do that.'' The reason they haven't is because they don't have to compete. They don't have stockholders to whom they are accountable. They don't have a bottom line they have to reach. They simply turn to Congress for additional funds to fund whatever service they are providing. The very nature of bureaucracy and the very nature of monopoly leads to the inevitable conclusion that the taxpayer loses in the long run when the services aren't provided.

So here we are yet again with yet another amendment designed to put the private sector at a less competitive advantage. As I said, the real decisionmakers in this process ought to be the users of the product. And the users of the product are the schools.

Despite credible efforts by the Department of Education, in fact, some fairly heavy-handed tactics in some cases, two-thirds of all students choose to use the private sector to provide their loans and only one-third choose to use the Department of Education. The Department of Education, even within that one-third, which is less than what they had planned for, is having trouble even providing effective services to that one-third.

Let me refer to a GAO account which gave failing marks to the Federal Government and a number of Federal credit programs. Their report is not news to anyone who has followed the debacle that has occurred at the Department of Education in administering the Direct Loan Program. During its first 5 years, institutions have been unable to fully reconcile disbursements received in Federal funds. There have been cost overruns estimated at $40 million, despite ongoing problems in the Direct Loan Program and their attempts to protect it, either through the imposition of additional fees, cuts, additional revenue squeezes on the private sector, and additional protections for the Direct Loan Program.

So I think putting aside the intricacies of this program and whether there was an origination fee or an insurance fee, whether there is enough in the reserve fund for 5 years or 3 years or whatever, we ought to go back to the basic premise of, do we want to substantially expand the role of a department of government which has not proven itself an efficient administrator of these services, which has not proven itself as an entity capable of providing services in an efficient manner?

But if we are not going to do that, do we at least want to have a viable, competitive process, whereby the users of the product can make the choice? I think that is really what this is all about. We need to remember that last year's bipartisan balanced budget agreement called for the preservation of two healthy loan programs and that if there were cuts, those cuts should be equally divided between those two programs. That has not happened under the Harkin amendment. The cost of the 25-percent reduction that the Senator from Iowa is talking about doesn't come out, it is not equally divided between the Direct Loan Program and the FFEL Program, the entire cost savings comes out of the FFEL Program.

So it is a violation of what the agreement was last year, the balanced budget agreement. It violates the principle of that agreement by taking the fee from the private sector program and using it to cover the cost of loss of revenue in the public sector program that results from the change that occurs under the Harkin amendment.

I urge my colleagues to vote against the Harkin amendment, preserve the benefits and the balance that was created by the committee, supported by the committee in an 18–0 vote, and move forward with this education program that I think is important for our students and important for education initiatives that are in it.

I yield the floor.

Mr. JEFFORDS. I believe we are reaching conclusion on this amendment. It is my intention to make a few comments and then I believe Senator HARKIN will close in a few minutes.

In the interim, let me first make a very few comments. We are comparing apples and oranges here and you can make the apples look bad if you want to because you can't compare the oranges. The ''oranges'' are the direct lending program. It is a great one to cover things up. What you do when you lend out the money is create an accounts receivable on your ledger sheet. It doesn't show up anywhere regarding who doesn't pay back; it just shows up who does pay back. So it is very hard to trace where the losses are. On the other hand, the private sector one is a balanced one, with the student paying a 1 percent insurance fee which helps take care of default. The lenders absorb 2 percent of the cost of defaults, which helps, and the guaranty agencies absorb 5 percent, and the Federal government absorbs the remainder, which balances out and provides the money to pay for the default. So you can't really compare the two programs. You can make this one look bad because you don't know what the other program has done. There is no way of telling.

Mr. President, I ask unanimous consent that following the remarks of Senator HARKIN, the Harkin amendment be set aside, that Senator KENNEDY be recognized to offer his amendment, that there be 30 minutes equally divided on the Kennedy amendment, and that no second-degree amendments be in order. I further ask that upon the conclusion of debate on the Kennedy amendment, votes occur first on the Kennedy amendment, and then on the Bingaman amendment, and finally on the Harkin amendment, and that there be no second-degree amendments to any of the amendments.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. JEFFORDS. Mr. President, I ask unanimous consent that there be 2 minutes, equally divided, of debate between the votes for an explanation of the amendments.

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

Mr. HARKIN. Parliamentary inquiry, Mr. President. On the unanimous-consent agreement just propounded, did

that include the yeas and nays on all of the amendments?

Mr. JEFFORDS. No, it did not.

Mr. President, I ask unanimous consent that it be in order to ask for the yeas and nays on the three amendments with one show of seconds.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. JEFFORDS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. JEFFORDS. So for the information of all Senators, Mr. President, we expect three votes to occur at about 9:45 or 10 o'clock, first on the Kennedy amendment, then the Bingaman amendment, and then on the Harkin amendment.

Mr. HARKIN. Mr. President, I will wrap up my comments on the amendment I offered. Again, Mr. President, I listened to the Senator, my good friend from Indiana, talk about schools choosing to stay out of the Direct Loan Program. Well, I point out that in the first 2 years there was a tremendous increase in schools joining the Direct Loan Program. But then in 1995 Congress began to make all of these threats about ending or killing the Direct Loan Program. So what has happened is that schools are apprehensive about whether or not they want to keep the Direct Loan Program, and that put a dampening effect on the tremendous growth we had in the first couple of years.

Secondly, I can't help but be somewhat amused by all this talk about the private sector—the private sector involved in these students loans. We want this private sector to keep going—this private sector. Let me point out, Mr. President, that the ''private sector'' involved in this Guaranteed Loan Program gets a subsidy from the taxpayers of this country to the tune of $7.5 billion a year. That is right—this private sector enterprise gets a subsidy from the Federal Government every year of $7.5 billion. Private sector? Hardly. Subsidized sector? Yes.

So all of this talk about this private sector out there in the Guaranteed Loan Program is nonsense. Now, if you want to make it private sector, let's not give them any subsidies. Let's knock out the $600 million to lenders for the special allowance payment. Let's knock off the $3 billion to cover defaults. Let's knock off the $2.5 million for interest subsidy for students. Knock off all that stuff—the $7.5 billion a year in subsidies that we put out for the guaranty loan agencies. If you want to talk about competition, that is fine; I don't mind having competition. In fact, it might be pretty good. But let's keep it balanced.

The point is that this amendment that I have offered for the students cuts their taxes by 25 percent on both the Guaranteed Loan Program and on the Direct Loan Program. It cuts it by 25 percent on both. It keeps them both even in that regard. So if you want to keep competition, I say vote for my amendment. You get a tax cut for the students, which allows them to buy textbooks, and it keeps the Direct Loan Program and the subsidized, private sector Guaranteed Loan Program in balance.

I yield the floor.

The PRESIDING OFFICER. Under the previous order, there will now be 30 minutes, equally divided, on the Kennedy amendment.

AMENDMENT NO. 3119

(Purpose: To provide for market-based determinations of lender returns)

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Massachusetts [Mr. KENNEDY] proposes an amendment numbered 3119.

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

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

The amendment is as follows:

On page 458, between lines 2 and 3, insert the following:

SEC. 425. MARKET-BASED DETERMINATIONS OF LENDER RETURNS.

Part B of title IV (20 U.S.C. 1071 et seq.) is amended by inserting after section 427A the following:

''SEC. 427B. MARKET-BASED DETERMINATIONS OF LENDER RETURNS.

''(a) FINDINGS.—Congress finds that—

''(1) in the field of consumer lending, market forces have resulted in increased quality of services and decreased prices, and more extensive application of market forces to the Robert T. Stafford Federal Student Loan Program should be explored;

''(2) Federal subsidies to lenders making or holding loans made, insured, or guaranteed under this part should not exceed the level necessary to ensure that all eligible borrowers have access to loans under this part;

''(3) setting the level of lender returns necessary to achieve the objective described in paragraph (2) in statute is necessarily inexact and insufficiently flexible to respond to market forces, and therefore lender returns should be determined through the use of market-based mechanisms;

''(4) alternative market-based mechanisms must be tested before a final selection is made as to the particular mechanism to be used for all loans made, insured, or guaranteed under this part;

''(5) the results of testing alternative market-based mechanisms should be evaluated independently; and

''(6) if the independent evaluation concludes that the testing of alternative market-based mechanisms has been successful, a market-based mechanism to determine lender returns on all loans made, insured, or guaranteed under this part should be implemented as expeditiously as possible.

''(b) JOINT PLANNING STUDY TO SELECT AUCTION-BASED MECHANISMS FOR TESTING.—

''(1) PLANNING STUDY.—The Secretary and the Secretary of the Treasury jointly shall conduct a planning study, in consultation with the Office of Management and Budget, the Congressional Budget Office, the General Accounting Office, and other individuals and entities the Secretary determines appropriate, to—

''(A) examine the matters described in paragraph (2) in order to determine which auction-based mechanisms for determining lender returns on loans made, insured, or guaranteed under this part shall be tested under the pilot programs described in subsection (c); and

''(B) determine what related administrative and other changes will be required in order to ensure that high-quality services are provided under a successful implementation of auction-based determinations of lender returns for all loans made, insured, or guaranteed under this part.

''(2) MATTERS EXAMINED.—The planning study under this subsection shall examine—

''(A) whether it is most appropriate to auction existing loans under this part, to auction the rights to originate loans under this part, or a combination thereof;

''(B) whether it is preferable to auction parcels of such loans or rights, that are similar or diverse in terms of loan or borrower characteristics;

''(C) how to ensure that statutory, regulatory, or administrative requirements do not impede separate management and ownership of loans under this part; and

''(D) what is the appropriate allocation of risk between the Federal Government and the owners of loans under this part with respect to interest rates and nonpayment, or late payment, of loans;

''(3) MECHANISMS.—In determining which auction-based mechanisms are the most promising models to test in the pilot programs under subsection (c), the planning study shall take into account whether a particular auction-based mechanism will—

''(A) reduce Federal costs if used on a program-wide basis;

''(B) ensure loan availability under this part to all eligible students at all participating institutions;

''(C) minimize administrative complexity for borrowers, institutions, lenders, and the Federal Government; and

''(D) facilitate the participation of a broad spectrum of lenders and ensure healthy long-term competition in the program under this part.

''(4) REPORT.—A report on the results of the planning study, together with a plan for implementing 1 or more pilot programs using promising auction-based approaches for determining lender returns, shall be transmitted to Congress not later than April 1, 1999.

''(c) PILOT PROGRAMS.—

''(1) AUTHORIZATION.—

''(A) IN GENERAL.—Notwithstanding any other provision of this title, after the report described in subsection (b)(4) is transmitted to Congress, the Secretary is authorized, in consultation with the Secretary of the Treasury, to begin preparations necessary to carry out pilot programs meeting the requirements of this subsection in accordance with the implementation plan included in the report.

''(B) DETERMINATION.—Before commencing the implementation of the pilot programs, the Secretary shall determine that such implementation is consistent with enhancing—

''(i) the modernization of the student financial assistance delivery systems;

''(ii) service to students and institutions of higher education; and

''(iii) competition within the program under this part.

''(C) IMPLEMENTATION DATE.— The Secretary may commence implementation of the pilot programs under this subsection not earlier than 120 days after the report is transmitted to Congress under subsection (b)(4).

''(D) DURATION AND LOAN VOLUME.—The pilot programs under this subsection shall be not more than 2 years in duration, and the Secretary may use the pilot programs to determine the lender returns for not more than 10 percent of the annual loan volume under this part during each of the first and second years of the pilot programs under this subsection.

''(2) REQUIREMENTS.—In carrying out pilot programs under this subsection, the Secretary—

''(A) shall use auction-based approaches, in which lenders bid competitively for the loans under this part, or rights to originate such loans (such as a right of first refusal to originate loans to borrowers at a particular institution, or a right to originate loans to all such borrowers remaining after a right of first refusal has been exercised), as the Secretary shall determine;

''(B) may determine the payments to lenders, and the terms, applicable to lenders, of the rights or loans, as the case may be, for which the lenders bid; and

''(C) shall include loans of different amounts and loans made to different categories of borrowers, but the composition of the parcels of loans or rights in each auction under a pilot program may vary from parcel-to-parcel to the extent that the Secretary determines appropriate.

''(3) VOLUNTARY PARTICIPATION.—Participation in a pilot program under this subsection shall be voluntary for eligible institutions and eligible lenders.

''(4) INDEPENDENT EVALUATION.—The Secretary shall enter into a contract with a non-Federal entity for the conduct of an independent evaluation of the pilot programs, which evaluation shall be completed, and the results of the evaluation submitted to the Secretary, the Secretary of the Treasury, and Congress, not later than 120 days after the termination of the pilot programs under this subsection.

''(d) CONSULTATION.—

''(1) IN GENERAL.—As part of the planning study and pilot programs described in this section, the Secretary shall consult with lenders, secondary markets, guaranty agencies, institutions of higher education, student loan borrowers, other participants in the student loan programs under this title, and other individuals or entities with pertinent technical expertise. The Secretary shall engage in such consultations using such methods as, and to the extent that, the Secretary determines appropriate to the time constraints associated with the study and programs. The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to such consultations.

''(2) SERVICES OF OTHER FEDERAL AGENCIES.—In carrying out the planning study and pilot programs described in this section, the Secretary may use, on a reimbursable basis, the services (including procurement authorities and services), equipment, personnel, and facilities of other agencies and instrumentalities of the Federal Government.''.

On page 457, line 23, strike ''The'' and insert ''Except as the Secretary of Education may otherwise provide under section 427B of the Higher Education Act of 1965, the''.

On page 505, strike line 5 and all that follows through page 506, line 16.

Mr. KENNEDY. Mr. President, as I understand it, we have a half hour evenly divided, and I yield myself 7 minutes.

Mr. President, this was a very good segue—listening to the comments of my friend and colleague from Iowa—to the amendment which I propose this evening and which has the administration's support.

The amendment I am offering will enable the Department of Education, working with the Secretary of the Treasury, to conduct a pilot program on methods to rely on competition to set interest rates on student loans. The results of this pilot program will be reported back to Congress within 120 days after the end of the test, and Congress must act again before any further action to implement competition on a wider scale.

The bill currently calls on the Secretary to study the feasibility of using competition. That is too little and too late. It is a further delaying tactic. My amendment takes the reasonable step of authorizing a pilot program to see how competition would work in practice.

The obvious way to use competition is through an auction. Under this amendment, up to 10 percent of the loan volume can be auctioned in each of 2 years. Students will be protected with the same low interest rate in the bill, and access to loans will continue. Colleges will participate on a voluntary basis. No one will be forced to be part of a pilot project. After the pilot is completed, an independent entity will evaluate the results and submit them to the Department of Education, the Treasury, and Congress. For example, one type of auction could invite lenders to offer loans to all eligible students at a college, or a group of colleges; or a State could originate loans for students at colleges in the State and auction the loans afterward, with excess subsidies returned to the Federal Government.

The pilot project would be able to assess the practical problems, if any, in this procedure. In fact, there is already experience to build on. Loans for students in the health professions were conducted by auctions. Before the initial auction, the interest rate was based on a 91-day Treasury bill rate plus a premium of 3 percent. At the final auction, the premium was 1.5 percent—a significant cut in the interest rate that brought major savings for the students. According to the Treasury, lenders will make an average return of 16 percent on student loans under this bill, a higher rate of return than their historic rates of return on their other assets, even though these loans are guaranteed by the Federal Government and therefore have no risk to the banks.

As the Congressional Budget Office analysis of March 30, 1998, concludes, ''banks do not require the same returns on FFELs that they require overall, since federally guaranteed student loans are less risky than the average bank asset.'' The excessive cost to the taxpayer of these artificially high interest rates is at least $1 billion over the 5 years.

Mr. President, we all know what is going on here. A Washington Post editorial of March 18 is titled ''Stared Down by the Banks,'' and it pulls no punches and it accuses Congress of being intimidated by the banks. A USA Today editorial of March 23, 1998, is titled, ''Banks Acting Like Bullies''—too much subsidies for the banks. Clearly, we should let competition set the interest rate, not Congress.

As the Los Angeles Times said in its editorial on June 5, ''Congress should tackle the 'larger problem: the lack of competition in the student loan system.''' This amendment that I am offering this evening is a worthwhile pilot program that can help do so.

Competition can work and will work to save Federal dollars and save dollars for college students as well.

Mr. President, I ask unanimous consent to have printed in the RECORD the various Federal programs that are involved in this kind of a competition.

EXAMPLES OF HOW AUCTIONS ARE USED IN FEDERAL PROGRAMS

Treasury Securities.—Treasury auctions bills, notes, bonds and inflation-indexed notes and bonds in a sealed-bid auction. Bidders bid an interest rate and loan volume they would like at that rate. But no bidder can win more than a certain percentage of the total put up for bid. Noncompetitive bidders can submit pre-auction bids for a given volume for which they'll accept the auction-determined interest rate. Treasury usually uses discriminatory-price auctions by giving each bidder the rate they bid, but it has also experimented with uniform auctions in which all winners get the highest winning rate.

HUD Loan and Real Estate Asset Sales.—HUD and FHA auction defaulted mortgages, and bidders may bid on any number of mortgages. Because any combination or all of the auctioned items can be bid on together, there is likely overlap in the mortgage packages submitted by each bidder. To address this problem and to be able to determine which combination of bids would optimize value for the government, an Auction Optimization Model was developed by AT&T Bell Laboratories. The computer model is used to select the winning bids based on total revenue for the government.

Health Education Assistance Loans (HEAL).—HHS conducts a sealed-bid auction in which bidders bid an interest rate and loan volume they would like at that rate. The low bidder and all others within a certain tolerance of the low bid win the right to make loans. In the case of single winners, schools would not have a choice in that given year and might have to deal with different lenders in each year. In the case of multiple winners, each bidder would have to compete to make as many loans as they can, though it would probably be less than their originally bidded volume.

FCC Wireless Spectrum Auctions.—The FCC conducts sealed-bid auctions for spectrums in which hundreds of markets are determined simultaneously. After each round, bidders see the prevailing price in each market and can place a bid in the next round in markets they had not bid for previously. The auction does not end until no more bidders want to make higher bids in any market. Telephone service provision is also auctioned in certain areas, including relatively unprofitable parts of areas. Though results have been mixed, most auctions have gone well.

Elk Hills Oil Field of the Naval Petroleum Reserve.—Elk Hills was one of the federal government's largest privatization efforts, with the sale completed in February of 1998.

The process involved getting five independent evaluators to determine the value of the property before publishing the offer and collecting proposals from potential bidders. Due diligence and close attention to transfer documents were components of the many legal and technical steps. The bid evaluation incorporated negotiations with the three finalists on terms beyond the payment, such as environmental indemnity issues, and ultimately a single winner was selected.

WIC Infant Formula Bidding Process.—WIC purchases of infant formula comprise more than half of all formula sales within the U.S., and in an effort to ensure competitive pricing, in 1989 the federal government began requiring states to establish competitive bidding processes. The firm offering the lowest net price to the state or cluster of states wins the exclusive right to sell infant formula to WIC participants, and that firm is then billed by the state WIC agencies for rebates on formula purchased with WIC vouchers. Under this system GAO reports that after accounting for rebates in 1996, WIC agencies paid 85 percent less than the wholesale price for formula, on average, allowing WIC to be extended to an additional 1.7 million persons each month.

EPA Pollution Rights.—EPA's acid rain program holds an annual auction of a Special Allowance Reserve of approximately 2.8 percent of total allowances, conducted by the Chicago Board of Trade. In addition to providing an additional means of obtain allowances (each equal to one ton of annual SO_2 emissions), the auction also importantly establishes a market price signal. Allowances are sold from the Reserve before private holdings are sold. Anyone—including public interest and environmental groups—can participate in the bidding on and trading of allowances. Spot (for that year) and advance (not usable for seven years) allowances for SO_2 emissions are available through the auction, and allowances may be bought, sold, banked, or retired. This auction appears to use discriminatory pricing rather than uniform pricing.

Resolution Trust Corporation.—RTC auctions collateralized and uncollateralized assets. For example, in a recent competitive (sealed) bidding process, approximately 1100 assets were divided into 30 pools based on asset type and region. A financial advisor and due diligence contractor scrubbed the relevant files and collected data to establish values and reserve prices for each asset. This information, recorded in CD–ROM format, was made available to the public, which had four weeks to review it. Bids on the 30 asset pools were received at a centralized New York clearinghouse over a two-day span. Based on the best and final bids, the $450 million sale yielded 87 cents on the dollar rather than the 75 cents that the portfolio had originally been valued at.

Oil and Gas Sales on the Outer Continental Shelf.—After determining to lease the tracts, they are advertised in the Federal Register in an open bidding process. Potential investors send their checks; after the highest bidder is notified of their acceptance, the other checks are returned to the unsuccessful bidders. At this point, the government conducts its own assessment of the value of the oil and gas reserves, based on geological and mineral information provided by the successful bidder, to make sure the bidded amount meets or exceeds the government estimated value.

Conservation Reserve Program (CRP).—The USDA solicits bids from producers for enrollment of acres into the CRP. Bids are accepted based on a formula that accounts for the environmental for each dollar from enrollment (i.e., if a bid is accepted, the government pays farmers rental payments for 10 years to idle their land and put a conserving cover crop on it).

Timber Sales.—The Forest Service auctions off the rights to timber companies to cut designated areas in National Forests. After an offer of sale describing the timber and the sale terms is publicized, a sealed-bid process takes place. Non-price related terms of the sale, including environmental concerns, are all set by the government, so the highest bidder wins the auction.

Export Enhancement Program (EEP).—The USDA establishes prices and bonus levels based on their estimates of the going market rates, and then accepts bids from exporters. However, rather than bidding against each other in a true-market scenario, exporters are really only bidding against the government-set price and bonus level, and they have the option of coming back with successive new bids until they hit the USDA-determined price levels.

Mr. KENNEDY. We obviously have the Treasury securities that are involved in these kinds of competitions. The HUD loans; the FHA auction on mortgages is a competitive bid; the HEAL loans, the Health Education Assistance Loans; the FCC wireless spectrum auctions. We had a long debate on what was going to be the best way to protect the taxpayer. And the decision by the Congress was to have the spectrum auctions. Elk Hills Oil Field of the Naval Petroleum Reserve was auctioned. WIC, infant formula, there was a bidding process and auctions; EPA pollution rights are auctioned off. The Resolution Trust Corporation relied on auctions, and the auctions were, in their view, based on their best and final bids. The last auction that went off was typical. The $450 million sale yielded 87 cents on the dollar rather than the 75 cents that the portfolio had originally been valued at, and was returned to the Treasury. Oil and gas sales on the Outer Continental Shelf were auctioned off. Conservation Reserve Program auctioned off; timber sales auctioned off; Export Enhancement Program auctioned off.

These are existing Federal programs that use the auction system to provide the best kind of protection to the taxpayers, and in this case to the students.

But this particular amendment says, with the urging of the Administration, let's have a pilot program independently evaluated, the result of which is submitted to the Congress, the Administration, and made public. Then the Congress can make a judgment on this matter.

I hope our friends on the other side of the aisle who talk about market forces and are constantly lecturing Members will support this very modest recommendation. This amendment is built on market forces and built on competition. It follows the kinds of recommendations which the U.S. Government has accepted in terms of auctions.

All we are doing is saying let's have a pilot project and test how this program would work in terms of protecting student loans. We have had debates here tonight on the level of interest rates. We have had debates in our committee on the level of interest rates. Let us try in terms of protecting students to give them the best deal that they can possibly have, and use these resources to make a major difference in reducing the cost of higher education in this country.

I reserve the remainder of time.

The PRESIDING OFFICER. Who yields time?

Mr. JEFFORDS. Mr. President, I yield myself such time as I may consume.

Mr. President, I rise in strong opposition to the amendment being offered by my colleague Senator KENNEDY. While I share his interest in exploring mechanisms for improving the delivery of student loans, as chairman of the Labor Committee, I strongly oppose his effort to provide the Department of Education—whose desire to disadvantage the FFEL program has been aptly demonstrated—with unbridled authority to conduct an experiment on the FFEL program.

The impetus for this concept arose out of the lengthy deliberations we have had over the past eighteen months about setting the appropriate interest rate for students and lenders. In 1993, when the Student Loan Reform Act was being drafted, its authors—including Senator KENNEDY—anticipated that the Federal government would shift entirely from the FFEL program to the Federal Direct Loan program. A transition provision was included in the law which changed the way that student loan interest rates were to be calculated effective July 1, 1998. This change was primarily intended to reflect the budget scoring needs of the Direct Lending program. The consequences for student borrowers in the FFEL program, however, would have been dramatic.

There is general agreement that, if the interest rate that was set for July 1, 1998 and which was delayed until October 1, 1998 is allowed to go into effect, it will become unattractive for lenders to participate in the FFEL program.

S. 1882, as reported from the committee, confronts the challenge of trying to provide students with the lowest viable interest rate on their student loans while ensuring sufficient lender participation to preserve open and full access to student loans. After nearly a year of consultation with students, lenders, representatives of the higher education community, the administration and financial services experts, the committee put forward a compromise interest rate package.

This package sharply reduced lender yield by 30 basis points while allowing students and their families to enjoy the lowest interest rates in nearly twenty years. The process of developing this package was long and difficult and the stakes were very high. While by no means perfect, the bipartisan compromise meets the twin challenges of low rates for students and continued stability in the FFEL program.

As I wrestled with my desire to balance the twin objectives of reducing the interest rate paid by students and preserving access to loans under the FFEL program, I encountered several budget analysts who were interested in using market-based mechanisms to establish student loan interest rates.

It became clear to me, however, that market-based mechanisms, while attractive a first blush, quickly reveal themselves to be far more complicated to design and implement than is ever fully appreciated. These analysts, who often focus only upon economic considerations, often fail to recognize that student loan programs are designed primarily to offer a social benefit—that is, to offer loans, at reasonable rates, to students without respect to credit history, educational program, loan size, geographic location, or potential as a consumer of future credit products. Market-based mechanisms, if they are to be implemented, must be carefully designed to ensure that all students continue to have equal access to student loans without regard to any particular characteristics of the borrower or their program of education.

Further, any changes to the delivery system for the FFEL program, must strive to preserve the high level of service that students and institutions of higher education currently enjoy. Under an auction model, schools and borrowers may be forced to deal with a different lender and servicer each year. Regional lenders in small states may lose the ability to participate in the program. Students may lose the ability to select the lender of their choice. And equally important, particularly in light of the collapse last year of the Department's loan consolidation program, students may find themselves forced to make payments to myriad lenders each of whom has different practices and procedures. An auction, improperly designed, could add new and unintended layers of complexity to the program.

As a result of these concerns, as well as concerns about the ability of the Department of Education to administer an auction model, the American Association of Medical Colleges and others have publicly stated their deep reservations about moving toward a market-based model. These issues may be resolvable but I cannot support providing the Department with the authority to experiment on the FFEL program until they have been studied and addressed to my satisfaction and the satisfaction of my colleagues on the Senate Labor Committee.

In an effort to answer some of these questions, our bill directs the Secretary of the Treasury to conduct a study of the feasibility of employing market-based mechanisms. After consultation with students, lenders, and institutions of higher education, the Secretary of Treasury is required to analyze the potential impact of these mechanisms on the delivery of student aid, the implications for students and institutions of higher education with regard to access to student loan capital, and provide a plan for structuring and implementing a mechanism is a manner that ensures the cost effective availability of student loans for students and their families. This report shall be provided no later than September 30, 1999.

It is my strong belief that any pilots, if appropriate, should only be developed after careful study and full Congressional participation. In this spirit, S. 1882 contains a provision directing the Secretary of Treasury to conduct a thorough study and report to Congress on the feasibility of designating and implementing market-based mechanisms for setting student loan interest rates. I look forward to receiving this report and working with the Congressional Budget Office, my colleagues in the Senate, and all of the participants in the FFEL and Direct Lending programs to fully assess whether or not market-based mechanisms can contribute to improvements in the availability, cost, and efficiency of the student loan programs.

In closing, I want to make one very important additional point. From all of this talk, one might think that there is a crisis within the FFEL program which we are trying to fix. The FFEL program continues to be the program of choice of the vast majority of colleges and universities. As a result, the higher education community has deep misgivings about the Kennedy amendment because it is concerned that efforts by the Department to conduct experiments upon the FFEL program will disrupt the benefits and services that students and institutions currently enjoy. For all of these reasons, I urge my colleagues to oppose this amendment.

I retain the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. JEFFORDS. I yield the Senator from Indiana such time as he may require.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Mr. President, I will be brief. I just want to make a couple points.

Point No. 1, the legislation that is before us, the base legislation, already contains a carefully designed analysis and feasibility study of market-based mechanisms for student loans. The KENNEDY amendment goes much further than that. We have a study in place. We will get the information needed to make a determination as to whether or not we want to move to an auction market-based program.

Secondly, the last thing the Department of Education needs right now is another big responsibility. It can't handle the responsibilities it currently has. It has not been able to successfully manage the Direct Loan Program and the FFEL Program. Why would we want to consider giving it something else to manage?

Let me just cite a few things from the inspector general relative to the Department's administering of the Direct Loan Program. The IG has concluded that audits at 16 direct loan schools found 8 major weaknesses in 16 of those programs. They also stated that in their audit, the weaknesses they found were representative of the majority of direct loan schools. They said:

> They are very likely to exist at these other direct loan schools. The Department reviewed disbursement amounts recorded at one school and found a total of nearly $300,000 hadn't been entered into the direct loan system.

The IG's report said that 3 of the 16 schools maintained excess cash as a result of improper cash management practices.

Let me quote again from the IG's analysis of the department's ineptness in running the programs that it has now. And I quote:

> The Department does not currently have a process in place to match specific drawdowns with specific disbursement transactions.

The IG goes on to say:

> 53 percent of student status reporting was inaccurate. On average 71 percent of student records in the national student loan data system were inaccurate; 58 percent of transactions were not reported by schools through the department in a timely manner.

The IG says that today, if data is not reported timely, due diligence and timeliness of reconciliation of loan data may be adversely impacted.

We probably all remember, or should remember, that in the 1995–1996 academic year, 1 million applications were backlogged at the Department of Education which caused families and students all over the country to be put in a position where they didn't know whether they were going to get a loan or not. Two years later, the Department sent out 2.7 million forms to fill out and had the wrong shading on it, and therefore the forms were not processed right, and they ended up with hundreds of thousands of backlog as a result of that.

This goes on and on and on, the inability of the Department to handle the one-third of direct loans that it now has. So why do we want to throw in another major initiative at the Department of Education. Let them at least get the initiatives that they currently have jurisdiction for under some control. So I would urge my colleagues to join with the chairman of the committee in defeating the Kennedy amendment.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. What my friend, the Senator from Indiana, did not point out is that the student loan defaults

were 22 percent under the Republican administration, the previous administration, now down to 10 percent, saving hundreds of millions of dollars a year. This debate isn't over the particular administration, because what we are talking about is a very sound idea. Let me give you what Mr. Petri, a Republican in the House of Representatives, said:

The amendment would end the recurring battle—he has one that would put in place an auction program. Ours is just a pilot program.

The amendment would end the recurring battle between student groups and lenders over the industry on student loans, which results in the price of the private sector services being set by political negotiation without regard to the actual cost of services.

This amendment has the potential of saving the American taxpayers billions of dollars through competition for this profitable business. Up to now, with the exceptions of in-school interest and the overall interest cap, the banks have always received the same interest the students paid on interest loans.

Here is Mr. MCKEON, Republican of California. This is what he says:

The gentleman is correct that up to now we have tried to figure out how much to pay the lenders for providing student loans in a political negotiation, and we in Congress really have no way of knowing what the right price is.

These are two Republicans who believe in the market system:

It would be much better if we had a market process to determine rates.

That is exactly what this amendment provides, a test, a pilot. You can't implement it until we vote again, but a test and a pilot make sense for the very reasons two of the most knowledgeable leaders in the Republican Party in the House of Representatives have stated:

I am interested in working in that direction.

That is in the recent debate and discussion.

Now, Mr. President, I indicated just a few moments ago all the different agencies of Government that use this process, the most significant, obviously, the Treasury, the FHA, dealing with a great deal more amount of funding than we are considering.

Finally, Mr. President, just look at this chart that I have in the Chamber. This represents, according to the FDIC—and my good friend from Iowa was referring to various figures. Under the proposal that we have tonight, the proposal; that is, the bill, will guarantee the return on equity for all commercial banks at 16 percent. This chart here shows what the banks have made from 1958 going up to 1996, and recently, in 1994 through 1996, it has been in excess of 14 percent.

All we are saying, for those Members of the Senate who are concerned about the cost of higher education, is we have an opportunity to do something and do it the old fashioned way—competition; competition, tried, tested, utilized by other agencies of our Government and which effectively works. At least a pilot project; let's give it a try.

Mr. HARKIN. If I could ask the Senator to yield just briefly.

Mr. KENNEDY. I would be glad to yield—1½ minutes to the Senator from Iowa and 1½ minutes to the Senator from Connecticut.

Mr. HARKIN. I just want to ask the Senator again on this chart—this is outrageous—there is the return on equity for commercial banks. For a number of years it averaged about 11, 12 percent. Now it is up over 14 percent. That is a return on equity for banks. Is the Senator saying that this bill that we are passing will guarantee them a 16-percent return on guaranteed student loans?

Mr. KENNEDY. That is the estimate by the FDIC. And was used by the committee.

Mr. HARKIN. Not only do they get the 16-percent guarantee, they get a $7.5 billion subsidy from the taxpayers of this country. So I think the Senator is absolutely right. If they want to be private sector, let's put it out for bid. Some years ago, as the Senator remembers, we put the WIC Program out, the Women's Infants and Children's feeding program out for competitive bidding, good old free enterprise competitive bidding, and we have saved billions of dollars for the taxpayers of this country and improved the program. I think the Senator is right on target on this. If there is so much money floating around here, let's put it out for bid. Let's put it out for good old free enterprise, competitive bidding.

Mr. COATS. Will the Senator yield at that point?

Mr. KENNEDY. I have 1½ minutes left, I believe. Is that right?

The PRESIDING OFFICER. The Senator has a total of 3 minutes left.

Mr. COATS. Could I ask a question, just ask the time? How much time is left on our side?

The PRESIDING OFFICER. The Senator from Vermont has 4 minutes 6 seconds; the Senator from Massachusetts has 2 minutes 53 seconds.

Mr. COATS. Mr. President, I wonder if the Senator will yield me 1 minute on our side?

Mr. JEFFORDS. Yes, you may have it.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. We may have the makings of a real deal here. From what I hear it is that the Senator from Massachusetts and the Senator from Iowa are willing to put the whole program out for bid. And if we would take the whole program, including what is run by the public sector, maybe we could cut a deal and just turn the whole thing over to the private sector. Is that what the Senator is suggesting?

Mr. KENNEDY. The pilot program, yes. This is for a pilot program. We will have to come back. But to test and put both aspects out, to have it fair.

Mr. COATS. The Senator is extolling the virtues of the market system?

Mr. KENNEDY. That's fine.

Mr. COATS. Let's take the whole program.

Mr. KENNEDY. I am not prepared to take the whole program, Senator. I am talking about a pilot program.

Mr. COATS. I think I have the floor, Mr. President? Do I not have the floor?

The PRESIDING OFFICER. The Senator from Indiana still has the floor.

Mr. COATS. I thank the Chair. Mr. President, I ask the Senator for an additional minute.

Mr. JEFFORDS. I yield the Senator an additional minute.

Mr. COATS. I thought I heard the proposal that the virtues of the market system were so wonderful that the whole thing ought to be put out into the market system, and that is probably a good idea. So why—I don't understand; you can't have it both ways. You cannot try to attract it into the public sector and not provide competition in the Department of Education and yet kick everything else into the free market.

So I am saying we may have the makings of a deal here. If the Senators think the whole thing ought to go in the market, why, we can probably get that done pretty quickly and it might benefit everybody.

I yield the floor.

The PRESIDING OFFICER. Who yields time? The Senator from Massachusetts.

Mr. KENNEDY. Just for 20 seconds, Mr. President. You have to start someplace. This is a pilot program. If the Senator—if we accept this this evening, I guarantee we will work with the Senator from Indiana to try to make any kinds of adjustments in any types of ways to get whatever kind of pilot program that will accurately reflect the market forces on student loans. Whatever way the Senator wants to, we will work with him closely and we will look forward to his vote this evening.

I yield the remaining time to the Senator from Connecticut.

Mr. DODD. Mr. President, I am reluctant to take the time. I am enjoying this going back and forth. I just wanted to add my voice on this. In fact, I think, what the Senator from Indiana may have just proposed, it is unfortunate that it is not in the form of an amendment here. Because I think a pilot program, as one who has supported allowing institutions to make the choices on direct loans and guaranteed loans, that is really the best way to work. Let the marketplace work this out. I would certainly be amenable to such an amendment here.

I think what the Senator from Massachusetts is proposing and offering here is going to be a great asset to all of us. What we are doing right now is guessing. This is a guessing game, and it need not be a guessing game. So we are being asked arbitrarily here to sort of accept some numbers, disregarding what the larger economic picture is across the country.

And by establishing this study with a pilot program, we can come back in 5

years. That is when we come back to this issue. In that window we will be in a far better position to make a determination as to what should be those rates and how the marketplace could work. Why shouldn't we take advantage of that? It doesn't lock us into a particular answer one way or the other. It just gives us the opportunity to try to see if we can't come up with a more reliable, predictable solution as to how these rates ought to be determined.

Given the fact that we hear from the Congressional Budget Office that, under current rates, the banks have earned rates of return on student loans between 16 and 35 percent—by anyone's estimation that is excessive. That is their estimate. Analysts predict that we will lock in generous profits. CBO, the Congressional Budget Office, predicts that the rates of return under the interest rates in the bill will be between 10 and 25 percent. The Treasury Department calculates an average return under the bill of 16 percent. That is really excessive.

So by allowing a pilot program in the marketplace deciding these factors, we are not allowing a situation that costs taxpayers a tremendous amount. We have done so much here to alleviate some of the pressures for students in this bill, it would be a tragedy not to take advantage of doing something for the taxpayers who underwrite this program. I urge we adopt this amendment.

The PRESIDING OFFICER. Who yields time? The Senator from Vermont has 2 minutes 25 seconds.

Mr. JEFFORDS. Mr. President, I will be very brief. What we are faced with here is a bill that says these are ideas we ought to study, but we ought to have them studied not by an agency that is dedicated to killing the program, so we give it to the Department of Treasury. We say here is an idea; study it, and then make recommendations, and then we can maybe go to a pilot if it looks good. You don't give it to an agency who is dedicated to doing the program in unless you obviously want to kill the program. And that is obviously the design here.

I yield the remainder of my time.

The PRESIDING OFFICER. All time has expired. Under the previous order, the question is on the Kennedy amendment, No. 3119.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Texas (Mrs. HUTCHISON) and the Senator from Arizona (Mr. KYL) are necessarily absent.

Mr. FORD. I announce that the Senator from New York (Mr. MOYNIHAN) is necessarily absent.

The PRESIDING OFFICER (Mr. THOMAS). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 39, nays 58, as follows:

[Rollcall Vote No. 192 Leg.]

YEAS—39

Akaka	Feingold	Levin
Biden	Feinstein	Lieberman
Bingaman	Glenn	Mikulski
Boxer	Graham	Moseley-Braun
Breaux	Harkin	Murray
Bryan	Hollings	Reed
Bumpers	Inouye	Reid
Byrd	Johnson	Robb
Cleland	Kennedy	Rockefeller
Conrad	Kerry	Sarbanes
Dodd	Kohl	Torricelli
Dorgan	Landrieu	Wellstone
Durbin	Lautenberg	Wyden

NAYS—58

Abraham	Faircloth	McCain
Allard	Ford	McConnell
Ashcroft	Frist	Murkowski
Baucus	Gorton	Nickles
Bennett	Gramm	Roberts
Bond	Grams	Roth
Brownback	Grassley	Santorum
Burns	Gregg	Sessions
Campbell	Hagel	Shelby
Chafee	Hatch	Smith (NH)
Coats	Helms	Smith (OR)
Cochran	Hutchinson	Snowe
Collins	Inhofe	Specter
Coverdell	Jeffords	Stevens
Craig	Kempthorne	Thomas
D'Amato	Kerrey	Thompson
Daschle	Leahy	Thurmond
DeWine	Lott	Warner
Domenici	Lugar	
Enzi	Mack	

NOT VOTING—3

Hutchison	Kyl	Moynihan

The amendment (No. 3119) was rejected.

Mr. LOTT. Mr. President, I move to reconsider the vote.

Mr. JEFFORDS. I move to lay it on the table.

The motion to lay on the table was agreed to.

Mr. LOTT. Mr. President, first, I ask all the Senators to stay in the Chamber so we can get through the next two votes quickly. The managers have done a good job getting us to the point where we have two more amendments left. There is one other issue that is being worked on, and then we would be ready to go to final passage. If the Senators will stay close, we can get through the two remaining amendment votes in 20 minutes and hopefully be ready to go to final passage after perhaps a brief colloquy right before final passage.

I ask unanimous consent that the next votes in the series be limited to 10 minutes in length.

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

Mr. KENNEDY. Will the Senator yield? Do we have any information on how we are doing on our Patients' Bill of Rights?

Mr. LOTT. I don't believe that has come up today. We have worked on higher education. There is a vision on the horizon of how this could be done. I am sure we will find a way to do that in the next week.

Mr. KENNEDY. You will let us know—next week?

Mr. LOTT. Like to; unless there is obstruction or resistance. (Laughter.)

I am sure when the time comes, the Senator may have some second thoughts.

But at any rate, let's do higher education and then we will talk about that.

AMENDMENT NO. 3116

The PRESIDING OFFICER. The question is on the Bingaman amendment No. 3116, with 2 minutes equally divided.

Mr. BINGAMAN. Mr. President, this amendment is intended to improve the academic preparation of our teachers. This is an area of great concern all around the country. The amendment says to States: You should require an academic major for the people you are training to teach in high schools—that in addition to the education course they take, they should have an academic major. Mr. President, 32 States already have in place this requirement.

What we are saying is that over the next 3 years each State should be able to adopt a plan to get to this same point. It will substantially improve the preparation of teachers at the high school level. It has been shown to do that in the States that have adopted it. I believe this would be a very good policy for us to adopt as part of this bill.

I urge my colleagues to take this opportunity. It will be 6 years, again, before we pass a reauthorization of the Higher Ed Act and we need to get on with the business of improving teaching in this country. This amendment will help to do that.

Mr. JEFFORDS. I must oppose the amendment offered by my colleague from New Mexico. He has done a wonderful job in assisting us in taking a serious look at the problems we have with respect to teachers and whether or not they have a major in the subject which they will be teaching.

The problem with this amendment is that it mandates to the States that they must do something. The bill itself provides incentives for them to make sure that the people wanting to be teachers have studied the things which they will teach. We do it by enticement and through assistance with loan programs—with programs—whereas this amendment would order it done.

It is a mandate, and I think it is inappropriate and that it would be counterproductive.

The PRESIDING OFFICER. All time has expired.

The clerk will call the roll.

Mr. NICKLES. I announce that the Senator from Texas (Mrs. HUTCHISON) and the Senator from Arizona (Mr. KYL) are necessarily absent.

Mr. FORD. I announce that the Senator from New York (Mr. MOYNIHAN) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 23, nays 74, as follows:

[Rollcall Vote No. 193 Leg.]

YEAS—23

Biden	Bryan	Conrad
Bingaman	Bumpers	Daschle
Boxer	Cochran	Domenici

Dorgan	Johnson	Reid
Durbin	Kerrey	Robb
Ford	Lugar	Torricelli
Harkin	Moseley-Braun	Wellstone
Hollings	Reed	

NAYS—74

Abraham	Frist	Mack
Akaka	Glenn	McCain
Allard	Gorton	McConnell
Ashcroft	Graham	Mikulski
Baucus	Gramm	Murkowski
Bennett	Grams	Murray
Bond	Grassley	Nickles
Breaux	Gregg	Roberts
Brownback	Hagel	Rockefeller
Burns	Hatch	Roth
Byrd	Helms	Santorum
Campbell	Hutchinson	Sarbanes
Chafee	Inhofe	Sessions
Cleland	Inouye	Shelby
Coats	Jeffords	Smith (NH)
Collins	Kempthorne	Smith (OR)
Coverdell	Kennedy	Snowe
Craig	Kerry	Specter
D'Amato	Kohl	Stevens
DeWine	Landrieu	Thomas
Dodd	Lautenberg	Thompson
Enzi	Leahy	Thurmond
Faircloth	Levin	Warner
Feingold	Lieberman	Wyden
Feinstein	Lott	

NOT VOTING—3

Hutchison	Kyl	Moynihan

The amendment (No. 3116) was rejected.

Mr. JEFFORDS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. COVERDELL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3118

The PRESIDING OFFICER. The question now is on agreeing to the Harkin amendment.

There are 2 minutes equally divided. Who yields time?

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, my amendment cuts the tax on subsidized student loans by 25 percent—from 4 percent to 3 percent. So it puts more actual money into the pockets of students so they can buy textbooks. It also continues to pay guaranty agencies over the next 5 years.

If you hear an argument that somehow this is going to put our guaranty agencies at risk and jeopardize the banks, I point out that even under my amendment by cutting this tax by 25 percent on students, the guaranty agencies will get almost $4.6 billion over the next 5 years, more than enough to handle any contingency.

So this basically is a tax cut for students. It is supported by a long list of colleges and student organizations. I think it is the least we can do for our students—to give them a tax break, also.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. Mr. President, I rise in strong opposition to the Harkin amendment. It sounds nice but it really doesn't do what was anticipated. It saves maybe $42 a year for the students; that is, if the program doesn't go belly up.

