

SENATE—Friday, April 30, 1993

(Legislative day of Monday, April 19, 1993)

The Senate met at 11:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. BYRD].

The PRESIDENT pro tempore. The prayer will be led by the Senate Chaplain, the Reverend Dr. Richard C. Halverson.

Dr. Halverson, please.

PRAYER

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

Let us pray:

In a moment of silence, let us pray for the family of Michael Austin, retired officer of the Capitol Hill police and highly decorated Vietnam veteran, who died early this morning of cancer.

"* * * Thou shalt love the Lord thy God with all thy heart, and with all thy soul, and with all thy mind. And * * * Thou shalt love thy neighbour as thyself. On these two commandments hang all the law and the prophets." (Matthew 22:37, 39-40)

The Apostle Paul reminds us that, "Love is the fulfilling of the law." Quicken us to the desperate need for understanding, acceptance, conciliation, cooperation, forgiveness, and love.

God of love, help us to see that love is the most powerful force in the world. It may lose some battles, but it will win the war. Help us to see that love is a commandment to be obeyed, not an emotion to be felt—that it is volitional, a matter of the will; not emotional, a matter of feeling. Give each of us the grace to obey—to love as God commands.

We pray in the name of Jesus who is Love incarnate. Amen.

RESERVATION OF LEADER TIME

The PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The PRESIDENT pro tempore. Also, under the previous order, there will now be a period for the transaction of morning business with Senators permitted to speak therein for not to exceed 10 minutes each.

The Senator from Alaska [Mr. STEVENS] is recognized for not to exceed 10 minutes.

LEAVE OF ABSENCE

Mr. STEVENS. Mr. President, pursuant to rule VI, paragraph 2, I ask unan-

imous consent that Senators PELL, NUNN, WARNER, LUGAR, BUMPERS, and myself be granted leave from the Senate to be absent from the close of business today, April 30, until the Senate commences business on May 6, for the purpose of an official United States Senate trip to investigate matters in Bosnia and matters in the Russian Republic.

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

The Chair notes that the Senator from Alaska consistently adheres to this rule and sets a good example for all Senators doing so.

The Senator from Iowa [Mr. GRASSLEY] is recognized for not to exceed 10 minutes.

Mr. GRASSLEY. Thank you, Mr. President.

Once again a note to my friend, the distinguished Senator from West Virginia, the President pro tempore of the Senate, I am probably going to say something that might shock him, because I want to rise to compliment an official in the Clinton administration for something that was very good news this morning.

SECRETARY LES ASPIN

Mr. GRASSLEY. Mr. President, since early February, I have urged appropriate officials in the Defense Department and the Congress to hold accountable those responsible for the total breakdown of discipline and integrity in the management of the Air Force's C-17 Transport Program. Today, the Secretary of Defense, Les Aspin, in response to investigations by the Department of Defense inspector general and the Air Force, directed that Air Force Maj. Gen. Michael J. Butchko, Jr., be relieved as commander of the Air Force Development Test Center. That decision was based on General Butchko's poor performance as C-17 system program director. The Secretary also ordered that three other individuals linked with the C-17's poor management performance no longer work in the field of acquisition.

One of these individuals is Brig. Gen. John M. Nauseef, Deputy Chief of Staff, Financial Management and Comptroller, Headquarters, Air Force Materiel Command.

General Nauseef is presently on a promotion list that is before the U.S. Senate. Before the Senate considers General Nauseef's promotion, I am quite confident that my colleagues will want to know of Secretary Aspin's dis-

ciplinary measures that he took against General Nauseef.

Mr. President, Secretary Aspin's actions in the C-17 matter are to be hailed and commended. He is holding a class in accountability today; setting a very good example. He has sent a clear signal of zero tolerance toward the breakdown of financial integrity in his Department's acquisition process. This is the single best deterrent to future failures of management integrity.

The Senate is obliged to send an equally clear signal. The Senate should deny the promotion of General Nauseef. The two reports and the decision today by Secretary Aspin raise serious questions about General Nauseef's integrity. He has been a poor steward of the taxpayers' trust. His suitability for higher, more responsible positions is in question. If promoted, he would become head of the entire Air Force budget. What kind of signal would this send to the public?

Mr. President, thanks to Secretary Aspin, thanks to the DOD inspector general's office, and thanks to the Air Force investigation, I am confident that my colleagues will do the right thing and deny General Nauseef a promotion. Certainly, this is the single most effective signal we can send, in this body, to contribute to improved management of the taxpayers' defense dollars.

Again, I commend Secretary Aspin's actions, and I hope the steps my colleagues will take will follow in his footsteps.

BREAKDOWN OF DISCIPLINE AND INTEGRITY

Mr. GRASSLEY. Mr. President, in addition on a related matter as well, but not directly related to what Secretary Aspin did this morning, over the past month I have spoken several times to this body about the breakdown of discipline and integrity in financial management throughout the Federal Government.

The total disregard for the laws governing the use of the taxpayers' money is unacceptable. It must not be tolerated.

Those responsible for such misconduct must be held accountable as Secretary Aspin held some generals accountable by action he took this morning. Without accountability, Mr. President, nothing else we do in this Congress will amount to much. Unfortunately, Mr. President, there is a much more fertile ground to be tilled than

even this C-17 aircraft situation I discussed earlier. I have yet then for you another case of financial mismanagement like the C-17.

The story is told in an excellent report by the DOD Inspector General in Audit Report No. 93-053. It is called "Missile Procurement Appropriations, Air Force."

I would point out to this body that is the document that I am referring to. This is a story about a cost overrun on two fixed-price contracts with General Dynamics' Convair Division to build 250 advanced cruise missiles or ACM's. The Air Force let General Dynamics run up \$112.2 million in expenses to fix the missiles but had no money in the bank to pay the bills.

The Air Force then devised a crooked repurchase scheme to launder the bills in order to conceal a violation of the Antideficiency Act.

Mr. President, I raise the ACM repurchase issue today for a reason.

The former ACM program manager, Col. Claude Bolton, has a promotion pending before the Senate.

Colonel Bolton was program manager for the ACM from September 1, 1989, through September 20, 1992, a time when many fateful decisions were taken.

Before we approve Colonel Bolton's promotion, we need to know more about his role in the repurchase scheme.

The DOD IG has raised a number of very serious questions about the legality of this plan.

In a nutshell, this is what the IG found:

First, the ACM program violated the Antideficiency Act (31 U.S.C. 1341).

Second, the Air Force failed to report and investigate a known violation of the Antideficiency Act as required by 31 U.S.C. 1351.

Third, the Air Force attempted to avoid and possibly conceal the violation:

By failing to record contractual obligations of \$112.2 million in accounting records for over 2 years.

By terminating fixed-price contracts for the Government's convenience on April 6, 1992, and reawarded 2 days later to the same company.

Fourth, the Air Force agreed to pay the contractor an additional \$160.3 million to fix missiles that failed to meet contract specifications.

Fifth, the cost to finish building fiscal year 1987 and fiscal 1988 missiles was arbitrarily declared new work and improperly charged to fiscal year 1992 appropriations—a violation of 31 U.S.C. 1502.

Sixth, the Air Force reduced the fiscal year 1992 ACM procurement by 120 missiles to generate the extra cash to complete the old contracts.

Seventh, the repurchase scheme could cost the taxpayers an extra \$80 million.

To this day, senior Air Force officials contend that there was no violation of the Antideficiency Act and that the contractual obligation to pay General Dynamics \$112.2 million did not exist until April 1992.

Mr. President, I have documents that prove the Air Force is not telling the whole truth.

Mr. President, I ask unanimous consent that five Air Force documents be printed in the RECORD.

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

[Unclassified]

SAF Washington DC/FMB//
HQ AFMC(D) Wright Patterson AFB OH//FM/
/ INFO DFAS DE Lowry AFB CO//AR//
HQ ASD Wright Patterson AFB//FR/VCP//
ZEN SAF Washington DC/FMB/AQX/AQC/
AQ//

ZEN HQ USAF Washington DC//PEO-ST//
Subject: Upward adjustment request for the advance cruise missile reference SAF/FMBMB 26 Nov 91 memo, subject: Request for approval to cite expired funds (\$71.5M)

Reference SAF/FMBMB 26 Nov 91 memo, subject: Request for approval to cite expired funds (\$27.1M)

Because of the recent decision to terminate partially the FY87 and FY88 ACM contracts, your request for approval of upward obligation adjustments of \$71.5M and \$27.1M (revised to \$81.5M and \$30.7M) to FYS 87/88, 3020 appropriations, to cover cost growth on the ACM program is no longer necessary. If other adjustments are necessary because of the partial contract termination, request you address that in a new request for upward obligation adjustment.

MARILYN THOMAS,
SAF/FMBMC/54942.
JOHN W. BEACH
SAF/FMB/54942.

DEPARTMENT OF THE AIR FORCE,
Washington DC, November 26, 1991.

Memorandum for SAF/FMBMC.
Subject: Request for Approval to Cite Expired Funds—Action Memorandum.

This office has received the attached request for funding and approval to cite \$27,100,000 of FY 88 3020 funds to cover cost overruns associated with the Advanced Cruise Missile program. Based on previous discussions with the 3020 Appropriation Manager, funding of this magnitude is not presently available. However, this requirement needs to be documented and included in the funding strategy discussions being pursued for this and other programs with similar funding problems.

The attached ASD/VCP memo describes the scope and nature of the request for adjustment as well as the information regarding the original contract funding. Please include this action with other unclassified requests for prior year 3020 funding.

E. RAY SMITH,
Special Programs Office, Deputy for
Budget Management and Execution.—

DEPARTMENT OF THE AIR FORCE,
HEADQUARTERS AERONAUTICAL
SYSTEMS DIVISION (AFSC),
Wright-Patterson
Air Force Base, OH,

October 30, 1991.

Subject: Request for Expired Appropriations for Contract Overrun (FY88, Appn: 3020).
To: SAF/FMBMB.

1. Request you provide Budget Authorization to fund a contract requirement. The following information provides the specifics concerning this request:

a. Amount Requested: \$27,100,000 (FY88, Appn: 3020).

b. Date funds are needed, lead time away from obligation date, necessary to get contractual documents processed: May 1992.

c. Data approval is needed to preclude penalties from accruing: The contractor states current funding will cover work through June 1992. Any work performed thereafter will be unbillable due to insufficient funding on the contract.

d. Amounts, nature, and dates of penalties that would accrue: Unknown.

e. Accounting Classification: 5783020 158 6045 20CLPG 010100 00000 659900 F59900.

f. Contract Number: F33657-88-C-0103.

g. Name of Contractor: General Dynamics, Convair Division.

h. Type of Contract: FPIF (70/30 percent overrun share).

i. Contract Purpose: Production of Advanced Cruise Missiles (AGM-129A) in the FY88 procurement contract.

j. Date of the original contract: 30 January 1990.

k. Contract change certification: This requirement is not for a contract change.

l. Amount of FY88 funds previously deobligated from the contract: None.

m. Within scope certification: This requirement is within the scope of the original contract.—(Claire Ride, Contracting Officer)

n. Purpose of adjustment: To fund the Air Force share of over-target costs on this production contract. The latest estimate-to-complete conducted by the ACM Program Office in September 1991 indicates that the final contract price will be at contract ceiling price. The DCAA will provide an audit report concerning the contractor's overrun proposals. This report is due to the Program Office approximately 4 November 1991.

o. Justification for using the expired appropriation: Appropriations used to fund cost increases are the same as used to fund the original effort (i.e. FY88/3020) per DoD Directive 7200.4, Full Funding of DoD Procurement Programs, implemented by AFR 172-14. Cost overrun is attributable to: (1) unplanned efforts associated with the investigation, redesign, and replacement of missile components failing to meet required specifications or quality standards; and, (2) factory shutdown and restart impacts related to suspension of missile delivery.

p. Amount originally obligated for the contract: \$133,603,000 (excludes \$98,130,000, FY87 Advance Buy funds obligated for this purchase).

q. Program name: Advanced Cruise Missile (AGM-129).

r. Cumulative amount of restorations approved for program: None known at field level (i.e. ASD/VC). Appropriation records kept at SAF/FMBMB.

s. Total amount obligated from FY88 for the program:

Appn: 3020.
BPAC: Multiple.
Amount: \$144,294,950.

t. Amount previously deobligated from FY88 for the program: None.

u. Source of deobligations: None known. Financial and contracting personnel in the ACM Program Office are auditing contractual and accounting records for this contract to reconcile with those of the contractor. Any excess obligations will be reapplied to fund this overrun.

2. My point of contact for this matter is Mr. David C. Engwall, ASD/VCPB, AV:785-7879.

MARK V. DAVIDSON,
Director of Program Control,
Advanced Cruise Missile SPC.

DEPARTMENT OF THE AIR FORCE,
Washington, DC, November 26, 1991.

Memorandum for SAF/FMBMC.

Subject: Request for Approval to Cite Expired Funds—Action Memorandum.

This office has received the attached request for funding and approval to cite \$71,500,000.00 of FY 87 3020 funds to cover overruns associated with the Advanced Cruise Missile program. Based on previous discussions with the 3020 Appropriation Manager, funding of this magnitude is not presently available. However, this requirement needs to be documented and included in the funding strategy discussions being pursued for this and other programs with similar funding problems.

The attached ASD/VCP memo describes the scope and nature of the request for adjustment as well as the information regarding the original contract funding. Please include this action with other unclassified requests for prior year 3020 funding.

E. RAY SMITH,
Special Programs Office, Deputy for
Budget Management and Execution.

DEPARTMENT OF THE AIR FORCE,
HEADQUARTERS AERONAUTICAL
SYSTEMS DIVISION (AFSC),
WRIGHT-PATTERSON AIR FORCE
BASE, OH

October 28, 1991.

Subject: Request for Expired Appropriations for Contract Overrun (FY87, Appn: 3020).
To: SAF/FMBMB.

1. Request you provide Budget Authorization to fund a contract requirement. The following information provides the specifics concerning this request:

a. Amount Requested: \$71,500,000 (FY87, Appn: 3020).

b. Date funds are needed, lead time away from obligation date, necessary to get contractual documents processed: 16 December 1991.

c. Date approval is needed to preclude penalties from accruing: The contractor states current funding will cover work through December 1991. Any work performed thereafter will be unbillable due to insufficient funding on the contract.

d. Amounts, nature, and dates of penalties that would accrue: Unknown.

e. Accounting Classification: 5773020 157 6045 20CLPG 0012 659900.

f. Contract Number: F33657-88-C-0103.

g. Name of Contractor: General Dynamics, Convair Division.

h. Type of Contract: FPIF (70/30% overrun share).

i. Contract Purpose: Production of Advanced Cruise Missiles (AGM-129A) in the FY87 procurement contract.

j. Date of the original contract: 25 September 1989.

k. Contract change certification: This requirement is not for a contract change.

l. Amount of FY87 funds previously deobligated from the contract: None.

m. Within scope certification: This requirement is within the scope of the original contract.—Claire Ride, Contracting Officer.

n. Purpose of adjustment: To fund the Air Force share of over-target costs on this production contract. The latest estimate-to-complete conducted by the ACM Program Of-

fice in September 1991 indicates that the final contract price will be at contract ceiling price. The DCAA will provide an audit report concerning the contractor's overrun proposals. This report is due to the Program Office approximately 4 November 1991.

o. Justification for using the expired appropriation: Appropriations used to fund cost increases are the same as used to fund the effort (i.e. FY87/3020) per DoD Directive 7200.4, Full Funding of DoD Procurement Programs, implemented by AFR 172-14. Cost overrun is attributable to: (1) unplanned efforts associated with the investigation, redesign, and replacement of missile components failing to meet required specifications of quality standards; and, (2) factory shutdown and restart impacts related to suspension of missile delivery. The attached explanation of the overrun chronology is for your information.

p. Amount originally obligated for the contract: \$537,200,000 (9/25/89).

q. Program name: Advanced Cruise Missile (AGM-129).

r. Cumulative amount of restorations approved for program: \$2,524,950 was returned to the program via Amendment 11, OA-760-027, on 6 March 91. \$3,236,000 was issued via Budget Authorization #35, issued 30 September 1991. These additions were provided for payment of Award Fee liabilities.

s. Total amount obligated from FY87 for the program:

Appn: 3020.

BPAC: Multiple.

Amount: \$555,600,000.

t. Amount previously deobligated from FY87 for the program: None.

u. Source of deobligations: None known. Financial and contracting personnel in the ACM Program Office are auditing contractual and accounting records for this contract to reconcile with those of the contractor. Any excess obligations will be reapplied to fund this overrun.

2. My point of contact for this matter is Mr. David C. Engwall, ASD/VCPB, AV:785-7879.

MARK V. DAVIDSON,
Director of Program Control,
Advanced Cruise Missile SPC.

Mr. GRASSLEY. Mr. President, I have other documents that tell the same story, but they contain proprietary data and should not be placed in the RECORD.

These documents clearly indicate that Air Force officials knew the Advanced Cruise Missile Program was in violation of Antideficiency Act on November 26, 1991.

These documents prove they had bills to pay and no money to pay them.

The documents show the Air Force owed General Dynamics \$112.2 million to cover the Government's share of target-to-ceiling costs on two contracts. One was signed on September 25, 1989, for \$81.5 million, and the other was signed on January 30, 1990, for \$30.7 million.

Under law, those bills had to be charged to the missile procurement accounts for fiscal years 1987 and 1988. And the Air Force knew it.

Sadly, those accounts were overdrawn.

The balance in those accounts on March 31, 1992—on the eve of the ACM procurement action—was minus

\$118.9 million for fiscal year 1987 and minus \$183 million for fiscal year 1988.

Mr. President, it is hard to pay bills from a bank account with a negative balance.

Mr. President, no matter how you slice it, the ACM Program was in violation of the law in March 1992.

The central issue before us is this: The failure to report and investigate a known violation of the Antideficiency Act.

The Comptroller General has rendered an important legal opinion on this issue.

In a document dated August 11, 1992, and identified by the number B-245856.7, the Comptroller General states:

The failure to disclose known violations of the Antideficiency Act is a felony and can be the subject of disciplinary action.

With regard to the failure to record \$112.2 million in bills due, the Comptroller General states:

The knowing and willful failure to record an overobligation in account in order to conceal a violation of the Antideficiency Act would be an offense under existing law.

Mr. President, those responsible must be held accountable.

Mr. Michael B. Donley, who was Assistant Secretary of the Air Force for Financial Management and Comptroller in 1991-92, must be held accountable.

Colonel Bolton, the program manager of the ACM, must also be held accountable.

Both Mr. Donley and Colonel Bolton knew there was a serious money shortfall but did nothing about it.

Colonel Bolton, in statements published in the April 27, 1993, issue of Congress Daily, contends that the procurement transaction was "sanctioned" by the "Pentagon contracting community" and at "all levels of the Government" and declared completely legal by Air Force attorneys.

Mr. President, Colonel Bolton is absolutely correct—to a point. The procurement plan was even approved by former Secretary of the Air Force Rice. But that does not make it right or legal.

The plan was subsequently disapproved by DOD Comptroller O'Keefe, because it was illegal to use fiscal year 1992 appropriations to cover cost overruns on these old contracts. The Air Force went ahead and did it anyway.

I wrote to Senator NUNN on March 29, 1993, requesting that a decision on Colonel Bolton's promotion be delayed until I am able to obtain more information on this matter. On March 29, 1993, I asked the DOD IG to gather that information.

Mr. President, I ask unanimous consent that these two letters be printed in the RECORD.

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

U.S. SENATE,

Washington, DC, March 29, 1993.

Hon. SAM NUNN,

Chairman, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR SAM: I am writing to you about the proposed promotion of Colonel Claude Bolton, U.S. Air Force, to the rank of brigadier general.

Colonel Bolton's nomination has been submitted to the Senate and referred to your Committee for confirmation.

Sam, I have good reason to believe that Colonel Bolton may have engaged in either illegal or improper conduct while program manager of the Advanced Cruise Missile (ACM) program. My suspicions are based on information contained in a recent Department of Defense (DOD) Inspector General (IG) report. That report is entitled "Missile Procurement Appropriations, Air Force," Audit Report No. 93-053, dated February 12, 1993. A copy is attached for your consideration.

Based on the contents of the IG's report, I respectfully request that Colonel Bolton's promotion not be approved—until I am able to verify whether he bears any responsibility for the misconduct described in that report. I have asked the IG to provide the information that I think I need to make a final decision on this matter.

A brief summary of the contents of the IG's report helps to put my concerns about Colonel Bolton's conduct in better perspective.

I am most disturbed over the revelations outlined in the section on "Reprocurement of the Advanced Cruise Missile (ACM)." The information presented in this section suggests a total disregard for the laws governing the use of appropriations.

In a nutshell, this is what the IG found:

ACM program is in violation of the Antideficiency Act.

Air Force failed to report and investigate known ACM violation of Antideficiency Act as required by law.

Air Force attempted to "avoid" or possibly conceal violation by failing to record obligations and terminating and re-awarding contracts:

—Air Force failed to record ACM obligations of \$112.2 million in accounting records for more than two years.

—Air Force terminated fixed-price FY 1987 and 1988 ACM contracts for "government's convenience" and immediately re-awarded contracts to same company, committing government to pay contractor's share of the cost overrun plus additional liabilities.

Inspector General estimates that termination and reprocurement action could cost taxpayers an extra \$79.7 million.

Cost overrun on FY 1987 and 1988 ACM contracts were improperly charged to FY 1992 appropriations—a potential violation of 31 U.S.C. 1502.

Sam, the Air Force's handling of the ACM "reprocurement" was dishonest from beginning to end.

The General Counsel at the General Accounting Office (GAO) has rendered a legal opinion on the central issue addressed in the Inspector General's report—the failure to report and investigate known violations of the Antideficiency Act.

The GAO opinion is embodied in a report entitled "Analysis of Agency Authority to Pay Overobligations in Expired Accounts and Comments on DOD IG's Proposal to Amend the Antideficiency Act." The GAO document is dated August 11, 1992, and is identified by the number B-245856.7. It in-

cludes a section on "Current Criminal Penalties for Nondisclosure" of Antideficiency Act violations. A copy is attached.

The failure to report known violations of the Antideficiency Act is a violation of federal criminal law—18 USC 4. The Comptroller General report states: "the failure to disclose known violations of the Antideficiency Act is a felony and can be the subject of disciplinary action." With regard to a failure to record "upward obligation adjustments", the Comptroller General states: "the knowing and willful failure to record an overobligation in an account to conceal a violation of the antideficiency act would be an offense under existing law."

Sam, the IG states unequivocally that the ACM program was and is in violation of the Antideficiency Act. Why have responsible Air Force officials failed to report and investigate this matter as required by law?

The Inspector General's report states: "The Antideficiency Act was violated when the Air Force recognized that the cost to complete the ACM had exceeded amounts available for obligations, but permitted work to continue."

Sam, exactly when did Colonel Bolton know that incurred obligations against the FY 1987 and 1988 ACM contracts exceeded available funds in the missile procurement accounts for FY 1987 and 1988? On what date did he acquire that knowledge? What steps did he take to report the Antideficiency Act violation to the proper authorities as required by law? Why did he allow work to continue on the contracts once he knew there was insufficient money remaining to pay outstanding bills? Did Colonel Bolton recommend that the ACM cost overrun be handled in more appropriate ways?

I would like to have answers to these questions before I vote on Colonel Bolton's promotion.

Surely, as ACM program manager, he bears some responsibility for what happened to this program.

Your consideration of my request would be appreciated.

Sincerely,

CHARLES E. GRASSLEY,
U.S. Senator.

U.S. SENATE,

Washington, DC, March 29, 1993.

Mr. DEREK J. VANDER SCHAAF,
Deputy Inspector General, Department of Defense, Arlington, VA.

DEAR MR. VANDER SCHAAF: I am writing to you to raise several questions about the findings and recommendations contained in your audit report entitled "Missile Procurement Appropriations, Air Force," No. 93-053, dated February 12, 1993.

This is another excellent piece of work, and I would like to commend the project manager, Mr. Richard Bird, for a job well done.

Unfortunately, your report presents a sad story. It is a case study in financial mismanagement. It suggests a total breakdown of integrity and discipline in the procurement process and a breakdown of controls over taxpayer dollars. It shows a total disregard for the most basic laws governing the use of appropriations.

Mr. Vander SchAAF, this kind of dishonest behavior is unacceptable and must not be tolerated.

Those involved in wrongdoing must be held accountable. Your report clearly indicates that federal statutory laws were violated, but those responsible are not identified, and no punitive action is recommended.

A brief review of the facts in the case involving the Advanced Cruise Missile (ACM) program—as outlined in your report—helps to underscore the need for stringent corrective action.

BACKGROUND—ACM COST OVERRUN

In July 1991, senior Air Force officials realized they had a major cost overrun on FY 1987 and 1988 ACM contracts with General Dynamics/Convair. The cost overrun was caused by a variety of technical problems with the missile, including fuel leaks. The product was defective and failed to meet government standards. Needed redesign and retrofit work led, in turn, to schedule slippage and additional costs. As a result of these technical problems, additional obligations were incurred—\$81.5 million on the FY 1987 contract and \$30.7 million on the FY 1988 contract.

The new obligations of \$112.2 million were incurred on September 22, 1989 and January 30, 1990, respectively, but were not registered in accounting records until March 27, 1992—a delay of over two years.

To meet increased obligations of \$112.2 million against ACM and another \$117.7 million in outstanding obligations against other missile programs—AMRAAM and Titan IV, the Air Force had only \$25.2 million available for FY 1987 and \$34.5 million in FY 1988 as of February 29, 1992.

The missile procurement account of the Air Force was in violation of the Antideficiency Act.

Numerous internal Air Force documents clearly indicate that senior Air Force officials, including the Assistant Secretary for Financial Management Michael Donley, knew by January 1992 that: (1) there were insufficient funds available to meet outstanding obligations on ACM contracts; and (2) the ACM program was in violation of the Antideficiency Act.

AIR FORCE SOLUTION

So how did the Air Force solve the problem?

When all ACM money was literally depleted, the Air Force terminated the 1987 and 1988 ACM contracts for "convenience of the government," beginning on April 6, 1992, and within the short space of two days, re-awarded them to the same company using FY 1992 funds. The plan was approved by Secretary Rice, Assistant Secretary for Acquisition Welch, and Mr. Donley. The plan was specifically disapproved by DOD Comptroller O'Keefe.

How did the Air Force justify the scheme to finance the cost overrun?

First, senior Air Force officials argue that the termination and reprocurement action was their "only legal option." They contend that had they not terminated the contracts there would have been a violation of the Antideficiency Act. By terminating the contracts, they maintain, "old" work needed to complete 1987 and 1988 contracts could be arbitrarily declared "new" work, and thus legitimately funded with FY 1992 money—in theory alleviating the funding shortfall.

In brief, the Air Force shifted the cost overrun on 1987 and 1988 contracts to the 1992 contracts, took the money provided in 1992 to buy 120 missiles and used it to complete fabrication and assembly work on 120 FY 1987 and 1988 missiles.

Second, senior Air Force officials argue that no violation of the Antideficiency Act occurred—"since contractual obligations had not been recorded or executed." That statement is misleading. The obligations in question were not recorded for over two years but

were, indeed, recorded on March 27, 1992, just in advance of the contract termination and reprocurement action. Nevertheless, the Air Force maintains to this day that no violation occurred. For this reason, the Air Force has refused to report and investigate the matter as required by 31 USC 1351.

INSPECTOR GENERAL'S FINDINGS

Mr. Vander Schaaf, your report reached several important conclusions as follows:

ACM program is in violation of Antideficiency Act Air Force failed to report and investigate ACM violation of Antideficiency Act as required by law

Air Force attempted to "avoid" or possibly conceal Antideficiency Act violation by: (1) failing to record new obligations of \$112.2 million for over two years; and (2) by terminating and re-awarding contracts

Cost overruns on FY 1987 and 1988 contracts were "improperly" financed with FY 1992 appropriations

Air Force terminated FY 1987 and 1988 ACM fixed-price contracts for "government's convenience" and immediately re-awarded contracts to same company, committing government to pay contractor's share of cost overrun plus additional liabilities

Inspector General estimates that termination and reprocurement action could cost taxpayers an extra \$79.7 million

POSSIBLE VIOLATIONS OF LAW

On the surface, it appears as though at least 5 statutes were violated by Air Force officials in their handling of the ACM cost overrun.

My conclusions are based, in part, on a careful and thoughtful piece of work done by the General Counsel at the General Accounting Office (GAO) entitled "Analysis of Agency Authority to Pay Overobligations in Expired Accounts and Comments on DOD Deputy IG's Proposal to Amend the Antideficiency Act," (B-245856.7) dated August 1992. The section on "Current Criminal Penalties for Nondisclosure" is of particular interest. A copy is attached for your consideration.

First, your report clearly states that the ACM program is in violation of the Antideficiency Act—31 USC 1341. A violation of this act is punishable by a fine of up to \$5,000, imprisonment for not more than 2 years, or both, as specified in 31 USC 1350, and according to the GAO, constitutes a Class E felony by virtue of 18 U.S.C. 3359(a)(1)(E). Such violations are to be reported "immediately" to the President and Congress along with "relevant facts and a statement of actions taken" by 31 USC 1351.

Secondly, your report suggests senior Air Force officials knew that the ACM program was in violation of the Antideficiency Act but failed to report it as required by law, and, in fact, may have attempted to conceal it in at least two ways: (1) by failing to record incurred obligations for more than two years; and (2) arbitrarily declaring "old" work "new" work with the reprocurement scheme. According to the GAO, "the failure to disclose known violations of the antideficiency act is a felony and can be the object of disciplinary action." The GAO also states: "The knowing and willful failure to record an overobligation in an account in order to conceal a violation of the antideficiency act would be an offense under existing law—31 U.S.C. 1501 and 18 U.S.C. 4. A violation of 18 U.S.C. 4 is punishable by a fine of not more than \$500 or imprisonment of not more than 3 years, or both."

Mr. Vander Schaaf, this is not a very pretty picture, but what is even more disturbing

is that the ACM case is not an isolated example. It seems to be part of a general pattern of abuse that is emerging in your audit and investigative reports.

Mr. Vander Schaaf, this kind of dishonest behavior is unacceptable. It must not be tolerated. It must be stopped.

QUESTIONS

Mr. Vander Schaaf, I would like you to affix responsibility for the misconduct described in your report. I would like to know which laws were violated, and who was responsible for violating those laws.

First, under the law—10 U.S.C. 8022—Mr. Donley has a responsibility to maintain the integrity of all Air Force accounts. As Comptroller, he was in a position in 1991-92 to know whether Air Force appropriations accounts contained sufficient funds to cover increasing obligations incurred against the ACM contracts.

Exactly when did Mr. Donley know that incurred obligations against the FY 1987 and 1988 ACM contracts exceeded available funds in the missile procurement accounts for FY 1987 and 1988? On what date did he acquire that knowledge, and what steps did he take to report and investigate the violation of the Antideficiency Act as required by law?

Second, when did the program manager, Colonel Claude Bolton, recognize that the cost to complete the ACM contracts exceeded amounts available for obligation? Why did he permit work to continue on the contracts once he realized there was insufficient money to pay outstanding bills? What actions did he take to report the violation of the Antideficiency Act as required by law? Did he recommend that the cost overrun be resolved in more appropriate ways?

Third, did the use of FY 1992 appropriations to cover obligations incurred on September 22, 1989, and January 30, 1990, constitute a violation of 31 U.S.C. 1502?

Fourth, I would also like to know why no disciplinary action was recommended in the case of the ACM reprocurement, since there appears to be ample justification for it.

Fifth, because the ACM contract termination may have been based on governmental negligence, was the use of the convenience termination clause improper.

Mr. Vander Schaaf, if a violation of the federal criminal code has occurred, then I ask that the matter be reported to the Attorney General as required by Section 4(d) of the Inspector General Act of 1978. If you suspect that the Uniform Code of Military Justice has also been violated, you must report the matter to the Secretary of Defense as required by Section 8(d) of the 1978 Act.

Mr. Vander Schaaf, there is a certain amount of urgency in my request. The former ACM program manager, Colonel Bolton, has been selected for promotion to the rank of brigadier general. His promotion is currently awaiting confirmation by the Senate Armed Services Committee. I have asked the Committee to delay action on his promotion until you are able to verify whether he bears any responsibility for the misconduct described in your report. I would like to know if he is in any way responsible for what happened.

A prompt response is requested. Your assistance is always appreciated.

Sincerely,

CHARLES E. GRASSLEY,
U.S. Senator.

Mr. GRASSLEY. Mr. President, the ACM reprocurement scheme is difficult to understand, and it is even harder to explain. I would like to leave you with

a few thoughts that might help to put it in perspective.

When the plan was put into effect in early April 1992, all the money that had been set aside to build the 250 ACM missiles was gone—spent. But only 54 missiles had been completed. The other 196 missiles were in pieces on the factory floor.

If the Air Force did not owe General Dynamics more money, then why was not the company forced to complete those 196 missiles free of charge or face termination for default? Why did the Air Force pay General Dynamics \$160.2 million to finish those 196 missiles if only \$112.2 million was owed? Was this a gift or an obligation?

Mr. President, this contract action needs scrutiny.

I yield the floor.

Mr. BOND addressed the Chair.

The PRESIDENT pro tempore. The Senator from Missouri [Mr. BOND] is recognized for not to exceed 10 minutes.

Mr. BOND. I thank the Chair.

ENVIRONMENTAL POLICY

Mr. BOND. Mr. President, I speak today on the urgent need to change the way we formulate environmental policy in this country. I intend to speak regularly on this subject because I believe that its public health and cost implications make it one of the most critical issues facing us now and in the future. I think that this is an appropriate time to begin this discussion because we are currently debating S. 171, which elevates EPA to a Cabinet-level Department.

Many of the issues that I want to raise were discussed in the debates yesterday. I also had the opportunity, in our appropriations hearings on the EPA budget, to discuss these with Administrator Browner.

I have long believed that our country has an obligation to balance the need for economic growth with the equally compelling obligation of stewardship—the protection of our environment and natural resources for future generations. We cannot have one without the other—a country which fails to protect its environment in pursuit of wealth will soon have neither. Conversely, a country which fails to provide its citizens with opportunities for economic advancement will also lose its natural resources as people destroy the environment in order to feed their families.

I also believe that we must spend our scarce financial resources wisely. With the enormous Federal deficit, numerous unmet needs in other sectors of our society, and the burdens we put on our private sector already, we must focus our resources on those problems which post the most serious risk to human health and the environment. As part of that effort, we must use sound science to identify and reduce the greatest

risks. A renewed dedication to the scientific evaluation of environmental hazards will help ensure that scarce public funds are used effectively.

Twenty years ago, when the modern environmental movement began, these principles of economic and environmental cooperation would have been considered wild-eyed and radical. In fact, I have been called a heretic, and worse—significantly worse—on several occasions. Today, however, the dynamics are starting to change. Sound science and responsible risk assessment may be coming back into vogue. As someone who has held these beliefs for a long time, and indeed tried to govern by them, I feel positively trendy.

That is why I was so heartened to see the recent series of articles in the New York Times on Federal environmental policy. The title of the first article was apt: "New View Calls Environmental Policy Misguided." I want to discuss some of the key points in the series.

The basic premise of the series is that emotionalism, instead of good science, has too often driven our environmental policy. A quote from former EPA Administrator William Reilly states it well:

We need to develop a new system for taking action on the environment that isn't based on responding to the nightly news. What we have had in the United States is environmental agenda-setting by episodic panic.

I was Governor of Missouri during the period 1983 and 1984, when the town of Times Beach, MO, made headlines and the top of nightly news every night for too many months because of the existence of dioxin in low levels in the dust around Times Beach. I can give personal testimony to the power of panic, fed largely by the national media.

We worked with EPA for months to evacuate the residents of that beleaguered town, spending hundreds of millions of dollars in the process, only to find out later that dioxin might not have been quite the hazard that it was originally thought to be, as we were told by the Centers for Disease Control.

The New York Times article cites numerous other examples of hysteria-driven environmentalism. In 1985, Congress approved sweeping legislation requiring the removal of asbestos insulation from schools and public buildings, for which cities and States spent over \$15 billion. And we in Missouri contributed a significant amount of that sum. This is an awesome sum of money, especially given the fact that just 3 years later, EPA completed a study which concluded that in many instances, ripping out asbestos posed a greater threat than leaving it in place.

The situation was much the same for the pesticide alar. After an initial media-generated scare, it was determined that alar did not pose a signifi-

cant risk to public health. Once again, the alarmists said the sky was falling. However, all that fell was the public's confidence in the Government's ability to distinguish between real and perceived health threats.

Perhaps one of the best known examples of a well-intentioned environmental program which has not only failed in its mission, but wasted millions of dollars in the process, is Superfund. Instead of cleaning up hazardous waste sites, the program has paid huge fees to lawyers and consultants, as the various parties responsible for the dumping of waste sue each other. And when sites have been cleaned up, EPA has often insisted on an unrealistic cleanup standard which pushes the costs completely out of sight.

The results of action based on this irrational approach are doubly tragic. We waste precious time and scarce dollars trying to fix the wrong problems and, as a result, we have too little time, attention and resources to devote to fixing the real problems that challenge our environment.

Mr. President, I would like to emphasize that I fully support the 20-year national effort to clean up our air, water and hazardous waste sites. Our cities were smog ridden, our rivers filled with sewage and contaminants and our hazardous waste sites were unregulated—a national cleanup campaign was urgently needed. We should as proud that it has been so successful, to the point that we are the model for the rest of the world on economic and environmental compatibility.

The issue I raise today is how to address the next generation of environmental problems so that we incorporate the best science we have into the decisionmaking process and thus spend our increasingly scarce taxpayer dollars as effectively as possible. For example, I urged EPA Administrator Browner to make more effective use of the Agency's Science Advisory Board during her recent appearance before the VA, HUD Appropriations Subcommittee.

It will not be easy to change the old ways of simply reacting to crises instead of thinking through them. But if we do not substitute science for emotion when making environmental policy, we will fritter away today the money we urgently need for tomorrow's problems.

In closing, Mr. President, I ask unanimous consent to have an article by Jerry Heaster, a business writer for the Kansas City Star, printed in the RECORD. It is an excellent summary of the issues I have just discussed and I recommend it highly, and hope my colleagues will read it closely.

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

[From the Kansas City Star, Apr. 24, 1993]

EARTH DAY MOVEMENT: GONE AWRY

(By Jerry Heaster)

The best Earth Day gift from the environmental movement would have been its pledge to pursue its mission with a greater appreciation for economic and scientific reality.

It also would have been the best gift the green missionaries could have given themselves, because the further they push the limits of society's credibility, the more they risk not being taken seriously.

Take the global-warming scare, for instance. One of the most amusing put-downs of this contrivance was a recent magazine cartoon depicting "Chicken Little Media" flanked by quotes from two editions of Newsweek 17 years apart.

"The central fact is that the earth's climate seems to be cooling down," warned the April 28, 1975, article. "(Meteorologists) are almost unanimous in the view that the trend will reduce agricultural productivity." On June 1, 1992, however, another such article proclaimed that "the atmosphere may be reaching the limit of its capacity to absorb emitted carbon dioxide without falling into a disastrous greenhouse effect."

In the caption, Chicken Little Media say: "Cooling, warming—whatever! The sky is falling."

Vice President Al Gore's variation on the Chicken Little impersonation comes in his book, *The Earth in Balance*, when he asserts, "We must act boldly, decisively, comprehensively and quickly, even before we know every last detail of the (global-warming) crisis."

"This sort of dithering ignorance about alleged but highly suspect environmental threats would be laughable if it weren't so dangerous to humanity's long-term welfare. The greatest threat posed by overzealous environmentalism is that it not only will waste today's scarce economic resources but also impede the economic growth that will create the wealth needed to enhance life for future generations.

Environmentalists say they're trying to save the planet for future generations, but what many don't seem to understand is that improving the environment is only possible in societies wealthy enough to afford it.

The aggressive environmental cleanup initiatives that began a generation ago didn't result entirely from the alarm caused by rivets catching on fire and people breathing air they often could see.

What eventually made the launching of a big environmental cleanup possible was a national recognition of our economic ability to pay for the effort. After 20 years of ruling the postwar global economy, the richest nation on Earth was finally in a position to spend what it needed to improve the environment without having to worry about trade-offs.

It was an admirable effort, but it has gone too far. Even *The New York Times* was prompted to question the wisdom of unbridled environmentalism. A recent series titled "What Price Cleanup?" noted that "many scientists, economists and government officials have reached the dismaying conclusion that much of America's environmental program has gone awry."

The problem, *The Times* said, is that the reaction to popular environmental concerns over the last decade or so has been based on "little if any sound research" about the nature of threats involved. This has led to solutions that are often both overpriced and misguided, the report said.

If The Times is confronting such verities about the more irrational aspects of environmentalism, who might be next to do so? The greens themselves?

The PRESIDENT pro tempore. The Senator from Michigan [Mr. RIEGLE] is recognized for not to exceed 10 minutes.

Mr. RIEGLE. Mr. President, I ask unanimous consent to proceed for 15 minutes.

The PRESIDENT pro tempore. Is there objection to the Senator's request? Hearing no objection, the Senator from Michigan [Mr. RIEGLE] will proceed for not to exceed 15 minutes.

A NEW PRESIDENT WITH A DIFFERENT VISION

Mr. RIEGLE. Mr. President, I want to cover several things in the time I have.

I want to start out by addressing the important steps, constructive and positive steps, that President Clinton and First Lady Hillary Rodham Clinton and their Cabinet and administration made in the first 100 days of their time in office. It is very important we understand where we are and what the barriers to constructive change are that we are confronting and that are standing in the way here.

I think it is fair to say in terms of starting out with that assessment that this President coming into office inherited a very difficult set of problems. Probably nothing illustrates that more clearly than the fact that the outgoing President was, in a sense, removed from the job—I'm talking about President Bush and Vice President Quayle. They were removed by the American people, although they were seeking reelection, I think because they did not perform adequately on the range of issues facing this country and in very particular, the economic issues hurting America: The lack of jobs, the lack of health care reform, other matters really affecting the daily lives of the American people.

People wanted change. They knew the country was on the wrong economic path going into the future. So they did something that they seldom do and that is they turned out a sitting President and elected a new President, a challenger. Bill Clinton and AL GORE were elected to come in, tackle these problems, set a new direction, see if we could not make some progress in starting to address these issues.

So it is not surprising, when the new President arrived at the White House 100 days ago, there were a great pile of problems there on the doorstep left from the last 12 years, and even a longer period than that, with which he has had to deal and which the American people have asked him to take on and do something about.

He certainly has been working very hard in that respect. I have served

under seven Presidents. I have not seen one of them work harder than this President, or work more carefully or intelligently in terms of getting at the root problems of several of these issues.

He is getting things done. He got his budget plan enacted and that budget plan does several important things. It changes the direction of our country. It brings down the annual level of our Federal budget deficit stretching out over the next 5 years, it invests in this country, it invests in job growth, it invests in things that really will make life start to improve and our economy get stronger here in the United States. That plan will reduce deficits and in fact help bring about the 8 million new private sector jobs that he has set as the principal goal for his administration over this first 4-year term.

I have just left a meeting just outside the Senate Chamber, across the hall, where Hillary Rodham Clinton, the First Lady, was meeting this morning for 2½ hours with Members of the Senate on health care reform. It was a bipartisan meeting—52 of the 100 Senators were there. It is not her first bipartisan meeting, I hasten to add. I serve as a Member of the Finance Committee where we have jurisdiction over a lot of the health care reform issues. Just within the last 2 weeks she came over to the Senate Finance Committee, met in a private session with all of the Republicans, and all of the Democrats who wished to participate. Many were there. Most were there. Some were not. Most were. I remember specifically a number of good questions and exchanges coming from the Republican members of the Finance Committee who were present in that meeting, which also ran about 2 hours.

So, let there be no misunderstanding about the issue of whether or not there has been back and forth, and communication, and solicitation of views from the Republican side on health care. There have been some mischaracterizations about that, one as recently as this morning on the morning news. That just unfortunately is inaccurate.

But in any event, the Clinton administration is pressing ahead on these issues, on issues that people want action on, are worried about, the real issues that are keeping American families awake at night, in terms of the lack of job opportunity, the soft economy, and the absence of affordable health care for people in this country.

I am not just talking about those who do not have any health insurance. Most of the people today who have health insurance are finding they cannot afford to maintain it because the costs are going through the roof. There are all these deductibles, copayments, and exclusions. If you have a child with asthma, the insurance companies do not want to cover that child. Or if you have a spouse with a health problem,

the insurance company wants to get rid of coverage for the spouse. If you change jobs, often you cannot take your health insurance from one job to another.

These are problems we have to fix. I am glad we have a President who has the guts to stand up and say, let us change and reform the health care system and make health care affordable and get the costs down within reach of American families in this country. That is why he was elected. That is why the other President was removed because he was unwilling to face up to those urgent domestic issues.

I have said many times on this floor that the past administration was putting too much emphasis on foreign policy, had plans for every other country around the world, no plan for this country, and the American people said they had enough of that.

So now we have a new President with a different vision, and that vision is to do something about rebuilding the basic strength of America: The job base, our health base and really helping families get their feet under them and be able to come ahead.

I want to just point out two things, just in terms of just in terms of what this new President is confronting. Bear in mind he has been in office only about 3 months.

If you look at this chart that shows this recession that has been underway for such a long period of time which we are still struggling to get out of, this blue line on this chart shows the job loss as this recession started back 32 months ago. This black line, straight across, is a line that shows whether you are gaining jobs above the line or losing jobs below the line.

As the blue line shows, this is the average of the last seven recessions, since World War II. As you go into a recession, you lose jobs coming out to about 10, 12, 14 months. Then the recession bottoms out and you start to regain the jobs. The economy starts to come back. That is what the past history has been, and as you come out in time, 18, 20, 22, 24 months, you regain the jobs you lost, you get back into positive ground, you start adding jobs and, by historical experience, by the time we are out 32 months, which is where we are now from where this recession started, we should be way up here. We should have added about 4 million new jobs to the economy. We should have gotten back all the jobs we lost and added another 4 million to the good.

That is not where we are. We are languishing way down here. We are still down here with fewer jobs than we had when the economy went into the recession some 2½ years ago. We ought to be up here; we are down here.

If you back this up 90 days to when Bill Clinton became President, you can see this was one of the reasons why he was elected President. The American

people know this is happening. They may not know this chart, but they know what is happening in their lives. They may be losing their job or they may be seeing that their children are coming out with either education completed or job training and cannot find a job, so they know in terms of their daily experience about this problem.

So back about here they said goodbye to trickle-down economics and to Reaganomics and to Bush and to Quayle and they said, "We're going to try something different to see if we can't get out of this hole and get back up here on high ground where we should be."

I will concede that it is a legitimate argument for the Republicans to take the other side of the economic issue, and to challenge that issue because they are tied hand and foot to the old economics, the trickle-down economics and it has been very beneficial to them, I might say. And so they cannot really break away from it. What they need to do now, or what they are doing—I do not think they should be—but what they are doing is they are arguing their economic philosophy, even though it is failed, and they are doing everything they can to prevent President Clinton from having the chance of putting his ideas into effect. We saw that with the filibuster on the jobs bill. The occupant of the chair, Senator BYRD, knows, he was on the other side trying to break that filibuster. The Republican Senators were in here filibustering to prevent the President from doing something in the way of job creation to get some job lift to solve this problem.

So it is not surprising in the area of economic policy that our Republican friends are throwing every banana peel under Bill Clinton they can because they do not want him to succeed and because they want to protect the old policies, even though they are failed policies.

Let me show you why. If you look at how Reaganomics, trickle-down economics has worked since 1980, we have the money in this country running uphill. It is running uphill to the wealthiest people in America, and people who are in the working class and the middle class are, for the most part, sliding backward. Yes, in many cases you have two people working, a husband and wife who are out working to earn as much as one wage earner was able to earn maybe 10, 15, or 20 years ago.

This chart is very instructive. This shows who got richer and who got poorer since 1980 as we tried this misguided experiment in trickle-down economics. These five boxes right here represent, each one, 20 percent of the American people. So 20, 40, 60, 80, 100; 100 percent of the American people are put into these five categories based on the amount of income they earned.

This is the group that earns the least amount of income, the lowest 20 per-

cent of wage-earning families in the country. This is the next lowest 20 percent. The middle 20 percent, then somewhat higher income people, then the people at the top, the highest 20 percent in terms of what they earn.

This measures who gained and who lost under Reaganomics and under trickle-down economics. You see the lowest 20 percent actually lost ground in the last 12 years. On average they are down almost 6 percent in terms of their actual income.

The second 20 percent, which contains a lot of the middle class, sort of maybe what you call the lower middle class but families earning \$25,000 a year, they also lost ground. They slipped backward 6.3 percent.

The middle 20 percent also lost ground. They lost 3 percent, as well.

You do not start to see any net gain until you get at the high end of the income scale, the fourth group up. They gain 2.4 percent. Not great, but they are doing better than these three groups.

But look at the top income group, the top 20 percent. They hit the jackpot. Trickle down really meant trickle up. That is the way it worked, only it was not a trickle, it was a lot of money. And if you take out the top 20 percent, you say, all right, so the top 20 percent, they got virtually all the money and everybody else slid backward, in fact, money went from these folks who really need it up to these folks who do not really need it.

You might say, "Wait, didn't the people at the high end create a lot of jobs in America?" You know the answer to that. Do you see any jobs in America? You see jobs going to Mexico, jobs to Japan, jobs to Singapore, jobs all over the world. You do not see enough jobs in America. So, no, they did not take the money and invest it in job growth in America.

If you take this top 20 percent and chip off just the top 1 percent, look how well they did. Their incomes went up 65 percent over that 12-year period of time. That is just the top 1 percent of income earners in the country.

