Another factor is the reliance of the big players on computers and the industry's fixation on the bottom line.

''Unfortunately the buyers at Barnes and Noble and at Ingram (the largest book distribution company in the U.S.) are ruled by their computer records; how well an author sold before, what type of book sold before, etc. I call it the Bill Gates-is-God mentality,'' he said.

Jennison, however, remains hopeful, ''I am optimistic enough to think there will always be a large number of people who would rather curl up with a book than a computer game. The format of the book will be with us for a long time. It'll go on,'' he said.

In 1996 the Vermont Book Publishers Association awarded Jennison a Lifetime Achievement Award for his contributions to publishing.

A sixth-generation Vermonter, born on a dairy farm in Swanton, north of St. Albans, Jennison attended a one room school until his parents packed him off to Philips Academy, Andover. Next came Middlebury College, interrupted in his junior year by World War II. Jennison served three years with the Office of Strategic Services, the forerunner of the CIA, as a code and ciphers specialist, decoding messages from U.S. agents behind the lines in Germany, France and Norway, Returning to Middlebury, he graduated with a degree in American literature, married Jane, and began what was to become a lifetime spent with books.

Jennison worked first for ''Publishers Weekly'' as a reviews editor and feature writer, and then went on to become Assistant Director of the American Book Publishers Council. In the 1960s, he served on the National Book Committee, a non-profit citizens group promoting books and libraries, similar to the Vermont Center for the Book, but on a national scale. Under the auspices of the Ford Foundation he also worked with fledgling publishing companies in Africa, the Middle East and Asia, as well as serving on the panel for the National Book Awards.

''The Natinal Book Awards weren't as high profile in the sixties. We got a lot of local publicity, though, outside of New York. Now, it's more like the Academy Awards,'' said Jennison.

The Jennisons returned to Vermont in 1971. I'd had enough of New York and I was tired of being held hostage by the New Haven Railroad,'' recalled Jennison, referring to his years as a commuter from suburban Westport, Conn.

Christina Tree, co-author of ''Vermont: An Explorer's Guide,'' remembers the story a little differently. ''The way I heard it, Peter came home one night after a hard day in the city, wound up like a clock, and accidentally walked straight off the patio into the family swimming pool, seersucker suit, briefcase and all. He got out, sputtering, and yelled, ''That does it. Jane, we're going back to Vermont.''

Although he is now officially retired, Jennison continues to write for ''Vermont Magazine'' and will work again with Tree on the next edition of ''Vermont: An Explorer's Guide.''

Countryman Press's ''The Explorer's Guide series'' started in 1979. The first book was about Massachusetts, the home state of Tree, a young travel writer at the Boston Globe. Said Tree from her home in Cambridge, ''Peter hired me to write the series. I wrote one on Massachusetts and one on Maine. But the year I was to begin the one on Vermont, I had some family difficulties, and Peter so-authored to help me out.''

The partnership was such a success the two have continued co-writing the book ever since.

''We divided up the state,'' said Jennison. ''Now, when it's time for a new edition, we switch sections and re-visit old places and add new ones.''

The guidebook is published every two years and has garnered much praise for its accuracy and attention to historical detail. The most recent edition came out in May, which means that come the summer of 1998, Jennison and Tree will again switch their sections and start trekking for the 1999 edition. Working off the previous edition on their computers, the pair will meticulously re-check each entry, changing phone numbers and prices where necessary adding names or dropping them.

Said Christina Tree, ''The depth of Peter's knowledge of Vermont is huge. He's seen tremendous changes in the state, and he's got an interesting perspective, returning to Vermont at the time he did, after being away for so long. He personifies a certain kind of aristocratic Vermonter, who's very sophisticated and also very active and involved. He's low-key and witty and generous. And of course he's a fabulous writer. Somebody ought to do an oral biography of him.''

## CONFERENCE AGREEMENTS ON H.R. 2015 AND H.R. 2014, THE BALANCED BUDGET AND TAXPAYER RELIEF ACTS

Mr. MCCAIN. Mr. President, I congratulate our leader, Senator DOMENICI, Senator ROTH, our colleagues in the House, our colleagues in the other party, and all those who worked so diligently to hammer out the details of these agreements. I admit that I was somewhat skeptical that the Congress and the Clinton administration could come to an agreement on these two very important bills. While I have some concerns about certain aspects of these measures, I am pleased to be able to support the legislation.