It undoes a very careful balance between the share of the risk that the student takes, that the guaranty agencies take, and that the Federal Government takes. It unbalances it. It would put about 22 guaranty agencies out of business.

The present system, which is the FFEL system, is working very well. The direct lending is helped with competition. The last thing we want to do is put out the system which takes care of 80 percent of the colleges and 66 percent of all loans.

It is a dangerous amendment. And I strongly oppose it.

The PRESIDING OFFICER. All time has expired.

The question is on agreeing to the amendment of the Senator from Iowa. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Texas (Mrs. HUTCHISON and the Senator from Arizona (Mr. KYL) are necessarily absent.

Mr. FORD. I announce that the Senator from New York (Mr. MOYNIHAN) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 41, nays 56, as follows:

[Rollcall Vote No. 194 Leg.]

YEAS—41

Akaka	Feinstein	Lieberman
Baucus	Ford	Mikulski
Biden	Glenn	Moseley-Braun
Bingaman	Graham	Murray
Boxer	Harkin	Reed
Breaux	Hollings	Reid
Bryan	Inouye	Robb
Bumpers	Kennedy	Rockefeller
Byrd	Kerry	Sarbanes
Cleland	Kohl	Smith (OR)
Daschle	Landrieu	Torricelli
Dodd	Lautenberg	Wellstone
Durbin	Leahy	Wyden
Feingold	Levin	

NAYS—56

Abraham	Enzi	Mack
Allard	Faircloth	McCain
Ashcroft	Frist	McConnell
Bennett	Gorton	Murkowski
Bond	Gramm	Nickles
Brownback	Grams	Roberts
Burns	Grassley	Roth
Campbell	Gregg	Santorum
Chafee	Hagel	Sessions
Coats	Hatch	Shelby
Cochran	Helms	Smith (NH)
Collins	Hutchinson	Snowe
Conrad	Inhofe	Specter
Coverdell	Jeffords	Stevens
Craig	Johnson	Thomas
D'Amato	Kempthorne	Thompson
DeWine	Kerrey	Thurmond
Domenici	Lott	Warner
Dorgan	Lugar	

NOT VOTING—3

Hutchison	Kyl	Moynihan

The amendment (No. 3118) was rejected.

Mr. JEFFORDS. Mr. President, I move to reconsider the vote.

Mr. KENNEDY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. Mr. President, I thank all my colleagues. This has been a long day, and we have a very important bill and we are about 2 minutes away from final passage. We just have a few little housekeeping things to do and then we can all go home.

AMENDMENT NO. 3120

Mr. JEFFORDS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Vermont [Mr. JEFFORDS] proposes an amendment numbered 3120.

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

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

The amendment is as follows:

At the end of title VII, insert the following:

SEC. ___. RELEASE OF CONDITIONS, COVENANTS, AND REVERSIONARY INTERESTS, GUAM COMMUNITY COLLEGE CONVEYANCE, BARRIGADA, GUAM.

(a) RELEASE.—The Secretary of Education shall release all conditions and covenants that were imposed by the United States, and the reversionary interests that were retained by the United States, as part of the conveyance of a parcel of Federal surplus property located in Barrigada, Guam, consisting of approximately 314.28 acres and known as Naval Communications Area Master Station, WESTPAC, parcel IN, which was conveyed to the Guam Community College pursuant to—

(1) the quitclaim deed dated June 8, 1990, conveying 61.45 acres, between the Secretary, acting through the Administrator for Management Services, and the Guam Community College, acting through its Board of Trustees; and

(2) the quitclaim deed dated June 8, 1990, conveying 252.83 acres, between the Secretary, acting through the Administrator for Management Services, and the Guam Community College, acting through its Board of Trustees, and the Governor of Guam.

(b) CONSIDERATION.—The Secretary shall execute the release of the conditions, covenants, and reversionary interests under subsection (a) without consideration.

(c) INSTRUMENT OF RELEASE.—The Secretary shall execute and file in the appropriate office or offices a deed of release, amended deed, or other appropriate instrument effectuating the release of the conditions, covenants, and reversionary interests under subsection (a).

SEC. ___. SENSE OF CONGRESS REGARDING GOOD CHARACTER.

(a) FINDINGS.—Congress finds that—

(1) the future of our Nation and world will be determined by the young people of today;

(2) record levels of youth crime, violence, teenage pregnancy, and substance abuse indicate a growing moral crisis in our society;

(3) character development is the long-term process of helping young people to know, care about, and act upon such basic values as trustworthiness, respect for self and others, responsibility, fairness, compassion, and citizenship;

(4) these values are universal, reaching across cultural and religious differences;

(5) a recent poll found that 90 percent of Americans support the teaching of core moral and civic values;

(6) parents will always be children's primary character educators;

(7) good moral character is developed best in the context of the family;

(8) parents, community leaders, and school officials are establishing successful partnerships across the Nation to implement character education programs;

(9) character education programs also ask parents, faculty, and staff to serve as role models of core values, to provide opportunities for young people to apply these values, and to establish high academic standards that challenge students to set high goals, work to achieve the goals, and persevere in spite of difficulty;

(10) the development of virtue and moral character, those habits of mind, heart, and spirit that help young people to know, desire, and do what is right, has historically been a primary mission of colleges and universities; and

(11) the Congress encourages parents, faculty, and staff across the Nation to emphasize character development in the home, in the community, in our schools, and in our colleges and universities.

(b) SENSE OF CONGRESS.—It is the sense of Congress that Congress should support and encourage character building initiatives in schools across America and urge colleges and universities to affirm that the development of character is one of the primary goals of higher education.

On page 379, between lines 5 and 6, insert the following:

"SEC. 235. ACCOUNTABILITY FOR PROGRAMS THAT PREPARE TEACHERS.

''(a) INFORMATION COLLECTION AND PUBLICATION.—

''(1) DEFINITIONS.—

''(A) Within six months of the date of enactment, the Commissioner of the National Center for Education Statistics, in consultation with States and institutions of higher education, shall develop key definitions and uniform methods of calculation for terms related to the performance of elementary school and secondary school teacher preparation programs.

''(B) In complying with this section, the Secretary and State shall ensure that fair and equitable methods are used in reporting and that they protect the privacy of individuals.

''(2) INFORMATION.—

''(A) STATE REPORT CARD ON THE QUALITY OF TEACHER PREPARATION.—States that receive funds under this Act shall provide to the Secretary, within two years of enactment of the Higher Education Amendments of 1998, and annually thereafter, in a uniform and comprehensible manner that conforms with the definitions and methods established in (a)(1), a state report card on the quality of teacher preparation, which shall include at least the following:

''(1) A description of the teacher certification and licensure assessments, and any other certification and licensure requirements, used by each State.

''(2) The standards and criteria that prospective teachers must meet in order to attain initial teacher licensing or certification and to be licensed to teach particular subjects or in particular grades within the State.

''(3) A description of the extent to which those assessments and requirements are aligned with the State's standards and assessments for students.

''(4) The percentage of teaching candidates who passed each of the assessments used by the State for licensure and certification, and the ''cut score'' on each assessment that determines whether a candidate has passed that assessment.

''(5) The percentage of teaching candidates who passed each of the assessments used by the State for licensure and certification, disaggregated by the teacher preparation program in that State from which the teacher candidate received his or her most recent degree. States shall make these data available widely and publicly.

''(6) Information on the extent to which teachers in the State have been given waivers of State licensure or certification requirements, including the proportion of such teachers distributed across high and low poverty districts and across subject areas.

''(7) A description of each State's alternative routes to teacher certification, if any, and the percentage of teachers certified through alternative certification routes who pass state licensing assessments.

''(8) For each State, a description of proposed criteria for assessing the performance of teacher preparation programs within institutions of higher education, including but not limited to indicators of teacher candidate knowledge and skills as described in (b)(1)(A).

''(B) REPORT OF THE SECRETARY ON THE QUALITY OF TEACHER PREPARATION.—The Secretary shall publish annually and make widely available a report card on teacher qualifications and preparation in the United States, including all the information reported in (A)(1–8), beginning three years after enactment of the Higher Education Amendments of 1998. The Secretary shall report to Congress a comparison of States' efforts to improve teaching quality. The Secretary shall also report on the national mean and median scores on any standardized test that is used in more than one State for teacher licensure or certification. In the case of teacher preparation programs with fewer than 10 graduates taking any single initial teacher certification assessment during any administration of such assessment, the Secretary shall collect and publish information with respect to an average pass rate on State certification or licensure assessments taken over 3 years.

''(C) INSTITUTIONAL REPORT CARDS ON THE QUALITY OF TEACHER PREPARATION.—Each institution of higher education that conducts a teacher preparation program that enrolls students receiving federal assistance shall, not later than two years after the enactment of the Higher Education Amendments of 1998, and annually thereafter, report, in a uniform and comprehensible manner, the following information to the State, and the general public, including through publications such as course catalogues and promotional materials sent to potential applicants, high school guidance counselors, and prospective employers of its program graduates, in a manner that conforms with the definitions and methods established under (a)(1):

''(1) For the most recent year for which the information is available, the passing rate of its graduates on the teacher certification and licensure assessments of the state in which it is located, but only for those students who took those assessments within three years of completing the program. A comparison of the program's pass rate with the state average pass rate shall be included as well. In the case of teacher preparation programs with fewer than 10 graduates taking any single initial teacher certification assessment during any administration of such assessment, the institution shall collect and publish information with respect to an average pass rate on State certification or licensure assessments taken over 3 years.

''(2) The number of students in the program, the average number of hours of supervised practice teaching required for those in the program, and the faculty-student ratio in supervised practice teaching.

''(3) In States that approve or accredit teacher education programs, a statement of whether the institution's program is so approved or accredited.

''(4) Whether the program has been designated as low performing by the State under (b)(1)(B).

In addition to the actions authorized in S. 487(c), the Secretary may impose a fine not to exceed $25,000 on a teacher preparation program for failure to provide the information described in (a)(2)(B) in a timely or accurate manner.

''(b) ACCOUNTABILITY.—

''(1) States receiving funding under this Act, shall develop and implement, no later than three years after enactment of the Higher Education Amendments of 1998, the following teacher preparation program accountability measures and publish the measures publicly and widely:

''(A) A description of state criteria for identifying low-performing teacher preparation programs which may include a baseline pass rate on state licensing assessments and other indicators of teacher candidate knowledge and skill. States that do not employ assessments as part of their criteria for licensing or certification are not required to meet this criterion until such time as the State initiates the use of such assessments.

''(B) Procedures for identifying low performing teacher preparation programs based on the criteria developed by the state as required by (b)(1)(A), and publish a list of those programs.

''(C) States that have, prior to enactment, already conformed with (b)(1)(A–B), need not change their procedures, unless the State chooses to do so.

''(2) Not later than four years after enactment of the Higher Education Amendments of 1998, any teacher preparation programs for which the State has withdrawn its approval or terminated its financial support due to the low performance of its teacher preparation program based on procedures described in (b)(1).

''(1) shall be ineligible for any funding for professional development activities awarded by the Department of Education; and

''(2) shall not be permitted to accept or enroll any student that receives aid under title IV of this Act in its teacher preparation program.

Mr. JEFFORDS. This amendment contains items that have been agreed to on both sides, and I ask for its immediate adoption.

The PRESIDING OFFICER. If there is no objection, the amendment is agreed to.

The amendment (No. 3120) was agreed to.

Mr. JEFFORDS. Mr. President, I ask unanimous consent that no additional amendments be in order and that further action be as described in the order of June 25.

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

The committee substitute, as modified, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The clerk will report H.R. 6.

The legislative clerk read as follows:

A bill (H.R. 6) to extend the authorization of programs under the Higher Education Act of 1965, and for other purposes.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. Under the previous order, all after the enacting clause of H.R. 6 is stricken and the text of S. 1882, as amended, is inserted in lieu thereof.

The question is on the third reading of the bill.

The bill (H.R. 6), as amended, was ordered to a third reading and was read the third time.

The PRESIDING OFFICER. The question is, Shall the bill pass?

Mr. JEFFORDS. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered. The clerk will call the roll.

Mr. NICKLES. I announce that the Senator from Texas (Mrs. HUTCHISON) and the Senator from Arizona (Mr. KYL) are necessarily absent.

Mr. FORD. I announce that the Senator from New York (Mr. MOYNIHAN) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 96, nays 1, as follows:

[Rollcall Vote No. 195 Leg.]

YEAS—96

Abraham	Enzi	Lott
Akaka	Faircloth	Lugar
Allard	Feingold	Mack
Ashcroft	Feinstein	McCain
Baucus	Ford	McConnell
Bennett	Frist	Mikulski
Biden	Glenn	Moseley-Braun
Bingaman	Gorton	Murkowski
Bond	Graham	Murray
Boxer	Gramm	Nickles
Breaux	Grams	Reed
Brownback	Grassley	Reid
Bryan	Gregg	Robb
Bumpers	Hagel	Roberts
Burns	Harkin	Rockefeller
Byrd	Hatch	Roth
Campbell	Hollings	Santorum
Chafee	Hutchinson	Sarbanes
Cleland	Inhofe	Sessions
Coats	Inouye	Shelby
Cochran	Jeffords	Smith (NH)
Collins	Johnson	Smith (OR)
Conrad	Kempthorne	Snowe
Coverdell	Kennedy	Specter
Craig	Kerrey	Stevens
D'Amato	Kerry	Thomas
Daschle	Kohl	Thompson
DeWine	Landrieu	Thurmond
Dodd	Lautenberg	Torricelli
Domenici	Leahy	Warner
Dorgan	Levin	Wellstone
Durbin	Lieberman	Wyden

NAYS—1

Helms

NOT VOTING—3

Hutchison	Kyl	Moynihan

The bill (H.R. 6), as amended, was passed.

(The text of the bill (H.R. 6) will be printed in a future edition of the RECORD.)

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. Mr. President, I commend the managers of this legislation. This is very important legislation. We needed to get it done so that they would have time to go to conference and get it completed without any doubt before this session ends. Students all across America depend on it. As a former employee in a placement and financial aid office at a university, I know how important these loan and grant programs and work study programs are. I thank Senator JEFFORDS, the chairman, and Senator KENNEDY for staying with it today to get this bill completed.

Mr. JEFFORDS addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. President, I am extremely pleased that the Senate has completed action on S. 1882. It is a good day for the Senate and a good day for America's students and their families.

The prompt action on this measure today would not have been possible without the concerted effort of Members of the Senate—particularly those serving on the Labor and Human Resources Committee—and their staffs over the past 18 months.

Each and every member of the Committee made a positive contribution to the development and refinement of this measure. I very much value the time, effort, and commitment they have brought to this task.

I would also like to extend my sincerest thanks to the many staff people who sacrificed their evenings and weekends to further this cause.

I would like particularly to recognize the efforts of Townsend Lange with Senator COATS, Marianna Pierce, Jane Oates, and Jennifer Kron with Senator KENNEDY, and Suzanne Day and Megan Murray with Senator DODD. These individuals—along with my own staff members Scott Giles, Susan Hattan, Cory Heyman, Pamela Moran, and Jenny Smulson—went ''above and beyond'' in terms of their diligent work on each and every aspect of this measure.

I would like also to recognize and thank the staff of other members of the committee—all of whom have shown great dedication to this cause:

Jackie Cooney with Senator GREGG;
Lori Meyer with Senator FRIST;
John Connelly with Senator DEWINE;
Chad Calvert with Senator ENZI;
Jenny Saunders with Senator HUTCHINSON;
Julian Haynes with Senator COLLINS;
Angie Stewart with Senator WARNER;
Robin Bowe and Holly Hacker with Senator MCCONNELL;
Bev Schroeder with Senator HARKIN;
Deborah Connelly with Senator MIKULSKI;
Alexander Russo and Rena Subonik with Senator BINGAMAN;
Roger Wolfson and Robin Burkhe with Senator WELLSTONE;
Mike Egan with Seantor MURRAY;
Elyse Wasch with Senator REED.

I also want to acknowledge the extraordinary assistance offered by Debb Kalcevik, Robin Seiler, Josh O'Harra, and Justin Latus with the Congressional Budget Office, Mark Sigurski with Senate Legislative Counsel, and Margot Schenet, Jim Steadman, and Barbara Miles, with the Congressional Research Service.

This process has been a collaborative and bipartisan one every step of the way. It has produced a measure of which we can all be proud.

I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I want to take a moment of the Senate's time to, first, congratulate Senator JEFFORDS and his staff and thank my staff and a number of our colleagues. This is an enormously important piece of legislation.

I didn't really have a chance in the final moments to indicate the importance and significance of this legislation, but to the parents of this country who may be following this discussion this evening, as a result of this legislation, the students who will be attending colleges after its implementation, which will be later in this year, will be saving anywhere from $650 to $3,200 over the course of a loan. The bill also provides for loan forgiveness for teachers, some $8,000 for highly qualified teachers who will teach in low-income communities.

It has very, very important quality teaching training programs. This was a high priority of the chairman. A great deal of time was taken on it. We have scarce resources, but the resources that were available were really targeted to strengthening the teaching and the training of teachers. As the debate indicated, I believe there are strong evaluation programs in the bill, and they are very, very significant.

This bill increases the Pell grant to some $5,000. Then it continues along with some important initiatives for students with disabilities, campus-based child care, distance education, and a range of other kinds of initiatives, building on a very solid record.

The fact that we were able to get this legislation through in one day is a clear indication of the very, very strong bipartisan support, and I think the vote is a real tribute to the chairman and his leadership and to the other members of the Human Resources Committee.

I thank my staff: Marianna Pierce who has been working on this legislation for many, many months, over a year; Jennifer Kron; Jane Oates; former fellows Gloria Corral, Maria McGarrity, Eileen O'Leary and Danielle Ripich.

I also thank Deborah Kalcevik from CBO and Margot Schenet, Jim Stedman and Barbara Miles at CRS; Mark Sigurski from the Office of Legislative Counsel, as well as on my staff, Michael Myers.

I in particular thank Senator JEFFORDS and his staff. I know he has mentioned them.

I thank Senator COATS who was very much involved in this legislation, and his staff, Townsend Lange.

From my friend and colleague from Connecticut, Senator DODD: Suzanne

Day, Megan Murray, MaryEllen McGuire. They were all invaluable, as was the Senator, in working very effectively during the course of the whole day on this legislation.

I thank TOM HARKIN for his initiatives, PAUL WELLSTONE, JEFF BINGAMAN, all who were very much involved in the debate; PATTY MURRAY, BARBARA MIKULSKI and other members of the committee who were active and involved today; JACK REED who follows in a very long and distinguished tradition on the Education Committee in the great traditions of our dear friend Claiborne Pell, who was chairman of the Education Committee and made monumental contributions to the education of young people across this country.

To all of them, I am enormously grateful. I yield the floor.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, very briefly, I see my colleague from Ohio here, I want to add my voice to those who have spoken in praise of Senator JEFFORDS, the chairman of the committee, his staff, and the wonderful job they did in leading this piece of legislation and working with Senator KENNEDY as the leading Democrat on our side.

What we witnessed today is a wonderful example of how the legislative process ought to work. It is hard to imagine taking on a piece of legislation that has a 5-year lifespan to it, a higher education bill that affects so many millions of Americans. We did this in one day in large measure because the committee worked very closely together, Mr. President. A lot of work went into trying to resolve issues as a committee. There were a couple we couldn't, so we left those to our colleagues, which is the way it should be here when you can't come to a final resolution.

That shows remarkable leadership on the part of the chairman and the ranking Democrat, that they can take a bill as complicated and as comprehensive as this, one as long in duration as this and bring it to the floor and, in the space of virtually 12 hours, provide the kind of unanimous—it may have been unanimous, I don't know what the vote was here—almost unanimous vote in support of the Higher Education Act for our Nation.

I want others to know that this is a good example of how we ought to work here. I hope others will heed this example.

For DAN COATS, who is not on the floor this evening, our colleague from Indiana, this will be the last higher education bill he will be involved in, as he made the decision to leave the U.S. Senate at the end of his term. Certainly, there will be other bills between now and when the session ends. I am certain Senator COATS feels a sense of pride, as he should, having played a major role in the last higher education bill he will be involved in in the U.S. Senate. I commend him for his efforts.

Let me join in commending staff: Mark Powden for his fine work, Susan Hattan, Scott Giles, Jenny Smulson, Corey Heyman.

Senator KENNEDY's staff: Marianna Pierce did a wonderful job on the Democratic side working on this and keeping us well informed and trying to work out amendments during the committee process and on the floor.

PRIVATE PROPERTY RIGHTS—MOTION TO PROCEED

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate now turn to the consideration of Calendar No. 459, S. 2271, regarding private property rights.

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. Mr. President, I object.

CLOTURE MOTION

Mr. LOTT. Mr. President, in light of the objection, I now move to proceed to S. 2271 and send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provision of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the motion to proceed to the private property rights legislation:

Trent Lott, Orrin Hatch, Jon Kyl, Chuck Hagel, Tim Hutchinson, Rod Grams, Pat Roberts, Pete Domenici, Dan Coats, Michael B. Enzi, Larry E. Craig, Craig Thomas, John Ashcroft, Frank Murkowski, Don Nickles, and Dirk Kempthorne.

Mr. LOTT. Mr. President, for the information of all Senators, this cloture vote will occur on Monday, July 13, at 5:45 p.m.

I propound the request that the mandatory quorum under rule XXII be waived.

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

Mr. LOTT. I now withdraw the motion to proceed. I yield the floor, Mr. President.

The PRESIDING OFFICER. Who seeks time?

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

MORNING BUSINESS

Mr. DEWINE. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. DEWINE. Mr. President, I ask unanimous consent that I be permitted to proceed for the next 30 minutes.

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

AMERICA'S STRATEGY AGAINST ILLEGAL DRUGS

Mr. DEWINE. Mr. President, I rise tonight to make some comments about America's strategy in the long and vitally important struggle we are waging against illegal drugs. When it comes to ensuring a bright future for our children, there are very few things we can do that are more important than protecting them from drugs.

Earlier today, President Clinton and Speaker of the House GINGRICH unveiled a major billion-dollar advertising campaign, a campaign approved by this Congress to reach our children with a hard-hitting message about the dangers of drugs. Mr. President, in my view, this is a very worthwhile project; it is something that we should do; it is something that I believe will in fact make a difference. It comes not a moment too soon.

Advertising is important in virtually every sector of our society. Those of us who run for public office use TV and radio; products are sold every day. I think the evidence is clear that we can reach our young people; we can reach everyone through very effective antidrug advertising.

Mr. President, investing in antidrug education campaigns is important, but education is just one of the key components. It must be part of a balanced overall strategy if we are to truly fight drug abuse. To succeed, we have to rely on more than just creative minds on Madison Avenue. We need the help of teachers, doctors, parents, and many more, to help reduce demand through education and through treatment. We need the help of law enforcement officers, we need the help of prosecutors, judges, to arrest and then send drug pushers to prison. And we need drug enforcement agents, Coast Guard crews, and even members of our military to seize drugs at the source or in transit before they come into our country. It takes all these individuals, and so many more, to wage a comprehensive—to wage a balanced, effective war on drugs. History proves the fight against drugs is only successful when it is balanced and when it is in fact comprehensive.

Mr. President, sadly—sadly—our overall drug strategy today is neither balanced nor comprehensive. Our drug strategy today is imbalanced because of a lack of commitment for the international and for the interdiction components of the antidrug effort. Let me repeat, I believe that we are not making enough effort in the international area and in the interdiction components of the antidrug effort.

Now, what do I mean by the interdiction component? What do I mean by the international component? Let me define ''international effort,'' what I mean by that, and what I mean by ''interdiction efforts.''

International efforts include any direct assistance, resources and training the United States provides to foreign countries specifically for counternarcotics matters.

By interdiction efforts, I mean to include the seizing of drugs, the disruption of drug-trafficking routes outside our borders from where the drugs are produced in source countries, through the so-called transit zones, then up until they reach our border.

Basically, Mr. President, what we are talking about is everything from the production of the drugs all the way until they hit our border. It is in this effort in the past few years we have not made the effort, not made the sufficient effort.

Sadly, the current administration, despite its promises in this area, has been either unwilling or unable to maintain the support needed for a successful comprehensive and balanced international and interdiction strategy.

It is, Mr. President, because of this imbalance that the current administration has failed to uphold the tremendous successes of the Reagan and Bush administrations in reducing illegal drug use, particularly among young people. In fact, the evidence shows that drug use has been on the rise. This must be of great concern to all Americans.

Mr. President, I am going to be talking in the balance of this speech about that lack of effort in the international area and that lack of effort in the interdiction area. I want to also say, though, that part of the problem has been that initially this administration did not focus on the drug problem. It was not a high priority. The President, for years, did not use the bully pulpit of the Presidency to talk about this issue. And I think this contributed to the problem as well.

The fact is, over the course of the previous decade, international and interdiction programs beyond our borders were essential parts of a balanced plan to reduce drug use, a plan that also included drug education, drug treatment, and local law enforcement efforts. When we used all of these, Mr. President, we made some progress.

But beginning in 1993, the administration abandoned this balanced approach and shifted resources away from the international and interdiction components of our antidrug efforts. Simply put, this administration has deemphasized effective strategies beyond our borders that are designed to keep drugs from entering our country and infecting our communities.

Mr. President, I believe it is time to reverse this current policy. This evening, I call on my colleagues to join me in restoring—in restoring—a balanced drug control strategy that will put us back on a course toward ridding our schools and our communities of illegal and destructive drugs.

By doing this, we can in fact make a difference. By restoring our prior commitment to source and transit zone interdiction efforts, we can once again reduce the trafficking of drugs.

Let me address this issue in more detail. As I said at the beginning of my remarks, effective international and effective interdiction programs are a necessary and key component of any national drug control strategy.

During the period from 1985 through 1992, the U.S. Government waged a comprehensive and a balanced antidrug effort. The evidence clearly shows that with a balanced strategy we were making great progress. We significantly reduced drug use.

In 1987, the Federal drug control budget was divided as follows: 29 percent for demand reduction programs. These, of course, include education, treatment, prevention. Thirty-eight percent of the budget in that year—38 percent of the budget—went for domestic law enforcement, and 33 percent went for international and interdiction efforts.

The total national drug control budget at that time was $4.79 billion. Now, what were the results of this very balanced—very balanced—approach? We achieved some progress, with some success.

In 1988 to 1991, total drug use was down 13 percent, cocaine use dropped by 35 percent, marijuana use was reduced by 16 percent.

How did interdiction contribute to this decline? First, major efforts to limit the easy access to drugs by street dealers caused the number of potential drug users to fall off. Second, limiting success through interdiction drove up the street price of drugs dramatically. Because of interdiction, drugs became more difficult to find and more expensive to buy.

During this period of time, our drug interdiction strategy was serious business. President Bush called illegal drugs the ''gravest domestic threat facing our Nation today.'' In 1989, President Bush tasked the Defense Department to play an important role in the drug war. Specifically, the Defense Department was tasked to engage in the detection and monitoring of drugs in transit towards the United States. As a Member of the House of Representatives at that time, I can recall very well the investment we dedicated toward the international and toward the interdiction components of the war on drugs. These investments did make a difference.

All this changed in 1993. The Clinton administration immediately pursued policies that upset this careful balance in drug funding. Although we have seen a considerable increase in the overall national drug control budget, the proportion of resources dedicated to international and to interdiction efforts has dramatically declined over the past 5 years.

In addition, interdiction no longer remains a priority within the Department of Defense. In fact, the Defense Department currently ranks counternarcotics dead last in importance, dead last in its global military force policy.

Let me spend a few minutes talking about this major shift in policy. Let me refer Members of the Senate to my second chart. Of the $13.3 million national drug control budget for the year 1995, 35 percent was allocated for drug demand reduction programs—35 percent—53 percent for law enforcement, but only 12 percent for the international and the interdiction components combined. So we went from one-third of the total budget to 12 percent, a dramatic change. Think of it—only 12 percent of the total drug control budget was dedicated to these efforts, down from 33 percent just a few years before. Although the overall drug budget increased threefold from 1987 to 1995, the piece of the drug budget pie allocated for international and interdiction efforts has dramatically decreased. This is not only unfortunate, it is also unacceptable.

There was then and continues to be no real effort made, no real commitment made, no real resources given, for international and interdiction efforts. We are spending some money, but it has been a dramatic decrease in the message of our total effort. I believe the results are clear and the consequences have been devastating.

Counternarcotics funding for defense fell 57 percent between 1992 and 1995. Coast Guard funding fell 32 percent during that same period. As a result, a number of Defense Department and Coast Guard ship days devoted to drug interdiction dropped from 4,448 in fiscal year 1993 to 2,845 in 1995. Further, not surprisingly, Coast Guard seizures dropped from a little over 90,000 pounds in 1991 to a little over 28,000 pounds in 1996. In addition, the number of flight hours by airborne warning and control systems, AWAC planes, dropped from 38,100 hours in fiscal year 1992, clear down to 17,713 hours in fiscal year 1996, a 54 percent reduction. Had it not been for the change in leadership in Congress in 1995, this very troubling situation would have been far, far worse.

However, the damage of an unbalanced strategy has been done. Cocaine seizures had dropped, the price of cocaine had dropped, and there was an increase in drug use. Overall drug use among teens aged 12–17 rose by 70 percent. Drug-abuse-related arrests more than doubled for minors between 1992 and 1996. Since 1992, there has been an overall 80 percent increase in illicit drug use among graduating high school seniors. This negative effect has sent shockwaves through our communities and our homes.

The rise of drug use is not at all surprising. With the decline of emphasis on drug interdiction, it became far easier to bring drugs into the United States and thus far easier to purchase drugs. A significant price decline caused by the increased availability of cocaine and heroin made it easier for casual adult users and our youth to buy these drugs. The Office of National Drug Control Policy reported that small ''pieces'' or rocks of crack once sold for $10 to $20 and are now available for $3 to $5.

Mr. President, what disturbs me about this current national drug control strategy is that this unbalanced trend continues. As we can see in the second chart, in the late 1980s there was a generally balanced distribution among the three different functions—demand reduction, law enforcement, and international interdiction efforts. In 1987, you can see, they are fairly balanced. Compare that to the distributions for the years 1994, 1995, and then 1998. One can see that our previous balanced approach certainly no longer exists.

The red on the chart is the international and interdiction components—again, Mr. President, basically our entire antidrug effort from the source countries to the transit zones, right up to the border of the United States. That is what this red represents. What you find is, it was basically a third when we started, when we looked at 1987, but by the time we get to 1995 and 1998 it is a much smaller percentage, down to as low as 12 percent. That is the problem.

Our previous balanced approach simply no longer exists. The strategy has changed, and, sadly, so have the results. This really is the untold story of what has gone on in regard to our antidrug efforts during the past few years. It is a story that I think has to be told, and it is a story that I think the Senate, the House, and the American people simply have to pay attention to. We have to change this trend. We need to restore a balance, a balanced strategy.

Let me make it clear that I strongly support funding to keep with the demand side of the drug situation; that is, finding a way to persuade Americans, particularly young people, that doing drugs is wrong, that it destroys lives, families, schools, and communities. Truly, in the end, reducing demand is the only permanent way to really overcome the threat of drugs. As long as there is demand for drugs, there will always be a supply. That is why education and treatment, both—education and treatment—remain essential long-term goal components of our antidrug efforts.

However, reducing the demand for drugs is not going to happen overnight. It will take many years to change minds regarding the use or abuse of drugs. I believe one way to reduce demand is to have an effective interdiction policy, one that will seriously reduce the level of drugs into this country. We must find ways to raise the costs of narcotics trafficking, making it far more difficult for drug lords to bring these drugs to our Nation and in making the drugs far more costly to buy.

It is sad to say, the drug cartels don't have a budget process or a bureaucracy to slow them down. Unfortunately, the job is not getting done. As I have mentioned before, the Caribbean is becoming more and more the transit route of choice for drug traffickers. I have made two visits to the transit zone in the Caribbean in the past few months. During my last visit, I learned that our agents in the Bahamas seized more cocaine in the first 3 months of 1998 than in the previous 3 years combined. This may sound great, it may sound like we are making progress, but our agents there inform me that although they would like to take tremendous credit for these seizures, their belief, their concern, is that the higher amount seized represents probably just a small fraction of the total amount of drugs coming through this area. They told me that they think the amount of drugs coming through is significantly up, and they are only getting a fraction of what is coming through.

For example, Mr. President, of the total drug air events in the Bahamas from April 1997 to April 1998, our U.S. agents told me that they believe there was only an 8 percent success rate in stopping drug air flights that had been detected. They are working hard and they are doing the best they can, but that means that over 92 percent got away. Without a doubt, there is a larger, larger flow of drugs entering the United States and a larger, larger flow of drugs coming through this part of the world.

Mr. President, when I was in Key West for a short visit in May, I was briefed on specific interdiction efforts in the Eastern Pacific. I was surprised to find that in the Eastern Pacific the coast is literally clear today for the drug lords to do their business. We have virtually nothing going on to stop drug trafficking in this area. It is wide, wide open. This is simply unacceptable.

The U.S. Government is not effectively dealing with this increasingly large threat in the eastern Pacific. We have virtually no presence because of a lack of funding and commitment. I was briefed about an operation called Caper Focus, which would have focused on interdiction efforts in the area. We would have had a number of surface assets and aircraft to patrol the waters and to do interdiction. This operation, unfortunately, was canceled—canceled before it started—because of a Department of Defense decision to send the needed surface assets elsewhere. To date, this issue has not been resolved and the coastal waters in the Eastern Pacific are wide open—wide open—for drug business.

Mr. President, it is situations like this that greatly disturb me and, I think, should disturb all Americans. As a Nation, we are not doing all we can to fight drugs beyond our borders. The drug lords in South America are well aware that the United States no longer considers interdiction an important facet in its drug program. It is no exaggeration to say that they are having a field day. Although the Coast Guard and agencies can monitor drug trafficking operations, they stand by helpless because they lack the necessary equipment to turn detection into seizures and arrests.

Mr. President, I believe it is time to provide the resources essential for our agencies to effectively complete the job that they have been assigned, and the job that they so desperately want to do—the job to protect our borders from the importation of illegal narcotics. The most effective way to stop the drug business is to find ways to make it more difficult for them to engage in this illicit and, frankly, immoral practice. We need to have a renewed commitment and rededication of resources toward drug interdiction.

Mr. President, there is a clear link between the rise in the drug use and the decline of resources devoted to interdiction. The interdiction efforts conducted from 1985 to 1992 made a difference in reducing drug use. Interdiction does drive up the price of doing business in drugs, and this drives up the price and drives down the purity of cocaine on the street, or any other drug. Also, it is important to note that seizing or destroying a ton of cocaine in source or transit areas is much more cost effective than trying to seize the same quantity of drugs at the point of sale. No doubt, interdiction is a key factor driving down drug use, and you do it by driving up drug prices.

Mr. President, the answer to this current problem is clear: We need a balanced antidrug approach. That means we have to restore source country/transit zone interdiction efforts. I believe that we can in fact do this. I believe we can restore the strategy we had not so many years ago before the current administration hobbled these efforts. We need to reduce the flow of cocaine and heroin into the U.S., we need to drive up the cost of these drugs, and we need to reduce their availability and support efforts to reduce demand. This will work.

Mr. President, I have been working with colleagues both in the Senate and the House in developing this comprehensive interdiction eradication and crop substitution program. So I intend to take the floor again soon and outline how we can restore our international interdiction efforts and how we can restore the balance we need to once again effectively fight the scourge of illegal drugs.

Mr. President, Abraham Lincoln once said, ''We cannot escape history.'' Well, history shows that only with a comprehensive, balanced antidrug strategy can we actually reduce drug use. So it is time for our drug strategy to embrace history, not escape it.

Mr. President, I will discuss this matter in the future in more detail and with more specifics, as far as what I think we need to do. But the bottom line is that we need that balanced approach. We need to get back to doing what we were doing a few years ago, when one-third of our budget was devoted to interdiction, stopping drugs before they reached the United States. We need to do everything—we need to have drug treatment, we need to have drug education, we need to have domestic law enforcement, and we need to work at our borders. All of these things

are important. But we also must do the final thing. The final thing is to stop the drugs at the source, in the source country, and in transit.

BUD SELIG—COMMISSIONER OF BASEBALL

Mr. DODD. Mr. President, I rise today to congratulate Alan H. ''Bud'' Selig, on his unanimous selection today to serve as baseball's ninth permanent commissioner.

Alan ''Bud'' Selig is a very good friend of mine.

Admittedly today's announcement is somewhat anti-climactic as Bud Selig's tenure has already surpassed that of four of his eight predecessors as commissioner. But this is truly a special day and a great accomplishment for a deserving and wonderful American.

Senator HERB KOHL of Wisconsin and Bud were college classmates. Most college classmates would consider it a great success if later in life they were to share season tickets to a ballpark. This was a unique college roommate relationship in that both of them ended up being owners of major league franchises within their own city.

I must admit that I can think of few college rooming groups in our Nation's history who have attained such success. Most roommates simply aspire to one day share a set of season-tickets, but for each roommate to own one of the home town professional sports teams must surely be unprecedented.

While Bud may be an owner, he has always remained first and foremost, a fan, and that is why I think that he has been and will continue to be a successful commissioner. He understands the power of the game and the joy and disappointment that it can deliver to its fans.

Bud, you have an important job ahead of you, and some large footsteps that you must walk in. But I have every confidence that you will serve in a manner worthy of the position and its history. Congratulations.

When Milwaukee joined the major leagues in 1953, Bud became a Braves fan and subsequently the largest public stockholder in 1963. But he saw his beloved Braves move to Atlanta in 1965 and he then sold his stock.

But in recognition of the importance of baseball to the city, Bud formed an organization to bring baseball back to Milwaukee. After several heartbreaking failures Bud was successful in 1970 when a Seattle bankruptcy court awarded the Seattle franchise to the investment group led by Bud Selig, and the modern-day Milwaukee Brewers were born.

Bud has led the Brewers since the move to Milwaukee, and has upon his selection as commissioner placed his interest in a trust. His daughter Wendy is currently serving as the president of the club.

Not only is Bud an asset to the game of baseball, but he is a pillar in his community. He is a member of the board of the Green Bay Packers football team and the University of Wisconsin medical school. He was a founder of athletes for youth, helped establish the child abuse prevention network and serves on the board for businesses against drunk driving. He is also a trustee of the Boys and Girls Club.

From the day that he took the reigns of baseball's executive council he has been faced with serious and difficult issues. He presided over the 230-day strike that wiped out the World Series for the first time in 90 years and led to a sharp drop-off in attendance and popularity. But eventually, he was able to help secure a new collective bargaining agreement with the players association, and the game has been moving in the right direction ever since.

Bud Selig has implemented a number of changes to the game that have been overwhelmingly popular with baseball's fans.

As a Red Sox fan, I want to personally thank the commissioner for implementing the popular wild card system. When I look in the sports pages today to check the standings, I don't see Boston as being 11 games out of first place. Instead, I see them with a five game lead in the wild card race. For that, I and much of New England thank the new commissioner.

He has also instigated interleague play that has brought tremendous excitement to cities all across America. For years, the Yankees-Mets or Cubs-White Sox debate took place in bar rooms and diners, but today it's taking place on the baseball diamond, where it should be.

Thanks to Bud Selig's leadership, baseball fans are no longer talking about labor programs. Instead they're talking about the quest to surpass Roger Maris's 61 home runs or Hack Wilson's RBI record. They're talking about whether or not the Yankees can break the record for most wins in a season. They're talking about the playoff hopes of the Red Sox and the Mets. And not only are they talking about baseball, but they're also going to the ball park, as major league attendance has almost completely returned to its pre-strike levels.

Today's vote is a testament to the job that Bud had done as interim commissioner. When he took the post in a temporary role in 1992, few people would have ever imagined that an owner could be approved as full-time commissioner. But Bud Selig is a commissioner for the future of baseball, and he will continue doing an admirable job tackling the problems of the modern game.

Perhaps the biggest problems facing baseball today is the dichotomy between rich and poor teams. And few Commissioners could be as uniquely well-suited to address this issue. As the owner of a small-market team Bud Selig understands the difficulties that the Milwaukees and Montreals of the world have going up against teams like the Braves and the Yankees.

He was instrumental in securing a revenue-sharing agreement between large and small market teams, and I am confident that he will continue seeking ways to address this issue.

In addition to a valuable perspective, Bud Selig also possesses the leadership skills and demeanor that will be necessary to take baseball into the next century. He's a far cry from the iron-fist of Judge Kinnesaw Mountain Landis. Instead, Bud Selig rules by consensus, and his consensus building skills will help him provide the unified leadership that will keep baseball on the right track as it heads into the 21st century.

On a personal note, I want to thank Bud Selig for his efforts to help expedite the move of the Yankees double-A farm team to Norwich, Connecticut. This ball club has played in Norwich for a few years now, and it has really helped to bring that community even closer together. They play in a beautiful ball park, that I'm proud to say is named after my father—Senator Thomas Dodd. The dedication of that stadium and the playing of the first minor league game in Norwich was a special day for me, and Bud Selig took the time from his busy schedule to spend that day with me and the people of Connecticut. And for that, I am thankful.

So our deep and sincere congratulations to Bud.

In closing, I would like to read a passage from one of Bud Selig's predecessors that highlights the significance of the job that he has just taken.

A former Connecticut resident who served as commissioner of baseball, A. Bartlett Giamatti, who passed away, former president of Yale University, wrote:

> I believe baseball is a beautiful and exciting game, loved by millions—I among them—and I believe baseball an important, enduring American institution. It must assert and aspire to the highest principles—of integrity, of professionalism of performance, of fair play within its rules. It will come as no surprise that like any institution composed of human beings, this institution will not always fulfill its highest aspirations. I know of no worldly institution that does but this one, because it is so much a part of our history as a people, and because it has such a penchant on our national soul, has an obligation to the people for whom it is played to, its fans, and well-wishers to strive for excellence in all things to promote the highest ideals. I am told that I am an idealist. I hope so. I will continue to locate ideals I hold for myself and my country in the national game as well as in others of our national institutions.

''Bud'' Selig, I think, embraces those thoughts that Bartlett Giamatti expressed some years ago before his untimely and early death. I am very confident that we will all be proud of his tenure as commissioner of baseball.

I wanted to take this moment to congratulate ''Bud'' Selig and his family this evening. It is a proud night for them, and certainly it is a good night for baseball and for America as well.

U.S. FOREIGN OIL CONSUMPTION FOR WEEK ENDING JULY 3RD

Mr. HELMS. Mr. President, the American Petroleum Institute has reported that for the week ending July 3 that the U.S. imported 7,328,000 barrels of oil each day, 1,632,000 barrels a day less than the 8,960,000 imported during the same week a year ago.

While this is one of the rare weeks when Americans imported slightly less foreign oil than the same week a year ago, Americans still relied on foreign oil for 53.7 percent of their needs last week. There are no signs that the upward spiral will abate. Before the Persian Gulf War, the United States imported about 45 percent of its oil supply from foreign countries. During the Arab oil embargo in the 1970s, foreign oil accounted for only 35 percent of America's oil supply.

All Americans should ponder the economic calamity certain to occur in the U.S. if and when foreign producers shut off our supply—or double the already enormous cost of imported oil flowing into the U.S.: now 7,328,000 barrels a day at a cost of approximately $80,608,830 a day.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Wednesday, July 8, 1998, the federal debt stood at $5,529,002,150,322.41 (Five trillion, five hundred twenty-nine billion, two million, one hundred fifty thousand, three hundred twenty-two dollars and forty-one cents).

One year ago, July 8, 1997, the federal debt stood at $5,354,620,000,000 (Five trillion, three hundred fifty-four billion, six hundred twenty million).

Five years ago, July 8, 1993, the federal debt stood at $4,340,815,000,000 (Four trillion, three hundred forty billion, eight hundred fifteen million).

Ten years ago, July 8, 1988, the federal debt stood at $2,553,584,000,000 (Two trillion, five hundred fifty-three billion, five hundred eighty-four million).

Fifteen years ago, July 8, 1983, the federal debt stood at $1,328,732,000,000 (One trillion, three hundred twenty-eight billion, seven hundred thirty-two million) which reflects a debt increase of more than $4 trillion—$4,200,270,150,322.41 (Four trillion, two hundred billion, two hundred seventy million, one hundred fifty thousand, three hundred twenty-two dollars and forty-one cents) during the past 15 years.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the President Officer laid before the Senate messages from the President of the United States submitting one withdrawal sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–5803. A communication from the Federal Co-Chairman of the Appalachian Regional Commission, transmitting, a draft of proposed legislation entitled ''The Delta Regional Development Act''; to the Committee on Environment and Public Works.

EC–5804. A communication from the Assistant Secretary for Land and Minerals Management, transmitting, a draft of proposed legislation entitled ''The Naval Air Station, Fallon, Nevada, Lands and Mineral Segregation Act''; to the Committee on Energy and Natural Resources.

EC–5805. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''Peanuts Marketed in the United States; Relaxation of Handling Regulations'' (Docket FV97–997–1 FIR and FV97–998–1 FIR) received on July 2, 1998; to the Committee on Agriculture, Nutrition, and Forestry.

EC–5806. A communication from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''Imported Fire Ant Quarantined Areas'' (Docket 97–101–2) received on July 1, 1998; to the Committee on Agriculture, Nutrition, and Forestry.

EC–5807. A communication from the Chairman and Chief Executive Officer of the Farm Credit Administration, transmitting, pursuant to law, the report of a rule regarding requirements relating to the funding and discount services that certain Farm Credit System banks extend to non-System financial institutions (RIN3052–AB67) received on June 30, 1998; to the Committee on Agriculture, Nutrition, and Forestry.