So I ask any Member here, anybody who is following this debate: Where do you fit along this scale? If you fit in the top 1 percent of wage earners in the country, you hit the jackpot with trickle-down economics. That is what is going on here right now.

Some people do not want to change that. Who does not want to change it? The people who do not want to change it are the people in this top 1 percent because if they keep it going a few more years, they can take and rack up a whole lot of additional wealth and strip mine everybody else and strip mine the economic system and strip mine the job base of this country.

So that is what is going on. This is an economic debate about privilege and about failed policies and about whether

or not those policies are going to continue or be changed.

Mr. President, I ask unanimous consent to proceed for 5 additional minutes.

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

Mr. RIEGLE. I gather now with the additional 5 minutes, I have how much time, 7 minutes; is that correct?

The PRESIDENT pro tempore. The Senator has 7 minutes.

Mr. RIEGLE. Mr. President, to finish up what I was saying, so the economic issue is a bread-and-butter issue. The question is, where is the money going to go? Trickle down takes it to the top of the income scale, as that chart shows, and a change in policy will change those patterns and we will start to see other people in this country start to participate again in the American dream and be able to have more, earn more, invest more in their families, education, housing, things that people need and want.

So that is a change in direction. That is why there is such a big fight. It is important to understand what drives the fight.

There is a second element, and that is politics. The Presidential race of 1996 has already started and, unfortunately, an awful lot of our colleagues—some in the Senate, some outside the Senate—in the other party are now making their way up to New Hampshire to go up and roll out their 1996 Presidential campaigns because there is a fight for succession in that party.

Obviously, Bush and Quayle went down the drain. Somebody is going to get nominated in 1996. We have at least two people in the Senate who are sort of self-identified as candidates, both of whom, by the way, were up campaigning in New Hampshire in the last 2 weeks; and others, people like Dick Cheney, Bill Bennett, and Jack Kemp, are also scheduled to be up there soon.

So that is what is going on. You look at a map of the United States and when you see a Senator, say, from Texas, who clearly has a Presidential ambition—here is Washington, and here is New Hampshire up here. You do not have to go up to New Hampshire to get to Texas. And the same thing is true here. If you are going from Washington to Kansas, you do not have to go to New Hampshire, not this time of the year.

You go for one reason, and that is because you are rolling out a Presidential campaign. Now, it is all right to have that go on. I have not seen it ever happen this early, however. In other words, in the first 100 days of a new President, you already have the next Presidential campaign starting up again, going on full bore in New Hampshire. They are running out of hotel rooms up in New Hampshire. My colleagues in the Senate are bumping into each other in the airport up in Nashua,

NH. One Senator gets off the plane, another one gets on the plane. So understand, there is a lot of politics, as well as real economics in terms of who wins and who loses in this debate.

In the time remaining, I would like to appeal for a political cease-fire on both issues, and most particularly on the politics, on the issue of health care reform and making health care affordable for the people of this country. That ought not be a partisan issue, and it ought not be caught up in this just-started 1996 race for the Republican Presidential nomination. We ought to be able to put that aside, and we ought to be able to concentrate on health care reform.

I have worked for the last 3 years on a bipartisan basis in the Senate with Senator DURENBERGER, and earlier with Senator CHAFEE and Senator HATCH. We had a bipartisan group on health care reform. We spent 2 years on it. We came up with a group of principles. I went to the President at that time, President Bush, and asked him to take the lead and get in on it; we would do this on a bipartisan basis. He was not interested in doing it.

It ought to be done on a bipartisan basis, or a nonpartisan basis, not on the basis of mischaracterization and hardball politics related to the nomination for President in 1996.

I will say this. The Senator from Kansas was on his way to the nomination over 4 years ago up in New Hampshire, and he was hit with a mischaracterization and a slander in his own party on the tax issue. I think it had the effect of taking the nomination away from him at that time, and I thought it was unfair and I said so.

So he has seen and I have seen, we have all seen, what mischaracterizations can do to somebody or do to an idea or do to a program when it is used and used unfairly, and it was used unfairly on him in that situation. The Sununu forces and the Bush forces cooked it up and it was wrong. It ought to be said for the record. Let us not let that happen to health care reform in this country, and let us not make the race for 1996 turn into a situation where health care gets injured or knocked into a political situation when it ought to be in a political cease-fire zone.

This is an issue that affects everybody in the country—Republicans, Democrats, Independents, people who have no party interest or party affiliation. We need health care reform. Business wants it. Citizens want it. Providers want it. Labor wants it. I cannot find anybody who does not want it.

Oh, yes, there are a handful of people who are getting rich on the way the system is breaking down now, but they are a minor exception, although they are a real problem. Most people want health care reform. I would hope that

on the Republican side and the Democratic side we could play straight with the facts. The First Lady was here today in that spirit. And let us put that issue, the health care reform issue, in a political cease-fire zone. Let us take that out of the Presidential race for 1996. After all, that is over 3½ years away, anyway.

So let us put that off to the side and do the American people at least that one favor and take the politics out of it and keep the characterizations honest. I heard one this morning that was not accurate, which said there had not been any consultation with the Republican Members of the Senate. I sat at a meeting myself 2 weeks ago in the Senate Finance Committee with my Republican colleagues for 2 hours with Hillary Clinton in a consultative session back and forth. My Republican colleagues were talking, being heard, interacting, questions were being asked and answered. Today was not the first meeting and the record ought to be clear on that issue.

But let us take that issue, let us take the health care issue and put it out of the political cross-fire in the name of the American people. Let us create a political cease-fire at least for that one issue and do something, for a change, to help America.

I say to my friends on the other side, if you want to continue to defend trickle-down economics, you can do it until none of you hold office because the people have rejected that and are going to continue to reject it. I think in the end Bill Clinton's plans to put America on a different track and invest in this country and build a job base in the private sector are sound ideas and the country is going to support that. That is why he was elected. So you can stand in the way of that. That is a losing proposition. The last election ought to demonstrate that.

But in the area of health care, let us take that out of the politics of today. Let us take it out of the politics of who is going to be the Republican nominee in 1996 and let us do something for the American people, and let us do it this year because people need it now. They have been waiting year after year after year after year.

Health care costs are up to 14 percent of our gross domestic product. They are going right through the roof. People cannot afford it. It is damaging people, damaging our country, damaging businesses. We can fix it. I say hats off to the President for steering directly into that issue. Some people have said you cannot do it now, or it is too tough. He said, "No, it is exactly what has to be done. It is why he ran."

I applaud the President and the First Lady, Hillary Rodham Clinton, for sailing right straight into this issue. I appreciate their leadership. It is what this country has needed for a long, long time and now they are getting to it.

I appeal to my friends on the other side of the aisle. I used to serve on that side of the aisle. I have served in both parties. I say to my friends on the other side of the aisle, help this country achieve health care reform to make it affordable and to make sure we are efficient in our health care system and everybody has a chance on the health side to begin to realize the American dream.

The PRESIDING OFFICER (Mr. DORGAN). The Senator's time has expired.

Mr. RIEGLE. We are all God's children and everybody ought to have a chance for decent health care in this country. We can do it this year if we will do it on a bipartisan basis and take politics out of it.

I yield the floor.

SOUND ADVICE ON RUSSIAN AID

Mr. DOLE. Mr. President, as Congress and the administration prepare for the implementation of the Russian aid packages announced in Vancouver and Tokyo this month, there is no shortage of advice—including some very good advice—on how best to deal with Russia and the other independent States of the former Soviet Union.

One of the soundest, most thoroughly reasoned pieces of advice on Russia that I have seen since we began discussing the issue is a speech given by former Ambassador Robert Strauss for the John F. Pindley Green lecture at Westminster College in Fulton, MO.

Mr. President, there are few Americans better qualified to talk about the development of democracy and the economy in the former Soviet Union than Ambassador Strauss—a Democrat serving a Republican President as the last American Ambassador to the Soviet Union and the first American Ambassador to the Russian Federation. His experience as a diplomat, trade negotiator, businessman, and political organizer gives him an excellent perspective on the process of political and economic reform.

I would like to highlight just a few of the points in his speech that I think we should all keep in mind here as we discuss the Russian aid packages.

First of all, he says that we cannot bring democracy to Russia. We cannot transplant our system wholesale to Moscow. Democracy has to be established and nurtured by the Russians themselves. We can help—by deed and by example—but there is a limit to what we can do.

Another critical point he addresses is cost. The U.S. contribution to all the proposed assistance packages—loans, loan guarantees, technical assistance, and direct aid—will amount to perhaps \$12 billion. We need to think of this in comparison with the trillions of dollars spent fighting the cold war. Or to look at it another way—\$600 million in United States aid to Hungary or \$650 mil-

lion for a new B-1 bomber—\$80 million for Latvia but \$298 million for a new C-17 aircraft.

The fall of communism brought about events in Eastern Europe and the former Soviet Union, Mr. President, that were simply unthinkable a few years ago. We can now speculate on the outcome of free elections in Eastern Europe and the referendum in Russia—how Yeltsin is doing in the cities, the suburbs and the countryside—just like we speculate on the vote in Kansas or Maine.

The speech offers good advice for those who are disposed and opposed to Russian aid. For those who are enthusiastic, it suggests we temper our enthusiasm with the reality of how much we can do. For those who doubt, it is a good reminder of the remarkable changes that have already taken place.

Mr. President, I strongly recommend Ambassador Strauss' remarks to all my colleagues, and I ask unanimous consent that the entire text be printed in the RECORD.

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

[The John Findley Green Lecture, Westminster College, Fulton, MO, presented by Robert S. Strauss, April 20, 1993]

RUSSIA AND RENEWAL: THE NEED FOR PERSPECTIVE

In January President Clinton compared the ceremony of his inauguration to forcing the spring in a bleak midwinter—an observation that the celebration of democratic renewal, of which he was that day the center, brings to our human experience its own light, its own warmth.

'Forcing the spring' was to me a felicitous image. And now that a true spring has come and we can begin to feel the warmth of the sun as April has found its way to central Missouri and to Westminster College, I want to relate that phrase to my own experience and, in a much larger sense, to our experience as a nation. For having had the privilege of seeing much in a life that has stretched seven decades, and been blessed by the opportunity to make some contribution to our public life, I am convinced that the renewed commitment of a people to democracy, if not as powerful as the earth moving closer to the sun, is indeed its human equivalent—the highest and best objective of our political and civic life.

As I begin my remarks, I am reminded of the wise man who said "No metaphysician ever felt the deficiency of language so much as the grateful." I am sympathetic to that author's plight as I stand before you today. For it is difficult to find words to express what I feel. To receive an honorary degree from Westminster, to stand on this stage where world leaders and great thinkers have stood to address the college and nation, is both a humbling experience and, at the same time, one of the greatest honors of my life. I thank the Board of Trustees, President Traer, and the greater college community for your trust that I might be a worthy recipient of this attention.

I remember as if it were yesterday when Winston Churchill visited this beautiful college and gave a speech which, for the first time, put into words the reality of the post-war world. That I, at that time a young law-

yer starting out in Texas, might some day play any modest role in the greater world in which giants like Churchill and Truman acted, was beyond rational expectation. That I had that opportunity, and that it would lead me here today, is of highly personal significance.

Since 1946, the John Findley Green lecture at Westminster College has, on important occasions, been a forum for an analysis of the relationship of the United States to the Soviet Union—and now Russia. Last year, former General Secretary Gorbachev spoke. Certainly, my role as the last U.S. Ambassador to the Soviet Union and the first U.S. Ambassador to the Russia Federation ensures that I will carry on that tradition, if not in stature and competence, at least in form.

When another Westminster College Doctor of Laws, George Bush, asked me to become Ambassador to the then Soviet Union in the summer of 1991, it was his view, and that of Secretary of State Baker, that the United States needed an envoy in Moscow who had a demonstrated relationship with the President, and who could work closely with General Secretary Gorbachev as he grappled with the perilous evolution of his nation from totalitarianism to greater political and economic freedom. That I was a Democrat serving a Republican President underscored a bipartisan approach to the problems arising in the U.S.-Soviet dialogue. The President said that the appointment would send the right message that this country was committed to the reform process in the Soviet Union and would participate in every appropriate way.

Needless to say, neither the President, his Secretary of State nor his new Ambassador-designate knew what the future would bring. By the time I arrived in Moscow, in August of 1991 in the middle of the attempted coup, I entered the city with personal security guards driving through rows of tanks and past barricades. All of our expectations had been knocked on their head. It was a symbolic and fitting introduction to the post. All of us working on the US-Soviet relationship were forced to reassess our expectations.

I have been in many strange and difficult situations, but nothing prepared me for what I found in Russia:

Imagine a world where much of your recent history is a void: A mixture of half-truths and lies, of brutality and ignorance. Imagine a society where nearly all your institutions have been totally discredited: Discredited by history, discredited by world opinion, discredited by simple failure.

Imagine a world where you see for the first time—through television, films, visual arts, and increasing numbers of visitors—glimpses of another world you never even knew existed, a new world awash in color, beauty and material goods, a world you realize with resignation and despair is utterly out of your reach in your lifetime and in the lifetime of your children.

Imagine a world where everyone you know, from factory managers, teachers, shopkeepers, lawyers, doctors, homemakers, parents, brothers, sisters—everyone—each day is reinventing their careers and their role in society; where every hierarchy has been undermined and every prize discounted.

Imagine all of this against the backdrop of a broken economy, with hunger, falling production, declining trade and the looming possibility of hyperinflation. Add systemic corruption at all levels, political deadlock, increasing poverty, scarce resources, dangerous transportation, epidemic illnesses

and environmental disaster everywhere you look. Imagine all this and you will have only a slightly exaggerated description of the Russian nation today. This is a people that must accept the fact that their beliefs of a lifetime had no basis. This is a nation and a people that we in the west sometimes appear to believe should stand-up and take charge of its destiny overnight. Such an expectation makes no sense.

So as we in this nation struggle with the challenges brought on by our prosperity and rapid advancement, our new friends on the other side of the former iron curtain struggle with a different set of challenges. It is not only material deprivation and economic backwardness—factors which cannot be underestimated. It is also a struggle of the soul, a struggle of a people, particularly young people, trying to express themselves democratically when they do not have the experience to do so and do not have the history to understand what democracy really means. These are nations where, for generations, people were not allowed to force the spring. These are people who, for generations, lived in a cold, dark and bitter winter.

As a result, today we in the west are separated from the east by a great divide. Our political experiences simply do not mesh.

Bridging the great divide will not be easy; it will not be quick. But, it will be the primary challenge of the future. We must adjust our expectations; they must modulate theirs; and both will require our wisdom and patience for many years. I am confident that Boris Yeltsin and the people around him in Russia know the direction they would like to take. They just have no experience in getting there. And as recent events have shown, their path is obstructed by forces that still have power, but do not share genuine democratic values.

Our experiences of the last few years have already taught us, that there are no levers to pull, no mechanisms to trigger, no magic wands to wave that will turn Russia, or Kazakhstan or any of the other newly independent states into nations that will look, act, sound and feel like western nations.

It has been said many times in the last months, but it is no less true or important from repetition: We cannot bring democracy to Russia. We cannot transplant our system wholesale to Moscow. Democracy must be established, nurtured and developed by Russians for Russians. We in the west can play a vital role and we should do so. But we can affect the outcome only on the margins.

On the other hand, we must not underestimate what we in the west, as successful democracies, have contributed merely by example. Without the functioning Parliaments of Europe and Asia, without our own two-hundred-seventeen year example, Russia could not have even begun its renewal.

We are the inspiration, we are the proof. And as Russia cures itself from within from the totalitarian disease that for over seventy years perverted all the potential promise of modern industrial societies, it will return again and again to American models of democratic institutions. Indeed, even the talk of President Yeltsin's possible impeachment in recent weeks owed more to Russian perceptions of American Democratic process than to any Russian tradition that allowed for the peaceful removal from office of a chief executive. We have a role in Russia's democratic renewal simply by proving that democracy works.

But, as Russia finds its way, maintaining realistic expectations—both in the east and in the west—will be part of the economic,

diplomatic and political challenge in the coming decades. Keeping realistic expectations will be the critical challenge for the people of Russia and the other newly independent states.

Yet, is it all despair and hopelessness?

No—it is not hopeless.

Russia is a great nation. Its history has demonstrated this. Its people know it. That the nation lost its way does not mean that it has ceased to exist or that it cannot be an important contributor to the world community.

The United States cannot allow Russia to drift. Russia's extraordinary size, its resources, the richness of its history and the talent and strength of its people, all ensure that it must remain one of the major powers of the earth. The disposition of the former Soviet Union's vast nuclear arsenal, from a security standpoint, requires our unwavering attention.

The potential chaos of the last weeks should be a spur to even greater engagement and even greater creativity in fashioning a new U.S.-Russian relationship.

Fortunately, I do not believe that there is a serious difference of opinion on this issue in the United States. Fortunately, I believe that now that Communism has succumbed to its own poisons, there is no serious opinion that Russia and the other states are our enemy, or that Russia should, in some way, be kept weak in the interest of American security.

This is, in itself, a very positive development. Abandoning long held enmities requires a tremendous effort, whether for an individual or a nation. It is especially so in the world we created during the Cold War, a world in which immense social, economic, industrial, political and ideological superstructures were developed in response to our genuine fears and suspicions of that era.

Russia and its people are not our enemies and we are not theirs. To continue to think of Russia as a political rival is a tremendous waste of national energy. As former President Nixon, a man with whom I have had serious political differences in the past, but whose wisdom on this and other issues I respect, recently wrote:

Russia did not lose the cold war. The Communists did. The U.S. and our allies deserve great credit for maintaining the military and economic power to resist and turn back the Soviet aggression. A democratic Russia deserves credit for delivering the knockout blow to Communism in its motherland. Russia should be treated as a proud struggling friend, not as a weak former enemy looking for a handout.

To think otherwise is a delusion. The United States is not faced with a choice of determining whether there will be a weak or strong Russia. There will again be a strong Russia. The United States is faced with the certainty that if it sits by and offers no help, there is no hope for success; and the dilemma that even significant help will only marginally affect the outcome. But whether Russia is a strong democratic nation with market institutions, or a strong, non-democratic, authoritarian nation, led by a demagogue who might rise to power to fill a political vacuum, is very much our concern.

Today, our attention is focussed on the drama of the Yeltsin Presidency—and with good reason. Until now, few in this country understood that the Russian Presidency is an exceptionally weak office. Moreover, it is under the thumb of a Parliament filled with holdovers from the Brezhnev era and this serves to compound the problem. Unfortu-

nately, from the heady days following the coup, the subsequent wrenching economic and political upheavals have steadily eroded Boris Yeltsin's political power.

He has not been dealt a winning hand. How he plays it, and whether or not he regains the political initiative are the questions of the hour. If commitment to democracy, strength of character, personal courage and creativity contribute to one's ultimate political success, then Boris Yeltsin has a chance.

Even with the noblest intentions and greatest of commitments, it is difficult to know how the United States can best be of assistance. Frankly, because of the dreadful fiscal situation we Americans have gotten ourselves into over the last decade, the truth is that we do not have the financial flexibility we need as we develop the political will.

Yet, although I am disturbed by the relatively small investment the west, including the United States, has made in Russia and the former eastern bloc, helping Russia, like so much in life, is not as easy as it sounds.

I can tell you from my own experience, that spending money usefully in Russia at this time is a difficult matter. We cannot repeat a program like the Marshall Plan, a massive aid effort by the west, because we would not be delivering aid to societies and nations sophisticated in commerce and the use of capital. Indeed the ability of Russia to use and absorb capital is very doubtful. Moreover, there is always the risk that massive aid by the United States can be wasted, stolen or diverted for unforeseen purposes. And we can be assured that the Russian bureaucracy, even in the best of circumstances, will make it exceedingly difficult to effectively deliver the kind of assistance their economy so desperately needs.

However, even if we cannot agree on how our money should best be spent, we must not be so misguided as to believe that we can offer only minimal assistance. Perhaps we should adopt the calculus that we used from the late 1950's until the end of the Cold War. During that period we judged our own commitment, the commitment of our allies and the determination of our foes by comparing what percentage of each nation's resources was being devoted to defense. We justified these immense expenditures as necessary to preserve the peace. Why should our commitment to helping restructure the Communist world be considered on any other basis? What is more, it could be done for a lot less money.

Future generations will applaud our forty years of effort to destroy Communism. It was costly: trillions of dollars; but it was cheap compared to the alternative.

But they will be dumbfounded by our response to Communism's ultimate collapse. How can they think otherwise when they compare the figures? Trillions for defense, yet only a total of nineteen billion dollars in assistance since the fall of the Berlin Wall, spread among twenty-five countries, for rebuilding. Six hundred million dollars in aid from the United States of America to newly free Hungary, but six hundred sixty-five million dollars for a single B-2 bomber. Two hundred ninety-eight million dollars for a new C-17 aircraft, but eighty million dollars for all of Latvia. Five hundred and fifty million dollars for the Czech and Slovak Republics, eight hundred and five million dollars for one new destroyer.

The victory over Communism, when it came, was a silent one. When its foundations crumbled, the extraordinary corruption and rottenness of the whole made its final collapse preordained. At the time, it was truly

difficult to comprehend the swift and peaceful death of European Communism. As a result, there was a failure to adequately articulate what the victory meant to future generations in terms of peace and prosperity as well as the challenges and sacrifices that we would need to make to capture the tremendous new opportunities brought about by the end of Communism.

Even though we had our own budgetary restraints and a reality in Russia that made the absorption and delivery of aid problematic—the entire western establishment, business, political, foreign policy—me included—proved politically hesitant and insufficiently moved intellectually by the vast changes unfolding in the realms of our old antagonists. At a critical time, the west failed to define a new political vision for the democratic nations. We failed to inspire the world to meet the new reality. It would be difficult to imagine President Truman or Prime Minister Churchill hesitant before such momentous change.

The greatest failure of the west was not in failing to manage the collapse of Communism, for we did that well. Our failure was not engaging our people in the important political and security challenge—and adventure—that the victory of democracy over Communism offered.

There are those, never enthusiastic about foreign aid, who would suggest that letting matters take their course is the proper way. But caving in to such suggestions sells the American people short. Thirty years of political involvement has convinced me that whenever the American public is told the facts, given the options and the cost of each alternative, they invariably do what is right.

President Clinton took a step in the right direction a few weeks ago in Vancouver. His timely offer of support for Boris Yeltsin at one of the most critical junctures of Yeltsin's presidency showed that the United States is prepared to listen and to respond responsibly in whatever way it can to the needs of Russians who are struggling towards democracy and to encourage other nations of the world to join with us. President Clinton's meeting with President Yeltsin was more than just a symbolic act, intended to convey concern for the development of democracy. It was a meeting of two equals, at the helm of two of the greatest nations in the world, attempting to grapple in good faith with the problems presented by a transition in Russia which affects not only Russians, but all of us. The meeting last week of G-7 Ministers in Tokyo produced additional substantive progress and sent a clear and positive signal to Russia and the other Republics. Finally, I believe, the great democracies have set in motion the processes by which material aid may begin, if only Russia begins to deal with its own political and bureaucratic chaos.

I want to leave you today with a sense of the immensity of the task ahead: to bridge the divide between the west and east. And I want you to go away with the understanding that reaching out to our former adversaries is not only the right thing to do, it is also in our own interest. Common sense can lead to no other conclusion.

Many years ago, Judge Learned Hand, ever wise, wrote:

"Justice is not a domestic institution. Even in our own interest we must have an eye to the interests of others; a nation which lives only to itself will in the end perish; false to the faith, it will shrivel and pass to that oblivion that is its proper receptacle."

We must reach out. Our resigned acceptance of the iron curtain nearly four decades

ago demonstrated one effect of containment. Just as the Communists were closing their captive people in, we over time, became accustomed to having them fenced out. Unable to affect the political world on the other side of the border, in time we became accustomed to the wall which had been created. If you cannot get along with your neighbor, you might as well have a tall fence.

The fencing out took many forms. People could not move freely and two generations of westerners grew up with the experience that everything on the other side of the fence was a mysterious, impenetrable bloc. The national identity of the various nations under the control of Soviet Russia became lost. Understandably, we were unable to see or feel the soul of the Russian people. We saw only their leadership and the sordid values they stood for. The complexities of the Soviets' internal problem were concerns only to scholars and analysts. With every justification in the world, we tended our own garden.

Thankfully, that time is over. The fence is down. At last we can see the other side. Yes, we find the grass long, weedy and unkempt. But there are overlooked, yet promising, buds of personal initiative, modest economic progress and private enterprise that I saw when I was in Russia that over time will overtake the weeds.

How swiftly we demonstrate our quality as good neighbors will determine whether we live in peace, or under renewed tension, for many decades to come.

I began this evening by speaking about the spring as a metaphor for democratic renewal. In Russia today, the sun has not yet broken through. The Russians are on the eve of a national referendum. Its results at best can only marginally help; at worst, it will be a major set back. More of the same confusion is the likely outcome.

However, as someone who has spent a good deal of time in elective politics, I must share with you my pleasure yesterday in speaking to my former Deputy, Jim Collins, at the Embassy in Moscow. We were speculating on the referendum and how Yeltsin would do in Moscow, the suburbs and the countryside like we were talking about the possible turnout in St. Louis or Jefferson City in an off-year election. Whatever happens, there has been progress.

Because of the strength and indomitable spirit of the Russian people, the promise of spring exists. The source of the Russian rebirth must come, as in all successful political transformations, from the Russian people themselves and from all the people once under Soviet rule.

But, they are not alone. There is a vital role for the United States, its democratic partners, and, indeed, for all of us in this room tonight. Warmed by our own successive springs and commitments to democracy, we must share that warmth with our newly re-found friends. Through our understanding of the hardships and dangers they face in every day life as they strive to achieve the society we take for granted, through our commitment to our own values, we can provide for them some hope that their hesitant spring will turn to a glorious summer.

When I arrived in Moscow, I drove in a convoy through lines of tanks. When I left, it was in a single car through street—despite the terrible political, economic and social turmoil—that were as tranquil as those of Fulton, Missouri. I, for one, believe that the Russian people are destined to make a contribution to world harmony and peace. I say to you tonight, our great nation and each and everyone of you—have a part to play in that destiny.

Goodnight and thank you for permitting me to occupy this platform at this splendid institution.

The PRESIDING OFFICER. Who seeks recognition?

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Pennsylvania [Mr. SPECTER].

THE COMPROMISE STIMULUS PACKAGE

Mr. SPECTER. Mr. President, I thank the Chair.

Mr. President, last night, shortly before the Senate adjourned, I introduced a package which increases funding for critical programs which President Clinton sought to supplement, but which does not add to the Federal deficit.

As a long-time supporter of funding for unemployment compensation, community development block grants, repair of the infrastructure, summer youth jobs, and child immunization programs, it was difficult for me to oppose President Clinton's package. But I did so because I believe very strongly that Congress should not agree to any new spending without finding a way to pay for it.

During consideration of President Clinton's emergency supplemental appropriations bill, I referred to Office of Management and Budget reports which show that there are billions of dollars which have been appropriated and are still unspent for the same programs the President sought to increase.

For example, President Clinton's package called for \$1 billion for summer youth jobs. There is presently \$670 million available for this fiscal year 1993. In addition, there is another \$267 million available from funding left over from last year. In other words, there is nearly \$1 billion already available for summer jobs.

This scenario held true for community development block grants, where there were approximately \$8.8 billion available to be spent, reprogram as necessary, or perhaps supplement as necessary to help certain big cities which are distressed.

In meetings on the stimulus package with many people, we discussed how expanding programs such as community development block grants and summer youth employment could be of particular help to distressed cities. I support expanding these programs so long as we find a way to pay for them that does not add to the Federal deficit or raise taxes. That is why the package I am proposing today is paid for with across-the-board cuts in domestic discretionary programs and cuts in Federal agency administrative expenses.

My compromise proposal would increase the funding for highways and mass transit \$2.2 billion; summer youth employment, \$900 million; older Ameri-

cans employment, \$32 million; community development block grants, \$1 billion directed at distressed cities; child immunization, \$300 million; Small Business Administration Loan Program, \$100 million; and chapter 1 adjustments on education, \$200 million.

I believe it is important to note that the Community Development Block Grant Program increase would be directed to fiscally distressed areas which can demonstrate the need and ability to use those funds most effectively. In addition, the increase for the Small Business Administration is critical because loan funds ran out earlier this week on April 27.

I have introduced this package in the spirit of working the issue out so that we can all move ahead to solve the problems of the American people. Mr. President, I have said both publicly and privately that I am prepared to help President Clinton, but I am not willing to give him a blank check. The national debt is rising at an astronomical rate. Even with President Clinton's plan to cut Federal spending by \$473 billion over the next 5 years, the debt will still rise by \$1.157 trillion.

Mr. President, I ask unanimous consent that at the conclusion of my presentation a chart appear, which is President Clinton's report, "A Vision of Change for America," February 17, 1993, which shows those figures.

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

(See exhibit 1.)

Mr. SPECTER. Mr. President, we simply cannot continue to borrow—to mortgage the future of unborn generations of Americans—for current spending.

Another issue at stake here, and a very vital one, is the confidence of the American people in our system of Government. There is a consistent view by the American people that gridlock controls the Congress and relations between Congress and the President, and regrettably, there is much to that. In a recent poll more than 70 percent of the American people expressed disapproval of the job that the Congress is doing.

I do not cite this figure to blame any person or any political party. But I believe that in light of this, each one of us, Republicans and Democrats, Members of Congress and the President, House and Senate, must make a much greater effort to work together and get things done. We must show the American people that we in Washington are more interested in finding solutions to problems than we are in political wrangling.

The American people do not care whether the answers are provided by Republicans or Democrats, only that answers are provided. Congress and the American people simply cannot afford a recurrence of the parliamentary steamroller tactics and partisan political bickering which occurred during

the consideration of President Clinton's package.

In a joint letter to the distinguished Republican leader, Senator DOLE, signed by all of the 42 Republican Senators, including this Senator, we expressed our concern that the emergency supplemental appropriations bill would worsen the Federal deficit. I think it is important to point out that the Senate is the last place in Washington, DC, where the Republican Party has an effective voice in public policy. Each of the 100 Senators was elected by voters in his or her own State. And I believe each of us was elected to use our own judgment and not to give a rubber stamp to the actions of the President or anyone else for that matter.

Mr. President, I believe that there are lessons to be learned from the events that occurred on both sides of the aisle, both Republicans and Democrats, and at both ends of Pennsylvania Avenue—the Congress, the Senate and the House, and the White House, the President.

I am encouraged that President Clinton has said he will seek input from Republicans on his health care proposal, and I hope he plans to consider our ideas.

Early in the morning on Wednesday, April 21, I telephoned President Clinton

and received a call back from him before the 10:45 a.m. time set for the cloture motion. I suggested to President Clinton that if the cloture motion failed—I suggested that it would—he call in Senator MITCHELL and Senator DOLE in an effort to work out a compromise.

Later that afternoon, Senator DOLE met with a group of Republican Senators and took to Senator MITCHELL a proposal of \$6.55 billion, which included the \$4 billion to extend unemployment insurance. At that point, the President's figure had reduced to \$11.9 billion, which includes the \$4 billion for unemployment insurance.

Senator DOLE's offer of \$6.55 billion was rejected and then ultimately the \$4 billion in unemployment compensation was passed separately. By adding \$4.7 billion in this package to the \$4 billion in unemployment compensation, that makes a total of \$8.7 billion which would be within negotiating range of the \$11.9 billion figure.

Conversations have been undertaken by officials in the White House with Members of Congress to include at least some of the items in the President's stimulus package in a separate supplemental appropriations bill. It is my preference that we move ahead at this time with separate legislation because a new appropriations bill must

originate in the House, and will doubtless involve many other issues. The precise form such legislative action will take is obviously yet to be determined.

This morning, Mr. President, in addition to the statement which I filed last night which I am presenting today on the Senate floor, I note a press report that items from the President's package may be taken upon a bill for aid to Russia. While that is not my preference, that may be a vehicle which would enable us to move ahead on these important items. Time is of the essence on summer youth employment, on the community development block grants for big cities all across the country, some of which are in Pennsylvania.

It is still my hope that the Congress and the President can produce a bill which will meet the needs of the American people, and provide a compromise. I was disappointed that the efforts of compromise did not succeed. But as we look to the future, after a period of some rest, and after a period for cooler heads to prevail, I think that we can do our job. And I urge my colleagues to consider the proposal which I introduced late last night and have repeated on the Senate floor here today. I thank the Chair.

EXHIBIT 1

PRESIDENT CLINTON'S REPORT, A VISION OF CHANGE FOR AMERICA, FEBRUARY 17, 1993

TABLE 3-1.—HIGHLIGHTS OF THE PLAN
(In billions of dollars)

	1993	1994	1995	1996	1997	1998	1994-97 Total	1994-98 Total
Baseline Deficit	319	301	296	297	346	390	1,241	1,630
Spending Changes:								
Defense Discretionary		-7	-12	-20	-37	-36	-76	-112
Nondefense discretionary	1	-4	-10	-15	-20	-23	-50	-73
Entitlements	(1)	-6	-12	-24	-34	-39	-76	-119
Social Security		-3	-6	-6	-7	-8	-21	-29
Subtotal	(1)	-20	-40	-65	-98	-106	-223	-329
Debt Service	(1)	(1)	-3	-7	-14	-22	-24	-46
Total spending cuts (-)	1	-20	-43	-73	-112	-128	-247	-375
Revenue Increases (-)	-3	-46	-51	-66	-83	-82	-246	-328
Gross deficit reduction	-2	-66	-93	-139	-195	-210	-493	-704
Stimulus and investment:								
Stimulus outlays	8	6	2	1	(1)	(1)	9	9
Investment outlays		9	20	32	39	45	100	144
Tax incentives	6	13	17	15	15	17	60	77
Total Stimulus and investment	15	27	39	47	55	62	169	231
Total Deficit Reduction	13	-39	-54	-92	-140	-148	-325	-473
Resulting Deficit	332	262	242	205	206	241	916	1,157
Deficit as a percent of GDP (percent)	5.4	4.0	3.5	2.9	2.7	3.1	3.3	3.2

¹ \$500 million or less.

COMMENDING SENATOR SPECTER

Mr. DASCHLE. Mr. President, let me commend the distinguished Senator from Pennsylvania for the spirit with which he has articulated his views on the need for compromise on a good jobs bill. As he said, time is of the essence. I am certainly hopeful that, in that spirit, we can find compromise and we

can move to conclusion on a very important piece of legislation at some point in the not-too-distant future.

REPORTS ON PRESIDENT CLINTON'S FIRST 100 DAYS

Mr. DASCHLE. Mr. President, I am interested in the number of reports

that have been provided in the last several days with regard to an assessment of President Clinton's first 100 days. I am amused somewhat at the way with

which pollsters, in particular, are consumed by popularity numbers, by ways in which to determine whether or not, at this point, 100 days after the inauguration, the President is popular or not popular, and what that may mean for his administration in the longer term.

It seems to me that popularity and all that polling data is really an odd determinate of success. It is not hard to be popular. There are really only two shortcut rules: Do not do anything and tell people what they want to hear. But the American people really do not need a President who seeks to be popular. The American people voted for change last November, and that is what they are getting—change.

Bill Clinton is about change, big change, rapid change, change all over the place. This is an administration who thinks America needs to be shaken up. I am convinced that this President, if he could, would work 24 hours a day and take on every problem and try to solve them all. He is that kind of an individual.

A changemaker is a chancetaker. Bill Clinton is going to win some, and he is going to lose some, and he knows that. I admire that. Better to try to accept a loss or two than to not even try at all. After a generation of gridlock, that is the kind of leadership we need. We needed it during the first 100 days, and we will need it during the next 1,000.

Leadership is not found in popularity polls. Presidents from Abraham Lincoln to Harry Truman could tell you that. Harry Truman's numbers, I am sure, were the lowest of any President this century. But as we look back, with Democrats and Republicans, and assess who was our best President, he ranks right up there with those at the top.

Leadership is, as the old saying goes, "thinking about the next generation, not the next election." That has been exactly what we have needed in this country—that visionary approach to change, the realization that without change, leadership, and without a commitment to do the things that we have to do, then really all hope is lost.

Leadership, thus far, is passage of the deficit reduction package, the largest we have seen in history, \$500 billion over a 4-year period of time, with \$250 billion in spending cuts. Leadership is putting our economy back on track, with interest rates at the lowest they have been now in 20 years, with a bold plan to create 8 million new jobs; a plan to shift priorities from short-sighted spending to long-term investment.

Leadership is best directed the way the President himself describes it: by putting people first, and enacting, at long last, family and medical leave, allowing families for the first time when they have a sick child, a sick husband, or a sick wife, to tend first to that family member and to give them the prior-

ity and attention they need, without fear of losing their job. That is leadership. That is the kind of vision, spirit, and hope that our people have wanted and have yearned for for so long: proposing a plan to immunize every child; to fully fund Head Start and WIC; to enact sweeping reform of the welfare system, something Democrats and Republicans have talked about for a long period of time; to crack down on dead-beat parents with plans to strengthen the child support enforcement system in our country; leadership, too, on one of the biggest problems facing our country today—health care.

The President has launched an effort to reform the health care system in a fundamental way, by controlling costs, by providing universal access with priority on prevention, and a new health system architecture, recognizing full well that the current architecture just does not work. The current architecture is not capable of solving the cost containment and access and paperwork and bureaucracy problems that we find so laden today. It is leadership of the strongest kind.

There is leadership on political reform, by closing the revolving door in Government with the imposition of tough, new ethics standards for people in this administration, by abolishing perks, by proposing a major reformation of the campaign finance laws in this country.

I must say, the Vice President, too, has shown his commitment to change and his capacity for leadership as head of a commission to reinvent Government, by ordering a performance review of every Federal agency and every Federal program, by giving the country new direction and hope on environmental policy.

It was this administration which showed the courage and commitment to bring together all sides, to end the impasse over forest management about a month ago. This is leadership for change, leadership which calls upon young people to enlist in national service, while creating more opportunities for college and job training.

So as we reach this 100-day mark, Mr. President, there may be a good deal about which we disagree, but there is one item upon which there should be unanimity: We got what the country voted for. We are getting change—change which should be judged not by the popularity polls in the first 100 days, but by the impact of this leadership for change on our future and on our children's future.

I yield the floor.

The PRESIDING OFFICER. The Senator from South Dakota yields the floor.

Who seeks time?

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mrs. MURRAY). Without objection, it is so ordered.

SENATOR MOYNIHAN'S TIMELY SOCIAL INSIGHT

Mr. BYRD. Madam President, throughout the history of the United States Senate, this storied body has counted among its Members some of the most distinguished personalities and intellects from every generation since the founding of the Republic.

That quality is, I believe, no less true currently, and among our most distinguished current Members would have to be included the senior Senator from the State of New York, our friend, DANIEL PATRICK MOYNIHAN.

The worthy possessor of numerous earned academic degrees, Dr. MOYNIHAN had taught variously at Cornell, Syracuse, and Harvard Universities; lectured with authority throughout the college and university worlds; and contributed extensively to scholarly publications and to the learned bibliographies of several disciplines.

Certainly, when the Founding Fathers created the United States Senate, a man of the intellectual depth and grasp that characterize Senator MOYNIHAN was among the caliber of membership that they intended to claim a seat in this body.

Since his election to the Senate in 1976, more than once I have marvelled at, and benefited from, Senator MOYNIHAN's keen insights and broad comprehension concerning numerous issues, and I concur with an assessment in the 1984 edition of the *Almanac of American Politics* that, "[DANIEL PATRICK] MOYNIHAN's prescience, his ability to spot rising issues is almost eerie ***."

Madam President, an article written by Senator MOYNIHAN and published in the winter 1993 issue of the *American Scholar*, entitled "Defining Deviancy Down," again confirms my judgment of Senator MOYNIHAN's intellect, as well as the distinction attributed to his perceptions by "The *Almanac of American Politics*."

In this insightful essay, Senator MOYNIHAN warns of the ongoing dulling of our sensitivities to the violence, brutality, crime, and murder that seem to be ever-increasingly besetting our society. Writing of the "trivialization of the lunatic crime rate," Senator MOYNIHAN asserts that we are "getting used to a lot of behavior that is not good for us," and sounds alarms warning of the "decline of the American civic order."

Against the background the events such as the recent wave of drive-by murders in the Mount Pleasant-Colum-

bia Heights neighborhood here in the Nation's Capital and the implications of some of the disturbing defenses of David Koresh and his Waco fortress, Senator MOYNIHAN's insights are particularly timely and on the mark.

Madam President, in order that more of our colleagues might benefit from Senator MOYNIHAN's astute and acute perceptions, I ask unanimous consent that his article from the American Scholar be printed in the RECORD.

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

[From the American Scholar, Vol. 62, No. 1, Winter 1993]

DEFINING DEVIANCY DOWN
(By Daniel Patrick Moynihan)

In one of the founding texts of sociology, *The Rules of Sociological Method* (1895), Emile Durkheim set it down that "crime is normal." "It is," he wrote, "completely impossible for any society entirely free of it to exist." By defining what is deviant, we are enabled to know what is not, and hence to live by shared standards. This aperçu appears in the chapter entitled "Rules for the Distinction of the Normal from the Pathological." Durkheim writes:

"From this viewpoint the fundamental facts of criminology appear to us in an entirely new light. . . . [T]he criminal no longer appears as an utterly unsocial creature, a sort of parasitic element, a foreign, inassimilable body introduced into the bosom of society. He plays a normal role in social life. For its part, crime must no longer be conceived of as an evil which cannot be circumscribed closely enough. Far from there being cause for congratulation when it drops too noticeably below the normal level, this apparent progress assuredly coincides with and is linked to some social disturbance."

Durkheim suggests, for example, that "in times of scarcity" crimes of assault drop off. He does not imply that we ought to approve of crime—"[p]lain has likewise nothing desirable about it"—but we need to understand its function. He saw religion, in the sociologist Randall Collins's terms, as "fundamentally a set of ceremonial actions, assembling the group, heightening its emotions, and focusing its members on symbols of their common belongingness." In this context "a punishment ceremony creates social solidarity."

The matter was pretty much left at that until seventy years later when, in 1965, Kai T. Erikson published *Wayward Puritans*, a study of "crime rates" in the Massachusetts Bay Colony. The plan behind the book, as Erikson put it, was "to test [Durkheim's] notion that the number of deviant offenders a community can afford to recognize is likely to remain stable over time." The notion proved out very well indeed. Despite occasional crime waves, as when itinerant Quakers refused to take off their hats in the presence of magistrates, the amount of deviance in this corner of seventeenth-century New England fitted nicely with the supply of stocks and whipping posts. Erikson remarks:

"It is one of the arguments of the . . . study that the amount of deviation a community encounters is apt to remain fairly constant over time. To start at the beginning, it is a simple logistic fact that the number of deviancies which come to a community's attention are limited by the kinds of equipment it uses to detect and handle them, and to that extent the rate of devi-

ation found in a community is at least in part a function of the size and complexity of its social control apparatus. A community's capacity for handling deviance, let us say, can be roughly estimated by counting its prison cells and hospital beds, its policemen and psychiatrists, its courts and clinics. Most communities, it would seem, operate with the expectation that a relatively constant number of control agents is necessary to cope with a relatively constant number of offenders. The amount of men, money, and material assigned by society to 'do something' about deviant behavior does not vary appreciably over time, and the implicit logic which governs the community's efforts to man a police force or maintain suitable facilities for the mentally ill seems to be that there is a fairly stable quota of trouble which should be anticipated.

"In this sense, the agencies of control often seem to define their job as the that of keeping deviance within bounds rather than that of obliterating it altogether. Many judges, for example, assume that severe punishments are a greater deterrent to crime than moderate ones, and so it is important to note that many of them are apt to impose harder penalties when crime, seems to be on the increase and more lenient ones when it does not, almost as if the power of the bench were being used to keep the crime rate from getting out of hand."

Erikson was taking issue with what he described as "a dominant strain in sociological thinking" that took for granted that a well-structured society "is somehow designed to prevent deviant behavior from occurring." In both authors, Durkheim and Erikson, there is an undertone that suggests that, with deviancy, as with social goods, there is the continuing problem of demand exceeding supply. Durkheim invites us to "imagine a society of saints, a perfect cloister of exemplary individuals, Crimes, properly so called, will there be unknown; but faults which appear venial to the layman will create there the same scandal that the ordinary offense does in ordinary consciousness. If, then, this society has the power to judge and punish, it will define these acts as criminal and will treat them as such."

Recall Durkheim's comment that there need be no cause for congratulations should the amount of crime drop "too noticeably below the normal level." It would not appear that Durkheim anywhere contemplates the possibility of too much crime. Clearly his theory would have required him to deplore such a development, but the possibility seems never to have occurred to him.

Erikson, writing much later in the twentieth century, contemplates both possibilities. "Deviant persons can be said to supply needed services to society." There is no doubt a tendency for the supply of any needed thing to run short. But he is consistent. There can, he believes, be too much of a good thing. Hence "the number of deviant offenders a community can afford to recognize is likely to remain stable over time." [My emphasis]

Social scientists are said to be on the lookout for poor fellows getting a bum rap. But here is a theory that clearly implies that there are circumstances in which society will choose not to notice behavior that would be otherwise controlled, or disapproved, or even punished.

It appears to me that this is in fact what we in the United States have been doing of late. I proffer the thesis that, over the past generation, since the time Erikson wrote, the amount of deviant behavior in American society has increased beyond the levels the

community can "afford to recognize" and that, accordingly, we have been re-defining deviancy so as to exempt much conduct previously stigmatized, and also quietly raising the "normal" level in categories where behavior is now abnormal by any earlier standard. This redefining has evoked fierce resistance from defenders of "old" standards, and accounts for much of the present "cultural war" such as proclaimed by many at the 1992 Republican National Convention.

Let me, then, offer three categories of re-definition in these regards: the *altruistic*, the *opportunistic*, and the *normalizing*.

The first category, the *altruistic*, may be illustrated by the deinstitutionalization movement within the mental health profession that appeared in the 1950s. The second category, the *opportunistic*, is seen in the interest group rewards derived from the acceptance of "alternative" family structures. The third category, the *normalizing*, is to be observed in the growing acceptance of unprecedented levels of violent crime.

II

It happens that I was present at the beginning of the deinstitutionalization movement. Early in 1955 Averell Harriman, then the new governor of New York, met with his new commissioner of mental hygiene, Dr. Paul Hoch, who described the development, at one of the state mental hospitals, of a tranquilizer derived from rauwolfia. The medication had been clinically tested and appeared to be an effective treatment for many severely psychotic patients, thus increasing the percentage of patients discharged. Dr. Hoch recommended that it be used systemwide; Harriman found the money. That same year Congress created a Joint Commission on Mental Health and Illness whose mission was to formulate "comprehensive and realistic recommendations" in this area, which was then a matter of considerable public concern. Year after year, the population of mental institutions grew. Year after year, new facilities had to be built. Never mind the complexities: population growth and such like matters. There was a general unease. Durkheim's constant continued to be exceeded. (In *Spanning the Century: The Life of W. Averell Harriman*, Rudy Abramson writes: "New York's mental hospitals in 1955 were overflowing warehouses, and new patients were being admitted faster than space could be found for them. When he was inaugurated, 94,000 New Yorkers were confined to state hospitals. Admissions were running at more than 2,500 a year and rising, making the Department of Mental Hygiene the fastest-growing, most-expensive, most-hopeless department of state government.")

The discovery of tranquilizers was adventurous. Physicians were seeking cures for disorders that were just beginning to be understood. Even a limited success made it possible to believe that the incidence of this particular range of disorders, which had seemingly required persons to be confined against their will or even awareness, could be greatly reduced. The Congressional Commission submitted its report in 1961; it proposed a nationwide program of deinstitutionalization.

Late in 1961, President Kennedy appointed an interagency committee to prepare legislative recommendations based upon the report. I represented Secretary of Labor Arthur J. Goldberg on this committee and drafted its final submission. This included the recommendation of the National Institute of Mental Health that 2,000 community mental health centers (one per 100,000 of population) be built by 1980. A buoyant Presidential Mes-

sage to Congress followed early in 1963. "If we apply our medical knowledge and social insights fully," President Kennedy pronounced, "all but a small portion of the mentally ill can eventually achieve a wholesome and a constructive social adjustment." A "concerted national attack on mental disorders [was] now possible and practical." The President signed the Community Mental Health Centers Construction Act on October 31, 1963, his last public bill-signing ceremony. He gave me a pen.

The mental hospitals emptied out. At the time Governor Harriman met with Dr. Hoch in 1955, there were 93,314 adult residents of mental institutions maintained by New York State. As of August 1992, there were 11,363. This occurred across the nation. However, the number of community mental health centers never came near the goal of the 2,000 proposed community centers. Only some 482 received federal construction funds between 1963 and 1980. The next year, 1981, the program was folded into the Alcohol and Other Drug Abuse block grant and disappeared from view. Even when centers were built, the results were hardly as hoped for. David F. Musto of Yale writes that the planners had bet on improving national mental health "by improving the quality of general community life through expert knowledge, not merely by more effective treatment of the already ill." There was no such knowledge.

However, worse luck, the belief that there was such knowledge took hold within sectors of the profession that saw institutionalization as an unacceptable mode of social control. These activists subscribed to a re-defining mode of their own. Mental patients were said to have been "labeled," and were not to be drugged. Musto says of the battles that followed that they were "so intense and dramatic precisely because both sides shared the fantasy of an omnipotent and omniscient mental health technology which could thoroughly reform society; the prize seemed eminently worth fighting for."

But even as the federal government turned to other matters, the mental institutions continued to release inmates. Professor Fred Siegel of Cooper Union observes: "In the great wave of moral deregulation that began in the mid-1960s, the poor and the insane were freed from the fetters of middle-class mores." They might henceforth sleep in doorways as often as they chose. The problem of the homeless appeared, characteristically defined as persons who lacked "affordable housing."