These two bills will put our Nation back on the road to Federal responsibility. The Balanced Budget Act will reduce Federal spending by $270 billion over the next 5 years, eliminating our annual deficits and resulting in a balanced budget by the year 2002. At the same time, we are providing $96 billion in much-needed tax relief over the next 5 years.

Mr. President, our Founding Fathers recognized the basic principle that the Federal Government must not spend beyond its means. Thomas Jefferson said, ''We should consider ourselves unauthorized to saddle posterity with our debts, and morally bound to pay them ourselves.'' Unfortunately, we have strayed far from Mr. Jefferson's wise advice.

Today, our Nation is burdened with a national debt in excess of $5.3 trillion—or about $20,000 for every man, woman, and child in America. Our debt is still growing by about $4,500 per second—about the same amount it would cost to send three people to a community college.

Although Congress has talked endlessly about balancing the budget, the budget has not been balanced since 1969. We—the Congress and the President—have ignored our responsibility to put our fiscal house in order, choosing instead to leave future generations of Americans with an overwhelming legacy of debt.

Because Federal spending has been out of control, the American people have been saddled with an unconscionable tax burden. In 1960, Americans paid approximately one dollar in taxes for every $50 they earned. Today, one out of every three dollars goes to the tax man. These confiscatory tax policies are blatantly unfair to those who work hard to provide for their families.

The Balanced Budget Act reduces Medicare and Medicaid spending without reducing benefits, provides $24 billion for children's health initiatives, and mandates savings in other Federal programs. It also provides for effective enforcement of the discretionary spending limitations necessary to balance the budget by 2002.

The Taxpayer Relief Act will ease the unconscionable burden on American taxpayers by reducing estate and capital gains taxes, providing a $500 tax credit for children, and providing more flexibility in Individual Retirement Accounts. Small businesses will gain tax relief by restoring the deductibility of home office expenses and self-employed health insurance costs. These and other provisions will allow Americans to keep more of the their hard-earned dollars, rather than turning them over to pay for a bloated Federal bureaucracy.

The American people have waited a long time for deficit reduction and tax relief. With this legislation, we are showing the American people that we take our duties seriously, and I am pleased to support these bills.

Mr. President, there are several matters contained in these bills that I would like to discuss at greater length, some good and some not so good.

### AMTRAK TAX CREDIT

Mr. President, I wish to remark on the conference agreement provision giving $4.3 billion to Amtrak under the guise of so-called ''tax relief.'' Given that Amtrak is exempt from most Federal tax burdens, this scheme represents the greatest train robbery since the James Brothers retired.

How we can give a corporate tax refund to a quasi-governmental corporation that has NEVER paid Federal corporate income taxes defies imagination. It's too bad the American taxpayers aren't so favorably treated. I think every taxpayer would like the chance to receive a tax refund they aren't legally owed. Of all the charades I have seen over the years, this Amtrak ''special'' tax provision takes the cake.

I want the public to be aware, this bill contains $2.3 billion for Amtrak to be doled out over two years not subject to appropriation or congressional oversight. This is the same outfit that has drained $20 billion from the Federal Treasury to serve a small percentage of commuters in the northeast.

This windfall would be accomplished through a far fetched tax scheme that

will give Amtrak tax credits for the operating losses incurred by freight railroads. The provision instructs the Internal Revenue Service to sift back through the tax returns of the freight railroads and determine the losses they incurred from their passenger service from 1917 to 1971, before Amtrak ever existed. Those losses, which no one can quantify today, will then be provided to Amtrak in the form of $2.3 billion in tax credits.

Mr. President, give me a break. Are we supposed to be fooled by this? If we're going to permit a giveaway to Amtrak let's just be straight with the American people. Let's not insult them with this bogus charade. It's a mockery of our tax policy and an insult to the public.

Why didn't the conferees simply give $2.3 billion to Amtrak, without all the machinations? Because proponents of this provision know that if funding were subject to appropriations, which is the normal process, Congress wouldn't fund it because its simply not our top transportation priority. So, we're supposed to buy this ludicrous notion that Amtrak is owed a tax refund on taxes they never paid. To think that anyone is supposed to buy such a fairy tale strains the imagination, and adds to the cynicism about how Congress operates.

Let me take a moment to recap how we got to this novel provision. As my colleagues remember, the Senate-passed tax reconciliation bill included an Amtrak funding provision touted by its sponsors as a half penny for Amtrak. But the truth is that new money—some $2.3 billion in new Federal subsidies—came at the expense of the tax cut promised to the American people as part of the balanced budget agreement negotiated by the Administration and the Congress.