EC–5808. A communication from the President and Chairman of the Export-Import Bank of the United States, transmitting, pursuant to law, notice of financial guarantees for the sale of aircraft to Turk Hava Yollari TAO of Turkey; to the Committee on Banking, Housing, and Urban Affairs.

EC–5809. A communication from the President and Chairman of the Export-Import Bank of the United States, transmitting, pursuant to law, notice of financial guarantees for the sale of power generating equipment to Comision Federal de Electricidad of Mexico; to the Committee on Banking, Housing, and Urban Affairs.

EC–5810. A communication from the President and Chairman of the Export-Import Bank of the United States, transmitting, pursuant to law, notice of financial guarantees for the sale of oil and gas services and equipment to Petroleos Mexicanos of Mexico; to the Committee on Banking, Housing, and Urban Affairs.

EC–5811. A communication from the President and Chairman of the Export-Import Bank of the United States, transmitting, pursuant to law, notice of financial guarantees for the construction of a pulp and paper mill in Turkmenistan; to the Committee on Banking, Housing, and Urban Affairs.

EC–5812. A communication from the Managing Director of the Federal Housing Finance Board, transmitting, pursuant to law, the report of a rule entitled ''Eligibility for Membership and Advances'' (RIN3069–AA69) received on July 2, 1998; to the Committee on Banking, Housing, and Urban Affairs.

EC–5813. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the report on open dumps on Indian lands for fiscal year 1997; to the Committee on Indian Affairs.

EC–5814. A communication from the Acting Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report concerning direct spending or receipts legislation within seven days of enactment dated June 9, 1998; to the Committee on the Budget.

EC–5815. A communication from the General Counsel of the National Tropical Botanical Garden, transmitting, pursuant to law, a report on the Garden's financial statements and schedules for calendar year 1997; to the Committee on the Judiciary.

EC–5816. A communication from the Director of the Office of Regulations Management, Department of Veterans Affairs, transmitting, pursuant to law, the report of a rule entitled ''Veteran's Education: Suspension and Discontinuance of Payments'' (RIN2900–AF85) received on July 2, 1998; to the Committee on Veterans Affairs.

EC–5817. A communication from the Assistant Secretary of the Navy (Installations and Environment), transmitting, pursuant to law, the notice of a decision to study certain functions performed by military and civilian personnel in the Department of the Navy dated June 24, 1998; to the Committee on Armed Services.

EC–5818. A communication from the Acting Principal Deputy Under Secretary of Defense (Logistics), transmitting, pursuant to law, a report entitled ''Logistics Augmentation Program''; to the Committee on Armed Services.

EC–5819. A communication from the Director of the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule regarding pesticide tolerances for sodium chlorate (FRL 5795–8) received on June 26, 1998; to the Committee on Environment and Public Works.

EC–5820. A communication from the Director of the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule regarding revisions to the Metropolitan Washington, D.C. Ozone Nonattainment area Implementation Plans (FRL 6120–6) received on July 1, 1998; to the Committee on Environment and Public Works.

EC–5821. A communication from the Director of the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule regarding revisions to Air Quality Implementation Plans for New Mexico and Albuquerque (FRL 6118–4) received on July 1, 1998; to the Committee on Environment and Public Works.

EC–5822. A communication from the Director of the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule regarding the 15 Percent Plan for the Metropolitan Washington, D.C. Ozone Nonattainment Area (FRL 6120–3) received on July 1, 1998; to the Committee on Environment and Public Works.

EC–5823. A communication from the Director of the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of Implementation Plans; State of Missouri'' (FRL 6118–3) received on July 1,

1998; to the Committee on Environment and Public Works.

EC–5824. A communication from the Director of the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of Implementation Plan Revisions; Ohio'' (FRL 6120–7) received on July 1, 1998; to the Committee on Environment and Public Works.

EC–5825. A communication from the Director of the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule regarding residue tolerances for the pesticide pyriproxfenn (FRL 5794–6) received on July 1, 1998; to the Committee on Environment and Public Works.

EC–5826. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, a report on Medicare coverage of lung volume reduction surgery; to the Committee on Finance.

EC–5827. A communication from the Chief of Staff of the Office of the Commissioner of Social Security, transmitting, pursuant to law, the report of a rule entitled ''Supplemental Security Income for the Aged, Blind, and Disabled; Valuation of In-Kind Support and Maintenance With Cost-of-Living Adjustment'' (RIN 0960–AD82) received on July 2, 1998; to the Committee on Finance.

EC–5828. A communication from the Chief of Staff of the Office of the Commissioner of Social Security, transmitting, pursuant to law, the report of a rule entitled ''Supplemental Security Income for the Aged, Blind, and Disabled; Charging Administration Fees for Making State Supplementary Payments'' (RIN 0960–AE84) received on July 2, 1998; to the Committee on Finance.

EC–5829. A communication from the Regulatory Policy Officer, Bureau of Alcohol, Tobacco and Firearms, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Diablo Grande Viticultural Area'' (RIN1512–AA07) received on July 2, 1998; to the Committee on Finance.

EC–5830. A communication from the National Director of Appeals, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Salvage Value On Vessels Placed In Service Prior to January 1, 1981'' received on July 2, 1998; to the Committee on Finance.

EC–5831. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Magnetic Media Filing Requirements for Information Returns'' (RIN1545–AU08) received on June 29, 1998; to the Committee on Finance.

EC–5832. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Kerosene Tax; Aviation Fuel Tax; Tax on Heavy Trucks and Trailers'' (RIN1545–AW15) received on June 29, 1998; to the Committee on Finance.

EC–5833. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to law, the report of international agreements other that treaties (98–81 to 98–89); to the Committee on Foreign Relations.

EC–5834. A communication from the Acting Assistant General Counsel for Regulations, Department of Education, transmitting, pursuant to law, the report of a rule regarding the administration of grants and agreements received on June 26, 1998; to the Committee on Labor and Human Resources.

EC–5835. A communication from the Acting Director of the Regulations Policy and Management Staff, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Food Labeling: Health Claims; Antioxidant Vitamin A and Beta-Carotene and the Risk in Adults of Atherosclerosis, Coronary Heart Disease, and Certain Cancers'' (Docket 98N–0428) received on July 2, 1998; to the Committee on Labor and Human Resources.

EC–5836. A communication from the Acting Director of the Regulations Policy and Management Staff, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Food Labeling: Health Claims; Calcium Consumption by Adolescents and Adults, Bone Density and The Risk of Fractures'' (Docket 98N–0423) received on July 2, 1998; to the Committee on Labor and Human Resources.

EC–5837. A communication from the Acting Director of the Regulations Policy and Management Staff, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Food Labeling: Health Claims; Garlic, Reduction of Serum Cholesterol, and the risk of Cardiovascular Disease in Adults'' (Docket 98N–0422) received on July 2, 1998; to the Committee on Labor and Human Resources.

EC–5838. A communication from the Acting Director of the Regulations Policy and Management Staff, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Food Labeling: Health Claims; Antioxidant Vitamins C and E and the Risk in Adults of Atherosclerosis, Coronary Heart Disease, Certain Cancers, and Cataracts'' (Docket 98N–0426) received on July 2, 1998; to the Committee on Labor and Human Resources.

EC–5839. A communication from the Acting Director of the Regulations Policy and Management Staff, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Food Labeling: Health Claims; Chromium and the Risk in Adults of Hyperglycemia and the Effects of Glucose Intolerance'' (Docket 98N–0424) received on July 2, 1998; to the Committee on Labor and Human Resources.

EC–5840. A communication from the Acting Director of the Regulations Policy and Management Staff, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Food Labeling: Health Claims; Omega-3 Fatty Acids and the Risk in Adults of Cardiovascular Disease'' (Docket 98N–0419) received on July 2, 1998; to the Committee on Labor and Human Resources.

EC–5841. A communication from the Acting Director of the Regulations Policy and Management Staff, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Drug Products Containing Quinine for the Treatment and/or Prevention of Malaria for Over-the-Counter Human Use'' (Docket 94N–0355) received on July 2, 1998; to the Committee on Labor and Human Resources.

EC–5842. A communication from the Acting Director of the Regulations Policy and Management Staff, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Food Labeling: Health Claims; Vitamin K and Promotion of Proper Blood Clotting and Improvement in Bone Health in Adults'' (Docket 98N–0420) received on July 2, 1998; to the Committee on Labor and Human Resources.

EC–5843. A communication from the Acting Director of the Regulations Policy and Management Staff, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Food Labeling: Health Claims; Zinc and the Body's Ability to Fight Infection and Heal Wounds in Adults'' (Docket 98N–0421) received on July 2, 1998; to the Committee on Labor and Human Resources.

EC–5844. A communication from the Acting Director of the Regulations Policy and Management Staff, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Food Labeling: Health Claims; B-Complex Vitamins, Lowered Homocysteine Levels, and the Risk in Adults of Cardiovascular Disease'' (Docket 98N–0427) received on July 2, 1998; to the Committee on Labor and Human Resources.

EC–5845. A communication from the Acting Director of the Regulations Policy and Management Staff, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Indirect Food Additives: Adjuvants, Production Aids, and Sanitizers'' (Docket 97F–0440) received on July 2, 1998; to the Committee on Labor and Human Resources.

EC–5846. A communication from the Acting Director of the Regulations Policy and Management Staff, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Financial Disclosure by Clinical Investigators; Correction'' (Docket 93N–0445) received on July 2, 1998; to the Committee on Labor and Human Resources.

EC–5847. A communication from the Secretary of Energy, transmitting, pursuant to law, the report entitled ''Summary of Expenditures of Rebates from the Low-Level Radioactive Waste Surcharge Escrow Account for Calendar Year 1997''; to the Committee on Energy and Natural Resources.

EC–5848. A communication from the Director of the Office of Rulemaking Coordination, Department of Energy, transmitting, pursuant to law, the report of a rule entitled ''Assistance Regulations: Technical Amendment'' (RIN1991–AB41) received on June 26, 1998; to the Committee on Energy and Natural Resources.

EC–5849. A communication from the Acting Deputy General Counsel for Energy Policy, transmitting, pursuant to law, the report of an acquisition letter issued by the Department of Energy regarding procurement policies that apply to DOE officials and DOE contractors (AL98–09) received on July 2, 1998; to the Committee on Energy and Natural Resources.

EC–5850. A communication from the Acting Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting, pursuant to law, the report on National Natural Landmarks that have been damaged or are likely to be damaged for fiscal year 1997; to the Committee on Energy and Natural Resources.

EC–5851. A communication from the Deputy Associate Director for Royalty Management, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, notice of proposed refunds of offshore lease revenues under the Outer Continental Shelf Lands Act; to the Committee on Energy and Natural Resources.

EC–5852. A communication from the Director of the Office of Surface Mining Reclamation and Enforcement, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled ''Alabama Regulatory Program'' (No. AL–065–FOR) received on June 29, 1998; to the Committee on Energy and Natural Resources.

EC–5853. A communication from the Assistant Secretary for Land and Minerals Management, Department of the Interior, transmitting, pursuant to law, a notice on leasing systems for the Beaufort Sea, Sale 170, received on July 2, 1998; to the Committee on Energy and Natural Resources.

EC–5854. A communication from the Interim District of Columbia Auditor, transmitting, pursuant to law, a report entitled ''ANC 4D Funds Diverted to Deceased Husband of Former ANC 4D Treasurer''; to the Committee on Governmental Affairs.

EC–5855. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12–380 adopted by the Council on May 19, 1998; to the Committee on Governmental Affairs.

EC–5856. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 12–382 adopted by the Council on June 2, 1998; to the Committee on Governmental Affairs.

EC–5857. A communication from the Executive Director of the Committee for Purchase From People Who Are Blind or Severely Disabled, transmitting, pursuant to law, notice of additions to the Committee's Procurement List dated June 23, 1998; to the Committee on Governmental Affairs.

EC–5858. A communication from the Secretary of the Smithsonian Institution, transmitting, pursuant to law, the report of the Office of Inspector General for the period October 1, 1997 through March 31, 1998; to the Committee on Governmental Affairs.

EC–5859. A communication from the Chairman of the Board of Directors of the Panama Canal Commission, transmitting, pursuant to law, the report of the Office of Inspector General for the period October 1, 1997 through March 31, 1998; to the Committee on Governmental Affairs.

EC–5860. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a list of General Accounting Office reports issued or released in May 1998; to the Committee on Governmental Affairs.

EC–5861. A communication from the Acting Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report entitled ''Agency Compliance with the Unfunded Mandates Reform Act of 1995''; to the Committee on Governmental Affairs.

EC–5862. A communication from the Assistant Secretary of Commerce and Commissioner of Patents and Trademarks, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled ''Changes to Continued Prosecution Application Practice'' (RIN0651–AA97) received on June 29, 1998; to the Committee on the Judiciary.

EC–5863. A communication from the Chief of the Regulations Division, Bureau of Alcohol, Tobacco and Firearms, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Implementation of Public Law 104–208, Omnibus Consolidated Appropriations Act of 1997'' (RIN1512–AB64) received on June 29, 1998; to the Committee on the Judiciary.

EC–5864. A communication from the Assistant Secretary for Employment Standards, Department of Labor, transmitting, pursuant to law, the report of a rule entitled ''Technical Amendments of Rules Relating to Labor-Management Standards and Standards of Conduct for Federal Sector Labor Organizations'' (RIN1215–AB22) received on July 1, 1998; to the Committee on Labor and Human Resources.

EC–5865. A communication from the Acting Assistant General Counsel for Regulations, Department of Education, transmitting, pursuant to law, the report of a rule entitled ''Systems-Change Projects to Expand Employment Opportunities for Individuals With Mental or Physical Disabilities, or Both, Who Receive Public Support'' (RIN1820–ZA11) received on July 7, 1998; to the Committee on Labor and Human Resources.

EC–5866. A communication from the Assistant Secretary for Children and Families, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Head Start Program—Replacement of Indian Head Start Grantee'' (RIN0970–AB52) received on July 2, 1998; to the Committee on Labor and Human Resources.

EC–5867. A communication from the President of the United States, transmitting, pursuant to law, a report entitled ''Report to Congress Concerning Emigration Laws and Policies of Mongolia''; to the Committee on Finance.

EC–5868. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the report of a rule regarding the Child Support Enforcement Program (RIN0970–AB67) received on July 1, 1998; to the Committee on Finance.

EC–5869. A communication from the Chief Counsel of the Bureau of the Public Dept, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds'' (No. 1–93) received on July 2, 1998; to the Committee on Finance.

EC–5870. A communication from the Chief Counsel of the Bureau of the Public Dept, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Regulations Governing Book-Entry Treasury Bonds, Notes, and Bills; Determination Regarding State Statutes; Georgia, Florida and Connecticut'' (No. 2–86) received on July 2, 1998; to the Committee on Finance.

EC–5871. A communication from the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule regarding landfill gas emissions in Montana (FRL6122–2) received on July 6, 1998; to the Committee on Environment and Public Works.

EC–5872. A communication from the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule regarding tolerances for the pesticide bifenthrin (FRL5797–7) received on July 6, 1998; to the Committee on Environment and Public Works.

EC–5873. A communication from the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule regarding the redesignation of the San Francisco Bay Area to Nonattainment for Ozone (FRL6120–4) received on July 6, 1998; to the Committee on Environment and Public Works.

EC–5874. A communication from the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule regarding tolerance for residues of the biological pesticide Gliocladium catenulatum (FRL5794–3) received on July 6, 1998; to the Committee on Environment and Public Works.

EC–5875. A communication from the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Myclobutanil; Pesticide Tolerances for Emergency Exemptions'' (FRL5798–6) received on July 6, 1998; to the Committee on Environment and Public Works.

EC–5876. A communication from the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Underground Storage Tank Program: Approved State Program for Nevada'' (FRL6118–1) received on July 6, 1998; to the Committee on Environment and Public Works.

EC–5877. A communication from the President of the United Sates, transmitting, pursuant to law, a report on the national emergency with respect to Libya that was declared in Executive Order 12543; to the Committee on Banking, Housing, and Urban Affairs.

EC–5878. A communication from the Deputy Secretary of the Securities and Exchange Commission, transmitting, pursuant to law, the report of a rule regarding amendments to certain definitions of ''small business'' and ''small organization'' used by the Commission received on June 26, 1998; to the Committee on Banking, Housing, and Urban Affairs.

EC–5879. A communication from the Deputy Secretary of the Securities and Exchange Commission, transmitting, pursuant to law, the report of a rule regarding the Form BD–Y2K used to solicit information on a broker-dealer's efforts to prepare for the Year 2000 received on July 7, 1998; to the Committee on Banking, Housing, and Urban Affairs.

EC–5880. A communication from the Deputy Secretary of the Securities and Exchange Commission, transmitting, pursuant to law, the report of a rule regarding the Form TA–Y2K used to solicit information on a non-bank transfer agent's efforts to prepare for the Year 2000 received on July 7, 1998; to the Committee on Banking, Housing, and Urban Affairs.

EC–5881. A communication from the Assistant to the Board of Governors of the Federal Reserve System, transmitting, pursuant to law, the report of a rule entitled ''Regulation I, Issue and Cancellation of Reserve Bank Capitol Stock'' (Docket R–0966) received on July 7, 1998; to the Committee on Banking, Housing, and Urban Affairs.

EC–5882. A communication from the Assistant to the Board of Governors of the Federal Reserve System, transmitting, pursuant to law, the report of a rule entitled ''Security Procedures'' (Docket R–0965) received on July 7, 1998; to the Committee on Banking, Housing, and Urban Affairs.

EC–5883. A communication from the Assistant to the Board of Governors of the Federal Reserve System, transmitting, pursuant to law, the report of a rule entitled ''Membership of State Banking Institutions in the Federal Reserve System and Miscellaneous Interpretations'' (Docket R–09645) received on July 7, 1998; to the Committee on Banking, Housing, and Urban Affairs.

EC–5884. A communication from the President and Chief Executive Officer of the Corporation for Public Broadcasting, transmitting, pursuant to law, the Corporation's triennial assessment of the needs of minority and diverse audiences and the Corporation's annual report on the provision of services to minority and diverse audiences; to the Committee on Commerce, Science, and Transportation.

EC–5885. A communication from the Associate Managing Director for Performance Evaluation and Records Management, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled ''Assessment and Collection of Regulatory Fees for Fiscal Year 1998'' (Docket 98–36) received on June 30, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5886. A communication from the Acting Secretary of the Federal Trade Commission, transmitting, pursuant to law, the report of

a rule entitled ''Rules and Regulations Under the Textile Fiber Products Identification Act'' received on June 30, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5887. A communication from the Acting Secretary of the Federal Trade Commission, transmitting, pursuant to law, the report of a rule entitled ''Organization, General Procedures, Rules of Practice for Adjudicative Proceedings'' received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5888. A communication from the Director of the Office of Sustainable Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled ''Fisheries of the Exclusive Economic Zone Off Alaska; Pollock in Statistical Area 610'' (Docket 971208297–8054–02) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5889. A communication from the Director of the Office of Sustainable Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled ''Atlantic Tuna Fisheries; Atlantic Bluefin Tuna'' (I.D. 061898D) received on July 7, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5890. A communication from the Director of the Office of Sustainable Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule regarding an inseason action for the West Coast ocean salmon fisheries (Docket 980429110–8110–01) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5891. A communication from the Deputy Assistant Administrator for Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule regarding the Hancock Seamount in the Northwest Hawaiian Islands (Docket 980319068–8155–02) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5892. A communication from the Acting Director of the Office of Sustainable Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule regarding fishing for rockfish with trawl gear in the Bering Sea and Aleutian Islands Management Area (Docket 971208298–8055–02) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5893. A communication from the Acting Director of the Office of Sustainable Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled ''Pacific Halibut Fisheries; Washington Sport Fishery'' (Docket 980225048–8059–02) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5894. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Transportation of Hazardous Materials; Miscellaneous Amendments'' (RIN 2137–AC41) received on July 7, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5895. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Standard Instrument Approach Procedures; Miscellaneous Amendments'' (Docket 29260) received on July 7, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5896. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Standard Instrument Approach Procedures; Miscellaneous Amendments'' (Docket 29262) received on July 7, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5897. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Standard Instrument Approach Procedures; Miscellaneous Amendments'' (Docket 29261) received on July 7, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5898. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Boeing Model 737–100, –200, –200C Series Airplanes'' (Docket 98–NM–121–AD) received on July 7, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5899. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Amendment of Class E Airspace; Daytona Beach, FL; Correction'' (Docket 98–ASO–6) received on July 7, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5900. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''High Theft Lines for Model Year 1999'' (RIN2127–AH06) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5901. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Special Local Regulations; Head of the Ohio, Allegheny River mile 0.0–3.3'' (Docket 08–98–034) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5902. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Technical Amendments; Organizational Changes; Miscellaneous Editorial Changes and Conforming Amendments'' (RIN2115–ZZ02) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5903. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule regarding a City of Pittsburgh Independence Eve Celebration on the Allegheny, Monongehela, and Ohio Rivers (Docket 08–98–035) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5904. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Special Local Regulations; Oakmont Yact Club Regatta'' (Docket 08–98–031) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5905. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Drawbridge Operation Regulation; Lake Pontchartrain, LA'' (Docket 08–98–031) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5906. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Special Local Regulations; Around Alone Sailboat Race, Charleston, SC'' (Docket 07–98–008) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5907. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Special Local Regulations; Steubenville Regatta, Ohio River mile 65.0–67.0'' (Docket 08–98–032) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5908. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule regarding the Pittsburgh Three Rivers Regatta (Docket 08–98–033) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5909. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Great Lakes Pilotage; Reorganization of Regulations'' (RIN2115–ZZ06) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5910. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Cessna Aircraft Company Model 172R Airplanes'' (Docket 97–CE–96–AD) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5911. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Pratt and Whitney Canada PW100 Series Turboprop Engines'' (Docket 97–ANE–33–AD) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5912. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; British Aerospace BAe Model ATP Airplanes'' (Docket 98–NM–113–AD) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5913. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Amendment to Class E Airspace; Philadelphia, PA'' (Docket 98–AEA–02) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5914. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Amendment to Class E Airspace; Farmville, VA'' (Docket 98–AEA–07) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5915. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Modification of Class E Airspace; Marion, OH'' (Docket 98–AGL–20) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5916. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Eurocopter France Model AS–350B, BA, B1, B2, and D, and Model AS–355E, F, F1, and N Helicopters'' (Docket 97–SW–25–AD) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5917. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; de Havilland Model DHC–8–100, –200, and –300 Series Airplanes'' (Docket 97–NM–336–AD) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5918. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; Dornier Model 328–100 Series Airplanes'' (Docket 98–NM–103–AD) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5919. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives; AlliedSignal Inc. KT 76A Air Traffic Control (ATC) Transponders'' (Docket 97–CE–30–AD) received on July 2, 1998; to the Committee on Commerce, Science, and Transportation.

EC–5920. A communication from the Acting Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report on direct spending or receipts legislation within seven days of enactment dated June 16, 1998; to the Committee on the Budget.

EC–5921. A communication from the Secretary of Energy, transmitting, pursuant to law, the report on the effect of the U.S./Russian Highly Enriched Uranium Agreement on domestic uranium mining, conversion, and enrichment industries through April 1998; to the Committee on Energy and Natural Resources.

EC–5922. A communication from the Under Secretary for Food, Nutrition and Consumer Services, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''Federal Means-Testing Public Benefits'' (RIN0584–AC62) received on July 2, 1998; to the Committee on Agriculture, Nutrition, and Forestry.

EC–5923. A communication from the Manager of the Federal Crop Insurance Corporation, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''Tobacco (Quota Plan) Crop Insurance Regulations; and Common Crop Insurance Regulations; Quota Tobacco Crop Insurance Provisions'' (RIN0563–AB47) received on July 2, 1998; to the Committee on Agriculture, Nutrition, and Forestry.

EC–5924. A communication from the Manager of the Federal Crop Insurance Corporation, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''General Crop Insurance Regulations, Tobacco (Guaranteed Plan) Endorsement; and Common Crop Insurance Regulations, Guaranteed Tobacco Crop Insurance Provisions'' (RIN0563–AA84) received on July 2, 1998; to the Committee on Agriculture, Nutrition, and Forestry.

EC–5925. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''Revision of User Fees for 1998 Crop Cotton Classification Services to Growers'' (Docket CN–98–004) received on July 2, 1998; to the Committee on Agriculture, Nutrition, and Forestry.

EC–5926. A communication from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting, pursuant to law, the report of a rule entitled ''Federal Acquisition Regulation; Reform of Affirmative Action in Federal Procurement—Case 97–004B'' (RIN9000–AH59) received on June 26, 1998; to the Committee on Small Business.

EC–5927. A communication from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting, pursuant to law, the report of a rule entitled ''Federal Acquisition Regulation; Reform of Affirmative Action in Federal Procurement—Case 97–004A'' (RIN9000–AH59) received on June 26, 1998; to the Committee on Small Business.

EC–5928. A communication from the Deputy General Counsel of the Small Business Administration, transmitting, pursuant to law, the report of a rule entitled ''HUBZone Empowerment Contracting Program'' received on July 2, 1998; to the Committee on Small Business.

EC–5929. A communication from the Chairman of the Federal Housing Finance Board, transmitting, pursuant to law, the reports of the 12 Federal Home Loan Banks and the Financing Corporation for calendar year 1997; to the Committee on Governmental Affairs.

EC–5930. A communication from the Assistant Secretary for Policy, Management and Budget and Chief Financial Officer, Department of the Interior, transmitting, pursuant to law, the Department's Annual Accountability Report for fiscal year 1997; to the Committee on Governmental Affairs.

EC–5931. A communication from the Secretary of the Department of Agriculture, transmitting, a draft of proposed legislation to extend the United States Department of Agriculture Personnel Management Demonstration Project; to the Committee on Governmental Affairs.

EC–5932. A communication from the Director of the United States Arms Control And Disarmament Agency, transmitting, notice of the adoption of the practice of granting waivers of Agency rules and regulations as appropriate; to the Committee on Foreign Relations.

EC–5933. A communication from the Chief Counsel of the Office of Foreign Assets Control, Department of the Treasury, transmitting, pursuant to law, the report of a rule regarding technical corrections to controls on Cuban and Iranian assets; to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HATCH, from the Committee on the Judiciary, with an amendment in the nature of a substitute:

S. 512. A bill to amend chapter 47 of title 18, United States Code, relating to identity fraud, and for other purposes.

S. 2143. A bill to amend chapter 45 of title 28, United States Code, to authorize the Administrative Assistant to the Chief Justice to accept voluntary services, and for other purposes.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. MCCAIN, from the Committee on Commerce, Science, and Transportation:

William Clyburn, Jr., of South Carolina, to be a Member of the Surface Transportation Board for a term expiring December 31, 2000.

Deborah K. Kilmer, of Idaho, to be an Assistant Secretary of Commerce.

Neal F. Lane, of Oklahoma, to be Director of the Office of Science and Technology Policy.

Rosina M. Bierbaum, of Virginia, to be an Associate Director of the Office of Science and Technology Policy.

Clyde J. Hart, Jr., of New Jersey, to be Administrator of the Maritime Administration.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

The following name officer for appointment as Chief of Staff, United States Coast Guard, and to the grade indicated under title 14, U.S.C., section 50a:

To be vice admiral

Rear Adm. Timothy W. Josiah, 0000

(The above nomination was reported with the recommendation that he be confirmed.)

Mr. MCCAIN. Madam President, for the Committee on Commerce, Science, and Transportation, I also report favorably one list in the United States Coast Guard which was printed in full in the RECORD of June 17, 1998, and ask unanimous consent, to save the expense of reprinting on the Executive Calendar, that the nomination lie at the Secretary's desk for the information of Senators.

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

(The nomination ordered to lie on the Secretary's desk was printed in the RECORD of June 17, 1998, at the end of the Senate proceedings.)

In the Coast Guard nomination of Christopher A. Buckridge, which was received by the Senate and appeared in the CONGRESSIONAL RECORD of June 17, 1998.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

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

S. 2279. A bill to amend title 49, United States Code, to authorize the programs of the Federal Aviation Administration for fiscal years 1999, 2000, 2001, and 2002, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. FAIRCLOTH:

S. 2280. A bill to provide for fairness in the home foreclosure process; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. DEWINE (for himself, Mr. HOLLINGS, Mr. FORD, Mr. DODD, Mr. BYRD, and Mr. ROCKEFELLER):

S. 2281. A bill to amend the Tariff Act of 1930 to eliminate disincentives to fair trade conditions; to the Committee on Finance.

By Mr. MCCONNELL (for himself, Mr. BIDEN, Mr. ROBERTS, Mrs. MURRAY, Mr. CRAIG, Mr. WYDEN, Mr. LUGAR, Mr. BURNS, Mr. SMITH of Oregon, Mr. GORTON, Mr. LEAHY, Mr. HAGEL, Mr. CONRAD, Mr. BENNETT, Mr. KERREY, Mr. DASCHLE, Mr. JOHNSON, Mr. DORGAN, Mr. BROWNBACK, Mr. GRAMS, Mr. BOND, and Mr. BAUCUS):

S. 2282. A bill to amend the Arms Export Control Act, and for other purposes; read twice.

By Mr. DEWINE (for himself, Mr. SARBANES, Mr. JOHNSON, Mrs. MURRAY, Mr. MOYNIHAN, Mr. ABRAHAM, Ms. SNOWE, and Mr. LEVIN):

S. 2283. A bill to support sustainable and broad-based agricultural and rural development in sub-Saharan Africa, and for other purposes; to the Committee on Foreign Relations.

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

S. 2284. A bill to establish the Minuteman Missle National Historic Site in the State of South Dakota, and for other purposes; to the Committee on Energy and Natural Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. FAIRCLOTH:

S. 2280. A bill to provide for fairness in the home for closure process; to the Committee on Banking, Housing, and Urban Affairs.

FORECLOSURE FAIRNESS ACT OF 1998

• Mr. FAIRCLOTH. Mr. President, today I introduce legislation that will improve the single family home foreclosure process. As we all know, bankruptcies have reached an all time high. It has also recently been reported that a record number of homeowners are shifting debt from credit cards to their homes. According to some estimates, there are 500,000 foreclosures taking place annually.

I am greatly concerned that sometime in the future we may see a greater number of foreclosures on single family homes. I hope this will not be true, but if it is, I am introducing legislation to greatly improve the process for the homeowner.

Currently, a common practice in most States is causing tens of thousands of consumers to be treated unfairly when their homes are sold following foreclosure proceedings.

In all but three States, when a home is sold in a foreclosure sale, a lawyer normally advertises the event in an obscure local publication and in terms that the average person would have a hard time understanding. And the sales are typically held at times and places that are not designed to encourage bidding on the home. The sale may take place on the courthouse steps or in the backroom of law firm's office.

Because the general public is rarely aware of these sales, it is not uncommon for the lending institution and the lawyer to be the only people present.

In the long run, it is the homeowner who is the double loser. First, the homeowner has lost his home because of an inability to meet the mortgage payments. Second, the foreclosure sale usually does not result in the home bringing fair market value and this results in the now former homeowner facing a deficiency judgment that might not have occurred if the home had been sold in a public manner by auction.

I think this process needs to be improved. Today, I am introducing a bill that would allow the homeowner to choose to have his or her foreclosure conducted by auction, in a manner that maximizes competitive bidding, and most importantly, is open and convenient to the general public.

Under this process, in my view, both the homeowner and the lender will benefit greatly, because the property, when sold, will generate a true fair market value. There will most likely be no deficiency judgement against homeowners, and lenders will not have to collect their losses from insolvent homeowners.

Mr. President, my legislation has already undergone testing in three States, Maine, New Hampshire and Massachusetts. The first two States require a true auction, not a lawyer's secret sale, under State law, while Massachusetts uses the real auction procedures based on a court order. In all three States, the program has worked with great results and both homeowners and lenders gain from its usage.

Nothing in this legislation will affect State law regarding any other provision of foreclosures, except that the homeowner has the right to select an auction sale. Further, my legislation provides an exemption for State laws that are substantially similar in nature.

Mr. President, I think this is a good bill that will help consumers when they are in a dire financial condition. Consumers can take comfort in the fact that they will have the option to a full, fair, open and public sale of their home should it come to foreclosure.•

By Mr. DEWINE (for himself, Mr. SARBANES, Mr. JOHNSON, Mrs. MURRAY, Mr. MOYNIHAN, Mr. ABRAHAM, Ms. SNOWE, and Mr. LEVIN):

S. 2283. A bill to support sustainable and broad-based agricultural and rural development in sub-Saharan Africa, and for other purposes; to the Committee on Foreign Relations.

AFRICA: SEEDS OF HOPE ACT

Mr. DEWINE. Mr. President, I rise today, along with my colleague from Maryland, Senator SARBANES, Senator MOYNIHAN, Senator MURRAY, and Senator JOHNSON, to introduce the ''Africa: Seeds of Hope Act''—legislation to promote small-scale agricultural and rural development in Africa. The bill also would recognize the important benefits such overseas agriculture advances could hold for our own farmers here in the United States.

Mr. President, according to the Food and Agriculture Organization, around 215 million people are undernourished in sub-Saharan Africa. This number is expected to increase dramatically in the next century. Similarly, the number of Africans who are unable to produce the provisions they need to lead healthy, productive lives is rising.

Food is the most basic necessity of life. Yet, millions of Africans lead lives of needless suffering because they don't have the skills and tools necessary to provide for themselves and others. As a result, many African countries are dependent on the outside world for humanitarian assistance and basic nutrition. Africa's food imports are projected to rise from less than 8,000,000 metric tons in 1990 to more than 25,000,000 metric tons by the year 2020.

Mr. President, I believe that the most effective way to improve conditions for Africa's poor is to increase the productivity of their agricultural sector. Whenever I travel to developing countries, I try to spend time looking at the countries' agriculture. I have seen firsthand that rural areas can succeed through innovative agricultural development. It does in fact work.

Mr. President, about 70 percent of Africa's poor lives in rural areas. That's where the major problem is, and that's where this bill can make a difference.

This legislation has an important link with another bipartisan trade bill—the African Trade Growth and Opportunities Act, which I cosponsored and hope the Senate will pass sometime in the near future. That legislation is also an important step in aiding a continent in need of strong economic leadership.

Before we can have effective trade, however, there needs to be a reciprocal market—a springboard from which we can foster substantive trade relations. This is why this bill we are introducing today is so critical to American interests in that region.

Mr. President, let me outline a few highlights of this bill:

First, it would encourage Federal agencies and international organizations to make rural development issues a priority—by teaching effective farming methods to small-scale sub-Saharan African farmers and entrepreneurs;

Second, it would provide African small farmers and entrepreneurs with improved access to credit and other resources necessary to stimulate production and micro-enterprise;

Third, it would mobilize new investments in African agriculture and rural development through the US Overseas Private Investment Corporation; and

Fourth, it would facilitate the coordination of national and international agricultural research and extension efforts aimed at developing the skills of African researchers, extension agents, farmers, and agribusiness people—in fact, the bill would allow American universities to play a pivotal role in this effort.

Mr. President, African nations are in dire need of agricultural development. This bill can help them gain the knowledge they need to succeed. At the same time, as a Senator from a State with a rich agricultural tradition, I believe we must be sensitive to the needs of our own American farmers. I believe the United States and our farmers could benefit from the passage of the bill.

This bill could open new export opportunities for American farmers, especially those who produce value-added goods. As the economies in sub-Saharan Africa develop, the overall standard of living will increase. In turn, the people of Africa will be in a better position to purchase a variety of goods, including American agricultural commodities and equipment. This is where our export markets can flourish.

Another significant point to consider is that food stability is a critical factor in preventing civil strife within nations. Our investment in international agriculture and rural development will help reduce demands for U.S. disaster and famine relief.

Also, the most rapidly increasing markets for U.S. products are in developing countries. Hence, helping these

economies grow through their agricultural sector will in the end help our own economy.

Mr. President, international agricultural development assistance has decreased over time. In fact, in the past decade alone, U.S. AID money for this program has dropped by 70 percent. We should re-focus our efforts in this important program and this bill will do that.

I want to commend my House colleagues, DOUG BEREUTER and LEE HAMILTON, for their work on the companion bill, H.R. 3636. Through their vision and leadership, they are building bipartisan support for this initiative as well.

Mr. President, this legislation has the ability to make a real difference in the lives of millions of people. Doing so serves our humanitarian and economic interests. This bill would help these countries make important progress in meeting basic human needs. I encourage and urge my colleagues to support this important and timely measure.

Mr. SARBANES. Mr. President, I am pleased to join today in introducing the ''Africa: Seeds of Hope Act of 1998.'' This legislation will support sustainable and broad-based economic growth in sub-Saharan Africa by directing bilateral aid and investment programs toward small-scale farming and rural development. At the same time, by fostering research and extension activities and helping to build local markets, this initiative will provide important opportunities for mutual cooperation between U.S. and African farmers, educators, scientists and entrepreneurs.

Recognizing the high rates of malnutrition, poverty and hunger in many African countries, this bill is designed to promote food security and agricultural productivity by expanding access to credit and technology, improving information and farming techniques, and creating more efficient market mechanisms. The legislation would accomplish this in several ways. First, it ensures that the United States Agency for International Development (USAID) will devote adequate funding to programs and projects that improve food security and meet the needs of the rural poor. It requires the participation of affected communities in all phases of project planning and development, and strengthens coordination with nongovernmental organizations, cooperatives, land-grant and other appropriate universities, and local marketing associations that have relevant expertise.

Second, the bill highlights the role of microcredit assistance in the overall strategy against rural poverty. Lack of access to credit, particularly among women, has restricted the growth of small-scale agriculture, the availability and use of appropriate technology, and the establishment of an adequate and reliable food supply.

Third, this legislation mobilizes new resources for investment in African agriculture and rural development through the Overseas Private Investment Corporation (OPIC), working with small businesses and other U.S. entities to develop the capacities of small-scale farmers and rural entrepreneurs.

A fourth way in which the bill promotes food security and agricultural productivity is by directing USAID and the Department of Agriculture to develop a comprehensive plan to coordinate and build on the research and extension activities of U.S. land-grant universities, international agricultural research centers, and national agricultural research and extension centers. In this way, the initiative encourages the latest agricultural methods and most successful business practices, while ensuring they are appropriate to local conditions and adapted to specific climates.

Finally, this legislation establishes the Bill Emerson Humanitarian Trust, which is intended to serve as a reliable mechanism for providing emergency food aid overseas. Using unexpended balances in existing accounts, this bill converts the Food Security Commodity Reserve into a trust account that will allow for more timely and cost-effective responses to humanitarian crises.

Mr. President, as funding for international affairs has been reduced, it is programs like these, which address the needs of the world's poorest, that have been hit hardest. This bill draws attention to the importance of sustainable agriculture and targets U.S. assistance programs in Africa toward building food security and self-sufficiency. I am pleased to join with my distinguished colleague from Ohio, Mr. DEWINE, in introducing this legislation, and I look forward to working with him, the other cosponsors, and the Administration in moving it toward enactment.

By Mr. DEWINE (for himself, Mr. HOLLINGS, Mr. FORD, Mr. DODD, Mr. BYRD, and Mr. ROCKEFELLER):

S. 2281. A bill to amend the Tariff Act of 1930 to eliminate disincentives to fair trade conditions; to the Committee on Finance.

CONTINUED DUMPING OR SUBSIDIZATION OFFSET ACT OF 1998

Mr. DEWINE. Mr. President, today I am introducing the Continued Dumping or Subsidy Offset bill. I am pleased that Senators HOLLINGS, FORD, DODD, BYRD, and ROCKEFELLER have joined me as original cosponsors of this legislation. My friend and colleague from Ohio, Congressman RALPH REGULA already has introduced similar legislation in the House. This bill represents a strong step towards creating a more level playing field for domestic producers. It strengthens the Tariff Act of 1930, which currently imposes duties and fines for dumping and subsidization.

This new bill takes the 1930 Act a step further, by transferring the duties and fines to injured U.S. companies to compensate for damages. This approach is designed to discourage foreign companies from dumping and subsidization, since it would actually assist U.S. competitors at their expense. In order to counter the adverse effects of foreign dumping and subsidization on U.S. industries, the Senate should pass this bill.

Current law has simply not been strong enough to stop harmful trading practices. It is an unfortunate truth that foreign producers have continued to engage in dumping to increase or maintain unfair market shares. This dumping occurs in the face of existing U.S. trade laws and international agreements within the WTO.

Specifically, the problem with the law is that foreign producers are willing to pay current U.S. antidumping and countervailing duties out of the profits of dumping. In other words, there is no real disincentive to stop dumping. It's still good business for foreign companies. Furthermore, since some foreign producers receive continued subsidization, this enables them to maintain market share that unsubsidized prices would not sustain. As a result, U.S. companies are continually injured by the actions of these foreign producers.

The law also does not contain a mechanism to help injured U.S. industries recover from the harmful effects of foreign dumping and subsidization. The foreign practices have reduced the ability of our injured domestic industries to reinvest in plan, equipment, people, R&D, technology or to maintain or restore health care and pension benefits. The end result is this: continued dumping or subsidization jeopardizes renewed investment and prevents additional reinvestment from being made. Unless we act, domestic firms will face continued price depression. This is an unfair and unacceptable trading practice by foreign firms.

Under current law, any fines and duties imposed on foreign traders for illegal dumping practices go directly into U.S. Treasury coffers. It is important to note that U.S. trade laws are not intended to raise revenue for the Treasury. Rather, such laws are intended to see that U.S. companies face conditions of fair trade in the market. The bill I am introducing today would further that good by helping create a more level playing field and two ways mentioned earlier:

First, the legislation would award duties and fines to injured domestic companies, and provide businesses relief from adverse effects of foreign dumping and subsidization.

Second, this transfer of funds from foreign companies to their U.S. competitors may provide the disincentive to dump, which is a fundamental problem with current law. This would reduce the economic benefits of dumping and subsidizing.

Many companies and workers are currently not being given the level playing field intended by our trade laws and international trade agreements. The Continued Dumping or Subsidy Offset bill is the first strong step

to correct his real problem by assisting domestic companies and further discouraging unfair trading practices by foreign traders.

ADDITIONAL COSPONSORS

S. 358

At the request of Mr. DEWINE, the name of the Senator from Washington [Mrs. MURRAY] was added as a cosponsor of S. 358, a bill to provide for compassionate payments with regard to individuals with blood-clotting disorders, such as hemophilia, who contracted human immunodeficiency virus due to contaminated blood products, and for other purposes.

S. 474

At the request of Mr. KYL, the name of the Senator from Georgia [Mr. COVERDELL] was added as a cosponsor of S. 474, a bill to amend sections 1081 and 1084 of title 18, United States Code.

S. 1031

At the request of Mr. GRAMS, his name was added as a cosponsor of S. 1031, a bill to protect Federal law enforcement officers who intervene in certain situations to protect life or prevent bodily injury.

S. 1251

At the request of Mr. D'AMATO, the name of the Senator from Virginia [Mr. ROBB] was added as a cosponsor of S. 1251, a bill to amend the Internal Revenue Code of 1986 to increase the amount of private activity bonds which may be issued in each State, and to index such amount for inflation.

S. 1305

At the request of Mr. GRAMM, the name of the Senator from Colorado [Mr. ALLARD] was added as a cosponsor of S. 1305, a bill to invest in the future of the United States by doubling the amount authorized for basic scientific, medical, and pre-competitive engineering research.

S. 1480

At the request of Ms. SNOWE, the names of the Senator from South Carolina [Mr. HOLLINGS], the Senator from Massachusetts [Mr. KERRY], and the Senator from Alaska [Mr. STEVENS] were added as cosponsors of S. 1480, a bill to authorize appropriations for the National Oceanic and Atmospheric Administration to conduct research, monitoring, education and management activities for the eradication and control of harmful algal blooms, including blooms of Pfiesteria piscicida and other aquatic toxins.

S. 1596

At the request of Mr. COVERDELL, the name of the Senator from Alaska [Mr. MURKOWSKI] was added as a cosponsor of S. 1596, a bill to provide for reading excellence.

S. 1734

At the request of Mrs. HUTCHISON, the name of the Senator from California [Mrs. FEINSTEIN] was added as a cosponsor of S. 1734, a bill to amend the Internal Revenue Code of 1986 to waive the income inclusion on a distribution from an individual retirement account to the extent that the distribution is contributed for charitable purposes.

S. 1855

At the request of Mr. WYDEN, the name of the Senator from Wyoming [Mr. ENZI] was added as a cosponsor of S. 1855, a bill to require the Occupational Safety and Health Administration to recognize that electronic forms of providing MSDSs provide the same level of access to information as paper copies.

S. 1862

At the request of Mr. DEWINE, the name of the Senator from Illinois [Mr. DURBIN] was added as a cosponsor of S. 1862, a bill to provide assistance for poison prevention and to stabilize the funding of regional poison control centers.

S. 1879

At the request of Mr. BURNS, the names of the Senator from Utah [Mr. HATCH], the Senator from Washington [Mrs. MURRAY], the Senator from Wyoming [Mr. THOMAS], the Senator from Kansas [Mr. ROBERTS], the Senator from Kentucky [Mr. MCCONNELL], and the Senator from Colorado [Mr. ALLARD] were added as cosponsors of S. 1879, a bill to provide for the permanent extension of income averaging for farmers.

S. 1924

At the request of Mr. MACK, the name of the Senator from Ohio [Mr. GLENN] was added as a cosponsor of S. 1924, a bill to restore the standards used for determining whether technical workers are not employees as in effect before the Tax Reform Act of 1986.