The *altruistic* mode of redefinition is just that. There is no reason to believe that there was any real increase in mental illness at the time deinstitutionalization began. Yet there was such a perception, and this enabled good people to try to do good, however unavailing in the end.

III

Our second, or *opportunistic* mode of redefinition, reveals at most a nominal intent to do good. The true object is to do well, a long-established motivation among mortals. In this pattern, a growth in deviancy makes possible a transfer of resources, including prestige, to those who control the deviant population. This control would be jeopardized if any serious effort were made to reduce the deviancy in question. This leads to assorted strategies for re-defining the behavior in question as not all that deviant, really.

In the years from 1963 to 1965, the Policy Planning Staff of the U.S. Department of Labor picked up the first tremors of what Samuel H. Preston, in the 1984 Presidential Address to the Population Association of

America, would call "the earthquake that shuddered through the American family in the past twenty years." The New York Times recently provided a succinct accounting of Preston's point:

"Thirty years ago, 1 in every 40 white children was born to an unmarried mother; today it is 1 in 5, according to Federal data. Among blacks, 2 of 3 children are born to an unmarried mother; 30 years ago the figure was 1 in 5."

In 1991, Paul Offner and I published longitudinal data showing that, of children born in the years 1967-69, some 22.1 percent were dependent on welfare—that is to say, Aid to Families with Dependent Children—before reaching age 18. This broke down as 15.7 percent for white children, 72.3 percent for black children. Projections for children born in 1980 gave rates of 22.2 percent and 82.9 percent respectively. A year later, a New York Times series on welfare and poverty called this a "startling finding . . . a symptom of vast social calamity."

And yet there is little evidence that these facts are regarded as a calamity in municipal government. To the contrary, there is general acceptance of the situation as normal. Political candidates raise the subject, often to the point of dwelling on it. But while there is a good deal of demand for symbolic change, there is none of the marshaling of resources that is associated with significant social action. Nor is there any lack of evidence that there is a serious social problem here.

Richard T. Gill writes of "an accumulation of data showing that intact biological parent families offer children very large advantages compared to any other family or non-family structure one can imagine." Correspondingly, the disadvantages associated with single-parent families spill over into other areas of social policy that now attract great public concern. Leroy L. Schwartz, M.D., and Mark W. Stanton argue that the real quest regarding a government-run health system such as that of Canada or Germany is whether it would work "in a country that has social problems that countries like Canada and Germany don't share to the same extent." Health problems reflect ways of living. The way of life associated with "such social pathologies as the breakdown of the family structure" lead to medical pathologies. Schwartz and Stanton conclude: "The United States is paying dearly for its social and behavioral problems," for they have now become medical problems as well.

To cite another example, there is at present no more vexing problem of social policy in the United States than that posed by education. A generation of ever-more ambitious statutes and reforms have produced weak responses at best and a fair amount of what could more simply be called dishonesty. ("Everyone knows that Head Start works.") By the year 2000, American students will "be first in the world in science and mathematics." None of this should surprise us. The 1966 report Equality of Educational Opportunity by James S. Coleman and his associates established that the family background of students played a much stronger role in student achievement relative to variations in the ten (and still standard) measures of school quality.

In a 1992 study entitled *America's Smallest School: The Family*, Paul Barton came up with the elegant and persuasive concept of the parent-pupil ratio as a measure of school quality. Barton, who was on the policy planning staff in the Department of Labor in 1965, noted the great increase in the propor-

tion of children living in single-parent families since then. He further noted that the proportion "varies widely among the states" and is related to "variation in achievement" among them. The correlation between the percentage of eighth graders living in two parent families and average mathematics proficiency is a solid .74. North Dakota, highest on the math test, is second highest on the family compositions scale—that is, it is second in the percentage of kids coming from two-parent homes. The District of Columbia, lowest on the family scale, is second lowest in the test score.

A few months before Barton's study appeared, I published an article showing that the correlation between eighth-grade math scores and distance of state capitals from the Canadian border was .522, a respectable showing. By contrast, the correlation with per pupil expenditure was a derisory .203. I offered the policy proposal that states wishing to improve their schools should move closer to Canada. This would be difficult, of course, but so would it be to change the parent-pupil ratio. Indeed, the 1990 Census found that for the District of Columbia, apart from Ward 3 west of Rock Creek Park, the percentage of children living in single-parent families in the seven remaining wards ranged from a low of 63.6 percent to a high of 75.7. This being a one-time measurement, over time the proportions become asymptotic. And this in the nation's capital. No demand for change comes from that community—or as near to no demand as makes no matter. For there is good money to be made out of bad schools. This is a statement that will no doubt please many a hard heart, and displease many genuinely concerned to bring about change. To the latter, a group in which I would like to include myself, I would only say that we are obliged to ask why things do not change.

For a period there was some speculation that, if family structure got bad enough, this mode of deviancy would have less punishing effects on children. In 1991 Deborah A. Dawson, of the National Institutes of Health, examined the thesis that "the psychological effects of divorce and single parenthood on children were strongly influenced by a sense of shame in being 'different' from the norm." If this were so, the effect should have fallen off in the 1980s, when being from a single-parent home became much more common. It did not. "The problems associated with task overload among single parents are more constant in nature," Dawson wrote, adding that since the adverse effects had not diminished, they were "not based on stigmatization but rather on inherent problems in alternative family structures"—alternative here meaning other than two-parent families. We should take note of such candor. Writing in the *Journal of Marriage and the Family* in 1989, Sara McLanahan and Karen Booth noted: "Whereas a decade ago the prevailing view was that single motherhood had no harmful effects on children, recent research is less optimistic."

The year 1990 saw more than this lesson. In a paper prepared for the Progressive Policy Institute, Elaine Ciulla Kamarck and William A. Galston wrote that "if the economic effects of family breakdown are clear, the psychological effects are just now coming into focus." They cite Karl Zinsmeister:

"There is a mountain of scientific evidence showing that when families disintegrate children often end up with intellectual, physical, and emotional scars that persist for life. . . . We talk about the drug crisis, the education crisis, and the problems of teen

pregnancy and juvenile crime. But all these ills trace back predominantly to one source: broken families."

As for juvenile crime, they cite Douglas Smith and G. Roger Jarjoura: "Neighborhoods with larger percentages of youth (those aged 12 to 20) and areas with higher percentages of single-parent households also have higher rates of violent crime." They add: "The relationship is so strong that controlling for family configuration erases the relationship between race and crime and between low income and crime. This conclusion shows up time and time again in the literature; poverty is far from the sole determinant of crime." But the large point is avoided. In a 1992 essay "The Expert's Story of Marriage," Barbara Dafoe Whitehead examined "the story of marriage as it is conveyed in today's high school and college textbooks." Nothing amiss in this tale.

It goes like this:

"The life course is full of exciting options. The lifestyle options available to individuals seeking a fulfilling personal relationship include living a heterosexual, homosexual, or bisexual single lifestyle; living in a commune; having group marriage; being a single parent, or living together. Marriage is yet another lifestyle choice. However, before choosing marriage, individuals should weigh its costs and benefits against other lifestyle options and should consider what they want to get out of their intimate relationships. Even within marriage, different people want different things. For example, some people marry for companionship, some marry in order to have children, some marry for emotional and financial security. Though marriage can offer a rewarding path to personal growth, it is important to remember that it cannot provide a secure or permanent status. Many people will make the decision between marriage and singlehood many times throughout their life.

"Divorce represents part of the normal family life cycle. It should not be viewed as either deviant or tragic, as it has been in the past. Rather, it establishes a process for uncoupling and thereby serves as the foundation for individual renewal and new beginnings."

History commences to be rewritten. In 1992, the Select Committee on Children, Youth, and Families of the U.S. House of Representatives held a hearing on "Investing in Families: A Historical Perspective." A fact sheet prepared by committee staff began:

"INVESTING IN FAMILIES: A HISTORICAL PERSPECTIVE"

"FACT SHEET"

"Historical shifts in family composition challenging conventional wisdom"

"While in modern times the percentage of children living with one parent has increased, more children lived with just one parent in Colonial America."

The fact sheet proceeded to list program on program for which federal funds were allegedly reduced in the 1980s. We then come to a summary.

"Between 1970 and 1991, the value of AFDC [Aid to Families with Dependent Children] benefits decreased by 41%. In spite of proven success of Head Start, only 28% of eligible children are being served. As of 1990, more than \$18 billion in child support went uncollected. At the same time, the poverty rate among single-parent families with children under 18 was 44%. Between 1980 and 1990, the rate of growth in the total Federal budget was four times greater than the rate of growth in children's programs."

In other words, benefits paid to mothers and children have gone down steadily, as indeed they have done. But no proposal is made to restore benefits to an earlier level, or even to maintain their value, as is the case with other "indexed" Social Security programs. Instead we go directly to the subject of education spending.

Nothing new. In 1969, President Nixon proposed a guaranteed income, the Family Assistance Plan. This was described as an "income strategy" as against a "services strategy." It may or may not have been a good idea, but it was a clear one, and the resistance of service providers to it was equally clear. In the end it was defeated, to the huzzahs of the advocates of "welfare rights." What is going on here is simply that a large increase in what once was seen as deviancy has provided opportunity to a wide spectrum of interest groups that benefit from re-defining the problem as essentially normal and doing little to reduce it.

IV

Our *normalizing* category most directly corresponds to Erikson's proposition that "the number of defiant offenders a community can afford to recognize is likely to remain stable over time." Here we are dealing with the popular psychological notion of "denial." In 1965, having reached the conclusion that there would be a dramatic increase in single-parent families, I reached the further conclusion that this would in turn lead to a dramatic increase in crime. In an article in *America*, I wrote:

"From the wild Irish slums of the 19th century Eastern seaboard to the riot-torn suburbs of Los Angeles, there is one unmistakable lesson in American history: a community that allows a large number of young men to grow up in broken families, dominated by women, never acquiring any stable relationship to male authority, never acquiring any set of rational expectations about the future—that community asks for and gets chaos. Crime, violence, unrest, unrestrained lashing out at the whole social structure—that is not only to be expected; it is very near to inevitable."

The inevitable, as we now know, has come to pass, but here again our response is curiously passive. Crime is a more or less continuous subject of political pronouncement, and from time to time it will be at or near the top of opinion polls as a matter of public concern. But it never gets much further than that. In the words spoken from the bench, Judge Edwin Torres of the New York State Supreme Court, Twelfth Judicial District, described how "the slaughter of the innocent marches unabated: subway riders, bodega owners, cab drivers, babies; in laundromats, at cash machines, on elevators, in hallways." In personal communication, he writes: "This numbness, this near narcoleptic state can diminish the human condition to the level of combat infantrymen, who, in protracted campaigns, can eat their battlefield rations seated on the bodies of the fallen, friend and foe alike. A society that loses its sense of outrage is doomed to extinction." There is no expectation that this will change, nor any efficacious public insistence that it do so. The crime level has been *normalized*.

Consider the St. Valentine's Day Massacre. In 1929 in Chicago during Prohibition, four gangsters killed seven gangsters on February 14. The nation was shocked. The event became legend. It merits not one but two entries in the *World Book Encyclopedia*. I leave it to others to judge, but it would appear that the society in the 1920s was simply not willing to put up with this degree of de-

viancy. In the end, the Constitution was amended, and Prohibition, which lay behind so much gangster violence, ended.

In recent years, again in the context of illegal traffic in controlled substances, this form of murder has returned. But it has done so at a level that induces denial. James Q. Wilson comments that Los Angeles has the equivalent of a St. Valentine's Day Massacre every weekend. Even the most ghastly re-enactments of such human slaughter produce only moderate responses. On the morning after the close of the Democratic National Convention in New York City in July, there was such an account in the second section of the *New York Times*. It was not a big story; bottom of the page, but with a headline that got your attention. "3 Slain in Bronx Apartment, but a Baby is Saved." A subhead continued: "A mothers last act was to hide her little girl under the bed." The article described a drug execution; the now-routine blindfolds made from duct tape; a man and a woman and a teenager involved. "Each had been shot once in the head." The police had found them a day later. They also found, under a bed, a three-month-old baby, dehydrated but alive. A lieutenant remarked of the mother, "In her last dying act she protected her baby. She probably knew she was going to die, so she stuffed the baby where she knew it would be safe." But the matter was left there. The police would do their best. But the event passed quickly; forgotten by the next day, it will never make *World Book*.

Nor is it likely that any great heed will be paid to an uncanny reenactment of the Prohibition drama a few months later, also in the Bronx. The *Times* story, page B3, reported:

"9 MEN POSING AS POLICE ARE INDICTED IN 3 MURDERS; DRUG DEALERS WERE KIDNAPPED FOR RANSOM"

The *Daily News* story, same day, page 17, made it *four* murders, adding nice details about torture techniques. The gang members posed as federal Drug Enforcement Administration agents, real badges and all. The victims were drug dealers, whose families were uneasy about calling the police. Ransom seems generally to have been set in the \$650,000 range. Some paid. Some got it in the back of the head. So it goes.

Yet, violent killings, often random, go on unabated. Peaks continue to attract some notice. But these are peaks above "average" levels that thirty years ago would have been thought epidemic.

"LOS ANGELES, Aug. 24.—Twenty-two people were killed in Los Angeles over the weekend, the worst period of violence in the city since it was ravaged by riots earlier this year, the police said today.

"Twenty-four others were wounded by gunfire or stabbings, including a 19-year old woman in a wheelchair who was shot in the back when she failed to respond to a motorist who asked for directions in south Los Angeles.

"[The guy stuck a gun out of the window and just fired at her,' said a police spokesman, Lieut. David Rock. The woman was later described as being in stable condition.

"Among those who died was an off-duty officer, shot while investigating reports of a prowler in a neighbor's yard, and a Little League baseball coach who had argued with the father of a boy he was coaching.]

"The police said at least nine of the deaths were gang-related, including that of a 14-year old girl killed in a fight between rival gangs.

"Fifty-one people were killed in three days of rioting that started April 29 after the ac-

quittal of four police officers in the beating of Rodney G. King.

"Los Angeles usually has above-average violence during August, but the police were at a loss to explain the sudden rise. On an average weekend in August, 14 fatalities occur."

Not to be outdone, two days later the poor Bronx came up with a near record, as reported in New York Newsday:

"Armed with 9-mm. pistols, shotguns and M-16 rifles, a group of masked men and women poured out of two vehicles in the South Bronx early yesterday and sprayed a stretch of Longwood Avenue with a fusillade of bullets, injuring 12 people."

A Kai Erikson of the future will surely need to know that the Department of Justice in 1990 found that Americans reported only about 38 percent of all crimes and 48 percent of violent crimes. This, too, can be seen as a means of normalizing crime. In much the same way, the vocabulary of crime reporting can be seen to move toward the normal-seeming. A teacher is shot on her way to class. The Times subhead reads: "Struck in the Shoulder in the Year's First Shooting Inside a School." First of the season.

It is too early, however, to know how to regard the arrival of the doctors on the scene declaring crime a "public health emergency." The June 10, 1992, issue of the Journal of the American Medical Association was devoted entirely to papers on the subject of violence, principally violence associated with firearms. An editorial in the issue signed by former Surgeon General C. Everett Koop and Dr. George D. Lundberg is entitled: "Violence in America: A Public Health Emergency." Their proposition is admirably succinct.

"Regarding violence in our society as purely a sociological matter, or one of law enforcement, has led to unmitigated failure. It is time to test further whether violence can be amenable to medical/public health interventions.

"We believe violence in America to be a public health emergency, largely unresponsive to methods thus far used in its control. The solutions are very complex, but possible."

The authors cited the relative success of epidemiologists in gaining some jurisdiction in the area of motor-vehicle casualties by redefining what had been seen as a law enforcement issue into a public health issue. Again, this process began during the Harriman administration in New York in the 1950s. In the 1960s the morbidity and mortality associated with automobile crashes was, it could be argued, a major public health problem; the public health strategy, it could also be argued, brought the problem under a measure of control. Not in "the 1970s and 1980s," as the Journal of the American Medical Association would have us think: the federal legislation involved was signed in 1965. Such a strategy would surely produce insights into the control of violence that elude law enforcement professionals, but whether it would change anything is another question.

For some years now I have had legislation in the Senate that would prohibit the manufacture of .25 and .32 caliber bullets. These are the two calibers most typically used with the guns known as Saturday Night Specials. "Guns don't kill people," I argue, "bullets do."

Moreover, we have a two-century supply of handguns but only a four-year supply of ammunition. A public health official would immediately see the logic of trying to control the supply of bullets rather than of guns.

Even so, now that the doctor has come, it is important that criminal violence not be

defined down by epidemiologists. Doctors Koop and Lundberg note that in 1990 in the state of Texas "deaths from firearms, for the first time in many decades, surpassed deaths from motor vehicles, by 3,443 to 3,309." A good comparison. And yet keep in mind that the number of motor vehicle deaths, having leveled off since the 1960s, is now pretty well accepted as normal at somewhat less than 50,000 a year, which is somewhat less than the level of the 1960s—the "carnage," as it once was thought to be, is now accepted as normal. This is the price we pay for high-speed transportation: there is a benefit associated with it. But there is no benefit associated with homicide, and no good in getting used to it. Epidemiologists have powerful insights that can contribute to lessening the medical trauma, but they must be wary of normalizing the social pathology that leads to such trauma.

v

The hope—if there be such—of this essay has been twofold. It is, first, to suggest that the Durkheim constant, as I put it, is maintained by a dynamic process which adjusts upwards and downwards. Liberals have traditionally been alert for upward redefining that does injustice to individuals. Conservatives have been correspondingly sensitive to downward redefining that weakens societal standards. Might it not help if we could all agree that there is a dynamic at work here? It is not revealed truth, nor yet a scientifically derived formula. It is simply a pattern we observe in ourselves. Nor is it rigid. There may once have been an unchanging supply of jail cells which more or less determined the number of prisoners. No longer. We are building new prisons at a prodigious rate. Similarly, the executioner is back. There is something of a competition in Congress to think up new offenses for which the death penalty is seemed the only available deterrent. Possibly also modes of execution, as in "fry the kingpins." Even so, we are getting used to a lot of behavior that is not good for us.

As noted earlier, Durkheim states that there is "nothing desirable" about pain. Surely what he meant was that there is nothing pleasurable. Pain, even so, is an indispensable warning signal. But societies under stress, much like individuals, will turn to pain killers of various kinds that end up concealing real damage. There is surely nothing desirable about *this*. If our analysis wins general acceptance, if, for example, more of us came to share Judge Torres's genuine alarm at "the trivialization of the lunatic crime rate" in his city (and mine), we might surprise ourselves how well we respond to the manifest decline of the American civic order, Might.

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

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

The Chair recognizes the Senator from Maryland for a period up to 10 minutes.

THE JOBS BILL

Mr. SARBANES. Madam President, a week ago in this body, as a con-

sequence of a repeated filibuster by our Republican colleagues, we finally set aside the jobs bill, an essential part of the President's economic program.

Part of the argument that was being made on the other side against that bill was that it was not really needed. They pointed to the 4.7-percent growth in the last quarter of 1992 in the economy and they said, "you know, things are really all right; they are getting better; we do not need any of this."

Many of us argued very strenuously against that. We pointed out the unemployment rate today is higher than the unemployment rate was 23 months ago at the bottom of the recent recession. We have never had that experience in the post-World War II period, where the unemployment rate this far after the bottom of the recession would still be higher than it was in the recession. Usually you go down into a recession and you come back out of it and you recover jobs and your unemployment rate then drops. We have not recovered jobs coming out of this recession and, as a consequence, we have the situation confronting us now where the unemployment rate is higher than it was at the bottom of the recession.

Despite all of these arguments, and despite our plea to the other side simply to let us have a vote, we were prevented from having a vote on the President's jobs bill.

We understood they were against the President's proposal, but we did not think they should deny the institution the opportunity to vote on it. We understood if we got to a vote it would be the burden of the Democratic supporters of the President to help carry his program here, and that most, if not all the Republicans intended to vote against it. But they never allowed us even to get to a vote. They used the filibuster rule—actually, in my judgment, abused the filibuster rule—in order to keep the Senate from voting on an important part of the President's package.

I simply note when Ronald Reagan was President, in his first term, and the Democrats were in the minority, though with sufficient numbers that we could have blocked consideration of the President's program, we did not do so. We thought the President was entitled to have his program considered. Some of us voted against parts of his program when it was actually put to a vote, but we did not muster our numbers in order to preclude there even being a vote upon his program.

That happened last week. The minority prevented us from even having a vote on President Clinton's proposal. Now we are going to see the aftermath of it. In this morning's paper, the lead story in the New York Times was, "Pace of Economy Slowed Markedly in First Quarter; Rate of Gain Is Only 1.8 Percent."

The economy grew at an unexpectedly slow annual pace of 1.8 percent during the first 3 months of the year * * *.

These are figures released yesterday by the Commerce Department.

Economists in and out of the Government said the figures suggested that growth would continue, but too slowly to have much effect on unemployment.

But they said the slower growth, down from a 4.7 percent rate of expansion during the final 1992 quarter, was more severe than expected.

Of course, the President made reference to this report in terms of underscoring the justification which he had advanced for his jobs bill. Now this morning—these figures were yesterday morning—this morning, there is a story on the ticker that says:

At 10 a.m. this morning—

This is Friday morning—

the Commerce Department reported that factory orders fell 1.5 percent in March.

So the factory orders had dropped. In fact, the backlog of orders at factories has dropped. In other words, new orders at factories have dropped, the backlog on existing orders at factories has dropped, and, in fact, the 1.8 percent gain reported for the first quarter of this year was all in inventory accumulation.

So, what you have is a buildup in inventory, a drop in the backlog of factory orders, and a drop in new orders at factories. You put all of that together, and quite obviously the prospects are not very good as you look ahead for increased production. Factories are not getting new orders, the existing orders are being met, they are working down the backlog of existing orders, and there is a buildup in inventory.

So this sluggish growth, in my judgment, only underscores the need for the jobs bill which the President put forward earlier this year but which was finally dropped last week in the face of a filibuster that would not be broken.

So the President is trying to change the economic direction of this Nation, and everyone is now trying to evaluate the President's first 100 days.

My Republican colleagues on the other side of the aisle went up yesterday and held a press conference on the first 100 days of the new administration. They did this kind of hokey publicity stunt of bringing in a report card. They printed up a little thing that looked like a report card on the President's first 100 days. They then listed different issues and proceeded to give him a grade.

I did not expect to get objective grading on that exercise, and, of course, we obviously did not get objective grading on it. They were out simply to make a publicity point.

We met with the press later in the day. They asked us, "what about it?" I happen to think Government is serious business and we are facing serious problems in the country and I regard

this as something of a silly exercise. They kept pressing and asked, "What grades would you give the Republicans?" We said we did not want to do this. But, they insisted. We then said, if you insist, we give them an F for filibuster and a G for gridlock because that is what we have been encountering in this body: filibuster and gridlock.

I think the American people on November 3 last year voted to end gridlock. I think they want our new President to have a chance to put his program into place. I think they want him to have a chance to see if it will work, and they will hold him accountable and those who support him accountable.

If the President gets the full dimensions of his program and it does not work, it is the President's responsibility and the responsibility of those of us who support him. But you cannot deny the President essential pieces of his program and then put the finger on him and say, "You're the responsible person" because you are denying him elements that he has asserted—correctly in my opinion, as this economic news of yesterday and today bear out—we need to get the economy moving again. In addition to the budget resolution with its deficit reduction program and its investment strategy, we also need a jobs piece to that total economic package, and the President was denied that jobs piece by a minority. I underscore that—a minority of this body. If we could have gone to a vote on the President's jobs program, it would have passed. But we were denied the vote by the use, and in my view, the abuse—of the filibuster rule.

Mr. BYRD. Madam President, will the Senator from Maryland yield?

Mr. SARBANES. I yield to the distinguished Senator.

Mr. BYRD. I compliment the distinguished Senator from Maryland [Mr. SARBANES] on his statement and on the attention which he continues to give to the serious economic problems facing this country, as well as on the work that he does in committees in attempting to bring about a solution.

Would not a more realistic report card have been, instead of talking about the first 100 days of this administration, would not a more realistic report card have been that of the past 12 years in which we have seen for the first time triple-digit billion dollar deficits, a quadrupling of the public debt and interest on the public debt, which constitutes a hidden tax to every American, of \$200 billion a year? Would not that have been a more realistic report card? And did not the American people look at that report card last November and render a judgment thereof and ask for a change? And they gave us a new President. They turned out the sitting President and Vice President, which is not done very often. They

turned them out on the basis of that report card, and they gave us a new President. They asked for a change. And this President is trying to bring about a change.

I would like to have the Senator's comment.

Mr. SARBANES. I think the Senator is absolutely correct. And, of course, the logical progression of the point that the Senator has just made with respect to the public's judgment last November 3 about the previous performance is that the new President was handed a very difficult agenda. This must be understood.

This new President has now been in office 100 days. He came in and was handed a very tough agenda. He was handed an economy with rising deficits and an increase in the debt. He was handed an economy in which we have not been making investments in the future strength of our country. We have been underinvesting in education and training, in the Nation's transportation infrastructure, and in research and development. There has been an underinvestment in the private sector in plants and equipment.

All our competitors abroad are making these investments, and, therefore, as a consequence, are in a better position to compete with us. They have developed the skills of their work force to a higher level. Both Germany and Japan are outinvesting the United States in civilian research and development by substantial margins. The European Community now is going to invest \$30 billion in upgrading the rail network in Europe. They already have a rail network which, when most Americans visit and travel on it, come away very impressed. Still, they are going to take that system and put \$30 billion into it in order to upgrade it, thereby enhancing their efficiency and their competitiveness.

The President got a nonrecovery from a recession handed to him. We had not brought back the jobs. We did not have economic growth. He was handed a very tough agenda. He is now addressing the health care issue. We have gone years here without addressing the health care issue. The President is taking on that issue. In fact, he has made Mrs. Clinton the head of the task force, so deep is his commitment and her commitment to trying to deal with that problem.

So the President was handed a very, very tough agenda and he is trying to come to grips with it. They want to judge him on the first 100 days. My own view is, that is an inaccurate measurement. The 100 days comes from the first administration of Franklin Roosevelt. At that time, 25 percent of the Nation was unemployed. We had an economic crisis, the likes of which this country has not seen in the 20th century, perhaps ever in our history, when Roosevelt came in. Of course, the de-

mand to do something was very, very intense. But even if you choose to apply the 100-day standard, our new President said he was going to really do things and get things moving and he has. This new President is a very vibrant, energetic, optimistic, and hopeful person. Thank heavens for that. We need that kind of leader. He wants to come to grips with problems, and he undertook to do it.

Now what has the President done? The budget resolution, which was adopted by both the House and Senate, which essentially conforms to the President's proposal to the Congress, was adopted at the earliest date in the history of budget resolutions.

The budget resolution now needs to be fully implemented by what is called the reconciliation bill. In other words, the budget resolution made broad decisions and we now have to carry them out in the detail. That is the challenge ahead of us over the next couple of months. But that budget resolution represented a major sea change in the direction of the American economy. It was an effort by this President, in my judgment, to move the American economy off the quicksand and onto firm ground so we could build for the future.

The President came in and said, we are going to address this budget deficit; we are going to address the shortfall in investment and in building the future strength of the American economy. We have to develop our physical and human capital if we are going to be a vibrant, competitive, productive economy.

So he undertook to do that in the budget resolution. He did it by spending cuts and by revenue increases.

There has been a lot of misrepresentation of some of that. Seventy percent of the revenue increases which the President will realize as a consequence of his budget proposal will come from people making \$100,000 a year and above—70 percent of it.

Now, this is the very group which reaped very disproportionate benefits from the economic policies of the 1980's. There was a tremendous shift in concentration of income and wealth over the decade of the 1980's to the upper end of the income scale, the top 5 percent—primarily the top 1 percent, but up at that level.

The President is saying we ought to recoup for the general public good, including, I think, the good of the people at the top, some of that bonanza that was reaped over the 1980's. The people at the top ought to want the society, all the way down, to be healthy and productive. You really cannot have much confidence in your position if you are on the top of the house and the foundations down below are rotting away.

So the President is recognizing that. He is trying to come at that with a sense of community and to build a

strong economy which includes all of our people. The budget resolution represents that judgment.

I deeply regret that an essential part of that strategy, which was the jobs bill, was denied to the country. The losers, from the failure to pass that legislation, are the American people. That is who the losers are. And of course it turns into a political battle because, unfortunately, it appears the Presidential campaign of 1996 is already upon us. We are barely 3 months into a 4-year term of the new President and already we can see the Presidential electoral politics of 1996 beginning to play itself out on the national stage.

Madam President, I simply wanted to underscore these economic figures that have been reported. I think they clearly provide an additional demonstration of the need for the jobs bill that we were simply thwarted and frustrated from reaching.

The filibuster rule was put there to be used in extraordinary circumstances. The filibuster rule requires that you have 60 votes in order to cut off debate, or cut off amendments, so you can go to a final vote on a measure.

Now, there are 43 Members on the Republican side. That is more than the 41 needed to sustain a filibuster. They all signed a letter—we are now having filibuster by letter—saying they were not going to allow the measure to be considered, and we were never able to get to a vote on an important element of the President's package.

In effect, what we are being told by a minority of this body is that unless you meet our specifications, we are not going to allow a vote on final passage.

I do not think we can go doing business this way, I am very frank to say, and I think we have to start giving some thought to a reasonable way to alter that rule. I notice that in other parliaments around the world where they have provisions for a higher vote than a simple majority, if they fail to achieve it after a certain number of times or the elapse of a certain period of time, they reduce the number down. If the filibuster rule was designed to slow things up and to require you to take a more careful look and make sure something did not simply rush through, that purpose would be met if the filibuster rule provided for a slowdown but did not in the end preclude considering the measure at all.

I am frank to tell you that on close and difficult issues, the notion of getting margins of 60 to 40 is a very substantial margin. That is not going to come easily. In fact, Ronald Reagan defeated Walter Mondale by 60 to 40 and everybody thought it was an absolute trouncing. They said it was not even close, it was not even a close election. And yet that is the margin that is required on the floor of the Senate to bring an end to a filibuster and allow

us to go to a vote on important matters; and in this instance an essential piece of the President's economic package.

I believe we are going to pay for that many times over. There were many important programs in the stimulus package, programs that would have helped to create new jobs and to get the economy moving again. It addressed some very important issues. The Summer Jobs Program was in that bill; efforts to improve the transportation network were in that legislation; the President's inoculation program for the health of young children and a whole host of important programs. They all were lost, and now we are getting these kinds of figures reported on the economy with respect to sluggish growth and weak economic output.

The PRESIDING OFFICER. The Chair would notify the Senator from Maryland that his time has expired.

Mr. SARBANES. I thank the Chair. I yield the floor.

Mr. BINGAMAN addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from New Mexico.

THE FIRST 100 DAYS

Mr. BINGAMAN. Madam President, I appreciate the chance to speak today about the first 100 days of the Clinton administration. I ask, Madam President, how much time has been allotted for me to speak?

The PRESIDING OFFICER. Ten minutes.

Mr. BINGAMAN. I thank the Chair.

Madam President, I do believe the Clinton Presidency and the Clinton administration has brought tremendous change to our country and here to our Nation's Capital, a positive change.

The best summary of the change in attitude, the best summary that I have seen was in the Wall Street Journal article by Gerald Seib entitled, "Clinton's Woes Mask Big Change in Capital's Ways." The main point, I believe, being made in that article, and the one that I firmly believe is accurate, is that the American people have seen for the first time in a long time an administration which is trying to come to grips with major problems facing the country.

We have an honest debate going on in this town today about how we deal with the deficit, how we deal with health care. We are beginning a debate on how we deal with educational reform, what the Government can do in partnership with industry to get our economy moving.

Those are the issues that Americans care about, and those are the issues the Clinton administration has put on the Nation's agenda here in this first 100 days.

So I think there is a tremendous amount of progress to report in terms

of focusing the country on what needs to be done.

The American public has known for a long time that many of the key problems facing the country were going unattended. I believe that is a major reason for President Clinton's election last fall. I believe it is a major reason why his administration has been generally well received by the American people.

Let me just cite four areas in which I do think significant progress has been made, and the President is moving this country in the right direction.

First, of course, is the President's economic plan and proposal to cut the deficit by \$500 billion over the next 5 years.

Madam President, that is a bold and courageous proposal on his part. He has not only put out some politically very difficult steps, for all of us to be challenged to take along with him, but he has now the two major political parties essentially bidding against each other to see who can make the most in the way of cuts to address this deficit problem. This is long overdue.

The administration prior to this administration had largely determined to allow the deficit issue to go unaddressed. I think that is a very unfortunate circumstance. I can recall when President Bush was elected there was a commission that had come up with a report proposing a variety of major initiatives to deal with the deficit. That commission—I know Senator MOYNIHAN was part of that commission; I know Senator DOMENICI was part of that commission—their report was presented to the President after the election and unfortunately the recommendations were not taken. The report was not seriously considered and a great opportunity for a significant deficit reduction was lost.

This administration on the other hand has seized the initiative, and begun pursuing deficit reduction in a very serious way. I think it is going to be incumbent upon the Congress to stay the course with this President and continue to focus on deficit reduction for many years into the future. And I hope we can do that.

The second area that this administration has broken new ground—and I believe moved in the direction the American people want us to move into—is that for the first time we have an administration that is not afraid to embrace a national technology policy, a national policy designed to help U.S. industry to be competitive in world markets around the world.

The administration has presented its own technology plan. The plan makes it very clear that the old debate which has characterized Washington for many decades now about whether or not the Government has a legitimate role in helping industry to be competitive, helping industry to modernize—that

old debate is behind us. The question now is not whether Government has a legitimate role but how the Government can constructively work with industry to help them compete.

The initiatives that we put in last year's defense bill that are generally referred to as reinvestment and conversion initiatives have been endorsed. And this administration is moving out very quickly to implement those recommendations. I think that is a major step in the right direction. I believe strongly that this administration will help us to build on those initiatives, and will for the first time put the Federal Government in the role of helping industry to be competitive in the way that our allies have been helping their industries to be competitive for a very long time. I think that is major progress.

The third area which we have had a lot of discussion about—in fact, which we had a meeting on this morning with Mrs. Clinton here in the Capitol—is on the issue of health care reform. I do not know any more difficult and complex issue facing this country. We have had some in the range of 12 efforts over the last several decades to approach and pursue major health care reform in this country. All have failed. This administration has made it clear that its reputation, its success, the country's success, our economy's future success ride on our ability to deal with health care in a meaningful and responsible way.

Again, this is going to require some political courage by those of us here in Congress. There are going to be parts of this reform that are not going to be popular when we start out on it. But clearly, the present system cannot continue to operate as it has operated.

Our ability to control the deficit at the national level, our ability to get our people working in a productive way, and controlling health care costs generally is at stake. I think the administration has made a tremendous start in coming to grips with this.

Hillary Clinton is as capable as any person I have had the good fortune to deal with in my public life. She has obviously devoted herself to this issue. She knows the issue. She is providing the leadership that is needed.

Again, the contrast between this administration's approach to health care reform and the effort or lack of effort by previous administrations is absolutely striking.

So I certainly think that is a major, major step in the right direction.

The final area that I would cite for my colleagues today is the area of educational reform. We have a superb person in the position of Secretary of Education, former Governor Riley, now Secretary Riley from South Carolina. And he has presented to the Congress and my colleague from Massachusetts, Senator KENNEDY, who chairs the com-

mittee of jurisdiction in this Senate, has introduced as recently as yesterday the Goals 2000 Educate America Act, which is a first major initiative in the education reform area that I believe has a very real chance of being enacted.

It is a bill, a proposal that has been worked up jointly in a bipartisan way, with Republican help, Democratic help. It is an effort to put into law the national education goals that President Clinton, then Governor Clinton, and other Governors worked on with former President Bush. This is an area, if there is any area of our national life, other than national defense—I think all of us recognize that national security issues require a degree of bipartisanship, which is sometimes not present when we deal with other issues. I feel the same way about educational reform. I think that is an area of such significance and such importance to our children and to future generations that, again, it requires us to rise above the politics and work jointly for a solution.

President Clinton, I think, has a record of doing that exact thing, working with Republicans and Democrats alike to bring about reform at the State level. Now in his new position as President of this country, I believe he will be seen and remembered as a genuine education President. And I believe the beginning of that process of developing real progress and real momentum in educational reform began with the introduction of this Goals 2000 Educate America Act that was introduced by Senator KENNEDY yesterday.

It would enact into law those national education goals and set up a mechanism for ensuring that we have standards at the national level, content standards, performance standards, and opportunity to learn standards which would be set at each State at the level of each State. And I do think that will have a very, very major impact, long term, on the ability our children have to compete in the world.

I am one who believes that we ask too little of our children in school. We challenge them too little. We expect too little. The setting of these national standards will help to correct that, begin the process of changing that. It is long overdue, and I very much applaud this administration for taking the lead in this respect.

Madam President, I appreciate the chance to speak to my colleagues. I commend the administration for the success they have had in the first 100 days. I look forward to the next hundred days and the next hundred days after that, during which I hope we can make major progress for the citizens of this country.

I yield the floor.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from West Virginia, Senator BYRD.

THE EXPEDITED RESCISSIONS ACT
OF 1993

Mr. BYRD. Madam President, the House of Representatives passed a bill yesterday entitled the Expedited Rescissions Act of 1993.

Madam President, I compliment the House leadership and the House Members, generally, on not sending the Senate a line-item veto because, as everyone knows, I have long been opposed to a line-item veto and to the so-called enhanced rescissions approach that I have seen around here for a good many months or years. But I must say, Madam President, that the title of the act is a bit misleading. I will read again. "This act may be cited as the Expedited Rescissions Act of 1993."

It is anything but that, Madam President. This legislation is very poorly written, and it is full of loopholes. It is as full of holes as a 1980 dishrag would be. A major hole is in the fact that it does not provide for bringing a rescissions bill out of conference between the two Houses. There is nothing that provides for expediting action in the conference on such a measure from the House, acted upon by the Senate, and changed by the Senate. And if such a bill were to emerge from conference, there is no time limit provided for debate on the conference report.

So the measure passed by the House yesterday really does not conform with the title of the act—an Expedited Rescissions Act. If I wanted to, I could say, well, do not throw me into that briar patch, and I could come out here onto the floor and oppose this legislation, hoping all the time that the Senate would agree to it, if that were my motive. Don't throw me into that briar patch. I could speak against this bill when it is called up on this floor, hoping that the Senate would, indeed, approve it.

This legislation raises expectations, expectations which cannot be fulfilled. The people, on the face of it, will think the House has passed an act now that will help to bring our deficits under control, an act that will tighten the President's grip, an act that will enable the President to reduce spending. It is a misnomer. And that one glaring loophole—omission to a conference—is enough to say, with respect to this legislation, that it will not work; and there are other loopholes in it. The idea of having to vote for a bill first, and then vote on amendments to it, stands the legislative process on its head. We vote on amendments first before we vote on the passage of bills. This act says vote on the bill first, then vote on the amendments. And it limits the amendments to one substitute amendment—one substitute amendment—brought out by the Appropriations Committee. Members of the body are not allowed to amend that amendment.

So it takes away from the Senate one of the unique functions of the Senate that makes the U.S. Senate the greatest upper body in the world. It takes away those functions—the ability to debate at some length, and the inability to amend. Therefore, it would take away from this body the two really unique functions that make this body the outstanding upper body in all of the legislative branches of the world.

One would wonder, what goes on in the minds of legislators when they do not think of that critical "third house"—the conference. Measures go to conference. This would allow a rescissions bill to die there. If I were satisfied just to obstruct, I would lie low in the bushes here and let this come over here, and I would make big talk opposing it—the very briar patch I do not want to be in; don't throw me into that briar patch—hoping it would pass.

Let us say that the Senate adopts this House measure as it is written. What do you have? You have a law on the books that raises the expectations of the American people. Now we really have something, they would think. Now we have put into the President's hands a tool by which he can reduce Federal spending, the politicians would say. But in the first place, this will not do that. In the second place, it will not work. Suffice it to say that upon greater scrutiny and study, other flaws can be found in this piece of legislation, which passed the House yesterday.

Madam President, I have given a lot of thought over the past few years to the matter of a line-item veto. I do not want to see anything enacted that would, in effect, shift power from the legislative branch to the executive branch. I think it is one of the main pillars of the constitutional system, the unique system of checks and balances and separation of powers, and a line-item veto would shift that power, would shift power from the legislative branch, which is made up of the elected representatives of the people, to an executive who is not elected directly by the people but only indirectly elected by the people. It would fly in the face of the intent of the Founding Fathers to have such a shift in power.

I am unalterably opposed to doing that. I have been and will remain so.

I also recognize, however, Madam President, the terrible debt that has been accumulated over the past 12 years, quadrupling the debt of the previous 192 years of the Republic, and the triple-digit, billion-dollar deficits of the past 12 years, resulting in interest payments on the national debt that constitute a hidden tax on every man, woman, boy, and girl in this country, of \$200 billion a year.

There really, really needs to be a lot of thought put into trying to devise a way whereby the President, working with the Congress, can get a better handle on these deficits.

I have given that kind of thought because I recognize that there are funds that are appropriated that constitute, in many instances, waste and certainly are not the best expenditure of the taxpayers' dollars. I also recognize that the Appropriations Committees have not created the deficits.

Over the past half century, or thereabouts, the Appropriations Committees have appropriated less moneys than the combined budgets requested by all of the Presidents during that period of time.

But still the Appropriations Committees continue to be the target. Those who appeal to the galleries here and throughout the country, in an exercise of pure political demagoguery, continue to point the finger at the Appropriations Committees and at the appropriations process and at the Congress as the culprits.

There seems to be a determined effort, even in this body, as I have viewed it over the past few years; certainly, there seems to be a determined effort to shift power away from the Congress to the executive. There seems to be a very conscious effort to do so. Perhaps I am seeing too much in the effort. But if it were to succeed, Madam President, that would be the effect: A shift of power.

So what? So what if you do shift power away from the legislative branch? In reality, it would constitute the shifting of power away from the elected representatives of the people, to an executive who has over the years become stronger and more powerful, far beyond what the Founding Fathers envisioned.

So, can we find a way, I have thought, can we find a way to enable the President, working with the Congress, to get a better grip on these rising deficits and bring them under control without shifting power?

I am chagrined at what appears to be a rank thoughtlessness on the part of some Members in both Houses and an absolutely uncaring attitude about this institution, an absence entirely of institutional memory, an almost intended, it seems to be, lack of knowledge of history.

As Members go about putting together a little piece of legislation to bring about lower deficits, they put together a bill that is not well prepared, not well thought out, and we are supposed to pass something like this and let the people feel that we have really done something about the deficits. And the President may even think that the House has given him a little tighter handle, if only the Senate would go along.

This is not the kind of legislation that reflects a great deal of thought.

It is a matter so serious, Madam President, that I think we ought to give our very best thought and reflection to the devising of a way to enable

us conscientiously and effectively to come to grips with the major problem, or one of the major problems, facing this country: The spiraling, triple-digit deficits, the spiraling debt, and the ever-increasing burden that we are shifting to our children and grandchildren. We cannot deal with something like this in a happenstance way.

It is not my intention, Madam President, simply to attempt to filibuster something if we can come up with legislation that will be meaningful and effective, and that will provide for expedited action at all points, including the conference, and messages between Houses, something that will really enable the President and the Congress—any President, not just this Democratic President, not just President Clinton—any President, working with the Congress, enable them to come together and effectively deal with the deficits insofar as the appropriations process and the committee process overall are concerned in achieving that goal, but, at the same time, doing it in a way that does not shift any power from either branch to the other and thus undermine the constitutional system.

And so I have given it a lot of thought. And, when this matter comes up before the Senate, I do not intend to raise any objection to its being called up. I intend to try to amend it. I have been working on an amendment for a long time.

Now, the Senate may not adopt my amendment. Not all Senators will want to support it, and it may have to be changed. But that is the legislative process. But I am going to offer the Senate an opportunity to put this matter to rest.

As I say, I do not know what the Senate will do with my amendment. It may be that, collectively, it can be improved upon if we put all our heads together, or at least several heads together. My amendment, undoubtedly, can be improved upon.

But I am going to make that effort, Madam President, namely, to offer an amendment that will really, if enacted, enable us to do something by way of getting a better grip on the programs that are enacted by the committees of the Congress, not just the appropriations process, but with that included, and without shifting the power from the legislative branch.

Hence, as we move down the road toward the time when this measure is taken up in the Senate, I want to give some thought to some statements—maybe only two or three; maybe a half dozen—that I would want to make as time goes on, because I hope to put this whole matter into a better focus, and I hope to lift the level of our overall psyche and knowledge with respect to what we are dealing with when we cope with this problem. For those who are willing to listen, I hope that what I

have to say will help to bring about a more thoughtful approach to the problem.

Madam President, I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER (Mr. LIEBERMAN). The Chair recognizes the Senator from Nebraska for up to 10 minutes.

Mr. EXON. Mr. President, I ask unanimous consent that I may be allowed to proceed as if in morning business for a period of 15 minutes, approximately, or such additional time as I might need.

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

THE FUTURE OF THE GLOBAL POSITION SYSTEM

Mr. EXON. Mr. President, I rise today to address the future of the U.S. global positioning system commonly known as GPS, and to discuss an important initiative that could provide substantial benefits to U.S. industry and the world economy as a whole, as well as welcome relief to the U.S. taxpayer. The future of the global positioning system could significantly affect issues of defense conversion, dual use of defense technologies, the President's desire to identify effective and affordable infrastructure investments, a new generation of information services and our balance of trade.

The Department of Defense operates a constellation of navigation satellites known as the global positioning system or, as I said, commonly referred to as GPS. The U.S. taxpayers have invested well over \$10 billion in this system. The United States currently provides these extremely accurate GPS navigation signals to the entire world for nothing, free of charge. These signals are going to revolutionize the movement of people, goods, and services the world over. I believe the time has come to debate the direction and the role of GPS in the transportation and military infrastructure of the next century. We must consider whether the system should be under civilian or military jurisdiction, how the United States can seize a competitive advantage in the development, use and manufacture of GPS consumer equipment and whether the civilian beneficiaries of GPS technology should share in the deployment and maintenance costs of the system.

I speak to this issue with some authority, as the chairman of the Armed Services Committee subcommittee with jurisdiction over GPS, and as a senior member of the Commerce Committee that has jurisdiction over aviation, surface transportation, and space. In addition to bringing this matter to the attention of the Senate today, I have written letters on this subject to the President's science adviser and to the Secretaries of Defense and Transportation. I am asking that the President and his relevant Cabinet officials

join me in charting the future management of the GPS satellite system.

I am astonished almost daily at news of some new advance in GPS navigation technology or its application to civil and commercial uses. It appears to me that GPS is rapidly becoming a key element of the basic infrastructure of the world's economy and holds the promise for dramatic increases in productivity.

GPS, when combined with two-way communications capabilities, has the clear potential to dramatically increase the efficiency of airline operations by reducing fuel costs, lowering flight times, and speeding up ground-support operations. There is growing appreciation of the importance of this GPS application, but there is as yet no comprehensive, Governmentwide agenda or focus for bringing it to fruition quickly.

The President recently announced his commitment to assisting the airlines to return to profitability and to invigorate the market for our premier aircraft manufacturing industry. I was proud to work with Secretary Peña and President Clinton to establish a blue ribbon, bipartisan commission to make recommendations to the Congress and the President on aviation policies for the 1990's and the next century.

An aggressive Government initiative to bring about a space-based air traffic control system worldwide in the near future could help make a substantial contribution toward the President's aviation goals.

The essential ingredients of a space-based air traffic control system—GPS and two-way communications for mobile users—could also provide the basis for another Presidential infrastructure initiative known as the intelligent vehicle highway systems or IVHS. GPS, married to modern digital communications will bring enormous productivity improvements to the world's shipping and transportation industries, as well as dramatically improve the efficiency of police, ambulance, and fire dispatching. Other, private dispatching-based industries—such as taxicab companies and delivery services—would benefit enormously as well as the driving public, which is not fully aware of what is about to come their way—favorably. It may soon be possible to plan a route and track your course using an onboard GPS automotive system or use GPS to track and locate stolen vehicles.

In addition, it is possible that the world's major automobile manufacturers will offer consumers an array of amazing capabilities derived from GPS on a massive scale within a relatively few years. Finally, the consumer electronics sector may soon experience explosive growth in the market for small, inexpensive, hand-held GPS receivers. Hand-held GPS navigation devices for boating navigation are already available for under \$800.

A Presidential initiative to focus Government resources and capabilities to further the information revolution in these areas, through the Departments of Defense and Transportation, would, at little or no Government expense, bring enormous returns to society in terms of productivity and public safety improvements. In addition, U.S. industry could further its current lead in exploiting the integration of navigation, communication, and information processing technologies and exporting them to the world.

The U.S. Government must address several complex and challenging policy issues. The most important of these issues concern management of the GPS system.

The current policy of providing GPS signals to the world free of charge for the foreseeable future must be carefully reviewed. It is clear to me that GPS will not only provide the United States but every nation in the world with substantial economic benefits. In addition, the worldwide commercial market for GPS-derived products and technologies could be huge. Now is the time to make every effort to determine whether U.S. taxpayers could be relieved of some of the expenses of providing GPS satellite services. The United States should carefully assess whether the GPS satellite constellation could generate profits for U.S. industry and offset the expense of the system without diminishing the world's appetite for GPS-derived products and technologies.

The Department of Defense is already a minority user of the GPS system. Certainly in the future civil and commercial use of GPS will dwarf that of the Department of Defense. It is increasingly clear, then, that the selective availability security feature built into the GPS satellites has been rendered all but meaningless by the march of technology—much of it sponsored and used by other departments and agencies of the U.S. Government. Various differential correction schemes will provide universal access to extremely precise navigation services within at most a few years. It is unrealistic to imagine that the Department of Defense would ever turn off or seriously degrade the GPS signal available to the public in any but the most grave and dire circumstances because of the large number of innocent lives that will be depending on GPS at any given moment the world over.