During the Senate floor debate, I strongly objected to that provision. I also urged the conferees to reconsider the fiscal ramifications of funneling such money to a system already losing more than $700 million annually and serving less than 1 percent of the traveling public. Unfortunately, the merits for sound Federal policies too often lose out to political will. That was the case during the original Senate debate and it is still the case today.

Again, the conference agreement which we are considering today provides for a new and even more generous funding proposal for Amtrak—one not previously considered by either the House or Senate. This proposal effectively provides more than $1 billion annually to Amtrak during the next two years rather than the approximately $700 million annual subsidy over three years. This new pot of gold for the bottomless pit known as Amtrak will not, let me repeat, will not, be subject to appropriations nor to Congressional oversight. Under the new proposal, the U.S. Treasury will be in charge.

One has to question just how far Congress is willing to go in its quest to find funny-money for Amtrak. Today, Congress is telling the American public that they should believe there is some sort of justification for deeming Amtrak to have had operating losses prior to its existence. The American public is to believe Amtrak is entitled to a tax credit for losses dating all the way back to 1917, even though it wasn't created until 1971.

What precedent does that set for our Federal tax policy? What type of signal does this send to private corporations and citizens on how the whimsy of Congress can retroactively recreate their tax histories? This proposed scheme is indefensible to the American public and sets an ill-advised precedent.

Mr. President, while I adamantly object to the tax credit scheme for Amtrak, I do what to note that at least one shred of responsibility remains in the bill with respect to Amtrak. It's small consolidation but the bill does link the disbursement of this unprecedented gift to the enactment of comprehensive Amtrak reform legislation.

I would like to recognize Senator HUTCHISON for her leadership and tireless work to try to move true Amtrak reform legislation through this Congress. While reform legislation was not included in this bill, I am confident Senator HUTCHISON will continue her endeavors to bring legislation passed by the Commerce Committee to the full Senate. And finally, I would like to thank the Majority Leader for the many hours he devoted to resolving this and all the other provisions in this tax legislation.

Before final passage of this bill, I look forward to entering into a colloquy with the Majority Leader and the Chairman of the Finance Committee regarding the linkage of Amtrak's access to this new windfall to the passage of a comprehensive reform bill. We will, in that colloquy, clarify that when we say a reform bill, that does not mean a couple of lines tucked into an appropriations bill or a rider making some cosmetic change to Amtrak. It means comprehensive, substantive meaningful, reform to ensure that Amtrak operates more efficiently and to set up a process that will protect taxpayers if Amtrak does not meet its financial goals.

I say to my colleagues and to the public, watch very carefully. Meaning no disrespect to any member of this body, the same minds that devise schemes like ''tax credits'' for Amtrak will employ their creative powers to hatch clever ways of ''reforming'' Amtrak in order to release the money without Congress ever suspecting that's what we did.

I hope that's not the next chapter in this charade. But, sadly, it wouldn't surprise me and I respectfully urge my colleagues—stay tuned.

COMMUNICATIONS AND SPECTRUM ISSUES

Mr. President, as one of the principal architects of Title III of the Balanced Budget Act, dealing with communications and spectrum allocations, I would like to briefly summarize its major provisions and give you my perspectives on several of them. I spoke briefly on this issue yesterday, but I wanted to make very clear my views on these important issues.

This title is scored to achieve a total of $23.4 billion in budgetary savings by the year 2003. Of this amount, all but $3 billion would be brought in by spectrum auctions.

This spectrum to be auctioned will be derived from several different sources. Some of it consists of analog broadcast TV channels that will be reclaimed from TV broadcasters as they move to their new digital TV channels. Ten channels of this TV spectrum located between Channels 60 and 69 will be cleared of current users and reallocated for different uses ion an expedited basis. Of these ten channels, four—a total of 24 megahertz of spectrum—will be reallocated for use by the nation's police, fire, and emergency medical personnel and essential public safety communications.

As demonstrated at a Commerce Committee hearing earlier this year, public safety users have endured severe spectrum shortages over the course of the last decade. This spectrum shortage has hindered them from using advanced video and data transmission technologies, but it has had an even more devastating impact on their ability to communicate acceptably using current technology. As demonstrated in the recent tragedies in Oklahoma City and the World Trade Tower, public safety officials found they could not rely on their radio communications to reach individuals working at different places at the disaster scene.