S. 1965

At the request of Ms. MOSELEY-BRAUN, the name of the Senator from Missouri [Mr. ASHCROFT] was added as a cosponsor of S. 1965, a bill to prohibit the publication of identifying information relating to a minor for criminal sexual purposes.

S. 2034

At the request of Mr. DODD, the names of the Senator from Rhode Island [Mr. REED], the Senator from New Jersey [Mr. TORRICELLI], the Senator from New Jersey [Mr. LAUTENBERG], the Senator from Rhode Island [Mr. CHAFEE], and the Senator from Connecticut [Mr. LIEBERMAN] were added as cosponsors of S. 2034, a bill to establish a program to provide for a reduction in the incidence and prevalence of Lyme disease.

S. 2128

At the request of Mr. LOTT, his name was added as a cosponsor of S. 2128, a bill to clarify the authority of the Director of the Federal Bureau of Investigation regarding the collection of fees to process certain identification records and name checks, and for other purposes.

S. 2162

At the request of Mr. MACK, the name of the Senator from Alabama [Mr. SESSIONS] was added as a cosponsor of S. 2162, a bill to amend the Internal Revenue Code of 1986 to more accurately codify the depreciable life of printed wiring board and printed wiring assembly equipment.

S. 2222

At the request of Mr. GRASSLEY, the name of the Senator from North Dakota [Mr. DORGAN] was added as a cosponsor of S. 2222, a bill to amend title XVIII of the Social Security Act to repeal the financial limitation on rehabilitation services under part B of the Medicare Program.

S. 2223

At the request of Mr. GRAMS, the name of the Senator from Georgia [Mr. COVERDELL] was added as a cosponsor of S. 2223, a bill to provide a moratorium on certain class actions relating to the Real Estate Settlement Procedures Act of 1974.

SENATE CONCURRENT RESOLUTION 107

At the request of Mr. ASHCROFT, his name was added as a cosponsor of Senate Concurrent Resolution 107, a concurrent resolution affirming United States commmitments to Taiwan.

At the request of Mr. NICKLES, his name, and the name of the Senator from Oregon [Mr. SMITH] were added as cosponsors of Senate Concurrent Resolution 107, supra.

SENATE RESOLUTION 192

At the request of Mr. BIDEN, the name of the Senator from South Dakota [Mr. JOHNSON] was added as a cosponsor of Senate Resolution 192, a resolution expressing the sense of the Senate that institutions of higher education should carry out activities to change the culture of alcohol consumption on college campuses.

AMENDMENTS SUBMITTED

PRODUCT LIABILITY REFORM ACT OF 1998

FEINSTEIN (AND TORRICELLI) AMENDMENT NO. 3106

(Ordered to lie on the table.)

Mrs. FEINSTEIN (for herself and Mr. TORRICELLI) submitted an amendment intended to be proposed by them to the bill (S. 648) to establish legal standards and procedures for product liability litigation, and for other purposes; as follows

In lieu of the matter proposed to be added at the end section 102(a)(2), add the following:

(E) ACTIONS INVOLVING HARM CAUSED BY A FIREARM OR AMMUNITION.—A civil action brought for harm caused by a firearm or ammunition (as that term is defined in section 921(17)(A) of title 18, United States Code) shall not be subject to the provisions of this title governing product liability actions, but shall be subject to any applicable Federal or State law.

HIGHER EDUCATION AMENDMENTS OF 1998

FEINSTEIN (AND BOXER) AMENDMENT NO. 3107

Mrs. FEINSTEIN (for herself and Mrs. BOXER) proposed an amendment to the bill (S. 1882) to reauthorize the Higher Education Act of 1965, and for other purposes, as follows:

On page 417, line 17, insert ''(i)'' after ''(B)''.

On page 417, line 19, insert ''or clause (ii)'' after ''subparagraph (A)''.

On page 417, line 23, strike the end quotation marks and ''; and''.

On page 417, between lines 23 and 24, insert the following:

''(ii) Notwithstanding subsection (a)(1), the Secretary may allow, on a case-by-case basis, a student to receive a basic grant if the student—

''(I) is carrying at least ½ the normal full-time work load for the course of study the student is pursuing, as determined by the institution of higher education; and

''(II) is enrolled or accepted for enrollment in a postbaccalaureate program that does not lead to a graduate degree, and in courses required by a State in order for the student to receive a professional certification or licensing credential that is required for employment as a teacher in an elementary school or secondary school in that State,

except that this subparagraph shall not apply to a student who is enrolled in an institution of higher education that offers a baccalaureate degree in education.''; and

HUTCHISON AMENDMENT NO. 3108

(Ordered to lie on the table.)

Mrs. HUTCHISON proposed an amendment to the bill, S. 1882, supra; as follows:

Amend Section 435(d)(1) of the Higher Education Act by adding a new section:

(K) for the purpose of making loans under this part or holding loans made by other lenders under this part, any not for profit corporation described in Section 150(d)(2) of the Internal Revenue Code Act of 1986, as amended, or any transferee corporation described in Section 150(d)(3)(B) of the Internal Revenue Code Act of 1986, as amended.

SPECTER (AND OTHERS) AMENDMENT NO. 3109

Mr. JEFFORDS (for Mr. SPECTER for himself, Mr. SANTORUM, and Mrs. MURRAY) proposed an amendment to the bill, S. 1882, supra; as follows:

On page 550, between lines 16 and 17, insert the following:

(4) in paragraph (6) (as redesignated by paragraph (2)), by amending subparagraph (A) to read as follows: ''(A) For purposes of this section the term 'campus' means—

''(i) any building or property owned or controlled by an institution of higher education within the same reasonably contiguous geographic area of the institution, including a building or property owned by the institution, but controlled by another person, such as a food or other retail vendor;

''(ii) any building or property owned or controlled by a student organization recognized by the institution;

''(iii) all public property that is within the same reasonably contiguous geographic area of the institution, such as a sidewalk, a street, other thoroughfare, or parking facility, that is adjacent to a facility owned or controlled by the institution;

''(iv) any building or property (other than a branch campus) owned or controlled by an institution of higher education that is used in direct support of, or in relation to, the institution's educational purposes, is used by students, and is not within the same reasonably contiguous geographic area of the institution; and

''(v) all dormitories or other student residential facilities owned or controlled by the institution.'';

On page 553, line 25, strike the end quotation marks and the second period.

On page 553, after line 25, insert the following:

''(10)(A) The Secretary shall report to the appropriate committees of Congress each institution of higher education that the Secretary determines is not in compliance with the reporting requirements of this subsection.

''(B) The Secretary shall provide to an institution of higher education that the Secretary determines is having difficulty, or is not in compliance, with the reporting requirements of this subsection—

''(i) data and analysis regarding successful practices employed by institutions of higher education to reduce campus crime; and

''(ii) technical assistance.

''(11) For purposes of reporting the statistics described in paragraphs (1)(F) and (1)(H), an institution of higher education shall distinguish, by means of separate categories, any criminal offenses that occur—

''(A) on publicly owned sidewalks, streets, or other thoroughfares, or in parking facilities, that are adjacent to facilities owned by the institution; and

''(B) in dormitories or other residential facilities for students on campus.

''(12)(A) Upon determination, after reasonable notice and opportunity for a hearing on the record, that an institution of higher education—

''(i) has violated or failed to carry out any provision of this subsection or any regulation prescribed under this subsection; or

''(ii) has substantially misrepresented the number, location, or nature of the crimes required to be reported under this subsection,

the Secretary shall impose a civil penalty upon the institution of not to exceed $25,000 for each violation, failure, or misrepresentation.

''(B) Any civil penalty may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the appropriateness of the penalty to the size of the institution of higher education subject to the determination, and the gravity of the violation, failure, or misrepresentation shall be considered. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the institution charged.

''(13)(A) Nothing in this subsection may be construed to—

''(i) create a cause of action against any institution of higher education or any employee of such an institution for any civil liability; or

''(ii) establish any standard of care.

''(B) Notwithstanding any other provision of law, evidence regarding compliance or noncompliance with this subsection shall not be admissible as evidence in any proceeding of any court, agency, board, or other entity, except with respect to an action to enforce this subsection

''(14) This subsection may be cited as the 'Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act'.''.

GRAHAM (AND OTHERS) AMENDMENT NO. 3110

Mr. GRAHAM (for himself, Mr. WELLSTONE, and Mr. HAGEL) proposed an amendment to the bill, S. 1882, supra; as follows:

On page 537, between lines 20 and 21, insert the following:

SEC. 476. TREATMENT OF OTHER FINANCIAL ASSISTANCE.

Section 480(j)(3) (20 U.S.C. 1087vv(j)(3)) is amended by inserting ''educational assistance after discharge or release from service under chapter 30 of title 38, United States Code, or'' after ''paragraph (1),''.

In section 458(a)(1)(B) of the Higher Education Act of 1965, as amended by section 454 of this Act, strike ''$617,000,000'' and insert ''$612,000,000''.

In section 458(a)(1)(B) of the Higher Education Act of 1965, as amended by section 454 of this Act, strike ''$735,000,000'' and insert ''$730,000,000''.

On page 514, line 9, strike ''$770,000,000'' and insert ''$765,000,000''.

On page 514, line 10, strike ''$780,000,000'' and insert ''$770,000,000''.

On page 514, line 11, strike ''$795,000,000'' and insert ''$785,000,000''.

On page 446, line 6, strike ''section 428(c)(6)(A)(i)'' and insert ''section 428(c)(6)(A)''.

On page 450, line 6, strike ''section 428(c)(6)(A)(ii)'' and insert ''section 428(c)(6)(B)''.

WELLSTONE (AND OTHERS) AMENDMENT NO. 3111

Mr. WELLSTONE (for himself, Mr. FORD, Mr. JOHNSON, Mr. DURBIN, Mr. LEVIN, Ms. MIKULSKI, and Ms. MOSELEY-BRAUN) proposed an amendment to the bill, S. 1882, supra; as follows:

At the appropriate place in title VII, insert the following:

SEC ___. EXPANSION OF EDUCATIONAL OPPORTUNITIES FOR WELFARE RECIPIENTS.

(a) 24 MONTHS OF POSTSECONDARY EDUCATION AND VOCATIONAL EDUCATIONAL TRAINING MADE PERMISSIBLE WORK ACTIVITIES.—Section 407(d)(8) of the Social Security Act (42 U.S.C. 607(d)(8)) is amended to read as follows:

''(8) postsecondary education and vocational educational training (not to exceed 24 months with respect to any individual);''.

(b) MODIFICATIONS TO THE EDUCATIONAL CAP.—

(1) REMOVAL OF TEEN PARENTS FROM 30 PERCENT LIMITATION.—Section 407(c)(2)(D) of the Social Security Act (42 U.S.C. 607(c)(2)(D)) is amended by striking '', or (if the month is in fiscal year 2000 or thereafter) deemed to be engaged in work for the month by reason of subparagraph (C) of this paragraph''.

(2) EXTENSION OF CAP TO POSTSECONDARY EDUCATION.—Section 407(c)(2)(D) of the Social Security Act (42 U.S.C. 607(c)(2)(D)) is amended by striking ''vocational educational training'' and inserting ''training described in subsection (d)(8)''.

DAKOTA WATER RESOURCES ACT OF 1998

DORGAN (AND CONRAD) AMENDMENT NO. 3112

Mr. DORGAN (for himself and Mr. CONRAD) submitted an amendment intended to be proposed by him to the

bill (S. 1515) to amend Public Law 98–108 to increase authorization levels for State and Indian tribal, municipal, rural, and industrial water supplies, to meet current and future water quantity and quality needs of the Red River Valley, to deauthorize certain project features and irrigation service areas, to enhance natural resources and fish and wildlife habitat, and for other purposes, as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Dakota Water Resources Act of 1998''.

SEC. 2. PURPOSES AND AUTHORIZATION.

Section 1 of Public Law 89–108 (79 Stat. 433; 100 Stat. 418) is amended—

(1) in subsection (a)—

(A) in paragraph (2), by striking ''of'' and inserting ''within'';

(B) in paragraph (5), by striking ''more timely'' and inserting ''appropriate''; and

(C) in paragraph (7), by striking ''federally-assisted water resource development project providing irrigation for 130,940 acres of land'' and inserting ''multipurpose federally assisted water resource project providing irrigation, municipal, rural, and industrial water systems, fish, wildlife, and other natural resource conservation and development, recreation, flood control, ground water recharge, and augmented stream flows'';

(2) in subsection (b)—

(A) by inserting '', jointly with the State of North Dakota,'' after ''construct'';

(B) by striking ''the irrigation of 130,940 acres'' and inserting ''irrigation'';

(C) by striking ''fish and wildlife conservation'' and inserting ''fish, wildlife, and other natural resource conservation'';

(D) by inserting ''augmented stream flows, ground water recharge,'' after ''flood control,''; and

(E) by inserting ''(as modified by the Dakota Water Resources Act of 1998)'' before the period at the end;

(3) in subsection (e), by striking ''terminated'' and all that follows and inserting ''terminated.''; and

(4) by striking subsections (f) and (g) and inserting the following:

''(f) COSTS.—

''(1) ESTIMATE.—The Secretary shall estimate—

''(A) the actual construction costs of the facilities (including mitigation facilities) in existence as of the date of enactment of the Dakota Water Resources Act of 1998; and

''(B) the annual operation, maintenance, and replacement costs associated with the used and unused capacity of the features in existence as of that date.

''(2) REPAYMENT CONTRACT.—An appropriate repayment contract shall be negotiated that provides for the making of a payment for each payment period in an amount that is commensurate with the percentage of the total capacity of the project that is in actual use during the payment period.

''(3) OPERATION AND MAINTENANCE COSTS.—The Secretary shall be responsible for the costs of operation and maintenance of the proportionate share attributable to the capacity of the facilities (including mitigation facilities) that remain unused.

''(g) AGREEMENT BETWEEN THE SECRETARY AND THE STATE.—The Secretary shall enter into 1 or more agreements with the State of North Dakota to carry out this Act, including operation and maintenance of the completed unit facilities and the design and construction of authorized new unit facilities by the State.

''(h) BOUNDARY WATERS TREATY OF 1909.—

''(1) DELIVERY OF WATER INTO THE HUDSON BAY BASIN.—Water systems constructed under this Act may deliver Missouri River water into the Hudson Bay basin only after the Secretary, in consultation with the Secretary of State and the Administrator of the Environmental Protection Agency, determines that adequate treatment has been provided to meet the requirements of the Treaty Between the United States and Great Britain relating to Boundary Waters Between the United States and Canada, signed at Washington January 11, 1909 (36 Stat. 2448; TS 548) (commonly known as the 'Boundary Waters Treaty of 1909').

''(2) COSTS.—All costs of construction, operation, maintenance, and replacement of water treatment and related facilities authorized by this Act and attributable to meeting the requirements of the treaty referred to in paragraph (1) shall be nonreimbursable.''.

SEC. 3. FISH AND WILDLIFE.

Section 2 of Public Law 89–108 (79 Stat. 433; 100 Stat. 419) is amended—

(1) by striking subsections (b), (c), and (d) and inserting the following:

''(b) FISH AND WILDLIFE COSTS.—All fish and wildlife enhancement costs incurred in connection with waterfowl refuges, waterfowl production areas, and wildlife conservation areas proposed for Federal or State administration shall be nonreimbursable.

''(c) RECREATION AREAS.—

''(1) COSTS.—If non-Federal public bodies continue to agree to administer land and water areas approved for recreation and agree to bear not less than 50 percent of the separable costs of the unit allocated to recreation and attributable to those areas and all the costs of operation, maintenance, and replacement incurred in connection therewith, the remainder of the separable capital costs so allocated and attributed shall be nonreimbursable.

''(2) APPROVAL.—The recreation areas shall be approved by the Secretary in consultation and coordination with the State of North Dakota.

''(d) NON-FEDERAL SHARE.—The non-Federal share of the separable capital costs of the unit allocated to recreation shall be borne by non-Federal interests, using the following methods, as the Secretary may determine to be appropriate:

''(1) Services in kind.

''(2) Payment, or provision of lands, interests therein, or facilities for the unit.

''(3) Repayment, with interest, within 50 years of first use of unit recreation facilities.'';

(2) in subsection (e)—

(A) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively;

(B) by inserting ''(1)'' after ''(e)'';

(C) in paragraph (2) (as redesignated by subparagraph (A))—

(i) in the first sentence—

(I) by striking ''within ten years after initial unit operation to administer for recreation and fish and wildlife enhancement'' and inserting ''to administer for recreation''; and

(II) by striking ''which are not included within Federal waterfowl refuges and waterfowl production areas''; and

(ii) in the second sentence, by striking ''or fish and wildlife enhancement''; and

(D) in the first sentence of paragraph (3) (as redesignated by subparagraph (A))—

(i) by striking '', within ten years after initial operation of the unit,''; and

(ii) by striking ''paragraph (1) of this subsection'' and inserting ''paragraph (2)'';

(3) in subsection (f), by striking ''and fish and wildlife enhancement''; and

(4) in subsection (j)—

(A) in paragraph (1), by striking ''prior to the completion of construction of Lonetree Dam and Reservoir''; and

(B) by adding at the end the following:

''(4) TAAYER RESERVOIR.—Taayer Reservoir is deauthorized as a project feature. The Secretary, acting through the Commissioner of Reclamation, shall acquire (including acquisition through donation or exchange) up to 5,000 acres in the Kraft and Pickell Slough areas and to manage the area as a component of the National Wildlife Refuge System giving consideration to the unique wildlife values of the area. In acquiring the lands which comprise the Kraft and Pickell Slough complex, the Secretary shall acquire wetlands in the immediate vicinity which may be hydrologically related and nearby uplands as may be necessary to provide for proper management of the complex. The Secretary shall provide for appropriate visitor access and control at the refuge.

''(5) DEAUTHORIZATION OF LONETREE DAM AND RESERVOIR.—The Lonetree Dam and Reservoir is deauthorized, and the Secretary shall designate the lands acquired for the former reservoir site as a wildlife conservation area. The Secretary shall enter into an agreement with the State of North Dakota providing for the operation and maintenance of the wildlife conservation area as an enhancement feature, the costs of which shall be paid by the Secretary. If the features selected under section 8 include a buried pipeline and appurtenances between the McClusky Canal and New Rockford Canal, the use of the wildlife conservation area and Sheyenne Lake National Wildlife Refuge for such route is hereby authorized.''.

SEC. 4. INTEREST CALCULATION.

Section 4 of Public Law 89–108 (100 Stat. 435) is amended by adding at the end the following: ''Interest during construction shall be calculated only until such date as the Secretary declares any particular feature to be substantially complete, regardless of whether the feature is placed into service.''.

SEC. 5. IRRIGATION FACILITIES.

Section 5 of Public Law 89–108 (100 Stat. 419) is amended—

(1) by striking ''SEC. 5. (a)(1)'' and all that follows through subsection (c) and inserting the following:

''SEC. 5. IRRIGATION FACILITIES.

''(a) IN GENERAL.—

''(1) AUTHORIZED DEVELOPMENT.—In addition to the 5,000-acre Oakes Test Area in existence on the date of enactment of the Dakota Water Resources Act of 1998, the Secretary may develop irrigation in—

''(A) the Turtle Lake service area (13,700 acres);

''(B) the McClusky Canal service area (10,000 acres); and

''(C) if the investment costs are fully reimbursed without aid to irrigation from the Pick-Sloan Missouri Basin Program, the New Rockford Canal service area (1,200 acres).

''(2) DEVELOPMENT NOT AUTHORIZED.—None of the irrigation authorized by this section may be developed in the Hudson Bay/Devils Lake Basin.

''(3) NO EXCESS DEVELOPMENT.—The Secretary shall not develop irrigation in the service areas described in paragraph (1) in excess of the acreage specified in that paragraph, except that the Secretary shall develop up to 28,000 acres of irrigation in other areas of North Dakota (such as the Elk/Charbonneau, Mon-Dak, Nesson Valley, Horsehead Flats, and Oliver-Mercer areas) that are not located in the Hudson Bay/Devils Lake drainage basin or James River drainage basin.

''(4) PUMPING POWER.—Irrigation development authorized by this section shall be considered authorized units of the Pick-Sloan

Missouri Basin Program and eligible to receive project pumping power.

''(5) PRINCIPLE SUPPLY WORKS.—The Secretary shall complete and maintain the principle supply works as identified in the 1984 Garrison Diversion Unit Commission Final Report dated December 20, 1984 as modified by the Dakota Water Resources Act of 1998.'';

(2) by redesignating subsections (d), (e), and (f) as subsections (b), (c), and (d), respectively;

(3) in the first sentence of subsection (b) (as redesignated by paragraph (2)), by striking ''(a)(1)'' and inserting ''(a)'';

(4) in the first sentence of subsection (c) (as redesignated by paragraph (2)), by striking ''Lucky Mound (7,700 acres), Upper Six Mile Creek (7,500 acres)'' and inserting ''Lucky Mound (7,700 acres) and Upper Six Mile Creek (7,500 acres), or such other lands at Fort Berthold of equal acreage as may be selected by the tribe and approved by the Secretary,''; and

(5) by adding at the end the following:

''(e) IRRIGATION REPORT TO CONGRESS.—

''(1) IN GENERAL.—The Secretary shall investigate and prepare a detailed report on the undesignated 28,000 acres in subsection (a)(3) as to costs and benefits for any irrigation units to be developed under Reclamation law.

''(2) FINDING.—The report shall include a finding on the financial and engineering feasibility of the proposed irrigation unit, but shall be limited to the undesignated 28,000 acres.

''(3) AUTHORIZATION.—If the Secretary finds that the proposed construction is feasible, such irrigation units are authorized without further Act of Congress.

''(4) DOCUMENTATION.—No expenditure for the construction of facilities authorized under this section shall be made until after the Secretary, in cooperation with the State of North Dakota, has prepared the appropriate documentation in accordance with section 1 and pursuant to the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) analyzing the direct and indirect impacts of implementing the report.''.

SEC. 6. POWER.

Section 6 of Public Law 89–108 (79 Stat. 435; 100 Stat. 421) is amended—

(1) in subsection (b)—

(A) by striking ''Notwithstanding the provisions of'' and inserting ''Pursuant to the provisions of''; and

(B) by striking ''revenues,'' and all that follows and inserting ''revenues.''; and

(2) by striking subsection (c) and inserting the following:

''(c) NO INCREASE IN RATES OR AFFECT ON REPAYMENT METHODOLOGY.—In accordance with the last sentence of section 302(a)(3) of the Department of Energy Organization Act (42 U.S.C. 7152(a)(3), section 1(e) shall not result in any reallocation of project costs and shall not result in increased rates to Pick-Sloan Missouri Basin Program customers. Nothing in the Dakota Water Resources Act of 1998 alters or affects in any way the repayment methodology in effect as of the date of enactment of that Act for other features of the Pick-Sloan Missouri Basin Program.''.

SEC. 7. MUNICIPAL, RURAL, AND INDUSTRIAL WATER SERVICE.

Section 7 of Public Law 89–108 (100 Stat. 422) is amended—

(1) in subsection (a)(3)—

(A) in the second sentence—

(i) by striking ''The non-Federal share'' and inserting ''Unless otherwise provided in this Act, the non-Federal share'';

(ii) by striking ''each water system'' and inserting ''water systems'';

(iii) by inserting after the second sentence the following: ''The State may use the Federal and non-Federal funds to provide grants or loans for municipal, rural, and industrial water systems. The State shall use the proceeds of repaid loans for municipal, rural, and industrial water systems.''; and

(iv) by striking the last sentence and inserting the following: ''The Southwest Pipeline Project, the Northwest Area Water Supply Project, the Red River Valley Water Supply Project, and other municipal, industrial, and rural water systems in the State of North Dakota shall be eligible for funding under the terms of this section. Funding provided under this section for the Red River Valley Water Supply Project shall be in addition to funding for that project under section 10(a)(1)(B). The amount of non-Federal contributions made after May 12, 1986, that exceeds the 25 percent requirement shall be credited to the State for future use in municipal, rural, and industrial projects under this section.''; and

(2) by striking subsections (b), (c), and (d) and inserting the following:

''(b) WATER CONSERVATION PROGRAM.—The State of North Dakota may use funds provided under subsections (a) and (b)(1)(A) of section 10 to develop and implement a water conservation program. The Secretary and the State shall jointly establish water conservation goals to meet the purposes of the State program and to improve the availability of water supplies to meet the purposes of this Act. If the State achieves the established water conservation goals, the non-Federal cost share for future projects under subsection (a)(3) shall be reduced to 24.5 percent.

''(c) NONREIMBURSABILITY OF COSTS.—With respect to the Southwest Pipeline Project, the Northwest Area Water Supply Project, the Red River Valley Water Supply Project, and other municipal, industrial, and rural water systems in North Dakota, the costs of the features constructed on the Missouri River by the Secretary of the Army before the date of enactment of the Dakota Water Resources Act of 1998 shall be nonreimbursable.

''(d) INDIAN MUNICIPAL RURAL AND INDUSTRIAL WATER SUPPLY.—The Secretary shall construct, operate, and maintain such municipal, rural, and industrial water systems as the Secretary determines to be necessary to meet the economic, public health, and environmental needs of the Fort Berthold, Standing Rock, Turtle Mountain (including the Trenton Indian Service Area), and Fort Totten Indian Reservations and adjacent areas.''.

SEC. 8. SPECIFIC FEATURES.

(a) IN GENERAL.—Public Law 89–108 (100 Stat. 423) is amended by striking section 8 and inserting the following:

''SEC. 8. SPECIFIC FEATURES.

''(a) RED RIVER VALLEY WATER SUPPLY PROJECT.—

''(1) IN GENERAL.—The Secretary shall construct a feature or features to deliver Missouri River water to the Sheyenne River water supply and release facility or such other feature or features as are selected under subsection (d).

''(2) DESIGN AND CONSTRUCTION.—The feature shall be designed and constructed to meet only the water delivery requirements of the irrigation areas, municipal, rural, and industrial water supply needs, ground water recharge, and streamflow augmentation (as described in subsection (b)(2)) authorized by this Act.

''(3) COMMENCEMENT OF CONSTRUCTION.—The Secretary may not commence construction on the feature until a master repayment contract or water service agreement consistent with this Act between the Secretary and the appropriate non-Federal entity has been executed.

''(b) REPORT ON RED RIVER VALLEY WATER NEEDS AND DELIVERY OPTIONS.—

''(1) IN GENERAL.—Pursuant to section 1(g), not later than 90 days after the date of enactment of the Dakota Water Resources Act of 1998, the Secretary and the State of North Dakota shall jointly submit to Congress a report on the comprehensive water quality and quantity needs of the Red River Valley and the options for meeting those needs, including the delivery of Missouri River water to the Red River Valley.

''(2) NEEDS.—The needs addressed in the report shall include such needs as—

''(A) augmenting streamflows; and

''(B) enhancing—

''(i) municipal, rural, and industrial water supplies;

''(ii) water quality;

''(iii) aquatic environment; and

''(iv) recreation.

''(3) STUDIES.—Existing and ongoing studies by the Bureau of Reclamation on Red River Water Supply needs and options shall be deemed to meet the requirements of this section.

''(c) ENVIRONMENTAL IMPACT STATEMENTS.—

''(1) DRAFT.—

''(A) DEADLINE.—Pursuant to an agreement between the Secretary and the State of North Dakota as authorized under section 1(g), not later than 1 year after the date of enactment of the Dakota Water Resources Act of 1998, the Secretary and the State of North Dakota shall jointly prepare and complete a draft environmental impact statement concerning all feasible options to meet the comprehensive water quality and quantity needs of the Red River Valley and the options for meeting those needs, including possible alternatives for delivering Missouri River water to the Red River Valley.

''(B) REPORT ON STATUS.—If the Secretary and State of North Dakota cannot prepare and complete the draft environmental impact statement within 1 year after the date of enactment of the Dakota Water Resources Act of 1998, the Secretary, in consultation and coordination with the State of North Dakota, shall report to Congress on the status of this activity, including an estimate of the date of completion.

''(2) FINAL.—

''(A) DEADLINE.—Not later than 1 year after filing the draft environmental impact statement, a final environmental impact statement shall be prepared and published.

''(B) REPORT ON STATUS.—If the Secretary and State of North Dakota cannot prepare and complete a final environmental impact statement within 1 year of the completion of the draft environmental impact statement, the Secretary, in consultation and coordination with the State of North Dakota, shall report to Congress on the status of this activity, including an estimate of the date of completion.

''(d) PROCESS FOR SELECTION.—

''(1) IN GENERAL.—After reviewing the final report required by subsection (b)(1) and complying with subsection (c), the Secretary, in consultation and coordination with the State of North Dakota in coordination with affected local communities, shall select 1 or more project features described in subsection (a) that will meet the comprehensive water quality and quantity needs of the Red River Valley.

''(2) AGREEMENTS.—Not later than 180 days after the record of decision has been executed, the Secretary shall enter into a cooperative agreement with the State of North Dakota to construct the feature or features selected.

''(e) SHEYENNE RIVER WATER SUPPLY AND RELEASE OR ALTERNATE FEATURES.—The Secretary shall construct, operate, and maintain a Sheyenne River water supply and release feature (including a water treatment plant) capable of delivering 100 cubic feet per second of water or any other amount determined in the reports under this section, for the cities of Fargo and Grand Forks and surrounding communities, or such other feature or features as may be selected under subsection (d).''.

SEC. 9. OAKES TEST AREA TITLE TRANSFER.

Public Law 89–108 (100 Stat. 423) is amended by striking section 9 and inserting the following:

''SEC. 9. OAKES TEST AREA TITLE TRANSFER.

''(a) IN GENERAL.—Not later than 2 years after execution of a record of decision under section 8(d) on whether to use the New Rockford Canal as a means of delivering water to the Red River Basin as described in section 8, the Secretary shall enter into an agreement with the State of North Dakota, or its designee, to convey title and all or any rights, interests, and obligations of the United States in and to the Oakes Test Area as constructed and operated under Public Law 99–294 (100 Stat. 418) under such terms and conditions as the Secretary believes would fully protect the public interest.

''(b) TERMS AND CONDITIONS.—The agreement shall define the terms and conditions of the transfer of the facilities, lands, mineral estate, easements, rights-of-way and water rights including the avoidance of costs that the Federal Government would otherwise incur in the case of a failure to agree under subsection (d).

''(c) COMPLIANCE.—The action of the Secretary under this section shall comply with all applicable requirements of Federal, State, and local law.

''(d) FAILURE TO AGREE.—If an agreement is not reached within the time limit specified in subsection (a), the Secretary shall dispose of the Oakes Test Area facilities under the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.).''.

SEC. 10. AUTHORIZATION OF APPROPRIATIONS.

Section 10 of Public Law 89–108 (100 Stat. 424; 106 Stat. 4669, 4739)

(1) in subsection (a)—

(A) by striking ''(a)(1) There are authorized'' and inserting the following:

''(a) WATER DISTRIBUTION FEATURES.—

''(1) IN GENERAL.—

''(A) MAIN STEM SUPPLY WORKS.—There is authorized'';

(B) in paragraph (1)—

(i) in the first sentence, by striking ''$270,395,000 for carrying out the provisions of section 5(a) through 5(c) and section 8(a)(1) of this Act'' and inserting ''$164,000,000 to carry out section 5(a)'';

(ii) by inserting after subparagraph (A) (as designated by clause (i)) the following:

''(B) RED RIVER VALLEY WATER SUPPLY PROJECT.—There is authorized to be appropriated to carry out section 8(a)(1) $200,000,000.''; and

(iii) by striking ''Such sums'' and inserting the following:

''(C) AVAILABILITY.—Such sums''; and

(C) in paragraph (2)—

(i) by striking ''(2) There is'' and inserting the following:

''(2) INDIAN IRRIGATION.—

''(A) IN GENERAL.—There is'';

(ii) by striking ''$7,910,000 for carrying out section 5(e) of this Act'' and inserting ''$7,910,000 to carry out section 5(c)''; and

(iii) by striking ''Such sums'' and inserting the following:

''(B) AVAILABILITY.—Such sums'';

(2) in subsection (b)—

(A) by striking ''(b)(1) There is'' and inserting the following:

''(b) MUNICIPAL, RURAL, AND INDUSTRIAL WATER SUPPLY.—

''(1) STATEWIDE.—

''(A) INITIAL AMOUNT.—There is'';

(B) in paragraph (1)—

(i) by inserting before ''Such sums'' the following:

''(B) ADDITIONAL AMOUNT.—In addition to the amount under subparagraph (A), there is authorized to be appropriated to carry out section 7(a) $300,000,000.''; and

(ii) by striking ''Such sums'' and inserting the following:

''(C) AVAILABILITY.—Such sums''; and

(C) in paragraph (2)—

(i) by striking ''(2) There are authorized to be appropriated $61,000,000'' and all that follows through ''Act.'' and inserting the following:

''(2) INDIAN MUNICIPAL, RURAL, AND INDUSTRIAL AND OTHER DELIVERY FEATURES.—

''(A) INITIAL AMOUNT.—There is authorized to be appropriated—

''(i) to carry out section 8(a)(5), $40,500,000; and

''(ii) to carry out section 7(d), $20,500,000.'';

(ii) by inserting before ''Such sums'' the following:

''(B) ADDITIONAL AMOUNT.—

''(i) IN GENERAL.—In addition to the amount under subparagraph (A), there is authorized to be appropriated to carry out section 7(d) $200,000,000.

''(ii) ALLOCATION.—The amount under clause (i) shall be allocated as follows:

''(I) $30,000,000 to the Fort Totten Indian Reservation.

''(II) $70,000,000 to the Fort Berthold Indian Reservation.

''(IV) $80,000,000 to the Standing Rock Indian Reservation.

''(V) $20,000,000 to the Turtle Mountain Indian Reservation.''; and

(ii) by striking ''Such sums'' and inserting the following:

''(C) AVAILABILITY.—Such sums'';

(3) in subsection (c)—

(A) by striking ''(c) There is'' and inserting the following:

''(c) RESOURCES TRUST AND OTHER PROVISIONS.—

''(1) INITIAL AMOUNT.—There is''; and

(B) by striking the second and third sentences and inserting the following:

''(2) ADDITIONAL AMOUNT.—In addition to amount under paragraph (1), there are authorized to be appropriated—

''(A) $6,500,000 to carry out recreational projects; and

''(B) an additional $25,000,000 to carry out section 11;

to remain available until expended.

''(3) RECREATIONAL PROJECTS.—Of the funds authorized under paragraph (2) for recreational projects, up to $1,500,000 may be used to fund a wetland interpretive center in the State of North Dakota.

''(4) OPERATION AND MAINTENANCE.—

''(A) IN GENERAL.— There are authorized to be appropriated such sums as are necessary for operation and maintenance of the unit (including the mitigation and enhancement features).

''(B) AUTHORIZATION LIMITS.—Expenditures for operation and maintenance of features substantially completed and features constructed before the date of enactment of the Dakota Water Resources Act of 1998, including funds expended for such purposes since the date of enactment of Public Law 99–294, shall not be counted against the authorization limits in this section.

''(5) MITIGATION AND ENHANCEMENT LAND.—On or about the date on which the features authorized by section 8(a) are operational, a separate account in the Natural Resources Trust authorized by section 11 shall be established for operation and maintenance of the mitigation and enhancement land associated with the unit.''; and

(4) by striking subsection (e) and inserting the following:

''(e) INDEXING.—The $300,000,000 amount under subsection (b)(1)(B), the $200,000,000 amount under subsection (a)(1)(B), and the funds authorized under subsection (b)(2) shall be indexed as necessary to allow for ordinary fluctuations of construction costs incurred after the date of enactment of the Dakota Water Resources Act of 1998 as indicated by engineering cost indices applicable for the type of construction involved. All other authorized cost ceilings shall remain unchanged.

''(f) FOUR BEARS BRIDGE.—There is authorized to be appropriated, for demolition of the existing structure and construction of the Four Bears Bridge across Lake Sakakawea within the Fort Berthold Indian Reservation, $40,000,000.''.

SEC. 11. NATURAL RESOURCES TRUST.

Section 11 of Public Law 89–108 (100 Stat. 424) is amended—

(1) by striking subsection (a) and inserting the following:

''(a) CONTRIBUTION.—

''(1) INITIAL AUTHORIZATION.—

''(A) IN GENERAL.—From the sums appropriated under section 10 for the Garrison Diversion Unit, the Secretary shall make an annual Federal contribution to a Natural Resources Trust established by non-Federal interests in accordance with subsection (b) and operated in accordance with subsection (c).

''(B) AMOUNT.—The total amount of Federal contributions under subparagraph (A) shall not exceed $12,000,000.

''(2) ADDITIONAL AUTHORIZATION.—

''(A) IN GENERAL.—In addition to the amount authorized in paragraph (1), the Secretary shall make annual Federal contributions to the Natural Resources Trust until the amount authorized by section 10(c)(2)(B) is reached, in the manner stated in subparagraph (B).

''(B) ANNUAL AMOUNT.—The amount of the contribution under subparagraph (A) for each fiscal year shall be the amount that is equal to 5 percent of the total amount that is appropriated for the fiscal year under subsections (a)(1)(B) and (b)(1)(B) of section 10.

''(C) LIMITATION ON AVAILABILITY OF FUNDS.—Of the amount authorized by section 10(c)(2)(B), not more than $10,000,000 shall be made available until the date on which the features authorized by section 8(a) are operational and meet the objectives of section 8(a), as determined by the Secretary and the State of North Dakota.'';

(2) in subsection (b), by striking ''Wetlands Trust'' and inserting ''Natural Resources Trust''; and

(3) in subsection (c)—

(A) by striking ''Wetland Trust'' and inserting ''Natural Resources Trust'';

(B) by striking ''are met'' and inserting ''is met'';

(C) in paragraph (1), by inserting '', grassland conservation and riparian areas'' after ''habitat''; and

(D) in paragraph (2), by adding at the end the following:

''(C) The power to fund incentives for conservation practices by landowners.''.

HIGHER EDUCATION AMENDMENTS OF 1998

DODD (AND OTHERS) AMENDMENT NO. 3113

Mr. DODD (for himself, Mr. WARNER, Mr. HAGEL, and Mr. ROBB) proposed an

amendment to the bill, S. 1882, supra; as follows:

On page 1, after line 14, insert:

(c) Section 102(b)(2)(D) of the Arms Export Control Act is further amended in clause (ii) by inserting after the word ''to'' the following words: ''medicines, medical equipment, and,''

Renumber succeeding subsections accordingly.

SANTORUM (AND OTHERS) AMENDMENT NO. 3114

Mr. SANTORUM (for himself, Mr. DEWINE, and Mr. COVERDELL) proposed an amendment to the bill, S. 1882, supra; as follows:

On page 466, between lines 19 and 20, insert the following:

(2) in paragraph (2)—

(A) in subparagraph (A), by striking ''proof that reasonable attempts were made'' and inserting ''proof that the institution was contacted and other reasonable attempts were made''; and

(B) in subparagraph (G), by striking ''certifies to the Secretary that diligent attempts have been made'' and inserting ''certifies to the Secretary that diligent attempts, including contact with the institution, have been made''.

On page 494, between lines 20 and 21, insert the following:

SEC. 434. NOTICE TO SECRETARY AND PAYMENT OF LOSS.

The third sentence of section 430(a) (20 U.S.C. 1080(a)) is amended by inserting ''the institution was contacted and other'' after ''submit proof that''.

On page 501, between lines 14 and 15, insert the following:

(d) PUBLICATION DATE.—Section 435(m)(4) (20 U.S.C. 1085(m)(4)) is amended by adding at the end the following:

''(D) The Secretary shall publish the report described in subparagraph (C) by September 30 of each year.''.

At the end, add the following:

SEC. ___. LIAISON FOR PROPRIETARY INSTITUTIONS OF HIGHER EDUCATION.

Title II of the Department of Education Organization Act (20 U.S.C. 3411 et seq.) is amended by adding at the end the following:

''SEC. 219. LIAISON FOR PROPRIETARY INSTITUTIONS OF HIGHER EDUCATION.

''(a) ESTABLISHMENT.—There shall be in the Department a Liaison for Proprietary Institutions of Higher Education, who shall be an officer of the Department appointed by the Secretary.

''(b) APPOINTMENT.—The Secretary shall appoint, not later than 6 months after the date of enactment of the Higher Education Amendments of 1998 a Liaison for Proprietary Institutions of Higher Education who shall be a person who—

''(1) has attained a certificate or degree from a proprietary institution of higher education; or

''(2) has been employed in a proprietary institution setting for not less than 5 years.

''(c) DUTIES.—The Liaison for Proprietary Institutions of Higher Education shall—

''(1) serve as the principal advisor to the Secretary on matters affecting proprietary institutions of higher education;

''(2) provide guidance to programs within the Department that involve functions affecting proprietary institutions of higher education; and

''(3) work with the Federal Interagency Committee on Education to improve the coordination of—

''(A) the outreach programs in the numerous Federal departments and agencies that administer education and job training programs;

''(B) collaborative business and education partnerships; and

''(C) education programs located in, and involving, rural areas.''.

SESSIONS (AND OTHERS) AMENDMENT NO. 3115

Mr. SESSIONS (for himself, Mr. GRAHAM, Mr. MCCONNELL, and Mr. COVERDELL) proposed an amendment to the bill, S. 1882, supra; as follows:

At the end add the following:

SEC. ___. ELIGIBLE EDUCATIONAL INSTITUTIONS PERMITTED TO MAINTAIN QUALIFIED TUITION PROGRAMS.

(a) IN GENERAL.—Section 529(b)(1) of the Internal Revenue Code of 1986 (defining qualified State tuition program) is amended by inserting ''or by 1 or more eligible educational institutions or any organization exempt from taxation under this subtitle that consists solely of eligible educational institutions'' after ''maintained by a State or agency or instrumentality thereof''.

(b) CONFORMING AMENDMENTS.—

(1) The text and headings of each of the sections 72(e)(9), 135(c)(2(C), 135(d)(1)(D), 529, 530(b)(2)(B), 4973(e), and 6693(a)(2)(c) of the Internal Revenue Code of 1986 is amended by striking ''qualified State tuition'' each place it appears and inserting ''qualified tuition''.

(2)(A) The section heading of section 529 of such Code is amended to read as follows:

''SEC. 529. QUALIFIED TUITION PROGRAMS.''.

(B) The item relating to section 529 in the table of sections for part VIII of subchapter F of chapter 1 of such Code is amended by striking ''State''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. ___. EXCLUSION FROM GROSS INCOME OF EDUCATION DISTRIBUTIONS FROM QUALIFIED STATE TUITION PROGRAMS.

(a) IN GENERAL.—Section 529(c)(3)(B) of the Internal Revenue Code of 1986 (relating to distributions) is amended to read as follows:

''(B) DISTRIBUTIONS FOR QUALIFIED HIGHER EDUCATION EXPENSES.—

''(i) IN GENERAL.—If a distributee elects the application of this clause for any taxable year—

''(I) no amount shall be includible in gross income under subparagraph (A) by reason of a distribution which consists of providing a benefit to the distributee which, if paid for by the distributee, would constitute payment of a qualified higher education expense, and

''(II) the amount which (but for the election) would be includible in gross income under subparagraph (A) by reason of any other distribution shall not be so includible in an amount which bears the same ratio to the amount which would be so includible as such expenses bear to such aggregate distributions.

''(ii) IN-KIND DISTRIBUTIONS.—Any benefit furnished to a designated beneficiary under a qualified State tuition program shall be treated as a distribution to the beneficiary for purposes of this paragraph.

''(iii) DISALLOWANCE OF EXCLUDED AMOUNTS AS CREDIT OR DEDUCTION.—No deduction or credit shall be allowed to the taxpayer under any other section of this chapter for any qualified higher education expenses to the extent taken into account in determining the amount of the exclusion under this subparagraph.''.

(b) ADDITIONAL TAX ON AMOUNTS NOT USED FOR HIGHER EDUCATION EXPENSES.—Section 529(c)(3) of the Internal Revenue Code of 1986 (relating to distributions) is amended by adding at the end the following:

''(E) ADDITIONAL TAX ON AMOUNTS NOT USED FOR HIGHER EDUCATION EXPENSES.—The tax imposed by section 530(d)(4) shall apply to payments and distributions from qualified tuition programs in the same manner as such tax applies to education individual retirement accounts.''.

(c) COORDINATION WITH EDUCATION CREDITS.—Section 25A(e)(2) of the Internal Revenue Code of 1986 (relating to coordination with exclusions) is amended—

(1) by inserting ''a qualified tuition program or'' before ''an education individual retirement account'', and

(2) by striking ''section 530(d)(2)'' and inserting ''section 529(c)(3)(B) or 530(d)(2)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after December 31, 2003, for education furnished in academic periods beginning after such date.

SEC. ___. QUALIFIED TUITION PROGRAMS INCLUDED IN SECURITIES EXEMPTION.

(a) EXEMPTED SECURITIES.—Section 3(a)(4) of the Securities Act of 1933 (15 U.S.C. 77c(a)(4)) is amended by striking ''individual;'' and inserting ''individual or any security issued by a prepaid tuition program described in section 529 of the Internal Revenue Code of 1986;''.

(b) QUALIFIED TUITION PROGRAMS NOT INVESTMENT COMPANIES.—Section 3(c) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)) is amended by adding at the end the following:

''(15) Any prepaid tuition program described in section 529 of the Internal Revenue Code of 1986.''.

BINGAMAN (AND OTHERS) AMENDMENT NO. 3116

Mr. BINGAMAN (for himself, Mr. COCHRAN, Mr. REID, and Mr. HOLLINGS) proposed an amendment to the bill, S. 1882, supra; as follows:

Insert at the end of Title II, Part A (page 237, after line 14):

''SEC. 237. ACADEMIC MAJORS FOR SECONDARY SCHOOL TEACHERS.