As GPS technology advances, the Department of Defense must, in contrast, assume that adversaries will be able to navigate precisely and proceed from that premise to develop countermeasures having effective, local results. This course is all the more imperative given that map products with extremely accurate GPS coordinates for all fixed structures are almost certain to be commercially available

within the next decade for all the world's major urban-industrial areas.

While civilian GPS uses grow, the Department of Defense retains a critical and increasing interest in the system. Access to an encrypted, anti-jam, precise navigation signal is a fundamental national security requirement.

In spite of continuing defense needs, it may no longer be necessary for the Department of Defense to own and operate the GPS system. Civilianization of GPS could occur if we are assured that unique national security requirements will be met and that potentially hostile nations or groups can be denied access, as far as possible, to a signal corresponding to the precise positioning service provided by GPS. It is clear that national security still requires that any GPS operator be under the ultimate control of the U.S. Government. While it may be possible and practical to permit the GPS standard positioning service available to the public to be internationalized, the U.S. Government must be able to exercise control over the future technical specifications of that signal—to prevent it from evolving into a dangerous warfighting tool for any possible adversary. Given the predominant civilian and commercial uses and future of GPS, I am very doubtful that the Department of Defense should be the manager of GPS in the next century.

To play a role in a global air traffic control, the Federal Aviation Administration must be assured that the GPS system is on a sound financial footing and operated with a high degree of professionalism for public safety and acceptance.

The U.S. Congress and new administration should explore options including the possibility that a public, for-profit corporation, newly created or existing, might be a candidate for owning and operating the GPS system, or whether continued U.S. Government ownership could be structured in a manner that lessens the burdens on U.S. taxpayers, or whether a quasi-public nonprofit entity similar to the Corporation for Public Broadcasting could be created to operate and maintain the system.

We must assure that any new entity satisfy DOD concerns about U.S. control of the system and unique military requirements. In addition, it must ensure signal integrity for public safety and acceptance.

Shifting GPS management out of the Department of Defense will ease international concerns about relying heavily on a U.S. military system for a wide variety of civil and commercial applications. The course would have the secondary benefit of at least reducing DOD's consideration expenses for GPS satellites, launch vehicles, satellite control operations, and research and development. Shifting some or all of

the GPS system responsibilities to the civil or commercial sector would also be consistent with the administration's general objectives for defense conversion, civil-military cooperation, and economic competitiveness.

I fully recognize that current U.S. policy is to provide the GPS standard positioning service or SPS to the world without direct user charges for the foreseeable future and that we are committed to provide at least 6 years notice of any intent to change that policy. However, given the lead-times involved in satellite development and production, and in populating a constellation and the continuing growth of the U.S. national debt, it is not too early to begin to analyze and debate these issues. For example, the current block of GPS satellites in production, the block called IIR will not be fully deployed until well after the turn of the century, and yet procurement decisions on the set of satellites which would replace the block IIR's must be made within the next several years at the latest if we are to maintain our position on top of all this. If we are ever going to change GPS management and cost arrangements, and the design of the satellites themselves to reflect these new arrangements, we must begin the process of debate and consideration now.

I cannot stress enough the urgency of a review of GPS policy. The FAA is currently developing plans to place payloads on future Inmarsat satellites that would provide an additional GPS signal, a global differential correction broadcast, and satellite integrity monitoring. As yet, however, the FAA does not know how it will finance these payloads. It might make sense to enhance these services further and charge fees or royalties for their use. This action could generate revenues for further development of a space-based air traffic control system and provide a test of GPS user-fee potential—without violating U.S. policy of not charging direct user fees on the standard GPS signal. If this option is pursued and selected, it must be done in the near future.

It may be that charging user fees for GPS service will prove to be impractical, unsafe, or otherwise inadvisable. It may be that the commercial potential of GPS will prove to be illusory upon careful scrutiny. It may be that the international community will never accept sole use of GPS for air traffic control unless it is either offered free of charge by the United States or is internationalized. It could be that placing GPS on a more commercial basis would spark successful international competition to GPS—by Europe, Japan, Russia, or some combination thereof. It may also be that charging user fees would cripple some or all of the emerging applications industries—or that the fee collection

scheme would turn out to be so costly that productivity gains would be severely curtailed.

Only one thing is certain and that is we will never know unless we study and debate the issues. Since there appears to be significant potential for GPS to provide an enormous return to the U.S. taxpayers and U.S. industry, I believe that a frank and comprehensive examination of this matter is well worth the attendant risks.

I am aware that the Department of Defense and the FAA examined many of these issues in the early to mid 1980's. I believe, however, that so much has changed since then that the validity of these previous studies is questionable. Ten years ago receiver costs were still high, the user base was as yet very uncertain, differential correction technology was not yet developed and diffused, and the marriage of GPS with commercially available digital communications and information processing technology—and the applications this marriage would permit—were at best dimly perceived. By 1993, the future civil and commercial user base appears broad and deep, which suggests the possibility that user fees or royalties could be modest and acceptable; and the emergence of differential broadcast services, communications systems, and foreign governments as central nodes in high-value GPS applications suggest the possibility that effective, efficient, and acceptable recoupment arrangements could be developed.

Mr. President, I intend to continue to investigate the issues I have raised here today. I look forward to a favorable response on this matter soon from the President's advisers and Cabinet officials.

MORNING BUSINESS

TRIBUTE TO JOAN BOWERS

Mr. HOLLINGS. Mr. President, when people watch the Senate at work on C-SPAN or on the news, what they see, more often than not, is their Senators at work. What people do not get to see—and this is unfortunate—are the hundreds of people who labor behind the scenes, the people who offer their professionalism, their dedication, and their working lives to make this institution succeed.

Joan Bowers is one of those people. Today, I take a moment to tell people about Joan because, after 38 years and a lifetime of hard work and dedication to the Senate, Joan has decided to retire.

Joan Bowers has served as the financial officer on the Senate Committee on Commerce, Science, and Transportation. Since 1987, I have been privileged to serve as chairman of that committee and, as chairman, pleased also

to have had the opportunity to work closely with Joan as the committee has prepared its annual budgets. The position of financial officer of the Commerce Committee is a nonpartisan job, which means that Joan has served not only Democratic committee members, but Republican members as well. During her career, Joan has served five different chairmen, and she has served them all equally well and with unsurpassed excellence.

The job of financial officer requires many important and special skills. It calls for a detailed knowledge of not only the principles of budgeting but also all the various rules and regulations on staff travel, employee benefits, and ethics. The committee could not have found a better person and a better professional to perform this important job.

Joan also has brought other special qualities to her job. She is hard working and extremely competent, and a pleasure to work with. Joan is a warm and caring person whose friendship her coworkers value. She has earned the great respect not only of those of us on the Commerce Committee but also of Members and staff throughout the Senate.

Joan will be truly missed by me and by all her coworkers on the Commerce Committee and throughout the Senate. However, Joan now will be able to spend all the time she wants with her son Doug, her daughter-in-law Jane, and her grandchildren Megan and Brian, and with the rest of her family and friends. Joan is so dedicated to her family, and she is looking forward to this well-deserved retirement.

Mr. President, this is how it should be. Since 1955, Joan Bowers has given her all to the U.S. Senate. We on the Commerce Committee regrettably must say goodbye to one of our most respected and valued workers. However, she retires with all of our blessings and good wishes. Good luck and good job, Joan.

IRRESPONSIBLE CONGRESS? HERE IS TODAY'S BOXSCORE

Mr. HELMS. Mr. President, as anyone even remotely familiar with the U.S. Constitution knows, no President can spend a dime of Federal tax money that has not first been approved by Congress, both the House of Representatives and the U.S. Senate.

So when you hear a politician or an editor or a commentator declare that Reagan ran up the Federal debt, or that Bush ran it up, bear in mind that it was, and is, the constitutional duty of Congress to control Federal spending. Congress has failed miserably for about 50 years.

The fiscal irresponsibility of Congress has created a Federal debt which stood at \$4,238,574,107,662.18 as of the close of business on Wednesday, April

28. Averaged out, every man, woman and child in America owes a share of this massive debt, and that per capita share is \$16,501.56.

TRIBUTE TO LIFE-LONG FRIEND AND LITERACY LEADER

Mr. PELL. Mr. President, I speak today in honor of an exceptional leader and lifelong friend, Harold W. McGraw Jr., former CEO of McGraw-Hill, Inc., and founder of the Business Council for Effective Literacy [BCEL]. Upon the announcement of BCEL closing its operations, I want to express my heartfelt thanks to Harold for his invaluable contribution toward helping to solve the problem of illiteracy in our country and toward creating a world class work force.

When Harold retired 10 years ago as CEO of McGraw-Hill, Inc., he embraced the visionary leadership that he so successfully provided to McGraw-Hill and founded the Business Council for Effective Literacy. Since that time, thousands of businesses across the Nation have initiated basic skills programs and almost every State has established a program to reduce functional illiteracy. With Harold at the forefront, BCEL has continued to provide hands-on assistance and information to individuals throughout the business and literacy communities.

Harold's work on adult literacy has undoubtedly served as an inspirational model for national literacy policy. Due largely to his guidance and determination, the National Literacy Act of 1991 was enacted. BCEL has also served as a key advisor to the National Institute for Literacy. At the advent of its closing, I know how greatly BCEL will be missed; by the same token, however, it is also a true testimony to the strength of the new law.

I ask my distinguished colleagues to join me in saluting this remarkable man whose generosity and vision have had a profound impact upon countless lives in the pursuit to change the face of America's work force.

RETIREMENT OF HAROLD R. DENTON

Mr. JOHNSTON. Mr. President, I would like to take this opportunity to commend an outstanding civil servant, Harold R. Denton, on the occasion of his retirement from a long and illustrious career of public service with the U.S. Nuclear Regulatory Commission.

Mr. Denton stepped into the public spotlight 14 years ago during the accident at the Three Mile Island [TMI] nuclear power plant. As Director of the NRC's Nuclear Reactor Regulation Office at the time, Mr. Denton led the NRC's effort to assess the cause and effects of the accident. He was the NRC's principal spokesman on the scene and calmly and clearly explained the situation to the public.

In recent years, Mr. Denton has been the NRC's Director of Governmental and Public Affairs and, most recently, its Director of International Programs. In these roles, he has worked to ensure that the lessons of TMI, Chernobyl, and lesser incidents were learned by the nuclear community, both here and abroad, enhancing the safety of nuclear power throughout the world. He has been in the forefront of the NRC's efforts to help improve the safety of nuclear power in the former Soviet Union and Eastern Europe, where safety concerns are particularly troubling and much help is urgently needed.

The American people and the world at large owe Mr. Denton a debt of gratitude for his efforts to improve nuclear safety. We wish him a long and happy future in whatever he chooses to do and hope that the legacy of his skills and broad knowledge of nuclear safety issues will continue to light the way for those who come after him and continue his important work at the NRC.

DEATH OF REV. JOSEPH A. SELLINGER, S.J.

Mr. SARBANES. Mr. President, recently, Maryland lost one of its leading citizens and educators with the death of Rev. Joseph A. Sellinger, S.J., president of Loyola College in Baltimore, MD.

Father Sellinger served as president of Loyola from 1964 until his passing on April 19, 1993. He was not only the dean of Maryland college and university presidents, but also the longest tenured 4-year college president in the Nation.

Since becoming president of Loyola, Father Sellinger became a key player in the pressing issues of the day including the sweeping changes in American higher education and the challenges faced by the Society of Jesus in the modern world. He met these challenges and many more with quiet determination and a verve that marked his teaching, presidency, and clerical life.

Father Joe, as he was known on and off campus, helped transform Loyola from a small local men's school to a regional coed college. When Father Joe became president, the college had 1,300 students, a \$1.4 million operating budget, and an endowment of \$1 million. Today, Loyola's enrollment has swelled to an all time high of 6,200 students, a \$65 million operating budget, and an endowment of \$62 million.

Much of the college's progress can be attributed to Father Sellinger's philosophy of hard work, order, and discipline. During his tenure he oversaw the building of Loyola's first dormitory, the establishment of a separate school of business and management, the naming of the first lay person to the board of trustees, and the merger with Mount St. Agnes College.

While Father Sellinger is credited with transforming Loyola into a highly

respected college, his work was not restricted to the campus. His work and life have had a significant impact on the community. He sat on the board of many local businesses, was instrumental in helping the State establish a formula to give aid to private colleges, and was a champion of Catholicism.

Perhaps the greatest gift Father Sellinger bequeathed Loyola and the community is that of a bright future for Loyola. He has left Loyola poised to meet new objectives. For example, the college is applying for a chapter of Phi Beta Kappa, developing tougher admissions requirements, and increasing endowments. In order to ensure a culturally and ethnically diverse student body and faculty, Loyola is establishing a study abroad program in China and creating a Department of Multicultural Affairs. Loyola was also ranked 11th best regional university in the northeast by U.S. News & World Report. Father Sellinger's preparation for the future included more than academics. He was proud of the student body's growing community service and increased mass attendance.

In retrospect, it seems clear that Father Sellinger's success was due to his ability to bring visions to reality, to temper his drive with wit and compassion, and to bring spirituality to everyday life.

In 1964, during his inaugural address Father Sellinger explained that, "Education is not for the good of government. It is not for the good of science. It is not for the good of business. It is, primarily at least, for the essential good of man." On that day nearly three decades ago, Father Joe began a transformation of Loyola from a small institution to an expanded liberal arts college. He proceeded to do so by combining an emphasis on the humanistic traditions of American education with Loyola's Jesuit traditions.

Mr. President, I would like to insert into the RECORD editorials from the Catholic Review, Baltimore Evening Sun, and an op-ed piece by Mr. John Steadman that appeared in the Baltimore Evening Sun.

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

[From the Catholic Review, Apr. 21, 1993]

FATHER JOSEPH SELLINGER

Father Joseph Sellinger—priest, administrator, teacher and friend—was a leader among leaders. Word of Father Sellinger's death this week evoked an outpouring of accolades. His life of service to Loyola College, and the many successes that followed his untiring labor, was deserving of these tributes.

By any standard, the 72-year-old priest was a marvelous college administrator. For nearly 30 years he labored to lift Loyola College to the forefront in Catholic higher education. With single-minded determination, he succeeded. During his tenure the small Loyola campus grew—in enrollment, in facilities, in endowment and in influence.

With the longest tenure of any four-year college president, Father Sellinger was recognized among college administrators as their dean. Father Sellinger was guided by the Second Vatican Council's call that Catholic institutions of higher learning should bring their work to the world. Father Sellinger took the council's teaching as marching orders promoting programs that brought students, faculty and the community in closer contact.

Because he was an active and visible member of the community—on and off campus—many had first-hand experience with Father Sellinger. He was a character and stories of his dealings and legendary. But to those who came in contact with him, Father Sellinger was an inspiration. However, those who have done no more than drive by the North Charles Street campus have been touched by Father Sellinger and his ministry. In our community, virtually every business, school, church or home in some way is connected to Loyola through its graduates. Because of Father Sellinger's success in building up Loyola College, our community is a better place.

The many accolades demonstrate that Father Sellinger's was a life deserving of earthly honor. But his legacy will outlive these moments of deserved tribute. Father Sellinger used his gifts in the Jesuit tradition—for the greater honor and glory of God. And that's a tribute that merits eternal reward.

[From the Baltimore Evening Sun, Apr. 21, 1993]

FATHER JOSEPH SELLINGER

At the beginning of this school term—his 28th year as president of Loyola College—the Rev. Joseph A. Sellinger addressed the Loyola community, reminding students, faculty and staff alike that the mission and identity of the college is something that must be constantly renewed and carefully tended. Driven toward excellence, dynamic and innovative, concerned about the moral and personal development of students. Loyola, he told them, should always strive to embody the best of a Catholic, Jesuit, liberal arts education.

Father Joe, as he was known on campus and off, epitomized those values as well as anybody. He also represented the best of the modern college president. He could wheel and deal, but he remained at heart a teacher devoted to his calling and a priest dedicated to his faith. With his death Monday at the age of 72, Loyola College lost a president who reshaped the school and pointed it toward a vastly brightened future.

Father Joe's fund-raising abilities were legendary, even earning him a description from some quarters as the "Lee Iacocca of higher education"—back when that was the ultimate compliment from results-oriented executives. His influence and wise counsel were as valued outside the college as on campus, and his death leaves a significant void in the larger community.

Father Joe was not only the dean of Maryland college and university presidents, but also one of the longest-serving presidents in the country—in an era when few presidents last a decade. His relationships with corporate leaders worked to Loyola's benefit and helped the school to prosper.

When Father Joe became president of Loyola in 1964, the college was known largely as a sleepy commuter school for men. He left it a vastly improved coeducational college, combining a strong commitment to the core of the liberal arts with professional training. There were personal transformations as well. His time as president encompassed great

changes in the Roman Catholic Church and in society at large, some of which he admitted were difficult for him. But whether the change was from Latin to English in the Mass or a new style of assertiveness in students who sometimes seemed to disdain authority, Father Joe always rose to the challenge. He leaves a rich legacy.

[From the Baltimore Evening Sun, Apr. 21, 1993]

FATHER SELLINGER: FRIEND AND PARTNER IN ECCLESIASTICAL COLLAR

(By John Steadman)

His presence, of course, was at all times priestly. He was the Rev. Joseph Sellinger, S.J., a truly ecumenical man profoundly respected by Jew, Protestant and Roman Catholic alike. He made an impact on Baltimore during the 29 years he presided over Loyola college such as few clerics or administrators have.

It was Father Sellinger who changed the stature of Loyola, taking it from a school for "day hops" to a position in academia that now attracts a cross-section of America. Loyola and Father Sellinger became almost synonymous.

He was more than the chief executive of an educational institution. He was a walking-around friend and confidant to faculty, alumni, students and even to those who didn't have ties to the school founded by Jesuits in 1852.

Father Sellinger, handsome and articulate, was never presidential or pompous. Setting himself apart, the aloof manner, simply wasn't his style. He became involved with the Baltimore business community, a kind of ecclesiastical partner in a Roman collar.

Turn the calendar to a winter morning in 1964, when this reporter happened to meet Father Sellinger, newly arrived at Loyola, under odd circumstances. Both of us were dressed as we came into the world, sharing the sauna at a health club in the Blaustein Building and perspiring profusely.

The discussion, after "hello" and "how are you, evolved to sports. His strong shoulders indicated he might once have been a football player.

"That's right," he said. "I played at St. Joseph's Prep in Philadelphia. If you look at my nose, you can see it's bent. That happened when Frank 'Bucko' Kilroy hit me with his fist on the first play of a game."

Yes, the same "Bucko" who became one of the most feared middle guards the National Football League ever knew. This reporter told him "Bucko" was a friend of long-standing. "How do you know him?", he asked. Then we introduced ourselves, a sports writer meeting a priest and college president, both of us continuing to offer testimony to the toughness of "Bucko" Kilroy.

Father Sellinger said once St. Joseph's was playing one of its traditional football foes, Northeast Catholic High. But the night before, at a pep rally, all the girls had wanted to dance with the St. Joseph's football players, not those from Northeast.

"When 'Bucko' hit me he said, 'that's for you guys dancing with all the girls last night. All we got were turn-downs.'" Father Sellinger recalled.

When it was explained to "Bucko" that he had hit a rival lineman in high school who later had become the new president of Loyola College, the irrepressible former Philadelphia Eagle said, "Look, John, I hit so many guys I never kept score."

When Father Sellinger heard the postscript to the story he laughed and said to make sure to give "Bucko" his best.

Father Sellinger, when he was academic dean at Georgetown, had Pete Hope, the son of comedian Bob Hope, under his tutelage. Hope, who called Father Sellinger "Father Joe," would come to Baltimore for performances and to play in golf tournaments to benefit Loyola and other causes.

Once, at the old Civic Center, Hope came on stage and, after saying he had "worked in garages that looked better than this place," he hollered for the house lights. "Where is Father Joe?" he asked. "Stand up Father Sellinger, I know you're here."

Father got to his feet. All eyes in the audience turned to him as Hope said, "Take a look at the good padre. He taught my boy Pete at Georgetown. That added to my troubles because every time he wrote home for money not only was it in English but in Latin, too."

Our friendship developed as time went by. It made no difference to Father Sellinger that this reporter wasn't a "Loyola man." Last May, at a campus dinner preceding the annual Johnny Bass-Frank Cuccia Golf Tournament, we sat and talked. Father had no complaints, physical or otherwise, except the state of his golf game.

"I was at our retreat last week," he mentioned. "One afternoon I was in the chapel all alone. I offered some prayers, thanked the Lord for letting me be a priest and then talked to Him in a rather casual way. I said something like, 'Lord, I've never wanted much but I'd like my golf to improve. Not to be great, just to play better than I do now.'"

"Then I caught myself. I said, 'please forgive me, Lord, for asking something so unimportant. Besides, Lord, I'm such a bad golfer I wouldn't want to put that responsibility on your shoulders.'"

Father Sellinger smiled, then recalled Bernard Saltysiak, a former Loyola College golf captain who had died. "After the funeral, his wife called and said there was a letter Bernard had left for me. He was grateful for what I had been able to do during his illness, which wasn't much, but he pointed out if I wanted to improve in golf, to make sure to call a man who lived in Phoenix, Md., named Nevin 'Tommy' Kendrick."

Dr. Saltysiak wanted Father Sellinger to meet Kendrick, who was not Catholic, and take some golf lessons. Though Kendrick wasn't a professional, he had an excellent understanding of the game and was respected by the amateurs he coached.

Father Sellinger went to see Kendrick and they became friends as well as teacher and struggling golf pupil.

"But it has all been too brief," said Father Sellinger. "He has a net in his basement and he has helped me with the swing. He's one great fellow. But I've just learned he's sick and it's serious."

At the time, Father Sellinger himself had no complaints. He felt fine. It was Kendrick he was concerned about. Nevin "Tommy" Kendrick died of leukemia. Then "Father Joe" also took ill and was diagnosed with terminal pancreatic cancer.

So now both the priest and the golf instructor he wanted so much to work with have gone on to their eternal rewards. May they both be playing together on their heavenly new course, where traps and roughs don't exist, where the fairways are eternally plush and all the putts are makeable.

TRIBUTE TO JIM BAILEY'S GOVERNMENT SERVICE

Mr. SIMON. Mr. President, I want to take this opportunity to give recogni-

tion to Jim Bailey, the Director of the Northern Service Center for the Immigration and Naturalization Service in Lincoln, NE.

Mr. Bailey will be leaving that post shortly to head the Southern Service Center in Texas. The northern region covers my home State of Illinois and Mr. Bailey has been attentive to the needs of the congressional delegation in my State when it comes to constituent inquiries about immigration. I was particularly impressed when, at one briefing for congressional staffs and the public organized by my office, Mr. Bailey made a presentation on the O and P entertainer visas in English and then summarized his remarks in Spanish for those members of the audience who could understand them better in that language.

Since 1990, when Jim Bailey was assigned to be Director, the Northern Service Center has installed a congressional response unit and an information unit to respond to congressional offices and public inquiries. The Center has also completed 10,000 Cuban adjustment cases over and above the normal workload of a service center. Following enactment of the Immigration Act of 1990, under Jim Bailey's leadership and direction, the Center also established a Philippine Veterans Naturalization Program.

As a member of the Immigration and Refugee Affairs Subcommittee, I am well aware that our District Director in Chicago and our Regional Service Center Director are among the best that the Immigration and Naturalization Service has. I wish Jim Bailey well in his new position.

SOUTH FLORIDA COMMUNITY COLLEGE OPENS NEW EDUCATIONAL COMPLEX

Mr. GRAHAM. Mr. President, I rise today to commemorate an important event in the Florida educational community. Monday, May 3, 1993, marks the opening of the new 70,000-square-foot student services/classroom complex at South Florida Community College in Avon Park, FL. The structure will increase classroom and laboratory space by 50 percent and consolidate all major student services—registration, admissions and counseling, testing, and financial aid, bookstore, and a career center—under one roof. It is the first of a three stage plan that will see a data processing/classroom building and an agriculture center added to the campus in the next 3 years.

Founded in 1965, South Florida Community College [SFCC] is located in Florida's heartland, serving the predominantly rural counties of Highlands, Hardee, and DeSoto. This citrus/dairy/farming community relies heavily on the institution to provide academic, vocational, and cultural offerings. Over the last 8 years, the institu-

tion has experienced unprecedented growth. From 1985 through 1992, enrollments in all areas have increased six-fold. SFCC served over 15,000 persons last year. In a recent study performed by the economic development commission [SFCC] was cited as the single most influential business and economic growth factor of Highlands County.

Much of this success is due to the dynamic leadership of Dr. Catherine P. Cornelius. Stepping into the presidency on July 2, 1984, Doctor "C", as she is known to students, faculty, and staff, brought with her a vision of academic excellence and diverse educational programming. Not only does her insight address today's needs, but the future's as well. It is fitting that as one of her goals, the student services/classroom complex opens its doors on Doctor Cornelius' birthday.

Born in Lakeland, FL, Catherine P. Cornelius received her bachelors and masters degrees at Rollins College, and her doctorate at the University of Florida. Her teaching experience spans a 12-year period, including 6 years as a foreign language instructor at Seminole Community College. Prior to her appointment as president of South Florida Community College, Dr. Cornelius spent 11 years in postsecondary administration, serving 5 years as vice president of academic affairs at Daytona Beach Community College.

Doctor Cornelius' strong commitment to postsecondary education is clearly evidenced through her past service as president of the Florida Association of Community Colleges, chair of the Florida Council of Community College Presidents, executive board member of the Presidents Academy-American Association of Community/Junior Colleges. Currently, Doctor Cornelius serves as president-elect of the board of Florida Association of Colleges and Universities.

Reflecting her dedication to community service, Doctor Cornelius was the first woman in 49 States and Canada to be invited to join Rotary.

This relentless pursuit of excellence has been both an inspiration and an example to the people of heartland. Congratulations to South Florida Community College and a very happy birthday to Dr. Catherine Cornelius.

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-774. A communication from the Chairman of the United States Nuclear Regulatory Commission, transmitting, a draft of proposed legislation relative to employee recruitment; to the Committee on Governmental Affairs.

EC-775. A communication from the Director of the United States Office of Govern-

ment Ethics, transmitting, a draft of proposed legislation entitled "Office of Government Ethics Authorization Act of 1994"; to the Committee on Governmental Affairs.

EC-776. A communication from the Executive Director of the Pension Benefit Guaranty Corporation, transmitting, pursuant to law, the annual report under the Chief Financial Officers Act of 1990 for fiscal year 1992; to the Committee on Governmental Affairs.

EC-777. A communication from the Acting Director (Central Intelligence), Central Intelligence Agency, transmitting, a draft of proposed legislation entitled "Central Intelligence Agency Separation Pay Act"; to the Select Committee on Intelligence.

EC-778. A communication from the Secretary of Veterans Affairs and from the Secretary of Defense, transmitting, pursuant to law, a report on the implementation of health resources sharing; to the Committee on Veterans Affairs.

EC-779. A communication from the Secretary of Veterans Affairs, transmitting, pursuant to law, a report on granted equitable relief in calendar year 1992; to the Committee on Veterans Affairs.

EC-780. A communication from the Secretary of Veterans Affairs, transmitting, a draft of proposed legislation relative to the due date of an annual report to Congress; to the Committee on Veterans Affairs.

EC-781. A communication from the Chief Justice of the Supreme Court of the United States, transmitting, pursuant to law, notice of amendments to the federal rules of evidence; to the Committee on the Judiciary.

EC-782. A communication from the Chief Justice of the Supreme Court of the United States, transmitting, pursuant to law, notice of proposed amendments to the federal rules of criminal procedure; to the Committee on the Judiciary.

EC-783. A communication from the Chief Justice of the Supreme Court of the United States, transmitting, pursuant to law, notice of amendments to the federal rules of civil procedure and forms; to the Committee on the Judiciary.

EC-784. A communication from the Chief Justice of the Supreme Court of the United States, transmitting, pursuant to law, notice of proposed amendments to the federal rules of bankruptcy procedure; to the Committee on the Judiciary.

EC-785. A communication from the Chief Justice of the Supreme Court of the United States, transmitting, pursuant to law, notice of proposed amendments to the federal rules of appellate procedure; to the Committee on the Judiciary.

EC-786. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report and recommendation relative to an employee of the federal government; to the Committee on the Judiciary.

EC-787. A communication from the Director of the Administrative Office of the United States Courts, transmitting, pursuant to law, the report on applications for orders authorizing or approving the interception of wire, oral, or electronic communications for calendar year 1992; to the Committee on the Judiciary.

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. BOREN (for himself and Mr. DANFORTH):

S. 858. A bill to amend the Internal Revenue Code of 1986 to modify the alternative minimum tax system, and for other purposes; to the Committee on Finance.

By Mr. HATCH (for himself and Mr. BENNETT):

S. 859. A bill to reduce the restrictions on lands conveyed by deed under the Act of June 8, 1926; to the Committee on Energy and Natural Resources.

By Mr. DECONCINI:

S. 860. A bill to establish a new educational assistance program for veterans who served during the Persian Gulf war and to make benefits under that program comparable to those provided to veterans of other wars, to provide comparability between the Persian Gulf war educational assistance program and the educational assistance program provided under chapter 30 of title 38, United States Code, and for other purposes; to the Committee on Veterans Affairs.

By Mr. BRADLEY (for himself, Mr. BIDEN, Mrs. BOXER, Mr. BRYAN, Mrs. FEINSTEIN, Mr. HOLLINGS, Mr. KOHL, Mr. KERREY, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mr. REID, Mr. ROBB, Mr. ROCKEFELLER, Mr. SIMON, Mr. WELLSTONE, Mr. KERRY, Mr. LIEBERMAN, and Mr. HATCH):

S. 861. A bill to provide assistance to community development financial institutions, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. BRADLEY (for himself, Mrs. BOXER, Mr. BRYAN, Mrs. FEINSTEIN, Mr. HOLLINGS, Mr. HATCH, Mr. KERREY, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mr. REID, Mr. ROBB, Mr. ROCKEFELLER, Mr. SIMON, Mr. WELLSTONE, Mrs. MURRAY, Mr. LIEBERMAN, and Mr. WOFFORD):

S. 862. A bill to promote the development of small business in economically distressed central cities by providing for entrepreneurship training courses and Federal guarantees of loans to potential entrepreneurs, and for other purposes; to the Committee on Small Business.

By Mr. BRADLEY (for himself, Mr. BIDEN, Mrs. BOXER, Mr. BRYAN, Mrs. FEINSTEIN, Mr. HOLLINGS, Mr. KERREY, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mr. REID, Mr. ROBB, Mr. ROCKEFELLER, Mr. SIMON, Mr. WELLSTONE, and Mr. HATCH):

S. 863. A bill to provide for the establishment of demonstration projects designed to determine the social, psychological, and economic effects of providing to individuals with limited means an opportunity to accumulate assets, and to determine the extent to which an asset-based welfare policy may be used to enable individuals with low income to achieve economic self-sufficiency; to the Committee on Finance.

By Mr. BRADLEY (for himself, Mr. BIDEN, Mrs. BOXER, Mr. BRYAN, Mrs. FEINSTEIN, Mr. HOLLINGS, Mr. KERREY, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mr. REID, Mr. ROBB, Mr. ROCKEFELLER, Mr. SIMON, Mr. WELLSTONE, Mrs. MURRAY, Mr. KERRY, Mr. DODD, Mr. LIEBERMAN, Mr. WOFFORD, Mr. HATCH, and Mr. KRUEGER):

S. 864. A bill to amend title I of the Omnibus Crime Control and Safe Streets Act of 1968 to authorize community policing grant program; to the Committee on the Judiciary.

By Mr. BRADLEY (for himself, Mr. BIDEN, Mrs. BOXER, Mr. BRYAN, Mrs. FEINSTEIN, Mr. HOLLINGS, Mr. KERREY, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mr. REID, Mr. ROBB, Mr. ROCKEFELLER, Mr. SIMON, Mr. WELLSTONE, Mr. HATCH, Mrs. MURRAY, Mr. DANFORTH, Mr. KERRY, Mr. KOHL, and Mr. WOFFORD):

S. 865. A bill to establish a Mobility for Work Demonstration Program, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. BRADLEY (for himself, Mr. BIDEN, Mrs. BOXER, Mr. BRYAN, Mrs. FEINSTEIN, Mr. HOLLINGS, Mr. KERREY, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mr. REID, Mr. ROBB, Mr. ROCKEFELLER, Mr. HATCH, Mr. SIMON, and Mr. WELLSTONE):

S. 866. A bill to provide for the establishment of a neighborhood reconstruction corps program to award grants for the employment of disadvantaged workers for infrastructure repair activities, and for other purposes; to the Committee on Labor and Human Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BOREN (for himself and Mr. DANFORTH):

S. 858. A bill to amend the Internal Revenue Code of 1986 to modify the alternative minimum tax system, and for other purposes; to the Committee on Finance.

MINIMUM TAX REFORM ACT OF 1993

Mr. BOREN. Mr. President, I am pleased to join with my colleague from Missouri, Mr. DANFORTH, in introducing the Minimum Tax Reform Act of 1993. This bill would change the alternative minimum tax [AMT] system so that it works in the way that we intended when it was adopted in 1986. It is consistent with the President's goal of stimulating domestic investment and spurring long-term economic growth.

Certainly, we all agree that corporations making a profit ought to pay some tax. In 1986, the AMT was formulated to deal with the relatively prevalent abuse of this basic tenet. Unfortunately, hearings in my Subcommittee on Taxation and recent studies indicate that the system we constructed is having unintended and negative effects on investment. For example, in 1986 we believed that only a very few companies would be AMT payers and that they would move in and out of the regular tax and the AMT. This has not proved to be the case. A Business Roundtable survey revealed that 39 percent of its members expected to pay the AMT in 1992, and that 57 percent of Roundtable companies paid AMT in at least one of the last 3 years. Another 15 percent indicated that the existence of the AMT was a significant factor in their tax and financial planning. Thus, rather than being an occasional backstop to the regular income tax, the AMT is the determinative Federal income tax for more than 33 percent of

large corporations and has directly affected the financial situation of 72 percent during the last 3 years.

I am particularly concerned about the effect of the AMT during the recent prolonged recession. If companies continue to invest in new plants and equipment during a recession when their profits are low, they are increasingly likely to be thrown into the AMT. A 1992 National Association of Manufacturers [NAM] survey revealed that firms with large decrease in profitability during recession years were increasingly likely to become AMT payers at the same time their profits were decreasing. Of 152 respondents to the survey, 40 companies were required to pay AMT in a year in which they sustained book income loss.

The effect of this tax on our international competitiveness is staggering. A year ago, several industry representatives and economists testified before Senator DANFORTH and myself about the debilitating effect on the AMT on U.S. companies' ability to compete in the world market. For example, a University of Maryland study compared the cost of capital in the United States to that of several major global competitors. An AMT payer in the United States generally recovers 34.06 percent of its capital investment over 5 years. By contrast, a German company recovers 87.34 percent in the same time period; a Japanese company recovers 64.35 percent; and a Korean company recovers nearly all of its investment in 5 years.

This legislation is designed to fix the AMT in three ways. First, the NAM survey revealed that depreciation is the primary reason a company falls into the AMT. The percentage contribution of depreciation to all factors responsible for making a company subject to the AMT was 85 percent. Accordingly, this proposal would allow for more generous depreciation for companies in the AMT than is currently allowed. The bill would allow companies to use the 150-percent declining balance method to compute depreciation. We believe that this adjustment will go a long way to eliminating the negative impact of the AMT.

Unfortunately, many companies have become chronic AMT payers under the current, flawed system. Part of the AMT scheme is the provision that allows a corporation a credit in the amount of the excess of its minimum tax over its regular tax; the AMT credit is applied against regular tax liability in future years. In 1986, we expected that corporation would revert to paying regular corporate tax soon enough for them to use these credits while they still had some value. That has not been the reality of the operation of the AMT, however. Companies stay in AMT for years, and the AMT credit decreases in value as the ability to use it is postponed further and further into the future.

We can fix this problem in the future by this change in depreciation. To help those companies that have accumulated immense AMT credits in the past, we have included a provision allowing them to use pre-1993 AMT credits against AMT liability up to 50 percent of that liability. This proposal should allow these companies to use their accumulated, pre-1993 AMT credits in a meaningful timeframe.

Third, we have included provisions to eliminate the preference treatment of some corporate investment and business expenditures that the country should encourage for valid policy reasons. For example, the bill would eliminate the preference treatment of investment in environmental improvement assets. It would therefore remove any disincentive caused by the AMT system for companies to invest in technology that will reduce waste, eliminate environmental hazards, reduce noise pollution, and protect the environment in other ways. In addition, the bill would allow businesses to offset up to 25 percent of their AMT liability with general business credits, such as the targeted jobs tax credit, the research tax credit and the low-income housing tax credit. We believe that these credits encourage worthwhile business activities and their effect should not be limited to those companies paying regular corporate tax.

Mr. President, I believe enactment of these proposals is vital to economic growth and to regarding international competitiveness. I look forward to working with my colleagues on the Finance Committee and in the Senate to include these provisions in the tax bill.

I ask unanimous consent that the statement of my colleague Senator DANFORTH and a copy of the bill appear in the RECORD following my statement.

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

S. 858

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

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This Act may be cited as the "Minimum Tax Reform Act of 1993".

(b) AMENDMENT OF 1986 CODE.—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 Internal Revenue Code of 1986.

SEC. 2. DEPRECIATION ADJUSTMENT USED IN COMPUTING ALTERNATIVE MINIMUM TAXABLE INCOME.

(a) 150-PERCENT DECLINING BALANCE METHOD.—

(1) IN GENERAL.—Paragraph (1) of section 56(a) (relating to depreciation) is amended to read as follows:

“(1) DEPRECIATION.—

“(A) 150-PERCENT DECLINING BALANCE METHOD.—

“(i) IN GENERAL.—In the case of property not described in clause (ii), the depreciation

deduction allowable under section 167 shall be determined as provided in section 168(a), except that the applicable depreciation method under section 168(a)(1) shall be—

“(I) the 150-percent declining balance method.

“(II) switching to the straight line method for the 1st taxable year for which using the straight line method with respect to the adjusted basis as of the beginning of the year will yield a higher allowance.

“(i) PROPERTY NOT USING 150-PERCENT METHOD.—Property described in this clause is section 1250 property (as defined in section 1250(c)) or any other property if the depreciation deduction determined under section 168 with respect to such other property for purposes of the regular tax is determined by using the straight line method.

“(B) NORMALIZATION RULES.—With respect to public utility property described in section 168(i)(10), the Secretary shall prescribe the requirements of a normalization method of accounting for this section.”

(2) NO ADJUSTMENT FOR ADJUSTED CURRENT EARNINGS SYSTEM.—Clause (i) of section 56(g)(4)(A) (relating to depreciation adjustments for computing adjusted current earnings) is amended by adding at the end the following new sentence: “The preceding sentence shall not apply to property placed in service in taxable years beginning after December 31, 1992, and the depreciation deduction with respect to such property shall be determined under the rules of subsection (a)(1)(A).”

(b) EXCEPTION FOR ENVIRONMENTAL PROPERTY.—

(1) IN GENERAL.—Section 56(a)(1) (relating to depreciation adjustments), as amended by subsection (a)(1), is amended by adding at the end the following new subparagraph:

“(C) ENVIRONMENTAL IMPROVEMENT ASSETS.—This paragraph shall not apply to environmental improvement assets (as defined in section 59(k)).”

(2) ENVIRONMENTAL IMPROVEMENT ASSETS.—Section 59 (relating to definition and special rules) is amended by adding at the end the following new subsection:

“(k) ENVIRONMENTAL IMPROVEMENT ASSETS.—

“(1) IN GENERAL.—For purposes of section 56(a)(1)(B), the term ‘environmental improvement asset’ means tangible property which is—

“(A) of a character subject to the allowance for depreciation provided in section 167;

“(B) used for, or is functionally related to property used for, one or more of the following purposes—

“(i) source reduction,

“(ii) solid waste minimization,

“(iii) waste conversion or recycling,

“(iv) reduction of environmental hazards,

“(v) compliance with environmental permits, rules, and similar requirements, including requirements with respect to noise pollution such as the reduction of aircraft noise level to stage 3 noise level (as defined in 14 CFR §36.1(f)(5)),

“(vi) prevention, containment or control of unplanned releases, or

“(vii) the manufacture, distribution and sale of alternate fuels and blending stocks or fuel additives for reformulated fuels, and

“(C) except in the case of property used for the reduction of aircraft noise levels described in subparagraph (B)(v), located and used exclusively in the United States during the taxable year.

If only a portion of property described in subparagraphs (A) and (C) is described in subparagraph (B), such portion shall be

treated as an environmental improvement asset.

“(2) OTHER DEFINITIONS.—For purposes of this subsection—

“(A) SOURCE REDUCTION.—The term ‘source reduction’ means reduction of the amount of regulated substances or other pollutants from fixed or mobile sources released into the environment if such reduction reduces hazards to public health or environment.

“(B) SOLID WASTE MINIMIZATION.—The term ‘solid waste minimization’ means the reduction in the generation of, or the recovery of commercially usable products from, residual materials which are classified as, or which if disposed would be classified as, solid wastes (within the meaning of the Resource Conservation and Recovery Act).

“(C) WASTE CONVERSION OR RECYCLING.—The term ‘waste conversion or recycling’ means the processing or conversion of liquid, solid, or gaseous wastes into fuel, energy, or other commercially usable products, and the production of such products if production occurs at the same facility as the conversion.

“(D) ABATEMENT OF ENVIRONMENTAL HAZARDS.—The term ‘abatement of environmental hazards’ includes the abatement, reduction, monitoring, or stabilization of potential human exposure to toxic chemicals, hazardous or extremely hazardous substances, or harmful radiation.

“(E) UNPLANNED RELEASES.—The term ‘unplanned releases’ means any release of regulated substances (except federally permitted releases), including indoor releases.

“(F) REGULATED SUBSTANCE.—The term ‘regulated substance’ includes any substance the release or emission of which is prohibited, limited, or regulated by Federal or State law or by Federal regulations (as determined without regard to whether a particular release would have been prohibited or limited).

“(G) RELEASE.—The term ‘release’ means any spilling, leaking, pouring, discharging, escaping, dumping, or disposing into the environment, including the abandonment or discarding of barrels or other closed receptacles.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service in taxable years beginning after December 31, 1992.

SEC. 3. PRE-1993 MINIMUM TAX ALLOWED AS CREDIT AGAINST MINIMUM TAX FOR CERTAIN TAXPAYERS.

(a) IN GENERAL.—Section 53(c) (relating to limitation) is amended by adding at the end the following new paragraph:

“(2) SPECIAL RULE FOR CERTAIN TAXPAYERS WITH PRE-1993 UNUSED MINIMUM TAX CREDITS.—

“(A) IN GENERAL.—If a taxpayer had an unused minimum tax credit for at least 3 of the taxable years in the testing period, then, subject to the limitation of subparagraph (B), the limitation under paragraph (1) for any taxable year following the testing period shall in no event be less than 50 percent of the excess (if any) of—

“(I) the tentative minimum tax for such taxable year, over

“(II) the sum of the credits allowable under subparts A, B, D, E, and F of this part.

“(B) LIMITATION.—

“(i) IN GENERAL.—The aggregate increases in the limitation under paragraph (1) by reason of subparagraph (A) shall not exceed the pre-1993 unused minimum tax credits.

“(ii) ORDERING RULE.—For purposes of clause (i), any credit under subsection (a) for taxable years following the testing period shall be treated as allocated to pre-1993 unused minimum tax credits until such credits are used up.

“(C) DEFINITIONS.—For purposes of this paragraph—

“(i) TESTING PERIOD.—The term ‘testing period’ means the 5-taxable year period ending with the taxpayer’s last taxable year beginning in 1992.

“(ii) PRE-1993 UNUSED MINIMUM TAX CREDITS.—The term ‘pre-1993 unused minimum tax credits’ means the credits allowable under subsection (a) remaining unused as of the close of the testing period.”

(b) CONFORMING AMENDMENTS.—Section 53(c) (as in effect before the amendment made by subsection (a)) is amended—

(1) by striking “The” and inserting:

“(1) IN GENERAL.—Except as provided in paragraph (2), the”, and

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1992.

SEC. 4. ALLOWANCE OF GENERAL BUSINESS CREDIT AGAINST PORTION OF MINIMUM TAX.

(a) IN GENERAL.—Subparagraph (A) of section 38(c)(1) (relating to limitation based on amount of tax) is amended by inserting “75 percent of” before “the tentative minimum tax”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1992.

Mr. DANFORTH. Mr. President, I am pleased to join with my colleague from Oklahoma, Senator BOREN, in introducing the Minimum Tax Reform Act of 1993.

This bill modifies the alternative minimum tax [AMT] rules enacted in 1986. After careful review of the effect of the AMT rules on taxpayers, I believe that the rules go beyond Congress’s original intent to ensure that all taxpayers pay their fair share to the Federal Government. Specifically, the rules were designed to end the situation where corporations could report high earnings to shareholders, but avoid taxes by offsetting their income with tax deductions and credits.

The AMT has become the primary tax system for many of America’s basic industries. These industries include—chemicals, automobiles, steel, airlines, paper, energy, utilities, and transportation. Many corporations in these industries have turned in some of the poorest financial results of all U.S. corporations. Reduced earnings and significant capital investment have forced an increased number of these corporations into the AMT system. For example, a Business Roundtable survey found that 57 percent of the Roundtable companies paid AMT in at least one of the past 3 years. Moreover, it is generally believed that about one-half of corporate filers are in, or recently have been in, the AMT system.

What type of corporations are most likely to be in the AMT? With the ability to use hindsight, we see the AMT corporations are not businesses with huge profits, paying out high dividends, and using adroit tax planning in order to avoid taxes. Instead, AMT corporations tend to be businesses with depressed earnings, and/or corporations

with significant investments in capital equipment. According to a survey conducted by the National Association of Manufacturers [NAM] in 1992, 40 of 150 respondents were required to pay the AMT in a year in which they sustained a book income loss. The study found that in recession years, firms with large decreases in profits are increasingly likely to be AMT taxpayers at the same time their profits are decreasing. Thus, as profits erode, the AMT kicks in, and cash flow is reduced even further.

Many of us in Congress have been attempting to craft policies to stimulate capital investment. Capital investment boosts productivity, enhances competitiveness, creates new private sector jobs, and generally strengthens the economy. Members of Congress and the administration can and do differ at times on the best way to encourage capital investment. But all legislators realize its importance to the health of our economy and the competitiveness of U.S. industry. However, the AMT inhibits capital investment. In fact, in many cases it actually punishes taxpayers that invest in new plants and equipment. The catch 22 here is that the AMT increases the cost of capital projects by wiping out benefits of accelerated depreciation. A taxpayer can extract itself from the AMT by reducing capital investment, which is the opposite of what we want the taxpayer to do. The NAM study noted that depreciation accounted for 85 percent of all factors responsible for keeping a taxpayer under the AMT. Thus, an AMT taxpayer hurts itself financially by trying to invest in new capital.

Not only does the AMT system discourage capital investment, it increases the capital costs of AMT taxpayers to a level 15 to 20 percent higher than non-AMT taxpayers. Research sponsored by the American Council for Capital Formation suggests that the AMT subjects U.S. capital intensive industries to the worst capital cost recovery rates in the industrialized world. An AMT payer in the United States generally recovers little over one-third of its investment over 5 years. By contrast, our trading partners have much more generous recovery systems. In Germany, for example, corporations generally recover 85 percent over 5 years while Japanese and Korean corporations recover 64 percent and 95 percent of their investments respectively over the same period.

We cannot be so disingenuous as to claim to provide tax incentives for capital formation, and increased investment through tax credits and deductions, on one hand, but deny through the AMT such benefits to nearly 50 percent of U.S. corporations.

Our legislation addresses these problems in several ways. First, the bill replaces the two current AMT depreciation systems with a single system that

conforms the recovery period for AMT to those of the regular tax depreciation system. The new system would reduce the current AMT penalty by about one-half and result in less recordkeeping, because a single recovery period can be used for both AMT and regular depreciation.

This new system is nearly identical to what has been proposed by the President. They are two differences. Our proposal is effective for investments in 1993, while the President's is not effective until 1994. Making the proposal effective now will not prevent AMT payers from investing immediately, and will free up additional cash to stimulate the economy immediately. The second difference is that our bill provides a 150-percent declining balance recovery rate versus 120 percent in the President's plan. Companies investing in shorter lived assets, such as computers and automobiles, would not receive any benefits from the President's proposal.

Our legislation exempts investments in assets purchased for environmental reasons from the AMT calculation. Increasingly, firms are spending capital on assets to improve the environment, either voluntarily or to meet Federal or State environmental mandates. Currently, AMT payers are discouraged from making these investments because the after tax cost is increased by the AMT.

The bill permits AMT payers to reduce up to 25 percent of their AMT liability with general business credits, including the targeted jobs credit, low-income housing credit, research and development credit, and rehabilitation credit. I believe these credits encourage worthwhile investments. The benefits of these provisions are diminished if they are limited to regular taxpayers. Investment by AMT payers in low-income housing, rehabilitation, and research and development, for example, are no less beneficial than investments by regular taxpayers. To the contrary, AMT payers, many of which have reduced earnings, could arguably use the incentive effects of these provisions more than regular taxpayers.

Mr. President, I believe the provisions of this bill will reduce the cost of capital for many U.S. corporations, stimulate investment and economic growth, and enhance U.S. manufacturer's international competitiveness. I commend Senator BOREN and his staff for helping to craft this important legislation and look forward to working with my colleagues to enact these provisions in the tax bill this year.