Reallocating this 24 megahertz to public safety will take a big step forward in remedying what has truly become a national disgrace. I am profoundly glad that in this budget agreement today we have acknowledged the debt we owe those whose job it is to protect our lives and property by giving them a resource that is badly needed and too long denied.

The remaining 36 megahertz of spectrum in this band will be reallocated to other commercial uses and made available by auction. Clearing the band of incumbent low-power users to accelerate its availability for auction and to maximize its auction value will be furthered by a complementary provision of the bill that will allow the major incumbent low-power television licensees moved from this band to be accommodated in available spectrum below Channel 60. The bill also preserves the value of the spectrum below Channel 60, however, by stipulating that any such accommodation of qualifying low-power stations shall only be made if otherwise consistent with the FCC's digital table of allotments for those channels. This is a key provision in that it assures that we do not accommodate low-power stations, which are and will remain a secondary broadcast service, at the expense of possibly

disrupting the planned transition to digital television that will free up the broadcasters' analog broadcast channels for auction in the future.

The bill provides that the remaining analog TV channels below Channel 60 will be auctioned in the year 2002, notwithstanding the fact that they will not be turned back and available for use until December 31, 2006 at the earliest. I say ''at the earliest,'' Mr. President, because it is important to note that the bill contains several specified circumstances under which the FCC may extend this date for stations in individual television markets. Generally stated, the FCC may extend the date under any of these circumstances: first, if one of the market stations affiliated with one of the four largest national television networks is not broadcasting a digital signal, and that failure is not for lack of due diligences; second, that digital-to-analog converter technology isn't generally available in the market; or third, if more than 15 percent of the television households in the market do not subscribe to a multichannel digital program service that carries the local signals, do not have a digital television receiver, and do not have at least one analog TV receiver equipped with a digital-to-analog converter.

Mr. President, this waiver standard is a compromise between the original provision in the House bill, which was so liberal it potentially would have caused the analog broadcast channels to never have had to have been returned for auction, and the Senate version, which was more rigorous in that it would have required the return of analog channels given the general availability to consumers of other means of receiving digital signals.

I would clearly prefer the more rigorous test. In saying this, I am not giving short shrift to the interests of TV viewers in my desire to have some reasonable assurance that the government may reclaim this extraordinarily valuable analog TV spectrum by a specified date and auction it to help defray the deficit. Rather, I agree with organizations like Consumer Federation of America, Consumers Union, Public Citizen and the National Taxpayers Union, all of whom favor a hard-and-fast analog channel turnback date of 2006 and all of whom say that the consumer electronics industry is being perfectly realistic in its projections that digital-to-analog converter technology will, in fact, be generally available by the year 2006 at a cost comparable to, or less than, the cost of the cheapest black-and-white TV sets today.

So, Mr. President, when it comes to the bill's provisions on the analog channel turnback date, I fear we have inadvisedly undercut the value this spectrum might otherwise bring at auction by including a waiver standard in this bill that unnecessarily signals to bidders in 2002 that the spectrum they're bidding on may not become available on any definitive date.

The only way to remedy this problem, Mr. President, is to expand the pool of bidders who, notwithstanding this uncertainty, have a particular incentive, plus substantial financial resources, to bid on this spectrum anyway. The bill does this in an innovative but careful fashion by waiving otherwise-applicable FCC ownership restrictions to allow television licensees and newspaper owners in cities having a population of over 400,000 to bid on this spectrum and use it for whatever use the FCC finds it to be suitable, including television.

The infusion of capital these multi-billion-dollar mass media players will bring to the analog auctions in these markets will be substantial. And yet, Mr. President, our bedrock concern over assuring a diversity of mass media viewpoints will not be compromised in any significant way.

I say this because this waiver is limited in scope, applying only to stations and newspapers in our 33 largest cities. In the smallest of these large cities—which happens to be Tucson, by the way—there are over forty broadcast stations. The largest city in terms of number of broadcast outlets, Los Angeles, has 72 radio and TV stations. In thinking about diversity in today's world, we also need to remember the role cable television and the Internet now play in giving people instant access to a variety of sources of news and information unimaginable when the FCC first developed these ownership restrictions decades ago.

So, Mr. President, this provision will re-infuse into the analog auctions capital we may have otherwise drained by our provisions for waiving the analog turnback date, and it will do this only in those places where the positive effect on auction values can be expected to be greatest while, at the same time, the tremendous diversity of information sources available today assures that consumers will suffer no meaningful loss of viewpoints as a result.

