

*Resolved by the Assembly and Senate of the State of Nevada, jointly,* That Congress is hereby urged to enact legislation to eliminate inequities in the payment of social security benefits to persons based on the year in which they initially become eligible for such benefits; and be it further

*Resolved,* That Congress is hereby urged to eliminate these inequities without reducing the benefits of persons who were born before 1917; and be it further

*Resolved,* That a copy of this resolution be transmitted by the Chief Clerk of the Assembly to the Vice President of the United States as presiding officer of the Senate, the Speaker of the House of Representatives and each member of the Nevada Congressional Delegation; and be it further

*Resolved,* That this resolution becomes effective upon passage and approval."

POM-128. A joint resolution adopted by the Legislature of the State of Washington; to the Committee on Finance.

#### "SENATE JOINT MEMORIAL 8012

"Whereas, the Federal Internal Revenue Code currently requires individuals to pay income taxes on unemployment benefit payments that they have received; and

"Whereas, the taxation of Unemployment Insurance Benefits impacts over eight million persons annually and reduces their income on average by seventeen percent for a total of three billion dollars; and

"Whereas, this taxation of Unemployment Benefits is an onerous burden on individuals that are generally experiencing a dramatic reduction in income due to their loss of employment; and

"Whereas, the taxation of Unemployment Benefits undermines the purpose of Unemployment Insurance, by dramatically reducing the amount of moneys available to workers and their families that are experiencing a loss of wages due to no fault of their own. In addition, local economies are adversely impacted due to the loss of income in the community; and

"Whereas, the Washington State Unemployment Insurance Task Force, comprised of Business, Labor, and Legislative members, in their 1995 Report, found the Taxation of Unemployment Insurance Benefits to be an unfair burden on workers;

"Now, therefore, Your Memorialists respectfully request that the Congress of the United States enact legislation removing Unemployment Insurance Benefits from taxation under the Internal Revenue Code. Now, therefore, be it

*Resolved,* That copies of this Memorial be immediately transmitted to the Honorable Bill Clinton, President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, and each member of Congress from the State of Washington."

#### REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HATCH, from the Committee on the Judiciary, without amendment:

S. 419. A bill to grant the consent of Congress to the Texas Low-Level Radioactive Waste Disposal Compact.

S. 677. A bill to repeal a redundant venue provision, and for other purposes.

#### EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HATCH, from the Committee on the Judiciary:

John Garvan Murtha, of Vermont, to be U.S. District Judge for the District of Vermont.

George K. McKinney, of Maryland, to be U.S. Marshal for the District of Maryland for the term of 4 years.

Rose Ochi, of California, to be an Associate Director for National Drug Control Policy.

Susan Y. Illston, of California, to be U.S. District Judge for the Northern District of California.

George A. O'Toole, Jr., of Massachusetts, to be U.S. District Judge for the District of Massachusetts vice an additional position in accordance with 28 USC 133(b)(1).

Mary Beck Briscoe, of Kansas, to be U.S. Circuit Judge for the Tenth Circuit.

Patrick M. Ryan, of Oklahoma, to be U.S. Attorney for the Western District of Oklahoma for the term of 4 years.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

#### 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. CAMPBELL (for himself, Mr. COCHRAN, Mr. HATCH, Mr. MACK, Mr. DEWINE, and Mr. MCCAIN):

S. 817. A bill to require the Secretary of the Treasury to mint coins in commemoration of the Native American history and culture; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. KERREY (for himself and Mr. SIMPSON):

S. 818. A bill to amend title II of the Social Security Act to increase the normal retirement age to age 70 by the year 2029 and the early retirement age to age 65 by the year 2017, to provide for additional increases thereafter, and for other purposes; to the Committee on Finance.

S. 819. A bill to amend chapters 83 and 84 of title 5, United States Code, to provide for more uniform treatment of Members of Congress, congressional employees, and Federal employees, to reform the Federal retirement systems, and for other purposes; to the Committee on Governmental Affairs.

S. 820. A bill to amend title 10, United States Code, to eliminate the increase in the retired pay multiplier for service in the uniformed services in excess of 20 years by members first entering the uniformed services after July 31, 1986; to the Committee on Armed Services.

S. 821. A bill to require a commission to study ways to improve the accuracy of the consumer price indexes and to immediately modify the calculation of such indexes; to the Committee on Banking, Housing, and Urban Affairs.

S. 822. A bill to provide for limitations on certain retirement cost-of-living adjustments, and for other purposes; to the Committee on Finance.

S. 823. A bill to amend the Congressional Budget Act of 1974 to require that the report accompanying the concurrent resolution on the budget include an analysis, prepared after consultation with the Director of the Congressional Budget Office, of the concurrent resolution's impact on revenues and

outlays for entitlements for the period of 30 fiscal years and to require the President to include a 30 year budget projection and generational accounting information each year in the President's budget; to the Committee on the Budget and the Committee on Governmental Affairs, jointly, pursuant to the order of August 4, 1977, with instructions that if one Committee reports, the other Committee has thirty days to report or be discharged.

S. 824. A bill to amend the Internal Revenue Code of 1986 and the Social Security Act to provide for personal investment plans funded by employee social security payroll deductions; to the Committee on Finance.

By Mr. KERREY (for himself, Mr. SIMPSON, and Mr. ROBB):

S. 825. A bill to provide for the long-range solvency of the old-age, survivors, and disability insurance program, and for other purposes; to the Committee on Finance.

By Mr. THURMOND:

S. 826. A bill to authorize the Secretary of Transportation to issue a certificate of documentation to issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel PRIME TIME, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. PRESSLER:

S. 827. A bill to amend the Internal Revenue Code of 1986 to limit an employer's deduction for health care costs of its employees if the employer fails to honor its commitment to provide health care to its retirees; to the Committee on Finance.

By Mr. MOYNIHAN:

S. 828. A bill to enable each State to assist applicants and recipients of aid to families with dependent children in providing for the economic well-being of their children, to allow States to test new ways to improve the welfare system, and for other purposes; to the Committee on Finance.

By Mrs. HUTCHISON:

S. 829. A bill to provide waivers for the establishment of educational opportunity schools; to the Committee on Labor and Human Resources.

By Mr. SPECTER:

S. 830. A bill to amend title 18, United States Code, with respect to fraud and false statements; to the Committee on the Judiciary.

By Mr. SMITH (for himself, Mr. DOLE, Mr. HELMS, Mr. THURMOND, Mr. GRASSLEY, Mr. GRAMM, Mr. CAMPBELL, and Mr. THOMAS):

S.J. Res. 34. A joint resolution prohibiting funds for diplomatic relations and most favored nation trading status with the Socialist Republic of Vietnam unless the President certifies to Congress that Vietnamese officials are being fully cooperative and forthcoming with efforts to account for the 2,205 Americans still missing and otherwise unaccounted for from the Vietnam War, as determined on the basis of all information available to the United States Government, and for other purposes; to the Committee on Foreign Relations.

#### STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CAMPBELL (for himself, Mr. COCHRAN, Mr. HATCH, Mr. MACK, Mr. DEWINE and Mr. MCCAIN):

S. 817. A bill to require the Secretary of the Treasury to mint coins in commemoration of the Native American history and culture; to the Committee on Banking, Housing, and Urban Affairs.

THE BUFFALO NICKEL COMMEMORATIVE COIN  
ACT OF 1995

Mr. CAMPBELL. Mr. President, this morning I take great personal pleasure in introducing the Buffalo Nickel Commemorative Coin Act of 1995.

Those of us with more than a little gray hair will remember this unique piece of history, with the Indian head design on one side and the buffalo design on the reverse side.

This coin was in general circulation from 1913 to 1938, which is a very short timeframe, only 25 years, but it is still one of the most recognizable coins in American history.

Now, nearly 60 years after the mint ceased production of the Indian head nickel, I would like this generation of Americans to reacquaint themselves to this unique piece of American heritage.

It is also an opportunity to raise some extra needed revenue for the National Park System. For these reasons, Senator COCHRAN, who has cosponsored this legislation with me, and I propose a limited edition commemorative Indian head nickel.

The artist who designed the coin over 80 years ago is James Earle Fraser. He wanted to produce a coin that was truly American, according to his original writings, that cannot be confused with the currency of any other country. There is no more significant motif, I suppose, than the American bison, the only animal in this country not found in any other place in the world.

Mr. Fraser himself was a famous artist, having done many works of art, including "End of the Trail," which is now in the Cowboy Hall of Fame in Oklahoma City.

The Indian head motif has always been accepted as an impression of liberty in this country. The American bison was certainly an important part of our history.

Mr. Fraser himself said:

In designing the buffalo nickel, my first object was to produce a coin which was truly American, and that could not be confused with the currency of any other country. I made sure, therefore, to use none of the attributes that other nations had used in the past. And, in my search for symbols, I found no motif within the boundaries of the United States so distinctive as the American buffalo or bison.

According to historical sources, the Indian head on the nickel was created by Fraser based on three models: Iron Tail, an Olala Sioux; Two Moons, a northern Cheyenne, a greater leader of the tribe, of which I am an enrolled member; Big Tree, a Seneca Iroquois, which is part of the Iroquois Confederation.

Supposedly the three Indians were all performers appearing in wild-west shows in New York City at the time they posed for Mr. Fraser.

Most historians generally accept that the model for the buffalo on the nickel was a famous bull bison in the Central Park Zoo. The name of the bull was Black Diamond. Unfortunately, after being immortalized on the coin, he was slaughtered for meat and hide in 1915,

which was the same demise many of his wild brethren met on the plains.

These coins would serve another purpose, appropriate to their heritage: Profits from their sale would be earmarked for the maintenance and improvement of our national parks, which are virtually being "loved to death" by far too many people coming to them now.

This is not meant, by the way, to replace any of the appropriated money that now goes to parks. It was meant that the profit would supplement the amount of money they now receive from the appropriations process.

Mr. President, we are working closely with the Citizens Commemorative Coin Advisory Committee and the U.S. Treasury to make this commemorative coin a success. Last year, the committee recommended the consideration of a Native American theme for a commemorative coin. I think that the buffalo nickel fits that theme perfectly.

I wish I could take credit for having this idea, which I think is a good idea, but I cannot. It was originally suggested to me by a man by the name of Mitchell Simon, who contacted my office and suggested it. Former U.S. Senator Tim Wirth from Colorado also sent me a note saying he thought it was a good idea. And since that time we received a pile of postcards from people all over the country saying they thought reissuing the buffalo nickel would be well received.

Mr. President, I welcome my colleagues to join me in reintroducing this coin act, a coin with deep historical and cultural significance to this Nation. I would especially like to thank my colleagues, Senators COCHRAN, HATCH, MACK, DEWINE, and MCCAIN who joins me as original cosponsor.

By Mr. KERREY (for himself and Mr. SIMPSON):

S. 818. A bill to amend title II of the Social Security Act to increase the normal retirement age to age 70 by the year 2017, to provide for additional increases thereafter, and for other purposes; to the Committee on Finance.

S. 819. A bill to amend chapters 83 and 84 of title 5, United States Code, to provide for more uniform treatment of Members of Congress, congressional employees, and Federal employees, to reform the Federal retirement systems, and for other purposes; to the Committee on Governmental Affairs.

S. 820. A bill to amend title 10, United States Code, to eliminate the increase in the retired pay multiplier for service in the uniformed services in excess of 20 years by members first entering the uniformed services after July 31, 1986; to the Committee on Armed Services.

S. 821. A bill to require a commission to study ways to improve the accuracy of the consumer price indexes and to immediately modify the calculation of such indexes; to the Committee on Banking, Housing, and Urban Affairs.

S. 822. A bill to provide for limitations on certain retirement cost-of-liv-

ing adjustments, and for other purposes; to the Committee on Finance.

S. 823. A bill to amend the Congressional Budget Act of 1974 to require that the report accompanying the concurrent resolution on the budget include an analysis, prepared after consultation with the Director of the Congressional Budget Office, of the concurrent resolution's impact on revenues and outlays for entitlements for the period of 30 fiscal years and to require the President to include a 30-year budget projection and generational accounting information each year in the President's budget; to the Committee on the Budget and the Committee on Governmental Affairs, jointly, pursuant to the order of August 4, 1977, with instructions that if one committee reports, the other committee have 30 days to report or be discharged.

S. 824. A bill to amend the Internal Revenue Code of 1986 and the Social Security Act to provide for personal investment plans funded by employee social security payroll deductions; to the Committee on Finance.

By Mr. KERREY (for himself, Mr. SIMPSON, and Mr. ROBB):

S. 825. A bill to provide for the long-range solvency of the old-age, survivors, and disability insurance program, and for other purposes; to the Committee on Finance.

SOCIAL SECURITY AND RETIREMENT REFORM  
LEGISLATION

• Mr. SIMPSON. Mr. President, I join my able and steady colleague Senator BOB KERREY from Nebraska in introducing a series of proposals we have crafted in an effort to address the long-term problems of Social Security.

I emphasize that our goal is to "save" this program—not, as some of the senior citizen and other groups will claim, to "savage" it. We are well aware that it is politically hazardous to even breathe a word about reforming Social Security. But we also believe the people of this country will be receptive to what we have to say. They know that they, or their loved ones, will most surely suffer over the long haul if we continue to cling blindly to the "status quo." I believe they will embrace "change" when they are presented with the honest facts and the harsh reality of what the future holds for them if we continue on our present course.

Before I outline the details of our bills, let me briefly review why we feel compelled to address this issue. Last year, I served on the Bipartisan Commission on Entitlement and Tax Reform, which was guided through the deep swamps of entitlement spending by two remarkable and courageous men—Senator BOB KERREY, who served as our able chairman, and our former colleague Senator Jack Danforth, who served as vice chairman.

From June through December, the Commission held a series of public meetings in which we looked for any

and all ways to slow down the incredible pace at which entitlement spending is growing. Along the way, the Commission approved—by a vote of 30 to 1—an interim report which spelled out some highly sobering truths about Federal spending. Perhaps the single most important finding in the interim report was that entitlement spending and interest on the debt together accounted for almost 62 percent of all Federal expenditures in 1993. Furthermore, according to the Congressional Budget Office, this spending will consume fully 72 percent of the Federal budget by the year 2003 if the present trends continue. These are expenditures that occur automatically without Members of Congress casting so much as a single vote. This ought to serve as a “wake-up call” to all of us that we are headed on a course to disaster.

Unfortunately, the Commission concluded its business in December without reaching an agreement on specific recommendations for bringing entitlement spending under control.

That was most disappointing to me. However, 24 of the Commission’s 32 members joined in writing a letter to President Clinton, emphasizing the need for “immediate action” and outlining various policy options—some of which Senator KERREY and I have included in the bills we introduce today.

On April 3 of this year, another clanging “wake-up call” rang from the Social Security and Medicare board of trustees. The trustees informed Congress and the American people in their annual report that—according to their best projections—the Social Security retirement trust fund will be exhausted in 2031, the disability trust fund will run out in 2016, and the Medicare trust fund will be depleted, that is, broke, in 2002.

These dates will be upon us sooner than one can imagine. The “doomsday” date for Medicare is only 7 short years away. The situation with Social Security may seem less urgent, but we must not be lured into complacency. Although the “doomsday” dates are currently set at 2031 and 2016 for the retirement and disability programs, the trustees’ report also indicates that combined expenditures for the two programs will begin to exceed revenues in the year 2013. From 2013 to 2019, it will be necessary to “dip into” the interest income that is earned on the principal in order to pay out benefits. And then, beginning in the year 2020, we will have to “dip into” the principal itself just to keep the benefits flowing.

Because this is such a crucial point that every American must realize, I will repeat it again—to continue paying Social Security benefits, we will have to dip into—that is, spend—the trust fund’s principal and interest beginning in 2013. We will be running a negative cash flow beginning in 2013. What this means is that come 2013, the Government will have several options: borrow money from the Treasury and drive up the deficit; raise payroll taxes

on current workers; or reduce benefits to retirees.

These figures are not based on hysteria or fiction. They are cold, hard, clear, painful facts. No one can refute them—but we can take action to change our course and prevent these forecasts from coming true. That is why Senator KERREY and I are here today. We are introducing seven separate bills that taken together will shore up Social Security.

We are also introducing a package of bills, some of which duplicate the separate bills. This package will also solve Social Security’s long-term solvency crisis. We’ve shored up Social Security in two ways to show our colleagues that there are a variety of ways to do it.

Our first bill deals with the Social Security retirement age. Many Americans may not know this, but current law already provides that the normal retirement age—the age at which full benefits can be received—will begin to slowly increase in the year 2000 for people who were born after 1937, and it will continue to gradually increase until it reaches age 67 for those who were born after 1959. This law is already “on the books.”