By Mr. HATCH (for himself and Mr. BENNETT):

S. 859. A bill to reduce the restrictions on lands conveyed by deed under the act of June 8, 1926; to the Committee on Energy and Natural Resources.

KAYSVILLE CITY, UT, ACT OF 1993

• Mr. HATCH. Mr. President, I am pleased today to reintroduce legislation, with my colleague Senator BENNETT, that permits Kaysville City, UT, to lease certain patented lands for communication purposes. This measure was introduced last session. Unfortunately, as it began moving through the legislative process, other language that had nothing to do with the underlying subject was attached to it. Eventually, the bill died before the session ended due to the additional proposals. I hope our bill will remain intact and receive better consideration by the 103d Congress.

In 1926, Kaysville City was granted a patent to Federal lands located on Kaysville Peak in order to provide protection to the city's watershed. The 1926 act prohibited the use of the property for any purpose other than watershed protection or the property would revert to the Federal Government.

When this patent was executed, communication stations on mountain peaks were very rare. Now, they are very common and an essential part to enhancing the communication link between the various local departments and city vehicles.

In 1978, a communication relay station was constructed on the patented land located on Kaysville Peak. This station is operated by a private company and is primarily used for the daily operations of Davis County School District buses. The presence of this important station is not permitted under the 1926 act and the city is technically violating the terms of the patent.

This legislation will correct this technicality by amending the 1926 act to permit the relay station to remain on the site in a manner consistent with watershed protection. The Bureau of Land Management indicated in 1989 that there was no administrative relief available for this situation. Therefore, we are asking Congress to adopt the appropriate remedy. Since there is no degradation to Kaysville City's watershed by having the station located on Kaysville Peak, we are eager to see this legislation adopted.

We urge our colleagues to favorably consider this important piece of legislation. •

By Mr. DECONCINI:

S. 860. A bill to establish a new educational assistance program for veterans who served during the Persian Gulf war and to make benefits under that program comparable to those provided to veterans of other wars, to provide comparability between the Persian Gulf war educational assistance program and the educational assistance program provided under chapter 30 of title 38, United States Code, and for other purposes; to the Committee on Veterans' Affairs.

COMBAT ERA SERVICEPERSONS' READJUSTMENT
ACT OF 1993

• Mr. DECONCINI. Mr. President, I rise to reintroduce very important legislation for America's veterans that I first introduced last Congress. This bill simply seeks to increase the level of educational benefits for Persian Gulf veterans and other combat era veterans to \$777 per month from \$400 per month for full-time students, a level comparable to that of veterans who fought in defense of their country in prior wars.

Mr. President, the current level of educational assistance benefits authorized for individuals who served during the Persian Gulf war and other conflicts are not comparable to those benefits provided to veterans of World War II, the Korean or Vietnam war. Instead, current veterans' educational assistance benefits have been scaled back to address specific needs and purposes related to peacetime military service and fiscal restraints.

Nonetheless, the Montgomery GI bill has served our peacetime needs very well. Witness after witness has given testimony before the Senate and House Committees on Veterans' Affairs and Armed Services in recent years indicating that the services attracted a significantly higher caliber recruit as a direct result of the Montgomery GI bill. The Nation profited as well from the Montgomery GI bill, or new GI bill as many refer to it. Some economists even estimate that the country gets back as much as \$17 for each dollar spent on the new GI bill. However, the sad truth is that full-time new GI bill educational assistance for veterans today barely covers tuition costs for State-supported institutions leaving the veteran to absorb hundreds of dollars in costs for books, lab fees, and other university-required charges.

Mr. President, today's new GI bill just doesn't measure up to the old GI bill our Nation provided to veterans of former wars. Unfortunately, current educational assistance provided to the Desert Storm and other combat veterans is inconsistent with the longstanding commitment of a grateful Nation to provide a comprehensive program of benefits, including educational assistance, to each and every person who serves in defense of our freedoms during periods of war. When the veterans of these former wars came home, they could rely upon their country through the old GI bill to pay its fair share of educational assistance. Today's combat veteran cannot.

Mr. President, my purpose today isn't to argue what a fair share of the future educational needs of these combat veterans is and which veterans should be considered. My purpose today is solely to lay a much broader issue before the Senate as we begin to consider what our new domestic budget priorities will be in light of reduced foreign military threats.

Mr. President, President Clinton's national community service legislation was announced earlier today. At this time we must weigh the impacts of that legislation upon one of the most important components of our voluntary national defense system. As we understand it today, the President's community service proposal may provide the same or greater benefits as the new GI bill and would not require any monetary contribution by a participant. We must ask ourselves if this is a fair deal for our veterans.

The Montgomery GI bill educational assistance program is a contributory system where each participant must forgo \$1,200 in active duty pay in order to qualify. The Clinton national service proposal would provide \$13,000 in assistance in exchange for a 2-year obligation. A 2-year enlistment in defense of this Nation today would provide only a maximum of \$10,500 in education benefits—\$325 per month for 36 months, less the \$1,200 mandatory contribution already paid while on active duty—for a full-time student. A 3-year enlistment would yield a maximum of \$13,200 in full-time education benefits—\$400 per month for 36 months, less the \$1,200 contribution. The recently announced Clinton fiscal year 1994 budget proposal would also dramatically increase the contribution by \$400 to \$1,600.

In conclusion, Mr. President, my purpose today is not to criticize President Clinton's national service proposal, but to remind my colleagues again that the peace dividend shares we are spending today are the product of the sweat and blood of the men and women of the armed services. To assure veterans who served in the Persian Gulf war and other conflicts and who continue to serve that we have not forgotten them after all the ticker tape and yellow ribbons have been swept up and thrown away, we must increase their GI bill benefits. It's the right thing for a grateful Nation to do.

Mr. President, I strongly urge all my colleagues to cosponsor this important legislation and work toward its expeditious enactment.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD immediately following my remarks.

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

S. 860

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

SHORT TITLE

SECTION 1. This Act may be cited as the "Combat Era Servicepersons' Readjustment Act of 1993".

FINDINGS AND DECLARATIONS

SEC. 2. (a) The Congress finds that—
(1) the members of the Active, Reserve, and National Guard Forces of the United States carried out their responsibilities in Oper-

ations Desert Shield and Desert Storm in an exemplary manner;

(2) the men and women who served in the Armed Forces during the Persian Gulf war deserve a comprehensive program of veterans' benefits, as provided by a grateful Nation, no less than their forebears who served during World War II and the Korean and Vietnam wars;

(3) the benefits currently provided through the Department of Veterans Affairs and other Federal agencies were established in some instances to address specific needs or purposes related to peacetime military service;

(4) the veterans of World War II, and the Korean and Vietnam wars, received proportionally more educational assistance as readjustment assistance than currently is available for Persian Gulf war veterans under chapter 30 of title 38, United States Code; and

(5) the members of the Armed Forces who served during the Persian Gulf war are now entitled to educational assistance benefits at least equivalent to those received by veterans of previous wars.

(b) The Congress therefore declares that the purpose of this Act is to provide, on behalf of a grateful nation, educational assistance benefits to individuals who served during the Persian Gulf war which are comparable to those benefits provided to veterans of other wars, to establish educational assistance programs that are adequate to ensure a high degree of participation by eligible veterans, and to provide for comparability of benefits under the Montgomery GI Bill.

PERSIAN GULF WAR EDUCATIONAL ASSISTANCE
PROGRAM

SEC. 3. (a)(1) Title 38, United States Code, is amended by inserting after chapter 43 the following new chapter:

"CHAPTER 44—PERSIAN GULF WAR
EDUCATIONAL ASSISTANCE PROGRAM"SUBCHAPTER I—PURPOSE—
DEFINITIONS

"Sec.

"2101. Purpose.

"2102. Definitions.

"SUBCHAPTER II—ELIGIBILITY AND
ENTITLEMENT

"2110. Eligibility; entitlement; duration.

"2111. Time limitations for completing a program of education.

"2112. Educational and vocational counseling.

"SUBCHAPTER III—ENROLLMENT

"2120. Selection of program.

"2121. Applications; approval.

"2122. Disapproval of enrollment in certain courses.

"2123. Discontinuance of unsatisfactory conduct or progress.

"2124. Education outside the United States.

"SUBCHAPTER IV—PAYMENTS TO ELIGI-
BLE VETERANS; VETERAN-STUDENT
SERVICES

"2130. Educational assistance allowance.

"2131. Computation of Educational assistance allowances.

"2132. Approval of courses.

"2133. Apprenticeship or other on-job training; correspondence courses.

"2134. Work-study allowance.

"SUBCHAPTER V—ASSISTANCE FOR THE
EDUCATIONALLY DISADVANTAGED

"2140. Purpose.

"2141. Elementary and secondary education and preparatory educational assistance.

- "2142. Tutorial assistance.
 "2143. Effect on educational entitlement.
 "SUBCHAPTER VI—GENERAL AND ADMINISTRATIVE PROVISIONS
 "2151. Bar to duplication of educational assistance benefits.
 "2152. Allocation of administration and of program costs.
 "2153. Reporting requirement.
 "SUBCHAPTER I—PURPOSE—DEFINITIONS

"§ 2101. Purpose

"The Congress of the United States hereby declares that the educational assistance program created by this chapter is for the purpose of (1) providing veterans who served on active duty during the Persian Gulf war with educational assistance benefits comparable to those enjoyed by their forebears who served in other wars, (2) extending the benefits of a higher education to qualified and deserving young persons who might not otherwise be able to afford such an education, (3) providing vocational readjustment and restoring lost educational opportunities to those service men and women whose careers have been interrupted or impeded by reason of active duty during the Persian Gulf war, and (4) aiding such persons in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country.

"§ 2102. Definitions

"For the purposes of this chapter and chapter 36 of this title:

"(a) The term 'incremental costs associated with Operation Desert Storm' means costs referred to in section 251(b)(2)(D)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901(b)(2)(D)(ii)).

"(b) The term 'Persian Gulf war' means the period beginning on August 2, 1990, and ending thereafter on the date prescribed by Presidential proclamation or by law.

"(c)(1) The term 'eligible veteran' means any veteran who—

"(A) served on active duty for a period of more than 90 days during the Persian Gulf war, and was discharged or released therefrom under conditions other than dishonorable; or

"(B) contracted with the Armed Forces and was enlisted in or assigned to a reserve component (including the Army National Guard of the United States and the Air National Guard of the United States) prior to August 2, 1990, and as a result of such enlistment or assignment served during the Persian Gulf war on active duty, any part of which commenced within 12 months after August 1, 1990, and was discharged or released from such active duty under conditions other than dishonorable; or

"(C) was discharged or released from active duty, any part of which was performed during the Persian Gulf war, or following entrance into active service from an enlistment or assignment provided for under subparagraph (B) of this paragraph, because of a service-connected disability.

"(2) The requirement of discharge or release, prescribed in paragraph (1)(A) or (B), shall be waived in the case of any individual who served more than 90 days in an active-duty status for so long as such individual continues on active duty without a break therein.

"(3) For purposes of paragraph (1)(A) and section 2110(a), the term "active duty" does not include any period during which an individual (A) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially

the same as established courses offered to civilians, (B) served as a cadet or midshipman at one of the service academies, or (C) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve unless at some time subsequent to the completion of such period of active duty for training such individual served on active duty for a consecutive period of 90 days or more during the Persian Gulf war (not including any service as a cadet or midshipman at one of the service academies).

"(d) The term 'program of education' means any curriculum or any combination of unit courses or subjects pursued at an educational institution which is generally accepted as necessary to fulfill requirements for the attainment of a predetermined and identified educational, professional, or vocational objective. Such term also means any curriculum of unit courses or subjects pursued at an educational institution which fulfill requirements for the attainment of more than one predetermined and identified educational, professional, or vocational objective if all the objectives pursued are generally recognized as being reasonably related to a single career field. Such terms also means any unit course or subject, or combination of courses of subjects, pursued by an eligible veteran at an educational institution required by the Administrator of the Small Business Administration as a condition to obtaining financial assistance under the provisions of section 7(i)(1) of the Small Business Act (15 U.S.C. 636(i)(1)).

"(e) The term 'educational institution' means any public or private elementary school, secondary school, vocational school, correspondence school, business school, university, or scientific or technical institution, or other institution furnishing education for adults.

"(f) The term 'dependent' means—

"(1) a child of an eligible veteran;
 "(2) a dependent parent of an eligible veteran; and

"(3) the spouse of an eligible veteran.

"(g) The term 'training establishment' means any establishment providing apprentice or other training on the job, including those under the supervision of a college or university or any State department of education, or any State apprenticeship agency, or vocational education, or any joint apprenticeship committee, or the Bureau of Apprenticeship and Training established pursuant to chapter 4C of title 29, or any agency of the Federal Government authorized to supervise such training.

"(h) The term 'institution of higher learning' means a college, university, or similar institution, including a technical or business school, offering postsecondary level academic instruction that leads to an associate or higher degree if the school is empowered by the appropriate State education authority under State law to grant an associate or higher degree. When there is no State law to authorize the granting of a degree, the school may be recognized as an institution of higher learning if it is accredited for degree programs by a recognized accrediting agency. Such term shall also include a hospital offering educational programs at the postsecondary level without regard to where the hospital grants a postsecondary degree. Such term shall also include an educational institution which is not located in a State, which offers a course leading to a standard college

degree, or the equivalent, and which is recognized as such the secretary of education (or comparable official) of the country or other jurisdiction in which the institution is located.

"(i) The term 'standard college degree' means an associate or higher degree awarded by (1) an institution of higher learning that is accredited as a collegiate institution by a recognized regional or national accrediting agency; (2) an institution of higher learning that is a 'candidate' for accreditation as that term is used by the regional or national accrediting agencies; or (3) an institution of higher learning upon completion of a course which is accredited by an agency recognized to accredit specialized degree-level programs. For the purpose of this section, the accrediting agency must be one recognized by the Secretary of Education under the provisions of section 1775 of this title.

"SUBCHAPTER II—ELIGIBILITY AND ENTITLEMENT

"§ 2110. Eligibility; entitlement; duration

"(a) Except as provided in the second sentence of this subsection, each eligible veteran shall be entitled to educational assistance under this chapter or chapter 36 for a period of 36 months (or the equivalent thereof in part-time educational assistance). If an eligible veteran has served a continuous period of 18 months or more on active duty after August 1, 1990, and has been released for such service under conditions that would satisfy the veteran's active duty obligations, the veteran shall be entitled to educational assistance under this chapter for a period of 45 months (or the equivalent thereof in part-time educational assistance). In the case of any person serving on active duty on the date that the period of the Persian Gulf war is ended by Presidential proclamation or by law, or a person whose eligibility is based on section 2102(d)(1)(B) of this chapter, the ending date for computing such person's entitlement shall be the date of such person's first discharge or release from active duty after the ending date of such Persian Gulf war.

"(b) Whenever the period of entitlement under this section of an eligible veteran who is enrolled in an educational institution regularly operated on the quarter or semester system ends during a quarter or semester, such period shall be extended to the termination of such unexpired quarter or semester. In educational institutions not operated on the quarter or semester system, whenever the period of eligibility ends after a major portion of the course is completed such period shall be extended to the end of the course or for 12 weeks, whichever is the lesser period.

"(c) Except as provided in subsection (b) and in subchapter V of this chapter, no eligible veteran shall receive educational assistance under this chapter in excess of 45 months.

"§ 2111. Time limitations for completing a program of education

"(a)(1) Subject to paragraph (4) of this subsection, no educational assistance shall be afforded an eligible veteran under this chapter beyond the date 10 years after the veteran's last discharge or release from active duty after August 2, 1990; except that, in the case of any eligible veteran who was prevented from initiating or completing such veteran's chosen program of education with such time period because of a physical or mental disability which is not the result of such veteran's own willful misconduct, such veteran shall, upon application made within 1 year after the last date of the delimiting

period otherwise applicable under this section, or the termination of the period of such mental or physical disability, whichever is the latest, be granted an extension of the applicable delimiting period for such length of time as the Secretary determines, from the evidence, that such veteran was so prevented from initiating or completing such program of education. When an extension of the applicable delimiting period is granted a veteran under the preceding sentence, the delimiting period with respect to such veteran will again begin running on the first day following such veteran's recovery from such disability on which it is reasonably feasible, as determined in accordance with regulations which the Secretary shall prescribe, for such veteran to initiate or resume pursuit of a program of education with educational assistance under this chapter.

"(2)(A) Notwithstanding the provisions of paragraph (1) of this subsection, any veteran shall be permitted to use any such veteran's unused entitlement under section 2110 of this title for the purpose of eligibility for an education loan, pursuant to the provisions of subchapter III of chapter 36 of this title, after the delimiting date otherwise applicable to such veteran under such program (1), if such veteran was pursuing an approved program of education on a full-time basis at the time of the expiration of such veteran's eligibility.

"(B) Notwithstanding any other provision of this chapter or chapter 36 of this title, any veteran whose delimiting period is extended under subparagraph (a) of this paragraph may continue to use any unused loan entitlement under this paragraph as long as the veteran continues to be enrolled on a full-time basis in pursuit of the approved program of education in which such veteran was enrolled at the time of expiration of such veteran's eligibility (i) until such entitlement is exhausted, (ii) until the expiration of the delimiting date otherwise applicable to such veteran under paragraph (1) of this subsection, or (iii) until such veteran has completed the approved program of education which such veteran was enrolled at the end of the delimiting period referred to in paragraph (1) of this subsection, whichever occurs first.

"(3)(A) Subject to subparagraph (C) of this paragraph and notwithstanding the provisions of paragraph (1) of this subsection, an eligible veteran who served on active duty during the Persian Gulf war shall be permitted to use any of such veteran's unused entitlement under section 2110 of this title for the purpose of pursuing—

"(i) a program of apprenticeship or other on-job training;

"(ii) a course with an approved vocational objective; or

"(iii) a program of secondary education, if the veteran does not have a secondary school diploma (or an equivalency certificate).

"(B) Upon completion of a program or course pursued by virtue of eligibility provided by this paragraph, the Secretary shall provide the veteran with such employment counseling as may be necessary to assist the veteran in obtaining employment consistent with the veteran's abilities, aptitudes, and interests.

"(C)(i) Educational assistance shall be provided a veteran for pursuit of a program or course described in clause (i) or (ii) of subparagraph (A) of this paragraph using eligibility provided by this paragraph unless the Secretary determines, based on an examination of the veteran's employment and training history, that the veteran is not in need of

such a program or course in order to obtain a reasonably stable employment situation consistent with the veteran's abilities and aptitudes. Any such determination shall be made in accordance with regulations which the Secretary shall prescribe.

"(ii) Educational assistance provided a veteran for pursuit of a program described in clause (iii) of subparagraph (A) of this paragraph using eligibility provided by this paragraph shall be provided at the rate determined under section 2141(b)(2) of this title.

"(D) Educational assistance may not be provided by virtue of this paragraph after a date to be determined by the Secretary, pursuant to regulations which the Secretary shall prescribe.

"(4) For purposes of paragraph (1) of this subsection, a veteran's last discharge or release from active duty shall not include any discharge or release from a period of active duty of less than 90 days of continuous service unless the individual involved is discharged or released for a service-connected disability, for a medical condition which preexisted such service and which the Secretary determines is not service connected, for hardship, or as a result of a reduction in force as described in section 1411(a)(1)(A)(ii)(III) of this title.

"(b) In the case of any eligible veteran who has been prevented, as determined by the Secretary, from completing a program of education under this chapter within the period prescribed by subsection (a), because the veteran had not met the nature of discharge requirements of this chapter before a change, correction, or modification of a discharge or dismissal made pursuant to section 1553 of title 10, the correction of the military records of the proper service department under section 1552 of title 10, or other corrective action by competent authority, then the 10-year delimiting period shall run from the date the veteran's discharge or dismissal was changed, corrected, or modified.

"(c) In the case of any veteran (1) who served on or after August 2, 1990, (2) who became eligible for educational assistance under the provisions of this chapter or chapter 36 of this title, and (3) who, subsequent to the veteran's last discharge or release from active duty, was captured and held as a prisoner of war by a foreign government or power, there shall be excluded, in computing the veteran's 10-year period of eligibility for educational assistance, any period during which the veteran was so detained and any period immediately following the veteran's release from such detention during which the veteran was hospitalized at a military, civilian, or Department of Veterans Affairs medical facility.

"(d) No educational assistance shall be afforded any eligible veteran under this chapter or chapter 36 of this title after a date to be determined by the Secretary, pursuant to regulations which the Secretary shall prescribe.

"§ 2112. Educational and vocational counseling.

"The Secretary shall make available to any eligible veteran, upon such veteran's request, counseling services, including such educational and vocational counseling and guidance, testing, and other assistance as the Secretary deems necessary to aid such veteran in selecting (1) an educational or training objective and an educational institution or training establishment appropriate for the attainment of such objective, or (2) an employment objective that would be likely to provide such veteran with satisfactory employment opportunities in light of such

veteran's personal circumstances. In any case in which the Secretary has rated the veteran as being incompetent, such counseling shall be required to be provided to the veteran prior to the selection of a program of education or training. At such intervals as the Secretary shall make available information respecting the need for general education and for trained personnel in the various crafts, trades, and professions. Facilities of other Federal agencies collecting such information shall be utilized to the extent the Secretary deems practicable. The Secretary shall take appropriate steps (including individual notification where feasible) to acquaint all eligible veterans with the availability and advantages of such counseling services.

"SUBCHAPTER III—ENROLLMENT

"§ 2120. Selection of program

"Subject to the provisions of this chapter, each eligible veteran may select a program of education to assist the veteran in attaining an educational, professional, or vocational objective at any educational institution (approved in accordance with chapter 36 of this title) selected by the veteran, which will accept and retain the veteran as a student or trainee in any field or branch of knowledge which such institution finds the veteran qualified to undertake or pursue.

"§ 2121. Applications; approval

"Any eligible veteran, or any person on active duty (after consultation with the appropriate service education officer), who desires to initiate a program of education under this chapter shall submit an application to the Secretary which shall be in such form, and contain such information, as the Secretary shall prescribe. The Secretary shall approve such application unless the Secretary finds that (1) such veteran or person is not eligible for or entitled to the educational assistance for which application is made, (2) the veteran's or person's selected educational institution or training establishment fails to meet any requirement of this chapter or chapter 36 of this title, (3) the veteran's or person's enrollment in, or pursuit of, the program of education selected would violate any provision of this chapter or chapter 36 of this title, or (4) the veteran or person is already qualified, by reason of previous education or training, for the educational, professional, or vocational objective for which the program of education is offered. The Secretary shall notify the veteran or person of the approval or disapproval of the veteran's or person's application.

"§ 2122. Disapproval of enrollment in certain courses

"(a) The Secretary shall not approve the enrollment of an eligible veteran in—

"(1) any bartending course or personality development course;

"(2) any sales or sales management course which does not provide specialized training within a specific vocational field;

"(3) any type of course which the Secretary finds to be avocational or recreational in character (or the advertising for which the Secretary finds contains significant avocational or recreational themes) unless the veteran submits justification showing that the course will be of bona fide use in the pursuit of the veteran's present or contemplated business or occupation; or

"(4) any independent study program except one leading to a standard college degree.

"(b) The Secretary shall not approve the enrollment of an eligible veteran in any course of flight training other than one given by an educational institution of higher

learning for credit toward a standard college degree the eligible veteran is seeking.

"(c) The Secretary shall not approve the enrollment of an eligible veteran in any course to be pursued by radio or by open circuit television, except that the Secretary may approve the enrollment of an eligible veteran in a course, to be pursued in residence, leading to a standard college degree which includes, as an integral part thereof, subjects offered through open circuit television.

"(d)(1) Except as provided in paragraph (2) of this subsection, the Secretary shall not approve the enrollment of any eligible veteran, not already enrolled, in any course for any period during which the Secretary finds that more than 85 percent of the students enrolled in the course are having all or part of their tuition, fees, or other charges paid to or for them by the educational institution or by the Department of Veterans Affairs under this title or under chapter 106 of title 10. The Secretary may waive the requirements of this subsection, in whole or in part, if the Secretary determines, pursuant to regulations which the Secretary shall prescribe it to be in the interest of the eligible veteran and the Federal Government. The provisions of this subsection shall not apply to any course offered by an educational institution if the total number of veterans and persons receiving assistance under this chapter or chapter 30, 31, 32, 34, 35, or 36 of this title or under chapter 106 of title 10 who are enrolled in such institution equals 35 percent or less, or such other per cent as the Secretary prescribes in regulations, of the total student enrollment at such institution (computed separately for the main campus and any branch or extension of such institution), except that the Secretary may apply the provisions of this subsection with respect to any course in which the Secretary has reason to believe that the enrollment of such veterans and persons may be in excess of 85 percent of the total student enrollment in such course.

"(2) paragraph (1) of this subsection—

"(A) does not (except as provided in section 2141(c) of this title) apply with respect to the enrollment of a veteran in a course offered pursuant to subchapter V of this chapter;

"(B) does not apply with respect to the enrollment of a veteran in a farm cooperative training course; and

"(C) does not apply with respect to the enrollment of a veteran in a course described in section 1789(b)(6) of this title.

"§ 2123. Discontinuance of unsatisfactory conduct or progress

"The Secretary shall discontinue the educational assistance allowance of an eligible veteran if, at any time, the Secretary finds that according to the regularly prescribed standards and practices of the educational institution, the veteran's attendance, conduct, or progress is unsatisfactory. The Secretary may renew the payment of the educational assistance allowance only if the Secretary finds that—

"(1) the veteran will be resuming enrollment at the same educational institution in the same program of education and the educational institution has both approved such veteran's reenrollment and certified it to the Department of Veterans Affairs; or

"(2) in the case of a proposed change of either educational institution or program of education by the veteran—

"(A) the cause of the unsatisfactory attendance, conduct, or progress has been removed;

"(B) the program proposed to be pursued is suitable to the veteran's aptitudes, interests, and abilities; and

"(C) if a proposed change of program is involved, the change meets the requirements for approval under section 1791 of this title.

"§ 2124. Education outside the United States

"An eligible veteran may not enroll in any course at an educational institution not located in a State unless such course is pursued at an approved institution of higher

learning and the course is approved by the Secretary. The Secretary may deny or discontinue educational assistance under this chapter in the case of any veteran enrolled in an institution of higher learning not located in a State if the Secretary determines that such enrollment is not in the best interest of the veteran or the Federal Government.

"SUBCHAPTER IV—PAYMENTS TO ELIGIBLE VETERANS; VETERAN-STUDENT SERVICES

"§ 2130. Educational assistance allowance

"(a) The Secretary shall, in accordance with the applicable provisions of this section and chapter 36 of this title, pay to each eligible veteran who is pursuing a program of education under this chapter an educational assistance allowance to meet, in part, the expenses of the veteran's subsistence, tuition, fees, supplies, books, equipment, and other educational costs.

"(b) The educational assistance allowance of an eligible veteran pursuing a program of education, other than a program exclusively by correspondence, at an educational institution shall be paid as provided in chapter 36 of this title.

"§ 2131. Computation of educational assistance allowances

"(a)(1) Except as provided in subsection (b), (c), or (g) of this section or section 1787 of this title, while pursuing a program of education under this chapter of half-time or more, each eligible veteran shall be paid during the period beginning on October 1, 1991, and ending on September 30, 1993, the monthly educational assistance allowance set forth in column II, III, IV, or V (whichever is applicable as determined by the veteran's dependency status) opposite the applicable type of program as shown in column I:

Column I	Column II	Column III	Column IV	Column V
Type of program	No dependents	One dependent	Two dependents	More than two dependents
Institutional training:				The amount in column IV, plus the following for each dependent in excess of two:
Full-time	\$777	\$925	\$1,054	\$66
Three-quarter time	9583	9692	23789	949
Half-time	9389	9463	23528	935
Cooperative	9629	9735	23836	948

"(2) With respect to the fiscal year beginning on October 1, 1993, the Secretary shall pay, in lieu of the rates payable under paragraph (1) of this subsection, the monthly rates payable under such paragraph and shall provide a percentage increase in such rates equal to the percentage by which the Consumer Price Index (all items, United States city average, published by the Bureau of Labor Statistics) for the 12-month period ending June 30, 1993, exceeds such Consumer Price Index for the 12-month period ending June 30, 1992.

"(3) With respect to any fiscal year beginning on or after October 1, 1994, the Secretary shall pay, in lieu of the rates payable under paragraph (1) of this subsection, the monthly rates payable under this subsection for the previous fiscal year and shall provide, for any such fiscal year, a percentage increase in such rates equal to the percentage by which—

"(A) the Consumer Price Index (all items, United States city average) for the 12-month period ending on June 30 preceding the beginning of the fiscal year for which the increase is made, exceeds

"(B) such Consumer Price Index for the 12-month period preceding the 12-month period described in subparagraph (A).

"(4) A "cooperative" program, other than a "farm cooperative" program, means a full-time program of education which consists of institutional courses and alternate phases of training in a business or industrial establishment with the training in the business or industrial establishment being strictly supplemental to the institutional portion.

"(b) The educational assistance allowance of an individual pursuing a program of education—

"(1) while on active duty, or

"(2) on less than a half-time basis,

shall be computed at the rate of (A) the established charges for tuition and fees which

the institution requires similarly circumstanced nonveterans enrolled in the same program to pay, or (B) \$777 per month (or such rate as adjusted pursuant to subsection (a)(2) of this section) for a full-time course, whichever is the lesser. An individual's entitlement shall be charged for institutional courses on the basis of the applicable monthly training time rate as determined under section 1788 of this title.

"(c)(1) An eligible veteran who is enrolled in an educational institution for a "farm cooperative" program consisting of institutional agricultural courses prescheduled to fall within 44 weeks of any period of 12 consecutive months and who pursues such program on—

"(A) a full-time basis (a minimum of ten clock hours per week or four hundred and forty clock hours in such year prescheduled

to provide not less than eighty clock hours in any three-month period).

"(B) a three-quarter-time basis (a minimum of 7 clock hours per week), or

"(C) a half-time basis (minimum of 5 clock hours per week), shall be eligible to receive an educational assistance allowance at the appropriate rate provided in the table in paragraph (2) of this subsection, if such eligible veteran is concurrently engaged in agri-

cultural employment which is relevant to such institutional agricultural courses as determined under standards prescribed by the Secretary. In computing the foregoing clock hour requirements there shall be included the time involved in field trips and individual and group instruction sponsored and conducted by the educational institution through a duly authorized instructor of such institution in which the veteran is enrolled.

"(2) The monthly educational assistance allowance of an eligible veteran pursuing a farm cooperative program under this chapter during the period beginning on October 1, 1991, and ending on September 30, 1993, shall be paid as set forth in column II, III, IV, or V (whichever is applicable as determined by the veteran's dependency status) opposite the basis shown in column I:

Column I	Column II	Column III	Column IV	Column V
Basis	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Full-time	\$629	\$735	\$836	\$48
Three-quarter time	9472	9551	9627	937
Half-time	9315	9369	9419	925

"(3) With respect to the fiscal year beginning on October 1, 1993, the Secretary shall pay, in lieu of the rates payable under paragraph (2), the monthly rates payable under such paragraph and shall provide a percentage increase in such rates equal to the percentage by which the Consumer Price Index (all items, United States city average, published by the Bureau of Labor Statistics) for the 12-month period ending June 30, 1993, exceeds such Consumer Price Index for the 12-month period ending June 30, 1992.

"(4) With respect to any fiscal year beginning on or after October 1, 1994, the Secretary shall pay, in lieu of the rates payable under paragraph (2), the monthly rates payable under this subsection for the previous fiscal year and shall provide, for any such fiscal year, a percentage increase in such rates equal to the percentage by which—

"(A) the Consumer Price Index (all items, United States average) for the 12-month period ending on the June 30 preceding the beginning of the fiscal year for which the increase is made, exceeds.

"(B) such Consumer Price Index for the 12-month period preceding the 12-month period described in subparagraph (A).

"(d)(1) Notwithstanding the prohibition in section 2121 of this title prohibiting enrollment of an eligible veteran in a program of education in which such veteran has 'already qualified,' a veteran shall be allowed up to 6 months of educational assistance (or the equivalent thereof in part-time assistance) for the pursuit of refresher training to permit such veteran to update such veteran's knowledge and skills and to be instructed in the technological advances which have occurred in such veteran's field of employment during and since the period of such veteran's active military service.

"(2) A veteran pursuing refresher training under this subsection shall be paid an educational assistance allowance based upon the rate prescribed in the table in subsection (a)(1) or subsection (c)(2) of this section, whichever is applicable.

"(3) The educational assistance allowance paid under the authority of this subsection shall be charged against the period of entitlement the veteran has earned pursuant to section 2110(a) of this title.

"(e) The educational assistance allowance of an eligible veteran pursuing an independent study program which leads to a standard college degree shall be computed at the rate provided in subsection (b) of this section. If the entire training is to be pursued by independent study, the amount of such veteran's entitlement to educational assistance under

this chapter shall be charged in accordance with the rate at which the veteran is pursuing the independent study program but at not more than the rate at which such entitlement is charged for pursuit of such program on less than a half-time basis. In any case in which independent study is combined with resident training, the educational assistance allowance shall be paid at the applicable institutional rate based on the total training time determined by adding the number of semester hours (or the equivalent thereof) of resident training to the number of semesters hours (or the equivalent thereof) of independent study that do not exceed the number of semester hours (or the equivalent thereof) required for the less than half-time institutional rate, as determined by the Secretary, for resident training. A veteran's entitlement shall be charged for a combination of independent study and resident training on the basis of the applicable monthly training time rate as determined under section 1788 of this title.

"(f) The educational assistance allowance of an eligible veteran pursuing a course in part by open circuit television shall be computed in the same manner that such allowance is computed under subsection (e) of this section for an independent study program.

"(g)(1) Subject to the provisions of paragraph (2) of this subsection, the amount of the educational assistance allowance paid to an eligible veteran who is pursuing a program of education under this chapter while incarcerated in a Federal, State, or local penal institution for conviction of a felony may not exceed such amount as the Secretary determines, in accordance with regulations which the Secretary shall prescribe, is necessary to cover the cost of established charges for tuition and fees required of similar circumstanced nonveterans enrolled in the same program and to cover the cost of necessary supplies, books, and equipment, or the applicable monthly educational assistance allowance prescribed for a veteran with no dependents in subsection (a)(1) or (c)(2) of this section or section 1787(b)(1) of this title, whichever is the lesser. The amount of the educational assistance allowance payable to a veteran while so incarcerated shall be reduced to the extent that the tuition and fees of the veteran for any course are paid under any Federal program (other than a program administered by the Secretary) or under any State or local program.

"(2) Paragraph (1) of this subsection shall not apply in the case of any veteran who is pursuing a program of education under this chapter while residing in a halfway house or

participating in a work-release program in connection with such veteran's conviction of a felony.

"§2132. Approval of courses

"An eligible veteran shall receive the benefits of this chapter while enrolled in a course of education offered by an educational institution only if such course is approved in accordance with the provisions of subchapter I of chapter 36 of this title.

"§2133. Apprenticeship or other on-job training; correspondence courses

"Any eligible veteran may pursue a program of apprenticeship or other on-job training or a program of education exclusively by correspondence and be paid an educational assistance allowance or training assistance allowance, as applicable, under the provisions of section 1787 or 1786 of this title.

"§2134. Work-study allowance

"(a)(1) Individuals utilized under the authority of subsection (b) of this section shall be paid an additional educational assistance allowance (hereafter referred to as 'work-study allowance'). Such work-study allowance shall be paid in an amount equal to the applicable hourly minimum wage times the number of hours worked during the applicable period, in return for such individual's agreement to perform services, during or between periods of enrollment, aggregating not more than a number of hours equal to 25 times the number of weeks in the semester or other applicable enrollment period, required in connection with (1) the out-reach services program under subchapter IV of chapter 3 of this title as carried out under the supervision of a Department of Veterans Affairs' employee, (2) the preparation and processing of necessary papers and other documents at educational institutions or regional offices or facilities of the Department of Veterans Affairs, (3) the provision of hospital and domiciliary care and medical treatment under chapter 17 of this title, (4) any other activity of the Department of Veterans Affairs as the Secretary shall determine appropriate, or (5) in the case of an individual who is receiving educational assistance under chapter 106 of title 10, activities relating to the administration of such chapter at Department of Defense facilities. An individual shall be paid in advance an amount equal to 40 per cent of the total amount of the work-study allowance agreed to be paid under the agreement in return for the individual's agreement to perform the number of hours work specified in the agreement.

"(2) For the purposes of paragraph (1) of this subsection, the term 'applicable hourly minimum wage' means (A) the hourly minimum wage under section 6(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)), or (B) the hourly minimum wage under comparable law of the State in which the services are to be performed, if such wage is higher than the wage referred to in clause (A) and the Secretary has made a determination to pay such higher wage.

"(b) Notwithstanding any other provision of law, the Secretary shall utilize, in connection with the activities specified in subsection (a)(1) of this section, the service of individuals who are pursuing programs of rehabilitation, education, or training under chapter 30, 31, 32, or 34 of this title or chapter 106 of title 10, at a rate equal to at least three-quarters of that required of a full-time student. In carrying out this section, the Secretary, wherever feasible, shall give priority to veterans with disabilities rated at 30 percent or more for purposes of chapter 11 of this title. In the event an individual ceases to be at least three-quarter-time student before completing such agreement, the individual may, with the approval of the Secretary, be permitted to complete such agreement.

"(c) The Secretary shall determine the number of individuals whose services the Department of Veterans Affairs can effectively utilize and the types of services that such individuals may be required to perform, on the basis of a survey, which the Secretary shall conduct annually, of each Department of Veterans Affairs regional office in order to determine the numbers of individuals whose services can effectively be utilized during an enrollment period in each geographical area where Department of Veterans Affairs' activities are conducted, and shall determine which individuals shall be offered agreements under this section in accordance with regulations which the Secretary shall prescribe, including as criteria (a) the need of the individual to augment the individual's educational assistance or subsistence allowance; (2) the availability to the individual of transportation to the place where the individual's services are to be performed; (3) the motivation of the individual; and (4) in the case of a disabled veteran pursuing a course of vocational rehabilitation under chapter 31 of this title, the compatibility of the work assignment to the veteran's physical condition.

"(d) While performing the services authorized by this section, individuals shall be deemed employees of the United States for the purposes of the benefits of chapter 81 of title 5 but not for the purposes of laws administered by the Office of Personnel Management.

"SUBCHAPTER V—SPECIAL ASSISTANCE FOR THE EDUCATIONALLY DISADVANTAGED

"§ 2140. Purpose

"It is the purpose of this subchapter (1) to encourage and assist veterans who have academic deficiencies to attain a high school education or its equivalent and to qualify for and pursue courses of higher education, (2) to assist eligible veterans to pursue postsecondary education through tutorial assistance where required, and (3) to encourage educational institutions to develop programs which provide special tutorial, remedial, preparatory, or other educational or supplementary assistance to such veterans.

"§ 2141. Elementary and secondary education and preparatory educational assistance

"(a) In the case of any eligible veteran who—

"(1) has not received a secondary school diploma (or an equivalency certificate), or

"(2) is not on active duty and who, in order to pursue a program of education for which the veteran would otherwise be eligible, needs refresher courses, deficiency courses, or other preparatory or special educational assistance to qualify for admission to an appropriate educational institution, the Secretary may, without regard to so much of the provisions of section 2121 of this title as prohibit the enrollment of an eligible veteran in a program of education in which the veteran is 'already qualified', approve the enrollment of such veteran in an appropriate course or courses or other special educational assistance program.

"(b)(1) The Secretary shall pay to an eligible veteran pursuing a course or courses or program pursuant to subsection (a)(2) of this section, an educational assistance allowance as provided in sections 2130 and 2131 (a) or (b) of this title.

"(2) The Secretary shall pay to an eligible veteran described in subsection (a)(1) of this section who is pursuing a course or courses or program under this subchapter for the purpose of attaining a secondary school diploma (or an equivalency certificate) an educational assistance allowance (A) at the rate of established charges for tuition and fees required of similarly circumstanced non-veterans enrolled in the same course, courses, or program, or (B) at the institutional full-time rate provided in section 2131(a) of this title, whichever is the lesser.

"(c) The provisions of section 2122(d)(1) of this title, relating to the disapproval of enrollment in certain courses, shall be applicable to the enrollment of an eligible veteran who, while serving on active duty, enrolls in one or more courses under this subchapter for the purpose of attaining a secondary school diploma (or an equivalency certificate).

"§ 2142. Tutorial assistance

"(a) In the case of any eligible veteran who—

"(1) is enrolled in and pursuing a postsecondary course of education on a half-time or more basis at an educational institution; and

"(2) has a deficiency in a subject required as a part of, or which is prerequisite to, or which is indispensable to the satisfactory pursuit of, an approved program of education, the Secretary may approve individual tutorial assistance for such veteran if such assistance is necessary for the veteran to complete such program successfully.

"(b) The Secretary shall pay to an eligible veteran receiving tutorial assistance pursuant to subsection (a) of this section, in addition to the educational assistance allowance provided in section 2131 of this title, the cost of such tutorial assistance in an amount not to exceed \$400 per month, for a maximum of twelve months, or until a maximum of \$4,800 is utilized, upon certification by the educational institution that—

"(1) the individualized tutorial assistance is essential to correct a deficiency of the eligible veteran in a subject required as a part of, or which is prerequisite to, or which is indispensable to the satisfactory pursuit of, an approved program of education;

"(2) the tutor chosen to perform such assistance is qualified and is not the eligible veteran's parent, spouse, child (whether or not married or over eighteen years of age), brother, or sister; and

"(3) the charges for such assistance do not exceed the customary charges for such tutorial assistance.

"§ 2143. Effect on educational entitlement

"The educational assistance allowance or cost of individualized tutorial assistance authorized by this subchapter shall be paid without charge to any period of entitlement the veteran may have earned pursuant to section 2110(a) of this title.

"SUBCHAPTER VI—GENERAL AND ADMINISTRATIVE PROVISIONS

"§ 2151. Bar to duplication of educational assistance benefits

"(a) An individual entitled to educational assistance under a program established by this chapter who is also eligible for educational assistance under a program under chapter 30, 31, 32, 34 or 35 of this title, under chapter 106 or 107 of title 10, or under the Hostage Relief Act of 1980 (Public Law 96-449; 5 U.S.C. 5561 note) may not receive assistance under two or more of such programs concurrently but shall elect (in such form and manner as the Secretary may prescribe) under which program to receive educational assistance.

"(b) A period of service counted for purposes of repayment under section 90 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141 note), of an education loan may not also be counted for purposes of entitlement to educational assistance under this chapter.

"§ 2152. Allocation of administration and of program costs

"(a) Except to the extent otherwise specifically provided in this chapter, the educational assistance programs established by this chapter shall be administered by the Department of Veterans Affairs.

"(b) The payments for entitlement under this chapter are hereby designated as incremental costs associated with Operation Desert Storm. Except as provided in section 5 of the Desert Storm Servicepersons' Readjustment Act of 1991, payments for entitlement earned under this chapter shall be made from funds appropriated to, or otherwise available to, the Department of Veterans Affairs for the payment of readjustment benefits.

"§ 2153. Reporting requirement

"(a) The Secretary shall submit to the Congress at least once every two years a report on the operation of the program provided for in this chapter.

"(b) The Secretary shall include in each report submitted under this section—

"(1) information concerning the level of utilization of educational assistance and of expenditures under this chapter; and

"(2) such recommendations for administrative and legislative changes regarding the provision of educational assistance under this chapter to members of the Armed Forces and veterans as the Secretary considers appropriate.

"(c) The first report by the Secretary under this section shall be submitted not later than January 1, 1993."

(2) The table of chapters at the beginning of Part III of title 38, United States Code, is amended by adding the following new item:

"44. Persian Gulf War Educational Assistance Program 2101".

(b) Chapter 44 of title 38, United States Code, as added by subsection (a), shall take effect on the date of enactment of this Act.

MONTGOMERY GI BILL EDUCATIONAL ASSISTANCE ADJUSTMENTS

SEC. 4. (a) Section 1411 of title 38, United States Code, is amended—

(1) in subsection (a) by striking out "Except as provided in subsection (c)" and by in-

serting in lieu thereof "Except for an individual who is entitled to basic educational assistance under chapter 44 of this title, and except as further provided in subsection (c)".

(2) in subsection (b) by inserting "(1)" prior to the text thereof, and by inserting the following new paragraphs:

"(2)(A) The amount by which an individual's basic pay is reduced on or after August 1, 1990 pursuant to paragraph (1) of this subsection shall be deemed to be payable to such individual as readjustment assistance, and shall be paid by the Secretary pursuant to regulations which the Secretary shall prescribe.

"(B) In the event that an individual's basic pay was reduced prior to August 1, 1990 pursuant to paragraph (1) of this subsection, and such individual subsequently demonstrates that, for good cause shown, he or she was unable to receive educational assistance under this chapter, the Secretary shall pay to such individual as readjustment assistance the amount by which such individual's basic pay was reduced prior to such date. Payment under this subparagraph shall be made by the Secretary pursuant to regulations which the Secretary shall prescribe.

"(3) The authority provided by paragraph (1) of this subsection to reduce basic pay shall terminate on the date of enactment of the Desert Storm Servicemen's Readjustment Act of 1991. Notwithstanding the provisions of subsection (c)(1) of this section, any individual who made an election pursuant to such subsection not to receive educational assistance under this chapter shall be entitled to such assistance: *Provided*, That the monthly rate of educational assistance to such an individual for an approved program of education shall be reduced by an amount not to exceed \$50 for an approved program pursued on a full-time basis, or by proportionally lesser amounts for approved programs pursued on a less-than-full-time basis, as determined by the Secretary pursuant to regulations that shall be prescribed by the Secretary, until the cumulative amount of such reduction in basic educational assistance paid to such individual totals that amount by which such individual's basic pay would have been reduced prior to August 1, 1990, had such individual not made such election pursuant to subsection (c)(1) of this section."

(3) in subsection (c)(1) by adding at the end the following new sentences: "The provisions of this paragraph shall not apply to an individual who initially enters on active duty as a member of the Armed Forces on or after August 2, 1990. Any individual who initially enters on active duty as a member of the Armed Forces on or after August 2, 1990, shall be deemed to have elected to receive educational assistance under this chapter."

(b) Section 1412 of title 38, United States Code, is amended—

(1) in subsection (a) by striking out "Except as provided in subsection (d)" and by inserting in lieu thereof "Except for an individual who is entitled to basic educational assistance under chapter 44 of this title, and except as further provided in subsection (d)";

(2) in subsection (c) by inserting "(1)" prior to the text thereof, and by inserting the following new paragraphs:

"(2)(A) The amount by which an individual's basic pay is reduced on or after August 1, 1990 pursuant to paragraph (1) of this subsection shall be deemed to be payable to such individual as readjustment assistance, and shall be paid by the Secretary pursuant to regulations which the Secretary shall prescribe.

"(B) In the event that an individual's basic pay was reduced prior to August 1, 1990 pursuant to paragraph (1) of this subsection, and such individual subsequently demonstrates that, for good cause shown, he or she was unable to receive educational assistance under this chapter, the Secretary shall pay to such individual as readjustment assistance the amount by which such individual's basic pay was reduced prior to such date. Payment under this subparagraph shall be made by the Secretary pursuant to regulations which the Secretary shall prescribe.

"(3) The authority provided by paragraph (1) of this subsection to reduce basic pay shall terminate on the date of enactment of the Desert Storm Servicemen's Readjustment Act of 1991. Notwithstanding the provisions of subsection (d)(1) of this section, any individual who made an election pursuant to such subsection not to receive educational assistance under this chapter shall be entitled to such assistance: *Provided*, That the monthly rate of educational assistance to such an individual for an approved program of education shall be reduced by an amount not to exceed \$50 for an approved program pursued on a full-time basis, or by proportionally lesser amounts for approved programs pursued on a less-than-full-time basis, as determined by the Secretary pursuant to regulations that shall be prescribed by the Secretary, until the cumulative amount of such reduction in basic educational assistance paid to such individual totals that amount by which such individual's basic pay would have been reduced prior to August 1, 1990, had such individual not made such election pursuant to subsection (d)(1) of this section."

(3) in subsection (d)(1) by adding at the end the following new sentences: "The provisions of this paragraph shall not apply to an individual who initially enters on active duty as a member of the Armed Forces on or after August 2, 1990. Any individual who initially enters on active duty as a member of the Armed Forces on or after August 2, 1990, shall be deemed to have elected to receive educational assistance under this chapter."

(c) Section 1413 of title 38, United States Code, is amended by amending subsection (c) to read as follows:

"(c) Subject to section 1795 of this title, each individual entitled to basic educational assistance under section 1418 of this title shall be entitled to 36 months of educational assistance under this chapter (or the equivalent thereof in part-time educational assistance)."

(d) Section 1415 of title 38, United States Code, is amended—

(1) in subsection (f)(1) by striking out "\$400 and \$325" and inserting in lieu thereof "\$777 and \$518";

(2) in subsection (f)(2) by striking out "may" each time it appears and inserting in lieu thereof "shall"; and

(3) in subsection (f)(3) by striking out "may" each time it appears and inserting in lieu thereof "shall".

(e) Section 2131 of title 38, United States Code, is amended—

(1) in subsection (b)(2)(A) by striking out "\$190, \$143, and \$95" and inserting in lieu thereof "\$377, \$284, and \$189";

(2) in subsection (b)(2)(B) by striking out "may" each time it appears and by inserting in lieu thereof "shall"; and

(3) in subsection (b)(2)(C) by striking out "may" each time it appears and by inserting in lieu thereof "shall".

AUTHORIZATION OF APPROPRIATIONS FROM DEFENSE COOPERATION ACCOUNT

SEC. 5. (a) AUTHORIZATION.—There is hereby authorized to be appropriated from the Defense Cooperation Account such sums as may be necessary for payment in fiscal years 1992 through 1995 of the costs of educational assistance programs established in chapter 44 of title 38, United States Code.