One final category of new broadcast spectrum auctions should be mentioned. This bill would revoke the FCC's authority to use lotteries to select the licensees of new commercial radio and television stations where there is more than one mutually-exclusive applicant, and instead provides for the use of auctions.

This measure, Mr. President, is not designed to raise revenues, although it will unquestionably do so; but rather to provide a straightforward and sensible alternative to the FCC's old, time-consuming comparative hearing process. In addition to the length of time this process took to ultimately determine which party would get the license—oftentimes years—the application of the convoluted system of comparative criteria often selected winners based on essentially meaningless differences between the applicants. Not surprisingly, this approach was essentially struck down by the court several years ago. Auctions will provide an efficient way to dispose of the many hundreds of cases that have stacked up undecided since the court's decision, and provide a similarly efficient way of selecting licensees in the future. Those applicants who have applications pending before the Commission will be given a special period of 180 days in which to settle their applications and avoid auctions. In view of the different circumstances pertaining where multiple applicants for noncommercial educational stations are involved, the FCC may use lotteries to select licensees for such stations.

So much for analog television spectrum, Mr. President. In addition to all this spectrum, the bill also provides for the accelerated auction during the out-years of 45 megahertz of spectrum previously identified for this purpose by NTIA and the FCC. The bill further tasks NTIA and FCC to cause 75 more megahertz of spectrum, 55 of which is specifically identified in the bill, to be reallocated from its current shared or exclusive government use and made available for auction. Concerns over the possible inability to find suitable substitute spectrum for incumbent users are mitigated, and the auction revenues preserved, by further provisions enabling the President to nominate spectrum for reallocation other than the bands specified in the bill if these substitute bands can be shown to bring comparable auction revenue. Further enhancing the likely value of this reallocated government spectrum at auction are complementary provisions authorizing private suers to reimburse incumbent federal government licensees in these bands for the cost of moving to their new spectrum bands on an expedited basis.

In addition, the bill contains several provisions designed to enhance the revenues spectrum auctions will bring in by improving the auction process itself. Specifically, the bill would require the FCC to test contingent combinatorial auction bidding, a system which many believe helps bidders optimize their bidding strategy and thereby increases auction proceeds. It also requires the FCC to allow sufficient time prior to an auction to develop and promulgate auction rules that potential bidders can have an opportunity to factor into their bidding and business strategies. It also requires the FCC to establish reserve prices and minimum bids. Finally, it eliminates the entrepreneurial uncertainty, and consequent lessened auction revenues, that is caused when spectrum is allocated for any and all unspecified uses. It does this by stating certain, limiting conditions and procedures under which the FCC will be permitted to allocated spectrum for flexible use in the future. Collectively these provisions should result in increased revenue from spectrum auctions.

This brings me, Mr. President, to one final provision of the bill intended to bring in an additional $3 billion: namely, the stratagem whereby $3 billion is

shifted between the Treasury and the universal service fund in such a way that it appears that $3 billion in new revenue will be deposited in the Treasury in fiscal year 2002. This provision, which has been foisted on us by the Administration and its Office of Management and Budget, is nothing more than a contrivance designed to make it appear that a $3 billion budget deficit has been plugged, when all that will really happen is that the fund will pay back to the Treasury precisely the amount that the Treasury will first have given the fund. It's a disingenuous and dangerous policy to pursue, and one I intend to examine critically in Commerce Committee hearings in September.

In the meantime, the important thing to stress is that the telephone industry universal service fund will not lose a dime. And because telephone companies' payments into the fund are rescheduled, the amount of money they ultimately pay in will not be affected, and this should assure that telephone bills won't go up either, at least for this reason.

Nevertheless, Mr. President, let's be plain: a scam is a scam is a scam, and we should not condone scams, even those that don't appear to actually hurt anything. But I suggest that the better remedy is to pass legislation that will not only address this particular scam, but also make sure that others like it won't be foisted on us again. The Commerce Committee will address this in September, to guarantee the integrity of the universal service fund and the continuity of the essential telecommunications services subsidized it.

This brings me to more fundamental concerns I have with the bill—concerns I have stated before, but concerns that must be stated once more. I have not believed, and I remain unconvinced, that the spectrum auctions provided for in the bill will generate anywhere near the $21.4 billion that CBO estimates they will. I believe this is too much spectrum to put on the market in too compressed a timeframe. 75 percent of the revenues estimated to be generated is to come from auctions held in the out-years of 2002 and 2003. Even under the best of circumstances, it is counterintuitive to think that flooding the market with spectrum in those years will not substantially depress its value.