Senator KERREY and I are proposing that the increases which are already scheduled be gradually accelerated. Our bill proposes that the normal retirement age begin to increase, beginning in the year 2000, so it reaches 66 in the year 2005, 67 in the year 2011, 68 in the year 2017, 69 in the year 2023, and 70 in the year 2029.

We also gradually increase the early retirement age to 65 by 2017 beginning in the year 2000. The early retirement age would reach 63 in the year 2005, 64 in the year 2011 and 65 in the year 2017.

I want to emphasize that the first group of people subject to the retirement age of 70 are those who are presently in their early 30’s. Current retirees are not affected at all by this proposal. Thus, no one can let out a howl that we are calling for sweeping changes “at the last minute,” without giving people a chance to adjust their retirement plans. That is not what we are up to.

I also think it is useful to review the extent to which life expectancies have increased in the last 50 years. In 1940, the average life expectancy in the United States was 61.4 years for a male and 65.7 years for a female, yet the retirement age was 65. Today, the average life expectancy is about 72 years for men and 79 years for women. According to the Social Security Administration, more than 75 percent of the people who were born 65 years ago are still alive today. These individuals, once they have reached the age of 65, can expect to live another 15 years if they are men and another 19 years if they are women.

The authors of the original Social Security Act of 1935 had no way of knowing “back then” that today’s retirees would be living for so long. Had they

known then what we know now, I believe they would have agreed that a higher retirement age would be appropriate in the 21st century.

Our second bill would allow taxpayers to reduce their Social Security payroll tax payments by 2 percentage points and direct this money into a personal investment plan [PIP] of their own choice. Workers who choose this option would have their future benefits reduced by a corresponding amount, but this reduction would be offset with earnings from their personal investment plan. The question of whether lost benefits would be partially, completely or more than offset by these earnings would depend upon the decisions each individual makes with respect to his or her private investment plan.

I often hear from constituents who insist that if they were allowed to invest their Social Security taxes themselves, they could earn a much higher rate of return than the 8 percent return U.S. Treasury securities yielded last year. This bill gives them a chance to do just that. Some taxpayers will prove that, indeed, they can do better investing these funds on their own. Others may learn the hard way that private sector investments always carry a certain element of risk. Either way, I believe it is important to give people more control over decisions relating to their retirement.

Our third bill is guaranteed to bring howls of glee from the hinterlands. It calls for reductions in the pensions of Members of Congress and certain Federal employees. These reductions are achieved through three separate provisions.

First, the accrual rates used to calculate pensions would be reduced by one-tenth of 1 percent for future years of service. This means that the pension of a typical Federal employee—whose accrual rate would go from 1.0 to 0.9—would be reduced by up to 10 percent.

Second, the accrual rates used to calculate congressional pensions would be made equal to those used to calculate the pensions of typical Federal employees. Thus, a Member of Congress would have his or her pension calculated on the basis of a 0.9-percent accrual rate for future years of congressional service instead of a 1.7-percent accrual rate, thereby reducing his or her pension by as much as 47 percent.

Third, our bill would require that the pensions of certain Federal employees, including Members of Congress, be based on their five highest salary years—instead of their three highest salary years.

These provisions demonstrate in the most vivid manner possible that we, as elected officials, are willing to make sacrifices ourselves. This is something we must do to show the American people that we are serious about getting our fiscal house in order. We all understand that reducing our own pensions won’t make a dent in the deficit, but

the symbolism of this gesture is absolutely crucial to our success in other areas.

Our fourth bill deals with the retirement benefits that are received by individuals who joined the military after July 31, 1986 and therefore aren't able to retire until the middle of 2006. We propose that the accrual rates used to calculate their pensions on be limited to 2 percent per year, regardless of how many years of service an individual may have. Currently, the accrual rate is 2 percent for each of the first 20 years and 3.5 percent for the 21st through 30th years of military service. This is an extraordinarily generous system by any standard.

I am fully prepared for the cries of outrage this will bring from some of the many men and women who serve with honor and distinction in the military. I served in the military too, as did BOB KERREY who won the Medal of Honor for his bravery. We would never do anything to diminish the importance or value of their service. But it is hard to justify an accrual rate of 3.5 percent for military retirees when civil service Federal employees have an accrual rate of 1.0 percent and we are talking about bringing that down to 0.9 percent. I believe the changes Senator KERREY and I propose are appropriate in the context of what we are doing with congressional and civil service pensions.

Our fifth bill would change the manner in which cost of living adjustments [COLA's] are awarded. We propose that limits be placed on the COLA's of all Social Security beneficiaries and Federal and military retirees—except the 30 percent who receive the smallest COLA in each program.

Under this approach, the "poorest" 30 percent of recipients would continue to receive their full COLA's. The other 70 percent would also receive a COLA each year, but they would receive a COLA that is equivalent only to the actual dollar amount of the COLA that is received by recipients who are down there at the 30-percent level.

One important point I want to emphasize with respect to Social Security is that—since COLA's did not begin until the early 1970's and thus were not even included in the original Social Security Act of 1935—this proposal would not in any way "break" or alter the "contract" that is considered to exist between senior citizens and Social Security.

It is also important to note that this approach does not discourage people from saving for their retirement. It does not in any way penalize seniors who have personal savings or other sources of income. The amount of one's benefit is the sole determinant of whether or not a retiree is subject to the COLA cap. There are no other factors involved.

Our sixth bill focuses on the Consumer Price Index [CPI], which is used to calculate cost-of-living adjustments [COLA's] for Social Security

beneficiaries and for military and Federal retirees. Alan Greenspan, the Chairman of the Federal Reserve, and other very credible witnesses have testified before the Senate Finance Committee that the CPI, as currently calculated, "overstates" actual inflation by as much as one or two percentage points. This may seem like an almost benign or inconsequential fact, but when you consider that hundreds of billions of dollars in Federal payments are increased each year on the basis of the CPI alone—and, furthermore, that the Federal income tax brackets are also adjusted annually according to the CPI—it becomes very clear that this is not a small matter.

Senator KERREY and I are proposing today that the annual CPI calculation be automatically reduced by one-half of a percentage point. According to the experts who testified before the Senate Finance Committee, this is a conservative estimate of how much the CPI is overstated. We also call for the creation of a seven-member commission that would be charged with studying the accuracy of the CPI and reporting its findings to the Secretary of Labor and Congress within 1 year. It is our sincere desire that this process would eventually lead to a more accurate measure of inflation, thus eliminating the need for an automatic reduction each year.

The seventh and final bill which Senator KERREY and I introduce today is one that all 100 senators should be able to agree on. We propose that the Congressional Budget Office and the OMB be required to use a 30-year "budget window" instead of a five-year "budget window" in evaluating any legislation that affects entitlement spending. This is a matter of common sense. By definition, entitlement programs go on forever unless Congress takes specific action to stop them. To say that we will look only at the first 5 years of such programs is now unacceptable. It is absolutely essential that we begin to view these programs from a longer-term perspective.

These seven bills represent the best efforts of my friend Senator KERREY and myself to protect and preserve these retirement programs for many generations to come. We invite our colleagues to join us in supporting and advancing these measures—or to come up with various alternatives of your own.

Each of us has an obligation—not only to our constituents, but to ourselves and our children and grandchildren—to confront these issues head-on. Whatever outrage and hostility we may encounter from today's defenders of the "status quo"—and there will be plenty of it—it will pale in comparison to the truly richly deserved scorn we will receive from future generations if we fail to have the courage to act. I eagerly look forward to a spirited debate on these issues and I urge my colleagues to join the fray.●

Mr. ROBB. Mr. President, I support the Strengthening Social Security Act

of 1995. I commend my distinguished colleagues, Senators BOB KERREY and ALAN SIMPSON, for their hard work on this important legislation, and I am pleased to be an original co-sponsor.

I compliment my friends from Nebraska and Wyoming, Mr. President, because tackling the problems associated with social security takes enormous personal and political courage. In an era when news is conveyed in quippy, provocative soundbites, "touching" social security is anathema—even when reforming social security is clearly the only way to save it.

For the bottom line is this, Mr. President: if we don't change the way we do business around here, spending on entitlements and interest on the debt will consume all Federal revenues by the year 2012. That same year, social security expenditures will begin to exceed revenues coming into the trust fund, and by the year 2029, the Social Security trust fund will be exhausted.

Because of demographics and increasing life expectancies, this Nation has evolved from a system where 15 workers supported each Social Security beneficiary when the program was created, to five workers for each beneficiary today, to just three workers for each beneficiary when the Baby Boom generation retires.

It's clear to me, Mr. President, that we have promised our people more than we can deliver, and that our present path is simply unsustainable.

Unless we act today, we place an unconscionable financial burden on our children and our grandchildren—and we fail to ensure the retirement security of future generations of Americans.

This legislation strengthens the retirement security of future generations. It abolishes the actuarial deficit in the trust fund and allows the fund to pay benefits on an uninterrupted basis for the 75-year timeframe reviewed by the fund's actuaries.

More young Americans believe in UFO's than believe that Social Security will be there for them, and we urgently need to restore in young Americans a genuine confidence in the system. One of the most intriguing and attractive provisions of this bill to me, Mr. President, allows for almost 30 percent of payroll taxes to be designated for the creation of a personal investment plan—a tangible account—for future beneficiaries.

Mr. President, powerful interests will fight even minor changes to the Social Security system, and to succeed, we will have to engage in a battle of our own. This means educating the American people on what the problems are and how to responsibly solve them—convincing our citizens that the time to act is today, when the remedies are so much easier to absorb.

This also means persuading our colleagues on both sides of the capitol and both sides of the aisle that touching Social Security does not mean destroying it. Touching Social Security does

not mean abandoning our senior citizens, who have contributed so much to our country.

Reforming Social Security, Mr. President, can mean strengthening it. Reforming Social Security can mean saving it for future generations. And reforming Social Security can mean that we in Congress fulfill our responsibility to govern, and to govern well.

I urge my colleagues to take an honest look at this legislation.

By Mr. THURMOND:

S. 826. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel *Prime Time*, and for other purposes; to the Committee on Commerce, Science, and Transportation.

#### JONES ACT WAIVER LEGISLATION

Mr. THURMOND. Mr. President, I rise today to introduce a bill today to direct that the vessel *Prime Time*, official number 660944, be accorded coastwise trading privileges and be issued a coastwise endorsement under 46 U.S.C. sections 12106, 12107 and 12108.

This vessel was purchased in 1994 by Everett Ballenger of Columbia, SC, to provide charters from Hilton Head Island, SC. This chartering business was to be Mr. Ballenger's sole livelihood. Because the vessel was foreign built, it did not meet the requirements for coastwise trading privileges in the United States. When Mr. Ballenger sold his home to buy this vessel from a broker in Baltimore, he was unaware that it could not be legally used for its intended purpose.

Therefore, Mr. Ballenger is thus seeking a waiver of the existing law because he wishes to use the vessel for charters. If he is granted this waiver, he intends to comply fully with U.S. documentation and safety requirements. The purpose of the legislation I am introducing is to allow the *Prime Time* to engage in the coastwise trade and fisheries of the United States.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 826

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

#### SECTION 1. CERTIFICATE OF DOCUMENTATION.

Notwithstanding section 27 of the Merchant Marine Act, 1920 (46 U.S.C. App. 883), section 8 of the Act of June 19, 1886 (24 Stat. 81, chapter 421; 46 U.S.C. App. 289), and section 12106 of title 46, United States Code, the Secretary of Transportation may issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel *PRIME TIME*, United States official number 660944.

By Mr. PRESSLER:

S. 827. A bill to amend the Internal Revenue Code of 1986 to limit an employer's deduction for health care costs

of its employees if the employer fails to honor its commitment to provide health care to its retirees; to the Committee on Finance.

#### RETIREE HEALTH BENEFITS LEGISLATION

Mr. PRESSLER. Mr. President, I am introducing legislation today to rectify a great disservice done to a number of retired Americans, including many in my State of South Dakota.

Specifically, the retired employees of John Morrell & Co.—a meatpacking plant located in Sioux Falls—were promised life-time health benefits by the company when they retired. As these workers planned for their retirement, they relied upon the Morrell promise of continued health care benefits.

However, in January of this year, Morrell unilaterally terminated all of its retiree health insurance benefits—suddenly leaving about 3,300 retirees and their families throughout the country without health insurance. These individuals now find themselves with little or no options for replacing their health insurance.

Mr. President, this is patently unfair. As policymakers, we must not allow these inequitable actions to remain unchallenged. If we do, we risk establishing a precedent that encourages other companies to violate good faith agreements with their employees' health care benefits.

The parent company of Morrell is Chiquita Brands, Inc., a highly successful multinational corporation known to many Americans. Chiquita has refused several good faith offers to negotiate with the Morrell retirees on this issue. Chiquita has moved to save money for the company at the expense of those who have no standing to defend themselves.

In March of 1991, Morrell sent a letter to its retirees announcing it reserved the right, at its sole discretion, "to alter, modify, or terminate" any benefit at any time. In December, 1991, Morrell announced the first unilateral reduction in retiree health benefits. Legal proceedings challenging the action began immediately.

So far, efforts to reverse the decision in Federal court have been unsuccessful. In October 1992, a Federal district court trial was held in South Dakota. The trial court refused to overturn Morrell's action. It concluded that the health benefits were not contractually guaranteed by the company. When a divided panel of the U.S. Court of Appeals for the Eighth Circuit affirmed the lower court decision, Morrell immediately terminated all health benefits for all retirees. An appeal has been made to the U.S. Supreme Court, though review is unlikely given the few cases selected by the Court each year.

The Morrell retirees are at the end of their rope. They have tried to retain their health benefits through negotiations and through the courts. When it comes to matters such as this, legislation must be considered the last best alternative. Frankly, we have reached

that point. It is time for Congress to step in.

Therefore, today I am introducing legislation that is intended to stop the transaction in its tracks, and prevent similar injustices from being done in the future. My bill, the Retiree Health Benefit Protection Act, would end these abuses by making it costly for those companies who entice their employees to rely upon the company's good will and then, subsequently, renege on their promises of continued health benefits.

The Retiree Health Benefit Protection Act would reduce significantly the amount of the current tax deduction that a company can take for expenses made to provide medical care to its employees. Under current law, companies are allowed to take a 100 percent tax deduction for these expenses. My bill would reduce that to 25 percent—the same rate at which a self-employed individual can deduct their expenses—if a company refuses to honor its prior health benefit commitment to its retirees.

Mr. President, some will say this bill is tough. It is. As we all know, businesses make their decisions largely by looking at the bottom line. For Chiquita, it seems that its bottom line requires it to drop health benefits to Morrell retirees. My bill is designed to alter the bottom line—to make it clear that companies cannot break a promise to its retirees without paying a great price. The Morrell retirees are paying an unfair and unjustified price right now for Chiquita's action. But what price is Chiquita paying? I do not believe that a company should be allowed to continue to take full advantage of the tax benefits of providing health care if they do not continue to fully provide promised health care benefits. Therefore, my bill is designed to impose a price—to alter the bottom line—and in a manner that I believe will make companies keep the promises they make to their employees.

We in Congress have an obligation to be sure that policies that impact our retirees are fair. For many years, retired Americans work and plan for a day when they can spend their later years reaping the benefits of hard work. These plans depend largely on promises made by others, including their employers. Retirees make financial decisions counting on these promises being kept.

The Federal Government—through the tax code—provides tax breaks to those companies who provide benefits to their workers, such as health care. In short, we use the tax code to reward good faith behavior. It is now time to consider using the code to prevent a violation of good faith, or to punish such violations. Chiquita/Morrell made a promise to their employees. It has an obligation to live up to its word to the many retired Americans who made Morrell an integral part of South Dakota's economy.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 827

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

**SECTION 1. REDUCTION IN HEALTH CARE DEDUCTION OF EMPLOYERS FAILING TO HONOR COMMITMENT TO PROVIDING HEALTH CARE TO RETIREES.**

(a) IN GENERAL.—Section 162 of the Internal Revenue Code of 1986 (relating to deduction for trade or business expenses) is amended by redesignating subsection (o) as subsection (p) and by inserting after subsection (n) the following new subsection:

“(o) REDUCTION IN CERTAIN HEALTH CARE DEDUCTIONS OF EMPLOYEES.—

“(1) IN GENERAL.—Notwithstanding any other provision of this chapter, if—

“(A) an employer provided medical care to its retired employees and their spouses and dependents during the 10-year period ending on December 31, 1993, and

“(B) the employer does not provide that medical care for any period after December 31, 1993,

the amount allowable as a deduction under this chapter for expenses incurred in providing medical care to officers and employees of the employer (and their spouses and dependents) during the period described in subparagraph (B) shall not exceed 25 percent of the amount of the deduction without regard to this subsection.