(b) INCREMENTAL COSTS ASSOCIATED WITH DESERT STORM.—Notwithstanding the requirement of Presidential designation in section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, the educational assistance benefits described in subsection (a) of this section are hereby designated as incremental costs associated with Operation Desert Storm, and as such are costs referred to in section 251(b)(2)(D)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901(b)(2)(D)(ii)).

COORDINATION WITH OTHER VETERANS' EDUCATION AND TRAINING PROGRAMS

SEC. 6. (a) Section 708 of title 10, United States Code, is amended in subsection (e) by striking out "chapter 30" and inserting in lieu thereof "chapter 30 or 44".

(b) Section 135 of title 26, United States Code, is amended in subparagraph (d)(1)(B) by striking out "chapter 30, 31, 32, 34 or 35" and inserting in lieu thereof "chapter 30, 31, 32, 34, 35 or 44".

(c) Section 113 of title 38, United States Code, is amended in subsection (c)(2) by striking out "or 36" and inserting in lieu thereof "36, or 44".

(d) Section 1508(f)(1) of title 38, United States Code, is amended—

(1) in subparagraph (A)—
(A) by striking out "chapter 30 or 34" and inserting in lieu thereof "chapter 30, 34 or 44"; and

(B) by striking out "chapter 30 or chapter 34" and inserting in lieu thereof "chapter 30, chapter 34, or chapter 44"; and

(2) in subparagraph (B), by striking out "30 or 34" and inserting in lieu thereof "30, 34 or 44".

(e) The third sentence of section 1673(d)(1) of title 38, United States Code is amended by striking out "or 36" and inserting in lieu thereof "36, or 44".

(f) Section 1685 of title 38, United States Code, is amended in subsection (b) by striking out "chapter 30, 31, 32 or 34" and inserting in lieu thereof "chapter 30, 31, 32, 34 or 44".

(g) Section 1774 of title 38, United States Code, is amended in subsection (a)(1) by striking out "chapter 30 through 35" and inserting in lieu thereof "chapter 30 through 35 and chapter 44".

(h) Section 1781 of title 38, United States Code is amended—

(1) in subsection (a) by striking out "or 36" and by inserting "36, or 44" in lieu thereof; and

(2) in subsection (b)(1) by striking out "and 36," and inserting in lieu thereof "36, or 44".

(i) Section 1784 of title 38, United States Code, is amended in subsection (c) by striking out "chapter 31, 34 or 35" and inserting in lieu thereof "chapter 31, 34, 35 or 44".

(j) Section 1790(b)(3) of title 38, United States Code, is amended in subparagraph (A) by striking out "chapter 30, 32, 34, or 35" and inserting in lieu thereof "chapter 30, 32, 34, 35 or 44".

(k) Section 1792 of title 38, United States Code, is amended in subsection (a) by striking out "or 35" and inserting in lieu thereof "35, or 44".

(l) Section 1793 of title 38, United States Code, is amended—

(1) in subsection (a) by striking out "chapters 30 through 36" and inserting in lieu thereof "chapters 30 through 36 and 44"; and

(2) in subsection (b) by striking out "chapters 30 through 36" and inserting in lieu thereof "chapters 30 through 36 and 44".

(m) Section 1795(a) of title 38, United States Code, is amended by striking out "and 36," in clause (4) and inserting in lieu thereof "36, and 44".

(n) Section 1797 of title 38, United States Code, is amended in subsection (a) by striking out "chapter 30, 32, 34 or 35" and inserting in lieu thereof "chapter 30, 32, 34, 35 or 44".

(o) Section 3013 of title 38, United States Code, is amended by striking out "and 35" and inserting in lieu thereof "35, and 44".

(p) Section 3103A of title 38, United States Code, is amended in subsection (b)(3)(F) by striking out "chapter 30" and inserting in lieu thereof "chapter 30 or 44".

By Mr. BRADLEY (for himself, Mr. BIDEN, Mrs. BOXER, Mr. BRYAN, Mrs. FEINSTEIN, Mr. HOLLINGS, Mr. KOHL, Mr. KERREY, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mr. REID, Mr. ROBB, Mr. ROCKEFELLER, Mr. SIMON, Mr. WELLSTONE, Mr. KERRY, Mr. LIEBERMAN, and Mr. HATCH):

S. 861. A bill to provide assistance to community development financial institutions, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

COMMUNITY CAPITAL PARTNERSHIP ACT OF 1993

• Mr. BRADLEY. Mr. President, I am introducing, with a coalition of Democratic and Republican Senators, a package of legislation intended to give urban communities new tools to improve work skills, infrastructure, safety, family life, access to capital and jobs, and opportunity to save and invest. The urban community-building initiative, which I announced 2 weeks ago, will build on tools that have been invented at the local level and use the power of government to make them available nationally to community leaders who can make them work.

Over the past 12 years, we have denied America's cities investment, attention, and our imagination. As a result, cities are poorer, sicker, less educated, and more violent than ever in my lifetime. Fully funding programs that work, such as Head Start, can make up for some of the financial neglect, but we also need to think anew about how communities can rebuild themselves. At a relatively modest cost of only \$1.44 billion in total for eight programs, my initiative is intended to provide a massive investment of imagination and innovation for our cities.

The urban community-building initiative consists of eight bills. Two weeks ago I spoke at length to describe some of the local initiatives that inspired these bills. I would refer my colleagues to the CONGRESSIONAL RECORD of March 18, 1993, for my full statement. Today I am introducing six bills, and later this spring I will introduce

the seventh and eighth components of this package.

I ask unanimous consent that a short summary of all the bills be printed in the RECORD as follows:

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

SENATOR BILL BRADLEY'S URBAN COMMUNITY-BUILDING INITIATIVE

The Urban-Community Building Initiative is a package of legislation intended to give urban residents new tools to improve work skills, infrastructure, safety, family life, access to capital and jobs, and opportunity to save and invest. The eight bills that will make up the initiative are generally based on creative initiatives undertaken at the local level, without government assistance, that have succeeded and deserve a national test. The legislation establishes widespread demonstration grant programs, distributed based on recommendations of a peer review panel made up of people with a track record in making similar programs work at the local level.

The total cost of the program is \$1.45 billion a year, on average over five years. Most is authorized as discretionary spending, subject to appropriations. With private sector partnerships, and by helping urban residents save and invest, the total value of the package for cities will be much higher.

NEIGHBORHOOD RECONSTRUCTION CORPS ACT OF 1993

Authorizes \$500 million in matching funds to non-profit community development corporations and for-profit businesses in economically-distressed central cities to build, remodel, restore, or enhance public infrastructure. The funds must be used to hire corps of disadvantaged workers in the areas in which the projects are conducted. Examples of qualifying projects include enhancing public parks, making public buildings accessible to the disabled, graffiti removal, repairing bus shelters, replacement of sidewalks, and other light repairs to public infrastructure. The federal match to qualifying projects can not exceed \$500,000.

COMMUNITY CAPITAL PARTNERSHIP ACT OF 1993

Authorizes approximately \$475.3 million in federal assistance over four years to community development banks, community development loan funds, community development credit unions, and community development corporations. \$400 million would help community development financial institutions that are not yet community development banks make the transition, and help current community development banks expand services and lending. The bill also makes \$36.3 million in new capital and operating assistance available to community development financial institutions under the Community Investment Corporation Demonstration, and expands the types of institutions eligible for assistance under that program. The bill provides an additional \$19 million to the National Credit Union Administration for its Community Development Credit Union Revolving Loan Fund. Finally, the bill provides \$20 million in grant assistance to community development loan and equity funds that make loans or investments in amounts between \$25,000 and \$250,000.

ENTREPRENEURSHIP & SELF-EMPLOYMENT TRAINING ASSISTANCE ACT OF 1993

Authorizes \$80 million in grants to community colleges and community development corporations in economically-distressed

central cities to develop an entrepreneurship curriculum and train urban residents for self-employment. Also provides \$150 million/year in guaranteed loans made by community development corporations, community development loan funds, community development credit unions, and community development banks to finance small business start-ups by graduates of such self-employment training programs. Total cost, including the cost of guaranteed loans, is less than \$100 million/year.

COMMUNITY POLICING ASSISTANCE ACT OF 1993

Authorizes \$200 million in matching funds to local law enforcement and community groups to support community policing activities in economically-distressed central cities. Possible uses of funds include activities to promote better crime-prevention activity between the police and the local community, activities that enhance or make possible the operation of local police substations, and activities that enhance or make possible the staffing of regular police neighborhood beats.

ASSETS FOR INDEPENDENCE ACT OF 1993

Authorizes up to \$200 million for Individual Development Accounts to help match money saved by poor people in accounts designated for home purchase, a very small business, education, or retirement. Individuals with incomes up to 200% of poverty, or about \$20,000 for a family of four, would qualify for a match through a combination of federal funds and contributions through a community-based organization.

MOBILITY FOR WORK ACT OF 1993

Authorizes \$15 million in grants to local governments, non-profits or transit agencies to help disadvantaged urban workers get to suburban labor markets where jobs are available.

15-MONTH HOUSES (LEGISLATION TO BE INTRODUCED LATER IN 1993)

Will authorize up to \$250 million to establish residential programs for low-income and young mothers during the most important fifteen months for a child: the third trimester of the mother's pregnancy and the first year of life. The program must provide the mother with health and substance abuse screening or treatment, and education in parenting. For the child, the program must include cognitive stimulation as well as immunizations and other care.

COMMUNITY SCHOOLS (LEGISLATION TO BE INTRODUCED WITH SEN. DANFORTH LATER IN 1993)

Will authorize \$15 million to open public schools after hours and on weekends for uses that community groups develop for young people to use the space. Uses might include establishing a "safe haven" for students to do homework with help from adult volunteers, parenting education, entrepreneurship training programs, health care, or athletic activities.

Mr. BRADLEY. Mr. President, I introduce one of the bills I announced previously as part of my urban community-building initiative: the community capital partnership.

Most of us take basic financial institutions for granted. We have savings and checking accounts, our bank lends our money to businesses in our communities, and we borrow ourselves when it comes time to buy a home or we have an inspiration to start a business. But in most American cities, the only fi-

financial institution they know is the check-cashing cubicle, which charges up to 5 percent just to cash a Government check, and takes the money back out of the community. People who want to save have nowhere to go and businesses have no access to capital. Within the 165 square miles that make up the areas most affected by the Los Angeles riots, there are 19 bank branches, as compared to 135 check cashing establishments.

But there are islands of hope for people who want to save and invest in troubled communities. Two weeks ago, I visited La Casa de Don Pedro, which operates a credit union in a very poor section of Newark. La Casa is a multipurpose community organization that just happens to have a credit union. While I was there, a stream of members poured into the small building which houses the credit union, day care center, and other programs, depositing \$20, \$50, and \$100 at a time. I did not see any banks in the vicinity of La Casa. My guess is that if it were not for the credit union, many of the community's residents would have no place to deposit their money, secure small loans, or take advantage of other services we often take for granted.

Community credit unions and banks may start small, but they don't have to stay small. And their impact on communities is rarely small. Over the last 20 years, Shorebank of Chicago has shown the world that a financial institution that is committed to community development can lead a community back from the brink of economic and social decline. Since 1973, it has made \$340 million in development financing, mainly for the purchase or rehabilitation of housing units in Chicago's South Shore neighborhood.

Shorebank is more than just a bank. Through its various subsidiaries and affiliates, it has been an active force in the revitalization of the South Shore. Shorebank has used a subsidiary, City Lands Corp., to make high-risk loans for housing development. It has used a nonprofit affiliate, the Neighborhood Institute, to help disadvantaged residents achieve their GED's, start up small businesses, and train for jobs available in the community. It has used its depository institution, South Shore Bank, to make loans to people seeking to renovate apartment buildings and establish small businesses that generate jobs in the community.

The bank now boasts over \$211 million in deposits, almost half of which come from residents of the South Shore community. We often hear about how banking institutions take money in the form of deposits from economically-distressed areas and reinvest them in other areas. Shorebank shows how assets from the community can be put to work for the community.

Another home-grown project dedicated to the benefits of capital and sav-

ings is New Community Corp. in Newark, NJ. New Community Corp. was formed in the wake of the Newark riots of 1967. Over the last 25 years, it and its subsidiaries have developed over 2,500 housing units, 25,000 square feet of office space, and an \$11 million extended care facility. New Community has also built a \$15 million shopping center, which contains central Newark's only major grocery store built since 1967.

New Community's founder, Msgr. William Linder, testified recently before Congress:

I have seen bank branch after bank branch close because the bank did not find serving our community profitable. There was always the same trend. Managers were frequently changed, service became poor, the facility was always dirty. Frankly, no one in authority cared about our community.

But instead of giving up hope, Msgr. Linder and others started a credit union. He now presides over a credit union with about \$1.7 million in assets that provides basic banking services to community residents. Last year, New Community's credit union made 165 loans, mainly to poor residents of Newark's central ward. Basic banking services like check cashing, consumer loans, and savings accounts are taken for granted by a lot of people, but in places like the central ward of Newark they have become scarce and prized resources. Like Shorebank, New Community, in its own way, has recreated opportunities for its community.

The bill I introduce today commits the Federal Government to efforts like those taken in Shorebank in Chicago or New Communities in Newark. It increases the amount of funds authorized in various Government programs for the benefit of community development financial institutions, and expands the number of institutions that are eligible for the funds. It creates a new program specifically designed to help institutions like New Community—community development financial institutions—grow into community development banks like Shorebank, and it helps institutions like Shorebank expand their services.

These new incentives would in no way replace the Community Reinvestment Act which has evolved into an important tool for community groups to use in attracting bank investment into capital-starved areas. CRA should be strengthened, because about 85 percent of all banks received excellent or satisfactory CRA ratings in the 1980's, even though many had abandoned poor communities. Research during that same period showed that blacks with the same incomes were much more likely to be turned down for mortgage loans than whites. Traditional banks should be encouraged to invest in community development financial institutions, but they should not be relieved of their CRA obligations. Instead, they should be encouraged to lend more to

depressed communities as part of their general lending programs.

The first section of the bill, the Community Investment Corporation Demonstration Improvements, expands the types of institutions that qualify for assistance under the Community Investment Corporation Demonstration, section 853 of the Housing and Community Development Act of 1992, from community development banks to the larger number of community development financial institutions, including community development banks, community development loan funds, and community development credit unions.

This section also increases the amount of capital assistance authorized for 1994 from \$26,000,000 to \$50,000,000. It increases the amount of development services and technical assistance funds authorized for 1994 from \$15,600,000 to \$25,000,000. And it increases the amount of money authorized for the training program in 1994 from \$2,100,000 to \$5,000,000.

The second major section of my bill increases the National Credit Union Administration's Community Development Credit Union Revolving Loan Fund from \$6 million to \$25 million. It also allows the NCUA to invest idle revolving loan fund money to fund technical assistance to community development credit unions.

The third section of the bill establishes a Community Development Banking Transition Assistance Program to help community development banks expand their activities and help community development loan funds, community development credit unions, and community development corporations that want to become community development banks develop into community development banks. This assistance would be authorized at \$400 million over 4 years.

The fourth section of the bill would provide \$20 million in Federal matching grant support to community development loan and equity funds which make loans and investments of \$25,000 to \$250,000 for housing and economic development.

I ask unanimous consent that the text of the bill be printed following my remarks.

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

S. 861

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Community Capital Partnership Act of 1993".

(b) TABLE OF CONTENTS.—

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and purposes.
- Sec. 3. Community Investment Corporation demonstration amendments.
- Sec. 4. Community development credit union assistance.

Sec. 5. Community development banking transition assistance.

Sec. 6. Federal assistance to community development loan and investment funds.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—
(1) access to credit is essential to eliminating poverty and alleviating economically-distressed communities;

(2) many small- and medium-size businesses, low-income individuals, and economically-distressed areas lack adequate access to credit and private capital;

(3) community development banks, community development loan funds, community development credit unions, micro-enterprise loan funds, and community development corporations have all been instrumental in channeling private capital to economically-distressed areas;

(4) the investments of these community development financial institutions have resulted in the development of areas that are not currently being adequately served by traditional financial institutions;

(5) community development financial institutions often provide a link between conventional lending institutions and unconventional borrowers by creating new markets for the lenders while giving the borrowers access to capital; and

(6) the Federal Government can assist in the development of community development financial institutions by providing capital and operating assistance.

(b) PURPOSE.—The purpose of this Act is to provide Federal assistance to community development financial institutions to better enable them to broaden their development activities.

SEC. 3. COMMUNITY INVESTMENT CORPORATION DEMONSTRATION AMENDMENTS.

(a) DEFINITION OF ELIGIBLE ORGANIZATION.—Section 853(b)(3)(D)(i) of the Housing and Community Development Act of 1992 (42 U.S.C. 5305(b)(3)(D)(i)) is amended—

(1) by striking "or" at the end of subclause (I); and

(2) by adding at the end the following:
"(III) a Federal or State credit union, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752);

"(IV) a nonprofit organization, as provided for under section 501(c)(3) of the Internal Revenue Code of 1986, which acts primarily as a financial intermediary that routinely takes in funds from many sources in the form of grants, deposits, or loans, and routinely lends these funds out or makes equity investments with these funds; or

"(V) a depository institution that is not owned by a depository institution holding company, as both terms are defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)."

(b) SELECTION CRITERIA.—Section 853(b)(4) of the Housing and Community Development Act of 1992 is amended—

(1) by striking "and" at the end of subparagraph (G);

(2) by striking the period at the end of subparagraph (H) and inserting a semicolon;

(3) by adding at the end of subparagraph (D) the following: ", as

"measured by—
(i) the number of federally insured depository institutions serving the area;

(ii) the incidence of poverty in general and among specific racial and ethnic groups in the area; and

(iii) the degree of unemployment in general and among specific ethnic groups in the area;" and

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

"(I) with respect to federally regulated financial institutions, such institutions' record of complying with all requirements of the appropriate Federal supervisory agencies; and

"(J) the financial condition of the applicant."

(c) CAPITAL ASSISTANCE.—Section 853(b)(7)(A) of the Housing and Community Development Act of 1992 is amended to read as follows:

"(A) IN GENERAL.—The Secretary shall make grants and loans to eligible organizations."

(d) AUTHORIZATION.—Section 853(b)(7)(D) of the Housing and Community Development Act of 1992 is amended by striking "\$26,000,000" and inserting "\$50,000,000".

(e) CAPITAL REQUIREMENTS.—Section 853(b)(7) of the Housing and Community Development Act of 1992 is amended—

(1) by striking subparagraph (C); and

(2) by redesignating subparagraph (D) as subparagraph (C).

(f) DEVELOPMENT SERVICES AND TECHNICAL ASSISTANCE GRANTS.—Section 853(b)(8)(B) of the Housing and Community Development Act of 1992 is amended by striking "\$15,600,000" and inserting "\$25,000,000".

(g) TRAINING PROGRAM.—Section 853(b)(9)(B) of the Housing and Community Development Act of 1992 is amended by striking "\$2,100,000" and inserting "\$5,000,000".

SEC. 4. COMMUNITY DEVELOPMENT CREDIT UNION ASSISTANCE.

(a) IN GENERAL.—The Federal Credit Union Act is amended by inserting after section 129 (12 U.S.C. 1772c) the following new section:

"SEC. 130. COMMUNITY DEVELOPMENT REVOLVING LOAN FUND FOR CREDIT UNIONS.

"(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated \$25,000,000 for the purposes of the Community Development Revolving Loan Fund.

"(b) INVESTMENT OF FUNDS.—The Board may invest any idle Fund moneys in United States Treasury securities. Any interest accrued on such securities shall become a part of the Fund.

"(c) AUTHORITY.—Notwithstanding any other provision of law, the Board may exercise the authority granted it by the Community Development Credit Union Revolving Loan Fund Transfer Act (Public Law 99-609, sec. 1, Nov. 6, 1986, 100 Stat. 3475), including any additional appropriations made and earnings accrued, subject only to this section and to rules and regulations prescribed by the Board."

(b) CONFORMING AMENDMENT.—The Federal Credit Union Act is amended by striking section 120(k) (12 U.S.C. 1766(k)).

SEC. 5. COMMUNITY DEVELOPMENT BANKING TRANSITION ASSISTANCE.

(a) IN GENERAL.—The Secretary of Housing and Urban Development (hereafter in this Act referred to as the "Secretary") may provide capital and operating assistance to—

(1) existing community development banks to expand their activities; and

(2) community development financial institutions and community development corporations to assist such institutions to expand into community development banks.

(b) DEFINITION OF COMMUNITY DEVELOPMENT BANK.—For the purposes of this Act, the term "community development bank" means an organization—

(1) that owns, controls, is affiliated with, or is a federally insured depository institution which is regulated by a Federal financial supervisory agency;

(2) owns, controls, or is affiliated with at least one or more subsidiaries or affiliated organizations that supplement the depository institution's lending with technical assistance, direct community development activities, or higher risk financing;

(3) whose primary or sole mission is to revitalize a targeted geographic area;

(4) that maintains through significant representation on its governing board and otherwise, accountability to community residents; and

(5) that has principals active in the implementation of its programs who possess significant experience in lending and the development of affordable housing, small business development, or community revitalization.

(c) ELIGIBILITY FOR TRANSITION ASSISTANCE.—

(1) IN GENERAL.—The Secretary may provide transition assistance to any institution, corporation, or nonprofit community development organization that is eligible for assistance under section 853(b)(3)(D) of the Housing and Community Development Act of 1992 (42 U.S.C. 5305(b)(3)(D) note), or to a community development corporation as defined in paragraph (2).

(2) DEFINITION.—For the purposes of this subsection, the term "community development corporation" means a private, nonprofit corporation—

(A) the principal purpose of which includes providing housing or community economic development projects that primarily benefit low-income individuals and communities;

(B) that is not owned or controlled by a depository institution holding company, as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813); and

(C) that matches dollar-for-dollar any assistance received under this section with funds from non-Federal sources.

(d) SELECTION CRITERIA.—

(1) IN GENERAL.—The Secretary shall select organizations to provide assistance under this section based on the selection criteria set forth in section 853(b)(4) of the Housing and Community Development Act of 1992 and additional applicable selection criteria set forth in paragraph (2).

(2) ADDITIONAL SELECTION CRITERIA.—

(A) SELECTION CRITERIA FOR ESTABLISHED COMMUNITY DEVELOPMENT BANKS.—In addition to the selection criteria set forth in paragraph (1), the Secretary shall select eligible community development banks based on—

(i) the potential for the institution to expand the scale and range of its development lending;

(ii) the potential for growth in deposits due to increases in the institution's capital base;

(iii) the potential for the development of new loan products and services which could be replicated by other lenders; and

(iv) the potential for refinement of staff skills and increased organizational self-sufficiency.

(B) SELECTION CRITERIA FOR NONDEPOSITORY LENDING INSTITUTIONS.—In addition to the selection criteria set forth in paragraph (1), the Secretary shall select eligible nondepository lending institutions based on—

(i) the potential for expansion of the institution's existing lending targets;

(ii) the potential for the institution to develop banking products and services;

(iii) the potential for the institution to expand its systems, networks, and capacity;

(iv) the potential for refinement of staff skills; and

(v) the potential for the institution to add a depository component by chartering a new

depository institution, merging or affiliating with an existing depository institution, or buying a controlling interest in a stockholder-owned depository institution.

(C) SELECTION CRITERIA FOR EXISTING COMMUNITY DEVELOPMENT CREDIT UNIONS.—In addition to the selection criteria set forth in paragraph (1), the Secretary shall select eligible community development credit unions based on—

- (i) the potential for expansion of the institution's existing lending activities;
- (ii) the potential for the institution to expand its capacity to undertake sophisticated financing and development services activities;
- (iii) the potential for the institution to expand its deposit base; and
- (iv) the potential for refinement of staff skills.

(D) SELECTION CRITERIA FOR EXISTING COMMUNITY DEVELOPMENT CORPORATIONS NOT ENGAGED IN DEVELOPING LENDING.—In addition to the selection criteria set forth in paragraph (1), the Secretary shall select eligible community development corporations that are not engaged in development lending based on—

- (i) the potential for the institution to undertake development lending;
- (ii) the potential for the institution to charter, acquire, or affiliate with a development lending institution;
- (iii) the potential for the institution to expand its systems, network, and capacity; and
- (iv) the potential for refinement of staff skills.

(e) COURSE-OF-ACTION STATEMENT.—

(1) IN GENERAL.—The Secretary shall also base the selection of applicants on a course-of-action statement submitted by eligible institutions that describes how the applicant satisfies the selection criteria set forth in subsection (d), and, where applicable, how the applicant intends to become a community development bank.

(2) IN PARTICULAR.—Each course-of-action statement shall outline specifically how and over what time period the applicant will achieve the goals set out in subsection (d) that apply to the particular applicant and how the applicant plans to develop into a community development bank, if applicable.

(f) ASSISTANCE.—Assistance available shall be in the form of operating assistance or capital assistance, and may vary depending on the recipient's organizational type or stage of development toward the community development banking model. The Secretary may determine the terms and conditions of such assistance, consistent with the purposes of this Act.

(g) ELIGIBLE ACTIVITIES.—

(1) CAPITAL ASSISTANCE.—Capital assistance provided under this section may only be used to—

- (A) increase the amount of capital available to make loans;
- (B) provide funds for equity investments in projects;
- (C) provide credit enhancement;
- (D) increase an institution's development lending activities; or
- (E) further other activities that the Secretary deems appropriate.

(2) OPERATING ASSISTANCE.—Operating assistance provided under this section may only be used to assist in—

- (A) marketing and management activities;
- (B) business planning and counseling services;
- (C) staff training;
- (D) planning the transition of the institution from its current activities to community development banking; or

(E) other capacity building activities which the Secretary deems appropriate.

(h) PERFORMANCE STANDARDS.—

(1) IN GENERAL.—As a condition of assistance, the Secretary shall negotiate performance standards with each applicant based on the applicant's course-of-action statement and other factors consistent with the criteria set forth in subsection (d) that the Secretary deems appropriate. These performance standards shall be met by the applicant over a period of time to be determined by the Secretary.

(2) IN PARTICULAR.—In addition to other issues deemed appropriate by the Secretary, performance standards shall relate to an applicant's—

- (A) lending volume;
- (B) portfolio performance;
- (C) staff development; and
- (D) service to traditionally underserved communities within the applicant's targeted geographic area.

(3) FAILURE TO MEET PERFORMANCE STANDARDS.—The Secretary may deny funding to an applicant if the Secretary determines that the applicant has not satisfactorily met performance standards negotiated pursuant to this subsection.

(i) ACTIVITIES REQUIRED.—All eligible organizations receiving assistance under this Act shall engage in activities that provide access to capital for initiatives that benefit residents and businesses in targeted geographic areas.

(j) AUTHORIZATION.—There are authorized to be appropriated \$400,000,000 for fiscal years 1994 through 1997 for the purpose of carrying out this section.

(k) EVALUATION AND REPORT.—The Secretary shall submit to the Congress an annual report containing a summary of the activities carried out under this section during the fiscal year and any preliminary findings or conclusions.

(l) REGULATIONS.—

(1) BY THE SECRETARY.—Not later than 6 months after the date of enactment of this Act, the Secretary shall issue such regulations as may be necessary to carry out the provisions of this subsection.

(2) BY OTHER AGENCIES.—The appropriate Federal financial supervisory agency, by regulation or order—

(A) may restrict any regulated financial institution's receipt of an extension of credit from, or investment by, an eligible organization;

(B) may restrict the making, by a regulated financial institution or holding company, of an extension of credit to, or investment in, an eligible organization; and

(C) shall prohibit any transaction that poses an undue risk to the affected deposit insurance fund.

(3) COORDINATION.—To the extent practicable, the Secretary and the Federal financial supervisory agencies shall coordinate the development of regulations and other program guidelines.

(m) ADVISORY BOARD.—In establishing requirements to carry out this section and considering applications under this section, the Secretary shall consult with the advisory board established pursuant to section 853(b)(11) of the Housing and Community Development Act of 1992.

(n) SAFETY AND SOUNDNESS OF INSURED DEPOSITORIES.—Nothing in this section shall limit the applicability of other law relating to the safe and sound operation and management of a regulated financial institution (or a holding company) affiliated with an eligible organization or receiving assistance provided under this section.

SEC. 6. FEDERAL ASSISTANCE TO COMMUNITY DEVELOPMENT LOAN AND INVESTMENT FUNDS.

(a) IN GENERAL.—The Secretary may make grants to nonprofit community development loan and equity funds that meet the requirements of this section.

(b) AMOUNT OF GRANTS.—A grant under this section may not exceed \$1,000,000 to each recipient.

(c) ELIGIBILITY.—The Secretary may make grants to any nonprofit community development loan or equity fund that—

- (1) is a nonprofit organization;
- (2) acts primarily as a financial intermediary that routinely takes in funds from many sources in the form of grants, deposits, or loans;
- (3) that routinely lends or invests these funds out in amounts of between \$25,000 and \$250,000;
- (4) that has as its primary mission the revitalization of a targeted geographic area;
- (5) that maintains, through significant representation on its governing board and otherwise, accountability to community residents;
- (6) that has principals active in the implementation of its programs who possess significant experience in lending and the development of affordable housing, small business development, or community revitalization;
- (7) that directly or through a subsidiary or affiliate carries out development services; and
- (8) that will match any assistance received dollar-for-dollar with non-Federal sources of funds.

(d) SELECTION CRITERIA.—The Secretary shall select eligible organizations from among applications submitted based on—

- (1) the capacity of the eligible organization to carry out the purposes of this section;
- (2) the range and comprehensiveness of lending, investment strategies, and development services to be offered by the organization directly or through its subsidiaries and affiliates;
- (3) the types of activities to be pursued, including lending and development of small business, industrial, commercial, or residential projects;
- (4) the extent of need in the targeted geographic area to be served;
- (5) the experience and background of the principals at each eligible organization responsible for carrying out the purposes of this section;
- (6) the extent to which the eligible organization directly or through subsidiaries and affiliates has successfully implemented other revitalization activities;
- (7) an appropriate distribution of eligible organizations among regions of the United States; and
- (8) other criteria determined to be appropriate by the Secretary and consistent with the purposes of this section.

(e) ELIGIBLE ACTIVITIES.—Assistance under this section may only be used to support the following activities:

- (1) Increasing the capital available for the purpose of making loans.
- (2) Providing funds for equity investments in projects.
- (3) Providing credit enhancement.
- (4) Marketing and management assistance.
- (5) Business planning and counseling services.
- (6) Other capacity building activities which enable borrowers, prospective borrowers, or entities in which eligible organizations have invested, or expect to invest, to improve the likelihood of success of their activities.

(7) Other activities that the Secretary deems appropriate.

(f) AUTHORIZATION.—There is authorized to be appropriated \$20,000,000 for fiscal year 1994 to carry out this section.

By Mr. BRADLEY (for himself, Mrs. BOXER, Mr. BRYAN, Mrs. FEINSTEIN, Mr. HOLLINGS, Mr. HATCH, Mr. KERREY, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mr. REID, Mr. ROBB, Mr. ROCKEFELLER, Mr. SIMON, Mr. WELLSTONE, Mrs. MURRAY, Mr. LIEBERMAN, and Mr. WOFFORD):

S. 862. A bill to promote the development of small business in economically distressed central cities by providing for entrepreneurship training courses and Federal guarantees of loans to potential entrepreneurs, and for other purposes; to the Committee on Small Business.

ENTREPRENEURSHIP AND SELF-EMPLOYMENT TRAINING ACT

• Mr. BRADLEY. Mr. President, I introduce one of the bills I announced last week as part of my Urban Community-Building Initiative: the Entrepreneurship and Self-Employment Training Act.

When we confront our fears about the city, we have to start with our assumptions about the people who live there, particularly young black men. But here is another view of the young people of the inner city: "They confront risk daily, they are resilient, intuitive, creative and observant, and they have learned to take great initiative within a stifling environment, just to survive." To Steve Mariotti, a former Detroit auto executive, these were the characteristics of a successful entrepreneur. With help from private foundations, he started the National Foundation for Teaching Entrepreneurship. Where others looked at these same kids and saw only their deficits and their problems, Steve saw their strengths. And he was right. By working in schools and settlement houses with kids as young as 6 and up to the age of 24, he taught people about the value of money, and about how to use their instincts and skills to grow in the long-run, not just to survive in the short-run. In 1990, the Foundation graduated 225 young entrepreneurs, who started 152 businesses, including retail clothing firms, food, and catering businesses.

The Foundation for Teaching Entrepreneurship is just one program that might benefit from my Entrepreneurship Training Program for urban residents young or old. The bill authorizes \$85 million in grants to community colleges and community development corporations in economically distressed central cities to develop an entrepreneurship curriculum and train urban residents for self-employment. It also provides \$150 million in guarantees of loans made by community development corporations, community development loan funds, community devel-

opment credit unions, and community development banks to finance small business start-ups by graduates of such self-employment training programs.

In just the last 2 or 3 years, almost 100 groups have pulled together as microenterprise or employment training programs. Some have received limited assistance through the Small Business Administration's recent microloan program, but most have been very much on their own in figuring out how to train people to make independent, realistic judgments about their own abilities, risks and rewards. This legislation will broaden these initiatives, develop some new approaches to training, bring new, accessible institutions, especially community colleges, into the effort, and make more money available for those urban residents who have the training, drive, and ability to go into business for themselves.

I ask unanimous consent that the text of the bill be printed following my remarks.

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

S. 862

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 "Entrepreneurship and Self-Employment Training Act of 1993".

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress finds that—

- (1) the growth of small business is crucial to economic growth;
- (2) many people residing in economically distressed central cities lack the opportunity to develop the skills necessary to become entrepreneurs and small business owners;
- (3) community colleges and community development corporations are uniquely positioned to provide entrepreneurship and self-employment training;
- (4) community development corporations, community development loan funds, community development credit unions, and community development banks are uniquely positioned to provide credit to individuals interested in starting small businesses in economically distressed central cities; and
- (5) the Federal Government can promote the delivery of credit to potential entrepreneurs in economically distressed central cities by providing guarantees for small business development loans made by community development corporations, community development loan funds, community development credit unions, and community development banks.

(b) PURPOSE.—The purpose of this Act is to promote the development of small business in economically distressed central cities by providing for the development of entrepreneurship training courses and Federal guarantees of loans to potential entrepreneurs.

SEC. 3. SPECIALIZED TRAINING CURRICULUM GRANTS.

(a) IN GENERAL.—The Secretary of Labor (hereafter referred to in this section as the "Secretary") shall award competitive grants to community colleges or Historically Black Colleges and Universities that serve Economically Distressed Central Cities to enable such colleges to develop specialized

training curricula for entrepreneurship and self-employment for disadvantaged, inner-city individuals.

(b) APPLICATION.—To be eligible to receive a grant under this section a community college or Historically Black College or University shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require, including assurances that the applicant serves an Economically Distressed Central City.

(c) CURRICULUM.—In developing a curriculum with amounts received under a grant awarded under subsection (a), a community college or Historically Black College or University shall ensure that the curriculum includes training components with respect to business plan development, cash accounting, credit, business communications, inventory management, and other basic business skills determined appropriate by the Secretary.

(d) TERM OF GRANTS.—A grant awarded under this section shall be for a term of 1 year.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, \$5,000,000 for fiscal year 1994.

SEC. 4. TRAINING GRANTS.

(a) IN GENERAL.—The Secretary of Labor (hereafter referred to in this section as the "Secretary") shall award competitive grants to community colleges or Historically Black Colleges and Universities, micro-enterprise programs and community development corporations to enable such colleges, programs and corporations to provide training under the curricula developed under section 3.

(b) APPLICATION.—To be eligible to receive a grant under this section an entity of the type described in subsection (a) shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

(c) TRAINING.—Amounts provided under a grant awarded under this section shall be used to enable the grantee to provide training, through 6 to 12 week training programs that resemble or are based on the curricula developed under section 3, to residents of Economically Distressed Central Cities that—

- (1) have been unemployed in excess of 20 consecutive weeks;
- (2) have recently been discharged from the armed forces;
- (3) receive assistance under title IV of the Social Security Act; or
- (4) are otherwise determined appropriate by the Secretary.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, \$75,000,000 for fiscal years 1995 through 1998.

SEC. 5. LOAN GUARANTEE PROGRAM.

(a) IN GENERAL.—The Administrator of the Small Business Administration (hereafter referred to in this section as the "Administrator") shall establish a loan guarantee program under which the Administrator shall guarantee loans, not to exceed \$25,000, made to eligible individuals by community development corporations, community development loan funds, community development credit unions, micro-enterprise programs and community development banks.

(b) ELIGIBILITY FOR GUARANTEES.—With respect to a loan made by a community development corporation, micro-enterprise program, community development loan fund, community development credit union, or community development bank, to be eligible

to receive a loan guarantee covering such loan under the program established under subsection (a), the community development corporation, micro-enterprise program, community development loan fund, community development credit union, or community development bank shall—

(1) prepare and submit to the Administrator an application at such time, in such manner, and containing such information as the Administrator may require;

(2) certify in such application that such loan will be made to an eligible individual as described in subsection (c);

(3) in the case of federally regulated depository institutions, clarify that such institutions are in compliance with the requirements of the appropriate Federal supervisory agencies; and

(4) meet such other requirements as the Administrator may require.

(c) **ELIGIBILITY FOR LOANS.**—To be eligible to receive a loan for which a guarantee may be provided under subsection (a), an individual shall—

(1) prepare and submit to the appropriate community development corporation, micro-enterprise program, community development loan fund, community development credit union, or community development bank an application at such time, in such manner, and containing such information as the community development corporation, micro-enterprise program, community development loan fund, community development credit union, or community development bank may require;

(2) have completed a training program of the type described in section 4;

(3) ensure that amounts received under the loan will be used to start up a business that is located in an Economically Distressed Central City and provide a detailed description of the business that the individual intends to establish; and

(4) meet such other requirements as the Administrator may require.

(d) **PROCESS FOR IMPLEMENTATION OF PROGRAM.**—Not later than 90 days after the date of enactment of this Act, the Administrator shall develop and publish procedures under which the Administrator shall provide loan guarantees under the program established under subsection (a). Such procedures shall include—

(1) application procedures;

(2) criteria which community development corporations, micro-enterprise programs, community development loan funds, community development credit unions, or community development banks should apply when considering applications for loans to which guarantees may be provided under this section;

(3) criteria that the Administrator will utilize in considering applications submitted for guarantees under this section;

(4) any other information determined appropriate by the Administrator.

(e) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated to carry out this section, \$150,000,000 for fiscal years 1995 through 1998.

SEC. 6. LIMITATION.

To be eligible to receive a grant or participate in the loan guarantee program under this Act, a community development corporation, micro-enterprise program, community development loan fund, community development credit union, community development bank, or community college or Historically Black College or University shall provide assurances in the application submitted by such community college or Historically

Black College or University, community development corporation, micro-enterprise program, community development loan fund, community development credit union, or community development bank under this Act that the area served by such community college or Historically Black College or University, community development corporation, micro-enterprise program, community development loan fund, community development credit union, or community development bank has an unemployment rate, with respect to the 12-month period preceding the date on which the application is submitted, in excess of 9 percent.

SEC. 7. MISCELLANEOUS PROVISIONS.

(a) **IN GENERAL.**—As used in this Act:

(1) **COMMUNITY COLLEGE.**—The term "community college" has the same meaning given the term "junior or community college" in section 312(e) of the Higher Education Act of 1965.

(2) **COMMUNITY DEVELOPMENT BANK.**—The term "community development bank" means an organization—

(A) that is affiliated with or has a subsidiary that is a federally insured depository institution (such as a savings bank, commercial bank, or credit union) which is regulated by a Federal financial supervisory agency;

(B) that has at least one or more subsidiaries or affiliated organizations that supplement the depository institution's lending with technical assistance, direct community development activities, or higher risk financing;

(C) whose primary or sole mission is to revitalize a targeted geographic area;

(D) that maintains, through significant representation on its governing board and otherwise, accountability to community residents; and

(E) that has principals active in the implementation of its programs who possess significant experience in lending and the development of affordable housing, small business development, or community revitalization.

(3) **COMMUNITY DEVELOPMENT CORPORATION.**—The term "community development corporation" means a private, nonprofit corporation whose board of directors is comprised of business, civic and community leaders, and whose principal purpose includes the provision of low-income housing or community economic development projects that primarily benefit low-income individuals and communities.

(4) **COMMUNITY DEVELOPMENT CREDIT UNION.**—The term "community development credit union" means a Federal or State chartered credit union as defined in section 101 of the Federal Credit Union Act that serves predominantly low-income members.

(5) **COMMUNITY DEVELOPMENT LOAN FUND.**—The term "community development loan fund" means a private nonprofit organization which acts primarily as a financial intermediary that routinely takes in funds from many sources in the form of grants, deposits or loans, and routinely lends these funds out to support the development of low- and moderate-income housing and business development in economically depressed areas.

(6) **HISTORICALLY BLACK COLLEGES AND UNIVERSITIES.**—The term "Historically Black Colleges and Universities" means part B institutions as such term is defined in section 322(2) of the Higher Education Act of 1965.

(7) **MICRO-ENTERPRISE PROGRAM.**—The term "micro-enterprise program" means

(A) a private, nonprofit entity;

(B) a nonprofit community development corporation;

(C) a consortium of private, nonprofit organizations; or

(D) a quasi-governmental economic development entity (such as a planning and development district) other than a State, county, or municipal government or agency thereof; that provides business training and financial assistance (of not to exceed \$15,000) to women, low-income, or minority entrepreneurs who wish to start-up or expand small business concerns.

(b) **ECONOMICALLY DISTRESSED CENTRAL CITY.**—

(1) **IN GENERAL.**—The term "economically distressed central city" means a city that meets the requirements of this paragraph.

(2) **REQUIREMENTS.**—To be an Economically Distressed Central City under paragraph (1), a city shall—

(A) be a metropolitan city (as defined in section 102(a)(4) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(4)));

(B) be eligible to receive an allocation of funds under section 106(a)(3) of the Housing and Community Development Act of 1974 for the most recent fiscal year ending prior to the date of enactment of this Act;

(C) have a population of at least 30,000; and

(D) have a need adjusted per capita income less than 1.25 (as determined under paragraph (3)) on the basis of the most recent data available.

(3) **NEED ADJUSTED PER CAPITA INCOME.**—The Secretary of Housing and Urban Development shall determine the Need Adjusted Per Capita Income for each city that meets the requirements of subparagraphs (A) and (B) of paragraph (2) under the following formula:

(A) **DETERMINATION OF NEED INDEX.**—

(i) For purposes of this subsection, the term "need index" means the number equal to the quotient of—

(I) the term "N", as determined under clause (ii); divided by

(II) the term "P", as determined under clause (iii).

(ii) For purposes of clause (i)(I), the term "N" means the percentage constituted by the ratio of—

(I) the amount of funds allotted to the city in the fiscal year in which the calendar year begins under section 106(a)(3) of the Housing and Community Development Act of 1974; to

(II) the sum of the amount of funds received by all eligible cities in such fiscal year under section 106(a)(3) of the Housing and Community Development Act of 1974.

(iii) For purposes of clause (i)(II), the term "P" means the percentage constituted by the ratio of—

(I) the amount equal to the total population of the city, as determined by the Secretary using the most recent data that is available from the Secretary of Commerce pursuant to the decennial census and pursuant to reasonable estimates by such Secretary of changes occurring in the data in the ensuing period, to

(II) the amount equal to the total population of all eligible cities in the current fiscal year.

(iv) For purposes of this subparagraph, the term "eligible cities" means those cities which meet the requirements of subparagraphs (A) and (B) of paragraph (2).

(B) **DETERMINATION OF NEED ADJUSTED PER CAPITA INCOME FACTOR.**—

(i) For purposes of this section (and subject to clause (iv)), the term "need adjusted per capita income factor" means the amount equal to the percentage determined for the city in accordance with the following formula:

$$1-.15 \left(\frac{I}{Q} \right)$$

(ii) For purposes of clause (i), the term "I" means the per capita income of the city for the most recent year for which data is available, as determined by the Secretary of Commerce.

(iii) For purposes of clause (i), the term "Q" means the product of—

(I) the need index of such city, as determined under subparagraph (A); and

(II) the amount equal to the per capita income of the United States for the most recent year for which data is available, as determined by the Secretary of Commerce.

(iv) In the case of a city for which the quotient of the term "I" (as determined under clause (ii)) divided by the term "Q" (as determined under clause (iii)) is less than 0.2, then such quotient shall be deemed to be equal to 0.2 for such city for purposes of the formula under clause (i).•

By Mr. BRADLEY (for himself, Mr. BIDEN, Mrs. BOXER, Mr. BRYAN, Mrs. FEINSTEIN, Mr. HOLLINGS, Mr. KERREY, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mr. REID, Mr. ROBB, Mr. ROCKEFELLER, Mr. SIMON, Mr. WELLSTONE, and Mr. HATCH):

S. 863. A bill to provide for the establishment of demonstration projects designed to determine the social, psychological, and economic effects of providing to individuals with limited means an opportunity to accumulate assets, and to determine the extent to which an asset-based welfare policy may be used to enable individuals with low income to achieve economic self-sufficiency; to the Committee on Finance.

ASSETS FOR INDEPENDENCE ACT

• Mr. BRADLEY. Mr. President, I am introducing a bill that I announced last month as part of my urban community-building initiative, the Assets for Independence Act, which would establish individual development accounts.

We have to face up to Government's failure to lift people out of poverty. The average income in Newark, NJ, is about \$9,000 a year. The average income for New Jersey overall is three to four times that. While cities have gotten poorer, Government has been engaged in an endless debate about whether traditional welfare programs give people too much income, discouraging work, or too little. While this debate is important, it misses a key point: Traditional welfare programs that support income and spending can never, by themselves, lift people out of poverty. You can no more spend your way out of poverty than you can borrow your way out of debt. To become economically self-sufficient requires at least some assets—a house, a savings account in case of an emergency, even an education counts as an asset. Poor people are much poorer in assets than in income. For example, black families with monthly incomes below \$900 have

an average net worth of about \$88. That includes everything—furniture, a car, savings, the value of a pension. The average net worth for white families earning only two to three times as much is more than \$50,000.

For middle-class people, the Government encourages and heavily subsidizes the development of assets. Interest paid on home mortgages is tax deductible. Pensions are tax deferred, and individual retirement accounts are encouraged. Meanwhile, poor people live in neighborhoods where there are no banks; without a pension or a downpayment on a home, they cannot take advantage of the many ways our Government helps people develop assets. If they are on welfare, they cannot even save \$2,000 or so to buy a car and get to a job without being penalized by welfare. Indeed, in Milwaukee, WI, 2 years ago, a young single mother named Grace Capitello managed to save \$3,000 by making clothes and toys for her daughter instead of buying them, and by scrimping at the grocery store. For her efforts, she was charged with fraud by the county and ordered to turn over all her savings. Fortunately, a judge understood. Throwing out the case, he complained, "I don't know how much more powerfully we could say it to the people in our society: 'Don't try to save'—than we were by this action."

Two weeks ago in Paterson, NJ, I stopped by a small old bank branch, one of the few that remain. There were only a few people in the bank, and only two at the teller's windows. I started talking with a woman who was depositing \$100. We talked about her family—she and her husband have five children. She told me their income: less than \$20,000. I asked her how much she and her husband had saved last year: \$3,000. I believe we ought to reward, encourage, and do everything we can for people who are working this hard for the future.

From the hard work of this family and the creativity of Grace Capitello comes the idea for the Assets for Independence Act. This bill would not only allow poor people to save without penalty, it would encourage it. It would allow anyone with income up to twice the poverty line—or about \$22,000 for a family of four—to establish an individual development account and contribute up to \$2,000 a year, the same as in an individual retirement account. This account could be used for only four purposes: to buy a first home, to pay for college education, for retirement, or to start a small business. To reward savings, the program would provide funds to community-based nonprofits to match the savings in an IDA, up to a total of \$2,000. This bill would authorize \$200 million to establish a broad demonstration of this revolutionary concept.

Low-income people who managed to put aside savings in an individual de-

velopment account would receive a match based on the amount they deposited and their income, on a sliding scale. Community-based organizations community credit unions or community banks could apply for a Federal demonstration grant under this act. The organization would then use the grant funds and other funds to match individual development account savings for all low-income participants in the community served.

Participants could withdraw funds at any time for any of the four qualified purposes, without penalty. If IDA savings are withdrawn for any other purpose, there is a penalty comparable to the penalty for early withdrawal from an individual retirement account and all funds and interest attributable to the Federal match would be returned to the Treasury.

Individual development accounts are intended to remedy the lack of savings and security in poor neighborhoods, the develop a long-term habit of spending, and to match the Government's subsidy for asset development by the middle class with a comparable, though modest, subsidy for the working poor.

I ask that the text of the bill be printed following my remarks.

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

S. 863

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 "Assets for Independence Demonstration Act".

SEC. 2. FINDINGS.