And these aren't even the best of circumstances, Mr. President. I have already alluded to the devaluation that will inevitably result from bidding on spectrum that is variously unavailable for a number of years after the auction or encumbered with existing users who must be relocated. But the bottom line is, the scoring process and the demand to bring the revenues in within the five-year budget balancing window have made better approaches impossible.

None of this should be interpreted as an indirect way of saying that spectrum auctions are a failure. But I have advocated them as an efficient way of assigning spectrum licenses that allows the public, to whom the spectrum belongs, to realize the benefit of its market value. But it cannot be forgotten that spectrum auctions are not, and never were, intended to be a kind of ATM for Congress to run to every time it needs a certain amount of money. Like any auction, spectrum auctions are subject to unpredictable vagaries that cannot be forecast, much less satisfactorily defended against. For this reason, like any auction, spectrum auctions cannot be relied upon to produce any given amount of money. But despite this fact, Mr. President, that's exactly what you're banking on—and I do mean ''banking on'' in its literal sense—when you rely on spectrum auctions to wipe out a substantial chunk of the budget deficit by 2003.

Let me just say that I do not think it likely that spectrum auctions will realize the $21.4 billion in revenue that has been estimated. Nevertheless, the bill we vote on today will at least set us on the road to achieving a balanced budget. For this reason, and despite my misgivings about the credibility of achieving the amount of budget savings we hope to achieve from this part of the package, I support the legislation.

MEDICARE IMPROVEMENTS

The Balanced Budget Act contains important changes to the Medicare system which will strengthen the program and protect it for current and future beneficiaries. The bill preserves and protects the Medicare program, while increasing choice within the program and expanding benefits for beneficiaries. The Medicare Choice program created in this bill will allow seniors to select from a wide variety of options, including HMOs, PPOs, PSOs, and Private Fee-for-Service programs. In addition, the bill creates a Medical Savings Account demonstration program which will allow 390,000 beneficiaries to select a high-deductible Medicare Choice plan.

Key provisions of the bill will help eliminate waste and fraud in the Medicare system which could result in significant savings. Significant portions of the ''Medicare Whistleblower'' legislation which I introduced earlier this year are incorporated into the fraud prevention section of this bill. Seniors will now have the ability to request copies of their Medicare billing statements. In addition, seniors will be able to easily report suspected fraud and abuse in the system.

Overall, the Medicare reforms in this plan will produce $115 billion in savings over the next five years, which protects the program for today's senior citizens and ensures Medicare will be available for future beneficiaries. In addition, the bill establishes a commission to study the Medicare system, with a mandate to make recommendations by March of 1999 on comprehensive reform of the program. I firmly believe that our priority must remain protecting the Medicare system from bankruptcy by the year 2001, and I believe that this bill is an important first step in working toward that goal.

CHILDREN'S HEALTH CARE

The Balanced Budget Act provides $24 billion to improve access to health insurance for uninsured children in our country and put affordable health care insurance within the reach of every family. This new federal funding will allow states to expand Medicaid coverage or create innovative new programs which will address the specific health care needs of low-income children.

Providing access to health care for uninsured children has been a priority for me since coming to the Senate. During the 103rd Congress, I offered legislation to address this problem, and I am pleased that we are able now to implement this new program for our nation's children.

WELFARE REFORM

Last year, Congress made significant progress in reforming our welfare system when we passed the Personal Responsibility and Work Opportunity Reconciliation Act. This much-needed legislation is dramatically improving our nation's welfare system and reducing the costs of the system, by requiring able-bodied welfare recipients to work and encouraging individuals to become self-sufficient.

However, the welfare reform law denied certain forms of public assistance to legal immigrants who were residing in this country prior to enactment of the legislation. At the time, I had concerns about the potentially disastrous impact this law would have on children, the disabled, and elderly legal immigrants who would lose vital support services such as Medicaid and Supplemental Security Income (SSI). I am pleased that this bill restores SSI eligibility for certain legal immigrants and refugees. In addition, children who are legal immigrants will be eligible for health insurance coverage as a part of the new, expanded health insurance coverage contained in this package. These provisions will provide necessary safeguards for these vulnerable populations as we continue implementing the new welfare law.

MEDICAID PROGRAMS

Five states, including Arizona, operate managed care Medicaid programs, through a Section 1115 waiver. Each of these states have expanded coverage to children and vulnerable uninsured people beyond the traditional Medicaid categories. They have been able to provide these expanded services by using their disproportionate share hospital (DSH) funds.