“(2) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

“(A) MEDICARE CARE.—The term ‘medical care’ has the meaning given such term by section 213(d)(1).

“(B) FAILURE TO PROVIDE MEDICAL CARE.—For purposes of paragraph (1)(B), an employer shall be treated as failing to provide medical care for any period if there is a substantial reduction in the level of medical care provided during the period from the level provided on December 31, 1993.

“(C) PREDECESSORS.—For purposes of paragraph (1)(A), an employer shall be treated as having provided any medical care which any predecessor of the employer provided.

“(D) CONTROLLED GROUPS.—All employers who are treated as one employer under subsection (a) or (b) of section 52 shall be treated as one employer for purposes of this subsection.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to periods beginning on and after January 1, 1994, in taxable years ending after such date.

By Mr. MOYNIHAN:

S. 828. A bill to enable each State to assist applicants and recipients of aid to families with dependent children in providing for the economic well-being of their children, to allow States to test new ways to improve the welfare system, and for other purposes; to the Committee on Finance.

THE FAMILY SUPPORT ACT OF 1995

Mr. MOYNIHAN. Mr. President, I rise for the purpose of introducing the Family Support Act of 1995. Senators who have been following the subject of welfare policy will recognize this as a successor to the Family Support Act of 1988, which was adopted in this Chamber just this side of 7 years ago, on September 29, 1988, by a vote of 96 to 1. I

was the manager on our side and recall very specifically the atmosphere, the emotion; we knew this bill, from a near unanimous Senate, was going out the door to the House of Representatives where it would be received and treated in much the same manner; only thereafter to go to the White House where President Reagan, having helped shape the legislation would welcome it, sign it. He would sign what he called “this landmark legislation” in the company of such great Senators still in this body as our hugely respected majority leader, Senator DOLE; my revered colleague, now chairman of the Finance Committee, Senator PACKWOOD; our former colleague, subsequently Secretary of the Treasury, Lloyd Bentsen, as well as Members of the House of Representatives.

It was a grand moment in the Rose Garden. President Reagan said that Congress and those particularly active on this measure would be remembered for accomplishing what many have attempted but no one had achieved in several decades, “a meaningful redirection of our welfare system.”

It will seem unimaginable to us today, but the Family Support Act of 1988 was not a partisan political measure. There in the Rose Garden was Senator DOLE, Senator Bentsen, the Speaker was there, Mr. Foley, Mr. Michel, the minority leader representing the Republicans. The chairman of the Governors Association of the United States, William Jefferson Clinton, was there, having been a wondrous, energetic advocate on behalf of the Governors. And with him his then colleague, as Governor of Delaware, the Honorable MIKE CASTLE, now Representative from the State of Delaware in the House of Representatives. Democrat and Republican alike, joining in a near unanimous measure to do what needed doing, a good 50 years, a good half century into the experience with what we have called welfare, under the Social Security Act of 1935.

We redefined the statute to bring it in line with a new reality. The original Social Security Act of 1935, adopted in the midst of the Depression, provided for aid to dependent children. Basically, it represented the Federal Government picking up the widows’ pensions which had been adopted in almost half the States by this point. But these States were under severe economic stress in that Great Depression; the Federal Government assumed the responsibility for the children. In 1939 the mother of the family was included as well so it became Aid to Families with Dependent Children. And it was expected to be a bridge, very similar to Old Age Assistance, which would last until Social Security having matured, widows with their children were entitled to survivors insurance—Old Age and Survivors Insurance [OASI].

Indeed, that has happened. I think it is the case that only 71 percent of the recipients of Social Security benefits are in fact retired adults. The rest are,

indeed, survivors and dependent children.

But then something new happened. Family structure began to change in our country. It is not the most comfortable subject to deal with, but it is a necessary one, Mr. President, and we have become more open about it. In fact, it is President Clinton who now speaks of this. He spoke to us about this in a joint session of the Congress. We now have a rate of births of children in single-parent families that has reached 33 percent. At the time the Social Security Act was enacted it was probably 4 percent. Our first hard number is 4 percent, in 1940.

We are not alone in this. The same phenomenon has taken place in the United Kingdom, in France, in Canada. We find it difficult to explain. Our other neighbors, as it were, find it difficult to explain. But we cannot doubt its reality.

In 1992, for example, the ratio in New York City had risen to 46 percent, approaching half. It may be at that point now. Because we observe a regular rise, year after year, at a very steady rate of about 0.86 percent a year. There has not been one year since 1970 in which the ratio has not risen.

One of the consequences has been the rise in the number of cases, of families receiving Aid to Dependent Children. There was a sharp rise in the late 1960’s. It reached a certain plateau in the 1980’s, which we think to be—do not know but think to be—a matter of demography. The childbearing population was flat or even declined a little bit. Then, starting in 1989 it begins a very pronounced rise. We go from 3.5 million to almost 5 million in 4 years. It is dropping just a little bit now, but we anticipate an increase in the population of childbearing age such that we have every reason to think there will be an increase in this caseload. And we knew those things in 1988. And we knew we had to do something quite different. We had to redefine welfare. It was no longer a widow’s pension.

I have the great honor to know Frances Perkins, the Secretary of Labor, who had been chairman of the Committee on Economic Security that presented the program to President Roosevelt, and she would describe a typical recipient—this is 1962, 1963—as a West Virginia miner’s widow.

Miners’ women did not work in coal mines, and widows were not expected to do such things in any event. It was a permanent condition. Suddenly we found a population of young persons with very young children who were dependent but ought not to remain so. It is not fair to them, it is not fair to their children, it is not fair to the society that is maintaining them. So the Family Support Act of 1988, the first such act, said we will make a contract. We will say that society has a responsibility to help dependent families become independent, and they in turn have a responsibility to help themselves—a mutual responsibility.

We started the JOBS Program, the Job Opportunities and Basic Skills Program. We said we will expect people to work. Well, of course. I have here a button from one of the JOBS programs in Riverside, CA. We had testimony in the Finance Committee just a while ago. It is a wonderful button. The director is an enthusiastic man. The button says, "Life Works If You Work." He is right. And there is nothing wrong with that. Twenty years ago such ideas would possibly have been thought of as punitive, possibly stigmatizing. We are well beyond that in large part because of the JOBS Program.

There is no doubt that we passed this legislation because States had begun to innovate. Those innovations seemed promising, and the Manpower Development Research Corp. based in New York City could measure results. And these innovations went right across the political spectrum. Governor Dukakis, a liberal Democratic Governor of Massachusetts, and Governor Deukmejian, a conservative Republican Governor of California, adopted very similar ideas—get people ready to work, get them thinking they can do it, and get them out of the house and into the mainstream.

We based our program on those experiments that had taken place. We very carefully said we are going to work on the hardest cases, not the easiest ones.

If I can say, Mr. President, at the risk of being a little too statistical, the population of the AFDC cases is what statisticians call bimodal. A little less than half, about 40, 45 percent are mature women whose marriages have broken up, or they are separated, or divorced. They will come into this arrangement for a brief period and they go off on their own. They organize their lives as people do, and the research is very clear on that. You can do all the effort you want with such people. They do not need your help, thanks very much. They just need some income support for a period until they get their other affairs in shape on their own. But slightly more than half are young people with no marriage, no job experience or little, often in settings where they are surrounded by such persons.

Mr. President, may I ask if I can continue in morning business, there being no other Senator seeking recognition?

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

Mr. MOYNIHAN. Thank you, Mr. President.

So we launched this program. Having been involved with this subject for 30 years and more, may I say one recognizes in the State governments enormous creativity. There is scarcely a day or week that you do not read of some new program in one State or another.

I believe it was Monday evening on one of the evening news programs, it was NBC. It was Lisa Myers interviewing persons in Connecticut including

the Governor where a very bold set of ideas has been developed around the principles of the Family Support Act of 1988. You are in here, it is a temporary arrangement, we are going to help you get out of this. We realized what obstacles we had inadvertently put in place to becoming free of welfare. In 1965 we enacted Medicare and Medicaid. So then a welfare mother had health care for her children, full, free health care. The minute she left welfare she lost it. Many mothers are going to think twice about that, particularly if a child has a health condition that is chronic and requires care. It would be unfair to the child to deprive him or her of that care. We said we will give you a year on Medicaid after you leave the rolls, as the term was. We will give a year of child care. We will help you along in this.

States are innovating all the time. Up in Connecticut they are saying, "Remember. You only have"—as I believe it was—"21 months. In the meantime any job you get you keep it."

That is the kind of waiver which we anticipated in the legislation, bipartisan and unanimous legislation, and the Clinton administration and Secretary Shalala have been very good about getting these things up and out, but not fast enough, a problem addressed by the legislation I introduce today. We say a waiver decision will be handed down in 90 days. The presumption is the States know what they are doing, and we want them to try it.

This morning the front page of the Washington Post has a story, "Virginia Suburbs To Test Allen Welfare Plan. Area Has Eleven Months to Adopt Changes, Find Thousands Work."

Work. "Life Works If You Work." We are not afraid of that. We wanted that. We encouraged that. That is what the legislation did. Governor Allen, a Republican Governor. The article says:

That means one of the country's boldest welfare plans will unfold in the back yard of its top leaders, virtually guaranteeing the attention of Congress and the White House as they shape national policy.

"Virginia is again making history," said Allen, a Republican. "It is the most sweeping and, I think, the most compassionate welfare reform plan anywhere in the nation."

This is taking place under the Family Support Act of 1988. And it is being paid for by the Federal matching funds and the guaranteed matching support for children. There is something very important there that might easily have been missed in that statement. I will say it again.

Governor Allen says, "Virginia is again making history. It is the most sweeping and, I think, the most compassionate welfare reform plan anywhere in the nation."

A welfare reform designed to say to people you have got to go to work, you have a set time where you have to get yourself together, and we will help you to get on your way.

Years ago no one would have described such an effort as compassionate. Indeed, I have been through

these matters and I can say to you the slightest suggestion that work might be appropriate for welfare recipients was decried as punitive, and those who suggested it said, "No, no, no. There is no such intention." Now, openly, Governors will say, if you care about your fellow citizens, you have to help them get out of the debilitating and unfair situation.

And that is what we do. That is what we can do more of. The bill I introduce today will provide an additional \$8 billion over 5 years with every penny paid for, every penny provided through closing tax loopholes, refining the Supplementary Security Income program. I had a hand in the proposals under President Nixon that led to SSI as we called it. It was intended to deal with the problem of adults who could not work, the permanent, totally disabled, and such like. We close loopholes such as that egregious practice we have come upon of American citizens renouncing their citizenship in order to avoid their taxes. There will be no more of that. The chairman of the Finance Committee, Mr. PACKWOOD, and I agreed as of the day this issue was brought up you cannot do it anymore. This bill will provide funds for that purpose and other such matters. We are not adding a penny to the deficit. I would not dare, particularly with that most formidable and knowledgeable chairman of the Budget Committee in the Chamber. We pay for this provision for women and children to help them pay for themselves.

Mr. DOMENICI. Will the Senator yield?

Mr. MOYNIHAN. I am happy to yield for a question.

Mr. DOMENICI. I was just passing through. I was not going to even pass on the Senator's eloquence or arguments, but since the Senator mentioned my name, I ask that the Senator particularly use his good head during the next 5 or 6 days and help us get a balanced budget.

Mr. MOYNIHAN. I will most assuredly help the Senator do that, and we want to balance the budget for the children of America, too, and we have it here and we are going to pay for it.

If the distinguished chairman could just let me point out, in the midst of the Depression of the 1930's, we could provide for dependent children as a Federal responsibility. In the 1990's, when we have a \$7 trillion economy, it has been proposed to take that away.

Look at what we have done to our children. The average benefit, in 1995 dollars, two decades ago was \$650. It is down to \$350. That is not the social policy the chairman of the Budget Committee is associated with and not the one with which I think this Senate should wish itself to be associated.

I thank my friend.

Mr. DOMENICI. I thank the Senator. Let me just mention, however—and the Senator would agree—since the early days of that program to help our poor children, we have, indeed, passed more



than a dozen major programs that also help our children that were not in existence then.

Mr. MOYNIHAN. Entirely.

Mr. DOMENICI. I do believe, from the standpoint of our people who are contributing mightily in tax dollars, they ought to have an understanding that even though that came down in real dollars, that is not the whole story, and yet I am not here to argue with the good Senator from New York.

Mr. MOYNIHAN. That is not the whole story. I was speaking earlier of Medicaid.

Mr. DOMENICI. Right.

Mr. MOYNIHAN. It was made available in 1965, previously unknown. But curiously a benefit to the children became an obstacle to leaving welfare and that is what we overcame. The Senator was one of the fine supporters of the Family Support Act of 1988. And I will see how we proceed at this point. But I thank the Senator.

Mr. DOMENICI. I would just add one other comment if the Senator would permit.

Mr. MOYNIHAN. I would.

Mr. DOMENICI. Frankly, the reason I am going to start this afternoon at noon for the balanced budget 2002 is for the children of this country. It may not be exactly for the children the Senator is referring to. I am hopeful that will all work out fine. But actually I believe the continuation of a deficit of the size we are incurring is actually antikids, antichildren.

Mr. MOYNIHAN. And antigrandchildren.

Mr. DOMENICI. Please.

Mr. MOYNIHAN. It is certainly anti-grandchildren.

Mr. DOMENICI. That is right, and I have a few of those. The Senator has a few.

Mr. MOYNIHAN. I could not start working into my wallet, but I know the Senator could work into his.

Mr. DOMENICI. Nobody bids against me when it comes to children and grandchildren. They give up and say, "That's off the record now."

But anyway, I do believe a continuation of the policies of the past—and it is not just now, this year, last year—is probably the meanest policy we could have for the children of the future because they are going to have to pay our bills, and they are going to have to suffer a standard of living decrease to pay our bills, and we are not adult enough to stand up and say we ought to pay for it.

Mr. MOYNIHAN. I agree.

Mr. DOMENICI. I thank the Senator.

Mr. MOYNIHAN. I agree, Mr. President, and I would also say that we have an immediate problem of the 14, 14.5 million persons in this present program who are living today. And in very short periods of time we raise children, watch children being raised, we know how quickly things go badly or, alternatively, how quickly things get on the good road and how hard it is to change thereafter.

There are those who suggest that some savage removal of this entire Social Security provision will somehow change behavior. And I say, Mr. President, that is so deeply irresponsible as to make one wonder how it ever could have gained currency.

Lawrence Mead, who is a professor at New York University, now visiting professor at the Woodrow Wilson School of Public and International Affairs at Princeton, testified before the Finance Committee on March 9 about the proposals which have come to us, in effect, are here now from the House, in H.R. 4, the Personal Responsibility Act of 1995.

I think Dr. Mead would not in the least object to being described as a conservative. He has been very much at odds with what he thought of as a liberal social policy in the time when it went pretty much unchallenged in New York City officialdom. He said to us, however, now, just wait a minute. What are you doing? What do you know now that you did not know previously when we enacted the Family Support Act? I do not wish to have him quoted as referring specifically to the Family Support Act, but he was saying what do we know now different from what we have known? I quote him:

Can the forces behind growing welfare be stemmed? Conservative analysts say that unwed pregnancy is the greatest evil in welfare, the cause not only of dependency but other social ills. On all sides, people call for a family policy that would solve this problem, but we have no such policy. The great fact is that neither policymakers nor researchers have found any incentive, benefit or other intervention that can do much to cut the unwed pregnancy rate.

This bears repeating, from a social scientist of impeccable conservative antecedence, appearing before our committee, the Committee on Finance, which will deal with this legislation, this area of legislation. He said:

Can the forces behind growing welfare be stemmed? Conservative analysts say that unwed pregnancy is the greatest evil in welfare, the cause not only of dependency but other social ills. On all sides, people call for a family policy that would solve this problem.

May I interject that he could be describing this Senator. I have spoken of family policy; I have written on the subject for a generation now and watched family circumstances only worsen and have been as baffled as any other.

But then to continue Lawrence Mead:

But we have no such policy. The great fact is that neither policymakers nor researchers have found any incentive, benefit or other intervention that can do much to cut the unwed pregnancy rate.

And if we do not know how to do it, how can we possibly decide to do nothing, when we have in place a program that is showing some results, not in changing family structure but in the response of dependent families to their situation?

Dr. Mead has done some analysis of the effects of the JOBS Program where it has been attempted. It had a problem

of coming into place just as we went into recession. State governments had not the resources they needed and the Federal funds were not, in fact, fully used. But where they were used, there were responses, not large but real. And every time you succeed, you change the lives of a mother and her children, and there can be no larger purpose in domestic social policy.

The same sentiments were echoed by Nathan Glazer, perhaps our reigning sociologist, professor emeritus now at Harvard University. He wrote a paper for an Urban Institute conference here in Washington just a year ago, anticipating some of the turmoil we have seen in this debate.