''(a) States and postsecondary programs that prepare secondary school teachers and receive Federal funds under this Act excluding aid provided under Title IV, shall, unless they have already done so, adopt within 3 years after the date of enactment of the Higher Education Amendments of 1998 a policy that all undergraduate candidates preparing to be secondary school teachers be required to successfully complete an academic major, as defined by the institution of higher education at which the student attends, in the academic area in which they plan to teach.''

''(b) Nothing in this Section shall affect the eligibility of an individual student or an institution of higher education to receive Federal grants or loans under Title IV under this Act.''

WARNER (AND ROBB) AMENDMENT NO. 3117

Mr. WARNER (for himself and Mr. ROBB) proposed an amendment to the bill, S. 1882, supra; as follows:

At the appropriate place insert:

Nothing in this bill shall be construed to prohibit an institution of postsecondary education from disclosing, to a parent of a student, imformation regarding violation of any federal, state, or local laws governing the use or possession of alcohol or drugs, whether or not that information is contained in

the student's education records, if the student is under the age of 21.

HARKIN (AND REID) AMENDMENT NO. 3118

Mr. HARKIN (for himself and Mr. REID) proposed an amendment to the bill, S. 1882, supra; as follows:

At the appropriate place in title IV, insert the following:

SEC. ___. REDUCTION IN STUDENT LOAN FEES.

(a) FEDERAL DIRECT STAFFORD LOANS.—Section 455(c) (20 U.S.C. 1087e(c)) is amended by inserting '', except that the Secretary shall charge the borrower of a Federal Direct Stafford Loan an origination fee in the amount of 3.0 percent of the principal amount of the loan'' before the period.

(b) SUBSIDIZED FEDERAL STAFFORD LOANS.—

(1) AMENDMENT.—Subparagraph (H) of section 428(b)(1) (20 U.S.C. 1078(b)(1)) is amended—

(A) by striking ''not more than''; and

(B) by striking ''will not be used for incentive payments to lenders'' and inserting ''shall be paid to the Federal Government for deposit in the Treasury''.

(2) REPEAL.—Subparagraph (H) of section 428(b)(1) (20 U.S.C. 1078(b)(1)) is repealed.

(c) UNSUBSIDIZED STAFFORD LOAN AND PLUS LOAN INSURANCE PREMIUM REDIRECTION.—

(1) UNSUBSIDIZED STAFFORD LOANS.—Section 428H(h) (20 U.S.C. 1078–8(h)) is amended—

(A) by striking ''may'' and inserting ''shall'';

(B) by striking ''not more than'';

(C) by striking '', if such premium will not be used for incentive payments to lenders''; and

(D) by inserting at the end the following: ''The proceeds of the insurance premium shall be paid to the Federal Government for deposit into the Treasury.''.

(2) PLUS LOANS.—Section 428B (20 U.S.C. 1078–2) is amended by adding after subsection (f) (as added by section 427(2)) the following:

''(g) INSURANCE PREMIUM.—Each State or nonprofit private institution or organization having an agreement with the Secretary under section 428(b)(1) shall charge the borrower of a loan made under this section a single insurance premium in the amount of 1 percent of the principal amount of the loan. The proceeds of the insurance premium shall be paid to the Federal Government for deposit into the Treasury.''.

(d) EFFECTIVE DATES.—

(1) SUBSECTION (b)(1).—The amendments made by subsection (b)(1) shall take effect on the date of enactment of this Act.

(2) SUBSECTIONS (a) AND (b)(2).—The amendments made by subsections (a) and (b)(2) shall take effect on July 1, 1999.

(3) SUBSECTION (c).—The amendments made by subsection (c) shall take effect on October 1, 1998.

KENNEDY AMENDMENT NO. 3119

Mr. KENNEDY proposed an amendment to the bill, S. 1882, supra; as follows:

On page 458, between lines 2 and 3, insert the following:

SEC. 425. MARKET-BASED DETERMINATIONS OF LENDER RETURNS.

Part B of title IV (20 U.S.C. 1071 et seq.) is amended by inserting after section 427A the following:

''SEC. 427B. MARKET-BASED DETERMINATIONS OF LENDER RETURNS.

''(a) FINDINGS.—Congress finds that—

''(1) in the field of consumer lending, market forces have resulted in increased quality of services and decreased prices, and more extensive application of market forces to the Robert T. Stafford Federal Student Loan Program should be explored;

''(2) Federal subsidies to lenders making or holding loans made, insured, or guaranteed under this part should not exceed the level necessary to ensure that all eligible borrowers have access to loans under this part;

''(3) setting the level of lender returns necessary to achieve the objective described in paragraph (2) in statute is necessarily inexact and insufficiently flexible to respond to market forces, and therefore lender returns should be determined through the use of market-based mechanisms;

''(4) alternative market-based mechanisms must be tested before a final selection is made as to the particular mechanism to be used for all loans made, insured, or guaranteed under this part;

''(5) the results of testing alternative market-based mechanisms should be evaluated independently; and

''(6) if the independent evaluation concludes that the testing of alternative market-based mechanisms has been successful, a market-based mechanism to determine lender returns on all loans made, insured, or guaranteed under this part should be implemented as expeditiously as possible.

''(b) JOINT PLANNING STUDY TO SELECT AUCTION-BASED MECHANISMS FOR TESTING.—

''(1) PLANNING STUDY.—The Secretary and the Secretary of the Treasury jointly shall conduct a planning study, in consultation with the Office of Management and Budget, the Congressional Budget Office, the General Accounting Office, and other individuals and entities the Secretary determines appropriate, to—

''(A) examine the matters described in paragraph (2) in order to determine which auction-based mechanisms for determining lender returns on loans made, insured, or guaranteed under this part shall be tested under the pilot programs described in subsection (c); and

''(B) determine what related administrative and other changes will be required in order to ensure that high-quality services are provided under a successful implementation of auction-based determinations of lender returns for all loans made, insured, or guaranteed under this part.

''(2) MATTERS EXAMINED.—The planning study under this subsection shall examine—

''(A) whether it is most appropriate to auction existing loans under this part, to auction the rights to originate loans under this part, or a combination thereof;

''(B) whether it is preferable to auction parcels of such loans or rights, that are similar or diverse in terms of loan or borrower characteristics;

''(C) how to ensure that statutory, regulatory, or administrative requirements do not impede separate management and ownership of loans under this part; and

''(D) what is the appropriate allocation of risk between the Federal Government and the owners of loans under this part with respect to interest rates and nonpayment, or late payment, of loans;

''(3) MECHANISMS.—In determining which auction-based mechanisms are the most promising models to test in the pilot programs under subsection (c), the planning study shall take into account whether a particular auction-based mechanism will—

''(A) reduce Federal costs if used on a program-wide basis;

''(B) ensure loan availability under this part to all eligible students at all participating institutions;

''(C) minimize administrative complexity for borrowers, institutions, lenders, and the Federal Government; and

''(D) facilitate the participation of a broad spectrum of lenders and ensure healthy long-term competition in the program under this part.

''(4) REPORT.—A report on the results of the planning study, together with a plan for implementing 1 or more pilot programs using promising auction-based approaches for determining lender returns, shall be transmitted to Congress not later than April 1, 1999.

''(c) PILOT PROGRAMS.—

''(1) AUTHORIZATION.—

''(A) IN GENERAL.—Notwithstanding any other provision of this title, after the report described in subsection (b)(4) is transmitted to Congress, the Secretary is authorized, in consultation with the Secretary of the Treasury, to begin preparations necessary to carry out pilot programs meeting the requirements of this subsection in accordance with the implementation plan included in the report.

''(B) DETERMINATION.—Before commencing the implementation of the pilot programs, the Secretary shall determine that such implementation is consistent with enhancing—

''(i) the modernization of the student financial assistance delivery systems;

''(ii) service to students and institutions of higher education; and

''(iii) competition within the program under this part.

''(C) IMPLEMENTATION DATE.— The Secretary may commence implementation of the pilot programs under this subsection not earlier than 120 days after the report is transmitted to Congress under subsection (b)(4).

''(D) DURATION AND LOAN VOLUME.—The pilot programs under this subsection shall be not more than 2 years in duration, and the Secretary may use the pilot programs to determine the lender returns for not more than 10 percent of the annual loan volume under this part during each of the first and second years of the pilot programs under this subsection.

''(2) REQUIREMENTS.—In carrying out pilot programs under this subsection, the Secretary—

''(A) shall use auction-based approaches, in which lenders bid competitively for the loans under this part, or rights to originate such loans (such as a right of first refusal to originate loans to borrowers at a particular institution, or a right to originate loans to all such borrowers remaining after a right of first refusal has been exercised), as the Secretary shall determine;

''(B) may determine the payments to lenders, and the terms, applicable to lenders, of the rights or loans, as the case may be, for which the lenders bid; and

''(C) shall include loans of different amounts and loans made to different categories of borrowers, but the composition of the parcels of loans or rights in each auction under a pilot program may vary from parcel-to-parcel to the extent that the Secretary determines appropriate.

''(3) VOLUNTARY PARTICIPATION.—Participation in a pilot program under this subsection shall be voluntary for eligible institutions and eligible lenders.

''(4) INDEPENDENT EVALUATION.—The Secretary shall enter into a contract with a non-Federal entity for the conduct of an independent evaluation of the pilot programs, which evaluation shall be completed, and the results of the evaluation submitted to the Secretary, the Secretary of the Treasury, and Congress, not later than 120 days after the termination of the pilot programs under this subsection.

''(d) CONSULTATION.—

''(1) IN GENERAL.—As part of the planning study and pilot programs described in this section, the Secretary shall consult with lenders, secondary markets, guaranty agencies, institutions of higher education, student loan borrowers, other participants in the student loan programs under this title, and other individuals or entities with pertinent technical expertise. The Secretary shall engage in such consultations using such methods as, and to the extent that, the Secretary determines appropriate to the time constraints associated with the study and programs. The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to such consultations.

''(2) SERVICES OF OTHER FEDERAL AGENCIES.—In carrying out the planning study and pilot programs described in this section, the Secretary may use, on a reimbursable basis, the services (including procurement authorities and services), equipment, personnel, and facilities of other agencies and instrumentalities of the Federal Government.''.

On page 457, line 23, strike ''The'' and insert ''Except as the Secretary of Education may otherwise provide under section 427B of the Higher Education Act of 1965, the''.

On page 505, strike line 5 and all that follows through page 506, line 16.

JEFFORDS AMENDMENT NO. 3120

Mr. JEFFORDS proposed an amendment to the bill, S. 1882, supra; as follows:

At the end of title VII, insert the following:

SEC. ___. RELEASE OF CONDITIONS, COVENANTS, AND REVERSIONARY INTERESTS, GUAM COMMUNITY COLLEGE CONVEYANCE, BARRIGADA, GUAM.

(a) RELEASE.—The Secretary of Education shall release all conditions and covenants that were imposed by the United States, and the reversionary interests that were retained by the United States, as part of the conveyance of a parcel of Federal surplus property located in Barrigada, Guam, consisting of approximately 314.28 acres and known as Naval Communications Area Master Station, WESTPAC, parcel IN, which was conveyed to the Guam Community College pursuant to—

(1) the quitclaim deed dated June 8, 1990, conveying 61.45 acres, between the Secretary, acting through the Administrator for Management Services, and the Guam Community College, acting through its Board of Trustees; and

(2) the quitclaim deed dated June 8, 1990, conveying 252.83 acres, between the Secretary, acting through the Administrator for Management Services, and the Guam Community College, acting through its Board of Trustees, and the Governor of Guam.

(b) CONSIDERATION.—The Secretary shall execute the release of the conditions, covenants, and reversionary interests under subsection (a) without consideration.

(c) INSTRUMENT OF RELEASE.—The Secretary shall execute and file in the appropriate office or offices a deed of release, amended deed, or other appropriate instrument effectuating the release of the conditions, covenants, and reversionary interests under subsection (a).

SEC. ___. SENSE OF CONGRESS REGARDING GOOD CHARACTER.

(a) FINDINGS.—Congress finds that—

(1) the future of our Nation and world will be determined by the young people of today;

(2) record levels of youth crime, violence, teenage pregnancy, and substance abuse indicate a growing moral crisis in our society;

(3) character development is the long-term process of helping young people to know, care about, and act upon such basic values as trustworthiness, respect for self and others, responsibility, fairness, compassion, and citizenship;

(4) these values are universal, reaching across cultural and religious differences;

(5) a recent poll found that 90 percent of Americans support the teaching of core moral and civic values;

(6) parents will always be children's primary character educators;

(7) good moral character is developed best in the context of the family;

(8) parents, community leaders, and school officials are establishing successful partnerships across the Nation to implement character education programs;

(9) character education programs also ask parents, faculty, and staff to serve as role models of core values, to provide opportunities for young people to apply these values, and to establish high academic standards that challenge students to set high goals, work to achieve the goals, and persevere in spite of difficulty;

(10) the development of virtue and moral character, those habits of mind, heart, and spirit that help young people to know, desire, and do what is right, has historically been a primary mission of colleges and universities; and

(11) the Congress encourages parents, faculty, and staff across the Nation to emphasize character development in the home, in the community, in our schools, and in our colleges and universities.

(b) SENSE OF CONGRESS.—It is the sense of Congress that Congress should support and encourage character building initiatives in schools across America and urge colleges and universities to affirm that the development of character is one of the primary goals of higher education.

On page 379, between lines 5 and 6, insert the following:

''SEC. 235. ACCOUNTABILITY FOR PROGRAMS THAT PREPARE TEACHERS.

''(a) INFORMATION COLLECTION AND PUBLICATION.—

''(1) DEFINITIONS.—

''(A) Within six months of the date of enactment, the Commissioner of the National Center for Education Statistics, in consultation with States and institutions of higher education, shall develop key definitions and uniform methods of calculation for terms related to the performance of elementary school and secondary school teacher preparation programs.

''(B) In complying with this section, the Secretary and State shall ensure that fair and equitable methods are used in reporting and that they protect the privacy of individuals.

''(2) INFORMATION.—

''(A) STATE REPORT CARD ON THE QUALITY OF TEACHER PREPARATION.—States that receive funds under this Act shall provide to the Secretary, within two years of enactment of the Higher Education Amendments of 1998, and annually thereafter, in a uniform and comprehensible manner that conforms with the definitions and methods established in (a)(1), a state report card on the quality of teacher preparation, which shall include at least the following:

''(1) A description of the teacher certification and licensure assessments, and any other certification and licensure requirements, used by each State.

''(2) The standards and criteria that prospective teachers must meet in order to attain initial teacher licensing or certification and to be licensed to teach particular subjects or in particular grades within the State.

''(3) A description of the extent to which those assessments and requirements are aligned with the State's standards and assessments for students.

''(4) The percentage of teaching candidates who passed each of the assessments used by the State for licensure and certification, and the ''cut score'' on each assessment that determines whether a candidate has passed that assessment.

''(5) The percentage of teaching candidates who passed each of the assessments used by the State for licensure and certification, disaggregated by the teacher preparation program in that State from which the teacher candidate received his or her most recent degree. States shall make these data available widely and publicly.

''(6) Information on the extent to which teachers in the State have been given waivers of State licensure or certification requirements, including the proportion of such teachers distributed across high and low poverty districts and across subject areas.

''(7) A description of each State's alternative routes to teacher certification, if any, and the percentage of teachers certified through alternative certification routes who pass state licensing assessments.

''(8) For each State, a description of proposed criteria for assessing the performance of teacher preparation programs within institutions of higher education, including but not limited to indicators of teacher candidate knowledge and skills as described in (b)(1)(A).

''(B) REPORT OF THE SECRETARY ON THE QUALITY OF TEACHER PREPARATION.—The Secretary shall publish annually and make widely available a report card on teacher qualifications and preparation in the United States, including all the information reported in (A)(1–8), beginning three years after enactment of the Higher Education Amendments of 1998. The Secretary shall report to Congress a comparison of States' efforts to improve teaching quality. The Secretary shall also report on the national mean and median scores on any standardized test that is used in more than one State for teacher licensure or certification. In the case of teacher preparation programs with fewer than 10 graduates taking any single initial teacher certification assessment during any administration of such assessment, the Secretary shall collect and publish information with respect to an average pass rate on State certification or licensure assessments taken over 3 years.

''(C) INSTITUTIONAL REPORT CARDS ON THE QUALITY OF TEACHER PREPARATION.—Each institution of higher education that conducts a teacher preparation program that enrolls students receiving federal assistance shall, not later than two years after the enactment of the Higher Education Amendments of 1998, and annually thereafter, report, in a uniform and comprehensible manner, the following information to the State, and the general public, including through publications such as course catalogues and promotional materials sent to potential applicants, high school guidance counselors, and prospective employers of its program graduates, in a manner that conforms with the definitions and methods established under (a)(1):

''(1) For the most recent year for which the information is available, the passing rate of its graduates on the teacher certification and licensure assessments of the state in which it is located, but only for those students who took those assessments within three years of completing the program. A comparison of the program's pass rate with the state average pass rate shall be included as well. In the case of teacher preparation programs with fewer than 10 graduates taking any single initial teacher certification assessment during any administration of such assessment, the institution shall collect

and publish information with respect to an average pass rate on State certification or licensure assessments taken over 3 years.

''(2) The number of students in the program, the average number of hours of supervised practice teaching required for those in the program, and the faculty-student ratio in supervised practice teaching.

''(3) In States that approve or accredit teacher education programs, a statement of whether the institution's program is so approved or accredited.

''(4) Whether the program has been designated as low performing by the State under (b)(1)(B).

In addition to the actions authorized in S. 487(c), the Secretary may impose a fine not to exceed $25,000 on a teacher preparation program for failure to provide the information described in (a)(2)(B) in a timely or accurate manner.

''(b) ACCOUNTABILITY.—

''(1) States receiving funding under this Act, shall develop and implement, no later than three years after enactment of the Higher Education Amendments of 1998, the following teacher preparation program accountability measures and publish the measures publicly and widely:

''(A) A description of state criteria for identifying low-performing teacher preparation programs which may include a baseline pass rate on state licensing assessments and other indicators of teacher candidate knowledge and skill. States that do not employ assessments as part of their criteria for licensing or certification are not required to meet this criterion until such time as the State initiates the use of such assessments.

''(B) Procedures for identifying low performing teacher preparation programs based on the criteria developed by the state as required by (b)(1)(A), and publish a list of those programs.

''(C) States that have, prior to enactment, already conformed with (b)(1)(A–B), need not change their procedures, unless the State chooses to do so.

''(2) Not later than four years after enactment of the Higher Education Amendments of 1998, any teacher preparation programs for which the State has withdrawn its approval or terminated its financial support due to the low performance of its teacher preparation program based on procedures described in (b)(1).

''(1) shall be ineligible for any funding for professional development activities awarded by the Department of Education; and

''(2) shall not be permitted to accept or enroll any student that receives aid under title IV of this Act in its teacher preparation program.

NOTICE OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. CRAIG. Mr. President, I would like to announce for the public that a hearing has been scheduled before the Subcommittee on Forests and Public Land Management.

The hearing will take place on July 22, 1998 at 2:00 p.m. in room SD–366 of the Dirksen Senate Office Building in Washington, D.C.

The purpose of this hearing is to receive testimony on the following general land exchange bills: S. 2136, a bill to provide for the exchange of certain land in the State of Washington; S. 2226, a bill to amend the Idaho Admission Act regarding the sale or lease of school land; H.R. 2886, a bill to provide for a demonstration project in the Stanislaus National Forest, California, under which a private contractor will perform multiple resource management activities for that unit of the National Forest System, and H.R. 3796, a bill to authorize the Secretary of Agriculture to convey the administrative site for the Rogue River National Forest and use the proceeds for the construction or improvement of offices and support buildings for the Rogue River National Forest and the Bureau of Land Management.

Those who wish to submit written statements should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C. 20510. For further information, please call Amie Brown or Mark Rey at (202) 224–6170.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet on Thursday, July 9, 1998, at 10:00 a.m. in open session, to receive testimony on U.S. Export Control and Nonproliferation Policy and the role and responsibility of the Department of Defense.

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

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the full Committee on Environment and Public Works be granted permission to conduct a hearing Thursday, July 9, 9:00 a.m., Hearing Room (SD–406), on S. 1222, the Estuary Habitat Restoration Partnership Act; S. 1321, the National Estuary Conservation Act; and H.R. 2207, the Coastal Pollution Reduction Act.

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

COMMITTEE ON FINANCE

Mr. JEFFORDS. Mr. President, the Finance Committee requests unanimous consent to conduct a hearing on Thursday, July 9, 1998 beginning at 9:30 a.m. in room 215 Dirksen.

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

COMMITTEE ON THE JUDICIARY

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the Committee on the Judiciary, be authorized to hold an executive business meeting during the session of the Senate on Thursday, July 9, 1998, at 9:00 a.m., in Room 226, of the Senate Dirksen Office Building.

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

COMMITTEE ON THE JUDICIARY

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Thursday, July 9, 1998 at 2:00 p.m. in Room 226 of the Senate Dirksen Office Building to hold a hearing on: ''The Nomination of Beth Nolan, of New York, to be Assistant Attorney General for the Office of Legal Counsel.''

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

SUBCOMMITTEE ON INVESTIGATIONS

Mr. JEFFORDS. Mr. President, I ask unanimous consent on behalf of the Permanent Subcommittee on Investigations of the Governmental Affairs Committee to meet on Thursday, July 9, 1998, at 9:30 a.m. for a hearing on the topic of ''The Safety of Food Imports: From the Farm to the Table—A Case Study of Tainted Imported Fruit.''

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

SUBCOMMITTEE ON NATIONAL PARKS, HISTORIC PRESERVATION, AND RECREATION

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the Subcommittee on National Parks, Historic Preservation and Recreation of the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Thursday, July 9, for purposes of conducting a subcommittee hearing which is scheduled to begin at 2:00 p.m. The purpose of this hearing is to receive testimony on S. 1333, a bill to amend the Land and Water Conservation Fund Act of 1965 to allow national park units that cannot charge an entrance fee or admission fee to retain other fees and charges; S. 2129, a bill to eliminate restrictions on the acquisition of certain land contiguous to Hawaii Volcanoes National Park; S. 2232, a bill to establish the Little Rock Central High School National Historic Site in the State of Arkansas; and S. 2106 and H.R. 2283, bills to expand the boundaries of Arches National Park, Utah, to include portions of certain drainages that are under the jurisdiction of the Bureau of Land Management, and to include a portion of Fish Seep Draw owned by the State of Utah, and for other purposes.

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

ADDITIONAL STATEMENTS

DEATH OF MOSHOOD ABIOLA

• Mr. FEINGOLD. Mr. President, it is with great dismay that I wish to note the passing of Chief Moshood Abiola, the apparent winner of the 1993 presidential elections in Nigeria. Chief Abiola was apparently stricken by heart failure during a meeting with senior U.S. officials, including Undersecretary of State Thomas Pickering and Assistant Secretary of State for Africa, Susan Rice, on July 7. In great ironic tragedy, the U.S. delegation was in Nigeria, in part, to push the new government of that country for the release of Abiola and dozens of other political prisoners. There was broad speculation that Abiola would have been released within days.

Mr. President, Abiola's death comes during a tumultuous moment in Nigerian history, just one month after the death of military leader Gen. Sani Abacha. Gen. Abacha was by any definition an authoritarian leader of the worst sort. He routinely imprisoned individuals for expressing their political opinions and skimmed Nigeria's precious resources for his own gains. With the replacement of Abacha by the current military ruler, Gen. Abdulsalam Abubakar, there has been reason to be optimistic about Nigeria's future. Although he has not yet moved to repeal the repressive decrees that place severe restrictions on the basic freedoms of Nigerians, Gen. Abubakar has taken some positive steps, including the release of several prominent political prisoners, and has indicated a willingness to move his country once and for all in the direction of democracy. But he had yet to deal with one of the more vexing issues related to such a transition, and that is the role that Chief Abiola would assume.

News of Abiola's death has sent shock waves through the country. Since last night, there have been sporadic riots throughout the country, and particularly in Lagos, the center of Abiola's supporters. At least 19 people are known to have died in the ensuing violence. And, according to news reports, heavily armed police continue to patrol the streets.

Abubakar is making efforts to calm the country. First, he has ordered, with the consent of the Abiola family, a complete autopsy, under the supervision of Abiola's own doctor, of the cause of death. This is extremely important in order to quell the rumors already circulating that the military injected Abiola with poison prior to his meeting with the American officials. Abubakar also today announced the dissolution of the Abacha-appointed Cabinet. These are, indeed, positive steps, but they are not enough.

Earlier this session, I introduced the Nigerian Democracy and Civil Society Empowerment Act, S. 2102. The provisions of my bill include benchmarks defining what would constitute an open political process in Nigeria. Despite all the tumultuous events that have taken place in these past few weeks, I still believe these benchmarks are important, and I continue to call on Gen. Abubakar to implement as soon as possible these important changes, such as the repeal of the repressive decrees enacted under Abacha's rule, so that genuine reform can take place in Nigeria.

Finally, in this time of great uncertainty in the country, I urge all Nigerians to exercise restraint. Let's wait to see what Abubakar chooses to do next. Let's wait to evaluate the results of the autopsy. Nigeria has suffered enough already. It would be a shame if Abiola's death were to lead the country into armed conflict.

Let us hope this will not be the case.●

NATO EXPANSION

● Mr. ASHCROFT. Mr. President, the real issue in the debate on NATO expansion is the very character of the alliance in the future. NATO has been successful in the past because its mission has been focused. Now, the Senate is being asked to give its stamp of approval to a mission-expanded NATO. Passing this resolution of ratification without the Ashcroft amendment will be ratifying a NATO to serve as a ''force for peace from the Middle East to Central Africa,'' to use the words of Secretary Albright. There have been misconceptions about my amendment in the Senate and in the press. Allow me to address some of those.

First, let me emphasize that this amendment is based on the language of the North Atlantic Treaty itself. For the Administration, which is opposing this amendment, I have one question: what do you have in mind for NATO that is not contained within the treaty itself? All my amendment does is restate the language of the treaty, specifically article 4. My amendment will not restrict NATO's ability to respond to collective defense threats from outside NATO territory. My amendment will not restrict NATO from responding to the new threats of post-Cold War world like weapons of mass destruction and international terrorism.

The very purpose of NATO has been to prepare for collective defense threats emanating from outside the North Atlantic area. Any threat from outside the treaty area which posed the threat of an attack on NATO territory would be covered by the treaty and allowable under this amendment.

This Administration, however, has something much different than collective defense in mind. NATO is in danger of changing, but the transformation is from Administration officials pushing for a global NATO. The United States Constitution has provisions for altering treaties, and it is called obtaining the Senate's advice and consent. If we want a global NATO, the treaty should be resubmitted for the Senate's consideration.

For those of us who are concerned that NATO will get into far-flung operations, former officials Bill Perry and Warren Christopher write that the unanimous consent required among NATO members will guard against reckless deployments (New York Times, Oct. 21, 1997). For Mr. Perry and Mr. Christopher, the advice and consent of the U.S. Senate is replaced by the NATO bureaucracy. Thank you, but I like the United States Constitution just fine.

Secretary Acheson had it right in 1949—the treaty would be altered by constitutional processes. Acheson stated: ''. . . the impossibility of foretelling what the international situation will be in the distant future makes rigidity for too long a term undesirable. It is believed that indefinite duration, with the possibility that any party may withdraw from the treaty after 20 years and that the treaty as a whole might be reviewed at any time after it has been in effect for 10 years, provides the best solution'' (Letter transmitting the treaty to the President, April 7, 1949).

Acheson recognized that the world would change. His answer for how NATO would respond—countries can withdraw from the treaty or the treaty could be reviewed. Notice Acheson did not mention a review of NATO's Strategic Concept, on which the Senate has no vote, but a review of the treaty, with any modifications subject to Senate advice and consent.

If this treaty was so elastic as to be stretched to cover any conceivable military operation, why would Acheson even talk about reviewing the treaty? Acheson did have a view of an alliance established for a specific purpose, with a limited scope.

In the letter transmitting the treaty to President Truman, Secretary Acheson acknowledged the parameters of the treaty and stated flatly that the North Atlantic Council will have ''. . . no powers other than to consider matters within the purview of the treaty . . .'' (Letter to President Truman transmitting the NATO treaty, April 7, 1949). If Acheson viewed the treaty as limitless in scope, why did he testify about the careful limits of the various articles? Why did he explicitly state that NATO could not consider matters outside the purview of the treaty?

The Foreign Relations Committee, in its report on the treaty, took pains to show NATO was not an ''old fashioned military alliance.'' The report states: ''. . . in both intent and language, it is purely defensive in nature. It comes into operation only against a nation which, by its own action, has proved itself an international criminal by. . .attacking a party to the treaty . . . If it can be called an alliance, it is an alliance only against war itself'' (SFRC Report, June 6, 1949).

The Ashcroft amendment is designed to advance U.S. interests by keeping NATO focused on this historical mission of collective defense. Without the Ashcroft amendment, the Senate is setting NATO—the most successful military alliance in history—on the course of becoming a mini-UN with a standing army. My amendment will preserve the historical strength and effectiveness of NATO by keeping the alliance focused on the mission of the treaty itself. The Ashcroft amendment will only preclude the global policing operations outside the scope of the treaty.

Drift in NATO is already underway. Frederick Bonnart writes of the Madrid summit in July 1997 where expansion was endorsed: '' . . . behind the euphoria, a hollowness has appeared that had not been evident before. The leaders seem unclear about the purpose of the organization, and therefore about the political and military shape it is to take. Worst of all, strains have shown

up in the alliance that indicate weaknesses in its most vital asset: its cohesion'' (Intl. Herald Tribune, July 25, 1997).

Cohesion means something in a military alliance. If you want to turn NATO into the bureaucratic free-for-all of the UN, then oppose the Ashcroft amendment. If you want to keep NATO on a successful course, vote for this amendment.

The Administration and some of my colleagues are arguing that NATO has no parameters, that's its mission can evolve, and that the Senate has no role to play in this evolution. Some of the Senators who are criticizing this amendment were championing the Senate's constitutional prerogatives during the ''reinterpretation'' debate over the ABM treaty in the 1980's.

This Administration is setting NATO on a crash course to policing the brushfires of Europe and beyond. The lives of American soldiers are at stake if NATO is transformed into a mini-UN with a standing army. The first Somalia experience you have with NATO, and the alliance's credibility will be undermined.

The historical setting for the establishment of NATO, the Senate record surrounding ratification, and the treaty language itself make it clear that collective defense was the clear mission of the alliance.

Treaties are not formed in a vacuum. Two world wars were not enough for the United States to abandon a 149-year tradition of no peacetime military alliances. It took Soviet aggression in Bulgaria, Hungary, and Poland; a civil war in Greece which threatened to install a communist government; the coup in Czechoslovakia in February, 1948; the threat of communist victory in Italian elections in April, 1948; a tightening blockade of Berlin, and threatening moves by the Soviet Union to subjugate Norway to a non-aggression pact to bring the United States to the point of making a peacetime alliance with Europe.

When analyzing the Treaty itself, you see a document that commits the U.S. to carefully defined military contingencies. NATO is given the flexibility to consult on an array of issues, it is charged with coordinating mutually constructive economic policies, it is allowed to invite new members to join when doing so would advance the security of the North Atlantic area. But when it comes to the use of military force, careful limits are placed on NATO's scope.

Careful parameters are seen clearly in article 5, the heart of the Treaty: ''The parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all; and consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defense recognized by Article 51 of the Charter of the United Nations, will assist the Party or Parties so attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area.''

This article establishes the principal of collective defense. The use of armed force in this article and in other parts of the treaty is discussed only within this framework of collective defense: (1) The preamble of the treaty states that NATO allies ''are resolved to unite their efforts for collective defense and for the preservation of peace and security;'' (2) Article 3 states that ''In order to more effectively achieve the objectives of this Treaty, the Parties, separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack;'' (3) Article 9 establishes a council for the alliance, now called the North Atlantic Council, which is charged with establishing ''immediately a defence committee which shall recommend measures for the implementation of Articles 3 and 5,'' the two articles which outline the collective defense mission.

Article 5 excluded NATO's involvement in civil wars in general. The Committee Report states ''. . . purely internal disorders or revolutions would not be considered 'armed attacks' within the meaning of article 5.'' Article 5 applied only when a NATO member had an internal civil war aided by an outside power or when a civil war outside NATO threatened an attack on a member.

NATO's geographical scope was defined carefully in article 6. Article 6 goes on to define ''armed attack'' and the territorial parameters in which the armed attack must occur for Article 5 to be invoked to include the territory of any NATO member, the islands under the jurisdiction of any of the Parties in the North Atlantic area north of the Tropic of Cancer, the forces, vessels, or aircraft of any of the Parties, when in or over these territories or any other area in Europe in which occupation forces of any of the Parties were stationed on the date when the Treaty entered into force or the Mediterranean Sea or the North Atlantic area north of the Tropic of Cancer.

As is clear in articles 5 and 6, when the deployment of U.S. troops was possible, the U.S. drafters of the Treaty took extra precaution to define parameters.

Article 4, the article the Administration would use to create a global NATO, reinforces the alliance's collective defense mission. Article 4 states ''The parties will consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the Parties is threatened.''

This language is not the basis for a global NATO engaged in flashpoints from the Middle East to Central Africa. Article 4 reinforces NATO's collective defense mission. Words like ''security'' and ''political independence'' were taken seriously in 1949. The world had lived through two world wars and the Cold War was beginning. Security was not given the casual, domino-theory definition of today. Take, for example, comments by Deputy Secretary of State, Strobe Talbott: ''If there were to be instability and conflict of any kind, whatever the origin of it, in Central or Eastern Europe, it would be a threat to the Continent as a whole'' (Voice of America Interview, April 10, 1997).

As Lawrence Kaplan, perhaps the dean of NATO historians, writes:

> The alliance's preoccupation with expansion seemingly prevents an exploration of the problems 'out of area' issues raise. The Rome Summit [1991 NATO summit at which the Strategic Concept was adopted] did mention Article 4, which calls for consultation whenever any member believes that its territorial integrity, political independence or security is threatened. But this article is too vague, compared with Article 5 to serve as a guide for the future. (Lawrence Kaplan. NATO & Out of Area Issue. March 13, 1998).

The Senate Foreign Relations Committee Report on the NATO Treaty in 1949 reinforces the careful limits of the Treaty language itself. The first paragraph of the Report, entitled ''Main Purpose of the Treaty,'' states:

> The basic objective of the treaty is to [make] clear the determination of the members of the North Atlantic community to safeguard their common heritage of freedom by exercising collectively their inherent right of self-defense in the event of an armed attack upon any of them . . .'' (U.S. Congress. SFRC. North Atlantic Treaty Report, June 6, 1949. Pg. 1)

With regard to article 3, the Report states,

> Questions have also been raised as to whether the United States, under article 3, would be obligated to assist the other parties to develop the capacity of their overseas territories to resist armed attack. The objective of the treaty is to maintain the peace and security of the North Atlantic area. During the negotiations there were no suggestions that this article should be interpreted as applying to any other area. The United States is under no obligation to assist the other parties . . . in resisting armed attack outside the area defined in article 6 (U.S. Congress. SFRC. North Atlantic Treaty Report, June 6, 1949. Pg. 11)

With regard to article 4, in testimony on NATO in 1949, Senator Vandenberg stated that he wanted to make it clear in the Committee Report on the treaty that article 4 ''was as limited as the balance of the pact'' (Testimony before the SFRC, May 4, 1949).

It is no surprise, then, that the SFRC Report carefully ties the use of article 4 to the collective defense mission of the alliance. The Report states that

> A situation arising anywhere might be cause for consultation, provided that it constituted a threat to one or more of the parties and might involve obligations under the treaty. The committee underlines the fact that consultation could be requested only when the element of threat is present and expresses the opinion that this limitation should be strictly interpreted.

The Report goes on to state that

Article 4 carries no obligation other than that of consultation. (U.S. Congress. SFRC. North Atlantic Treaty Report, June 6, 1949. Pg. 12)

In discussing the obligation to consult, the Committee Report states that consultation takes place when a threat ''might involve obligations under the treaty.''

It is important what those obligations were. Referring to the Committee report:

1. To maintain and develop, separately and jointly and by means of continuous and effective self-help and mutual aid, the individual and collective capacity of the parties to resist armed attack (art. 3);

2. To consult whenever, in the opinion of any of the parties, the territorial integrity, political independence, or security of any of them is threatened (art. 4);

3. To consider an armed attack upon any of the parties in the North Atlantic area an attack against them all (art. 5); and

4. In the event of such an attack, to take forthwith, individually and in concert with the other parties, such action as the United States deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area (art. 5).

The obligation to consult is linked to other obligations in the treaty, all of which pertain to some aspect of collective defense. As Secretary Acheson said, article 4 was broader in scope than article 5 and gave NATO flexibility to respond to out-of-area threats related to collective defense. Almost without fail, article 4 was discussed within the context of responding to aggression less than armed attack—political aggression by a hostile power.

Secretary Acheson himself linked article 4 to NATO's collective defense mission, stating that any action taken after consultation should be ''in the spirit of the treaty'' (Letter transmitting the treaty to the President, April 7, 1949).

Floor statements by key Senators in 1949 make the limits of article 4 clear. Comments by both Senators Connally and Vandenberg, the Chairman and ranking member of the Foreign Relations Committee in 1949, reveal an understanding of article 4 in the light of NATO's collective defense mission.

Senator Connally stated in his opening remarks on July 5, 1949 that

I think that article 4 goes a long way to emphasize that the period of dividing and conquering has come to an end. The consultation provided for in that article addresses itself to the threatening of the territorial integrity, the political independence, or the security of any of the parties. Consultation is not an unnecessary luxury; it is a logical requirement to gain the objectives of the treaty. For one thing, article 4 . . . rightly faces up to the brutal fact that peaceful peoples have become more and more conscious of a sinister kind of danger—indirect aggression. Let us not forget that no bombs were dropped by the Soviet Union on Bulgaria, Hungary, or Czechoslovakia. (Congressional Record, July 5, 1949, Pg. 8814)

Senator Vandenberg stated in his opening remarks the following day that:

The question arises whether articles IV and V of the pact cover armed aggression against colonial or dependent or otherwise related areas of the signatories outside the area of the North Atlantic community as geographically defined in article VI. My own understanding is clear and unequivocal. The answer is ''No.'' There can be no other logical answer. The doubts seem to have arisen because article IV, relating solely to consultations, is unlimited in the circumference of these consultations. But there is not a word of obligation in it except to talk things over.'' (Congressional Record, July 6, 1949, Pg. 8896)

Senator Vandenberg again:

The obligations are spelled out in articles III and V. It is significant, in this connection, that when article IX establishes a council to implement the treaty, it directs the council's attention specifically to articles III and V. It omits article IV in this connection. This is as it should be. It is by significant design. Our pledge of action under the United Nations Charter is general . . . But out pledge of action under the North Atlantic Pact is limited and specific. It applies only to armed aggression in the area clearly defined in article VI which is the North Atlantic community, set up by metes and bounds. (Congressional Record, July 6, 1949, Pg. 8896)

Moving to article 5, the Committee Report identifies Article 5 as the ''heart of the treaty,'' and goes on to define what constitutes an armed attack. The Report states that ''article 5 would come into operation only when a nation had committed an international crime by launching an armed attack against a party to the treaty.'' (U.S. Congress. SFRC. North Atlantic Treaty Report, June 6, 1949. Pg. 13)

The Committee Report's discussion of article 6 further reinforced the territorial basis of the Treaty, stating that ''Article 6 specifies the area within which an armed attack would bring the provisions of article 5 into operation. Thus, the obligations under article 5 are strictly limited to the area described.'' (U.S. Congress. SFRC. North Atlantic Treaty Report, June 6, 1949. Pg. 15)

The Foreign Relations Committee obtained a commitment from the President in 1949 that the Senate would be able to give its advice and consent for new NATO members. New members are important, but new missions are just as critical. The mission of NATO is changing radically, and the Senate has not engaged in the debate.

After the collapse of the Soviet Union, NATO planners scrambled to find new missions for the alliance: countering the proliferation of weapons of mass destruction, advancing the political ''interests'' of NATO members, NATO as a police force and crisis manager.

The catch-phrase that defined this effort was that NATO must go ''out-of-area or out of business.'' After the Cold War, NATO began evolving into an organization to pursue new missions.

The Strategic Concept of 1991 pushed the traditional functions of NATO—to provide for collective defense and serve as a strategic balance in Europe—to the bottom of the list of the alliance s fundamental security tasks.

The security task that rose to the top was for NATO to be ''one of the indispensable foundations for a stable security environment in Europe . . . in which no country would be able to intimidate or coerce any European nation or to impose hegemony through the threat or use of force.'' (1991 Strategic Concept in NATO Handbook, p. 239)

This is an amazing expansion of mission. No longer is collective defense the singular mission of the alliance, but NATO has the impossible task of stopping intimidation and coercion throughout NATO and non-NATO Europe alike.

In NATO's Strategic Concepts of the past, collective defense was paramount.

The State Department has provided my office with the three NATO Strategic Concepts that preceded the 1991 version: the Strategic Concepts of 1950 (with a revised version in 1952), 1957, and 1967.

The contrast between the first three Strategic Concepts and the 1991 version is striking. The mission of collective defense permeates the first three Strategic Concepts. Collective defense is carefully defined as the North Atlantic area described in article 6 of the Treaty. When potential out of area security developments are discussed, they are mentioned in the context of NATO members having the capacity to maintain their commitments to NATO while individually addressing the out of area threats that may affect their interests.

NATO's Strategic Concept of 1957 explicitly states that ''NATO defense planning is limited to the defense of the Treaty area. . .'' and that ''NATO military authorities have no responsibilities or authority except with respect to incidents which are covered by Articles 5 and 6 of the North Atlantic Treaty'' (1957 Strategic Concept of NATO, p. 12).

Throughout NATO's Strategic Concepts, the means of collective defense changed, from ''massive retaliation'' in the 1950's to ''forward defense and flexible response'' in the 1960's, but the mission itself remained the same.

NATO has an uncertain course for the future, however. The New Strategic Concept of 1991 presented the first significant shift in NATO away from its traditional military mission. The Strategic Concept says that the ''. . . clear preparedness to act collectively in the common defense remains central to the Alliance's security objectives.'' The reliability of this assertion is belied by NATO s activity since 1991, however.

Stan Sloan, one of the senior NATO analysts at CRS, states that since the formation of the New Strategic Concept in 1991, ''. . . most of NATO's military activities have been focused on 'non-Article 5' requirements, most significantly in Bosnia.'' (Stanley Sloan. NATO's Evolving Role & Missions. CRS

rpt.97–708F. Mar. 4, 1998, Pg. 4) No longer is collective defense the singular mission of the alliance, but NATO is committing to the impossible task of stopping intimidation and coercion throughout NATO and non-NATO Europe alike.

Nelson Drew writes of this development:

While the word ''peacekeeping'' did not appear in either the new Strategic Concept or the Rome Declaration, it was difficult to envision a means by which NATO or the NACC [North Atlantic Cooperation Council] could make good on their commitment to stability and peace throughout the trans-Atlantic community without consideration of an Alliance role in peacekeeping activities.'' (Nelson Drew. NATO Confronts 'Test Case from Hell.' INSS: McNair Paper 35)

NATO was not created to douse regional brushfires in Europe, Asia, and the Middle East. When the deployment of NATO forces was considered, it was for collective defense. NATO's institutional development has followed the alliance's expanded mandate: NATO's goals as a police force and crisis manager have resulted in new institutional capacities. NATO has agreed to make its resources available, on a case by case basis, for brushfire operations under the Organization for Security and Cooperation in Europe, the United Nations, and the European Union (NATO Handbook, p. 332–34).

In the Euro-Atlantic Partnership Council, the Partnership for Peace, and the Combined Joint Task Force Concept, NATO has taken many positive steps to promote cooperation with other countries, but also has signaled that international policing actions will be an important part of NATO's activity in the future.

This institutional transformation signals little strategic thinking. NATO signals its intention to be an international police force and crisis manager by its internal transformation. The Administration refuses to establish parameters for how far NATO expansion will proceed. Where are the limits on NATO's mission and membership? Alliance cohesion is at risk.

The Administration views the Partnership for Peace as the ''path to [NATO] membership for countries wanting to join'' (U.S. Security Strategy for Europe and NATO, DOD, June, 1995). NATO makes brushfire troubleshooting an important part of the PFP and the Euro-Atlantic Partnership Council (EAPC). The Administration launches the Combined Joint Task Force (CJTF) concept to make it easier for NATO to engage in crisis management.

The question must be asked as to how far NATO will expand its mission and membership. Secretary of State Madeleine Albright was quoted in the Washington Post as saying that NATO should become a ''force for peace from the Middle East to Central Africa'' (Washington Post, Feb. 22, 1998). President Clinton, in his recent trip to Africa, spoke of the need for some type of ''multi-national force'' for responding to African crises (White House Bulletin, March 27, 1998). Is this really the kind of mission the Administration wants NATO to have?

Other countries take NATO signals seriously. For example, allow me to quote from the latest issue of Defense News: ''Kosovo Fray Forces NATO s Hand.'' ''The violent uprising in the Yugoslav province of Kosovo may force NATO to extend its military influence across the Balkan region. . .'' (Defense News, March 22, 1998). A U.S. official quoted in the article said '''Macedonia is a Partnership for Peace country potentially in trouble from external sources. It needs help. It is not out of the realm of possibility . . . that a NATO-led mission in cooperation with PFP countries could take over when the UN deployment withdraws on August 31.''