I worked with my colleagues from the five affected states to protect the option to provide this expanded coverage. The Balanced Budget Act clarifies that states which use their DSH payments for Section 1115 health care expansions would not be penalized by

the limitations being placed on DSH payments as a part of Medicaid reform in this bill. Our states will be able to continue providing innovative and cost effective health care coverage to otherwise uninsured populations.

I am concerned, however, that the Medicaid reforms in this bill do not include several important provisions.

The conferees eliminated an important provision contained in the Senate bill which would provide incentives for states to devise innovative ways to meet expanding demand for access to Medicaid-funded health care coverage. This provision would have authorized the continuation of a state's successful Section 1115 waiver program and allow the states to expand coverage using state resources. This provision would have lowered both state and federal costs of these programs, and allowed states to expand coverage to their most vulnerable populations. I am very disappointed that the conferees did not include it in the conference agreement.

SCHOOL CHOICE

After the negotiations on the Balanced Budget Act were completed, President Clinton made a last-minute threat to veto the bill because it contained an innovative and important educational provision that he claimed would ''undermine public education''. This provision would have given parents the freedom to choose a school for their children based on their unique educational needs. Parents would have been able to withdraw funds from education savings accounts to pay tuition at the school of their choice—public, private or sectarian. I find it greatly disconcerting that President Clinton used the threat of a veto to force Congress to eliminate a provision which would have granted equal educational opportunity to all students.

MEDICARE SUBVENTION FOR MILITARY RETIREES

I am pleased that the conferees retained the Senate provision to authorize a pilot program to demonstrate the cost-effectiveness of allowing Medicare reimbursement to military medical facilities that treat Medicare-eligible military retirees. This provision will significantly decrease costs to both the federal government and military retirees.

The provision authorizes the Secretary of Defense and the Secretary of Health and Human Services to establish a demonstration project wherein the Secretary of HHS would reimburse the Secretary of Defense from the medicare trust funds for health care services furnished to medicare-eligible military retirees or dependents. The three-year project, beginning on January 1, 1998, is limited to six sites within the military TRICARE regions. The TRICARE enrollment fee would be waived for persons enrolled in the managed care option of TRICARE and the minimum benefits would include at least the Medicare benefits. The demonstration project is expected to cost $55 million in 1998, $65 million in 1999, and $75 million in 2000.

There are currently 1.3 million military retirees age 65 and older, about 97% of whom are eligible for Medicare. About 230,000 currently use military treatment facilities on a regular basis when space is available, at a cost of $1.2 million per year.

The cost of providing health care to military retirees through civilian Medicare providers has been estimated to be significantly higher than the care that is provided at a military treatment facility. In fact, the Department of Defense (DOD) found that the cost of care at a military treatment facility is 10–24 percent less than that at a civilian facility. DOD has testified to the Congress that they would be able to enroll and treat more Medicare-eligible beneficiaries at a lower cost to the government.

I am disappointed that the Senate provision to provide this critical medical benefit to our nation's veterans was not included in the conference agreement. I hope that this pilot program for military retirees will provide the impetus for legislation to extend the program to veterans.

PORK-BARREL SPENDING

I am sorry to say that the Balanced Budget Act does contain some earmarks and special interest provisions, although I am happy to report that there are very few in this bill.

It is unconscionable that the Congress would have the audacity to protect special interests in this bill, when the money wasted could have been used to provide additional tax relief for working Americans, higher funding for children's health care, improved education programs, or just to reduce the deficit.

I ask unanimous consent that the list of special interest items be printed in the RECORD.

DEBT LIMIT INCREASE

Finally, Mr. President, I note with some dismay that the Balanced Budget Act increases the limit on the amount of debt the federal government can incur to $5.95 trillion. I just want to point out to my colleagues the irony of increasing the debt limit in a balanced budget act. Even as we pass this legislation to reduce federal spending by $270 billion over the next five years, we are forced to acknowledge that annual deficits will continue to add to our enormous national debt for several more years.

CONCLUSION

Mr. President, I hope that these two bills will provide the deficit reduction and tax relief promised to the American people. Certainly, it has not been possible to thoroughly analyze each provision of the legislation in the short time it has been available to Senators. If, however, we remain committed to the fiscal responsibility embodied in the Balanced Budget Act and the tax fairness of the Taxpayer Relief Act, the American people will soon reap the benefits of both lower taxes and a declining national debt.