The Urban Institute, Mr. President, was, of course, established in the mid-1960's in the aftermath of the first turmoil associated with some of these changes in social structure that appeared in American cities. President Johnson help sponsored it. It passed the Congress. Mr. William Gorham has dedicated a very distinguished career to the Urban Institute.

Here is what Nathan Glazer said on April 12, 1994.

Do we know that much more than we knew in 1988 to warrant new legislation? I don't not think so. Do we feel confident enough about the programs we prescribed to States to undertake in 1988 to put substantially larger sums into them? It seems doubtful to me. Can we get a substantial part of long-term welfare clients off the welfare roles by increasing their earned income through investments and learning how to work, basic education, training programs, and the like? We cannot.

That is the passage I quote from Dr. Glazer.

I think we can do better than that. I think the record is better than that. I think the case is to be made: Continue what you are doing and strengthen what you are doing.

The Family Support Act of 1995 builds on what we have learned, even as the original was based on what we had learned. Social learning is hard. It takes generations sometimes. No one in 1950 could have imagined that our GDP would double and redouble and we would end up with the poverty that we see in cities everywhere in our country, that kind of intractable poverty that is not associated with employment or economic growth.

There is a measure to which the AFDC caseload responds to cyclical changes in the economy. Dr. David Ellwood, who is the distinguished Assistant Secretary of Health and Human Services for Policy Planning, estimates that somewhere between 10 and 20 percent of the rise in caseload in recent years might fairly be ascribed to the rise in unemployment in the beginning of the last recession. And yet, the unemployment figures go down, the caseload figures continue to go up. There is a lag, but even so we are not dealing basically with an economic issue in the sense that we think of in terms of employment, earnings. We are dealing



with social change for which we have little, little explanatory device.

And so, Mr. President, I would like to thank the Senate for the kind attention in these somewhat extended remarks to the introduction of the Family Support Act of 1995.

Mr. President, I ask unanimous consent to have printed in the RECORD a brief summary of the bill; the wonderful remarks on the signing of the Family Support Act of 1988 by President Reagan; and also an item in this morning's New York Times in which representatives of the U.S. Conference of Mayors and of the National Association of Counties observed that the legislation that has been sent us could be devastating to county government and to city government. I think in time more Governors will recognize the same. We are on a good steady path. Steady on.

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

#### BRIEF SUMMARY OF THE FAMILY SUPPORT ACT OF 1995

The bill builds on the Family Support Act of 1988 as follows:

**JOBS and child care.**—Participation rates under the JOBS program are increased from 20 percent in 1995 to 50 percent in 2001. The Federal matching rate for JOBS and child care is increased from a minimum of 60 percent under current law to a minimum of 70 percent (or, if higher, the State's medicaid matching rate plus 10 percentage points). The funding cap for JOBS is phased up from \$1.3 billion in 1995 to \$2.5 billion in 2001.

The bill also—

(1) emphasizes work by requiring States to encourage job placement by using performance measures that reward staff performance, or such other management practice as the State may choose;

(2) provides for a job voucher program that uses private profit and nonprofit organizations to place recipients in private employment;

(3) eliminates certain Federal requirements to give States additional flexibility in operating their JOBS programs; and

(4) allows States to provide JOBS services to non-custodial parents who are unemployed and unable to meet their child support obligations.

**Teen parents.**—For purposes of AFDC, teen parents (under age 18) are required to live at home or in an alternative adult-supervised setting. Teen parents (under age 20) are required to attend school, or participate in other JOBS activity approved by the State.

**Encourage States to test alternative strategies.**—Without requesting a waiver, States may adopt their own AFDC rules for (1) earnings disregards, (2) income and assets, and (3) eligibility for the unemployed parent program, for a period of five years. The Secretary of Health and Human Services must evaluate a sufficient number of program changes to determine their impact on AFDC receipt, earnings achieved, program costs, and other factors.

**Interagency Welfare Review Board.**—The bill establishes an Interagency Welfare Review Board to expedite waiver requests that involve more than one Federal agency. In considering an application for a waiver under section 1115 of the Social Security Act, there will be a presumption for approval in the case of a request for a waiver that is similar in substance and scale to one the Secretary has already approved. Decisions on section

1115 waiver requests must be made within 90 days after a completed application is received.

**Child support enforcement.**—The bill includes provisions to increase child support collections by establishing a directory of new hires, requiring States to adopt uniform State laws to expedite collections in interstate cases, requiring States to improve their paternity establishment programs, and making other changes.

In addition, the bill makes changes in SSI program rules and in rules relating to the deeming of income of sponsors to aliens for purposes of eligibility and benefits under the AFDC, SSI, and food stamp programs, and makes other changes, as follows:

**SSI.**—The bill includes provisions to modify disability eligibility criteria for children, to provide for increased accountability for use of benefits, and to require that retroactive benefits be used on behalf of the child.

**Alien deeming.**—The period during which a sponsor's income is deemed to an alien for purposes of eligibility for AFDC, SSI, and food stamps is extended from 3 to 5 years. Eligibility rules for AFDC, medicaid, SSI, and food stamps are made uniform.

**Tax responsibilities incident to expatriation.**—A taxpayer deciding to expatriate would owe income tax on asset gains that accrued during the period of U.S. citizenship, absent an election to instead continue to treat an asset as subject to U.S. tax. Similar rules would apply to certain long-term U.S. residents relinquishing that status.

**Earned income tax credit changes.**—Eligibility for the earned income tax credit would be limited to those authorized to work in the United States. In addition, the bill would provide more effective rules for verifying EITC claims where tax returns have social security number errors or omissions. Finally, an individual's net capital gains would be added to the categories of unearned income that are currently totalled in determining whether the taxpayer is eligible for the EITC.

**Treatment of corporate stock redemptions.**—The bill includes a provision that would assure the proper tax treatment of corporate stock redemptions. Under the bill, non pro rata stock redemptions received by a corporate shareholder would generally be treated as a sale of the stock to the redeeming corporation rather than as a dividend qualifying for the intercorporate dividends received deduction.

#### Description of Provisions

##### A. Job Opportunities and Basic Skills Training (JOBS) Program

###### 1. INCREASE IN JOBS PARTICIPATION RATES

**Present Law.**—Under the provisions of the Family Support Act of 1988, 7 percent of adults in single parent families were required to participate in the JOBS program in fiscal year 1991, increasing to 20 percent in 1995. This requirement expires at the end of fiscal year 1995.

In the case of a family eligible for AFDC by reason of the unemployment of the parent who is the principal earner, the Family Support Act mandated that the State require at least one parent to participate, for a total of at least 16 hours a week, in a work experience, community work experience, or other work program. The participation rate that the State must meet was set at 40 percent in 1994, increasing to 50 percent in 1995, 60 percent in 1996, and 75 percent in 1997 and 1998.

Persons exempt from this requirement include individuals who are ill or incapacitated, are needed to care for another individual who is ill or incapacitated, needed to care for a child under age 3 (or age 1 at State option), live in a remote area, work 30 hours or more a week, and children age 16 and under who are full time students.

**Proposed Change.**—The participation rate is increased to 30 percent in 1997, 35 percent in 1998, 40 percent in 1999, 45 percent in 2000, and 50 percent in 2001 and years thereafter. Those who combine participation in JOBS and employment for an average of 20 hours a week, and those who are employed for an average of 20 hours a week, are counted as participants in JOBS for purposes of calculating the State's participation rate. The work requirement provisions for unemployed parents are retained.

###### 2. CHANGE IN PURPOSE OF THE PROGRAM

**Present Law.**—The stated purpose of the JOBS program is to assure that needy families with children obtain the education, training, and employment that will help them avoid long-term welfare dependence.

**Proposed Change.**—The purpose of the program is modified by adding: to enable individuals receiving assistance to enter employment as quickly as possible; and to increase job retention.

###### 3. REQUIREMENT FOR STAFF PERFORMANCE MEASURES

**Present Law.**—There is no provision relating to staff performance measures.

**Proposed Change.**—A State will be required to have procedures to: encourage the placement of participants in jobs as quickly as possible, including using performance measures that reward staff performance, or such other management practice as the State may choose; and assist participants in retaining employment after they are hired.

The Secretary of Health and Human Services is required to provide technical assistance and training to States to assist them in implementing effective management practices and strategies.

###### 4. JOB PLACEMENT VOUCHER PROGRAM

**Present Law.**—There is no provision for a job placement voucher program.

**Proposed Change.**—The bill provides that, as part of their JOBS programs, States may operate a job placement voucher program to promote unsubsidized employment of welfare applicants and recipients.

The State will be required to make available to an eligible AFDC applicant or recipient a list of State-approved job placement organizations that offer job placement and support services. The organizations may be publicly or privately owned and operated.

The State agency will give an individual who participates in the program a voucher which the individual may present to the job placement organization of his or her choice. The organization will, in turn, fully redeem the voucher after it has successfully placed the individual in employment for a period of six months, or such longer period as the State determines.

###### 5. INCREASED FLEXIBILITY IN ADMINISTERING THE JOBS PROGRAM

**Present Law.**—The Family Support Act requires States to include in their JOBS programs certain specified services, including education activities, skills training, job readiness, job development, and at least two work programs (including job search, work experience, on-the-job training, and work supplementation). There are also rules relating to when and how long individuals may be required to search for a job, as well as other program rules.

**Proposed Change.**—The bill allows States to establish their own requirements for when and how long a recipient or applicant must participate in job search. It also eliminates the present law requirement that individuals who are age 20 or over and have not graduated from high school (or earned a GED) must be provided with education activities, and eliminates the requirement that States

offer specified education and training services. The requirement that the State have at least two work programs is retained.

#### 6. PERMIT STATES TO PROVIDE EMPLOYMENT SERVICES FOR NON-CUSTODIAL PARENTS

**Present Law.**—The Family Support Act allowed up to 5 States to provide JOBS services to non-custodial parents who are unemployed and unable to meet their child support obligations.

**Proposed Change.**—All States will be given the option of providing JOBS services to non-custodial parents who are unemployed and unable to meet their child support obligations.

#### 7. FUNDING FOR THE JOBS PROGRAM

**Present Law.**—States are entitled to receive their share of Federal matching payments up to a capped amount of \$1.3 billion in fiscal year 1995 to operate the JOBS program. The State's share of the capped amount is based on its relative number of adult AFDC recipients.

The Federal matching rate is the greater of 60 percent or the State's medicaid matching rate, whichever is higher, for the cost of services; and 50 percent for the cost of administration, and for transportation and other work-related supportive services.

**Proposed Change.**—The Federal matching rate for JOBS expenses by States is increased and simplified. Beginning in fiscal year 1997, the Federal matching rate will be 70 percent or the State's Federal medicaid matching rate plus 10 percentage points, whichever is higher. This rate will apply to all JOBS costs, including administrative costs and the costs of transportation and other work-related supportive services. The cap on Federal spending is \$1.3 billion in 1997, increasing to \$1.6 billion in 1998, \$1.9 billion in 1999, \$2.2 billion in 2000, and \$2.5 billion in 2001 and years thereafter.

#### 8. FUNDING FOR CHILD CARE

**Present Law.**—States must guarantee child care for individuals who are required to participate in the JOBS program. Child care must also be guaranteed, to the extent the State agency determines it to be necessary for an individual's employment, for a period of 12 months to individuals who leave the AFDC rolls as the result of increased hours of, or increased income from, employment. (Funding for this transitional child care expires at the end of fiscal year 1998.) States are entitled to receive Federal matching for the costs of such care at the State's medicaid matching rate. States are also entitled to receive Federal matching at the medicaid matching rate for care provided to individuals whom the State determines are at risk of becoming eligible for AFDC if such care were not provided. There is a cap on Federal matching for "at risk" child care of \$300 million in any fiscal year. Funds are distributed to the States on the basis of the relative number of children residing in each State.

**Proposed Change.**—The Federal matching rate for child care is increased to 70 percent, or the State's medicaid matching rate plus ten percentage points, whichever is higher. The authority for Federal funding for transitional child care for persons who leave the AFDC rolls is made permanent.

#### 9. EVALUATION OF JOBS PROGRAMS; PERFORMANCE STANDARDS

**Present Law.**—The Family Support Act of 1988 required the Secretary of Health and Human Services to evaluate State JOBS programs in order to determine the relative effectiveness of different approaches for assisting long-term and potentially long-term AFDC recipients. The Secretary was required to use outcome measures to test effectiveness, including employment, earnings, welfare receipt, and poverty status. These eval-

uations are being conducted in large part by the Manpower Demonstration Research Corporation.

The Family Support Act also required the Secretary to develop performance standards that measure outcomes that are based, in part, on the results of the JOBS evaluations. On September 30, 1994, the Department of Health and Human Services issued a report on the progress that has been made in developing an outcome-based performance system for JOBS programs. The report stated that recommendations for outcome measures will be transmitted to the Congress by April 1996. Final recommendations on performance standards will be ready before October 1998.

**Proposed Change.**—The bill authorizes such sums as may be necessary for fiscal years 1996-2000 to enable the Secretary to continue evaluating the effectiveness of State JOBS programs. The information derived from these evaluations is to be used to provide guidance to the Secretary in making improvements in the performance standards that were required by the Family Support Act. It is also to be used to enable the Secretary to provide technical assistance to the States to assist them in improving their JOBS programs, and in meeting the required performance standards. The evaluations shall include assessments of cost effectiveness, the level of earnings achieved, welfare receipt, job retention, the effects on children, and such other factors as the State may determine.

#### B. Aid to Families with Dependent Children (AFDC)

##### 1. TEEN CASE MANAGEMENT SERVICES

**Present Law.**—There is no requirement in present law that States must provide case management services to teen parents who are receiving AFDC.

**Proposed Change.**—State welfare agencies will be required to assign a case manager to each custodial parent who is under age 20. The case manager will be responsible for assisting teen parents in obtaining services and monitoring their compliance with all program requirements.

##### 2. REQUIREMENT FOR TEEN PARTICIPATION IN EDUCATION OR OTHER ACTIVITY

**Present Law.**—The statute provides that States generally must require teen parents under age 20 (regardless of the age of the child) to attend school or participate in another JOBS activity, but only if the program is available where the teen is living, and State resources otherwise permit.

**Proposed Change.**—The rules requiring teens to attend school or participate in another JOBS activity are strengthened. Teen parents under age 20 who have not completed a high school education (or its equivalent) must be required to attend school, participate in a program that combines classroom and job training, or work toward attainment of a GED. A teen parent who has successfully completed a high school education (or its equivalent) must participate in a JOBS activity (including a work activity) approved by the State. States may provide for exceptions to this requirement, in accordance with regulations issued by the Secretary of Health and Human Services. However, exceptions to the requirement may not exceed 50 percent of eligible teens by the year 2000.

In addition, States may also have programs to provide incentives and penalties for teens to encourage them to complete their high school (or equivalent) education.

##### 3. LIVING ARRANGEMENTS FOR TEEN PARENTS

**Present Law.**—States have the option of requiring a teen under the age of 18 and has never married, and who has a dependent child (or is pregnant) to live with a parent, legal guardian, or other adult relative, or re-

side in a foster home, maternity home, or other adult-supervised supportive living arrangement. The State is required, where possible, to make the AFDC payment to the parent or other responsible adult. Certain exceptions to these requirements are provided in statute.

**Proposed Change.**—The bill requires all States to require a teen under age 18 who has a dependent child (or is pregnant) to live with a parent, legal guardian, or other adult relative, or reside in a foster home, maternity home, or other adult-supervised supportive living arrangement. Assistance will be paid to the teen's parent or other adult on the teen's behalf. Exceptions to this requirement may be made by in cases where the State determines that the physical or emotional health or safety of the teen parent or child would be jeopardized if they lived with the teen's parent, or where the State determines (under regulations issued by the Secretary) that there is good cause. The State agency will have responsibility for assisting teens in locating appropriate living arrangement when this is necessary.

#### 4. ESTABLISHMENT OF INTERAGENCY WELFARE REVIEW BOARD

**Present Law.**—At the present time there is no interagency board to review requests by States for waivers from Federal program rules that involve more than one agency.

**Proposed Change.**—In order to facilitate the consideration of welfare program requirement waiver requests that involve more than one Federal department or agency, an Interagency Welfare Review Board would be created. Members would include the Secretaries of Agriculture, Health and Human Services, Housing and Urban Development, Labor, and Education, or their designees. The President may make such other appointments to the Board as he determines appropriate.

The Board will act as the central organization for coordinating the review of State applications for waivers that involve more than one Federal department or agency, and will provide assistance and technical advice to the States. The Board may issue an advisory opinion with respect to a waiver request, but final decisions will be made by the Secretaries of the departments or agencies that have responsibility for the programs involved. The Board must establish a schedule for the consideration of a waiver application to assure that the State will receive a final decision not later than 90 days after the date the completed application is received by the Board.