The Congress finds that—

(1) traditional welfare programs in the United States have provided millions of low-income persons with critically needed food, health, and cash benefits, and such programs should be improved and continued;

(2) while such programs have sustained millions of low-income persons, too rarely have such programs been successful in promoting and supporting the transition to economic self-sufficiency;

(3) millions of Americans continue to live in poverty and continue to receive public assistance;

(4) in addition to the social costs of poverty, the economic costs to the Federal Government to provide basic necessities to the poor exceeds \$120,000,000,000 each year;

(5) poverty is a loss of human resources and an assault on human dignity;

(6) poverty rates remain high and welfare dependency continues, in part, because welfare theory has taken for granted that a certain level of income or consumption is necessary for one's economic well-being when, in fact, very few people manage to spend or consume their way out of poverty;

(7) economic well-being does not come solely from income, spending, and consumption, but also requires savings, investment, and accumulation of assets, since assets can improve economic stability, connect people with a viable and hopeful future, stimulate development of human and other capital, enable people to focus and specialize, yield personal, social, and political dividends, and enhance the welfare of offspring;

(8) income-based welfare policy should be complemented with asset-based welfare policy, because while income-based policies ensure that present consumption needs (such as food, child care, rent, clothing, and health care) are met, asset-based policies can provide the means to achieve economic self-sufficiency and, accordingly, to leave public assistance;

(9) the Federal Government spends more than \$100,000,000,000 each year to provide middle- and upper-income persons with many incentives to accumulate savings and assets (including tax subsidies for home equity accumulation and retirement pension accounts), but such benefits are beyond the reach of most low-income persons;

(10) under current welfare policies, poor families must deplete most of their assets before qualifying for public assistance;

(11) the Federal Government should develop policies that promote higher rates of personal savings and net private domestic investment, both of which fall behind the levels attained in other highly developed industrial nations; and

(12) the Federal Government should undertake an asset-based welfare policy demonstration project to determine the social, psychological, and economic effects of asset accumulation opportunities for low-income persons and to determine if such a policy could provide a new foundation for anti-poverty policies and programs in the United States.

SEC. 3. INDIVIDUAL DEVELOPMENT ACCOUNT DEMONSTRATION PROJECTS.

(a) PURPOSE.—The purpose of this section is to provide for the establishment of demonstration projects designed to determine—

(1) the social, psychological, and economic effects of providing to individuals with limited means an opportunity to accumulate assets; and

(2) the extent to which an asset-based welfare policy may be used to enable individuals with low income to achieve economic self-sufficiency.

(b) APPLICATIONS.—

(1) SUBMISSION.—Not later than April 1, 1994, any organization may submit to the Secretary of the Treasury (in this section referred to as the "Secretary") an application to conduct a demonstration project under this section.

(2) CONTENTS.—The application shall contain—

(A) a description of the demonstration project;

(B) information about the ability of the organization to—

(i) assist project participants in achieving economic self-sufficiency through the project; and

(ii) administer the project;

(C) a commitment made to the organization by the State in which the project is to be conducted that the State will provide a specified amount of funds to the organization for the project, and any similar commitment made to the organization by any other non-Federal public entity or by any private entity; and

(D) a plan to provide the organization evaluating the project with such information with respect to the project as may be required for the evaluation.

(3) CRITERIA.—In considering whether or not to approve any application to conduct a demonstration project under this section, the Secretary shall assess the following:

(A) SUFFICIENCY OF PROJECT.—The degree to which the project described in the application appears likely to aid project partici-

pants in achieving economic self-sufficiency through activities requiring qualified expenses (as defined in section 529(c)(1) of the Internal Revenue Code of 1986). In making such assessment, the Secretary shall consider the overall quality of project activities and shall not consider aid in making any particular kind or combination of qualified expenses (as so defined) to be an essential feature of any project.

(B) ADMINISTRATIVE ABILITY.—The ability of the applicant to responsibly administer the project.

(C) COMMITMENT OF NON-FEDERAL FUNDS.—The aggregate amount of funds from non-Federal sources that are committed to the project.

(D) ADEQUACY OF PLAN FOR PROVIDING INFORMATION FOR EVALUATION.—The adequacy of the plan for providing information relevant to an evaluation of the project.

(4) APPROVAL.—Not later than June 1, 1995, the Secretary shall, on a competitive basis, approve such applications to conduct demonstration projects under this section as the Secretary deems appropriate, taking into account the assessment required by paragraph (3).

(c) DEMONSTRATION AUTHORITY; ANNUAL GRANTS.—

(1) DEMONSTRATION AUTHORITY.—If the Secretary approves an application to conduct a demonstration project under this section, the Secretary shall, not later than July 1, 1995, authorize the applicant to conduct the project for 5 project years in accordance with the approved application therefor and this section.

(2) GRANT AUTHORITY.—For each project year of a demonstration project conducted under this section, the Secretary shall make a grant to the organization authorized to conduct the project, on the first day of the project year.

(3) LIMITATIONS ON GRANT AMOUNTS.—

(A) MAXIMUM.—The amount of each grant under paragraph (2) shall be not more than \$20,000,000.

(B) FIRST YEAR GRANT LEVEL ASSURED.—The amount of each grant to an organization under paragraph (2) after the first such grant shall be not less than the amount of such first grant.

(C) GRANTS REDUCED, IF NECESSARY, IN PROPORTION TO ANY REDUCTIONS IN APPROPRIATIONS AFTER FIRST YEAR.—If the amount appropriated to carry out this section for any particular fiscal year after fiscal year 1995 is less than the amount so appropriated for fiscal year 1995, then the limitations of subparagraphs (A) and (B) shall each be reduced for the particular fiscal year in equal proportion to the reduction of such appropriations, but only to the extent that the reduction of such limitations is made necessary by the reduction in such appropriations.

(d) RESERVE FUND.—

(1) ESTABLISHMENT.—Each organization authorized to conduct a demonstration project under this section shall establish a Reserve Fund which shall be used in accordance with this subsection.

(2) AMOUNTS IN RESERVE FUND.—

(A) IN GENERAL.—As soon after receipt as is practicable, the organization shall place in the Reserve Fund established under paragraph (1)—

(i) all funds provided to the organization by any public or private entity to conduct the demonstration project;

(ii) the proceeds of any investment made under paragraph (3)(B).

(B) INDIVIDUAL DEVELOPMENT ACCOUNT PENALTIES.—

(i) PENALTY AMOUNTS AUTHORIZED TO BE APPROPRIATED FOR PAYMENT TO THE RESERVE FUND.—For payment to the Reserve Fund established by an organization that provides financial assistance under subsection (g) of this section to any individual who pays, or from whose individual development account is paid, a penalty amount, there is authorized to be appropriated to the Secretary, without fiscal year limitation, an amount equal to the penalty amount.

(ii) PAYMENT TO RESERVE FUND OF PENALTY AMOUNTS APPROPRIATED THEREFOR.—The Secretary shall immediately pay to the Reserve Fund any amount appropriated pursuant to clause (i) for payment to the Reserve Fund.

(C) UNIFORM ACCOUNTING REGULATIONS.—The Secretary shall prescribe regulations with respect to accounting for amounts in Reserve Funds.

(3) USE OF RESERVE FUND.—

(A) IN GENERAL.—The organization shall use the amounts in the Reserve Fund established under paragraph (1) to—

(i) assist participants in the demonstration project in obtaining the skills and information necessary to achieve economic self-sufficiency through activities requiring qualified expenses (as defined in section 529(c)(1) of the Internal Revenue Code of 1986);

(ii) provide financial assistance in accordance with subsection (g) to individuals selected by the organization to participate in the project;

(iii) administer the project; and

(iv) provide the organization evaluating the project under a contract entered into under subsection (k) with such information with respect to the project as may be required for the evaluation.

(B) AUTHORITY TO INVEST FUNDS.—The organization shall invest such amounts in the Reserve Fund as are not immediately needed to carry out subparagraph (A) of this paragraph, in accordance with guidelines which shall require such investments to be highly liquid and of low risk.

(C) LIMITATION ON ADMINISTRATIVE EXPENSES.—Not more than 10 percent of the amounts provided to the organization under subsection (c)(2) may be used to administer, or notify the public about, the demonstration project.

(4) UNUSED FEDERAL GRANT FUNDS TRANSFERRED TO THE SECRETARY WHEN PROJECT TERMINATES.—Notwithstanding paragraph (3), upon the termination of any demonstration project authorized under this section, the organization conducting the project shall transfer to the Secretary an amount equal to—

(A) the amounts in the Reserve Fund at time of the termination; multiplied by

(B) a percentage equal to—

(i) the aggregate amount of grants made to the organization under subsection (c)(2); divided by

(ii) the aggregate of the amounts provided to the organization by all entities to conduct the project.

(e) ELIGIBILITY FOR ASSISTANCE.—Any individual who is a member of a household that meets the following requirements shall be eligible for assistance under a demonstration project conducted under this section:

(1) INCOME TEST.—The income of the household for the immediately preceding calendar year is not more than 200 percent of the poverty threshold for such period.

(2) NET WORTH TEST.—The net worth of the household, as of the close of such immediately preceding calendar year, is not more than \$20,000.

(f) SELECTION OF INDIVIDUALS TO RECEIVE ASSISTANCE.—From among the individuals

eligible for assistance under a demonstration project conducted under this section, the organization authorized to conduct the project shall select the individuals—

(1) whom the organization deems to be best suited to receive such assistance; and

(2) to whom the organization will provide financial assistance in accordance with subsection (g).

(g) **PROVISION OF FINANCIAL ASSISTANCE.**—Each organization to which a grant is made under subsection (c)(2) of this section for a project year shall, during the project year, deposit directly into the individual development account of any individual selected by the organization under subsection (f) of this section an amount determined in accordance with the following table:

If the income of the individual for the applicable period is the following percentage of the poverty threshold:	The amount is not to exceed the lesser of:	
	The following percentage of the qualified savings of the individual for the period:	OR The following dollar amount:
Not more than 75 percent	300 or	\$1,500
More than 75 percent but not more than 125 percent.	100 or	\$1,000
More than 125 percent but not more than 160 percent.	66 or	\$750
More than 160 percent but not more than 200 percent.	33 or	\$500.

(h) **LOCAL CONTROL OVER DEMONSTRATION PROJECTS.**—Each organization authorized to conduct a demonstration project under this section shall, subject to the provisions of subsection (j), have sole authority over the administration of the project. The Secretary may prescribe only such regulations with respect to demonstration projects under this section as are necessary to ensure compliance with the approved applications therefor and this section.

(i) **SEMIANNUAL PROGRESS REPORTS.**—

(1) **IN GENERAL.**—Each organization authorized to conduct a demonstration project under this section shall prepare 10 semi-annual reports on the progress of the project, including—

(A) information on participation of individuals in the project;

(B) information on amounts in the Reserve Fund established with respect to the project;

(C) information on amounts in the individual development accounts of the individuals to whom assistance is provided under the project; and

(D) such other information as the Secretary may require to assess the project.

(2) **SUBMISSION OF REPORTS.**—The organization shall submit each report required to be prepared under paragraph (1) with respect to a demonstration project to—

(A) the Secretary; and

(B) the Treasurer (or equivalent official) of the State in which the project is conducted.

(3) **TIMING.**—The first report required by paragraph (1) shall be submitted at the end of the 6-month period beginning on the date the Secretary authorized the organization to conduct the demonstration project, and subsequent reports shall be submitted 6 months apart.

(j) **SANCTIONS.**—

(1) **AUTHORITY TO REVOKE DEMONSTRATION AUTHORITY.**—If the Secretary determines a demonstration project is not operating in accordance with its application and this sec-

tion (and has not implemented any recommendations made by the Secretary), the Secretary may revoke the original authorization to conduct the project.

(2) **ACTIONS REQUIRED UPON REVOCATION.**—If the Secretary revokes the original authorization to conduct a demonstration project, the Secretary—

(A) shall suspend the project;

(B) shall take control of the Reserve Fund established pursuant to subsection (d) as part of the project;

(C) shall make every effort to find another organization willing and able to conduct the project in accordance with the approved application therefor (as modified, if necessary, to incorporate the recommendations) and this section;

(D) if the Secretary finds such an organization, shall—

(i) authorize the organization to conduct the project in accordance with the approved application therefor (as modified, if necessary, to incorporate the recommendations) and this section;

(ii) transfer to the organization control over the Reserve Fund established pursuant to subsection (d) as part of the project; and

(iii) for purposes of this section, consider—

(I) such other organization to be the organization originally authorized to conduct the project; and

(II) the date of such authorization to be the date of the original authorization; and

(E) if, by the end of the 1-year period beginning on the date of such revocation, the Secretary has not found such an organization, shall—

(i) terminate the project; and

(ii) from the Reserve Fund established as part of the project, remit to each entity that has provided amounts to the organization originally authorized to conduct the project, an amount equal to that percentage of the aggregate of the amounts so provided by all entities that is represented by the amount so provided by such entity.

(k) **EVALUATIONS.**—

(1) **IN GENERAL.**—Not later than July 1, 1995, the Secretary shall enter into a contract with an independent research organization that requires the organization, in accordance with this subsection, to evaluate the demonstration projects conducted under this section, individually and as a group.

(2) **RESEARCH QUESTIONS.**—In evaluating any demonstration project conducted under this section, the research organization shall address the following questions:

(A) What types of information and public education efforts are successful in attracting project participants?

(B) How can participation in the demonstration project be made as easy and accessible as possible for participants?

(C) What level of financial incentives is required to stimulate participation in the demonstration project, and does this vary among different populations?

(D) What program features in conjunction with individual development accounts (such as peer support, structured planning exercises, mentoring, and case management) increase the rate and consistency of participation in the demonstration project?

(E) What are the economic, psychological, and social effects of asset accumulation, and for whom? To what extent, under what circumstances, and for whom does asset accumulation under the demonstration project lead to any or all of the following:

(i) A greater sense of security and control?

(ii) Greater stability in the household?

(iii) A more positive future outlook?

(iv) More long-term planning?

(v) Increased efforts to maintain and develop assets?

(vi) Greater knowledge about savings, investments, and other financial matters?

(vii) Increased effort and success in educational achievement (including those of parents working to provide for the education of their children)?

(viii) Increased specialization in career development?

(ix) Greater self-esteem and personal efficacy?

(x) Improved social status?

(xi) Increased political participation?

(xii) Increased community involvement?

(xiii) Increased labor earnings in the long term?

(xiv) Decreased reliance on traditional forms of public assistance in the long term?

(3) **METHODOLOGICAL REQUIREMENTS.**—In evaluating any demonstration project conducted under this section, the research organization shall—

(A) use control groups to compare participants with nonparticipants as much as possible;

(B) before, during, and after the project, obtain such quantitative data as are necessary to thoroughly evaluate the project; and

(C) develop a qualitative assessment, derived from sources such as in depth interviews, of how asset accumulation affects individuals and families.

(4) **DEFINITIONS.**—As used in this section:

(1) **APPLICABLE PERIOD.**—The term "applicable period" means, with respect to amounts to be paid from a grant made for a project year, the calendar year immediately preceding the calendar year in which the grant is made.

(2) **HOUSEHOLD.**—The term "household" means all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals.

(3) **HOUSEHOLD NET WORTH.**—

(A) **IN GENERAL.**—The term "net worth" means, with respect to a household, the aggregate market value of all assets not excluded under subparagraph (B) that are owned in whole or in part by any member of the household, minus the obligations or debts of any member of the household.

(B) **ASSETS EXCLUDED.**—The following assets (and obligations or debts with respect thereto) shall be excluded in determining the net worth of any household:

(i) **\$35,000 OF HOME EQUITY.**—The lesser of—

(I) the equity of the members of the household in the dwelling unit in which the members reside; or

(II) \$35,000.

(ii) **MOTOR VEHICLE.**—The most valuable motor vehicle owned by any member of the household.

(iii) **FURNITURE; APPLIANCES; CLOTHING.**—All furniture, appliances, and clothing used by any member of the household in the course of daily living.

(iv) **ART OBJECTS.**—All art objects displayed in the dwelling unit in which the members of the household reside.

(v) **JEWELRY.**—All jewelry owned by any member of the household.

(4) **INDIVIDUAL DEVELOPMENT ACCOUNT.**—The term "individual development account" has the same meaning given such term in section 529 of the Internal Revenue Code of 1986.

(5) **PENALTY AMOUNT.**—The term "penalty amount" means any of the following:

(A) **FINANCIAL ASSISTANCE FORFEITED.**—Any amount paid into the general fund of the Treasury of the United States under section 529(e) of the Internal Revenue Code of 1986.

(B) 10 PERCENT ADDITION TO TAX.—Any additional tax imposed by section 529(f) of the Internal Revenue Code of 1986.

(C) OTHER PENALTY TAXES.—Any tax imposed with respect to an individual development account by section 4973, 4975, or 6693 of the Internal Revenue Code of 1986.

(6) POVERTY THRESHOLD.—The term "poverty threshold" means, with respect to a calendar year, the Federal poverty line for the calendar year for the relevant family size, as defined annually by the Bureau of the Census.

(7) PROJECT YEAR.—The term "project year" means, with respect to a demonstration project, any of the 5 consecutive 12-month periods beginning on the date the project is originally authorized to be conducted.

(8) QUALIFIED SAVINGS OF THE INDIVIDUAL FOR THE PERIOD.—The term "qualified savings of the individual for the period" means the aggregate of the amounts contributed by the individual to the individual development account of the individual during the period.

(m) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—To carry out this section, there are authorized to be appropriated to the Secretary of the Treasury not to exceed \$100,000,000 for each of fiscal years 1994, 1995, 1996, 1997, and 1998.

(2) CERTAIN AMOUNTS TO BE USED FOR EVALUATIONS.—The Secretary shall expend from amounts appropriated under paragraph (1) such amounts as the Secretary determines appropriate to obtain evaluations of the projects in accordance with subsection (k).

SEC. 4. INDIVIDUAL DEVELOPMENT ACCOUNTS.

(a) IN GENERAL.—Subchapter F of chapter 1 of the Internal Revenue Code of 1986 (relating to additional itemized deductions for individuals) is amended by adding at the end the following new part:

"PART VIII—INDIVIDUAL DEVELOPMENT ACCOUNTS

"Sec. 529. Individual development accounts.

"SEC. 529. INDIVIDUAL DEVELOPMENT ACCOUNTS.

"(a) ESTABLISHMENT OF ACCOUNTS.—

"(1) IN GENERAL.—An individual development account may be established by or on behalf of an eligible individual for the purpose of accumulating funds to pay the qualified expenses of such individual.

"(2) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means an individual for whom assistance is (or at any prior time was) provided under section 3(g) of the Individual Development Account Demonstration Act.

"(b) LIMITATIONS.—

"(1) ACCOUNT MAY NOT BE ESTABLISHED FOR BENEFIT OF MORE THAN 1 INDIVIDUAL.—An individual development account may not be established for the benefit of more than 1 individual.

"(2) ELIGIBLE INDIVIDUAL TREATED AS ELIGIBLE INDIVIDUAL ONLY WITH RESPECT TO 1 ACCOUNT.—If, at any time during a calendar year, 2 or more individual development accounts are maintained for the benefit of an eligible individual, such individual shall be treated as an eligible individual for the calendar year only with respect to the 1st of such accounts.

"(3) ANNUAL LIMIT.—Contributions to an individual development account for any taxable year shall not exceed \$2,000. No contribution to the account under section 3(g) of the Individual Development Account Demonstration Act shall be taken into account for purposes of this paragraph.

"(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) QUALIFIED EXPENSES.—The term 'qualified expenses' means 1 or more of the following, as provided by the organization providing assistance to the individual under section 3(g) of the Individual Development Account Demonstration Act:

"(A) POST-SECONDARY EDUCATION EXPENSES.—Post-secondary educational expenses paid from an individual development account directly to an eligible educational institution. For purposes of this subparagraph—

"(i) IN GENERAL.—The term 'post-secondary educational expenses' means—

"(I) tuition and fees required for the enrollment or attendance of a student at an eligible educational institution,

"(II) fees, books, supplies, and equipment required for courses of instruction at an eligible educational institution, and

"(III) a reasonable allowance for meals, lodging, transportation, and child care, while attending an eligible educational institution.

"(ii) ELIGIBLE EDUCATIONAL INSTITUTION.—The term 'eligible educational institution' means the following:

"(I) INSTITUTION OF HIGHER EDUCATION.—An institution described in section 481(a)(1) or 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1) or 1141(a)), as such sections are in effect on the date of the enactment of this section.

"(II) POSTSECONDARY VOCATIONAL EDUCATION SCHOOL.—An area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this section.

"(B) FIRST-HOME PURCHASE.—Qualified acquisition costs with respect to a qualified principal residence for a qualified first-time homebuyer, if paid from an individual development account directly to the persons to whom the amounts are due. For purposes of this subparagraph—

"(i) QUALIFIED ACQUISITION COSTS.—The term 'qualified acquisition costs' means the costs of acquiring, constructing, or reconstructing a residence. The term includes any usual or reasonable settlement, financing, or other closing costs.

"(ii) QUALIFIED PRINCIPAL RESIDENCE.—The term 'qualified principal residence' means a principal residence (within the meaning of section 1034), the qualified acquisition costs of which do not exceed 110 percent of the average area purchase price applicable to such residence (determined in accordance with paragraphs (2) and (3) of section 143(e)).

"(iii) QUALIFIED FIRST-TIME HOMEBUYER.—

"(I) IN GENERAL.—The term 'qualified first-time homebuyer' means a taxpayer (and, if married, the taxpayer's spouse) who has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the principal residence to which this subparagraph applies.

"(II) DATE OF ACQUISITION.—The term 'date of acquisition' means the date on which a binding contract to acquire, construct, or reconstruct the principal residence to which this subparagraph applies is entered into.

"(C) BUSINESS CAPITALIZATION.—Amounts paid from an individual development account directly to a business capitalization account which is established in a federally insured financial institution and is restricted to use solely for qualified business capitalization expenses. For purposes of this subparagraph—

"(i) QUALIFIED BUSINESS CAPITALIZATION EXPENSES.—The term 'qualified business capitalization expenses' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

"(ii) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

"(iii) QUALIFIED BUSINESS.—The term 'qualified business' means any business that does not contravene any law or public policy (as determined by the Secretary).

"(iv) QUALIFIED PLAN.—The term 'qualified plan' means a business plan which—

"(I) is approved by a financial institution, or by a nonprofit loan fund having demonstrated fiduciary integrity,

"(II) includes a description of services or goods to be sold, a marketing plan, and projected financial statements, and

"(III) may require the eligible individual to obtain the assistance of an experienced entrepreneurial advisor.

"(D) RETIREMENT EXPENSES.—Expenses for which amounts may be distributed from an individual retirement plan, subject to the same requirements and limitations as apply to such amounts.

"(E) TRANSFERS TO IDA'S OF FAMILY MEMBERS.—Amounts paid from an individual development account directly into another such account established for the benefit of an eligible individual who is—

"(i) the taxpayer's spouse, or

"(ii) any dependent of the taxpayer with respect to whom the taxpayer is allowed a deduction under section 151.

"(2) INDIVIDUAL DEVELOPMENT ACCOUNT.—The term 'individual development account' means a trust created or organized in the United States exclusively for the purpose of paying the qualified expenses of an eligible individual, but only if the written governing instrument creating the trust meets the following requirements:

"(A) No contribution will be accepted unless it is in cash.

"(B) The trustee is a federally insured financial institution.

"(C) The assets of the account will be invested in accordance with the direction of the eligible individual.

"(D) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

"(E) Except as provided in subparagraph (F), any amount in the account which is attributable to assistance provided under section 3(g) of the Individual Development Account Demonstration Act may be paid or distributed out of the account only for the purpose of paying the qualified expenses of the eligible individual.

"(F) Any balance in the account on the day after the date on which the individual for whose benefit the trust is established dies will be distributed within 30 days of such date as directed by such individual to another individual development account established for the benefit of an eligible individual.

"(4) TIME WHEN CONTRIBUTIONS DEEMED MADE.—A taxpayer shall be deemed to have made a contribution on the last day of the preceding taxable year if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (including extensions thereof).

"(d) TAX TREATMENT OF DISTRIBUTIONS.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, any amount paid or

distributed out of an individual development account shall be included in gross income of the payee or distributee for the taxable year in the manner provided in section 72.

"(2) DISTRIBUTION USED TO PAY QUALIFIED EXPENSES.—A payment or distribution out of an individual development account shall not be included in gross income to the extent such payment or distribution is used exclusively to pay the qualified expenses incurred by the eligible individual for whose benefit the account is established.

"(3) ASSISTANCE PAYMENTS.—For purposes of section 72, contributions to the account under section 3(g) of the Individual Development Account Demonstration Act shall be treated in the same manner as earnings on the account.

"(e) TAX TREATMENT OF ACCOUNTS.—

"(1) EXEMPTION FROM TAX.—An individual development account is exempt from taxation under this subtitle unless such account has ceased to be an individual development account by reason of paragraph (2). Notwithstanding the preceding sentence, any such account is subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable organizations, etc.).

"(2) LOSS OF EXEMPTION OF ACCOUNT WHERE INDIVIDUAL ENGAGES IN PROHIBITED TRANSACTION.—

"(A) IN GENERAL.—If the individual for whose benefit an individual development account is established or any individual who contributes to such account engages in any transaction prohibited by section 4975 with respect to the account, the account shall cease to be an individual development account as of the 1st day of the taxable year (of the individual so engaging in such transaction) during which such transaction occurs.

"(B) ACCOUNT TREATED AS DISTRIBUTING ALL ITS ASSETS.—In any case in which any account ceases to be an individual development account by reason of subparagraph (A) as of the 1st day of any taxable year—

"(i) all assets in the account on such 1st day which are attributable to assistance provided under section 3(g) of the Individual Development Account Demonstration Act shall be paid into the general fund of the Treasury of the United States, and

"(ii) paragraph (1) of subsection (d) shall apply as if there was a distribution on such 1st day in an amount equal to the fair market value of all other assets in the account on such 1st day.

"(3) EFFECT OF PLEDGING ACCOUNT AS SECURITY.—If, during any taxable year, the individual for whose benefit an individual development account is established, or any individual who contributes to such account, uses the account or any portion thereof as security for a loan—

"(A) an amount equal to the part of the portion so used which is attributable to assistance provided under section 3(g) of the Individual Development Account Demonstration Act shall be paid into the general fund of the Treasury of the United States, and

"(B) the remaining part of the portion so used shall be treated as distributed to the individual so using such portion.

"(f) ADDITIONAL TAX ON CERTAIN AMOUNTS INCLUDED IN GROSS INCOME.—

"(1) DISTRIBUTION NOT USED FOR QUALIFIED EXPENSES.—In the case of any payment or distribution to which subsection (d)(1) applies, the tax liability of each payee or distributee under this chapter for the taxable year in which the payment or distribution is received shall be increased by an amount

equal to 10 percent of the amount of the distribution which is includible in the gross income of such payee or distributee for such taxable year.

"(2) DISQUALIFICATION CASES.—If an amount is includible in the gross income of an individual for a taxable year because such amount is required to be treated as a distribution under paragraph (2) or (3) of subsection (e), such individual's tax liability under this chapter for such taxable year shall be increased by an amount equal to 10 percent of such amount required to be treated as a distribution and included in such individual's gross income.

"(3) DISABILITY OR DEATH CASES.—Paragraphs (1) and (2) shall not apply if the payment or distribution is made after the individual for whose benefit the individual development account becomes disabled within the meaning of section 72(m)(7) or dies.

"(g) COMMUNITY PROPERTY LAWS.—This section shall be applied without regard to any community property laws.

"(h) CUSTODIAL ACCOUNTS.—For purposes of this section, a custodial account shall be treated as a trust if the assets of such account are held by a bank (as defined in section 408(n)) or another person who demonstrates, to the satisfaction of the Secretary, that the manner in which he will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute an individual development account described in subsection (c)(2). For purposes of this title, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

"(i) REPORTS.—The trustee of an individual development account shall—

"(1) prepare reports regarding the account with respect to contributions, distributions, and any other matter required by the Secretary under regulations, and

"(2) submit such reports, at the time and in the manner prescribed by the Secretary in regulations, to—

"(A) the individual for whose benefit the account is maintained,

"(B) the organization providing assistance to the individual under section 3(g) of the Individual Development Account Demonstration Act, and

"(C) the Secretary."

(b) CONTRIBUTION NOT SUBJECT TO GIFT TAX.—Section 2503 of such Code (relating to taxable gifts) is amended by adding at the end the following new subsection:

"(h) INDIVIDUAL DEVELOPMENT ACCOUNTS.—Any contribution made by an individual to an individual development account described in section 529(c)(3) shall not be treated as a transfer of property by gift for purposes of this chapter."

(c) TAX ON PROHIBITED TRANSACTIONS.—Section 4975 of such Code (relating to prohibited transactions) is amended—

(1) by adding at the end of subsection (c) the following new paragraph:

"(4) SPECIAL RULE FOR INDIVIDUAL DEVELOPMENT ACCOUNTS.—An individual for whose benefit an individual development account is established and any contributor to such account shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if, with respect to such transaction, the account ceases to be an individual development account by reason of the application of section 529(e)(2)(A) to such account.", and

(2) by inserting ", an individual development account described in section 529(c)(3)," in subsection (e)(1) after "described in section 408(a)".

(d) FAILURE TO PROVIDE REPORTS ON INDIVIDUAL DEVELOPMENT ACCOUNTS.—Section 6693 of such Code (relating to failure to provide reports on individual retirement accounts or annuities) is amended—

(1) by inserting "OR ON INDIVIDUAL DEVELOPMENT ACCOUNTS" after "ANNUITIES" in the heading of such section, and

(2) by adding at the end of subsection (a) the following new sentence: "The person required by section 529(i) to file a report regarding an individual development account at the time and in the manner required by such section shall pay a penalty of \$50 for each failure, unless it is shown that such failure is due to reasonable cause."

(e) SPECIAL RULE FOR DETERMINING AMOUNTS OF SUPPORT FOR DEPENDENT.—Subsection (b) of section 152 of such Code (relating to definition of dependent) is amended by adding at the end the following new paragraph:

"(6) A distribution from an individual development account described in section 529(c)(3) to the individual for whose benefit such account has been established shall not be taken into account in determining support for purposes of this section to the extent such distribution is excluded from gross income of such individual under section 529(d)(2)."

(f) CLERICAL AMENDMENTS.—

(1) The table of parts for subchapter F of chapter 1 of such Code is amended by inserting at the end the following new item:

"Part VIII. Individual development accounts."

(2) The table of sections for subchapter B of chapter 68 of such Code is amended by striking the item relating to section 6693 and inserting the following new item:

"Sec. 6693. Failure to provide reports on individual retirement accounts or annuities or on individual development accounts."

(h) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made after June 30, 1993.

SEC. 5. FUNDS IN INDIVIDUAL DEVELOPMENT ACCOUNTS OF DEMONSTRATION PROJECT PARTICIPANTS DISREGARDED FOR PURPOSES OF ALL MEANS-TESTED FEDERAL PROGRAMS.

Notwithstanding any Federal law (other than the Internal Revenue Code of 1986) that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligibility to receive, or the amount of, any assistance or benefit authorized by such law to be provided to or for the benefit of such individual, funds (including interest accruing) in an individual development account (as defined in section 529 of the Internal Revenue Code of 1986) shall be disregarded for such purpose with respect to any period during which such individual participates in a demonstration project conducted under section 3 of this Act (or would be participating in such a project but for the suspension of the project).*

By Mr. BRADLEY (for himself, Mr. BIDEN, Mrs. BOXER, Mr. BRYAN, Mrs. FEINSTEIN, Mr. HOLLINGS, Mr. KERREY, Ms. MIKULSKI, Ms. MOSELY-BRAUN, Mr. REID, Mr. ROBB, Mr. ROCKE-

FELLER, Mr. SIMON, Mr. WELLSTONE, Mrs. MURRAY, Mr. KERRY, Mr. DODD, Mr. LIEBERMAN, Mr. WOFFORD, Mr. HATCH, and Mr. KRUEGER):

S. 864. A bill to amend title I of the Omnibus Crime Control and Safe Streets Act of 1968 to authorize community policing grant program; to the Committee on the Judiciary.

COMMUNITY POLICING ASSISTANCE ACT

• Mr. BRADLEY. Mr. President, I am introducing a bill that I announced last month as part of my urban community-building initiative: The Community Policing Assistance Act.

Earlier this year, in a New Jersey city I met a man who owned a small store, an immigrant, who was terrified by frequent robberies. His store was in the shadow of city hall, just blocks away, but when he called the police, he said it took them 3 hours for a squad car to respond. He concluded that government would do nothing to ensure his safety, and now he carries a gun.

Government's response to the epidemic of violent urban crime has been to toughen and toughen again the penalties. I have supported this effort—because the penalties should fit the magnitude of crimes involving drugs and violence—but there is a larger point. A police culture that isolates officers in squad cars, responding to crimes only after the fact, will never prevent crime and will rarely catch the criminal.

While Government was speaking louder about crime, but carrying what looked like a smaller and smaller stick, a few communities were inventing for themselves a new way to ensure safety. In East Orange, NJ, police officers recently took the roughest 12-block zone of the city and made it a miniprecinct, with an accessible office and distinct neighborhood beats for every officer. A similar program that started in 1990 in Columbia, SC, brought an immediate 30-percent reduction in crime. An elderly woman living in a housing project, who had slept on her floor for 5 years because she feared bullets coming through her window, was finally able to get back into bed. Now police officers worry less about what crimes have occurred, and spend more time talking to people, finding out where trouble is brewing, and intervening before it happens. Police know the mothers who are worried about their sons and daughters; they know the shopkeepers who are worried about neighborhood thugs, and they know the thugs the shopkeepers worry about. With knowledge comes trust and trust is the foundation for security.

This new model, known as community policing, can build a base of trust and knowledge in every community. But it requires an investment, at least at the beginning. When police officers spend more time on the streets, preventing crime, a city needs more police officers to provide the same basic level

of security and the same response time when crime does occur. My community policing bill, the third component of this initiative, authorizes \$200 million in matching funds to local law enforcement and community groups to support community policing activities in economically distressed central cities. Police departments can use these funds for local police substations, or to staff regular police neighborhood beats.

Community policing boils down to using intelligence. We won the Persian Gulf war because we had great military firepower and the intelligence as to where to direct that firepower. In urban America today, we have police departments, but we don't have the intelligence as to where to direct the police power. Community policing, by involving the community in the process, will create an atmosphere in which the police could deploy their resources intelligently to achieve what the people in the community want, which is greater security.

I ask unanimous consent that the text of the bill be printed following my remarks.

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

S. 864

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 "Community Policing Assistance Act of 1993".

SEC. 2. COMMUNITY POLICING; COP ON THE BEAT.

(a) IN GENERAL.—Title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3711 et seq.) is amended—

- (1) by redesignating part Q as part R;
- (2) by redesignating section 1701 as 1801; and
- (3) by inserting after part P the following new part:

"PART Q—COMMUNITY POLICING; COP ON THE BEAT

"SEC. 1701. GRANT AUTHORIZATION.

"(a) GRANT PROJECTS.—The Director of the Bureau of Justice assistance may make grants to units of local government and community groups in economically distressed central cities to establish or expand cooperative efforts between police and community for purposes of increasing police presence in the community, including—

- "(1) developing innovative neighborhood-oriented policing programs;
- "(2) providing new technologies to reduce the amount of time officers spend processing cases instead of patrolling the community or problem solving in the community;
- "(3) purchasing equipment to improve communications between officers and the community and to improve the collection, analysis, and use of information about crime-related community problems;
- "(4) developing policies that reorient police emphasis from reacting to crime to preventing crime;
- "(5) creating decentralized police substations throughout the community where officers can be permanently assigned to gain community confidence and support so as to encourage interaction and cooperation be-

tween the public and law enforcement personnel on the local level;

"(6) providing training in problem solving for community crime problems;

"(7) providing training in cultural differences for law enforcement officials;

"(8) developing community-based crime prevention programs, such as safety programs for senior citizens, community anticrime groups, and other anticrime awareness programs;

"(9) developing crime prevention programs in communities which have experienced a recent increase in gang-related violence; and

"(10) developing projects following the model under subsection (b).

"(b) MODEL PROJECT.—The Director shall develop a written model that informs community members regarding—

"(1) how to identify the existence of a drug or gang house;

"(2) what civil remedies, such as public nuisance violations and civil suits in small claims court, are available; and

"(3) what mediation techniques are available between community members and individuals who have established a drug or gang house in such community.

"SEC. 1702. APPLICATION.

"(a) IN GENERAL.—(1) To be eligible to receive a grant under this part, a chief executive of a unit of local government, a duly authorized representative of a combination of local governments within a geographic region, or a community group shall submit an application to the Director in such form and containing such information as the Director may reasonably require.

"(2) In such application, one office or agency (public, private, or nonprofit) shall be designated as responsible for the coordination, implementation, administration, accounting, and evaluation of services described in the application.

"(b) GENERAL CONTENTS.—Each application under subsection (a) shall include—

"(1) a request for funds available under this part for the purposes described in section 1701;

"(2) a description of the areas and populations to be served by the grant; and

"(3) an assurance that Federal funds received under this part shall be used to supplement, not supplant non-Federal funds that would otherwise be available for activities funded under this part.

"(c) COMPREHENSIVE PLAN.—Each application shall include a comprehensive plan which contains—

"(1) a description of the crime problems within the areas targeted for assistance;

"(2) a description of the projects to be developed;

"(3) a description of the resources available in the community to implement the plan together with a description of the gaps in the plan that cannot be filled with existing resources;

"(4) an explanation of how the requested grant shall be used to fill those gaps;

"(5) a description of the system the applicant shall establish to prevent and reduce crime problems; and

"(6) an evaluation component, including performance standards and quantifiable goals the applicant shall use to determine project progress, and the data the applicant shall collect to measure progress toward meeting project goals.

"(d) PARTICULAR APPLICATIONS.—

"(1) APPLICATION OF A LAW ENFORCEMENT AGENCY SEEKING A GRANT TO ESTABLISH A COMMUNITY POLICING PROGRAM.—In addition to meeting the requirements of subsections (a),

(b), (c), an application of a law enforcement agency seeking a grant to establish a community policing program shall—

“(A) propose a project that has as its primary goal the establishment of a community-centered police patrol or beat through—

“(i) the staffing of a neighborhood police substation where police officers are assigned for periods of at least 18 months; or

“(ii) the establishment of a community police patrol made up of a cadre of police officers assigned to a neighborhood for periods of at least 18 months; and

“(B)(i) demonstrate community support for a neighborhood community police patrol; or
“(ii) set forth in detail a plan for forming a community/police partnership to target crime.

“(2) APPLICATION OF A LAW ENFORCEMENT AGENCY SEEKING A GRANT TO EXPAND A COMMUNITY POLICING PROGRAM.—In addition to meeting the requirements of subsections (a), (b), (c), an application of a law enforcement agency seeking a grant to expand a community police program through development of a community centered project shall—

“(A) provide evidence that there is community support for the project; and

“(B) describe how the project will promote the goals of the community policing program.

“(3) APPLICATION OF A COMMUNITY GROUP SEEKING A GRANT TO EXPAND OR ESTABLISH A COMMUNITY POLICING PROGRAM.—In addition to meeting the requirements of subsections (a), (b), (c), an application of a community group seeking a grant to expand or establish a community policing program shall—

“(A) describe how the community group intends to work with the police; and

“(B) demonstrate police support for the project.

“SEC. 1703. ALLOCATION OF FUNDS; LIMITATIONS ON GRANTS.

“(a) ALLOCATION.—The Director shall allocate not less than 75 percent of the funds available under this part to units of local government or combinations of such units and not more than 20 percent of the funds available under this part to community groups.

“(b) ADMINISTRATIVE COST LIMITATION.—The Director shall use not more than 5 percent of the funds available under this part for the purposes of administration, technical assistance, and evaluation.

“(c) RENEWAL OF GRANTS.—A grant under this part may be renewed for up to 2 additional years after the first fiscal year during which the recipient receives its initial grant, subject to the availability of funds, if the director determines that the funds made available to the recipient during the previous year were used in a manner required under the approved application and if the recipient can demonstrate significant progress toward achieving the goals of the plan required under section 1702(c).

“(d) FEDERAL SHARE.—The Federal share of a grant made under this part may not exceed 75 percent of the total cost of the projects described in the application submitted under section 1702 for the fiscal year for which the projects receive assistance under this part.

“SEC. 1704. AWARD OF GRANTS.

“(a) SELECTION OF RECIPIENTS.—The Director shall consider the following factors in awarding grants to units of local government or combinations of such units under this part:

“(1) NEED AND ABILITY.—Demonstrated need and evidence of the ability to provide the services described in the plan required under section 1702(c).

“(2) COMMUNITY-WIDE RESPONSE AND SUPPORT.—Evidence of community support for the project and evidence of the ability to coordinate community-wide response to crime.

“(3) MAINTAIN PROGRAM.—The ability to maintain a program to control and prevent crime after funding under this part is no longer available.

“(b) GEOGRAPHIC DISTRIBUTION.—The Director shall attempt, to the extent practicable, to achieve an equitable geographic distribution of grant awards.

“SEC. 1705. REPORTS.

“(a) REPORT TO DIRECTOR.—Recipients who receive funds under this part shall submit to the Director not later than March 1 of each year a report that describes progress achieved in carrying out the plan required under section 1702(c).

“(b) REPORT TO CONGRESS.—The Director shall submit to the Congress a report by October 1 of each year that shall contain a detailed statement regarding grant awards, activities of grant recipients, and an evaluation of projects established under this part.

“SEC. 1706. DETERMINATION OF NEED ADJUSTED PER CAPITA INCOME.

The Secretary of Housing and Urban Development shall determine the need adjusted per capita income for each city that meets the requirements of subparagraphs (A) and (B) of section 1707(3) under the following formula:

(1) DETERMINATION OF NEED INDEX.—

(A) For purposes of this section, the term “need index” means the number equal to the quotient of—

(i) the term “N”, as determined under subparagraph (B); divided by

(ii) the term “P”, as determined under subparagraph (C).

(B) For purposes of subparagraph (A)(i), the term “N” means the percentage constituted by the ratio of—

(i) the amount of funds allotted to the city in the fiscal year in which the calendar year begins under section 106(a)(3) of the Housing and Community Development Act of 1974 (42 U.S.C. 5306(a)(3)); to

(ii) the sum of the amount of funds received by all eligible cities in such fiscal year under section 106(a)(3) of the Housing and Community Development Act of 1974 (42 U.S.C. 5306(a)(3)).

(C) For purposes of subparagraph (A)(ii), the term “P” means the percentage constituted by the ratio of—

(i) the amount equal to the total population of the city, as determined by the Secretary using the most recent data that is available from the Secretary of Commerce pursuant to the decennial census and pursuant to reasonable estimates by such Secretary of changes occurring in the data in the ensuing period, to

(ii) the amount equal to the total population of all eligible cities in the current fiscal year.

(D) For purposes of this paragraph, the term “eligible cities” means the cities which meet the requirements of paragraph (1) and (2) of subsection (b).

(2) DETERMINATION OF NEED ADJUSTED PER CAPITA INCOME FACTOR.—

(A) For purposes of this section (and subject to subparagraph (D)), the term “need adjusted per capita income factor” means the amount equal to the percentage determined for the city in accordance with the following formula:

$$1 - .15 \left(\frac{I}{Q} \right)$$

(B) For purposes of subparagraph (A), the term “I” means the per capita income of the city for the most recent year for which data are available, as determined by the Secretary of Commerce.

(C) For purposes of subparagraph (A), the term “Q” means the product of—

(i) the need index of the city, as determined under paragraph (1); and

(ii) the amount equal to the per capita income of the United States for the most recent year for which data are available, as determined by the Secretary of Commerce.

(D) In the case of a city for which the quotient of the term “I” (as determined under subparagraph (B)) divided by the term “Q” (as determined under subparagraph (C)) is less than 0.2, the quotient shall be deemed to be equal to 0.2 for that city for purposes of the formula under subparagraph (A).

“SEC. 1707. DEFINITIONS.

“For purposes of this part—

“(1) The term ‘community group’ means a community-based nonprofit organization that has a primary purpose of crime prevention.

“(2) The term ‘Director’ means the Director of the Bureau of Justice Assistance.

“(3) The term ‘economically distressed central city’ means a city that—

“(A) is a metropolitan city (as defined in section 102(a)(4) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(4));

“(B) is eligible to receive an allocation of funds under section 106(a)(3) of the Housing and Community Development Act of 1974 (42 U.S.C. 5306(a)(3)) for the most recent fiscal year ending prior to the date of enactment of this Act;

“(C) has a population of at least 30,000; and

“(D) has a need adjusted per capita income less than 1.25 on the basis of the most recent data available.

“(4) The term ‘need adjusted per capita income’ means the need adjusted per capita income of a city determined under section 1706.”

(b) TECHNICAL AMENDMENT.—The table of contents of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3711 et seq.) is amended by striking the matter relating to part Q and inserting the following:

“PART Q—COMMUNITY POLICING; COP ON THE BEAT GRANTS

“Sec. 1701. Grant authorization.

“Sec. 1702. Application.

“Sec. 1703. Allocation of funds; limitation on grants.

“Sec. 1704. Award of grants.

“Sec. 1705. Reports.

“Sec. 1706. Determination of need adjusted per capita income.

“Sec. 1707. Definitions.

“PART Q—TRANSITION; EFFECTIVE DATE; REPEALER

“Sec. 1801. Continuation of rules, authorities, and proceedings.”

SEC. 3. AUTHORIZATION OF APPROPRIATIONS.

Section 1001(a) of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3793) is amended—

(1) in paragraph (3) by striking “and N” and inserting “N, O, P, and Q”; and

(2) by adding after paragraph (10) the following new paragraph:

"(10)(A) There is authorized to be appropriated to carry out part Q \$200,000,000 for fiscal year 1994."•

By Mr. BRADLEY (for himself, Mr. BIDEN, Mrs. BOXER, Mr. BRYAN, Mrs. FEINSTEIN, Mr. HOLLINGS, Mr. KERREY, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mr. REID, Mr. ROBB, Mr. ROCKEFELLER, Mr. SIMON, Mr. WELLSTONE, Mr. HATCH, Mrs. MURRAY, Mr. DANFORTH, Mr. KERRY, Mr. KOHL, and Mr. WOFFORD):

S. 865. A bill to establish a Mobility for Work Demonstration Program, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

MOBILITY FOR WORK ACT

• Mr. BRADLEY. Mr. President, I am introducing a bill that I announced last month as part of my urban community-building initiative: The Mobility for Work Act.

The most striking characteristic of American central cities today is their isolation. Once the hub of their regions, the center of commerce, jobs and culture, inner-city residents are now isolated socially, culturally and economically. Outsiders look in, through movies like "Boyz in the Hood," at a world with its own values, its own language, and its own icons of popular culture. But all the talk in Washington about the culture of poverty diverts our attention from the very simple fact of isolation from jobs. It is not news that a central city like Newark lost 80,000 jobs between 1970 and 1988. But these cities are nestled in metropolitan areas that were creating far more jobs than were lost, including many entry-level jobs with modest skill requirements. Mobility strategies say to connect where the entry-level jobs are with the people who need the entry-level jobs with creative transportation.

Unfortunately, those jobs were in the suburbs. To say that an urban resident can't get an entry-level job until the city revives in total is to say that a generation will be wasted as politicians of all races give excuses and bureaucrats twiddle their thumbs and push paper. In 20 large metropolitan areas of America, more than 75 percent of the jobs created in the 1980's were outside of the central city. And in six areas, including Chicago, Cleveland, and Detroit, every single new job created—100 percent of the net job growth—was in the suburbs. Government has tried various costly strategies to address this enormous disparity. Urban development has cost hundreds of billions, gentrified a few small downtown areas, but still left poor people in the cities living increasingly in areas where almost everyone else is also poor. The latest effort at urban development, enterprise zones, might turn out to be more successful, but the cost is high

and the change only marginal. Dispersal strategies, efforts to help inner-city residents move to the suburbs, have been very successful when ordered by a court, as in the Gautreaux project near Chicago, but encounter intense political resistance. With the failure of these two strategies, the only alternative has been abandonment, leaving the cities, with their vast human capital behind, while businesses in the suburbs struggle to fill \$5-an-hour entry-level jobs from a limited labor pool.

There is an alternative, possibly a much less expensive one: mobility. In southeast Chicago, residents of the Le Clair Court housing project concluded that the barrier between Le Clair residents and jobs was simply transportation. Most Le Clair residents don't own cars, and bus transportation to a suburban job means getting up 3 hours before work and returning home well after dark. With the help of a creative young manager named Theresa Prim, they scraped together \$250,000 from foundations to buy five 20-person vans, and began to talk to suburban businesses about their desperate need for entry-level workers. They concluded that if people had good jobs, they would pay \$6 a day for transportation to those jobs. Now fares paid by workers or employers cover almost half the cost of the Accel Transportation project. The vans are full. And many Le Clair residents soon buy a car to get to their new jobs, opening a spot in the van for someone new. Besides transportation, the program includes job counseling and conflict resolution for workers who are not used to suburban jobs and employers who are not accustomed to hiring inner-city residents and often must overcome their own ingrained impulses on issues of race.

I have not given up hope that we can draw more jobs to the cities, but we can no longer put all our hopes in that strategy. We know where the jobs are, and we know that in good economic times, companies have a hard time filling those jobs. In 1987 and 1988, companies in northern New Jersey were desperate for workers and began to run their own vans into Newark. But when the economy turned down, companies quickly cut this cost, and urban workers were cut off before they developed a permanent attachment to the work force.

My mobility for work initiative is intended to build a lasting connection between urban workers and suburban jobs by helping projects like Accel Transportation get going. At only \$15 million, it is the least expensive component of this urban initiative, but one with the most possibilities. Everything is interconnected. For example, when city dwellers return to their communities in the evening with real earnings from jobs, banks and retail businesses will emerge to serve them, creating more jobs in the community and start-

ing a cycle of prosperity. Some urban residents might move out to the suburbs, closer to the jobs, or some businesses might be drawn back to the city, once they overcome their prejudices about inner-city minority workers. This is a demonstration program, with a rigorous evaluation at the end to determine the effects of this new strategy.

Programs funded under this bill must utilize one of the following models:

Expansion of existing job training or job search programs to include transportation;

Improving public transit systems to create links between urban residential areas and outlying areas of high job growth; and

Establish regional coalitions to improve central city access to jobs.

The program will be administered by the Secretary of Labor in consultation with the Secretaries of Transportation and Housing and Urban Development. It is intended to encourage similar cooperation among local job training and placement programs, transit agencies, and economic development authorities.