On March 11, Albania called the first emergency consultation within the framework of the PFP. NATO diplomats responded with a plan for ''a robust Partnership for Peace program for rapid implementation in Albania.'' (Defense News, March 22, 1998). This PFP program reportedly will include military training and steps to secure Albania s northern border.

If we want to send American soldiers into these cauldrons of ethnic unrest, then let's have that debate. Nothing in this amendment would preclude the U.S. from deploying its forces anywhere. This amendment has to do with preserving the integrity of NATO. Just don't use the banner of a successful military alliance to entangle U.S. troops in Europe's brushfires.

Comments by both former and present senior Administration officials indicate a radical shift in the scope of NATO. Former Secretary of Defense William Perry and former Secretary of State Warren Christopher stated in a New York Times editorial: ''Shifting the alliance s emphasis from defense of members territory to defense of common interests is the strategic imperative'' (New York Times, Oct. 21, 1997).

Secretary of State Albright has confirmed NATO's shift to defense of interests. I questioned her on two separate occasions before the Senate Foreign Relations Committee. Secretary Albright confirmed that advancing out-of-area interests would be the modus operandi for NATO, but gave no realistic limits. In other forums, Secretary Albright has been quoted as saying that NATO should evolve into ''a force for peace from the Middle East to Central Africa'' (WP, William Drozdiak. Feb. 22, 1998). Strobe Talbott, one of the senior officials at the State Department, stated that geopolitical and military considerations can be put aside and ''other nonmilitary goals shape the new NATO'' (Jesse HELMS, Wall Street Journal, March 23, 1998). Talbott reportedly looks favorably on Russia joining NATO.

Inconsistency in the Administration's policies is creating more confusion in the alliance, however, and hurting U.S. leadership in NATO. Take, for example, Administration policy to combat the spread of weapons of mass destruction. The U.S. almost goes to war against Iraq in February over the threat of WMD. The U.S. maintains a sizeable force in the Persian Gulf to deter Iraqi aggression. Secretary of State Madeleine Albright states that fighting WMD should become the new ''unifying threat'' that binds NATO allies together (Washington Post, Feb. 22, 1998).

The Administration's actions speak louder than words, however. In spite of the rhetoric and the object lesson of Saddam Hussein, the Clinton Administration has entered into nuclear cooperation with China, the world's worst proliferator of weapons of mass destruction technology (CIA report, June 1997). The President refused to halt nuclear cooperation even as China was caught trying to send Iran hundreds of tons of anhydrous hydrogen fluoride.

This material is used to enrich uranium to weapons grade and was being sent to Iran's Isfahan Nuclear Research Center—the principal Iranian site to manufacture the explosive core of an atomic device (Washington Post, March 13, 1998). Clinton allows sensitive missile technology to be exported to China, undermining a Justice Department investigation of similar possible transfers by Loral Space and Hughes Electronics (New York Times, April 4, 1998).

The missile technology possibly transferred by Loral and Hughes could be used on Chinese nuclear ICBM's (Intercontinental Ballistic Missiles) to reach the United States. Just so happens that Bernard Schwartz, CEO of Loral, is the DNC's largest personal contributor.

With policies like that, U.S. has no credibility in tasking NATO with new mission to fight the proliferation of WMD.

European comments on NATO's future mission are just as troubling. President Chirac, at the NATO/Russia Founding Act, stated: ''NATO, initially conceived to face a clear-cut and massive threat, is now a lighter, more flexible organization adapted to its new crisis management and peacekeeping missions.''

In a telling statement about the current evolution of the alliance, NATO Secretary General Javier Solana stated ''NATO was born when Europe was divided, and now it has become a leading instrument in the reconstruction of the continent. This is an incredibly dynamic process. If this pace continues, it is hard to predict what NATO will be like just three years from now.'' (Washington Post, July 6, 1997)

Crisis management and brushfire engagements are the kinds of missions and the kinds of problems NATO was never intended to address. As Mark Esper writes in the Washington Times: ''NATO was designed for collective defense of its member states, not for suppressing civil wars in peacekeeping

missions that jeopardize the alliance's core purpose.'' (Washington Times, Feb. 15, 1998)

From the defense of territory to the defense of ''common interests'' is a quantum leap. Charging NATO to defend nebulously defined interests would have been unacceptable to the Senate in 1949 and it should be unacceptable for the Senate today.

Resting on fifty years of NATO's success is not the way to ensure that U.S. interests are preserved and NATO remains a viable alliance in the future. ''Just trust us'' is essentially what the Administration is saying, as they transform NATO into a mini-United Nations with a standing army for ill-defined brushfire operations.

Beware the Administration strong on NATO expansion but weak on defense. The U.S. is making a collective defense commitment to new NATO members while slashing defense. Those countries comprise 301,000 square miles of new territory and 2,612 miles of new NATO frontier to which the collective defense commitment is extended.

Here are some of the statistics for U.S. defense cuts (in real 1999 dollars) between 1990 and 1998:

Military Personnel funding: fell by 28% (from $102 bn in 1990 to $71.7 bn in 1998);

Procurement: fell by 53% (from $98 bn in 1990 to $45.5 bn in 1998); Total National Defense Spending: fell by 27% over last eight years (from $375 bn in 1990 to $273 bn in 1998);

Army divisions reduced from 26 in 1991 to 18 in 1998;

Active Air Force tactical wings reduced from 35 in 1991 to 20 in 1998.

The Clinton Administration is finding more things to do with a downsized force. Outside normal training and alliance commitments, the Army conducted 10 ''operational events'' between 1960–91 and 26 since 1991. The Marine Corps conducted 15 ''contingency operations'' between 1982–89 and 62 since the fall of the Berlin Wall. According to the Army Chief of Staff Dennis Reimer, the Army reduced manpower by 36% while increasing the number of deployed operations by 300% (CRS).

Officers from deployable Army units now spend 180–190 days away from home annually. Shortly after announcing that U.S. troops would stay in Bosnia indefinitely, Clinton increased funding by 20% to expand U.S. influence overseas—not funding for military personnel, though, but money for the Peace Corps (National Review, Feb. 9, 1998). President Reagan's deputy undersecretary of defense, Dov Zakheim states: ''. . .like Gulliver's enfeeblement by the Lilliputians, [the U.S.] will be tied down in so many parts of the world for so long that it will be hard-pressed to respond to major threats against which only overwhelming force would prove effective'' (Defense News, April 12, 1998).

Over-extension is hurting readiness. Misguided deployments harm readiness, inhibit weapons modernization, and undermine morale. The Army just completed its worst recruiting year since 1979. Just one third of the Army's women and just over half of the men believe that to fight and win in combat is the Army's principal mission (National Review, Feb. 9, 1998).

The ''two major regional conflict'' strategy of this Administration is becoming increasingly unrealistic. The U.S. would be hard pressed to even replicate the Desert Storm operation.

Hillen writes in the National Review: ''In 1998, almost all the active Army's heavy-tank and armored-cavalry units outside of Korea and Bosnia would have to go to the Persian Gulf in order to equal the fighting power of America's VII Corps in 1991. And VII Corps was only one of three American corps engaged in Desert Storm'' (National Review, Feb. 9, 1998).

Inconsistent foreign policy is the root of the problem. Effective and credible diplomacy addresses potential crises before the deployment of U.S. troops is needed. This Administration's foreign policy inconsistency is almost reflexively compensated by the deployment of American armed forces. The National Defense Panel created by Congress in 1996 said of the Administration: ''. . .the current approach to addressing national security engages the Department of Defense and services too often and too quickly in situations that should have been resolved by non-military means'' (Defense News, April 12, 1998).

The Saddam Hussein's of the world that threaten the U.S. need to be dealt with, but the complacent policy of this Administration over the last six years has left U.S. troops dangling in the Persian Gulf. Our troops serving in Southwest Asia and Bosnia deserve better leadership from this Administration.

The Administration's ''assertive multilateralism is a fig leaf for lack of leadership. This Administration has an instinct to strike for the capillaries, to use the phrase of Jonathan Clarke. Policy drift with no finality in addressing national security threats, coupled with the brush fire mentality of this Administration, is squandering U.S. national defense resources.

The Administration wants to apply its foreign policy muddle to NATO, to hollow out the clear mission of the alliance just as the U.S. military is being stretched thin and to use NATO as another tool for a globalist agenda with little application to real U.S. national security interests.

When U.S. armed forces are struggling, reliable cost estimates for NATO expansion become more important. There have been a wide range of cost estimates for NATO expansion. The Administration's initial estimate (Feb, 1997) was $27–35 billion, with a U.S. share $100–150 m per year for ten years. This initial Administration's estimate, not surprisingly, was revised downward last December: the U.S. now only has to pay $40 million per year over ten years.

The estimate of Congressional Budget Office (March, 1996) was a bit different. Different scenarios ranging from minimal reinforcement of four new members ($60.6 bn total) to NATO stationing a limited number of forces forward in new member countries ($124.7 bn total)

The wide range of cost estimates is more confusing than helpful, but one thing is clear: the cost estimates rise precipitously when NATO take steps to provide a limited defense to these new members. The Senate should not accept the lowball estimates. We should consider the ends of our actions in expanding NATO—the real costs of actually defending these countries.

If U.S. resources are stretched too thin, will Europe take up the slack? Not some of our European NATO allies. NATO allies have agreed only to pay for the cheapest expansion estimate yet: the $1.5 billion price tag from the NATO cost study accepted by the North Atlantic Council in December, 1997. Beyond the paltry $1.5 bn estimate, French President Jacques Chirac has stated bluntly that ''France does not intend to raise its contribution to NATO because of the cost of enlargement'' (Washington Post, July 24, 1998).

Not the new NATO members. These countries are still throwing off the vestiges of a command economy and don't want to commit the resources to a full scale modernization effort.

Dale Herspring, an expert on the region, writes: ''. . .the East Europeans have done little to prepare themselves to meet NATO's military standards. Hungary and the Czech Republic in particular are trying to join NATO 'on the cheap'. . .In fact, the military situation of all three countries is disastrous. Planes are crashing, morale is plummeting, and equipment is outdated. Unless the parliaments of these countries get serious or the West. . .decides to foot the bill, the Czech Republic and Hungary will never meet NATO standards.''

The U.S. and other NATO allies are riding the bandwagon of ''extending the borders of freedom in Europe'' and failing to see the reconstruction effort these countries face. What if a crisis comes, and we have to defend these countries with limited interoperability and even less effective command and control cooperation? The Washington Post reported on March 18 that all three countries would struggle to find a few hundred officers who speak English to NATO standards.

Mr. President, before I conclude, I would like to respond to several arguments I have heard during this debate against my amendment. First, there has been a document circulated outlining Secretary of State Dean Acheson's comments during a press conference on March 18, 1949.

I am familiar with the document. Let me begin by saying that if you are basing your argument for a global NATO on a press interview transcribed in the second person, your argument is on

shaky ground indeed. A careful review of the record of this press interview with Secretary Acheson on March 18, 1949 reveals that his comments did not imply a global NATO beyond the careful scope of the treaty.

Acheson states that Article 4 is broader than Article 5, which it is. Article 4 gives NATO the flexibility to respond to threats related to collective defense, but which may not be precipitated by an armed attack.

When asked if there ''was no provision [in the treaty] which looked toward these Parties acting as a unit in regard to some matter not covered by the Treaty,'' Secretary Acheson, as paraphrased, said, and rightly so, that the allies ''might act as a unit or they might not, but that there was nothing in the Treaty which required them to do so.'' Secretary Acheson reiterated in this very interview what he had said in his letter to the President transmitting the NATO treaty: that NATO only had authority to deal with matters under the purview of the treaty.

This is essentially what I have said all along. The countries that make up NATO can act together on any security matter they desire. But NATO itself is designed for a specific mission. When asked if ''there was no provision for anything except consultation, except actual armed attack on one of the signatories, the Secretary replied that there were Articles one, two, three, and four.''

These articles certainly identified some of the political and economic goals of NATO's collective defense mission. After looking at the careful language of articles 5 and 6 of the Treaty, however, it is preposterous to argue that NATO can turn itself into a global policeman based on the general language of article 1.

When Secretary Acheson says that there is no limiting clause, the transcript seems to indicate he is referring to article 4, which is not necessarily limited by geography. Acheson did not mean that the treaty had no limits. In the letter transmitting the treaty to President Truman, Acheson stated flatly that the North Atlantic Council will have ''. . .no powers other than to consider matters within the purview of the treaty. . .'' (Letter to President Truman transmitting the NATO treaty, April 7, 1949). The articles of the treaty speak for themselves and don't imply in the slightest a military mission unrelated to collective defense.

Second, some would try to portray a vote on this amendment as a vote on Bosnia. Let me state clearly that this amendment is not intended to be another vote on the Bosnia mission. The NATO mission in Bosnia is related to the out of area debate we are having today, but this vote is more about avoiding the Somalia's of NATO's future than rehashing the debate over Bosnia.

The amendment I am offering explicitly refers to future NATO military missions. Making this another vote on Bosnia would miss the purpose: to keep NATO on a sound course for the future.

One could argue that if you supported the Bosnia mission, you would not offer this amendment. I disagree. You may support Bosnia, but you may support NATO more and recognize the threats a Somalia experience poses to NATO. I doubt there is anyone in the Senate who has not grown more concerned with each missed deadline for the withdrawal of U.S. troops from Bosnia.

There is nothing in this amendment that stops the U.S., unilaterally or with other countries, from engaging in ethnic conflicts like Bosnia. If we want to send our soldiers to the flashpoints of Europe and Asia, then let's have that debate. Don't cloak these missions in the banner of a successful military alliance not intended for such purposes. Don't entangle the U.S. in the brushfires of Europe, Asia, and Africa through NATO.

Third, and on a somewhat related note, some would argue this amendment constrains the President as commander in chief. My amendment has nothing to do with the President's authority as Commander in Chief. Nothing in this amendment limits the President's ability to deploy U.S. forces unilaterally and in concert with other nations to defend the United States.

This amendment has to do with the question of what the President can do through the North Atlantic Treaty. In that treaty, to which the Senate gave its advice and consent based on a shared understanding borne out by 40 years of alliance practice, the U.S. was making a security commitment limited by the mission of collective defense within a carefully defined geographical area.

The Senate should give its advice and consent if NATO is to expand its mission.

To conclude, these and other issues deserve extensive debate. The risks of an ill-defined NATO are real. The Senate should not allow this alliance to shift from collective defense to fitful multilateralism. This Administration is stretching NATO's scope to cover the globe. The Ashcroft amendment is the right answer to ''Treaty Creep.''

The statements and policies of Administration officials belie a failure to grasp the purpose of a military alliance. There is no long-term vision of where the expansion process will stop. The U.S. is slashing defense while increasing security obligations abroad. Beware the Administration strong on NATO expansion, but weak on defense.

The resistance of Administration officials to define where the expansion of NATO's mission and membership will stop indicates how far Article 5 has diminished in importance. Secretary Albright has stated that ''. . .no European democracy will be excluded because of where it sits on the map.'' The Administration's dismissal of the logistical and strategic constraints of war may work for Foggy Bottom. In the real world, real soldiers die in defense of real borders.

Treaty creep will cost American lives, harm U.S. interests, and undermine NATO. The drift in this Administration's foreign policy is threatening the future of a focused NATO which serves American interests. The Senate should not be complacent with fifty years of NATO success. This body has a role to play in the scope of U.S. treaty commitments.

Changing NATO into a mini-UN with a standing army is not something the American people will support. We have been lucky in Bosnia. The first time NATO has a Somalia experience in pursuit of an expanded mission, U.S. support for the alliance will be undermined. Voting for the Ashcroft amendment is the best way to be clear about NATO's mission—the territorial defense of Western Europe. This amendment is the best way to advance U.S. interests through NATO.

TRIBUTE TO MAJOR GENERAL MARION CARL

Mr. SMITH of Oregon. Mr. President, when General George Marshall was asked during World War II if America had a secret weapon, he said, ''Yes. Our secret weapon is the best darned kids in the world.''

This morning, Mr. President, I traveled to Arlington Cemetery to attend the funeral service of one of those best darned kids. I speak of Major General Marion Carl, who was acknowledged as one of America's greatest military aviators, and who was tragically murdered in his Oregon home last week during an attempted robbery.

I did not have the privilege of knowing General Carl. But one cannot read the words of those who did know him or the summaries of his long and courageous service to our country, which included stints as a World War II fighter ace, a military test pilot, and a squadron commander in Vietnam, without concluding that General Carl was a true American hero.

I join with all Oregonians in expressing my condolences to General Carl's wife, Edna, and to their two children and grandchildren. I also ask that an article from the Oregonian summarizing the memorial service held for General Carl in Roseburg be printed in the RECORD following my remarks.

More that any words I can offer, this article summarizes the life and career of a man who will always be remembered for his humility, his loyalty, his bravery, and his service to his country.

The article follows:

MOURNERS PAY FINAL RESPECTS TO SLAIN OREGON WAR HERO

(By Janet Filips)

ROSEBURG.—In a dignified funeral that offered a quiet but stirring mix of the patriotic and the private, grieving family, friends and admirers bid a sad farewell to one of America's greatest pilots Monday morning—a man who lived with an uncommon combination of

heroics, humility and humor until he was slain during a bungled burglary June 28.

No hourlong funeral can capture the fullness of a long and distinguished life such as that of Maj. Gen. Marion E. Carl, 82. But it can give telling glimpses, starting with slides depicting the tall, lean Carl with airplanes and his smiling, handsome family.

A Marine Corps brass quintet played ''Ruffles and Flourishes,'' ''Danny Boy'' and the ''Marine Corps Hymn.'' Vocalists movingly sang ''America the Beautiful'' and ''A Wing and a Prayer.'' A pair of white-gloved Marines in dress blue uniforms guarded the flag-draped casket, spotlighted on the shadowed stage.

In it, the fallen general wore the same style of dress blues, with ribbons discreetly signifying his medals. And in the pocket over his heart, his wife, Edna Carl, had tucked his favorite photos of her, their two children and two grandchildren.

Most revealing of all, longtime military buddies spoke of the incomparable Marion Carl before a diverse crowd of about 750 who came to Umpqua Community College's Jacoby Auditorium to pay their final respects to Carl, a native Oregonian drawn to studying aircraft and pushing boundaries on behalf of his country in wartime and peace.

''Marion was a real hero. I'm not talking about purple-haired ballplayers,'' said eulogist Joseph R. Rees, a friend of Carl for 53 years. ''He set a benchmark for youth, for all of us.''

Despite a career of record-setting accomplishments, said Rees, humility was Carl's byword, integrity his daily password and loyalty the way of his friendship. Carl had the attributes people hope to find in their sons and daughters and political leaders, said Rees, who turns 76 today.

Carl could rapidly assess situations, then take decisive action without being hobbled by politics or fear.

Those traits are not to be mistaken for recklessness, added Ress, who lives about seven miles up North Bank Road from the Carl home.

''Marion knew where fear belonged,'' Rees said. ''He just didn't let it get in the way when he knew something had to be done. Now, we saw that, just a few nights ago.''

A week ago, Carl, who was in the middle stages of Alzheimer's had been awakened by shouting in his living room and stumbled into the middle of a burglary. He was fatally shot after lunging at a young man who had just fired a short at his wife. Sunday afternoon, the suspected killer was apprehended in Pasadena, Calif.

A second eulogist, Brigadier Gen. Joseph H. Foss, is a Congressional Medal of Honor holder and the Marine's top ace of all time, and 26 enemy planes to his credit. But Foss, 83, of Scottsdale, Ariz., lauded Carl as the top aviator.

Foss recalled his first ride, as a cadet in 1940, with Carl as an instructor in Pensacola, Florida. ''He did everything with that airplane that an airplane could possibly do for 1½ hours. I was green,'' Foss said. ''From that day on, I respected him as the No. 1 pilot in the World. If young folks would set their eyes on people like that, we wouldn't have punks like the one who ended his life.''

Amid occasional sobs and sniffle from the mourners, Foss drew applause when he blasted current school studies of history that replace the study of pivotal American battles with ''a dumb thing called political correctness.''

Col. Hap Langstaff, 77, of Sacramento, described Carl's ''astounding'' knowledge of aircraft, his uncanny ability to track animals in the wild and his willingness to bend the rules to sneak in hunting trips in Eastern Oregon while stationed in Washington, D.C., in 1959. He shared stories of climbing into a T–28 aircraft on Fridays after work, flying all night to Mitchell, buzzing a narrow dirt road to clear the cattle off, then landing on a ranch.

''We always got deer,'' Langstaff said, ''Back in Washington, D.C., Marion had difficulty explaining how cow manure got on the landing gear.''

After the laughter, Langstaff's voice broke as he said, with a salute: ''I'm going to miss you, Marion.''

At the service's end, the crowd stepped outside for a stirring farewell: The sharp rata-tat of a 21-gun salute, taps played by two buglers, and a fly-by—against warm blue skies—of a pair of vintage planes from the Tillamook Air Museum: the F4U Corsair and the F4F Wildcat.

The funeral drew top military men and former co-workers from around the country, including one of Carl's former aides in Vietnam.

''I'm so damn angry, and I'm sad, but I'm so grateful for all the time we spent together,'' said Lyle Prouse, 59, now a pilot for Northwest Airlines and an Atlanta resident. ''He was not a typical general. We were always out there in the middle of things. He stepped in and did whatever needed to be done, no matter the consequences.''

Prouse and his wife rearranged their schedules to be at the funeral, he said, ''just because I loved him so much.''

Whenever Maj. Gen. Ken Houghton of La Jolla, Calif., hears the famed saying from Iwo Jima, ''Uncommon valor is a common virtue,'' he is reminded of Carl. ''This,'' he said, ''epitomizes Gen. Carl.''

After a gathering at the Roseburg Country Club, Carl's casket was escorted to the Eugene Airport later Monday afternoon, where it was flown to Washington, DC, for internment Thursday, with full military honors, in Arlington National Cemetery in Virginia.

RECOGNITION OF HEIDELBERG COLLEGE

● Mr. GLENN. Mr. President, I rise today to recognize and congratulate Heidelberg College in Tiffin, Ohio, as it celebrates the 40th Anniversary of its educational exchange program with Heidelberg University of Heidelberg, Germany. The program between the two schools is the longest standing exchange program between an American and a German university in the post-World War II period.

When Heidelberg College was founded in 1850 by members of the German Reformed Church, it was named after the Heidelberg Catechism which was written at Heidelberg University in 1563. In 1958, cooperative relations were established between Heidelberg College and Heidelberg University and a student exchange program, the American Junior Year at Heidelberg University, was initiated. In 1973, the exchange became reciprocal with German students also studying at Heidelberg College. Over the course of the 40 years of cooperation, more than 1,400 German and American students have been able to participate in an academic exchange under the auspices of the Junior Year program.

Heidelberg College has a rich tradition of global education dating from the second half of the 19th century when missionaries were trained for service in Japan. Over the past two years, the College has revitalized its commitment to global education through the establishment of the Heidelberg College Center for Global Education. The Center for Global Education is the cornerstone of Heidelberg's effort to place an international focus on its curriculum, its majors, and its programs. Through its Advisory Council for Global Education, composed of local, regional, national, and international leaders, a number of priorities and future directions for global education at Heidelberg College have been identified in order to make it a worthwhile initiative that will influence the lives of thousands of young people for years to come.

I have been a long-standing advocate of increased exposure to global education for American students of all ages. I believe that it is fundamental for American students to have the opportunities to experience different cultures, languages, and individuals in order to compete in a world which is increasingly interdependent. I extend my best wishes to Heidelberg College for continued success in providing students from Ohio, and around the world, access to quality global education.●

CORRECTION TO THE RECORD

An error occurred in the printing of Daschle amendment No. 3063 in the RECORD of July 7, 1998. The amendment should read as follows:

DASCHLE AMENDMENT NO. 3063

Mr. DASCHLE proposed an amendment to the bill, S. 2168, supra; as follows:

At the appropriate place, insert the following:

TITLE ___—PATIENTS' BILL OF RIGHTS

SEC. ___001. SHORT TITLE.

This title may be cited as the ''Patients' Bill of Rights Act of 1998''.

Subtitle A—Health Insurance Bill of Rights

CHAPTER 1—ACCESS TO CARE

SEC. ___101. ACCESS TO EMERGENCY CARE.

(a) COVERAGE OF EMERGENCY SERVICES.—

(1) IN GENERAL.—If a group health plan, or health insurance coverage offered by a health insurance issuer, provides any benefits with respect to emergency services (as defined in paragraph (2)(B)), the plan or issuer shall cover emergency services furnished under the plan or coverage—

(A) without the need for any prior authorization determination;

(B) whether or not the health care provider furnishing such services is a participating provider with respect to such services;

(C) in a manner so that, if such services are provided to a participant, beneficiary, or enrollee by a nonparticipating health care provider—

(i) the participant, beneficiary, or enrollee is not liable for amounts that exceed the amounts of liability that would be incurred if the services were provided by a participating health care provider, and

(ii) the plan or issuer pays an amount that is not less than the amount paid to a participating health care provider for the same services; and

(D) without regard to any other term or condition of such coverage (other than exclusion or coordination of benefits, or an affiliation or waiting period, permitted under section 2701 of the Public Health Service Act, section 701 of the Employee Retirement Income Security Act of 1974, or section 9801 of the Internal Revenue Code of 1986, and other than applicable cost-sharing).

(2) DEFINITIONS.—In this section:

(A) EMERGENCY MEDICAL CONDITION BASED ON PRUDENT LAYPERSON STANDARD.—The term ''emergency medical condition'' means a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that a prudent layperson, who possesses an average knowledge of health and medicine, could reasonably expect the absence of immediate medical attention to result in a condition described in clause (i), (ii), or (iii) of section 1867(e)(1)(A) of the Social Security Act.

(B) EMERGENCY SERVICES.—The term ''emergency services'' means—

(i) a medical screening examination (as required under section 1867 of the Social Security Act) that is within the capability of the emergency department of a hospital, including ancillary services routinely available to the emergency department to evaluate an emergency medical condition (as defined in subparagraph (A)), and

(ii) within the capabilities of the staff and facilities available at the hospital, such further medical examination and treatment as are required under section 1867 of such Act to stabilize the patient.

(b) REIMBURSEMENT FOR MAINTENANCE CARE AND POST-STABILIZATION CARE.—In the case of services (other than emergency services) for which benefits are available under a group health plan, or under health insurance coverage offered by a health insurance issuer, the plan or issuer shall provide for reimbursement with respect to such services provided to a participant, beneficiary, or enrollee other than through a participating health care provider in a manner consistent with subsection (a)(1)(C) if the services are maintenance care or post-stabilization care covered under the guidelines established under section 1852(d)(2) of the Social Security Act (relating to promoting efficient and timely coordination of appropriate maintenance and post-stabilization care of an enrollee after an enrollee has been determined to be stable), or, in the absence of guidelines under such section, such guidelines as the Secretary shall establish to carry out this subsection.

SEC. ___102. OFFERING OF CHOICE OF COVERAGE OPTIONS UNDER GROUP HEALTH PLANS.

(a) REQUIREMENT.—

(1) OFFERING OF POINT-OF-SERVICE COVERAGE OPTION.—Except as provided in paragraph (2), if a group health plan (or health insurance coverage offered by a health insurance issuer in connection with a group health plan) provides benefits only through participating health care providers, the plan or issuer shall offer the participant the option to purchase point-of-service coverage (as defined in subsection (b)) for all such benefits for which coverage is otherwise so limited. Such option shall be made available to the participant at the time of enrollment under the plan or coverage and at such other times as the plan or issuer offers the participant a choice of coverage options.

(2) EXCEPTION.—Paragraph (1) shall not apply with respect to a participant in a group health plan if the plan offers the participant—

(A) a choice of health insurance coverage through more than one health insurance issuer; or

(B) two or more coverage options that differ significantly with respect to the use of participating health care providers or the networks of such providers that are used.

(b) POINT-OF-SERVICE COVERAGE DEFINED.—In this section, the term ''point-of-service coverage'' means, with respect to benefits covered under a group health plan or health insurance issuer, coverage of such benefits when provided by a nonparticipating health care provider. Such coverage need not include coverage of providers that the plan or issuer excludes because of fraud, quality, or similar reasons.

(c) CONSTRUCTION.—Nothing in this section shall be construed—

(1) as requiring coverage for benefits for a particular type of health care provider;

(2) as requiring an employer to pay any costs as a result of this section or to make equal contributions with respect to different health coverage options; or

(3) as preventing a group health plan or health insurance issuer from imposing higher premiums or cost-sharing on a participant for the exercise of a point-of-service coverage option.

(d) NO REQUIREMENT FOR GUARANTEED AVAILABILITY.—If a health insurance issuer offers health insurance coverage that includes point-of-service coverage with respect to an employer solely in order to meet the requirement of subsection (a), nothing in section 2711(a)(1)(A) of the Public Health Service Act shall be construed as requiring the offering of such coverage with respect to another employer.

SEC. ___103. CHOICE OF PROVIDERS.

(a) PRIMARY CARE.—A group health plan, and a health insurance issuer that offers health insurance coverage, shall permit each participant, beneficiary, and enrollee to receive primary care from any participating primary care provider who is available to accept such individual.

(b) SPECIALISTS.—

(1) IN GENERAL.—Subject to paragraph (2), a group health plan and a health insurance issuer that offers health insurance coverage shall permit each participant, beneficiary, or enrollee to receive medically necessary or appropriate specialty care, pursuant to appropriate referral procedures, from any qualified participating health care provider who is available to accept such individual for such care.

(2) LIMITATION.—Paragraph (1) shall not apply to specialty care if the plan or issuer clearly informs participants, beneficiaries, and enrollees of the limitations on choice of participating providers with respect to such care.

SEC. ___104. ACCESS TO SPECIALTY CARE.

(a) OBSTETRICAL AND GYNECOLOGICAL CARE.—

(1) IN GENERAL.—If a group health plan, or a health insurance issuer in connection with the provision of health insurance coverage, requires or provides for a participant, beneficiary, or enrollee to designate a participating primary care provider—

(A) the plan or issuer shall permit such an individual who is a female to designate a participating physician who specializes in obstetrics and gynecology as the individual's primary care provider; and

(B) if such an individual has not designated such a provider as a primary care provider, the plan or issuer—

(i) may not require authorization or a referral by the individual's primary care provider or otherwise for coverage of routine gynecological care (such as preventive women's health examinations) and pregnancy-related services provided by a participating health care professional who specializes in obstetrics and gynecology to the extent such care is otherwise covered, and

(ii) may treat the ordering of other gynecological care by such a participating physician as the authorization of the primary care provider with respect to such care under the plan or coverage.

(2) CONSTRUCTION.—Nothing in paragraph (1)(B)(ii) shall waive any requirements of coverage relating to medical necessity or appropriateness with respect to coverage of gynecological care so ordered.

(b) SPECIALTY CARE.—

(1) SPECIALTY CARE FOR COVERED SERVICES.—

(A) IN GENERAL.—If—

(i) an individual is a participant or beneficiary under a group health plan or an enrollee who is covered under health insurance coverage offered by a health insurance issuer,

(ii) the individual has a condition or disease of sufficient seriousness and complexity to require treatment by a specialist, and

(iii) benefits for such treatment are provided under the plan or coverage,

the plan or issuer shall make or provide for a referral to a specialist who is available and accessible to provide the treatment for such condition or disease.

(B) SPECIALIST DEFINED.—For purposes of this subsection, the term ''specialist'' means, with respect to a condition, a health care practitioner, facility, or center (such as a center of excellence) that has adequate expertise through appropriate training and experience (including, in the case of a child, appropriate pediatric expertise) to provide high quality care in treating the condition.

(C) CARE UNDER REFERRAL.—A group health plan or health insurance issuer may require that the care provided to an individual pursuant to such referral under subparagraph (A) be—

(i) pursuant to a treatment plan, only if the treatment plan is developed by the specialist and approved by the plan or issuer, in consultation with the designated primary care provider or specialist and the individual (or the individual's designee), and

(ii) in accordance with applicable quality assurance and utilization review standards of the plan or issuer.

Nothing in this subsection shall be construed as preventing such a treatment plan for an individual from requiring a specialist to provide the primary care provider with regular updates on the specialty care provided, as well as all necessary medical information.

(D) REFERRALS TO PARTICIPATING PROVIDERS.—A group health plan or health insurance issuer is not required under subparagraph (A) to provide for a referral to a specialist that is not a participating provider, unless the plan or issuer does not have an appropriate specialist that is available and accessible to treat the individual's condition and that is a participating provider with respect to such treatment.

(E) TREATMENT OF NONPARTICIPATING PROVIDERS.—If a plan or issuer refers an individual to a nonparticipating specialist pursuant to subparagraph (A), services provided pursuant to the approved treatment plan (if any) shall be provided at no additional cost to the individual beyond what the individual would otherwise pay for services received by such a specialist that is a participating provider.

(2) SPECIALISTS AS PRIMARY CARE PROVIDERS.—

(A) IN GENERAL.—A group health plan, or a health insurance issuer, in connection with the provision of health insurance coverage, shall have a procedure by which an individual who is a participant, beneficiary, or enrollee and who has an ongoing special condition (as defined in subparagraph (C)) may receive a referral to a specialist for such condition who shall be responsible for and capable

of providing and coordinating the individual's primary and specialty care. If such an individual's care would most appropriately be coordinated by such a specialist, such plan or issuer shall refer the individual to such specialist.

(B) TREATMENT AS PRIMARY CARE PROVIDER.—Such specialist shall be permitted to treat the individual without a referral from the individual's primary care provider and may authorize such referrals, procedures, tests, and other medical services as the individual's primary care provider would otherwise be permitted to provide or authorize, subject to the terms of the treatment plan (referred to in paragraph (1)(C)(i)).

(C) ONGOING SPECIAL CONDITION DEFINED.—In this paragraph, the term ''special condition'' means a condition or disease that—

(i) is life-threatening, degenerative, or disabling, and

(ii) requires specialized medical care over a prolonged period of time.

(D) TERMS OF REFERRAL.—The provisions of subparagraphs (C) through (E) of paragraph (1) apply with respect to referrals under subparagraph (A) of this paragraph in the same manner as they apply to referrals under paragraph (1)(A).

(3) STANDING REFERRALS.—

(A) IN GENERAL.—A group health plan, and a health insurance issuer in connection with the provision of health insurance coverage, shall have a procedure by which an individual who is a participant, beneficiary, or enrollee and who has a condition that requires ongoing care from a specialist may receive a standing referral to such specialist for treatment of such condition. If the plan or issuer, or if the primary care provider in consultation with the medical director of the plan or issuer and the specialist (if any), determines that such a standing referral is appropriate, the plan or issuer shall make such a referral to such a specialist.

(B) TERMS OF REFERRAL.—The provisions of subparagraphs (C) through (E) of paragraph (1) apply with respect to referrals under subparagraph (A) of this paragraph in the same manner as they apply to referrals under paragraph (1)(A).

SEC. ___105. CONTINUITY OF CARE.

(a) IN GENERAL.—

(1) TERMINATION OF PROVIDER.—If a contract between a group health plan, or a health insurance issuer in connection with the provision of health insurance coverage, and a health care provider is terminated (as defined in paragraph (3)), or benefits or coverage provided by a health care provider are terminated because of a change in the terms of provider participation in a group health plan, and an individual who is a participant, beneficiary, or enrollee in the plan or coverage is undergoing a course of treatment from the provider at the time of such termination, the plan or issuer shall—

(A) notify the individual on a timely basis of such termination, and

(B) subject to subsection (c), permit the individual to continue or be covered with respect to the course of treatment with the provider during a transitional period (provided under subsection (b)).

(2) TREATMENT OF TERMINATION OF CONTRACT WITH HEALTH INSURANCE ISSUER.—If a contract for the provision of health insurance coverage between a group health plan and a health insurance issuer is terminated and, as a result of such termination, coverage of services of a health care provider is terminated with respect to an individual, the provisions of paragraph (1) (and the succeeding provisions of this section) shall apply under the plan in the same manner as if there had been a contract between the plan and the provider that had been terminated, but only with respect to benefits that are covered under the plan after the contract termination.

(3) TERMINATION.—In this section, the term ''terminated'' includes, with respect to a contract, the expiration or nonrenewal of the contract, but does not include a termination of the contract by the plan or issuer for failure to meet applicable quality standards or for fraud.

(b) TRANSITIONAL PERIOD.—

(1) IN GENERAL.—Except as provided in paragraphs (2) through (4), the transitional period under this subsection shall extend for at least 90 days from the date of the notice described in subsection (a)(1)(A) of the provider's termination.

(2) INSTITUTIONAL CARE.—The transitional period under this subsection for institutional or inpatient care from a provider shall extend until the discharge or termination of the period of institutionalization and also shall include institutional care provided within a reasonable time of the date of termination of the provider status if the care was scheduled before the date of the announcement of the termination of the provider status under subsection (a)(1)(A) or if the individual on such date was on an established waiting list or otherwise scheduled to have such care.

(3) PREGNANCY.—If—

(A) a participant, beneficiary, or enrollee has entered the second trimester of pregnancy at the time of a provider's termination of participation, and

(B) the provider was treating the pregnancy before date of the termination,

the transitional period under this subsection with respect to provider's treatment of the pregnancy shall extend through the provision of post-partum care directly related to the delivery.

(4) TERMINAL ILLNESS.—If—

(A) a participant, beneficiary, or enrollee was determined to be terminally ill (as determined under section 1861(dd)(3)(A) of the Social Security Act) at the time of a provider's termination of participation, and

(B) the provider was treating the terminal illness before the date of termination,

the transitional period under this subsection shall extend for the remainder of the individual's life for care directly related to the treatment of the terminal illness.

(c) PERMISSIBLE TERMS AND CONDITIONS.—A group health plan or health insurance issuer may condition coverage of continued treatment by a provider under subsection (a)(1)(B) upon the provider agreeing to the following terms and conditions:

(1) The provider agrees to accept reimbursement from the plan or issuer and individual involved (with respect to cost-sharing) at the rates applicable prior to the start of the transitional period as payment in full (or, in the case described in subsection (a)(2), at the rates applicable under the replacement plan or issuer after the date of the termination of the contract with the health insurance issuer) and not to impose cost-sharing with respect to the individual in an amount that would exceed the cost-sharing that could have been imposed if the contract referred to in subsection (a)(1) had not been terminated.

(2) The provider agrees to adhere to the quality assurance standards of the plan or issuer responsible for payment under paragraph (1) and to provide to such plan or issuer necessary medical information related to the care provided.

(3) The provider agrees otherwise to adhere to such plan's or issuer's policies and procedures, including procedures regarding referrals and obtaining prior authorization and providing services pursuant to a treatment plan (if any) approved by the plan or issuer.

(d) CONSTRUCTION.—Nothing in this section shall be construed to require the coverage of benefits which would not have been covered if the provider involved remained a participating provider.

SEC. ___106. COVERAGE FOR INDIVIDUALS PARTICIPATING IN APPROVED CLINICAL TRIALS.

(a) COVERAGE.—

(1) IN GENERAL.—If a group health plan, or health insurance issuer that is providing health insurance coverage, provides coverage to a qualified individual (as defined in subsection (b)), the plan or issuer—

(A) may not deny the individual participation in the clinical trial referred to in subsection (b)(2);

(B) subject to subsection (c), may not deny (or limit or impose additional conditions on) the coverage of routine patient costs for items and services furnished in connection with participation in the trial; and

(C) may not discriminate against the individual on the basis of the enrollee's participation in such trial.

(2) EXCLUSION OF CERTAIN COSTS.—For purposes of paragraph (1)(B), routine patient costs do not include the cost of the tests or measurements conducted primarily for the purpose of the clinical trial involved.

(3) USE OF IN-NETWORK PROVIDERS.—If one or more participating providers is participating in a clinical trial, nothing in paragraph (1) shall be construed as preventing a plan or issuer from requiring that a qualified individual participate in the trial through such a participating provider if the provider will accept the individual as a participant in the trial.

(b) QUALIFIED INDIVIDUAL DEFINED.—For purposes of subsection (a), the term ''qualified individual'' means an individual who is a participant or beneficiary in a group health plan, or who is an enrollee under health insurance coverage, and who meets the following conditions:

(1)(A) The individual has a life-threatening or serious illness for which no standard treatment is effective.

(B) The individual is eligible to participate in an approved clinical trial according to the trial protocol with respect to treatment of such illness.

(C) The individual's participation in the trial offers meaningful potential for significant clinical benefit for the individual.

(2) Either—

(A) the referring physician is a participating health care professional and has concluded that the individual's participation in such trial would be appropriate based upon the individual meeting the conditions described in paragraph (1); or

(B) the participant, beneficiary, or enrollee provides medical and scientific information establishing that the individual's participation in such trial would be appropriate based upon the individual meeting the conditions described in paragraph (1).

(c) PAYMENT.—

(1) IN GENERAL.—Under this section a group health plan or health insurance issuer shall provide for payment for routine patient costs described in subsection (a)(2) but is not required to pay for costs of items and services that are reasonably expected (as determined by the Secretary) to be paid for by the sponsors of an approved clinical trial.

(2) PAYMENT RATE.—In the case of covered items and services provided by—

(A) a participating provider, the payment rate shall be at the agreed upon rate, or

(B) a nonparticipating provider, the payment rate shall be at the rate the plan or issuer would normally pay for comparable services under subparagraph (A).

(d) APPROVED CLINICAL TRIAL DEFINED.—

(1) IN GENERAL.—In this section, the term ''approved clinical trial'' means a clinical research study or clinical investigation approved and funded (which may include funding through in-kind contributions) by one or more of the following:

(A) The National Institutes of Health.

(B) A cooperative group or center of the National Institutes of Health.

(C) Either of the following if the conditions described in paragraph (2) are met:

(i) The Department of Veterans Affairs.

(ii) The Department of Defense.

(2) CONDITIONS FOR DEPARTMENTS.—The conditions described in this paragraph, for a study or investigation conducted by a Department, are that the study or investigation has been reviewed and approved through a system of peer review that the Secretary determines—

(A) to be comparable to the system of peer review of studies and investigations used by the National Institutes of Health, and

(B) assures unbiased review of the highest scientific standards by qualified individuals who have no interest in the outcome of the review.

(e) CONSTRUCTION.—Nothing in this section shall be construed to limit a plan's or issuer's coverage with respect to clinical trials.

SEC. ___107. ACCESS TO NEEDED PRESCRIPTION DRUGS.

(a) IN GENERAL.—If a group health plan, or health insurance issuer that offers health insurance coverage, provides benefits with respect to prescription drugs but the coverage limits such benefits to drugs included in a formulary, the plan or issuer shall—

(1) ensure participation of participating physicians and pharmacists in the development of the formulary;

(2) disclose to providers and, disclose upon request under section ___121(c)(6) to participants, beneficiaries, and enrollees, the nature of the formulary restrictions; and

(3) consistent with the standards for a utilization review program under section ___115, provide for exceptions from the formulary limitation when a non-formulary alternative is medically indicated.

(b) COVERAGE OF APPROVED DRUGS AND MEDICAL DEVICES.—

(1) IN GENERAL.—A group health plan (or health insurance coverage offered in connection with such a plan) that provides any coverage of prescription drugs or medical devices shall not deny coverage of such a drug or device on the basis that the use is investigational, if the use—

(A) in the case of a prescription drug—

(i) is included in the labeling authorized by the application in effect for the drug pursuant to subsection (b) or (j) of section 505 of the Federal Food, Drug, and Cosmetic Act, without regard to any postmarketing requirements that may apply under such Act; or

(ii) is included in the labeling authorized by the application in effect for the drug under section 351 of the Public Health Service Act, without regard to any postmarketing requirements that may apply pursuant to such section; or

(B) in the case of a medical device, is included in the labeling authorized by a regulation under subsection (d) or (3) of section 513 of the Federal Food, Drug, and Cosmetic Act, an order under subsection (f) of such section, or an application approved under section 515 of such Act, without regard to any postmarketing requirements that may apply under such Act.

(2) CONSTRUCTION.—Nothing in this subsection shall be construed as requiring a group health plan (or health insurance coverage offered in connection with such a plan) to provide any coverage of prescription drugs or medical devices.

SEC. ___108. ADEQUACY OF PROVIDER NETWORK.

(a) IN GENERAL.—Each group health plan, and each health insurance issuer offering health insurance coverage, that provides benefits, in whole or in part, through participating health care providers shall have (in relation to the coverage) a sufficient number, distribution, and variety of qualified participating health care providers to ensure that all covered health care services, including specialty services, will be available and accessible in a timely manner to all participants, beneficiaries, and enrollees under the plan or coverage.

(b) TREATMENT OF CERTAIN PROVIDERS.—The qualified health care providers under subsection (a) may include Federally qualified health centers, rural health clinics, migrant health centers, and other essential community providers located in the service area of the plan or issuer and shall include such providers if necessary to meet the standards established to carry out such subsection.

SEC. ___109. NONDISCRIMINATION IN DELIVERY OF SERVICES.

(a) APPLICATION TO DELIVERY OF SERVICES.—Subject to subsection (b), a group health plan, and health insurance issuer in relation to health insurance coverage, may not discriminate against a participant, beneficiary, or enrollee in the delivery of health care services consistent with the benefits covered under the plan or coverage or as required by law based on race, color, ethnicity, national origin, religion, sex, age, mental or physical disability, sexual orientation, genetic information, or source of payment.

(b) CONSTRUCTION.—Nothing in subsection (a) shall be construed as relating to the eligibility to be covered, or the offering (or guaranteeing the offer) of coverage, under a plan or health insurance coverage, the application of any pre-existing condition exclusion consistent with applicable law, or premiums charged under such plan or coverage.