#### 5. CONSIDERATION OF SECTION 1115 WAIVER REQUESTS

**Present Law.**—Section 1115 of the Social Security Act gives the Secretary of Health and Human Services authority to waive State compliance with specified rules under the AFDC, child support and medicaid programs. There is no authority to waive JOBS program rules.

The purpose of the waiver authority is to enable States to implement demonstration projects that the Secretary finds will assist in promoting the objectives of the programs. States must evaluate their demonstration programs, and the programs must not increase Federal spending.

**Proposed Change.**—States will be allowed to apply for waivers of JOBS program rules in order to conduct JOBS demonstration projects.

In addition, the Secretary will be required to approve or disapprove a section 1115 waiver request within 90 days after the completed

application is received. In considering an application for a waiver, there will be a presumption for approval in the case of a request for a waiver that is similar in substance and scale to one that has already been approved.

#### 6. STATE AUTHORITY TO ESTABLISH CERTAIN AFDC RULES

**Present Law.**—The Social Security Act specifies the rules States must follow with respect to income and resource requirements, the disregard of income, and the definition of unemployment and the number of quarters of work required for eligibility under the Unemployed Parent (UP) program.

**Proposed Change.**—Any State may, without receiving a waiver, establish any of the following program changes: income and resource requirements, requirements relating to the disregard of income, standards for defining unemployment that are different from those prescribed by the Secretary in regulations (which currently limit eligibility for UP benefits to families in which the principal earner works fewer than 100 hours a month), and rules that prescribe the numbers of quarters of work that a principal earner must have to qualify for Unemployed Parent benefits. This authority expires at the end of five years.

The Secretary is required to evaluate a sufficient number of the program changes established by the States pursuant to this authority to determine the impact of the changes on AFDC reciprocity, earnings achieved, program costs, and such other factors as the Secretary may determine. A State chosen by the Secretary for an evaluation must cooperate in carrying out the evaluation.

#### C. Child Support Enforcement Program

The Family Support Act of 1988 strengthened the Child Support Enforcement program, which was enacted in 1975 (Title IV-D of the Social Security Act), by: requiring States to establish automated tracking and monitoring systems (with 90 percent of the funding provided by the Federal government); requiring wage withholding beginning in 1994 for all support orders (regardless of whether a parent has applied to the child support enforcement agency for services); and requiring judges and other officials to use State guidelines to establish most child support award levels.

States were required to review and adjust individual case awards every three years for AFDC cases (and every three years at the request of a parent in other IV-D cases); meet Federal standards for the establishment of paternity; require all parties in a contested paternity case to take a genetic test upon the request of any party (with 90 percent of the laboratory costs paid by the Federal government); and to collect and report a wide variety of statistics related to the performance of the system. The Act also established the U.S. Commission on Interstate Child Support, which issued its report with recommendations in May 1992.

#### 1. REQUIRE THE ADOPTION BY ALL STATES OF THE UNIFORM INTERSTATE FAMILY SUPPORT ACT (UIFSA)

**Present Law.**—The Uniform Interstate Family Support Act (UIFSA) was approved by the National Conference of Commissioners on Uniform State laws in August 1992. It contains a wide variety of provisions designed to improve enforcement of interstate child support cases by providing uniformity in State laws and procedures, and creating a framework for determining jurisdiction in interstate cases. Not all States have adopted UIFSA.

**Proposed Change.**—All States are required to adopt UIFSA not later than January 1, 1997.

#### 2. RULES FOR PATERNITY ESTABLISHMENT COOPERATION

**Present Law.**—The statute requires AFDC applicants and recipients, as a condition of aid, to cooperate with the State in establishing paternity and in obtaining support payments unless there is good cause for refusal to cooperate. It does not define what constitutes cooperation. The determination as to whether an individual is cooperating or has good cause for refusing to cooperate is made by the welfare agency.

**Proposed Change.**—Cooperation is defined in statute as the provision by the mother of both a name and any other helpful information to verify the identity of the putative father (such as the present or past address, the present or past place of employment or school, date of birth, names and addresses of parents, friends, or relatives able to provide location information, or other information that could enable service of process). The good cause exemption in present law is retained.

For purposes of AFDC eligibility, a mother (or other relative) will not be determined to be cooperating with efforts to establish paternity unless the individual provides the required information. The child support enforcement agency is required to make this determination within 10 days after the individual has been referred for services by the welfare agency. However, the State cannot deny benefits on the basis of lack of cooperation until such determination is made.

#### 3. STREAMLINING PATERNITY ESTABLISHMENT

**Present Law.**—States are required to have procedures for a simple civil process for voluntarily acknowledging paternity under which the rights and responsibilities of acknowledging paternity are explained, and due process safeguards are afforded. The State's procedures must include a hospital-based program for the voluntary acknowledgement of paternity. States must also have procedures under which the voluntary acknowledgement of paternity creates a rebuttable, or at the option of the State, conclusive presumption of paternity, and under which such voluntary acknowledgment is admissible as evidence of paternity, and procedures under which the voluntary acknowledgment of paternity must be recognized as a basis for seeking a support order without requiring any further proceedings to establish paternity.

**Proposed Change.**—States are required to strengthen procedures relating to establishment of paternity. A parent who has acknowledged paternity has 60 days to rescind the affidavit before the acknowledgement becomes legally binding (with later challenge in court possible only on the basis of fraud, duress, or material mistake of fact). However, minors who sign the affidavit outside the presence of a parent or court-appointed guardian have greater opportunity to rescind the acknowledgement after 60 days. Due process protection is enhanced by requiring that States more adequately inform parents of the effects of acknowledging paternity.

The bill also provides that no judicial or administrative procedures may be used to ratify an unchallenged acknowledgement, and that States may not use jury trials for contested paternity cases. Where there is clear and convincing evidence of paternity (such as a genetic test), States must, at a parent's request, issue a temporary order requiring the provision of child support. Finally, States must have procedures ensuring that fathers have a reasonable opportunity to initiate a paternity action.

#### 4. PATERNITY ESTABLISHMENT OUTREACH

**Present Law.**—There is no requirement that States have a paternity outreach program.

**Proposed Change.**—States are required to publicize the availability and encourage the use of procedures for voluntary paternity establishment and child support through a variety of means, including distribution of written materials at health care facilities and other locations such as schools; prenatal programs to educate expectant couples on individual and joint rights and responsibilities with respect to paternity; and reasonable follow-up efforts after a new-born child has been discharged from a hospital if paternity or child support have not been established. States may receive 90 percent Federal matching for these outreach efforts.

#### 5. REVIEW AND ADJUSTMENT OF ORDERS

**Present Law.**—States are required to review and adjust child support orders at least every 36 months (1) in the case of an AFDC family, unless the State determines that a review would not be in the best interests of the child and neither parent has requested review; and (2) in the case of any other order being enforced by the child support enforcement agency, if either parent has requested review.

**Proposed Change.**—States are required to review both AFDC and non-AFDC child support orders every three years at the request of either parent, and to adjust the order (without a requirement for any other change in circumstances) if the amount of child support under the order differs from the amount that would be awarded based on State guidelines.

Upon request at any time of either parent subject to a child support order, the State must review the order and adjust the order in accordance with state guidelines based on a substantial change in the circumstances of either such parent.

Child support orders issued or modified after the date of enactment must require the parents to provide each other with an annual statement of their respective financial condition.

#### 6. NATIONAL CHILD SUPPORT GUIDELINES COMMISSION

**Present Law.**—Among its other recommendations, the U.S. Commission on Interstate Child Support recommended the establishment of a commission to study issues relating to child support guidelines.

**Proposed Change.**—The bill establishes a commission to determine whether it is appropriate to develop a national child support guideline, and if it determines that such a guideline is needed, to develop such a guideline. The commission is to make its report no later than two years after the appointment of its members.

#### 7. ESTABLISH CENTRALIZED STATE CASE REGISTRIES AND ENFORCEMENT SERVICES

**Present Law.**—Child support orders and records are often maintained by various branches of government at the local, county, and State level. Under the current program, IV-D services are provided automatically without charge to recipients of AFDC and Medicaid. Other parents must apply for services, and may at State option be required to pay a fee for services.

**Proposed Change.**—The bill requires each State to establish both a Central Registry for all child support orders established or registered in the State, and a centralized payment processing system in order to take advantage of automation and economies of scale, and to simplify the process for employers. For enforcement purposes, States must choose one of two types of systems for payment processing: (a) an "opt-in" centralized collections system where one parent would have to apply to the IV-D agency to receive services, or (b) an "opt-out" centralized system where all cases would automatically have withholding and enforcement

done by IV-D unless both parents make a request to be exempt from the process. Under either option, the centralization process for enforcement would be used for collections and disbursement.

#### 8. ESTABLISH FEDERAL DATA SYSTEMS: A DIRECTORY OF NEW HIRES WITHIN AN EXPANDED FEDERAL PARENT LOCATOR SERVICE (FPLS)

Expanded Federal Parent Locator Service (FPLS):

Present Law.—State child support agencies now have access to the FPLS, a computerized national location network operated by the Office of Child Support Enforcement, which obtains information from six Federal agencies and the State employment security agencies. This information only relates to a parent's location, and does not include income and asset information. It is used for enforcement of existing child support orders, not to establish paternity or establish and modify orders.

Proposed Change.—A New Hire Directory, and a new Data Bank on Child Support Orders which contains information of all cases sent by the State registries, are added to the current FPLS. The FPLS database is expanded to provide States with additional information about not only the location of the individual but also income, assets, and other relevant data. States may access this information for enforcement, establishing paternity, and establishing and modifying orders.

##### a. Directory of New Hires:

Present Law.—Employers are currently required, generally on a quarterly basis, to report employee wages to State employment security offices. These reports are used to determine unemployment benefits. In order to more rapidly and effectively implement wage withholding to enforce child support orders, a number of States have adopted laws requiring employers to report information on each newly hired individual within a specified number of days after the individual is hired.

Proposed Change.—A national New Hire Directory is created within the FPLS. Employers will be required to report the name, date of birth, and social security number of each newly hired employee to the New Hire Directory within 10 days of hiring. This information will be compared with information in the expanded FPLS, and matches will be sent back to the appropriate States to be used for enforcement.

#### 9. REQUIRE SUSPENSION OF LICENSES

Present Law.—There is no provision in present law requiring States to withhold or suspend, or restrict the use of, professional, occupational, recreational and drivers' licenses of delinquent parents.

Proposed Change.—States are required to have such procedures and to use them in appropriate cases.

#### 10. INCREASED USE OF CONSUMER REPORTING AGENCIES

Present Law.—State child support enforcement agencies are required to report periodically the names of obligors who are at least 2 months delinquent in the payment of support and the amount of the delinquency to consumer reporting agencies. If the amount of the delinquency is less than \$1,000, such reporting is optional with the State. The State's procedural due process requirements must be met.

Proposed Change.—States are required to report periodically to consumer reporting agencies the name of any parent who is delinquent in the payment of support, but only after the parent has been afforded due process under State law, including notice and a reasonable opportunity to contest the accuracy of the information.

#### 11. REQUIRE INTEREST ON ARREARAGES

Present Law.—There is no requirement that States charge interest on child support arrearages.

Proposed Change.—States must charge interest on arrearages.

#### 12. DENY PASSPORTS FOR CERTAIN ARREARAGES

Present Law.—There is no provision in present law relating to denial of passports for failure to pay child support.

Proposed Change.—If the Secretary of HHS receives a certification by a State agency that an individual owes arrearages of child support in an amount exceeding \$5,000 or in an amount exceeding 24 months' worth of child support, the Secretary shall transmit such certification to the Secretary of State for action. The Secretary of State shall refuse to issue a passport to such individual, and may revoke, restrict, or limit a passport issued previously to such individual.

#### 13. EXTEND STATUTE OF LIMITATIONS

Present Law.—There is no provision for a statute of limitations for purposes of collecting child support.

Proposed Change.—States must have procedures under which the statute of limitations on arrearages of child support extends at least until the child owed such support is 30 years of age.

#### 14. REQUIREMENTS FOR FEDERAL EMPLOYEES AND MILITARY PERSONNEL

Present Law.—The armed forces have their own rules relating to child support enforcement. Procedural rules for wage withholding for Federal and military employees, and for other employees, are not uniform.

Proposed Change.—Federal employees are made subject to the same withholding procedures as non-Federal employees. The Secretary of Defense is required to streamline collection and location procedures of military personnel. The military would be treated similarly to a State for purposes of child support enforcement interaction with other States, and more as any other employer for purposes of wage withholding.

#### 15. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS

Present Law.—The 1988 Family Support Act authorized \$4 million for each of fiscal years 1990 and 1991 to enable States to conduct demonstration projects to develop and improve activities designed to increase compliance with child access provisions of court orders.

Proposed Change.—The bill authorizes \$5 million for each of fiscal years 1996 and 1997, and \$10 million for each succeeding fiscal year to enable States to establish and administer programs to support and facilitate non-custodial parents' access to and visitation of their children, through mediation, counseling, education, development of parenting plans, visitation enforcement, and development of guidelines for visitation and alternative custody arrangements.

#### 16. CHANGE DISTRIBUTION REQUIREMENTS

Present Law.—If a family is receiving AFDC, the family receives the first \$50 of the monthly child support payment. Additional amounts that are paid are used to reimburse the State and Federal governments for assistance paid to the family. When a family leaves AFDC, the State must pass through all current monthly child support to the family, but has the option whether to first pay the family any arrearages which are collected, or whether to reimburse the State and Federal governments.

Proposed Change.—The bill requires States to pay all families who have left AFDC any arrearages due the family for months during which a child did not receive AFDC, before

using those arrearages to reimburse the State and Federal government. States are given the option of passing through to families receiving AFDC the difference between the \$50 pass-through amount and the amount of child support due for that month.

#### 17. CHANGE IN LUMP-SUM RULE

Present Law.—If a family receiving AFDC receives a lump-sum tax refund, the family loses eligibility for the number of months equal to the amount of the lump sum payment divided by the State payment standard.

Proposed Change.—Any lump-sum child support payment withheld from a tax refund for a family receiving AFDC may be placed in a Qualified Asset Account not to exceed \$10,000. Funds in this account may only be used for education and training programs, improvements in the employability of an individual (such as through the purchase of an automobile), the purchase of a home, or a change of family residence. They may not be taken into account for purposes of AFDC benefit eligibility.

#### 18. INCREASE FEDERAL FUNDING

Present Law.—The Federal Government pays 66 percent of most State and local IV-D costs, with a higher matching rate of 90 percent for genetic testing to establish paternity and, until October 1, 1995, for statewide automated data systems. The Federal government also pays States an annual incentive payment equal to a minimum of 6 percent of collections made on behalf of AFDC families plus 6 percent of collections made on behalf of non-AFDC families. The amount of each State's incentive payment can reach a high of 10 percent of AFDC collections plus 10 percent of non-AFDC collections depending on the cost-effectiveness of the State's program. The incentive payments for non-welfare collections may not exceed 115 percent of the incentive payments for welfare collections. These incentive payments are financed from the Federal share of collections.

Proposed Change.—The Federal matching rate will increase to 75 percent in 1999, and there will be a maintenance of effort required by the State. The Secretary will issue regulations creating a new incentive structure for State IV-D systems based on paternity establishment throughout the State (not just within the IV-D system) and a series of measures of overall performance in collections and cost-effectiveness of the IV-D system. The incentives will range up to 5 percentage points of the matching rate for paternity establishment, and up to 10 percentage points for overall performance measures. States must spend incentive payments on the IV-D system. If a State fails to meet certain performance standards such as for paternity establishment or overall performance, the IV-D agency will be assessed penalties ranging from at least 3 percent of funding as a first sanction, up to 10 percent for a third sanction.

#### 19. LIMIT ON MATCH FOR OLD SYSTEMS, AND CAP FUNDING FOR THE NEW SYSTEMS

Present Law.—The 1988 Family Support Act required States to establish automated tracking and monitoring systems for child support enforcement by October 1, 1995, with 90 percent of the funding for planning, development, installation, or enhancement of such systems provided by the Federal government.

Proposed Change.—The Federal matching rate for the new systems requirements in this bill is 80 percent or, if higher, the rate the State is entitled to receive for other program purposes, as described above (combining the new Federal matching rate and the

State's incentive payments). Federal spending for this purpose may not exceed \$260 million annually for fiscal years 1996 through 2001.

#### 20. AUDIT AND REPORTING

**Present Law.**—The statute mandates periodic comprehensive Federal audits of State programs to ensure compliance with Federal requirements. If the Secretary finds that a State has not complied substantially with Federal requirements, the State's AFDC matching is reduced not less than one nor more than two percent for the first finding of noncompliance, increasing to not less than three nor more than five percent, if the finding is the third or a subsequent consecutive such finding.