To limit the assistance to the areas of greatest need, eligibility will be limited to metropolitan areas in which 75 percent or more of the job growth over the previous 10 years was outside of the central city. Based on current figures, this includes 20 metropolitan areas, among them Chicago, Los Angeles, Cleveland, Detroit, Washington, DC, Philadelphia, and Milwaukee.

I ask that the full text of the bill be printed following my remarks.

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

S. 865

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 "Mobility for Work Act of 1993".

SEC. 2. PURPOSE.

The purpose of this Act is to—

(1) improve the employment rate and earnings of residents of central cities by improving the access of the residents to areas of high job growth;

(2) meet the labor needs of employers in suburban locations during periods of economic growth and build permanent attachments between workers and jobs; and

(3) test differing approaches to achieving the purposes described in paragraphs (1) and (2) and determine the effects of the approaches.

SEC. 3. MOBILITY FOR WORK DEMONSTRATION GRANTS.

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

(1) AREA OF HIGH JOB GROWTH.—The term "area of high job growth" means an area, within a Primary Metropolitan Statistical Area, that has averaged, during the 3 years preceding the date on which the determination regarding the area is made, a higher percentage increase in the number of jobs, as measured by the Bureau of Labor Statistics or a comparable State agency, than the Primary Metropolitan Statistical Area as a whole.

(2) **CENTRAL CITY.**—The term "central city" means a central city, as defined by the Bureau of the Census as of the date of enactment of this Act.

(3) **COMMUNITY-BASED ORGANIZATION.**—The term "Community-based organization" means an entity described in section 4(5) of the Job Training Partnership Act (29 U.S.C. 1503(5)).

(4) **ELIGIBLE METROPOLITAN AREA.**—The term "eligible metropolitan area" means an area—

(A) that is a Primary Metropolitan Statistical Area; and

(B) in which the job growth outside of central cities accounted for 75 percent or more of total job growth in the Primary Metropolitan Statistical Area over the most recent 10-year period for which data are available.

(5) **PRIMARY METROPOLITAN STATISTICAL AREA.**—The term "Primary Metropolitan Statistical Area" means a Primary Metropolitan Statistical Area, as defined by the Bureau of the Census as of the date of enactment of this Act.

(6) **SUBURBAN JOB LOCATION.**—The term "suburban job location" means a job location that—

(A) is in an area of high job growth; and

(B) is not in a central city.

(b) **ESTABLISHMENT OF PROGRAM.**—

(1) **IN GENERAL.**—The Secretary of Labor, in consultation with the Secretary of Transportation and the Secretary of Housing and Urban Development, shall establish a Mobility for Work Demonstration Program to evaluate the effects of assisting residents of a central city within an eligible metropolitan area to commute to job locations, especially suburban job locations, within the metropolitan area.

(2) **GRANTS AUTHORIZED.**—The Secretary of Labor, in consultation with the Secretary of Transportation and the Secretary of Housing and Urban Development, shall make grants through the Mobility for Work Demonstration Program to not more than six entities to carry out demonstration projects in eligible metropolitan areas, utilizing the program models described in subsection (d).

(3) **PEER REVIEW PANEL.**—

(A) **IN GENERAL.**—The Secretary of Labor, in consultation with the Secretary of Transportation and the Secretary of Housing and Urban Development, shall establish a peer review panel.

(B) **EXPERIENCE.**—The panel shall be comprised of individuals with experience in designing or implementing successful programs to improve mobility for work.

(C) **COMPOSITION.**—The panel shall include at least one representative from each of the following:

(i) A local or regional transportation authority.

(ii) A community-based organization that has organized such a program.

(iii) A local or regional government.

(iv) A nonprofit organization that has helped design or evaluate such a program.

(D) **DUTIES.**—The panel shall conduct an initial review of, and make recommendations to the Secretary of Labor regarding, applications submitted under subsection (c). The panel shall recommend to the Secretary of Labor and the Secretary of Transportation a design for the evaluation described in subsection (e).

(c) **APPLICATION AND APPROVAL CRITERIA.**—To be eligible to receive a grant under this section to carry out a demonstration project, an entity shall submit an application to the Secretary of Labor at such time, in such

manner, and containing such information as the Secretary of Labor, in consultation with the Secretary of Transportation and the Secretary of Housing and Urban Development, may require, including information demonstrating that—

(1) the applicant will use one of the three program models described in subsection (d) to carry out the project;

(2) the applicant will establish data collection procedures that will be sufficient to enable the Secretary of Labor, in consultation with the Secretary of Transportation, to conduct an evaluation in accordance with subsection (e); and

(3) the applicant has the capability to carry out the project adequately and to meet such other criteria as the Secretary of Labor may prescribe.

(d) **PROGRAM MODELS.**—In making grants to entities to carry out demonstration projects under this section, the Secretary of Labor, in consultation with the Secretary of Transportation and the Secretary of Housing and Urban Development shall make grants to entities that agree to use one of the program models described in paragraphs (1), (2), and (3), and shall make at least one grant to an entity that agrees to use each of the following program models:

(1) **ADDING TRANSPORTATION SERVICES TO EXISTING JOB TRAINING AND PLACEMENT PROGRAMS.**—Under this model an entity shall supplement job training and placement programs that are in existence on the date of the submission of the applicable application by increasing the access of residents of a central city in an eligible metropolitan area to job locations in areas of high job growth in the metropolitan area. The entity shall increase such access through the establishment of new transportation services that are designed to—

(A) transport the residents to the locations, such as van service provided between—

(i) the central city; and

(ii) business parks or major employers in such locations,

by a public agency, a private entity, or a community-based organization;

(B) provide transportation counseling and assistance (such as services to promote the creation of carpools or provide education on public transit routes) to the residents to supplement counseling on job search and workplace conduct provided through the job training and placement programs; or

(C) provide a direct subsidy of public transit fares or private automobile expenses for low-income residents of central cities.

(2) **IMPROVING PUBLIC TRANSIT SYSTEMS TO FACILITATE ACCESS TO AREAS OF HIGH JOB GROWTH.**—

(A) **IN GENERAL.**—Under this model an entity shall—

(i) work with the relevant public transit operator or agency to modify public transit routes and schedules, in order to increase the access of residents described in paragraph (1) to job locations described in paragraph (1), through public transit services such as—

(I) express bus service to business parks in such locations at times coinciding with shift changes; or

(II) new connecting services to fill gaps in transportation service that impede commuting from central cities to such job locations; or

(ii) reimburse public transit operators for the costs of providing reduced fare programs to increase such access.

(B) **EMPLOYER CONTRIBUTIONS.**—An entity carrying out a demonstration project in accordance with subparagraph (A)(i) may re-

quest that employers of the residents described in such subparagraph contribute to the costs of implementing the transit services described in such subparagraph.

(3) **ESTABLISHING REGIONAL COALITIONS TO IMPROVE CENTRAL CITY ACCESS TO JOBS.**—

(A) **COALITION.**—Under this model an entity shall establish a regional coalition, which may include neighborhood organizations, employers, employer associations, transportation providers, and similar entities, to implement comprehensive strategies to improve the access of low-income residents of a central city in an eligible metropolitan area to job locations within the metropolitan area.

(B) **SERVICES.**—The entity shall identify transportation barriers between central cities and such job locations and shall address the barriers through—

(i) modifications in job training and placement services;

(ii) the provision of support services such as child care; and

(iii) the provision of transportation services.

(C) **AREA.**—The entity shall attempt to link job training and placement program participants with job opportunities throughout as much of the eligible metropolitan area as is practicable.

(e) **EVALUATION.**—The Secretary of Labor, in consultation with the Secretary of Transportation, shall conduct a thorough evaluation of the demonstration projects established under this section, which evaluation shall include an assessment—

(1) with respect to entities establishing transportation services to supplement job training and placement programs in accordance with subsection (d)(1), the effect of the addition of such transportation services on employment rates, job retention, and earnings among residents of the area in which the demonstration project is conducted;

(2) with respect to entities improving public transit systems in accordance with subsection (d)(2), the effect of the improvements on such employment rates, job retention, and earnings; and

(3) with respect to entities establishing regional coalitions and implementing comprehensive strategies in accordance with subsection (d)(3), the effects of such strategies on such employment rates, job retention, and earnings.

(f) **OTHER FUNDING SOURCES.**—Nothing in this section shall be construed to prevent an entity that receives a grant under this section to carry out a demonstration project from receiving funds to carry out the project from other sources to supplement the funds made available through the grant.

(g) **AUTHORIZATION OF FUNDS.**—There are authorized to be appropriated to carry out this section \$15,000,000 for fiscal year 1994, and such sums as may be necessary for each of the fiscal years 1995 through 1998.●

By Mr. BRADLEY (for himself, Mr. BIDEN, Mrs. BOXER, Mr. BRYAN, Mrs. FEINSTEIN, Mr. HOLLINGS, Mr. KERREY, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mr. REID, Mr. ROBB, Mr. ROCKEFELLER, Mr. HATCH, Mr. SIMON, AND Mr. WELLSTONE):

S. 866. A bill to provide for the establishment of a neighborhood reconstruction corps program to award grants for the employment of disadvantaged workers for infrastructure repair activities, and for other purposes; to the

Committee on Labor and Human Resources.

NEIGHBORHOOD RECONSTRUCTION CORPS ACT

• Mr. BRADLEY. Mr. President, I rise today to introduce the first of the bills I announced last month as part of my urban community-building initiative: The Neighborhood Reconstruction Corps Act.

I have spoken here and in the past about the deterioration of public spaces and the vast number of young people, with a high school diploma or even a long work history, who need skills and work. But today I want to speak about people who are gaining skills and public spaces that are being improved. In East Harlem, for example, Dorothy Stoneman started Youth Build in 1978 to give young people both basic education and marketable vocational skills. While getting their high school equivalency diplomas, they have rehabilitated hundreds of abandoned buildings to create affordable housing. Other programs, such as developer James Rouse's Enterprise Foundation, have shown in Baltimore, Detroit, Miami and other cities that local companies are willing to participate in rebuilding the cities in which they prosper.

To combine the idea of improving job skills with the idea of asking private companies to help build an economically healthy community, I have developed the Neighborhood Reconstruction Corps. This demonstration would provide Federal funds to match private investments in light infrastructure projects for public entities. For example, if a local company was willing to put up money to help repaint an inner-city school, or to refurbish a neighborhood center, some money would be available if an important condition was met: the project must employ a Neighborhood Construction Corps, a corps of disadvantaged workers who would be organized and trained for light construction by a community-based organization. The first idea might come from a company that realizes its own profit depends on clean, modern roads and good schools and housing. Or the initiative might come from the community-based organization that first assembles a Neighborhood Reconstruction Corps and then seeks out companies that want to undertake projects.

The Neighborhood Reconstruction Corps combines two successful ideas: using community organizations to give disadvantaged workers marketable job skills and real work, and enlisting private enterprise as partners in rebuilding public spaces and public buildings. Program funds will be used to train disadvantaged workers for light infrastructure repair work, and to match private investment in public projects.

Federal grants will be available for nonprofit community development corporations or private business entities at up to a one-to-one match of private

funds. Projects cannot cost more than \$1,000,000 and the Federal match cannot exceed \$500,000. Qualifying projects would include enhancing public parks, bringing public buildings into compliance with the requirements of the Americans With Disabilities Act, graffiti removal, repairing bus shelters, replacement of sidewalks, painting schools, and similar light public projects.

The Department of Labor will administer the program, but grant applications will be reviewed by a separate peer review panel made up of community leaders with successful experience in similar programs. To avoid the diffusion that has weakened comparable grant programs, only cities designated economically distressed central cities, under a formula in the bill, can qualify for grants. The formula is based on a modified CDBG formula, and currently 297 cities of 35,000 or more population would qualify.

Everyone must work together—the private business that will put up at least half the money, the local government or school system, and the community-based nonprofit—and if they do, the government will be there to help. This bill would authorize up to \$500 million a year for the Neighborhood Reconstruction, Corps, enough to fuel at \$1 billion in total new investment in the public infrastructure of cities.

I ask unanimous consent that the text of the bill be printed following my remarks.

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

S. 866

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 "Neighborhood Reconstruction Corps Act".

SEC. 2. PURPOSE.

It is the purpose of this Act to—

- (1) create incentives for private enterprise to invest in light infrastructure projects in cities in which such enterprises do business;
- (2) assist community based organizations in assembling and finding employment for residents of the community in neighborhood reconstruction corps projects; and
- (3) provide training, positive work habits, work skills, and light construction skills for urban residents.

SEC. 3. ESTABLISHMENT OF PROGRAM.

(a) **IN GENERAL.**—The Secretary of Labor (hereafter referred to in this section as the "Secretary"), shall establish a program, to be known as the Neighborhood Reconstruction Corps Program, under which the Secretary shall award competitive matching grants to eligible entities to enable such entities to employ economically disadvantaged adults, as described in section 202(d)(1)(A) of the Job Training Partnership Act, or disadvantaged youth, as described in part B of title IV of such Act, to perform infrastructure repair services in Economically Distressed Central Cities.

(b) **ELIGIBILITY AND APPLICATION.**—To be eligible to receive a matching grant under the

program established under subsection (a), an entity shall—

(1) be a nonprofit community development corporation, or a private business entity;

(2) serve in an area of high unemployment and poverty within an Economically Distressed Central City;

(3) prepare and submit to the Secretary an application at such time, in such manner and containing such information as the Secretary may require, including—

(A) a description of the activities to be carried out with amounts received and matched under the grant;

(B) a certification from the State or local governmental entity with respect to such activities;

(C) assurances, satisfactory to the Secretary, that non-Federal funds will be provided by the applicant to carry out activities under the grant;

(D) a description of the organizations to be used for the management of the project; and

(E) any other information determined appropriate by the Secretary;

(4) meet any other requirements determined appropriate by the Secretary.

(c) **USE OF AMOUNTS.**—

(1) **IN GENERAL.**—An entity that receives a matching grant under this section shall use amounts received under such grant to employ economically disadvantaged adults in projects to perform light, labor-intensive infrastructure repair.

(2) **REQUIREMENTS.**—Projects funded under paragraph (1) shall—

(A) be for the repair of—

(i) public facilities, including schools, governmental buildings, and public housing facilities; or

(ii) publicly owned property not otherwise covered under clause (i), including roadways, bridges and sewers;

(B) include—

(i) construction in compliance with the Americans with Disabilities Act of 1990;

(ii) the removal of graffiti;

(iii) the replacement of sidewalks, curbs, or roadsides;

(iv) the refurbishing or refinishing of publicly owned housing or building stock;

(v) the construction of fences bordering publicly owned abandoned buildings;

(vi) demolition clean up;

(vii) asbestos removal; and

(viii) lead abatement projects;

(C) not cost in excess of a total of more than \$1,000,000;

(D) provide for the contribution of matching funds in an amount that is equal to 50 percent of the amount of the grant, but in no case in excess of \$250,000;

(E) with respect to projects carried out by private entities, not be utilized as a condition for any kind of waiver or exemption for such entities from local zoning or property tax laws;

(F) employ individuals residing in the community to be served by the project;

(G) provide such individuals with the necessary training in a construction trade to enable such individuals to carry out their duties under the project;

(H) provide the training required under subparagraph (G) through a partnership with a local contractor or a construction trade union; and

(I) meet such other requirements as the Secretary determines appropriate.

(3) **PREFERENCE.**—In awarding grants under this section, the Secretary shall give preference to projects that demonstrate successful efforts to serve non-custodial parents of nondependent children who are recipients of

assistance under title IV of the Social Security Act, except that such project must require that such non-custodial parents agree in writing to have an appropriate portion of their earnings under the project withheld to meet any child support order.

(d) PEER REVIEW PANEL.—The Secretary shall provide for the establishment of a peer review panel to perform the initial review of applications for assistance under this section and make recommendations to the Secretary with respect to such applications. The panel shall include at least one representative of—

(1) a contractor for public infrastructure construction;

(2) a member of a private industry council under section 102 of the Job Training Partnership Act;

(3) individuals who have been instrumental in developing a model construction job training program;

(4) employees in community or urban planning at a local or city government; and

(5) employees of a non-profit or for profit housing authority.

(e) AMOUNT OF GRANT.—The amount of a grant awarded under this section shall not exceed the amount contributed to the project by the applicant entity. Such contributed amounts shall be non-Federal in nature and be made available directly or through donations from public or private entities.

(f) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There are authorized to be appropriated to carry out this section, \$500,000,000 for each of the fiscal years 1993 through 1997.

(2) USE.—Of the amounts appropriated for each fiscal year under paragraph (1)—

(A) not to exceed 5 percent of such amount shall be used for administrative costs; and

(B) the remainder of such amounts shall be used to award matching grants.

(g) COMMUNITY DEVELOPMENT CORPORATION.—As used in this section the term "community development corporation" means a private, nonprofit corporation whose board of directors is comprised of business, civic and community leaders, and whose principal purpose includes the provision of low-income housing or community economic development projects that primarily benefit low-income individuals and communities.

SEC. 4. ECONOMICALLY DISTRESSED CENTRAL CITIES.

(a) REQUIREMENTS.—To be an Economically Distressed Central City under section 4, a city shall—

(1) be a metropolitan city (as defined in section 102(a)(4) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(4));

(2) be eligible to receive an allocation of funds under section 106(a)(3) of the Housing and Community Development Act of 1974 for the most recent fiscal year ending prior to the date of enactment of this title;

(3) have a population of at least 30,000; and

(4) have a need adjusted per capita income less than 1.25 (as determined under subsection (b)) on the basis of the most recent data available.

(b) NEED ADJUSTED PER CAPITA INCOME.—The Secretary of Housing and Urban Development shall determine the Need Adjusted Per Capita Income for each city that meets the requirements of paragraphs (1) and (2) of subsection (a) under the following formula:

(1) DETERMINATION OF NEED INDEX.—

(A) For purposes of this section, the term "need index" means the number equal to the quotient of—

(i) the term "N", as determined under subparagraph (B); divided by

(ii) the term "P", as determined under subparagraph (C).

(B) For purposes of subparagraph (A)(i), the term "N" means the percentage constituted by the ratio of—

(i) the amount of funds allotted to the city in the fiscal year in which the calendar year begins under section 106(a)(3) of the Housing and Community Development Act of 1974; to

(ii) the sum of the amount of funds received by all eligible cities in such fiscal year under section 106(a)(3) of the Housing and Community Development Act of 1974.

(C) For purposes of subparagraph (A)(ii), the term "P" means the percentage constituted by the ratio of—

(i) the amount equal to the total population of the city, as determined by the Secretary using the most recent data that is available from the Secretary of Commerce pursuant to the decennial census and pursuant to reasonable estimates by such Secretary of changes occurring in the data in the ensuing period, to

(ii) the amount equal to the total population of all eligible cities in the current fiscal year.

(D) For purposes of this paragraph, the term "eligible cities" means those cities which meet the requirements of paragraphs (1) and (2) of subsection (a).

(2) DETERMINATION OF NEED ADJUSTED PER CAPITA INCOME FACTOR.—

(A) For purposes of this section (and subject to subparagraph (D)), the term "need adjusted per capita income factor" means the amount equal to the percentage determined for the city in accordance with the following formula:

$$1 - .15 \left(\frac{I}{Q} \right)$$

(B) For purposes of subparagraph (A), the term "I" means the per capita income of the city for the most recent year for which data is available, as determined by the Secretary of Commerce.

(C) For purposes of subparagraph (A), the term "Q" means the product of—

(i) the need index of such city, as determined under paragraph (1); and

(ii) the amount equal to the per capita income of the United States for the most recent year for which data is available, as determined by the Secretary of Commerce.

(D) In the case of a city for which the quotient of the term "I" (as determined under subparagraph (B)) divided by the term "Q" (as determined under subparagraph (C)) is less than 0.2, then such quotient shall be deemed to be equal to 0.2 for such city for purposes of the formula under subparagraph (A).•

ADDITIONAL COSPONSORS

S. 285

At the request of Mr. ROTH, the name of the Senator from Mississippi [Mr. LOTT] was added as a cosponsor of S. 285, a bill to amend the Internal Revenue Code of 1986 to require reporting of group health plan information on W-2 forms, and for other purposes.

S. 600

At the request of Mr. BOREN, the name of the Senator from West Vir-

ginia [Mr. ROCKEFELLER] was added as a cosponsor of S. 600, a bill to amend the Internal Revenue Code of 1986 to extend and modify the targeted jobs credit.

SENATE RESOLUTION 104

At the request of Mr. DECONCINI, the name of the Senator from New York [Mr. D'AMATO] was added as a cosponsor of Senate Resolution 104, a resolution relating to Bosnia and Herzegovina's right to self-defense.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON FINANCE

Mr. EXON. Mr. President, I ask unanimous consent that the Committee on Finance be permitted to meet on April 30, 1993, at 10:30 a.m., to hear testimony on the subject of the administration's tax proposals.

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

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. EXON. Mr. President, I ask unanimous consent on behalf of the Governmental Affairs Committee for authority to meet for a hearing on S. 185, the Hatch Act Reform Amendments of 1993, on Friday, April 30, at 10 a.m.

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

ADDITIONAL STATEMENTS

DEMOCRACY IN PARAGUAY

• Mr. COVERDELL. Mr. President, in May 1989, shortly after I had been nominated to be Director of Peace Corps, I had the honor to be asked by President George Bush to go to Paraguay as a member of the Presidential delegation for the inauguration of President Andres Rodriguez. President Rodriguez had been elected in the first democratic elections held in Paraguay for over 30 years. The move toward democracy in that country presaged an embracing of democratic principles in numerous other countries in this hemisphere and constituted a great victory for the Paraguayan people. President Rodriguez has presided over the first presidential term of the new democracy in Paraguay and is now preparing to turn over the helm of government to a new, constitutionally elected president. The Presidential elections in Paraguay will be held on May 9, 1993.

I would like to extend my best wishes to the people of Paraguay for their continued commitment to democratic principles in that beautiful country and to express a collective pride which I believe is felt throughout the Western Hemisphere for a peaceful and democratic transition from one democratically elected government to another in Paraguay. Democracy in Paraguay provides not only the best path of hope

for that country but also serves as a beacon of inspiration to all freedom loving peoples in our hemisphere and the rest of the world.

Just as I was rightfully proud to be able to witness the beginning of a new era of democracy in Paraguay 4 years ago, I am today even more proud of the success of the Paraguayan people in continuing their democracy and respect for freedom and constitutional law.●

SALUTE TO THE CLINTON ADMINISTRATION

● Mr. MATHEWS. Mr. President, I rise to offer my congratulations to President Clinton and Vice President GORE for the tremendous progress their administration has made in only 100 short days. I have to admit that I did not envy President Clinton when he took office. He inherited a morass of problems: a mammoth deficit, a stagnant economy, a health care crisis, a neglected environment, and declining public trust in Government. Our new President, however, faced this situation undauntedly. He immediately began forthrightly addressing these and other serious problems, many of which had been all but ignored by previous administrations. For its willingness, even enthusiasm, to tackle these tough issues, I have the greatest admiration for our new administration.

During his first 100 days in office, President Clinton presented a serious budget proposal, a plan which contains significant deficit reduction measures but still invests wisely in our future in a way that provides job growth, improves our infrastructure, and utilizes our human capital. The President created a National Performance Review Commission, headed by the Vice President, to make Government more effective and responsive. He signed the Family and Medical Leave Act, which had been shunned by previous administrations for the last 8 years while American families waited in fear of losing their jobs in times of medical emergencies. The President returned to American women the right to make their own decisions about personal reproductive matters. Under Mr. Clinton's leadership, the United States has finally joined the rest of the industrialized world in support of the Biodiversity Treaty, and the President has actively promoted democracy in the former Soviet Union and elsewhere in the world. Unfortunately, the old ways of gridlock prevailed here once again recently in the Senate, and the President was not given the chance to see his economic stimulus proposal work for the benefit of the American people. I hope that we will revisit this issue again soon.

What most impresses me about the Clinton administration, however, is how this group of people has been able,

in only a few months, to change the tenor of debate here in Washington. I would like to draw my colleagues' attention to an article that appeared in the Wall Street Journal this past Wednesday. Now I think it is safe to say that no one can accuse this publication of being part of the liberal media. Journal reporter Gerald Seib points out in his article that by focusing too much attention on single issues or problems, such as the defeat of the economic stimulus package, we miss the big picture of the importance of the Clinton administration: that Clinton and his team have already changed Washington in many important ways. In only a very brief tenure, the following has happened—and I am quoting from the Wall Street Journal here: "Sweeping health care reform will happen. That is a radical change from just two years ago, when the Bush Administration was dodging the issue." The question is no longer whether there will be health care reform, but how and how soon, this year or next? The Journal article also states: "Deficit reduction has become a passion among Democrats." The article claims that President Clinton's "postelection evangelizing on the deficit changed the tone within his party." I will ask that the entire Journal article be inserted in the RECORD, but let me again read a few lines from it here: "Industrial policy has arrived. The very words were banned from the Bush and Reagan Administrations. New Vice President AL GORE meets with telephone company executives to discuss cooperating on a new information superhighway. Administration aides talk to automakers about working together on electric cars." Finally, the Journal states: "Americans are tuned in to their government again. Somehow Mr. Clinton had made the executive branch seem accessible." I say, quite an impressive performance for 100 days. The new administration has changed the agenda here in Washington and has awakened the American people's interest in the political process. Thanks in large measure to Mr. Clinton, gridlock is beginning to give way to progress.

Let me end by saying that it is a great honor for me to serve in Washington at the same time as the Clinton administration, to work with this group of people determined to confront the tough issues facing our country and to put Government back to work for the American people. I look forward with high hopes and great expectations to the next 1,361 days of President Clinton's first term in office.

The text of the article follows:

[From the Wall Street Journal, Apr. 28, 1993]

CLINTON'S WOES MASK BIG CHANGE IN CAPITAL WAYS

(By Gerald F. Seib)

As Republicans chortle over the defeated economic stimulus package, and the White House strains to find a new American policy

on Bosnia, the capital's cognoscente have lost sight of something important about Bill Clinton: He already has changed Washington in important ways.

Whatever his current problems, Mr. Clinton has in fact helped produce some significant changes in attitude over the last four months, some of which are so thorough that they're already taken for granted. Consider:

Sweeping health-care reform will happen. That is a radical change from just two years ago, when the Bush administration was dodging the issue. Now even Republicans are drawing up an alternate to the coming Clinton plan. The reform promises to be the most far-reaching since the Great Society, yet lawmakers wonder only whether it will happen this year or next.

Deficit reduction has become a passion among Democrats. The debate within the party over the Clinton economic program has turned largely on how to cut spending more, which is a remarkable role reversal. Ross Perot has much to do with that, but so does President Clinton, whose postelection evangelizing on the deficit changed the tone within his party. Just yesterday, Mr. Clinton dwelled extensively on the deficit in a long speech in which he declared: "I am appalled at this deficit."

Industrial policy has arrived. The very words were banned from the Bush and Reagan administrations. Now Vice President Al Gore meets with telephone company executives to discuss cooperating on a new information superhighway. Administration aides talk to automakers about working together on electric cars. Nobody blinks an eye.

Americans are tuned in to their government again. Somehow Mr. Clinton has made the executive branch seem accessible. White House aides estimate that mail is coming in at triple its old rate. Phone calls come in at a clip of 65,000 to 70,000 a day, so many that a new switchboard is needed.

Beyond that, Mr. Clinton also brought an obvious but dramatic generational change to the White House. That means disenchanted twentysomething and thirtysomething Americans identify more with their leaders, an asset that Mr. Clinton hasn't used nearly as well as he might. When Kelly Coleman, a 27-year-old Connecticut mother and insurance-company employee, was asked about Mr. Clinton during a Wall Street Journal focus group discussion last week, she had little positive to say, except this: "The only good thing I can see about what Clinton's doing right now that's different, that really sticks out in my mind, [is] the generational issue."

None of this means Mr. Clinton has succeeded in changing Washington as much as he promised. His own frustration surfaced not long ago when he was wrestling again with the task of filling top administration jobs. He walked into the office of a top aide and declared that he wanted to see resumes from people in places like Ohio or Illinois, not from predictable establishment types.

But whatever the pace of change, things are different. Ask Jane Harman. She's a freshman congresswoman from California, elected along with Mr. Clinton. She has also seen Washington up close before, as a top aide in the Carter White House. Though it's far from clear what the precise results will be, Rep. Harman sees a subtle change in the nature of the debate on many issues. "It's not whether to do things, it's how to do them," she says.

Consider the scene earlier this month in Rep. Harman's home district in Los Angeles,

where she attended a meeting with some 1,500 defense-industry executives. They gathered to learn how to tap into \$472 million in matching grants the government will disperse this year to help defense industries convert to civilian work. The program was created earlier, but now the money is starting to flow.

But the most fundamental change is in Democrats' attitude toward the deficit. Rep. Harman is one of a group of Democrats in the House who have proposed what once was a Republican idea: They suggest putting all revenues collected from the Clinton economic program into a "trust fund" that could be used only to pay down the deficit. Any new programs would have to be paid for out of spending cuts.

As his political mentor James Carville is fond of repeating, Mr. Clinton will succeed so long as he is seen as an agent of change in Washington. When Mr. Clinton and Mr. Gore met with freshman lawmakers in the Capitol's Rayburn Room early on, Mr. Gore declared that the Clinton/Gore team had more in common with the new lawmakers than the established leaders of Congress. Both the new administration and the new legislators were elected to change Washington. It's a refrain worth repeating in Mr. Clinton's hours of trouble. •

IN RECOGNITION OF THE RHODE ISLAND MATHCOUNTS WINNERS

• Mr. CHAFEE. Mr. President, I am pleased to have the opportunity to recognize four eighth grade students, Benjamin Blackmun and Bradley Thompson from Winman Junior High School, Seth Brown from Archie Cole Junior High School, and Brandon Argianis from Western Hills, who, along with their teacher/coach, Paulette McLaren, will represent Rhode Island in the national Mathcounts competition, being held in Washington this weekend.

Since 1983, over 3 million students in all 50 States have participated in Mathcounts, a program designed to promote student interest in math by making the subject challenging and fun. In its 10 years of operation, Mathcounts has become one of the country's most successful business-education partnerships. In Rhode Island, for example, the Rhode Island Society of Professional Engineers plays an active role in coordinating local competitions and providing schools and teachers with the materials necessary to participate in the program.

The four students and their coach began training for the competition last fall. They competed individually and as teams in a series of local and State events, and earned the honor of representing Rhode Island at the national competition by finishing in the top four positions at the State competition.

Mathcounts has been very successful in fostering team problem solving. This program is not just for those students who already excel in math; the materials are designed so that students of all abilities can participate.

Benjamin, Bradley, Seth, and Brandon should be proud of their accom-

plishments. I wish them the best of luck in this weekend's competition. •

RESPONSE TO PRESIDENT CLINTON'S NATIONAL SERVICE AND STUDENT LOAN PROPOSALS

• Mr. DURENBERGER. Mr. President, I rise to comment briefly on the national service and student loan proposals that are being unveiled by President Clinton in his speech this noon in New Orleans.

I want to begin by commending the President, and his advisors, for launching this initiative at a time when we as a Nation need to be focusing much more attention on children and on young people—tapping their energies and talents to address community problems, better preparing them for work and for life, and helping them and their families meet the rising cost of going to college.

These are the goals I want to help the administration achieve this year, Mr. President, through this legislation and through other education reform, service learning, and school-to-work transition proposals we will have before us.

My own interest in the President's proposal stems from my previous legislative initiatives on youth service, service learning, and fundamental reforms in Federal student loan programs. They include my cosponsorship of the National and Community Service Act in 1990, my authorship, with Senator WOFFORD, of the Service Learning Act of 1993, S. 676 and my work with Senator PAUL SIMON and others on the income contingent direct loan demonstration that Congress included in the Higher Education Amendments of 1992.

STUDENT LOAN CHANGES DRAW ON IDEA

Mr. President, I have a strong interest in all aspects of the Clinton administration's proposal. But, because of my position on both the Senate Finance and Labor Committees, I expect to be especially involved in helping to shape the student loan portion of the President's proposal as it comes to the Congress.

My experience last year made it clear that there is both strong support and strong opposition to direct lending on both sides of the aisle. And, it is clear that Sallie Mae, the banks, and other special interests are gearing up for a major fight on this issue.

So, a lot of educating on this subject will be needed. And, a bipartisan majority will be crucial to any efforts to expand on last year's direct loan demonstration.

There are also a number of very specific issues that must be addressed as we consider the direct lending parts of the President's national service proposal. They include how startup capital will be raised; what role the Department of Education, current

intermediaries, and colleges will play in issuing loans; how loan payments will be pegged to postcollege income; and whether and how the IRS, or some other set of entities, will do the actual loan collection.

I believe the income dependent education assistance [IDEA] proposal that Senator SIMON and I first introduced in 1991 offers guidance on how to address all of these issues. And, I am pleased to see that the President has incorporated a number of provisions from the IDEA proposal in the legislation he is announcing today.

In his proposal, the President has also responded to a number of concerns that have been raised about both direct lending and income contingent loan payment by financial aid directors, college administrators, student leaders, and other stakeholders in the current Federal student loan system.

For example, the President's proposal offers the flexibility to use parts of the current student loan system for loan origination and collection. It offers participating schools the option to not originate loans and, for those who do, the assurance that they will be compensated for the extra expense.

The President's proposal also retains the in-school interest subsidy that is so important to students participating in existing subsidized student loan programs. And, it offers students the choice of a number of repayment options—including graduated repayment and income-contingent repayment.

Finally, the President's proposal takes several steps designed to pave the way for eventual IRS involvement in student loan collection. I realize there are a number of issues that need to be addressed in determining the role of the IRS in a program like the President is proposing. But, I strongly believe the IRS can be a highly efficient collection mechanism, and the best way to implement the kind of income-contingent repayment plan that I believe most student borrowers will eventually choose.

Today's announcement of this important set of reforms in student loan programs represents a major step forward for higher education, for students, and for families in America. And, as this proposal now comes to the Congress, I personally intend to do everything I can to help make sure it accomplishes its very important objectives.

A DECENTRALIZED NATIONAL SERVICE PROGRAM

With respect to the national service portion of the President's proposal, I appreciate very much the administration's efforts to design this initiative in a way that builds off existing programs and that respects the Nation's diversity and the importance of building any program of national service from the ground up.

The coincidence of their reauthorizations this year also makes this an ideal time to consider the future of both the

Commission on National and Community Service and ACTION and how they, and the programs they run, might be integrated into a new national service initiative.

In particular, I am looking forward to a full exploration of the issues involved in bringing ACTION under a new National Service Corporation. Although I have been a supporter of maintaining an independent ACTION in the past, my general philosophy of working through a strong State and local service infrastructure makes me open to eliminating the regional and State offices that ACTION has around the country and using those savings to help finance other parts of the President's proposal.

I realize, of course that ACTION oversees several volunteer programs that involve older Americans, while the balance of what the President is proposing deals mainly with youth. However, I also believe that local communities are best able to tap the energies and contributions of their older residents. With that in mind, there may be other options for decentralizing the administration of the nonyouth programs now run by ACTION, as well.

Finally, this year's reauthorization of the Elementary and Secondary Education Act [ESEA] makes this a good time to consider how best to make the links between K-12 and postsecondary service learning and the kind of stipended service the President's plan would make available on a much larger scale.

As I noted earlier, Senator WOFFORD and I have introduced S. 676, the Service Learning Act of 1993, which takes a number of steps designed to integrate service learning into existing Federal education programs and to create a new national program that promotes teacher training in service learning.

STRESS LINKS TO THE LOCAL COMMUNITY

Mr. President, any proposal of this significance will undergo changes and improvements as it winds its way through the political process. As we do that, a high priority must go to providing better focus to objectives of this program and to making sure it meets the tough test of today's fiscal realities.

The key questions we must ask, in other words, are not "whether?", but "what for?", "how big?", and "how soon?"

As we answer the "what for?" question, my own preference would be to start by calling what we are doing in this legislation, the promotion of community—rather than national—service.

Unlike earlier times—in the 1930's or 1960's—I do not believe as many young people will be stimulated by a call to serve their country as will respond to a call to serve their own community. And, our communities desperately need the creative energies and commitment of young people to address a wide range

of community problems and community needs.

I think the President recognizes that reality by focusing his proposal on States and communities—in its administration, in its recruitment of servers, and in its placement of young people who will serve. We need to make sure that this emphasis on bottom up rather than top down stays a central feature of the President's bill.

STRENGTHEN SERVICE LEARNING PROGRAMS

Beyond this broad response to "what for?", I believe that any program of youth and community service needs a much stronger and more explicit link to education—and to education reform.

And, for fiscal and other reasons, I strongly believe we must work to reduce expectations that a stipended national service program can be counted on to assure financial access to college for any significant number of Americans.

On the positive side of "what for," I believe the nonstipended service learning components of this proposal need to be given much greater visibility and support.

As we do that, we must listen carefully to the Commission on National and Community Service and its Serve America grant recipients around the country. They now have 2 years of experience in testing how best to design Federal support for K-12 and postsecondary service learning projects.

We also need to make sure the commitment to decentralized support functions through regional clearinghouses remains an important part of whatever national service program we end up adopting. I am very proud that the first of those clearinghouses—stressing support for service learning—will be based in Minnesota.

MAKE KEEPING PELL GRANT COMMITMENTS OUR FIRST PRIORITY

Beyond the explicit service learning portions of the President's proposal, I believe we must answer the "what for" question by making much stronger and more explicit links between stipended community service and education reform.

The President's proposal envisions a package of stipends, educational benefits, health insurance, and other benefits that, when administrative costs are added in, could easily push the per server cost of this program past \$20,000 per year. Two years of participation in the program could double that amount.

At that level of per-participant cost, it is easy to see how the President's proposal quickly becomes a \$3.4 billion per year program. And, even at that level, the program is able to include only 150,000 participants—less than 1 percent of the 16 million students now going to college.

In today's deficit-conscious environment, that level of cost per participant will force the Congress to ask not only "what for?" but also "how big?" and "how soon?"

As I have already stated, I do not think the "what for" question can be answered in the way the President sold this program during last year's campaign—helping to make college affordable for middle-income Americans.

I take that position somewhat reluctantly, because the rising cost of college for all Americans is a high priority concern we can and must address.

But, making college more affordable for more Americans is a task I strongly believe is best left to traditional financial aid programs: by phasing in a radically overhauled student loan system along the lines the President is proposing; and by meeting the commitments we have previously made to the Pell Grant Program that serves low-income students.

As we all know, over the past several years, the number of Pell Grant recipients has exceeded advance estimates made by the U.S. Department of Education. As a result, we are now facing an accumulated shortfall in the Pell Program of almost \$2.0 billion.

Last year, that shortfall forced a reduction in the maximum Pell grant from \$2,400 to \$2,300. And, even with the administration's proposed \$200 million increase in the Pell Program next year, it appears the \$2,300 maximum grant will not be raised any time soon.

Ironically, Congress approved a significant increase in the authorized annual Pell grant last year—to \$3,700, with \$200 annual increases until the authorized maximum reaches \$4,500 in 1997-98. But, if we do not find some way of meeting the past \$2 billion shortfall, Pell grants we award low-income students may have to be reduced even further.

Because Pell grants have fallen so far behind rising tuition levels, it is not surprising that some leaders in the higher education community are quietly urging Congress to use at least some of the more than \$7.4 billion the President wants to spend on national service over the next 4 years to increase Pell grant appropriations.

A couple of quick calculations help explain why.

According to the President's fiscal year 1994 budget proposal, the average Pell grant in 1992 was \$1,520. Because of the \$100 cut in the maximum grant, that average fell to \$1,452 in 1993, and will decline to \$1,324 next year—even with the \$200 million increase the President has proposed in fiscal year 1994 Pell grant appropriations.

Assuming the number of grant recipients remained the same, the \$7.4 billion the President wants to spend on national service over the next 4 years could be used to not only pay off the past \$2 billion deficit, but to also increase the average annual Pell grant by almost \$300 per student.

Coming at these numbers another way, for every stipended service position that costs \$20,000 per year, nine

additional students could receive the maximum \$2,300 Pell grant. Or, nine current Pell grant recipients could have their \$2,300 grant doubled.

TARGET STIPENDED PROGRAMS AND LINK THEM TO EDUCATION

These calculations have led me to conclude that Congress must help answer the "what for?" and "how big?" and "how fast?" questions in a way that targets stipended community service opportunities to those who can most benefit from strong links to education.

For example, spending \$20,000, or even \$40,000, per participant in a stipended service program can be a good investment if the young server is out of school, out of work and now facing a future that could include long-term unemployment, teenage pregnancy, substance abuse, crime, jail, or perhaps even a violent death.

Young people facing that kind of future—often young people for whom the traditional education system does not work—need some alternative way of preparing for work and preparing for life.

In many cases, a stipended service program—like a highly disciplined service or conservation corps—can provide that link back to formal education and back to a constructive role in society. That kind of answer to "what for?" makes sense, even at \$20,000 or \$40,000 per participant.

THE BOTTOM LINE OF "WHAT FOR?", "HOW BIG?", AND "HOW FAST?"

Taken together, then, my answers to the "what for?", "how big?", and "how fast?" questions would result in a five-part youth service and student loan proposal that:

Places a stronger emphasis on a nonstipended service learning programs like the K-12 and postsecondary Serve America programs run by the Commission on National and Community Service and the related regional clearinghouse initiatives the Commission has now begun to fund.

Makes a stronger and more explicit link between stipended service programs and education reform, partly in the content of the service programs and partly by focusing stipended programs on at-risk and out-of-school, out-of-work young people who have not succeeded in a traditional education environment.

Uses savings from a merger of ACTION and the Commission on National and Community Service to free up resources for new and expanded service learning and stipended service initiatives and an expanded grassroots infrastructure that focuses on regional clearinghouses.

Uses fundamental changes in existing student loan programs to produce greater efficiencies, improved service, and greater financial access to college for middle-income students and their families.

Uses those savings to maintain and increase our commitment to the Pell Grant Program.

PRINCIPLES FOR CONSIDERING FEDERAL LEGISLATION

Mr. President, because I find it easiest to approach complex policy issues like this from a larger perspective, I have prepared a set of principles for considering not only President Clinton's national service and student loan proposals, but also other related legislation the Congress will face this year. I would ask that the full text of these principles follow the conclusion of my statement.

These principles are heavily influenced by my past experience with Federal programs in these areas, as well as the strong emphasis that my own State of Minnesota has placed on the links between community service and education reform. Perhaps understandably, these principles are also heavily influenced by today's fiscal realities, as well as the need to assess each legislative initiative we face on how well it defines and meets predetermined outcomes.

These principles would support the overall objectives that President Clinton is seeking, but would make sure that the "what for?" "how big?" and "how fast?" questions on any national service plan are answered in ways that are consistent with the highest priority needs facing young people and their communities, as well as today's fiscal realities.

As I stated at the outset, Mr. President, I want to commend the President, his advisers, and all those who have contributed to this important legislative proposal. I look forward to working closely with the administration—and with my colleagues on the Labor and Finance Committees—as we consider and act on this initiative in the weeks and months ahead.

The text of principles follows:

PRINCIPLES FOR CONSIDERATION OF PROPOSALS ON NATIONAL AND COMMUNITY SERVICE, STUDENT FINANCIAL AID, SCHOOL-TO-WORK TRANSITION, AND K-12 EDUCATION REFORM

BACKGROUND

Congress and the Administration will be considering a number of legislative opportunities this year that include new or expanded programs that all relate to youth and community service, education, and preparation for work. They include:

Reauthorization of the National and Community Service Act, including its service learning and national service demonstration provisions;

Reauthorization of the Elementary and Secondary Education Act, including proposals to add significant new service learning components to the ESEA;

Reauthorization of ACTION, including VISTA and several service programs that cross generational lines;

Implementation and/or expansion of the "direct loan" demonstration authorized by last year's Higher Education Amendments;

President Clinton's national service proposal, including its direct loan and income-contingent loan repayment provisions;

President Clinton's "Goals 2000" education reform initiative;

President Clinton's apprenticeship/school-to-work transition proposal;

Possible Clinton Administration welfare reform and/or job training reform initiatives; FY 1994 appropriations decisions on the Pell Grant program, including proposals to make up past shortfalls in the program;

FY 1994 appropriations decisions on the Commission on National and Community Service, ACTION, and, if authorized, the Clinton national service, [ESEA] service learning, K-12 education reform, direct loan, and apprenticeship initiatives.

PRINCIPLES FOR CONGRESSIONAL CONSIDERATION AND ACTION

1. Consider related proposals in tandem: Although these legislative vehicles will be introduced separately—and in some cases referred to different committees and subcommittees—they must be considered in tandem. Their common elements include their focus on children, youth and young adults; and their shared objectives, including improved educational outcomes, better preparation for work, and improved financial access to higher education.

2. Consider proposals in a context of fiscal realities: Although each of these initiatives has obvious merit, they are being considered at a time when the deficit and other fiscal realities will force priorities to be set, efficiencies to be achieved, outcomes to be defined, and accountability for achieving outcomes to be established and maintained.

3. Keep administration decentralized: Within broad federal standards, states should have the primary responsibility for designing and implementing new national initiatives in the areas of national service, service learning, school-to-work transition, and K-12 education reform.

4. Focus on communities: National and community service should be valued primarily for its potential impact on communities, as well as impacts on individual learner outcomes, self-esteem, and individual preparation for life—and not primarily as a way of assuring financial access to higher education.

5. Target stipended service opportunities on those who can benefit the most: Although there are advantages to including young people with diverse backgrounds in stipended national service programs, fiscal realities require that at-risk students and students who have not succeeded in a traditional educational environment be given a clear priority in selecting participants.

6. Use the Pell program to provide financial access to college to low income students: The goal of assuring financial access to higher education for lower income students should be met primarily through adequate funding for the Pell Grant program, not through immediate implementation of a large-scale stipended service program that offers significant educational benefits.

7. Use fundamental changes in student loan programs improve access to college for middle income students and to capture significant savings: Substantial savings can and should be achieved through fundamental reforms in existing federal student loan programs, both through greater efficiencies and fewer defaults. Those reforms should eliminate functions and participants that are unnecessary and inefficient; and should offer repayment options that are flexible enough to respond to changing economic circumstances and that respect family and career choices made by each student borrower.

8. Implement student loan changes carefully and over a period of time: Fundamental

changes in student loan programs should be implemented carefully and at a pace that provides maximum assurance that they will be actuarially sound and well-within the capabilities of federal and state agencies and higher education institutions to administer.

9. Make cost saving changes now, regardless of an eventual shift to direct lending: Fundamental changes in student loan programs that are being proposed by elements of the current system should be carefully evaluated. Where efficiencies can be obtained without detrimental effects on students and/or academic institutions, those changes should be implemented as quickly as possible—regardless of whether a decision is made to phase in a new system of direct lending.

10. Monitor impact of improved access on cost: As fundamental changes are made in student loan programs—and as efforts are made to meet past commitments to the Pell Grant program—the impact of eased financial access on the cost of higher education should be carefully monitored and evaluated.

11. Provide leadership in increasing accountability for outcomes: The federal government should also provide leadership in designing and implementing appropriate ways of using federal student loan and grant programs to promote realistic cost containment and an increased emphasis on quality, outcomes, and accountability in higher education.

12. Don't use student loan savings to fund a large new stipended service program: Until current commitments to the Pell Grant program have been met, savings from reforms in student loan programs should not be used to help finance a large new stipended national service program.

13. Use savings to meet existing Pell Grant commitments: Savings from fundamental reforms in student loan programs should be used to help meet commitments in last year's Higher Education Amendments to the Pell Grant program, as well as for bonus scholarships to high achieving low-income

students, and to state programs that help prepare at-risk students for college.

14. Begin life-long service commitment at a young age: A commitment to community service should be viewed as a life-long objective that begins at a very young age, encouraged by community service learning opportunities that are integrated into the elementary, secondary, and post-secondary school curriculum.

15. Expand commitment to service learning: Any new national service initiative should include a significant commitment to K-12 and post-secondary service learning programs, teacher training, and technical assistance and other multi-state clearinghouse activity.

16. Incorporate service learning into existing education programs: Expanding service learning opportunities should be high priority during reauthorization of existing federal categorical education programs and in the design of state and federally supported education reform initiatives.

17. Expand federal role in research on outcomes: The federal government should also make a significant commitment to research on the impact of various community-based learning models—including school-based service learning, stipended service corps, and apprenticeships—on the contributions that young people can make to their communities; and on individual self-esteem, on learner outcomes, and on other factors which help determine individual behavior and preparation for work and for a productive and contributing life.●

RECORD TO REMAIN OPEN UNTIL
3 P.M.

Mr. EXON. Mr. President, I ask unanimous consent that the RECORD remain open today until 3 o'clock for the introduction of legislation and submission of statements.

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

ORDERS FOR TUESDAY, MAY 4,
1993

Mr. EXON. Mr. President, on behalf of the majority leader, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9 a.m., Tuesday, May 4; that following the prayer, the Journal of proceedings be approved to date, and that the time for the two leaders be reserved for their use later in the day; that there then be a period for morning business not to extend beyond 9:30 a.m., with Senators permitted to speak therein for up to 5 minutes each; with Senator GRAMM of Texas recognized for up to 10 minutes; that at 9:30 a.m., the Senate resume consideration of Calendar No. 57, the Department of the Environment Act; that on Tuesday, May 4, the Senate stand in recess from 12:30 p.m. to 2:15 p.m., in order to accommodate the regular party conferences.

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

RECESS UNTIL TUESDAY, MAY 4,
1993, AT 9 A.M.

Mr. EXON. Mr. President, if there is no further business to come before the Senate today, I now ask unanimous consent that the Senate stand in recess, as previously ordered.

There being no objection, the Senate, at 2:24 p.m., recessed until Tuesday, May 4, 1993, at 9 a.m.