CHAPTER 2—QUALITY ASSURANCE

SEC. ___111. INTERNAL QUALITY ASSURANCE PROGRAM.

(a) REQUIREMENT.—A group health plan, and a health insurance issuer that offers health insurance coverage, shall establish and maintain an ongoing, internal quality assurance and continuous quality improvement program that meets the requirements of subsection (b).

(b) PROGRAM REQUIREMENTS.—The requirements of this subsection for a quality improvement program of a plan or issuer are as follows:

(1) ADMINISTRATION.—The plan or issuer has a separate identifiable unit with responsibility for administration of the program.

(2) WRITTEN PLAN.—The plan or issuer has a written plan for the program that is updated annually and that specifies at least the following:

(A) The activities to be conducted.

(B) The organizational structure.

(C) The duties of the medical director.

(D) Criteria and procedures for the assessment of quality.

(3) SYSTEMATIC REVIEW.—The program provides for systematic review of the type of health services provided, consistency of services provided with good medical practice, and patient outcomes.

(4) QUALITY CRITERIA.—The program—

(A) uses criteria that are based on performance and patient outcomes where feasible and appropriate;

(B) includes criteria that are directed specifically at meeting the needs of at-risk populations and covered individuals with chronic conditions or severe illnesses, including gender-specific criteria and pediatric-specific criteria where available and appropriate;

(C) includes methods for informing covered individuals of the benefit of preventive care and what specific benefits with respect to preventive care are covered under the plan or coverage; and

(D) makes available to the public a description of the criteria used under subparagraph (A).

(5) SYSTEM FOR REPORTING.—The program has procedures for reporting of possible quality concerns by providers and enrollees and for remedial actions to correct quality problems, including written procedures for responding to concerns and taking appropriate corrective action.

(6) DATA ANALYSIS.—The program provides, using data that include the data collected under section ___112, for an analysis of the plan's or issuer's performance on quality measures.

(7) DRUG UTILIZATION REVIEW.—The program provides for a drug utilization review program in accordance with section ___114.

(c) DEEMING.—For purposes of subsection (a), the requirements of—

(1) subsection (b) (other than paragraph (5)) are deemed to be met with respect to a health insurance issuer that is a qualified health maintenance organization (as defined in section 1310(c) of the Public Health Service Act); or

(2) subsection (b) are deemed to be met with respect to a health insurance issuer that is accredited by a national accreditation organization that the Secretary certifies as applying, as a condition of certification, standards at least as stringent as those required for a quality improvement program under subsection (b).

(d) VARIATION PERMITTED.—The Secretary may provide for variations in the application of the requirements of this section to group health plans and health insurance issuers based upon differences in the delivery system among such plans and issuers as the Secretary deems appropriate.

SEC. ___112. COLLECTION OF STANDARDIZED DATA.

(a) IN GENERAL.—A group health plan and a health insurance issuer that offers health insurance coverage shall collect uniform quality data that include a minimum uniform data set described in subsection (b).

(b) MINIMUM UNIFORM DATA SET.—The Secretary shall specify (and may from time to time update) the data required to be included in the minimum uniform data set under subsection (a) and the standard format for such data. Such data shall include at least—

(1) aggregate utilization data;

(2) data on the demographic characteristics of participants, beneficiaries, and enrollees;

(3) data on disease-specific and age-specific mortality rates and (to the extent feasible) morbidity rates of such individuals;

(4) data on satisfaction of such individuals, including data on voluntary disenrollment and grievances; and

(5) data on quality indicators and health outcomes, including, to the extent feasible and appropriate, data on pediatric cases and on a gender-specific basis.

(c) AVAILABILITY.—A summary of the data collected under subsection (a) shall be disclosed under section ___121(b)(9). The Secretary shall be provided access to all the data so collected.

(d) VARIATION PERMITTED.—The Secretary may provide for variations in the application of the requirements of this section to group health plans and health insurance issuers based upon differences in the delivery system among such plans and issuers as the Secretary deems appropriate.

SEC. ___113. PROCESS FOR SELECTION OF PROVIDERS.

(a) IN GENERAL.—A group health plan and a health insurance issuer that offers health insurance coverage shall, if it provides benefits through participating health care professionals, have a written process for the selection of participating health care professionals, including minimum professional requirements.

(b) VERIFICATION OF BACKGROUND.—Such process shall include verification of a health care provider's license and a history of suspension or revocation.

(c) RESTRICTION.—Such process shall not use a high-risk patient base or location of a provider in an area with residents with poorer health status as a basis for excluding providers from participation.

(d) NONDISCRIMINATION BASED ON LICENSURE.—

(1) IN GENERAL.—Such process shall not discriminate with respect to participation or indemnification as to any provider who is acting within the scope of the provider's license or certification under applicable State law, solely on the basis of such license or certification.

(2) CONSTRUCTION.—Paragraph (1) shall not be construed—

(A) as requiring the coverage under a plan or coverage of particular benefits or services or to prohibit a plan or issuer from including providers only to the extent necessary to meet the needs of the plan's or issuer's participants, beneficiaries, or enrollees or from establishing any measure designed to maintain quality and control costs consistent with the responsibilities of the plan or issuer; or

(B) to override any State licensure or scope-of-practice law.

(e) GENERAL NONDISCRIMINATION.—

(1) IN GENERAL.—Subject to paragraph (2), such process shall not discriminate with respect to selection of a health care professional to be a participating health care provider, or with respect to the terms and conditions of such participation, based on the professional's race, color, religion, sex, national origin, age, sexual orientation, or disability (consistent with the Americans with Disabilities Act of 1990).

(2) RULES.—The appropriate Secretary may establish such definitions, rules, and exceptions as may be appropriate to carry out paragraph (1), taking into account comparable definitions, rules, and exceptions in effect under employment-based nondiscrimination laws and regulations that relate to each of the particular bases for discrimination described in such paragraph.

SEC. ___114. DRUG UTILIZATION PROGRAM.

A group health plan, and a health insurance issuer that provides health insurance coverage, that includes benefits for prescription drugs shall establish and maintain, as part of its internal quality assurance and continuous quality improvement program under section ___111, a drug utilization program which—

(1) encourages appropriate use of prescription drugs by participants, beneficiaries, and enrollees and providers, and

(2) takes appropriate action to reduce the incidence of improper drug use and adverse drug reactions and interactions.

SEC. ___115. STANDARDS FOR UTILIZATION REVIEW ACTIVITIES.

(a) COMPLIANCE WITH REQUIREMENTS.—

(1) IN GENERAL.—A group health plan, and a health insurance issuer that provides health insurance coverage, shall conduct utilization review activities in connection with the provision of benefits under such plan or coverage only in accordance with a utilization review program that meets the requirements of this section.

(2) USE OF OUTSIDE AGENTS.—Nothing in this section shall be construed as preventing a group health plan or health insurance issuer from arranging through a contract or otherwise for persons or entities to conduct utilization review activities on behalf of the plan or issuer, so long as such activities are conducted in accordance with a utilization review program that meets the requirements of this section.

(3) UTILIZATION REVIEW DEFINED.—For purposes of this section, the terms ''utilization review'' and ''utilization review activities'' mean procedures used to monitor or evaluate the clinical necessity, appropriateness, efficacy, or efficiency of health care services, procedures or settings, and includes prospective review, concurrent review, second opinions, case management, discharge planning, or retrospective review.

(b) WRITTEN POLICIES AND CRITERIA.—

(1) WRITTEN POLICIES.—A utilization review program shall be conducted consistent with written policies and procedures that govern all aspects of the program.

(2) USE OF WRITTEN CRITERIA.—

(A) IN GENERAL.—Such a program shall utilize written clinical review criteria developed pursuant to the program with the input of appropriate physicians. Such criteria shall include written clinical review criteria described in section ___111(b)(4)(B).

(B) CONTINUING USE OF STANDARDS IN RETROSPECTIVE REVIEW.—If a health care service has been specifically pre-authorized or approved for an enrollee under such a program, the program shall not, pursuant to retrospective review, revise or modify the specific standards, criteria, or procedures used for the utilization review for procedures, treatment, and services delivered to the enrollee during the same course of treatment.

(c) CONDUCT OF PROGRAM ACTIVITIES.—

(1) ADMINISTRATION BY HEALTH CARE PROFESSIONALS.—A utilization review program shall be administered by qualified health care professionals who shall oversee review decisions. In this subsection, the term ''health care professional'' means a physician or other health care practitioner licensed, accredited, or certified to perform specified health services consistent with State law.

(2) USE OF QUALIFIED, INDEPENDENT PERSONNEL.—

(A) IN GENERAL.—A utilization review program shall provide for the conduct of utilization review activities only through personnel who are qualified and, to the extent required, who have received appropriate training in the conduct of such activities under the program.

(B) PEER REVIEW OF SAMPLE OF ADVERSE CLINICAL DETERMINATIONS.—Such a program shall provide that clinical peers (as defined in section ___191(c)(2)) shall evaluate the clinical appropriateness of at least a sample of adverse clinical determinations.

(C) PROHIBITION OF CONTINGENT COMPENSATION ARRANGEMENTS.—Such a program shall not, with respect to utilization review activities, permit or provide compensation or anything of value to its employees, agents, or contractors in a manner that—

(i) provides incentives, direct or indirect, for such persons to make inappropriate review decisions, or

(ii) is based, directly or indirectly, on the quantity or type of adverse determinations rendered.

(D) PROHIBITION OF CONFLICTS.—Such a program shall not permit a health care professional who provides health care services to an individual to perform utilization review activities in connection with the health care services being provided to the individual.

(3) ACCESSIBILITY OF REVIEW.—Such a program shall provide that appropriate personnel performing utilization review activities under the program are reasonably accessible by toll-free telephone during normal business hours to discuss patient care and allow response to telephone requests, and that appropriate provision is made to receive and respond promptly to calls received during other hours.

(4) LIMITS ON FREQUENCY.—Such a program shall not provide for the performance of utilization review activities with respect to a class of services furnished to an individual more frequently than is reasonably required to assess whether the services under review are medically necessary or appropriate.

(5) LIMITATION ON INFORMATION REQUESTS.—Under such a program, information shall be required to be provided by health care providers only to the extent it is necessary to perform the utilization review activity involved.

(d) DEADLINE FOR DETERMINATIONS.—

(1) PRIOR AUTHORIZATION SERVICES.—Except as provided in paragraph (2), in the case of a utilization review activity involving the prior authorization of health care items and services for an individual, the utilization review program shall make a determination concerning such authorization, and provide notice of the determination to the individual or the individual's designee and the individual's health care provider by telephone and in printed form, as soon as possible in accordance with the medical exigencies of the cases, and in no event later than 3 business days after the date of receipt of information that is reasonably necessary to make such determination.

(2) CONTINUED CARE.—In the case of a utilization review activity involving authorization for continued or extended health care services for an individual, or additional services for an individual undergoing a course of continued treatment prescribed by a health care provider, the utilization review program shall make a determination concerning such authorization, and provide notice of the determination to the individual or the individual's designee and the individual's health care provider by telephone and in printed form, as soon as possible in accordance with the medical exigencies of the cases, and in no event later than 1 business day after the date of receipt of information that is reasonably necessary to make such determination. Such notice shall include, with respect to continued or extended health care services, the number of extended services approved, the new total of approved services, the date of onset of services, and the next review date, if any.

(3) PREVIOUSLY PROVIDED SERVICES.—In the case of a utilization review activity involving retrospective review of health care services previously provided for an individual, the utilization review program shall make a determination concerning such services, and provide notice of the determination to the individual or the individual's designee and the individual's health care provider by telephone and in printed form, within 30 days of the date of receipt of information that is reasonably necessary to make such determination.

(4) REFERENCE TO SPECIAL RULES FOR EMERGENCY SERVICES, MAINTENANCE CARE, AND POST-STABILIZATION CARE.—For waiver of prior authorization requirements in certain cases involving emergency services and maintenance care and post-stabilization care, see subsections (a)(1) and (b) of section ___101, respectively.

(e) NOTICE OF ADVERSE DETERMINATIONS.—

(1) IN GENERAL.—Notice of an adverse determination under a utilization review program shall be provided in printed form and shall include—

(A) the reasons for the determination (including the clinical rationale);

(B) instructions on how to initiate an appeal under section ___132; and

(C) notice of the availability, upon request of the individual (or the individual's designee) of the clinical review criteria relied upon to make such determination.

(2) SPECIFICATION OF ANY ADDITIONAL INFORMATION.—Such a notice shall also specify what (if any) additional necessary information must be provided to, or obtained by, the person making the determination in order to make a decision on such an appeal.

SEC. ___116. HEALTH CARE QUALITY ADVISORY BOARD.

(a) ESTABLISHMENT.—The President shall establish an advisory board to provide information to Congress and the administration on issues relating to quality monitoring and improvement in the health care provided under group health plans and health insurance coverage.

(b) NUMBER AND APPOINTMENT.—The advisory board shall be composed of the Secretary of Health and Human Services (or the Secretary's designee), the Secretary of Labor (or the Secretary's designee), and 20 additional members appointed by the President, in consultation with the Majority and Minority Leaders of the Senate and House of Representatives. The members so appointed shall include individuals with expertise in—

(1) consumer needs;

(2) education and training of health professionals;

(3) health care services;

(4) health plan management;

(5) health care accreditation, quality assurance, improvement, measurement, and oversight;

(6) medical practice, including practicing physicians;

(7) prevention and public health; and

(8) public and private group purchasing for small and large employers or groups.

(c) DUTIES.—The advisory board shall—

(1) identify, update, and disseminate measures of health care quality for group health plans and health insurance issuers, including network and non-network plans;

(2) advise the Secretary on the development and maintenance of the minimum data set in section ___112(b); and

(3) advise the Secretary on standardized formats for information on group health plans and health insurance coverage.

The measures identified under paragraph (1) may be used on a voluntary basis by such plans and issuers. In carrying out paragraph (1), the advisory board shall consult and cooperate with national health care standard setting bodies which define quality indicators, the Agency for Health Care Policy and Research, the Institute of Medicine, and other public and private entities that have expertise in health care quality.

(d) REPORT.—The advisory board shall provide an annual report to Congress and the President on the quality of the health care in the United States and national and regional trends in health care quality. Such report shall include a description of determinants of health care quality and measurements of practice and quality variability within the United States.

(e) SECRETARIAL CONSULTATION.—In serving on the advisory board, the Secretaries of Health and Human Services and Labor (or their designees) shall consult with the Secretaries responsible for other Federal health insurance and health care programs.

(f) VACANCIES.—Any vacancy on the board shall be filled in such manner as the original appointment. Members of the board shall serve without compensation but shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties. Administrative support, scientific support, and technical assistance for the advisory board shall be provided by the Secretary of Health and Human Services.

(g) CONTINUATION.—Section 14(a)(2)(B) of the Federal Advisory Committee Act (5 U.S.C. App.; relating to the termination of advisory committees) shall not apply to the advisory board.

CHAPTER 3—PATIENT INFORMATION

SEC. ___121. PATIENT INFORMATION.

(a) DISCLOSURE REQUIREMENT.—

(1) GROUP HEALTH PLANS.—A group health plan shall—

(A) provide to participants and beneficiaries at the time of initial coverage under the plan (or the effective date of this section, in the case of individuals who are participants or beneficiaries as of such date), and at least annually thereafter, the information described in subsection (b) in printed form;

(B) provide to participants and beneficiaries, within a reasonable period (as specified by the appropriate Secretary) before or after the date of significant changes in the information described in subsection (b), information in printed form on such significant changes; and

(C) upon request, make available to participants and beneficiaries, the applicable authority, and prospective participants and beneficiaries, the information described in subsection (b) or (c) in printed form.

(2) HEALTH INSURANCE ISSUERS.—A health insurance issuer in connection with the provision of health insurance coverage shall—

(A) provide to individuals enrolled under such coverage at the time of enrollment, and at least annually thereafter, the information described in subsection (b) in printed form;

(B) provide to enrollees, within a reasonable period (as specified by the appropriate Secretary) before or after the date of significant changes in the information described in subsection (b), information in printed form on such significant changes; and

(C) upon request, make available to the applicable authority, to individuals who are prospective enrollees, and to the public the information described in subsection (b) or (c) in printed form.

(b) INFORMATION PROVIDED.—The information described in this subsection with respect to a group health plan or health insurance coverage offered by a health insurance issuer includes the following:

(1) SERVICE AREA.—The service area of the plan or issuer.

(2) BENEFITS.—Benefits offered under the plan or coverage, including—

(A) covered benefits, including benefit limits and coverage exclusions;

(B) cost sharing, such as deductibles, coinsurance, and copayment amounts, including any liability for balance billing, any maximum limitations on out of pocket expenses, and the maximum out of pocket costs for services that are provided by non participating providers or that are furnished without meeting the applicable utilization review requirements;

(C) the extent to which benefits may be obtained from nonparticipating providers;

(D) the extent to which a participant, beneficiary, or enrollee may select from among participating providers and the types of providers participating in the plan or issuer network;

(E) process for determining experimental coverage; and

(F) use of a prescription drug formulary.

(3) ACCESS.—A description of the following:

(A) The number, mix, and distribution of providers under the plan or coverage.

(B) Out-of-network coverage (if any) provided by the plan or coverage.

(C) Any point-of-service option (including any supplemental premium or cost-sharing for such option).

(D) The procedures for participants, beneficiaries, and enrollees to select, access, and change participating primary and specialty providers.

(E) The rights and procedures for obtaining referrals (including standing referrals) to participating and nonparticipating providers.

(F) The name, address, and telephone number of participating health care providers and an indication of whether each such provider is available to accept new patients.

(G) Any limitations imposed on the selection of qualifying participating health care providers, including any limitations imposed under section ___103(b)(2).

(H) How the plan or issuer addresses the needs of participants, beneficiaries, and enrollees and others who do not speak English or who have other special communications needs in accessing providers under the plan or coverage, including the provision of information described in this subsection and subsection (c) to such individuals and including the provision of information in a language other than English if 5 percent of the number of participants, beneficiaries, and enrollees communicate in that language instead of English.

(4) OUT-OF-AREA COVERAGE.—Out-of-area coverage provided by the plan or issuer.

(5) EMERGENCY COVERAGE.—Coverage of emergency services, including—

(A) the appropriate use of emergency services, including use of the 911 telephone system or its local equivalent in emergency situations and an explanation of what constitutes an emergency situation;

(B) the process and procedures of the plan or issuer for obtaining emergency services; and

(C) the locations of (i) emergency departments, and (ii) other settings, in which plan physicians and hospitals provide emergency services and post-stabilization care.

(6) PERCENTAGE OF PREMIUMS USED FOR BENEFITS (LOSS-RATIOS).—In the case of health insurance coverage only (and not with respect to group health plans that do not provide coverage through health insurance coverage), a description of the overall loss-ratio for the coverage (as defined in accordance with rules established or recognized by the Secretary of Health and Human Services).

(7) PRIOR AUTHORIZATION RULES.—Rules regarding prior authorization or other review requirements that could result in noncoverage or nonpayment.

(8) GRIEVANCE AND APPEALS PROCEDURES.—All appeal or grievance rights and procedures under the plan or coverage, including the method for filing grievances and the time frames and circumstances for acting on grievances and appeals, who is the applicable authority with respect to the plan or issuer, and the availability of assistance through an ombudsman to individuals in relation to group health plans and health insurance coverage.

(9) QUALITY ASSURANCE.—A summary description of the data on quality collected under section ___112(a), including a summary description of the data on satisfaction of participants, beneficiaries, and enrollees (including data on individual voluntary disenrollment and grievances and appeals) described in section ___112(b)(4).

(10) SUMMARY OF PROVIDER FINANCIAL INCENTIVES.—A summary description of the information on the types of financial payment incentives (described in section 1852(j)(4) of the Social Security Act) provided by the plan or issuer under the coverage.

(11) INFORMATION ON ISSUER.—Notice of appropriate mailing addresses and telephone

numbers to be used by participants, beneficiaries, and enrollees in seeking information or authorization for treatment.

(12) AVAILABILITY OF INFORMATION ON REQUEST.—Notice that the information described in subsection (c) is available upon request.

(c) INFORMATION MADE AVAILABLE UPON REQUEST.—The information described in this subsection is the following:

(1) UTILIZATION REVIEW ACTIVITIES.—A description of procedures used and requirements (including circumstances, time frames, and appeal rights) under any utilization review program under section ____115, including under any drug formulary program under section ____107.

(2) GRIEVANCE AND APPEALS INFORMATION.—Information on the number of grievances and appeals and on the disposition in the aggregate of such matters.

(3) METHOD OF PHYSICIAN COMPENSATION.—An overall summary description as to the method of compensation of participating physicians, including information on the types of financial payment incentives (described in section 1852(j)(4) of the Social Security Act) provided by the plan or issuer under the coverage.

(4) SPECIFIC INFORMATION ON CREDENTIALS OF PARTICIPATING PROVIDERS.—In the case of each participating provider, a description of the credentials of the provider.

(5) CONFIDENTIALITY POLICIES AND PROCEDURES.—A description of the policies and procedures established to carry out section ____122.

(6) FORMULARY RESTRICTIONS.—A description of the nature of any drug formula restrictions.

(7) PARTICIPATING PROVIDER LIST.—A list of current participating health care providers.

(d) FORM OF DISCLOSURE.—

(1) UNIFORMITY.—Information required to be disclosed under this section shall be provided in accordance with uniform, national reporting standards specified by the Secretary, after consultation with applicable State authorities, so that prospective enrollees may compare the attributes of different issuers and coverage offered within an area.

(2) INFORMATION INTO HANDBOOK.—Nothing in this section shall be construed as preventing a group health plan or health insurance issuer from making the information under subsections (b) and (c) available to participants, beneficiaries, and enrollees through an enrollee handbook or similar publication.

(3) UPDATING PARTICIPATING PROVIDER INFORMATION.—The information on participating health care providers described in subsection (b)(3)(C) shall be updated within such reasonable period as determined appropriate by the Secretary. Nothing in this section shall prevent an issuer from changing or updating other information made available under this section.

(e) CONSTRUCTION.—Nothing in this section shall be construed as requiring public disclosure of individual contracts or financial arrangements between a group health plan or health insurance issuer and any provider.

SEC. ____122. PROTECTION OF PATIENT CONFIDENTIALITY.

Insofar as a group health plan, or a health insurance issuer that offers health insurance coverage, maintains medical records or other health information regarding participants, beneficiaries, and enrollees, the plan or issuer shall establish procedures—

(1) to safeguard the privacy of any individually identifiable enrollee information;

(2) to maintain such records and information in a manner that is accurate and timely, and

(3) to assure timely access of such individuals to such records and information.

SEC. ____123. HEALTH INSURANCE OMBUDSMEN.

(a) IN GENERAL.—Each State that obtains a grant under subsection (c) shall provide for creation and operation of a Health Insurance Ombudsman through a contract with a not-for-profit organization that operates independent of group health plans and health insurance issuers. Such Ombudsman shall be responsible for at least the following:

(1) To assist consumers in the State in choosing among health insurance coverage or among coverage options offered within group health plans.

(2) To provide counseling and assistance to enrollees dissatisfied with their treatment by health insurance issuers and group health plans in regard to such coverage or plans and with respect to grievances and appeals regarding determinations under such coverage or plans.

(b) FEDERAL ROLE.—In the case of any State that does not provide for such an Ombudsman under subsection (a), the Secretary shall provide for the creation and operation of a Health Insurance Ombudsman through a contract with a not-for-profit organization that operates independent of group health plans and health insurance issuers and that is responsible for carrying out with respect to that State the functions otherwise provided under subsection (a) by a Health Insurance Ombudsman.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary of Health and Human Services such amounts as may be necessary to provide for grants to States for contracts for Health Insurance Ombudsmen under subsection (a) or contracts for such Ombudsmen under subsection (b).

(d) CONSTRUCTION.—Nothing in this section shall be construed to prevent the use of other forms of enrollee assistance.

CHAPTER 4—GRIEVANCE AND APPEALS PROCEDURES

SEC. ____131. ESTABLISHMENT OF GRIEVANCE PROCESS.

(a) ESTABLISHMENT OF GRIEVANCE SYSTEM.—

(1) IN GENERAL.—A group health plan, and a health insurance issuer in connection with the provision of health insurance coverage, shall establish and maintain a system to provide for the presentation and resolution of oral and written grievances brought by individuals who are participants, beneficiaries, or enrollees, or health care providers or other individuals acting on behalf of an individual and with the individual's consent, regarding any aspect of the plan's or issuer's services.

(2) SCOPE.—The system shall include grievances regarding access to and availability of services, quality of care, choice and accessibility of providers, network adequacy, and compliance with the requirements of this subtitle.

(b) GRIEVANCE SYSTEM.—Such system shall include the following components with respect to individuals who are participants, beneficiaries, or enrollees:

(1) Written notification to all such individuals and providers of the telephone numbers and business addresses of the plan or issuer personnel responsible for resolution of grievances and appeals.

(2) A system to record and document, over a period of at least 3 previous years, all grievances and appeals made and their status.

(3) A process providing for timely processing and resolution of grievances.

(4) Procedures for follow-up action, including the methods to inform the person making the grievance of the resolution of the grievance.

(5) Notification to the continuous quality improvement program under section ____111(a) of all grievances and appeals relating to quality of care.

SEC. ____132. INTERNAL APPEALS OF ADVERSE DETERMINATIONS.

(a) RIGHT OF APPEAL.—

(1) IN GENERAL.—A participant or beneficiary in a group health plan, and an enrollee in health insurance coverage offered by a health insurance issuer, and any provider or other person acting on behalf of such an individual with the individual's consent, may appeal any appealable decision (as defined in paragraph (2)) under the procedures described in this section and (to the extent applicable) section ____133. Such individuals and providers shall be provided with a written explanation of the appeal process and the determination upon the conclusion of the appeals process and as provided in section ____121(b)(8).

(2) APPEALABLE DECISION DEFINED.—In this section, the term ''appealable decision'' means any of the following:

(A) Denial, reduction, or termination of, or failure to provide or make payment (in whole or in part) for, a benefit, including a failure to cover an item or service for which benefits are otherwise provided because it is determined to be experimental or investigational or not medically necessary or appropriate.

(B) Failure to provide coverage of emergency services or reimbursement of maintenance care or post-stabilization care under section ____101.

(C) Failure to provide a choice of provider under section ____103.

(D) Failure to provide qualified health care providers under section ____103.

(E) Failure to provide access to specialty and other care under section ____104.

(F) Failure to provide continuation of care under section ____105.

(G) Failure to provide coverage of routine patient costs in connection with an approval clinical trial under section ____106.

(H) Failure to provide access to needed drugs under section ____107(a)(3) or ____107(b).

(I) Discrimination in delivery of services in violation of section ____109.

(J) An adverse determination under a utilization review program under section ____115.

(K) The imposition of a limitation that is prohibited under section ____151.

(b) INTERNAL APPEAL PROCESS.—

(1) IN GENERAL.—Each group health plan and health insurance issuer shall establish and maintain an internal appeal process under which any participant, beneficiary, enrollee, or provider acting on behalf of such an individual with the individual's consent, who is dissatisfied with any appealable decision has the opportunity to appeal the decision through an internal appeal process. The appeal may be communicated orally.

(2) CONDUCT OF REVIEW.—

(A) IN GENERAL.—The process shall include a review of the decision by a physician or other health care professional (or professionals) who has been selected by the plan or issuer and who has not been involved in the appealable decision at issue in the appeal.

(B) AVAILABILITY AND PARTICIPATION OF CLINICAL PEERS.—The individuals conducting such review shall include one or more clinical peers (as defined in section ____191(c)(2)) who have not been involved in the appealable decision at issue in the appeal.

(3) DEADLINE.—

(A) IN GENERAL.—Subject to subsection (c), the plan or issuer shall conclude each appeal as soon as possible after the time of the receipt of the appeal in accordance with medical exigencies of the case involved, but in no event later than—

(i) 72 hours after the time of receipt of an expedited appeal, and

(ii) except as provided in subparagraph (B), 30 business days after such time (or, if the participant, beneficiary, or enrollee supplies additional information that was not available to the plan or issuer at the time of the receipt of the appeal, after the date of supplying such additional information) in the case of all other appeals.

(B) EXTENSION.—In the case of an appeal that does not relate to a decision regarding an expedited appeal and that does not involve medical exigencies, if a group health plan or health insurance issuer is unable to conclude the appeal within the time period provided under subparagraph (A)(ii) due to circumstances beyond the control of the plan or issuer, the deadline shall be extended for up to an additional 10 business days if the plan or issuer provides, on or before 10 days before the deadline otherwise applicable, written notice to the participant, beneficiary, or enrollee and the provider involved of the extension and the reasons for the extension.

(4) NOTICE.—If a plan or issuer denies an appeal, the plan or issuer shall provide the participant, beneficiary, or enrollee and provider involved with notice in printed form of the denial and the reasons therefore, together with a notice in printed form of rights to any further appeal.

(c) EXPEDITED REVIEW PROCESS.—

(1) IN GENERAL.—A group health plan, and a health insurance issuer, shall establish procedures in writing for the expedited consideration of appeals under subsection (b) in situations in which the application of the normal timeframe for making a determination could seriously jeopardize the life or health of the participant, beneficiary, or enrollee or such an individual's ability to regain maximum function.

(2) PROCESS.—Under such procedures—

(A) the request for expedited appeal may be submitted orally or in writing by an individual or provider who is otherwise entitled to request the appeal;

(B) all necessary information, including the plan's or issuer's decision, shall be transmitted between the plan or issuer and the requester by telephone, facsimile, or other similarly expeditious available method; and

(C) the plan or issuer shall expedite the appeal if the request for an expedited appeal is submitted under subparagraph (A) by a physician and the request indicates that the situation described in paragraph (1) exists.

(d) DIRECT USE OF FURTHER APPEALS.—In the event that the plan or issuer fails to comply with any of the deadlines for completion of appeals under this section or in the event that the plan or issuer for any reason expressly waives its rights to an internal review of an appeal under subsection (b), the participant, beneficiary, or enrollee involved and the provider involved shall be relieved of any obligation to complete the appeal involved and may, at such an individual's or provider's option, proceed directly to seek further appeal through any applicable external appeals process.

SEC. ___133. EXTERNAL APPEALS OF ADVERSE DETERMINATIONS.

(a) RIGHT TO EXTERNAL APPEAL.—

(1) IN GENERAL.—A group health plan, and a health insurance issuer offering group health insurance coverage, shall provide for an external appeals process that meets the requirements of this section in the case of an externally appealable decision described in paragraph (2). The appropriate Secretary shall establish standards to carry out such requirements.

(2) EXTERNALLY APPEALABLE DECISION DEFINED.—For purposes of this section, the term ''externally appealable decision'' means an appealable decision (as defined in section ___132(a)(2)) if—

(A) the amount involved exceeds a significant threshold; or

(B) the patient's life or health is jeopardized as a consequence of the decision.

Such term does not include a denial of coverage for services that are specifically listed in plan or coverage documents as excluded from coverage.

(3) EXHAUSTION OF INTERNAL APPEALS PROCESS.—A plan or issuer may condition the use of an external appeal process in the case of an externally appealable decision upon completion of the internal review process provided under section ___132, but only if the decision is made in a timely basis consistent with the deadlines provided under this chapter.

(b) GENERAL ELEMENTS OF EXTERNAL APPEALS PROCESS.—

(1) CONTRACT WITH QUALIFIED EXTERNAL APPEAL ENTITY.—

(A) CONTRACT REQUIREMENT.—Subject to subparagraph (B), the external appeal process under this section of a plan or issuer shall be conducted under a contract between the plan or issuer and one or more qualified external appeal entities (as defined in subsection (c)).

(B) RESTRICTIONS ON QUALIFIED EXTERNAL APPEAL ENTITY.—

(i) BY STATE FOR HEALTH INSURANCE ISSUERS.—With respect to health insurance issuers in a State, the State may provide for external review activities to be conducted by a qualified external appeal entity that is designated by the State or that is selected by the State in such a manner as to assure an unbiased determination.

(ii) BY FEDERAL GOVERNMENT FOR GROUP HEALTH PLANS.—With respect to group health plans, the appropriate Secretary may exercise the same authority as a State may exercise with respect to health insurance issuers under clause (i). Such authority may include requiring the use of the qualified external appeal entity designated or selected under such clause.

(iii) LIMITATION ON PLAN OR ISSUER SELECTION.—If an applicable authority permits more than one entity to qualify as a qualified external appeal entity with respect to a group health plan or health insurance issuer and the plan or issuer may select among such qualified entities, the applicable authority—

(I) shall assure that the selection process will not create any incentives for external appeal entities to make a decision in a biased manner, and

(II) shall implement a procedures for auditing a sample of decisions by such entities to assure that no such decisions are made in a biased manner.

(C) OTHER TERMS AND CONDITIONS.—The terms and conditions of a contract under this paragraph shall be consistent with the standards the appropriate Secretary shall establish to assure there is no real or apparent conflict of interest in the conduct of external appeal activities. Such contract shall provide that the direct costs of the process (not including costs of representation of a participant, beneficiary, or enrollee) shall be paid by the plan or issuer, and not by the participant, beneficiary, or enrollee.

(2) ELEMENTS OF PROCESS.—An external appeal process shall be conducted consistent with standards established by the appropriate Secretary that include at least the following:

(A) FAIR PROCESS; DE NOVO DETERMINATION.—The process shall provide for a fair, de novo determination.

(B) DETERMINATION CONCERNING EXTERNALLY APPEALABLE DECISIONS.—A qualified external appeal entity shall determine whether a decision is an externally appealable decision and related decisions, including—

(i) whether such a decision involves an expedited appeal;

(ii) the appropriate deadlines for internal review process required due to medical exigencies in a case; and

(iii) whether such a process has been completed.

(C) OPPORTUNITY TO SUBMIT EVIDENCE, HAVE REPRESENTATION, AND MAKE ORAL PRESENTATION.—Each party to an externally appealable decision—

(i) may submit and review evidence related to the issues in dispute,

(ii) may use the assistance or representation of one or more individuals (any of whom may be an attorney), and

(iii) may make an oral presentation.

(D) PROVISION OF INFORMATION.—The plan or issuer involved shall provide timely access to all its records relating to the matter of the externally appealable decision and to all provisions of the plan or health insurance coverage (including any coverage manual) relating to the matter.

(E) TIMELY DECISIONS.—A determination by the external appeal entity on the decision shall—

(i) be made orally or in writing and, if it is made orally, shall be supplied to the parties in writing as soon as possible;

(ii) be binding on the plan or issuer;

(iii) be made in accordance with the medical exigencies of the case involved, but in no event later than 60 days (or 72 hours in the case of an expedited appeal) from the date of completion of the filing of notice of external appeal of the decision;

(iv) state, in layperson's language, the basis for the determination, including, if relevant, any basis in the terms or conditions of the plan or coverage; and

(v) inform the participant, beneficiary, or enrollee of the individual's rights to seek further review by the courts (or other process) of the external appeal determination.

(c) QUALIFICATIONS OF EXTERNAL APPEAL ENTITIES.—

(1) IN GENERAL.—For purposes of this section, the term ''qualified external appeal entity'' means, in relation to a plan or issuer, an entity (which may be a governmental entity) that is certified under paragraph (2) as meeting the following requirements:

(A) There is no real or apparent conflict of interest that would impede the entity conducting external appeal activities independent of the plan or issuer.

(B) The entity conducts external appeal activities through clinical peers.

(C) The entity has sufficient medical, legal, and other expertise and sufficient staffing to conduct external appeal activities for the plan or issuer on a timely basis consistent with subsection (b)(3)(E).

(D) The entity meets such other requirements as the appropriate Secretary may impose.

(2) CERTIFICATION OF EXTERNAL APPEAL ENTITIES.—

(A) IN GENERAL.—In order to be treated as a qualified external appeal entity with respect to—

(i) a group health plan, the entity must be certified (and, in accordance with subparagraph (B), periodically recertified) as meeting the requirements of paragraph (1) by the Secretary of Labor (or under a process recognized or approved by the Secretary of Labor); or

(ii) a health insurance issuer operating in a State, the entity must be certified (and, in accordance with subparagraph (B), periodically recertified) as meeting such requirements by the applicable State authority (or, if the States has not established an adequate certification and recertification process, by

the Secretary of Health and Human Services, or under a process recognized or approved by such Secretary).

(B) RECERTIFICATION PROCESS.—The appropriate Secretary shall develop standards for the recertification of external appeal entities. Such standards shall include a specification of—

(i) the information required to be submitted as a condition of recertification on the entity's performance of external appeal activities, which information shall include the number of cases reviewed, a summary of the disposition of those cases, the length of time in making determinations on those cases, and such information as may be necessary to assure the independence of the entity from the plans or issuers for which external appeal activities are being conducted; and

(ii) the periodicity which recertification will be required.

(d) CONTINUING LEGAL RIGHTS OF ENROLLEES.—Nothing in this subtitle shall be construed as removing any legal rights of participants, beneficiaries, enrollees, and others under State or Federal law, including the right to file judicial actions to enforce rights.

CHAPTER 5—PROTECTING THE DOCTOR-PATIENT RELATIONSHIP

SEC. ___141. PROHIBITION OF INTERFERENCE WITH CERTAIN MEDICAL COMMUNICATIONS.

(a) PROHIBITION.—

(1) GENERAL RULE.—The provisions of any contract or agreement, or the operation of any contract or agreement, between a group health plan or health insurance issuer in relation to health insurance coverage (including any partnership, association, or other organization that enters into or administers such a contract or agreement) and a health care provider (or group of health care providers) shall not prohibit or restrict the provider from engaging in medical communications with the provider's patient.

(2) NULLIFICATION.—Any contract provision or agreement described in paragraph (1) shall be null and void.

(b) RULES OF CONSTRUCTION.—Nothing in this section shall be construed—

(1) to prohibit the enforcement, as part of a contract or agreement to which a health care provider is a party, of any mutually agreed upon terms and conditions, including terms and conditions requiring a health care provider to participate in, and cooperate with, all programs, policies, and procedures developed or operated by a group health plan or health insurance issuer to assure, review, or improve the quality and effective utilization of health care services (if such utilization is according to guidelines or protocols that are based on clinical or scientific evidence and the professional judgment of the provider) but only if the guidelines or protocols under such utilization do not prohibit or restrict medical communications between providers and their patients; or

(2) to permit a health care provider to misrepresent the scope of benefits covered under the group health plan or health insurance coverage or to otherwise require a group health plan health insurance issuer to reimburse providers for benefits not covered under the plan or coverage.

(c) MEDICAL COMMUNICATION DEFINED.—In this section:

(1) IN GENERAL.—The term ''medical communication'' means any communication made by a health care provider with a patient of the health care provider (or the guardian or legal representative of such patient) with respect to—

(A) the patient's health status, medical care, or treatment options;

(B) any utilization review requirements that may affect treatment options for the patient; or

(C) any financial incentives that may affect the treatment of the patient.

(2) MISREPRESENTATION.—The term ''medical communication'' does not include a communication by a health care provider with a patient of the health care provider (or the guardian or legal representative of such patient) if the communication involves a knowing or willful misrepresentation by such provider.

SEC. ___142. PROHIBITION AGAINST TRANSFER OF INDEMNIFICATION OR IMPROPER INCENTIVE ARRANGEMENTS.

(a) PROHIBITION OF TRANSFER OF INDEMNIFICATION.—

(1) IN GENERAL.—No contract or agreement between a group health plan or health insurance issuer (or any agent acting on behalf of such a plan or issuer) and a health care provider shall contain any provision purporting to transfer to the health care provider by indemnification or otherwise any liability relating to activities, actions, or omissions of the plan, issuer, or agent (as opposed to the provider).

(2) NULLIFICATION.—Any contract or agreement provision described in paragraph (1) shall be null and void.

(b) PROHIBITION OF IMPROPER PHYSICIAN INCENTIVE PLANS.—

(1) IN GENERAL.—A group health plan and a health insurance issuer offering health insurance coverage may not operate any physician incentive plan (as defined in subparagraph (B) of section 1876(i)(8) of the Social Security Act) unless the requirements described in subparagraph (A) of such section are met with respect to such a plan.

(2) APPLICATION.—For purposes of carrying out paragraph (1), any reference in section 1876(i)(8) of the Social Security Act to the Secretary, an eligible organization, or an individual enrolled with the organization shall be treated as a reference to the applicable authority, a group health plan or health insurance issuer, respectively, and a participant, beneficiary, or enrollee with the plan or organization, respectively.

SEC. ___143. ADDITIONAL RULES REGARDING PARTICIPATION OF HEALTH CARE PROFESSIONALS.

(a) PROCEDURES.—Insofar as a group health plan, or health insurance issuer that offers health insurance coverage, provides benefits through participating health care professionals, the plan or issuer shall establish reasonable procedures relating to the participation (under an agreement between a professional and the plan or issuer) of such professionals under the plan or coverage. Such procedures shall include—

(1) providing notice of the rules regarding participation;

(2) providing written notice of participation decisions that are adverse to professionals; and

(3) providing a process within the plan or issuer for appealing such adverse decisions, including the presentation of information and views of the professional regarding such decision.

(b) CONSULTATION IN MEDICAL POLICIES.—A group health plan, and health insurance issuer that offers health insurance coverage, shall consult with participating physicians (if any) regarding the plan's or issuer's medical policy, quality, and medical management procedures.

SEC. ___144. PROTECTION FOR PATIENT ADVOCACY.

(a) PROTECTION FOR USE OF UTILIZATION REVIEW AND GRIEVANCE PROCESS.—A group health plan, and a health insurance issuer with respect to the provision of health insurance coverage, may not retaliate against a participant, beneficiary, enrollee, or health care provider based on the participant's, beneficiary's, enrollee's or provider's use of, or participation in, a utilization review process or a grievance process of the plan or issuer (including an internal or external review or appeal process) under this subtitle.

(b) PROTECTION FOR QUALITY ADVOCACY BY HEALTH CARE PROFESSIONALS.—

(1) IN GENERAL.—A group health plan or health insurance issuer may not retaliate or discriminate against a protected health care professional because the professional in good faith—

(A) discloses information relating to the care, services, or conditions affecting one or more participants, beneficiaries, or enrollees of the plan or issuer to an appropriate public regulatory agency, an appropriate private accreditation body, or appropriate management personnel of the plan or issuer; or

(B) initiates, cooperates, or otherwise participates in an investigation or proceeding by such an agency with respect to such care, services, or conditions.

If an institutional health care provider is a participating provider with such a plan or issuer or otherwise receives payments for benefits provided by such a plan or issuer, the provisions of the previous sentence shall apply to the provider in relation to care, services, or conditions affecting one or more patients within an institutional health care provider in the same manner as they apply to the plan or issuer in relation to care, services, or conditions provided to one or more participants, beneficiaries, or enrollees; and for purposes of applying this sentence, any reference to a plan or issuer is deemed a reference to the institutional health care provider.

(2) GOOD FAITH ACTION.—For purposes of paragraph (1), a protected health care professional is considered to be acting in good faith with respect to disclosure of information or participation if, with respect to the information disclosed as part of the action—

(A) the disclosure is made on the basis of personal knowledge and is consistent with that degree of learning and skill ordinarily possessed by health care professionals with the same licensure or certification and the same experience;

(B) the professional reasonably believes the information to be true;

(C) the information evidences either a violation of a law, rule, or regulation, of an applicable accreditation standard, or of a generally recognized professional or clinical standard or that a patient is in imminent hazard of loss of life or serious injury; and

(D) subject to subparagraphs (B) and (C) of paragraph (3), the professional has followed reasonable internal procedures of the plan, issuer, or institutional health care provider established or the purpose of addressing quality concerns before making the disclosure.

(3) EXCEPTION AND SPECIAL RULE.—

(A) GENERAL EXCEPTION.—Paragraph (1) does not protect disclosures that would violate Federal or State law or diminish or impair the rights of any person to the continued protection of confidentiality of communications provided by such law.

(B) NOTICE OF INTERNAL PROCEDURES.—Subparagraph (D) of paragraph (2) shall not apply unless the internal procedures involved are reasonably expected to be known to the health care professional involved. For purposes of this subparagraph, a health care professional is reasonably expected to know of internal procedures if those procedures have been made available to the professional through distribution or posting.

(C) INTERNAL PROCEDURE EXCEPTION.—Subparagraph (D) of paragraph (2) also shall not apply if—

(i) the disclosure relates to an imminent hazard of loss of life or serious injury to a patient;

(ii) the disclosure is made to an appropriate private accreditation body pursuant to disclosure procedures established by the body; or

(iii) the disclosure is in response to an inquiry made in an investigation or proceeding of an appropriate public regulatory agency and the information disclosed is limited to the scope of the investigation or proceeding.

(4) ADDITIONAL CONSIDERATIONS.—It shall not be a violation of paragraph (1) to take an adverse action against a protected health care professional if the plan, issuer, or provider taking the adverse action involved demonstrates that it would have taken the same adverse action even in the absence of the activities protected under such paragraph.

(5) NOTICE.—A group health plan, health insurance issuer, and institutional health care provider shall post a notice, to be provided or approved by the Secretary of Labor, setting forth excerpts from, or summaries of, the pertinent provisions of this subsection and information pertaining to enforcement of such provisions.

(6) CONSTRUCTIONS.—

(A) DETERMINATIONS OF COVERAGE.—Nothing in this subsection shall be construed to prohibit a plan or issuer from making a determination not to pay for a particular medical treatment or service or the services of a type of health care professional.