**Proposed Change.**—The Secretary will establish standards to simplify and modify Federal audit requirements, focusing them more on performance outcomes.

#### C. Supplemental Security Income (SSI) Program

##### 1. REVISED SSI CHILDHOOD DISABILITY REGULATIONS

**Present Law.**—In determining whether a child under the age of 18 is disabled for the purpose of qualifying for Supplemental Security Income, regulations require the Social Security Administration (SSA) to consider the degree to which an impairment or combination of impairments affects a child's ability to develop, mature and to engage in age-appropriate activities of daily living.

In making these evaluations, SSA conducts what is called an "individualized functional assessment" (IFA) in which a child's activities are broken into "domains" of functioning or development, such as cognition, communication, and motor ability. Under current regulations, the limitation in functioning caused by conduct disorders, or maladaptive behavior, may be considered under several domains.

To be found to be disabled based on an IFA under the Commissioner's current regulations, a child's impairment(s) must, at a minimum, cause a moderate limitation in functioning in at least three domains of functioning.

**Proposed Change.**—The Commissioner of Social Security is required to revise SSA's regulations for adjudicating claims for SSI benefits filed for children by reducing the number of domains considered in determining whether a child is disabled based on an individualized functional assessment, to consider maladaptive behavior in only one domain, and to require that, at a minimum, a child's impairment(s) cause a "marked" degree of limitation in at least two domains, or an extreme limitation in at least one domain.

The Commissioner is required to promulgate the new regulations within 9 months, and, within two additional years, redetermine the eligibility of children on the rolls whose disability was originally determined under the regulations that are revised as a result of this provision.

##### 2. REQUIRED TREATMENT FOR DISABLED CHILDREN

**Present Law.**—There is no provision that requires a disabled child who qualifies for Supplemental Security Income benefits to receive medical treatment or have a treatment plan.

**Proposed Change.**—Within three months after a child has been found to be eligible for SSI, the parent or representative payee will be required to file a treatment plan for the child with SSA (through the State Disability Determination Service of the State in which the child resides). The plan will be developed by the child's physician or other medical provider. SSA will evaluate compliance with

the treatment plan when SSA conducts a continuing disability review for the child.

If the parent or representative payee fails, without good cause, to meet these requirements, SSA will appoint another representative payee, which can be the State Medicaid agency of the State in which the child resides, or another State agency or individual.

##### 3. CONTINUING DISABILITY REVIEWS

**Present Law.**—Beginning in fiscal year 1996, the Commissioner of Social Security will be required to conduct periodic continuing disability reviews (CDRs) for disabled SSI recipients (including both disabled children and adults). The provision expires in fiscal year 1998, and the Commissioner will be required to conduct CDRs for not more than 100,000 SSI recipients a year for the period 1996-1998.

**Proposed Change.**—The Commissioner is required to conduct periodic CDRs for disabled children who receive SSI. Reviews for all children other than those whose disabilities are not expected to improve must be conducted at least every three years, with more frequent reviews for those whom SSA determines may improve within a shorter period of time. Children who are awarded SSI benefits because of low birth weight must be reviewed after receiving benefits for 18 months.

##### 4. SPECIAL SAVINGS ACCOUNTS FOR CHILDREN UNDER AGE 18

**Present Law.**—Large retroactive payments are often made when a disabled child first qualifies for SSI benefits. The retroactive payment is excluded from the \$2,000 resource limit for six months, but thereafter, any remaining portion of the retroactive payment could, alone or in combination with other assets, render the child ineligible for SSI benefits.

**Proposed Change.**—The representative payee of a disabled child will be required to deposit the initial retroactive payment into a special account if the amount of the retroactive payment is equal to or exceeds six times the maximum Federal benefit rate. Smaller retroactive payments and underpayments may be deposited in the special account if the representative payee chooses to do so. The money in the account will not be considered to be a resource and may be used only to benefit the child and only for such purposes as education or job skills training; personal needs assistance; special equipment; housing modification; medical treatment, therapy, or rehabilitation; or other items or services determined appropriate by the Commissioner.

##### 5. GRADUATED BENEFITS FOR ADDITIONAL CHILDREN

**Present Law.**—Each disabled child is eligible, under the SSI program, for an amount equal to the full Federal monthly benefit rate, which currently is \$458.00, plus any supplementary payment made by the State. The benefit may be reduced because of other income received by the child, or because of parental income that is deemed to the child.

**Proposed Change.**—The amount payable to a child will be reduced if two or more SSI-eligible children reside together in a household. The amount for the first child will be 100 percent of the full benefit; the amount for the second eligible child will be equal to 80 percent of the full benefit; the amount for the third eligible child will be equal to 60 percent of the full benefit; and the amount for the fourth and each subsequent child will be equal to 40 percent of the full benefit. Children living in group homes or in foster care will continue to be eligible for 100 percent of the full benefit. The aggregate amount payable to all SSI-eligible children in a household will be paid to each child on a "per capita" basis.

For the purpose of determining eligibility for Medicaid, each SSI-eligible child in a household shall be considered to be eligible for an amount equal to 100 percent of the full Federal benefit rate.

##### 6. USE OF STANDARDIZED TESTS

**Present Law.**—There is no provision relating to use of standardized tests for purposes of determining whether a child is disabled.

**Proposed Change.**—The Commissioner of Social Security is required to use standardized tests that provide measures of childhood development or functioning, or criteria of childhood development or function that are equivalent to the findings of a standardized test, wherever such tests or criteria are available and the Commissioner determines their use to be appropriate.

##### 7. DIRECTORY OF SERVICES

**Present Law.**—There is no provision requiring a directory of services that are available to assist children with disabilities.

**Proposed Change.**—For the purpose of expanding the information base available to members of the public who contact the Social Security Administration, the Commissioner of Social Security shall establish a directory of services for disabled children that are available within the area serviced by each Social Security office. Each such directory shall include the names of service providers, along with each provider's address and telephone number, and shall be accessible electronically to all Social Security employees who provide direct service to the public.

##### 8. COORDINATION OF SERVICES

**Present Law.**—There is no provision that establishes a system for assuring that SSI disabled children have access to available services.

**Proposed Change.**—In order to assure that a child receiving SSI benefits on the basis of disability has access to available medical and other support services, that services are provided in an efficient and effective manner, and that gaps in the provision of services are identified, the State agency that administers the Maternal and Child Health block grant would be made responsible for developing a care coordination plan for each child.

The Secretary of Health and Human Services, the Secretary of Education, and the Commissioner of Social Security are directed to take such steps as may be necessary, through issuance of regulations, guidelines, or such other means as they may determine, to assure that, where appropriate, the State Medicaid agency, the State Department of Mental Health, the State Disability Determination Service, the State Vocational Rehabilitation Agency, the State Developmental Disabilities Council, and the State Department of Education: (1) assist in the development of the child's care coordination plan; (2) participate in the planning and delivery of the services called for in the care coordination plan; and (3) provide information to the Secretary of Health and Human Services with respect to the services that they provide.

##### D. Other Provisions

##### 1. ALIEN ELIGIBILITY FOR PUBLIC ASSISTANCE PROGRAMS

**Present Law.**—The AFDC, SSI, Medicaid, and food stamp laws provide for limiting eligibility of immigrants for assistance by means of so-called "deeming" rules. The rules provide that for the purpose of determining financial eligibility for benefits and services, immigrants are deemed to have the income and resources of their immigration sponsors available for their support for a period of 3 years. P.L. 103-152, the Unemployment Compensation Amendments of 1993, included a provision extending the sponsor-to-

alien deeming period for SSI from 3 to 5 years, effective from January 1, 1994 to October 1, 1996.

**Proposed Change.**—The bill makes the SSI 5-year deeming period permanent, and extends it to the AFDC and food stamp programs. It also provides for uniform alien eligibility criteria for the SSI, AFDC, Medicaid, and food stamp programs.

## 2. TAX RESPONSIBILITIES INCIDENT TO EXPATRIATION

**Present Law.**—Under current law, a taxpayer's accrued asset gains are not taxed at the time he or she expatriates or gives up U.S. residence. Further, the taxpayer's accrued gains with respect to foreign assets are never taxed by the United States. In cases when it can be demonstrated that a taxpayer expatriated for purposes of tax avoidance, accrued gains with respect to U.S. assets are taxed if a taxable disposition occurs within the ten-year period following relinquishment of U.S. citizenship.

**Proposed Change.**—A U.S. citizen relinquishing citizenship generally would be taxed on any accrued asset gains as of the date of expatriation. Certain long-term residents of the United States would similarly be taxed on accrued gains upon losing such resident status. Exceptions would be provided for the first \$600,000 of a taxpayer's gain, gain with respect to U.S. real estate, and pension gains. A taxpayer could elect, on an asset by asset basis, to avoid immediate gain taxation and instead continue to be subject to U.S. taxes with respect to an asset.

## 3. EARNED INCOME TAX CREDIT CHANGES

### (i) Illegal aliens—

**Present Law.**—Currently, persons resident in the United States for over six months who are not U.S. citizens are eligible for the EITC in some circumstances, even if they are working in the country illegally.

**Proposed Change.**—Eligibility for the EITC would be limited to those residents authorized to work in the United States.

### (ii) Social Security numbers—

**Present Law.**—Procedurally, the IRS must use its normal deficiency procedures, which involve a series of written communications with the taxpayer, if it decides to challenge a taxpayer's EITC claim that may be erroneous. This is true even in the case of a missing or erroneous social security number.

**Proposed Change.**—The IRS would be provided with the authority to process EITC claims in a more effective manner. Social security numbers (valid for employment purposes in the case of the earner(s)) would be required for the taxpayer, his or her spouse, and each qualifying child. The IRS would be permitted to handle any errors in social security numbers under the simplified procedures currently applicable to math errors on a taxpayer's return, rather than under the normal tax deficiency procedures.

**(iii) Modification of unearned income test—**

**Present Law.**—Individuals with more than \$2,350 of interest (taxable and tax-exempt), dividends, net rents and net royalties are not eligible for the EITC. (This provision was enacted this year in H.R. 831.)

**Proposed Change.**—An individual's net capital gains would be added to the other categories of unearned income that are totalled for purposes of determining an individual's eligibility for the EITC.

## 4. TREATMENT OF CORPORATE STOCK REDEMPTIONS

**Present Law.**—Corporate shareholders are allowed a special deduction (the "dividends received deduction") with respect to qualifying dividends received from taxable domestic corporations. The deduction equals 70 percent of dividends received if the corporation

receiving the deduction owns less than 20 percent of the stock of the distributing corporation. The deduction equals 80 percent of the dividends received if 20 percent or more of the stock is owned by the receiving corporation. Members of a group of affiliated corporations can elect to claim a 100 percent dividends received deduction for qualifying dividends paid by a member of the affiliated group. No deduction is allowed for dividends received from tax-exempt corporations.

An amount treated as a dividend in the case of a non pro rata redemption of stock (or a partial liquidation) is considered an extraordinary dividend under Internal Revenue Code section 1059(e)(1). Generally, the basis of the remaining stock held by a corporation receiving a dividend must be reduced by the nontaxed portion of any extraordinary dividend (i.e., the amount of the dividends received deduction) received by the corporation with respect to the stock.

**Proposed Change.**—The bill would replace the provision under current law (Code sec. 1059(e)(1)) that allows a corporate shareholder to reduce its basis in the remaining stock by the amount of the nontaxed portion of an extraordinary dividend. Instead, the bill would provide that, except as specifically set forth in regulations, any non pro rata redemption (or partial liquidation) would be treated as a sale of the redeemed stock, even if such distribution would otherwise be treated as a dividend and entitled to a dividends received deduction under present law.

The bill would be effective for redemptions occurring after May 3, 1995, except for those redemptions occurring pursuant to the terms of a written binding contract in effect on May 3, 1995 or pursuant to the terms of a tender offer outstanding on May 3, 1995.

## REMARKS OF PRESIDENT REAGAN ON SIGNING THE FAMILY SUPPORT ACT OF 1986

I am pleased to sign into law today a major reform of our nation's welfare system, the Family Support Act. This bill, H.R. 1720, represents the culmination of more than 2 years of effort and responds to the call in my 1986 State of the Union Message for real welfare reform—reform that will lead to lasting emancipation from welfare dependency.

It is fitting that the word "family" figures prominently in the title of this legislation. For too long the Federal Government, with the best of intentions, has usurped responsibilities that appropriately lie with parents. In so doing—does anyone have a Stinger? [Laughter] In so doing, it has reinforced dependency and separated welfare recipients from the mainstream of American society. The Family Support Act says to welfare parents, "We expect of you what we expect of ourselves and our own loved ones: that you will do your share in taking responsibility for your life and for the lives of the children you bring into this world."

Well, the Family Support Act focuses on the two primary areas in which individuals must assume this responsibility. First, the legislation improves our system for securing support from absent parents. Second, it creates a new emphasis on the importance of work for individuals in the welfare system.

Under this bill, one parent in a two-parent welfare family will be required to work in the public or private sector for at least 16 hours a week as a condition of receiving benefits. This important work requirement applies to families that come into the welfare rolls as a result of the unemployment of the principal wage earner. It recognizes the need for a family's breadwinner to maintain the habits, skills, and pride achieved through work. This work requirement also allows us to expand coverage for two-parent families to all States without dangerously increasing

welfare dependency. A key part of this bill is to make at least one of the parents in a welfare family participate in meaningful work while still getting a needed cash support.

Single parent families also share in the message of hope underlying this bill. They, too, will know that there is an alternative to a life on welfare. To ensure that they get a better start in life, young parents who have not completed high school will be required to stay in or return to school to complete the basic education so necessary to a productive life. Other parents will be offered a broad range of education, employment, and training activities designed to lead to work.

To provide new employment opportunities to welfare recipients, States will be entitled to receive \$6.8 billion over the next 7 years. They also will receive the funding necessary to provide child care and Medicaid benefits. This financial assistance represents a significant and generous national commitment to enhancing the self-sufficiency of welfare recipients. To ensure that meaningful numbers of recipients actually do benefit from welfare reform, each State must be required to involve increasing percentages of welfare families to participate in employment and training activities over time.

The Family Support Act also contains significant reforms in our nation's child support enforcement system. These reforms are designed to ensure that parents who do not live with their children nevertheless meet their responsibilities to them. To improve the adequacy of child support awards, judges and other officials will be required to apply support guidelines developed by their States for setting award amounts. And to help ensure that the child support awarded actually is paid, child support payments will be automatically withheld from the responsible parent's paycheck.

Reflecting the concern we all share over the Federal budget deficit, the Family Support Act contains funding provisions to offset the increased new spending in the bill. The single largest source of the funding comes from a temporary extension of current authority for the Treasury to collect overdue debts owed the Federal Government by reducing Federal tax refunds of individuals not paying those debts on time.

In 1971, when I was Governor of California, we put into law a work-for-welfare requirement similar to the one in the bill before us today. It was called community work experience, and its purpose was to demonstrate to the disadvantaged how ennobling a job could be. And that lesson is as clear today as it was then, and the successes of many fine State programs like that one have made this landmark legislation possible.

As lead Governors on welfare reform for the National Governors' Association, Governors Castle and Clinton consistently presented the interests of the States in getting welfare reform enacted. And that interest has been manifested by many States carrying out their own welfare reform programs. Leaders in this effort are Governors Kean, Tommy Thompson, Moore, and Hunt who have paved the way for this legislation through unique welfare reform initiatives in their States. Legislators like Wisconsin's Susan Engelleiter were instrumental in achieving welfare reform and showing Congress how well it works.

Many Members of Congress share the credit for the responsible welfare-to-work and child support enforcement reforms in the Family Support Act. In particular, Senators Moynihan, Armstrong, Dole, and Packwood, and Bentsen, and Representatives Rostenkowski, Hank Brown, Michel, Frenzel, and Downey played key roles in forging the consensus for this landmark legislation. They and the members of the administration who

worked so diligently on this bill will be remembered for accomplishing what many have attempted, but no one has achieved in several decades: a meaningful redirection of our welfare system.

And I think it is time now for me to sign the bill. And I thank all of you, and God bless you all.

[From the New York Times, May 18, 1995]

**GOP BILLS TO OVERHAUL WELFARE WORRY CITY AND COUNTY OFFICIALS**

(By Robert Pear)

WASHINGTON, May 17.—Mayors and other local officials from around the country said today that they opposed major elements of the Republican welfare bills moving through Congress, in part because the bills would eliminate the Federal guarantee of a subsistence income for millions of poor families.

The local officials said that cities and counties would ultimately have to deal with the effects of such legislation, which they said could include an increased demand for food, shelter and social services.

Mayor Kay Granger of Fort Worth, an independent, speaking for the United States Conference of Mayors, and Randall Frankie of Oregon, a Republican who is president of the National Association of Counties, said their groups opposed the Republican plan to give each state a fixed sum of money each year to assist poor people in any way it chose. These block grants would replace Federal programs that provide benefits to anyone who meets eligibility criteria based on income and other factors.

"We oppose repealing the entitlement status of benefit programs such as Aid to Families With Dependent Children, food stamps, child nutrition programs, Medicaid and foster care," Ms. Granger said. "We believe that the individual entitlement to a minimum level of assistance must be maintained for our children and families."

The National League of Cities and the National School Boards Association expressed similar views at a news conference with mayors and county commissioners. It was the first time local officials had spoken out in a coordinated effort to influence Congress on this issue.

The local officials said that Congress had paid too much attention to a small number of Republican governors like John Engler of Michigan and Tommy G. Thompson of Wisconsin, who had lobbied for block grants. Mr. Franke, a member of the Board of Commissioners in Marion County, Ore., said: "A few Republican governors have had a great influence on this. It hasn't had the kind of broad input from governors, or from local government officials, that it really deserves."

Carolyn Long Banks, a Democrat on the Atlanta City Council, said that city and county officials had been "left out of the process of decision making," but would have to deal with the effects of any welfare legislation adopted by the Federal Government. Mr. Franke said counties were "the front-line deliverers of basic social services" in many states.

The local officials said it was wrong for the Government to push people off welfare if it did not provide the education, training and child care they needed to get jobs. "If we simply cut welfare and there's not an organized effort to move them into work, then they land on our doorsteps," Mayor Granger said.

A welfare bill passed by the House in March would establish block grants to the states in place of the current program of Aid to Families With Dependent Children. Senate Republicans have endorsed the approach. Republicans in the House and the Senate are working on a separate bill to eliminate the

individual entitlement to Medicaid and replace it with a block grant.

Republican governors say the block grants would free them from burdensome Federal regulations and give them the authority to design their own welfare programs, tailored to local needs.

But Gov. Lawton Chiles of Florida, a Democrat, said the block grants were "a prescription for disaster" in fast-growing states like Florida, Texas, California and Arizona.

Mr. Chiles said Speaker Newt Gingrich had found "a few G.O.P. governors—Judas goats—to go along with the idea" of block grants. "It's no wonder the Governors of Wisconsin, Michigan and Massachusetts are on this bandwagon," because they would not suffer any financial harm and could obtain additional money at the expense of the fast-growing states, Mr. Chiles said.

A Judas goat is an animal used to lead others to slaughter. Charles S. Salem, special counsel in Governor Chiles's Washington office, said, "That is what he intended to say."

In a speech here last week, Mr. Chiles said the formula for distributing Federal money under the Republican welfare bills was inequitable. "A poor child in Massachusetts would get three times as much as a poor child in Florida," he said. "A poor child in Michigan would get twice as much as a child in my state."

Governor Engler rejected Mr. Chiles' contentions. "The only successes in welfare reform have been achieved at the state level," he said. "Federal involvement has served only to hogtie state reform efforts."

Gov. Mike Leavitt of Utah, chairman of the Republican Governors Association, disputed Mr. Chiles' assertion that fast-growing states would suffer under the Republican proposal to distribute the block grants in proportion to current levels of Federal welfare spending in various states.

But another Republican Governor, Fife Symington of Arizona, expressed concerns similar to those of Mr. Chiles. He said the proposal for block grants would penalize states like Arizona with high population growth and comparatively low levels of welfare spending.

Governor Symington said the block grants should be based not on past spending, but on each state's share of the total number of Americans living below the official poverty level (\$11,817 for a family of three).

The block grants "should not reward states that have been granting excessive benefits and penalize states that have maintained only a modest safety net," Mr. Symington said in a letter to Bob Dole, the Senate Republican leader.

Mr. MOYNIHAN. Mr. President, I thank the Chair for his kind attention.

By Mrs. HUTCHISON:

S. 829. A bill to provide waivers for the establishment of educational opportunity schools; to the Committee on Labor and Human Resources.

**EDUCATION LEGISLATION**

• Mrs. HUTCHISON. Mr. President, the bill I introduce would make it possible, in a limited number of school districts, for students to learn in a single-sex classroom setting if they so wish.

Let me emphasize—"If they wish." This bill does not compel any school to offer or any student to participate in single-sex classes. It merely allows students—and their parents—in a qualifying school district, to exercise that choice.

Our Nation has a compelling interest in assuring that all children receive a

high-quality education. Providing families with another constructive educational option will further this interest.

This legislation has three purposes: First, I want the Secretary of Education to give schools the discretion to experiment with offering same-gender classes to low-income, educationally disadvantaged students. Second, I want to establish reliable information to determine whether or not single-gender classes make a difference in the educational opportunities and achievements of low-income, educationally disadvantaged students. Finally, I want to involve parents in the educational choices their children make.

Let me stress that this legislation imposes no financial obligation on the part of the Federal Government. My bill requires the Secretary of Education to grant up to 10 waivers to title IX of the Education Amendments of 1972. The bill would not provide school districts or schools any additional funding if they apply for and are granted a waiver of title IX. The waiver is very narrowly tailored to ensure the unimpeded development and operation of single-gender classes.

In recent years, efforts to experiment with same-gender classes and schools have been inhibited by lawsuits and threats of lawsuits from private groups, as well as Government. My bill would ensure that such threats can no longer interfere with educational innovation.

Nothing in my legislation affects efforts at overcoming the effects of past discrimination made on the basis of sex. Research indicates that single-sex classes can help minorities—girls and boys—perform better in school. African-American students in single-sex classrooms scored nearly a grade level higher than their coeducational counterparts in academic achievement tests. Girls in single-sex schools scored a full grade above their coeducational counterparts on academic ability tests. And girls in single-sex schools outperformed girls in coeducational schools almost a full grade level on science tests scores.

Some studies indicate that boys may perform better in single-sex schools as well. Cornelius Riordan, of Providence College, has found that a cognitive development among boys enrolled in single-sex Catholic high schools is more advanced than that of boys enrolled in coeducational Catholic high schools.

Mr. President, there is a compelling Government interest in granting the Secretary authority to insulate from lawsuits, for a limited time, a small number of local educational agencies and schools which experiment with same-gender classes.

My bill addresses this Government interest, and will allow data to be compiled to prove that single-sex classes can work to the advantage of children.

Most importantly, by offering parents and children a choice, this legislation would re-involve the family in educational decisionmaking processes.



It is my hope that my colleagues will recognize the value of such academic innovation and support this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 829

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

# **SECTION 1. EDUCATIONAL OPPORTUNITY DEMONSTRATION PROGRAM.**

(a) IN GENERAL.—Title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) is amended—

- (1) by redesignating part F as part G;
- (2) by redesignating sections 1601 through 1604 as sections 1701 through 1704, respectively; and
- (3) by inserting after part E the following new part:

## **"PART F—EDUCATIONAL OPPORTUNITY DEMONSTRATION PROGRAM**

### **"SEC. 1701. SHORT TITLE; FINDINGS; AND PURPOSES.**

"(a) SHORT TITLE.—This part may be cited as the 'Educational Opportunity Demonstration Act'.

"(b) FINDINGS.—The Congress finds that—

"(1) while low-income students have made significant gains with respect to educational achievement and attainment, considerable gaps still persist for these students in comparison to those from more affluent socioeconomic backgrounds;

"(2) our Nation has a compelling interest in assuring that all children receive a high quality education;

"(3) new methods and experiments to revitalize educational achievement and opportunities of low-income individuals must be a part of any comprehensive solution to the problems in our Nation's educational system;

"(4) preliminary research shows that same gender classes and schools may produce promising academic and behavioral improvements in both sexes for low-income, educationally disadvantaged students;

"(5) extensive data on same gender classes and schools are needed to determine whether same gender classes and schools are closely tailored to achieving the compelling government interest in assuring that all children are educated to the best of their ability;

"(6) in recent years efforts to experiment with same gender classes and schools have been inhibited by lawsuits and threats of lawsuits by private groups as well as governmental entities; and

"(7) there is a compelling government interest in granting the Secretary authority to insulate a limited number of local educational agencies and schools which are experimenting with same gender classes for a limited period of time from certain law suits under title IX of the Education Amendments of 1972, section 204 of the Education Amendments of 1974, section 179 of the Revised Statutes (42 U.S.C. 1983), or any other law prohibiting discrimination on the basis of sex, in order to collect data on the effectiveness of such classes in educating children from low-income, educationally disadvantaged backgrounds.

"(c) PURPOSES.—It is the purpose of this part—

"(1) to give the Secretary discretion to allow experimentation with same gender classes for low-income, educationally disadvantaged students;

"(2) to determine whether same gender classes make a difference in the educational achievement and opportunities of low-income, educationally disadvantaged individuals; and

"(3) to involve parents in the educational options and choices of their children.

### **"SEC. 1702. DEFINITIONS.**

"As used in this part—

"(1) the term 'educational opportunity school' means a public elementary, middle, or secondary school established by a local educational agency receiving a waiver under this part, or a consortium of such schools, that—

"(A) establishes a plan for voluntary, same gender classes at one or more than one school in the community;

"(B) provides same gender classes for both boys and girls, as well as a coeducational option for any parent that chooses that option;

"(C) gives parents the option of choosing to send their child to a same gender class or to a coeducational class;

"(D) admits students on the basis of a lottery, if more students apply for admission to the same gender classes than can be accommodated;

"(E) has a program in which a member of the community is asked to volunteer such member's time in classes of children of the same gender as the member; and

"(F) operates in pursuit of improving achievement among all children based on a specific set of educational objectives determined by the local educational agency applying for a waiver under this part, in conjunction with the educational opportunity advisory board established under section 1703(b) and agreed to by the Secretary; and

"(2) the term 'educational opportunity advisory board' means an advisory board established in accordance with section 1703(b).

### **"SEC. 1703. WAIVER AUTHORITY.**

"(a) AUTHORITY.—

"(1) IN GENERAL.—The Secretary shall waive any statutory or regulatory requirement of title IX of the Education Amendments of 1972, section 204 of the Education Amendments of 1974, section 179 of the Revised Statutes (42 U.S.C. 1983), and any other law prohibiting discrimination on the basis of sex, for each local educational agency (but not more than 10) that has an application approved under section 1704 and otherwise meets the requirements of this part, and for any educational opportunity school established by such agency, but only to the extent the Secretary determines necessary to ensure the development and operation of same gender classes in accordance with this part.

"(2) DURATION.—The Secretary shall issue a waiver under subsection (a) for a period not to exceed 5 years.

"(b) EDUCATIONAL OPPORTUNITY ADVISORY BOARD.—Each local educational agency receiving a waiver under this part shall establish an educational opportunity advisory board. Such advisory board shall be composed of school administrators, parents, teachers, local government officials and volunteers involved with an educational opportunity school. Such advisory board shall assist the local educational agency in developing the application under section 1704 and serve as an advisory board in the functioning of the educational opportunity school.

### **"SEC. 1704. APPLICATIONS.**

"(a) APPLICATIONS REQUIRED.—Each local educational agency desiring a waiver under this part shall submit, within 180 days of the date of enactment of the Educational Opportunity Demonstration Act, an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

"(b) SCOPE OF APPLICATION.—Each application described in subsection (a) may request

a waiver for a single educational opportunity school or for a consortium of such schools.

"(c) APPLICATION CONTENTS.—Each application described in subsection (a) shall include—

"(1) a description of the educational program to be implemented by the proposed educational opportunity school, including—

"(A) the grade levels or ages of children to be served; and

"(B) the curriculum and instructional practices to be used;

"(2) a description of the objectives of the local educational agency and a description of how such agency intends to monitor and study the progress of children participating in the educational opportunity school;

"(3) a description of how the local educational agency intends to include in the educational opportunity school administrators, teaching personnel, and role models from the private sector;

"(4) a description of how school administrators, parents, teachers, local government, and volunteers will be involved in the design and implementation of the educational opportunity school;

"(5) a justification for the waiver or inapplicability of any Federal statutory or regulatory requirements that the local educational agency believes are necessary for the successful operation of the educational opportunity school and a description of any State or local statutory or regulatory requirements, that will be waived for, or will not apply to, the educational opportunity school, if necessary;

"(6) a description of how students in attendance at the educational opportunity school, or in the community, will be—

"(A) informed about such school; and

"(B) informed about the fact that admission to same gender classes is completely voluntary;

"(7) an assurance that the local educational agency will annually provide the Secretary such information as the Secretary may require to determine if the educational opportunity school is making satisfactory progress toward achieving the objectives described in paragraph (2);

"(8) an assurance that the local educational agency will cooperate with the Secretary in evaluating the waivers issued under this part;

"(9) assurances that resources shall be used equally for same gender classes for boys and for girls;

"(10) assurances that the activities assisted under this part will not have an adverse affect, on either sex, that is caused by—

"(A) the distribution of teachers between same gender classes for boys and for girls;

"(B) the quality of facilities for boys and for girls;

"(C) the nature of the curriculum for boys and for girls;

"(D) program activities for boys and for girls; and

"(E) instruction for boys and for girls;

"(11) an assurance that the local educational agency will comply with the research and evaluation protocols developed by the Secretary under section 1706(a); and

"(12) such other information and assurances as the Secretary may require.

### **"SEC. 1705. SELECTION OF GRANTEES.**

"The Secretary shall issue waivers under this part on the basis of the quality of the applications submitted under section 1704, taking into consideration such factors as—

"(1) the quality of the proposed curriculum and instructional practices;

"(2) the organizational structure and management of the school;

"(3) the quality of the plan for assessing the progress made by children in same gender classes over the period of the waiver;

"(4) the extent of community support for the application;

"(5) the likelihood that the educational opportunity school will meet the objectives of such school and improve educational results for students; and

"(6) the assurances submitted pursuant to section 1704(c)(10).

**"SEC. 1706. STUDY AND REPORT.**

"(a) STUDY.—The Secretary shall conduct a study of the waivers issued under this part, including establishing appropriate research and evaluation protocols, to compare the educational and behavioral achievement of those students choosing same gender classes established under this part and those students choosing the coeducational option.

"(b) REPORT.—The Secretary shall submit, within 1 year after the date of enactment of the Educational Opportunity Demonstration Act, a report to the appropriate committees of the Congress regarding the findings of the study conducted under subsection (a).

**"SEC. 1707. CONSTRUCTION.**

"Nothing in this part shall be construed to affect the availability under title IX of the Education Amendments of 1972 of remedies to overcome the effects of past discrimination on the basis of sex."

(b) CONFORMING AMENDMENTS.—

(1) COMMITTEE OF PRACTITIONERS.—Section 1111(c)(5) of such Act (20 U.S.C. 6311(c)(5)) is amended by striking "section 1603(b)" and inserting "section 1703(b)".

(2) STATE ASSISTANCE FOR SCHOOL SUPPORT AND IMPROVEMENT.—Section 1117(a)(2) of such Act (20 U.S.C. 6318(a)(2)) is amended by striking "section 1603(c)" and inserting "section 1703(c)".

(3) STATE APPLICATIONS.—Section 1304(c)(2) of such Act (20 U.S.C. 6394(c)(2)) is amended by striking "part F" and inserting "part G".

(4) USE OF FUNDS.—Section 1415(a)(2)(C) of such Act (20 U.S.C. 6435(a)(2)(C)) is amended by striking "part F" and inserting "part G".

(5) STATE DATA.—The matter preceding subparagraph (A) of section 14204(a)(2) of such Act (20 U.S.C. 8824(a)(2)) is amended by striking "section 1603" and inserting "section 1703".●

By Mr. SPECTER:

S. 830. A bill to amend title 18, United States Code, with respect to fraud and false statements; to the Committee on the Judiciary.

CRIME LEGISLATION

Mr. SPECTER. Mr. President, earlier this week, the Supreme Court decided *Hubbard versus United States*. Overturning a 1955 decision called *Bramblett versus United States*, the Court held that section 1001 of title 18 of the United States Code, which prohibits making false statements to the Federal Government applies only to false statements made to executive branch agencies.

It is highly unusual that the Supreme Court reverses a prior decision on a question of statutory interpretation. The reversal of the longstanding decision in *Bramblett* is particularly troubling because of the nature of the offense.

The language of the statute itself criminalizes false statements made to any "department or agency of the United States." Relying on the purpose and the legislative history of the provi-

sion, the Supreme Court held in *Bramblett* that the statute covered making false statements to Congress. The term "department" was read as broad enough to cover the executive, judicial, and legislative branches of government. Since then, it has always been understood to cover Congress and the courts.