(B) ENFORCEMENT OF PEER REVIEW PROTOCOLS AND INTERNAL PROCEDURES.—Nothing in this subsection shall be construed to prohibit a plan, issuer, or provider from establishing and enforcing reasonable peer review or utilization review protocols or determining whether a protected health care professional has complied with those protocols or from establishing and enforcing internal procedures for the purpose of addressing quality concerns.

(C) RELATION TO OTHER RIGHTS.—Nothing in this subsection shall be construed to abridge rights of participants, beneficiaries, enrollees, and protected health care professionals under other applicable Federal or State laws.

(7) PROTECTED HEALTH CARE PROFESSIONAL DEFINED.—For purposes of this subsection, the term ''protected health care professional'' means an individual who is a licensed or certified health care professional and who—

(A) with respect to a group health plan or health insurance issuer, is an employee of the plan or issuer or has a contract with the plan or issuer for provision of services for which benefits are available under the plan or issuer; or

(B) with respect to an institutional health care provider, is an employee of the provider or has a contract or other arrangement with the provider respecting the provision of health care services.

CHAPTER 6—PROMOTING GOOD MEDICAL PRACTICE

SEC. ___151. PROMOTING GOOD MEDICAL PRACTICE.

(a) PROHIBITING ARBITRARY LIMITATIONS OR CONDITIONS FOR THE PROVISION OF SERVICES.—

(1) IN GENERAL.—A group health plan, and a health insurance issuer in connection with the provision of health insurance coverage, may not arbitrarily interfere with or alter the decision of the treating physician regarding the manner or setting in which particular services are delivered if the services are medically necessary or appropriate for treatment or diagnosis to the extent that such treatment or diagnosis is otherwise a covered benefit.

(2) CONSTRUCTION.—Paragraph (1) shall not be construed as prohibiting a plan or issuer from limiting the delivery of services to one or more health care providers within a network of such providers.

(3) MANNER OR SETTING DEFINED.—In paragraph (1), the term ''manner or setting'' means the location of treatment, such as whether treatment is provided on an inpatient or outpatient basis, and the duration of treatment, such as the number of days in a hospital, Such term does not include the coverage of a particular service or treatment.

(b) NO CHANGE IN COVERAGE.—Subsection (a) shall not be construed as requiring coverage of particular services the coverage of which is otherwise not covered under the terms of the plan or coverage or from conducting utilization review activities consistent with this subsection.

(c) MEDICAL NECESSITY OR APPROPRIATENESS DEFINED.—In subsection (a), the term ''medically necessary or appropriate'' means, with respect to a service or benefit, a service or benefit which is consistent with generally accepted principles of professional medical practice.

SEC. ___152. STANDARDS RELATING TO BENEFITS FOR CERTAIN BREAST CANCER TREATMENT.

(a) INPATIENT CARE.—

(1) IN GENERAL.—A group health plan, and a health insurance issuer offering group health insurance coverage, that provides medical and surgical benefits shall ensure that inpatient coverage with respect to the treatment of breast cancer is provided for a period of time as is determined by the attending physician, in his or her professional judgment consistent with generally accepted medical standards, in consultation with the patient, to be medically appropriate following—

(A) a mastectomy;

(B) a lumpectomy; or

(C) a lymph node dissection for the treatment of breast cancer.

(2) EXCEPTION.—Nothing in this section shall be construed as requiring the provision of inpatient coverage if the attending physician and patient determine that a shorter period of hospital stay is medically appropriate.

(b) PROHIBITIONS.—A group health plan, and a health insurance issuer offering group health insurance coverage in connection with a group health plan, may not—

(1) deny to a woman eligibility, or continued eligibility, to enroll or to renew coverage under the terms of the plan, solely for the purpose of avoiding the requirements of this section;

(2) provide monetary payments or rebates to women to encourage such women to accept less than the minimum protections available under this section;

(3) penalize or otherwise reduce or limit the reimbursement of an attending provider because such provider provided care to an individual participant or beneficiary in accordance with this section;

(4) provide incentives (monetary or otherwise) to an attending provider to induce such provider to provide care to an individual participant or beneficiary in a manner inconsistent with this section; or

(5) subject to subsection (c)(3), restrict benefits for any portion of a period within a hospital length of stay required under subsection (a) in a manner which is less favorable than the benefits provided for any preceding portion of such stay.

(c) RULES OF CONSTRUCTION.—

(1) Nothing in this section shall be construed to require a woman who is a participant or beneficiary—

(A) to undergo a mastectomy or lymph node dissection in a hospital; or

(B) to stay in the hospital for a fixed period of time following a mastectomy or lymph node dissection.

(2) This section shall not apply with respect to any group health plan, or any group health insurance coverage offered by a health insurance issuer, which does not provide benefits for hospital lengths of stay in connection with a mastectomy or lymph node dissection for the treatment of breast cancer.

(3) Nothing in this section shall be construed as preventing a group health plan or issuer from imposing deductibles, coinsurance, or other cost-sharing in relation to benefits for hospital lengths of stay in connection with a mastectomy or lymph node dissection for the treatment of breast cancer under the plan (or under health insurance coverage offered in connection with a group health plan), except that such coinsurance or other cost-sharing for any portion of a period within a hospital length of stay required under subsection (a) may not be greater than such coinsurance or cost-sharing for any preceding portion of such stay.

(d) LEVEL AND TYPE OF REIMBURSEMENTS.—Nothing in this section shall be construed to prevent a group health plan or a health insurance issuer offering group health insurance coverage from negotiating the level and type of reimbursement with a provider for care provided in accordance with this section.

(e) EXCEPTION FOR HEALTH INSURANCE COVERAGE IN CERTAIN STATES.—

(1) IN GENERAL.—The requirements of this section shall not apply with respect to health insurance coverage if there is a State law (as defined in section 2723(d)(1) of the Public Health Service Act) for a State that regulates such coverage that is described in any of the following subparagraphs:

(A) Such State law requires such coverage to provide for at least a 48-hour hospital length of stay following a mastectomy performed for treatment of breast cancer and at least a 24-hour hospital length of stay following a lymph node dissection for treatment of breast cancer.

(B) Such State law requires, in connection with such coverage for surgical treatment of breast cancer, that the hospital length of stay for such care is left to the decision of (or required to be made by) the attending provider in consultation with the woman involved.

(2) CONSTRUCTION.—Section 2723(a)(1) of the Public Health Service Act and section 731(a)(1) of the Employee Retirement Income Security Act of 1974 shall not be construed as superseding a State law described in paragraph (1).

SEC. ___153. STANDARDS RELATING TO BENEFITS FOR RECONSTRUCTIVE BREAST SURGERY.

(a) REQUIREMENTS FOR RECONSTRUCTIVE BREAST SURGERY.—

(1) IN GENERAL.—A group health plan, and a health insurance issuer offering group health insurance coverage, that provides coverage for breast surgery in connection with a mastectomy shall provide coverage for reconstructive breast surgery resulting from the mastectomy. Such coverage shall include coverage for all stages of reconstructive breast surgery performed on a nondiseased breast to establish symmetry with the diseased when reconstruction on the diseased breast is performed and coverage of prostheses and complications of mastectomy including lymphedema.

(2) RECONSTRUCTIVE BREAST SURGERY DEFINED.—In this section, the term ''reconstructive breast surgery'' means surgery performed as a result of a mastectomy to reestablish symmetry between two breasts, and includes augmentation mammoplasty, reduction mammoplasty, and mastopexy.

(3) MASTECTOMY DEFINED.—In this section, the term ''mastectomy'' means the surgical removal of all or part of a breast.

(b) PROHIBITIONS.—

(1) DENIAL OF COVERAGE BASED ON COSMETIC SURGERY.—A group health plan, and a health insurance issuer offering group health insurance coverage in connection with a group health plan, may not deny coverage described in subsection (a)(1) on the basis that the coverage is for cosmetic surgery.

(2) APPLICATION OF SIMILAR PROHIBITIONS.—Paragraphs (2) through (5) of section ___152 shall apply under this section in the same manner as they apply with respect to section ___152.

(c) RULES OF CONSTRUCTION.—

(1) Nothing in this section shall be construed to require a woman who is a participant or beneficiary to undergo reconstructive breast surgery.

(2) This section shall not apply with respect to any group health plan, or any group health insurance coverage offered by a health insurance issuer, which does not provide benefits for mastectomies.

(3) Nothing in this section shall be construed as preventing a group health plan or issuer from imposing deductibles, coinsurance, or other cost-sharing in relation to benefits for reconstructive breast surgery under the plan (or under health insurance coverage offered in connection with a group health plan), except that such coinsurance or other cost-sharing for any portion may not be greater than such coinsurance or cost-sharing that is otherwise applicable with respect to benefits for mastectomies.

(e) LEVEL AND TYPE OF REIMBURSEMENTS.—Nothing in this section shall be construed to prevent a group health plan or a health insurance issuer offering group health insurance coverage from negotiating the level and type of reimbursement with a provider for care provided in accordance with this section.

(f) EXCEPTION FOR HEALTH INSURANCE COVERAGE IN CERTAIN STATES.—

(1) IN GENERAL.—The requirements of this section shall not apply with respect to health insurance coverage if there is a State law (as defined in section 2723(d)(1) of the Public Health Service Act) for a State that regulates such coverage and that requires coverage of at least the coverage of reconstructive breast surgery otherwise required under this section.

(2) CONSTRUCTION.—Section 2723(a)(1) of the Public Health Service Act and section 731(a)(1) of the Employee Retirement Income Security Act of 1974 shall not be construed as superseding a State law described in paragraph (1).

CHAPTER 7—DEFINITIONS

SEC. ___191. DEFINITIONS.

(a) INCORPORATION OF GENERAL DEFINITIONS.—The provisions of section 2971 of the Public Health Service Act shall apply for purposes of this subtitle in the same manner as they apply for purposes of title XXVII of such Act.

(b) SECRETARY.—Except as otherwise provided, the term ''Secretary'' means the Secretary of Health and Human Services, in consultation with the Secretary of Labor and the Secretary of the Treasury and the term ''appropriate Secretary'' means the Secretary of Health and Human Services in relation to carrying out this subtitle under sections 2706 and 2751 of the Public Health Service Act, the Secretary of Labor in relation to carrying out this subtitle under section 713 of the Employee Retirement Income Security Act of 1974, and the Secretary of the Treasury in relation to carrying out this subtitle under chapter 100 and section 4980D of the Internal Revenue Code of 1986.

(c) ADDITIONAL DEFINITIONS.—For purposes of this subtitle:

(1) APPLICABLE AUTHORITY.—The term ''applicable authority'' means—

(A) in the case of a group health plan, the Secretary of Health and Human Services and the Secretary of Labor; and

(B) in the case of a health insurance issuer with respect to a specific provision of this subtitle, the applicable State authority (as defined in section 2791(d) of the Public Health Service Act), or the Secretary of Health and Human Services, if such Secretary is enforcing such provision under section 2722(a)(2) or 2761(a)(2) of the Public Health Service Act.

(2) CLINICAL PEER.—The term ''clinical peer'' means, with respect to a review or appeal, a physician (allopathic or osteopathic) or other health care professional who holds a non-restricted license in a State and who is appropriately credentialed in the same or similar specialty as typically manages the medical condition, procedure, or treatment under review or appeal and includes a pediatric specialist where appropriate; except that only a physician may be a clinical peer with respect to the review or appeal of treatment rendered by a physician.

(3) HEALTH CARE PROVIDER.—The term ''health care provider'' includes a physician or other health care professional, as well as an institutional provider of health care services.

(4) NONPARTICIPATING.—The term ''nonparticipating'' means, with respect to a health care provider that provides health care items and services to a participant, beneficiary, or enrollee under group health plan or health insurance coverage, a health care provider that is not a participating health care provider with respect to such items and services.

(5) PARTICIPATING.—The term ''participating'' mean, with respect to a health care provider that provides health care items and services to a participant, beneficiary, or enrollee under group health plan or health insurance coverage offered by a health insurance issuer, a health care provider that furnishes such items and services under a contract or other arrangement with the plan or issuer.

SEC. ___192. PREEMPTION; STATE FLEXIBILITY; CONSTRUCTION.

(a) CONTINUED APPLICABILITY OF STATE LAW WITH RESPECT TO HEALTH INSURANCE ISSUERS.—

(1) IN GENERAL.—Subject to paragraph (2), this subtitle shall not be construed to supersede any provision of State law which establishes, implements, or continues in effect any standard or requirement solely relating to health insurance issuers in connection with group health insurance coverage except to the extent that such standard or requirement prevents the application of a requirement of this subtitle.

(2) CONTINUED PREEMPTION WITH RESPECT TO GROUP HEALTH PLANS.—Nothing in this subtitle shall be construed to affect or modify the provisions of section 514 of the Employee Retirement Income Security Act of 1974 with respect to group health plans.

(b) RULES OF CONSTRUCTION.—Except as provided in sections ___152 and ___153, nothing in this subtitle shall be construed as requiring a group health plan or health insurance coverage to provide specific benefits under the terms of such plan or coverage.

(c) DEFINITIONS.—For purposes of this section:

(1) STATE LAW.—The term ''State law'' includes all laws, decisions, rules, regulations, or other State action having the effect of law, of any State. A law of the United States applicable only to the District of Columbia shall be treated as a State law rather than a law of the United States.

(2) STATE.—The term ''State'' includes a State, the Northern Mariana Islands, any political subdivisions of a State or such Islands, or any agency or instrumentality of either.

SEC. ___193. REGULATIONS.

The Secretaries of Health and Human Services, Labor, and the Treasury shall issue such regulations as may be necessary or appropriate to carry out this subtitle. Such regulations shall be issued consistent with section 104 of Health Insurance Portability and Accountability Act of 1996. Such Secretaries may promulgate any interim final rules as the Secretaries determine are appropriate to carry out this subtitle.

Subtitle B—Application of Patient Protection Standards to Group Health Plans and Health Insurance Coverage Under Public Health Service Act

SEC. ___201. APPLICATION TO GROUP HEALTH PLANS AND GROUP HEALTH INSURANCE COVERAGE.

(a) IN GENERAL.—Subpart 2 of part A of title XXVII of the Public Health Service Act is amended by adding at the end the following new section:

''SEC. 2706. PATIENT PROTECTION STANDARDS.

''(a) IN GENERAL.—Each group health plan shall comply with patient protection requirements under subtitle A of the Patients' Bill of Rights Act of 1998, and each health insurance issuer shall comply with patient protection requirements under such subtitle with respect to group health insurance coverage it offers, and such requirements shall be deemed to be incorporated into this subsection.

''(b) NOTICE.—A group health plan shall comply with the notice requirement under section 711(d) of the Employee Retirement Income Security Act of 1974 with respect to the requirements referred to in subsection (a) and a health insurance issuer shall comply with such notice requirement as if such section applied to such issuer and such issuer were a group health plan.''.

(b) CONFORMING AMENDMENT.—Section 2721(b)(1)(A) of such Act (42 U.S.C. 300gg–21(b)(1)(A)) is amended by inserting ''(other than section 2706)'' after ''requirements of such subparts''.

SEC. ___202. APPLICATION TO INDIVIDUAL HEALTH INSURANCE COVERAGE.

Part B of title XXVII of the Public Health Service Act is amended by inserting after section 2751 the following new section:

''SEC. 2752. PATIENT PROTECTION STANDARDS.

''(a) IN GENERAL.—Each health insurance issuer shall comply with patient protection requirements under subtitle A of the Patients' Bill of Rights Act of 1998 with respect to individual health insurance coverage it offers, and such requirements shall be deemed to be incorporated into this subsection.

''(b) NOTICE.—A health insurance issuer under this part shall comply with the notice requirement under section 711(d) of the Employee Retirement Income Security Act of 1974 with respect to the requirements of such subtitle as if such section applied to such issuer and such issuer were a group health plan.''.

Subtitle C—Amendments to the Employee Retirement Income Security Act of 1974

SEC. ___301. APPLICATION OF PATIENT PROTECTION STANDARDS TO GROUP HEALTH PLANS AND GROUP HEALTH INSURANCE COVERAGE UNDER THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

(a) IN GENERAL.—Subpart B of part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 is amended by adding at the end the following new section:

"SEC. 713. PATIENT PROTECTION STANDARDS.

''(a) IN GENERAL.—Subject to subsection (b), a group health plan (and a health insurance issuer offering group health insurance coverage in connection with such a plan) shall comply with the requirements of subtitle A of the Patients' Bill of Rights Act of 1998 (as in effect as of the date of the enactment of such Act), and such requirements shall be deemed to be incorporated into this subsection.

''(b) PLAN SATISFACTION OF CERTAIN REQUIREMENTS.—

''(1) SATISFACTION OF CERTAIN REQUIREMENTS THROUGH INSURANCE.—For purposes of subsection (a), insofar as a group health plan provides benefits in the form of health insurance coverage through a health insurance issuer, the plan shall be treated as meeting the following requirements of subtitle A of the Patients' Bill of Rights Act of 1998 with respect to such benefits and not be considered as failing to meet such requirements because of a failure of the issuer to meet such requirements so long as the plan sponsor or its representatives did not cause such failure by the issuer:

''(A) section ___101 (relating to access to emergency care).

''(B) Section ___102(a)(1) (relating to offering option to purchase point-of-service coverage), but only insofar as the plan is meeting such requirement through an agreement with the issuer to offer the option to purchase point-of-service coverage under such section.

''(C) Section ___103 (relating to choice of providers).

''(D) Section ___104 (relating to access to specialty care).

''(E) Section ___105(a)(1) (relating to continuity in case of termination of provider contract) and section ___105(a)(2) (relating to continuity in case of termination of issuer contract), but only insofar as a replacement issuer assumes the obligation for continuity of care.

''(F) section ___106 (relating to coverage for individuals participating in approved clinical trials.)

''(G) section ___107 (relating to access to needed prescription drugs).

''(H) Section ___108 (relating to adequacy of provider network).

''(I) Chapter 2 (relating to quality assurance).

''(J) Section ___143 (relating to additional rules regarding participation of health care professionals).

''(K) Section ___152 (relating to standards relating to benefits for certain breast cancer treatment).

''(L) Section ___153 (relating to standards relating to benefits for reconstructive breast surgery).

''(2) INFORMATION.—With respect to information required to be provided or made available under section ___121, in the case of a group health plan that provides benefits in the form of health insurance coverage through a health insurance issuer, the Secretary shall determine the circumstances under which the plan is not required to provide or make available the information (and is not liable for the issuer's failure to provide or make available the information), if the issuer is obligated to provide and make available (or provides and makes available) such information.

''(3) GRIEVANCE AND INTERNAL APPEALS.—With respect to the grievance system and internal appeals process required to be established under sections ___131 and ___132, in the case of a group health plan that provides benefits in the form of health insurance coverage through a health insurance issuer, the Secretary shall determine the circumstances under which the plan is not required to provide for such system and process (and is not liable for the issuer's failure to provide for such system and process), if the issuer is obligated to provide for (and provides for) such system and process.

''(4) EXTERNAL APPEALS.—Pursuant to rules of the Secretary, insofar as a group health plan enters into a contract with a qualified external appeal entity for the conduct of external appeal activities in accordance with section ___133, the plan shall be treated as meeting the requirement of such section and is not liable for the entity's failure to meet any requirements under such section.

''(5) APPLICATION TO PROHIBITIONS.—Pursuant to rules of the Secretary, if a health insurance issuer offers health insurance coverage in connection with a group health plan and takes an action in violation of any of the following sections, the group health plan shall not be liable for such violation unless the plan caused such violation:

''(A) Section ___109 (relating to nondiscrimination in delivery of services).

''(B) Section ___141 (relating to prohibition of interference with certain medical communications).

''(C) Section ___142 (relating to prohibition against transfer of indemnification or improper incentive arrangements).

''(D) Section ___144 (relating to prohibition on retaliation).

''(E) Section ___151 (relating to promoting good medical practice).

''(6) CONSTRUCTION.—Nothing in this subsection shall be construed to affect or modify the responsibilities of the fiduciaries of a group health plan under part 4 of subtitle B.

''(7) APPLICATION TO CERTAIN PROHIBITIONS AGAINST RETALIATION.—With respect to compliance with the requirements of section ___144(b)(1) of the Patients' Bill of Rights Act of 1998, for purposes of this subtitle the term 'group health plan' is deemed to include a reference to an institutional health care provider.

''(c) ENFORCEMENT OF CERTAIN REQUIREMENTS.—

''(1) COMPLAINTS.—Any protected health care professional who believes that the professional has been retaliated or discriminated against in violation of section ___144(b)(1) of the Patients' Bill of Rights Act of 1998 may file with the Secretary a complaint within 180 days of the date of the alleged retaliation or discrimination.

''(2) INVESTIGATION.—The Secretary shall investigate such complaints and shall determine if a violation of such section has occurred and, if so, shall issue an order to ensure that the protected health care professional does not suffer any loss of position, pay, or benefits in relation to the plan, issuer, or provider involved, as a result of the violation found by the Secretary.

''(d) CONFORMING REGULATIONS.—The Secretary may issue regulations to coordinate the requirements on group health plans under this section with the requirements imposed under the other provisions of this title.''.

(b) SATISFACTION OF ERISA CLAIMS PROCEDURE REQUIREMENT.—Section 503 of such Act (29 U.S.C. 1133) is amended by inserting ''(a)'' after ''SEC. 503.'' and by adding at the end the following new subsection:

''(b) In the case of a group health plan (as defined in section 733) compliance with the requirements of chapter 4 (and section ___115) of subtitle A of the Patients' Bill of Rights Act of 1998 in the case of a claims denial shall be deemed compliance with subsection (a) with respect to such claims denial.''.

(c) CONFORMING AMENDMENTS.—(1) Section 732(a) of such Act (29 U.S.C. 1185(a)) is amended by striking ''section 711'' and inserting ''sections 711 and 713''.

(2) The table of contents in section 1 of such Act is amended by inserting after the item relating to section 712 the following new item:

''Sec. 713. Patient protection standards.''.

(3) Section 502(b)(3) of such Act (29 U.S.C. 1132(b)(3)) is amended by inserting ''(other than section 144(b))'' after ''part 7''.

SEC. ___302. ERISA PREEMPTION NOT TO APPLY TO CERTAIN ACTIONS INVOLVING HEALTH INSURANCE POLICYHOLDERS.

(a) IN GENERAL.—Section 514 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1144) is amended by adding at the end the following subsection:

''(e) PREEMPTION NOT TO APPLY TO CERTAIN ACTIONS ARISING OUT OF PROVISION OF HEALTH BENEFITS.—

''(1) IN GENERAL.—Except as provided in this subsection, nothing in this title shall be construed to invalidate, impair, or supersede any cause of action brought by a plan participant or beneficiary (or the estate of a plan participant or beneficiary) under State law to recover damages resulting from personal injury or for wrongful death against any person—

''(A) in connection with the provision of insurance, administrative services, or medical services by such person to or for a group health plan (as defined in section 733), or

''(B) that arises out of the arrangement by such person for the provision of such insurance, administrative services, or medical services by other persons.

For purposes of this subsection, the term 'personal injury' means a physical injury and includes an injury arising out of the treatment (or failure to treat) a mental illness or disease.

''(2) EXCEPTION FOR EMPLOYERS AND OTHER PLAN SPONSORS.—

''(A) IN GENERAL.—Subject to subparagraph (B), paragraph (1) does not authorize—

''(i) any cause of action against an employer or other plan sponsor maintaining the group health plan (or against an employee of such an employer or sponsor acting within the scope of employment), or

''(ii) a right of recovery or indemnity by a person against an employer or other plan sponsor (or such an employee) for damages assessed against the person pursuant to a cause of action under paragraph (1).

''(B) SPECIAL RULE.—Subparagraph (A) shall not preclude any cause of action described in paragraph (1) against an employer or other plan sponsor (or against an employee of such an employer or sponsor acting within the scope of employment) if—

''(i) such action is based on the employer's or other plan sponsor's (or employee's) exercise of discretionary authority to make a decision on a claim for benefits covered under the plan or health insurance coverage in the case at issue; and

''(ii) the exercise by such employer or other plan sponsor (or employee) of such authority resulted in personal injury or wrongful death.

''(3) CONSTRUCTION.—Nothing in this subsection shall be construed as permitting a

cause of action under State law for the failure to provide an item or service which is not covered under the group health plan involved.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to acts and omissions occurring on or after the date of the enactment of this title from which a cause of action arises.

Subtitle D—Application to Group Health Plans Under the Internal Revenue Code of 1986.

SEC. ___401. AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.

Subchapter B of chapter 100 of the Internal Revenue Code of 1986 (as amended by section 1531(a) of the Taxpayer Relief Act of 1997) is amended—

(1) in the table of sections, by inserting after the item relating to section 9812 the following new item:

''Sec. 9813. Standard relating to patient freedom of choice.''; and

(2) by inserting after section 9812 the following:

''SEC. 9813. STANDARD RELATING TO PATIENTS' BILL OF RIGHTS.

''A group health plan shall comply with the requirements of subtitle A of the Patients' Bill of Rights Act of 1998 (as in effect as of the date of the enactment of such Act), and such requirements shall be deemed to be incorporated into this section.''.

Subtitle E—Effective Dates; Coordination in Implementation

SEC. ___501. EFFECTIVE DATES.

(a) GROUP HEALTH COVERAGE.—

(1) IN GENERAL.—Subject to paragraph (2), the amendments made by sections 2201(a) and 2301 (and subtitle A insofar as it relates to such sections) shall apply with respect to group health plans, and health insurance coverage offered in connection with group health plans, for plan years beginning on or after July 1, 1999 (in this section referred to as the ''general effective date'').

(2) TREATMENT OF COLLECTIVE BARGAINING AGREEMENTS.—In the case of a group health plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified before the date of enactment of this title, the amendments made by sections 2201(a) and 2301 (and subtitle A insofar as it relates to such sections) shall not apply to plan years beginning before the later of—

(A) the date on which the last collective bargaining agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of enactment of this title), or

(B) the general effective date.

For purposes of subparagraph (A), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement added by this title shall not be treated as a termination of such collective bargaining agreement.

(b) INDIVIDUAL HEALTH INSURANCE COVERAGE.—The amendments made by section ___202 shall apply with respect to individual health insurance coverage offered, sold, issued, renewed, in effect, or operated in the individual market on or after the general effective date.

SEC. ___502. COORDINATION IN IMPLEMENTATION.

Section 104(1) of Health Insurance Portability and Accountability Act of 1996 is amended by inserting ''or under subtitle A of the Patients' Bill of Rights Act of 1998 (and the amendments made by such title)'' after ''section 401)''.

Subtitle F—Revenue

SEC. ___601. EXTENSION OF HAZARDOUS SUBSTANCE SUPERFUND TAXES.

(a) EXTENSION OF TAXES.—

(1) ENVIRONMENTAL TAX.—Section 59A(e) of the Internal Revenue Code of 1986 is amended to read as follows:

''(e) APPLICATION OF TAX.—The tax imposed by this section shall apply to taxable years beginning after December 31, 1986, and before January 1, 1996, and to taxable years beginning after December 31, 1999, and before January 1, 2009.''

(2) EXCISE TAXES.—Section 4611(e) of such Code is amended to read as follows:

''(e) APPLICATION OF HAZARDOUS SUBSTANCE SUPERFUND FINANCING RATE.—The Hazardous Substance Superfund financing rate under this section shall apply after December 31, 1986, and before January 1, 1996, and after December 31, 1999, and before October 1, 2008.''

(b) EFFECTIVE DATES.—

(1) INCOME TAX.—The amendment made by subsection (a)(1) shall apply to taxable years beginning after December 31, 1999.

(2) EXCISE TAX.—The amendment made by subsection (a)(2) shall take effect on January 1, 2000.

SEC. ___602. CLARIFICATION OF DEFINITION OF SPECIFIED LIABILITY LOSS.

(a) IN GENERAL.—Subparagraph (B) of section 172(f)(1) of the Internal Revenue Code of 1986 (defining specified liability loss) is amended to read as follows:

''(B) Any amount (not described in subparagraph (A)) allowable as a deduction under this chapter which is attributable to a liability—

''(i) under a Federal or State law requiring the reclamation of land, decommissioning of a nuclear power plant (or any unit thereof), dismantlement of an offshore drilling platform, remediation of environmental contamination, or payment of workmen's compensation, and

''(ii) with respect to which the act (or failure to act) giving rise to such liability occurs at least 3 years before the beginning of the taxable year.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to net operating losses for taxable years beginning after the date of the enactment of this Act.

SEC. ___603. PROPERTY SUBJECT TO A LIABILITY TREATED IN SAME MANNER AS ASSUMPTION OF LIABILITY.

(a) REPEAL OF PROPERTY SUBJECT TO A LIABILITY TEST.—

(1) SECTION 357.—Section 357(a) of the Internal Revenue Code of 1986 (relating to assumption of liability) is amended by striking '', or acquires from the taxpayer property subject to a liability'' in paragraph (2).

(2) SECTION 358.—Section 358(d)(1) of such Code (relating to assumption of liability) is amended by striking ''or acquired from the taxpayer property subject to a liability''.

(3) SECTION 368.—

(A) Section 368(a)(1)(C) of such Code is amended by striking '', or the fact that property acquired is subject to a liability,''.

(B) The last sentence of section 368(a)(2)(B) of such Code is amended by striking '', and the amount of any liability to which any property acquired from the acquiring corporation is subject,''.

(b) CLARIFICATION OF ASSUMPTION OF LIABILITY.—Section 357(c) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

''(4) DETERMINATION OF AMOUNT OF LIABILITY ASSUMED.—For purposes of this section, section 358(d), section 368(a)(1)(C), and section 368(a)(2)(B)—

''(A) a liability shall be treated as having been assumed to the extent, as determined on the basis of facts and circumstances, the transferor is relieved of such liability or any portion thereof (including through an indemnity agreement or other similar arrangement), and

''(B) in the case of the transfer of any property subject to a nonrecourse liability, unless the facts and circumstances indicate otherwise, the transferee shall be treated as assuming with respect to such property a ratable portion of such liability determined on the basis of the relative fair market values (determined without regard to section 7701(g)) of all assets subject to such liability.

(c) APPLICATION TO PROVISIONS OTHER THAN SUBCHAPTER C.—

(1) SECTION 584.—Section 584(h)(3) of the Internal Revenue Code of 1986 is amended—

(A) by striking '', and the fact that any property transferred by the common trust fund is subject to a liability,'' in subparagraph (A),

(B) by striking clause (ii) of subparagraph (B) and inserting:

''(ii) ASSUMED LIABILITIES.—For purposes of clause (i), the term 'assumed liabilities' means any liability of the common trust fund assumed by any regulated investment company in connection with the transfer referred to in paragraph (1)(A).

''(C) ASSUMPTION.—For purposes of this paragraph, in determining the amount of any liability assumed, the rules of section 357(c)(4) shall apply.''

(2) SECTION 1031.—The last sentence of section 1031(d) of such Code is amended—

(A) by striking ''assumed a liability of the taxpayer or acquired from the taxpayer property subject to a liability'' and inserting ''assumed (as determined under section 357(c)(4)) a liability of the taxpayer'', and

(B) by striking ''or acquisition (in the amount of the liability)''.

(d) CONFORMING AMENDMENTS.—

(1) Section 351(h)(1) of the Internal Revenue Code of 1986 is amended by striking '', or acquires property subject to a liability,''.

(2) Section 357 of such Code is amended by striking ''or acquisition'' each place it appears in subsection (a) or (b).

(3) Section 357(b)(1) of such Code Is amended by striking ''or acquired''.

(4) Section 357(c)(1) of such Code is amended by striking '', plus the amount of the liabilities to which the property is subject,''.

(5) Section 357(c)(3) of such Code is amended by striking ''or to which the property transferred is subject''.

(6) Section 358(d)(1) of such Code is amended by striking ''or acquisition (in the amount of the liability)''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers after the date of the enactment of this Act.

SEC. ___604. EXCISE TAX ON PURCHASE OF STRUCTURED SETTLEMENT AGREEMENTS.

(a) IN GENERAL.—Subtitle D of the Internal Revenue Code of 1986 (relating to miscellaneous excise taxes) is amended by adding at the end the following:

''CHAPTER 48—STRUCTURED SETTLEMENT AGREEMENTS

''Sec. 5000A. Tax on purchases of structured settlement agreements.

''SEC. 5000A. TAX ON PURCHASES OF STRUCTURED SETTLEMENT AGREEMENTS.

''(a) IMPOSITION OF TAX.—There is hereby imposed on any person who purchases the right to receive payments under a structured settlement agreement a tax equal to 10 percent of the amount of the purchase price.

''(b) EXCEPTION FOR COURT-ORDERED PURCHASES.—Subsection (a) shall not apply to any purchase which is pursuant to a court order which finds that such purchase is necessary because of the extraordinary and unanticipated needs of the individual with the

personal injuries or sickness giving rise to the structured settlement agreement.

''(c) STRUCTURED SETTLEMENT AGREEMENT.—For purposes of this section, the term 'structured settlement agreement' means—

''(1) any right to receive (whether by suit or agreement) periodic payments as damages on account of personal injuries or sickness, or

''(2) any right to receive periodic payments as compensation for personal injuries or sickness under any workmen's compensation act.

''(d) PURCHASE.—For purposes of this section, the term 'purchase' has the meaning given such term by section 179(d)(2).''

(b) CONFORMING AMENDMENT.—The table of chapters for subtitle D of the Internal Revenue Code of 1986 is amended by adding at the end the following:

''CHAPTER 48. Structured settlement agreements.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to purchases after the date of enactment of this Act.

SEC. ___605. CLARIFICATION AND EXPANSION OF MATHEMATICAL ERROR ASSESSMENT PROCEDURES.

(a) TIN DEEMED INCORRECT IF INFORMATION ON RETURN DIFFERS WITH AGENCY RECORDS.—Section 6213(g)(2) of the Internal Revenue Code of 1986 (defining mathematical or clerical error) is amended by adding at the end the following flush sentence:

''A taxpayer shall be treated as having omitted a correct TIN for purposes of the preceding sentence if information provided by the taxpayer on the return with respect to the individual whose TIN was provided differs from the information the Secretary obtains from the person issuing the TIN.''

(b) EXPANSION OF MATHEMATICAL ERROR PROCEDURES TO CASES WHERE TIN ESTABLISHES INDIVIDUAL NOT ELIGIBLE FOR TAX CREDIT.—Section 6213(g)(2) of the Internal Revenue Code of 1986 is amended by striking ''and'' at the end of subparagraph (I), by striking the period at the end of the first subparagraph (J) (relating to higher education credit) and inserting a comma, by redesignating the second subparagraph (J) (relating to earned income credit) as subparagraph (K) and by striking the period at the end and inserting '', and'', and by adding at the end the following new subparagraph:

''(L) the inclusion of a TIN on a return with respect to an individual for whom a credit is claimed under section 21, 24, or 32 if, on the basis of data obtained by the Secretary from the person issuing the TIN, it is established that the individual does not meet any applicable age requirements for such credit.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SEC. ___606. MODIFICATION TO FOREIGN TAX CREDIT CARRYBACK AND CARRYOVER PERIODS.

(a) IN GENERAL.—Section 904(c) of the Internal Revenue Code of 1986 (relating to limitation on credit) is amended—

(1) by striking ''in the second preceding taxable year,'', and

(2) by striking ''or fifth'' and inserting ''fifth, sixth, or seventh''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to credits arising in taxable years beginning after December 31, 2001.

SEC. ___607. DEPOSIT REQUIREMENTS FOR FUTA TAXES.

(a) IN GENERAL.—Section 6157 of the Internal Revenue Code of 1986 (relating to payment of Federal unemployment tax on quarterly or other time period basis) is amended by adding at the end the following new subsection:

''(d) DEPOSITS OF FUTA TAXES.—

''(1) GENERAL RULE.—Except as otherwise provided in this subsection or in regulations prescribed by the Secretary, the taxes imposed by section 3301 which are attributable to wages paid during any calendar quarter shall be deposited on or before the last day of the first month following the close of such calendar quarter.

''(2) MONTHLY DEPOSIT RULE.—

''(A) IN GENERAL.—In the case of a monthly depositor for any calendar year, the taxes imposed by section 3301 which are attributable to wages paid during any month in such calendar year shall be deposited on or before the last day of the following month.

''(B) MONTHLY DEPOSITOR.—For purposes of subparagraph (A), an employer is a monthly depositor for any calendar year if the employer's liability for taxes imposed by section 3301 for the preceding calendar year was equal to or greater than $1,100. All persons treated as one employer under subsection (a) or (b) shall be treated as one employer for purposes of this subparagraph.

''(C) SAFE HARBOR FOR MONTHLY DEPOSITORS.—No penalties shall be imposed under this title with respect to—

''(i) deposits required under this paragraph for the first month of a calendar quarter if the amount deposited by the last day of the second month of such quarter is at least equal to the lesser of—

''(I) 30 percent of the taxes imposed by section 3301 which are attributable to wages paid during such quarter, or

''(II) 90 percent of the taxes imposed by section 3301 which are attributable to wages paid during the first month of such quarter, and

''(ii) deposits required under this paragraph for the second month of a calendar quarter if the amount deposited by the last day of the third month of such quarter is at least equal to the lesser of—

''(I) 60 percent of the taxes imposed by section 3301 which are attributable to wages paid during such quarter, or

''(II) 90 percent of the taxes imposed by section 3301 which are attributable to wages paid during the first 2 months of such quarter.

''(3) DEPOSIT REQUIRED ONLY ON BANKING DAYS.—If taxes are required to be deposited under this subsection on any day which is not a banking day, such taxes shall be treated as timely deposited if deposited on the first banking day thereafter.

''(4) WAGES.—For purposes of this subsection, the term 'wages' has the meaning given to such term by section 3306(b).''

(b) APPLICATION TO DEPOSITS REQUIRED BY STATE GOVERNMENTS.—

(1) IN GENERAL.—Section 303 of the Social Security Act (42 U.S.C. 503) is amended by adding at the end the following new subsection:

''(k)(1) The State agency charged with the administration of the State law shall provide that any deposit required under the State law to the unemployment fund of the State with respect to wages paid for any month during a calendar year by an employer is required to be made by the last day of the following month if such employer is treated as a monthly depositor for such calendar year for purposes of section 6157(d) of the Internal Revenue Code of 1986 (or if the State so elects, at such other time as is not later than the time provided under subparagraph (C) of section 6157(d)(2) of such Code).

''(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of State law, finds that there is a failure to comply substantially with the requirements of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until the Secretary is satisfied that there is no longer any such failure. Until the Secretary of Labor is so satisfied, he shall make no further certification to the Secretary of the Treasury with respect to such State.''

(2) CONFORMING AMENDMENT.—Section 304(a)(2) of the Social Security Act (42 U.S.C. 504(a)(2)) is amended by striking ''or (j)'' and inserting ''(j), or (k)''.

(c) CONFORMING AMENDMENTS.—

(1) The last sentence of section 6157(a) of the Internal Revenue Code of 1986 is amended by striking ''and such time''.

(2) Section 6157(b) of such Code is amended by striking ''referred to in paragraph (1) or (2) of subsection (a)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to months beginning after December 31, 2003.

SEC. ___608. INFORMATION REQUIREMENTS.

(a) INFORMATION FROM GROUP HEALTH PLANS.—Section 1862(b) of the Social Security Act (42 U.S.C. 1395y(b)) is amended by adding at the end the following:

''(7) INFORMATION FROM GROUP HEALTH PLANS.—

''(A) PROVISION OF INFORMATION BY GROUP HEALTH PLANS.—The administrator of a group health plan subject to the requirements of paragraph (1) shall provide to the Secretary such of the information elements described in subparagraph (C) as the Secretary specifies, and in such manner and at such times as the Secretary may specify (but not more frequently than four times per year), with respect to each individual covered under the plan who is entitled to any benefits under this title.

''(B) PROVISION OF INFORMATION BY EMPLOYERS AND EMPLOYEE ORGANIZATIONS.—An employer (or employee organization) that maintains or participates in a group health plan subject to the requirements of paragraph (1) shall provide to the administrator of the plan such of the information elements required to be provided under subparagraph (A), and in such manner and at such times as the Secretary may specify, at a frequency consistent with that required under subparagraph (A) with respect to each individual described in subparagraph (A) who is covered under the plan by reason of employment with that employer or membership in the organization.

''(C) INFORMATION ELEMENTS.—The information elements described in this subparagraph are the following:

''(i) ELEMENTS CONCERNING THE INDIVIDUAL.—

''(I) The individual's name.

''(II) The individual's date of birth.

''(III) The individual's sex.

''(IV) The individual's social security insurance number.

''(V) The number assigned by the Secretary to the individual for claims under this title.

''(VI) The family relationship of the individual to the person who has or had current or employment status with the employer.

''(ii) ELEMENTS CONCERNING THE FAMILY MEMBER WITH CURRENT OR FORMER EMPLOYMENT STATUS.—

''(I) The name of the person in the individual's family who has current or former employment status with the employer.

''(II) That person's social security insurance number.

''(III) The number or other identifier assigned by the plan to that person.

''(IV) The periods of coverage for that person under the plan.

''(V) The employment status of that person (current or former) during those periods of coverage.

''(VI) The classes (of that person's family members) covered under the plan.

''(iii) PLAN ELEMENTS.—

''(I) The items and services covered under the plan.

''(II) The name and address to which claims under the plan are to be sent.

''(iv) ELEMENTS CONCERNING THE EMPLOYER.—

''(I) The employer's name.

''(II) The employer's address.

''(III) The employer identification number of the employer.

''(D) USE OF IDENTIFIERS.—The administrator of a group health plan shall utilize a unique identifier for the plan in providing information under subparagraph (A) and in other transactions, as may be specified by the Secretary, related to the provisions of this subsection. The Secretary may provide to the administrator the unique identifier described in the preceding sentence.

''(E) PENALTY FOR NONCOMPLIANCE.—Any entity that knowingly and willfully fails to comply with a requirement imposed by the previous subparagraphs shall be subject to a civil money penalty not to exceed $1,000 for each incident of such failure. The provisions of section 1128A (other than subsections (a) and (b)) shall apply to a civil money penalty under the previous sentence in the same manner as those provisions apply to a penalty or proceeding under section 1128A(a).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect 180 days after the date of enactment of this Act.

UNANIMOUS CONSENT AGREEMENT—S. CON. RES. 107

Mr. DEWINE. Mr. President, on behalf of the majority leader, I ask unanimous consent that on Friday, immediately following the opening prayer, the Foreign Relations Committee be discharged from further consideration of S. Con. Res. 107, a resolution affirming the U.S. commitment to Taiwan, and the Senate then proceed to its consideration. I further ask that an amendment offered by Senator LOTT, which is at the desk, then be agreed to and the Senate then proceed to the immediate vote on adoption of the resolution, as amended, with no motions or additional amendments in order, other than a title amendment. I finally ask unanimous consent that, following the vote on the resolution, if adopted, the preamble be considered agreed to, an amendment to the title be agreed to, and the title, as amended, be agreed to.

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

ORDERS FOR FRIDAY, JULY 10, 1998

Mr. DEWINE. On behalf of the majority leader, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 9:30 a.m. on Friday, July 10. I further ask that when the Senate reconvenes on Friday, immediately following the prayer, the routine requests through the morning hour be granted.

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

PROGRAM

Mr. DEWINE. Mr. President, on behalf of the majority leader, pursuant to the consent agreement, the Senate will proceed immediately to S. Con. Res. 107 regarding Taiwan, with a rollcall vote occurring immediately. Therefore, a rollcall vote will occur at 9:30 a.m. on Friday, July 10.

Mr. President, following that vote, the Senate could be asked to turn to any other legislative or executive calendar items. However, no further votes will occur during Friday's session of the Senate.

MEASURE PLACED ON CALENDAR—S. 648

Mr. DEWINE. Mr. President, I ask unanimous consent that the product liability bill be placed back on the calendar.

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

VOTE ON CLOTURE REGARDING PRIVATE PROPERTY RIGHTS

Mr. DEWINE. Mr. President, as a reminder to all Senators, a cloture motion was filed on the motion to proceed to the private property rights. That cloture vote will occur on Monday, July 13, at 5:45 p.m.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. DEWINE. Mr. President, if there is no further business to come before the Senate, I now ask that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 11:48 p.m., adjourned until Friday, July 10, 1998, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate July 9, 1998:

DEPARTMENT OF STATE

SIMON FERRO, OF FLORIDA, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF PANAMA.

WILLIAM B. MILAM, OF CALIFORNIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE ISLAMIC REPUBLIC OF PAKISTAN.

INSTITUTE OF AMERICAN INDIAN AND ALASKA NATIVE CULTURE AND ARTS DEVELOPMENT

D. BAMBI KRAUS, OF THE DISTRICT OF COLUMBIA, TO BE A MEMBER OF THE BOARD OF TRUSTEES OF THE INSTITUTE OF AMERICAN INDIAN AND ALASKA NATIVE CULTURE AND ARTS DEVELOPMENT FOR A TERM EXPIRING MAY 19, 2004, VICE MARION G. CHAMBERS.

IN THE ARMY

THE FOLLOWING ARMY NATIONAL GUARD OF THE UNITED STATES OFFICER FOR APPOINTMENT IN THE RESERVE OF THE ARMY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 12203:

To be major general

BRIG. GEN. EMILIO DIAZ-COLON, 0000

WITHDRAWAL

Executive message transmitted by the President to the Senate on July 9, 1998, withdrawing from further Senate consideration the following nomination:

AGENCY FOR INTERNATIONAL DEVELOPMENT

CARLOS PASCUAL, OF THE DISTRICT OF COLUMBIA, TO BE AN ASSISTANT ADMINISTRATOR OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT, WHICH WAS SENT TO THE SENATE ON JUNE 11, 1998.