As Chief Justice Rehnquist argued in his dissent in *Hubbard*, it has been "the very justifiable expectation" that one who lies to Congress, whether or not under oath, would be punished under section 1001.

While perjury laws and other statutes exist to cover false statements made under oath or under specific circumstances, section 1001 was a broad law covering all false statements made to Congress, as well as the courts and executive agencies. In order to protect the Congress, I believe we must restore section 1001 to its meaning under *Bramblett*.

In order to do so, I am introducing legislation to overturn the Supreme Court's decision in *Hubbard*. We are able to do so because the Court's decision rests solely on a question of statutory interpretation. There is no constitutional dimension to the Court's decision.

Accordingly, Congress is able to decide the public policy question for itself. I have no doubt of the importance of having in the law a provision that sets forth clearly and succinctly the principle that it is illegal to "knowingly and willfully falsify, conceal[] or cover[] up by any trick, scheme, or device a material fact, or make[] any false, fictitious or fraudulent statements or representations" to Congress or any committee or subcommittee in any matter within our jurisdiction.

My bill is quite simple. It will simply add to the text of section 1001 language that will broaden the newly narrowed statute to cover false statements made "in any matter within the jurisdiction of any department, agency, or court of the United States, or of Congress or any duly constituted committee or subcommittee of Congress."

The purpose of this provision is to restore the meaning of the statute that it was given under *Bramblett* and to overturn *Hubbard*. No other change in meaning is intended.

I believe this bill will not be controversial, and I urge my colleagues to support its prompt enactment.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 830

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

**SECTION 1. FRAUD AND FALSE STATEMENTS IN MATTERS WITHIN THE JURISDICTION OF THE COURTS OF CONGRESS.**

Section 1001 of title 18, United States Code, is amended by striking "any department or

agency of the United States" and inserting "any department, agency, or court of the United States, or of Congress or any duly constituted committee or subcommittee of Congress."

By Mr. SMITH (for himself, Mr. DOLE, Mr. HELMS, Mr. THURMOND, Mr. GRASSLEY, Mr. GRAMM, Mr. CAMPBELL, and Mr. THOMAS):

S.J. Res. 34. A joint resolution prohibiting funds for diplomatic relations and most favored nation trading status with the Socialist Republic of Vietnam unless the President certifies to Congress that Vietnamese officials are being fully cooperative and forthcoming with efforts to account for the 2,205 Americans still missing and otherwise unaccounted for from the Vietnam war, as determined on the basis of all information available to the United States Government, and for other purposes; to the Committee on Foreign Relations.

VIETNAM POW/MIA FULL DISCLOSURE ACT

Mr. SMITH. Mr. President, on behalf of Senator DOLE, Senator THURMOND, Senator HELMS, Senator GRASSLEY, Senator GRAMM of Texas, Senator CAMPBELL, and Senator THOMAS, and myself, I rise to introduce a joint resolution entitled "The Vietnam POW/MIA Full Disclosure Act of 1995." I understand a similar resolution is being introduced in the House this week by Congressman BEN GILMAN, the Chairman of the House International Relations Committee.

This resolution is aimed at getting the maximum amount of information possible from Vietnam on Americans still missing from the Vietnam war. Specifically, the resolution prohibits both the establishment of diplomatic relations with Vietnam and the extension of most favored nation trading status to Vietnam unless the President informs Congress that we are getting full cooperation and full disclosure by Vietnam on the POW/MIA issue.

If the Communist Government in Vietnam is continuing to withhold information that would account for missing Americans, as I believe they are, then now is not the time to normalize relations.

I am very pleased that this resolution is supported by the distinguished majority leader and the distinguished chairmen of both the Armed Services Committee and the Foreign Relations Committee, among others. I know Senators DOLE, THURMOND, and HELMS have been closely involved with this issue for many, many years, and they share my concerns.

Perhaps most importantly, this resolution is supported by virtually all of the families of the 2,205 Americans still unaccounted for from the Vietnam war. It is also consistent with the resolutions that have been passed in recent years by our national veterans organizations.

Will every single American support the approach to resolving the POW/MIA issue outlined in this resolution?

Of course not. Indeed, there are Vietnam veterans in this body other than myself who advocate a different approach, or have a different view on the cooperation we are getting from Vietnam. Some have said that we should normalize relations with Hanoi because Vietnam is being fully cooperative on the POW/MIA issue. Others say we should normalize relations because it would give an incentive for Vietnam to increase its cooperation. I still have not figured out which reason the President used when he lifted our embargo on Vietnam last year.

Nonetheless, I reject both these positions and would simply point out that the position of the majority of our Nation's veterans and the POW/MIA families is very clear—they want the Communist Government in Hanoi to come clean on the POW/MIA issue before we normalize relations.

In my judgment, using every reasonable standard I can come up with—and I have worked on this issue for 11 years in the Congress—Vietnam has not come clean on the POW/MIA issue. The Communist Government in Hanoi continues to withhold relevant politburo and military records pertaining to American POWs and MIAs from the war. There is no disputing that fact.

Earlier this week, they dribbled out more records for a high-level administration delegation. They have done this for years. I suspect Vietnamese officials looked the administration delegation in the eye and said "we just located this information." In 1993, they did the same thing when documents surfaced in Russian archives indicating that more Americans were held than those who came home. They suddenly came up with records they had withheld for 20 years. They just pulled it off the shelf.

This "timed" release of documents, only when it is deemed important enough for Vietnam, proves to me that Hanoi's Communist Politburo is continuing to manipulate the POW/MIA issue for its own political advantage. As a result, Vietnam is prolonging the anguish and uncertainty of MIA family members.

I wrote a letter today, signed it today, and sent it out from a family who still is anguishing over this with new information that they received, even as recently as this month.

Mr. President, the American people are not naive. They know that many records could have been turned over long ago. If they held back the most recent set of records until the right moment surfaced, what else are they still holding? And why, Mr. President, has this administration failed to vigorously seek access to Vietnam's wartime central committee records on POWs? Every historian knows that those records might conclusively answer the most nagging and haunting questions that keep this issue alive and have kept the family members waiting for so many years.

And why is it that there are family members of MIAs who are being denied visas to go to Vietnam to look for answers? Is this a country that is cooperating? I do not think so. I thought when the President lifted the embargo in 1994, we were supposed to get unprecedented access and cooperation, and the family members who have loved ones missing cannot get a visa to get into Vietnam.

My colleagues do not have to accept BOB SMITH's judgment on whether there's been full disclosure by Vietnam on missing Americans. Under the resolution we have introduced today, the President is required to make the final judgment, whoever the President is, after consultation with the Director of Central Intelligence. If he feels we are getting full disclosure, then he can move forward, so long as he notifies Congress. That is all we are asking.

I would remind the President, however, that he was the one who stated, following his election in 1992, and I quote, "I have sent a clear message that will be no normalization of relations with any country that is at all suspected of withholding information on missing Americans." I submit to you that there is still information being withheld.

The resolution we have introduced today asks the President to keep the promise he made to the MIA families and our Nation's veterans during his last campaign.

And that's really what this is all about, Mr. President—keeping our commitment that we will not let Vietnam off the hook until there has been full disclosure on the fate of our POW's and MIA's.

Revisionists are in full bloom these days. There has been a lot of revisionist history and frankly a lot of propaganda recently as we marked the 20th anniversary of the Communist victory over South Vietnam. But make no mistake about it—Vietnam needs us more than we need Vietnam. And if the last 20 years have taught us anything about Communist Vietnamese behavior, it is this—Vietnam only responds on the POW/MIA issue when it is clear to them that the United States will go no further to meet Vietnam's agenda. If Vietnam is that desperate for American business investment and diplomatic relations, then let them come clean on the POW/MIA issue.

Unfortunately, there have been mixed signals, which have been fueled, in part, by certain lobbyists in the American business community who want to put business over principle. My response to this lobbying effort is let us put principle over profit, not vice-versa. The only business we should be doing with Vietnam is the business of getting Hanoi to come clean on the POW/MIA issue.

Then and only then, should we normalize or restore any type of diplomatic relations. It is only fair. Think of the suffering of these families. How

could we possibly want to do anything else but honor them?

There have also been statements from some administration officials seem eager to move forward with Vietnam by lowering the priority that was placed on the POW/MIA issue by Presidents Reagan and Bush. Perhaps these officials have become exhausted. I can understand that. It has been a long, long time.

Maybe they are embarrassed by their inability to convince Hanoi to come clean on the POW/MIA issue before we normalize. Maybe they would like this issue to go away. I know the families would like it to go away. But it ought to go away on honorable terms, honorable terms, a full accounting, a full accounting. That is the only way the issue should go away. In this environment, I would not be surprised if Vietnam might be thinking that they can hold out on disclosing their central committee records and meeting our intelligence community's expectations on what they can still do to help resolve this issue. They might think that they can achieve their economic and political goals just by waiting us out. That is the message we are sending.

Mr. President, I would simply say that I am not going to stay silent and let that happen. I have a responsibility here. This week, the President's top defense official on the POW/MIA issue, Deputy Assistant Secretary Jim Wold, stated that the decision on whether to move forward with Vietnam "will be made by the President alone." The resolution we have introduced today states that Congress expects to be informed on whether there has been full disclosure by Vietnam on POW's and MIA's before the President moves forward. That is a very reasonable requirement. I am confident that the American people want this question answered before normalizing with Vietnam. That is a reasonable requirement, and I am confident the American people would like an answer to this question before we move forward with Vietnam.

I would remind my colleagues of something the English novelist Aldous Huxley once said—"Facts do not cease to exist just because they are ignored." Our intelligence community has made assessments of what Vietnam could still do if it truly wanted to come clean on the POW/MIA issue.

Those facts exist. Those facts are a matter of public record in some cases, and in other cases where they are not public, they are available for my colleagues to see.

This Chamber is also awaiting a final response from the Secretary of Defense on the total number of POW/MIA cases where the likelihood is greatest that Vietnam could produce additional information or remains, or perhaps in some cases possibly even a live American. This was a requirement, which I originally sponsored in last year's Defense Authorization Act. In February, we were told that only 50 percent of

this work had thus far been done and that we will have to wait several more months just to get a complete list of names. We should have a chance to review this information required by law, Mr. President, before we even consider further overtures to Vietnam.

Finally, I would point out that President Clinton himself stated on January 26 of this year that he is not fully satisfied that progress on the POW/MIA issue has been sufficient to justify moving beyond the steps agreed to last year when we lifted the embargo.

I would say to the President, "Keep your promise, Mr. President, because they have not made the progress that you asked for since we lifted the embargo."

On that point, I would agree with the President. For those who take the time to really study this issue, as I have, it is difficult to see how you can come to any other conclusion—there has not been full disclosure by Vietnam.

With that in mind, I would urge my colleagues to join with the majority leader, and our distinguished committee chairmen and others by cosponsoring this resolution. Let us send a clear signal to Vietnam. Let us tell them that, while we appreciate some of the cooperation we have received to date, we will accept nothing less than full disclosure on the POW/MIA issue before agreeing to normalize relations.

That is the way to honor the men and women who served, and the men and women who are missing, and the families of the missing.

Mr. DOLE. Mr. President, I rise today in support of Senator SMITH's Vietnam POW/MIA bill. As the members of this Chamber know, Senator Smith has worked long and hard in the effort to make Hanoi account for our missing in action and prisoners of war from Vietnam. This bill is not only the most recent example of that fine work, but also a reminder to the administration and other supporters of rushing to diplomatic relations with Vietnam that Hanoi has 2,000 unanswered questions to answer before proceeding with recognition.

My association with Vietnam POW/MIA's goes way back to 1970. I helped found the National League of Families of POW/MIAs. I remember going to President Nixon and saying we had to do something about the POW and MIA problem—answers had to be given before the people of America could rest easy that all had been done to find their loved ones and account for their fate.

Mr. President, this is not an onerous bill. It requires Presidential certification on three key issues before moving ahead on normalization: (1) a listing of cases for which the likelihood is the greatest that Vietnam has information; (2) that Vietnam is fully cooperating in the four key areas outlined by President Clinton; and (3) that Vietnam is cooperating in providing access to records concerning Americans captured during the war.

Mr. President, I note that the distinguished chairman of the Foreign Relations Committee, Senator HELMS and the distinguished chairman of the Armed Services Committee, Senator THURMOND, as well as Senators THOMAS, GRASSLEY, CAMPBELL, and GRAMM of Texas are original sponsors of the Vietnam POW/MIA Full Disclosure Act of 1995. Once again, I commend Senator SMITH for his leadership on this issue and yield the floor.

#### ADDITIONAL COSPONSORS

S. 194

At the request of Mr. MCCAIN, the name of the Senator from Alaska [Mr. MURKOWSKI] was added as a cosponsor of S. 194, a bill to repeal the Medicare and Medicaid Coverage Data Bank, and for other purposes.

S. 358

At the request of Mr. HEFLIN, the name of the Senator from Louisiana [Mr. JOHNSTON] was added as a cosponsor of S. 358, a bill to amend the Internal Revenue Code of 1986 to provide for an excise tax exemption for certain emergency medical transportation by air ambulance.

S. 553

At the request of Ms. MOSELEY-BRAUN, the name of the Senator from New Hampshire [Mr. GREGG] was added as a cosponsor of S. 553, a bill to amend the Age Discrimination in Employment Act of 1967 to reinstate an exemption for certain bona fide hiring and retirement plans applicable to State and local firefighters and law enforcement officers, and for other purposes.

S. 582

At the request of Mr. HATFIELD, the name of the Senator from Mississippi [Mr. LOTT] was added as a cosponsor of S. 582, a bill to amend title 28, United States Code, to provide that certain voluntary disclosures of violations of Federal laws made pursuant to an environmental audit shall not be subject to discovery or admitted into evidence during a Federal judicial or administrative proceeding, and for other purposes.

S. 770

At the request of Mr. DOLE, the names of the Senator from New Mexico [Mr. DOMENICI], the Senator from Connecticut, [Mr. LIEBERMAN], the Senator from Oklahoma [Mr. NICKLES], the Senator from Pennsylvania [Mr. SANTORUM], and the Senator from Maine [Mr. COHEN] were added as cosponsors of S. 770, a bill to provide for the relocation of the United States Embassy in Israel to Jerusalem, and for other purposes.

#### AMENDMENTS SUBMITTED ON MAY 17, 1995

#### THE MEDICARE SELECT ACT OF 1995

#### CHAFEE (AND OTHERS) AMENDMENT NO. 1108

Mr. CHAFEE (for himself, Mr. PACKWOOD, Mr. DOLE, Mrs. HUTCHISON, Mr. ROCKEFELLER, Mr. KENNEDY, and Mr. GORTON) proposed an amendment to the bill (H.R. 483) to amend title XVIII of the Social Security Act to permit Medicare select policies to be offered in all States, and for other purposes; as follows:

Strike all after the enacting clause and insert the following:

#### SECTION 1. PERMITTING MEDICARE SELECT POLICIES TO BE OFFERED IN ALL STATES FOR AN EXTENDED PERIOD.

Section 4358(c) of the Omnibus Budget Reconciliation Act of 1990, as amended by section 172(a) of the Social Security Act Amendments of 1994, is amended to read as follows:

"(c) EFFECTIVE DATE.—(1) The amendments made by this section shall only apply—

"(A) in 15 States (as determined by the Secretary of Health and Human Services) and such other States as elect such amendments to apply to them, and

"(B) subject to paragraph (2), during the 5 year period beginning with 1992.

"(2)(A) The Secretary of Health and Human Services shall conduct a study that compares the health care costs, quality of care, and access to services under Medicare select policies with that under other Medicare supplemental policies. The study shall be based on surveys of appropriate age-adjusted sample populations. The study shall be completed by June 30, 1996.

"(B) The Secretary shall determine during 1996 whether the amendments made by this section shall remain in effect beyond the 5 year period described in paragraph (1)(B). Such amendments shall remain in effect beyond such period unless the Secretary determines (based on the results of the study under subparagraph (A)) that—

"(i) such amendments have not resulted in savings of premiums costs to those enrolled in Medicare select policies (in comparison to their enrollment in Medicare supplemental policies that are not Medicare select policies and that provide comparable coverage),

"(ii) there have been significant additional expenditures under the Medicare program as a result of such amendments, or

"(iii) access to and quality of care has been significantly diminished as a result of such amendments.

(3) GAO study: The GAO shall study and report to Congress, no later than June 10, 1996, on options for modifying the Medigap market to make sure that continuously insured beneficiaries are able to switch plans without medical underwriting or new pre-existing condition exclusions. In preparing such options, the GAO shall determine if there are problems under the current system and the impact of each option on the cost and availability of insurance, with particular reference to the special problems that may arise for enrollees in Medicare Select plans."