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

OBJECTIONABLE PROVISIONS IN THE CONFERENCE AGREEMENT ON H.R. 2015, THE BALANCED BUDGET ACT

BILL LANGUAGE

Sec. 4011: Mandates establishment of Medicare Prepaid Competitive Pricing Demonstration Projects, initially in 4 areas (including one rural area), and then in up to 3 additional areas

Sec. 4016: Mandates establishment of 9 Medicare Coordinated Care Demonstration Projects, 5 in urban areas, 3 in rural areas, and 1 in the District of Columbia ''operated by a nonprofit academic medical center that maintains a National Cancer Institute certified comprehensive cancer center''

Sec. 4019: Extends for two more years the Community Nursing Organization demonstration projects in Mahomet, Illinois; Tucson, Arizona; New York, New York; and St. Paul, Minnesota

Sec. 4921 and 4922: Creates two new grant programs for children diabetes and diabetes in Indians—NOT IN EITHER BILL

Sec. 4201: Grandfathers ''any medical assistance facility operating in Montana'' as a federally certified critical access hospital ''if such facility . . . is otherwise eligible to be designated by the State as a critical access hospital''; report language states that the intent of the conferees is that ''there be no gap in grant money from HCFA to Montana''.

Sec. 4207: Mandates establishment of a single, four-year Informatics, Telemedicine, and Education Demonstration Project, using a telemedicine network that is defined as ''a consortium that includes at least one tertiary care hospital (but no more than 2 such hospitals), at least one medical school, no more than 4 facilites in rural or urban areas, and at least one regional telecommunications provider'' and that meets certain criteria, including that the consortium ''is located in the area with a high concentration of medical schools and tertiary care facilities in the United States''

Sec. 4408: Reclassifies Stanly County, North Carolina, as part of the larg urban area of Charlotte-Gastonia-Rock Hill—North Carolina—South Carolina for purposes of Medicare PPS payments to impatient hospitals

Sec. 4417: Extends the status of a long-term care hospital ''a hospital that was classified by the Secretary on or before September 30, 1995, as a [long-term care] hospital . . . notwithstanding that it is located in the same building as, or on the same campus as, another hospital''.

Sec. 4418: Designates as a PPS-exempt cancer hosptial ''a hospital that was recognized as a comprehensive cancer center or clinical cancer research center by the National Cancer Institute of the National Institutes of Health as of April 20, 1983, that is located in a States which, as of December 19, 1989, was not operating a demonstration project under section 1814(b), that applied and was denied, on or before December 31, 1990, for classification as a hospital involved extensively in treatment for or research on cancer . . ., that . . . is licensed for less than 50 acute care beds, and that demonstrates for the 4-year period ending on December 31, 1996, that at least 50 percent of its total discharges have a principal finding of neoplastic disease. . . .''

Sec. 4643: Establishes Office of Chief Actuary for HCFA—NOT IN EITHER BILL

Sec. 4725: Increases Federal medical assistance payments to Alaska (increase of 9.8%) and the District of Columbia (increase of 20%)

Sec. 4758: Exempts Kent Community Hospital Complex and Saginaw Community Hospital in Michigan from classification as institution for mental disease through December 31, 2002

Sec. 9301: Requires that the Federal share of food-related disaster assistance for Kittson, Marshall, Polk, Norman, Clay, and Wilkin Counties in Minnesota shall be at least 90 percent

REPORT LANGUAGE

States conferees' intention that HHS grant waivers of transitional rules for Medicare HMO programs to the Wellness Plan in Southeastern Michigan and the Watts Health Foundation

## NOTICE OF DECISION OF THE BOARD OF DIRECTORS

Mr. THURMOND. Mr. President, the Board of Directors of the Office of Compliance has issued its first decision on appeal. The case involved an alleged violation of the Worker Adjustment and Retraining Notification [WARN] provisions made applicable by the Congressional Accountability Act of 1995. Pursuant to section 416(d) of the act and section 104(d) of the office's regulations, the Board has exercised its discretion to make the decision public. It will be publicly available at the Office of Compliance and of the Office's Internet Website.

I ask unanimous consent that the decision of the Board of Directors be printed in the RECORD.

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

OFFICE OF COMPLIANCE

GERARD J. SCHMELZER, Appellant, v. OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER, U.S. House of Representatives, Appellee.

(Case No. 96–HS–14 (WN))

Before the Board of Directors: Glen D. Nager, Chair; James N. Adler; Jerry M. Hunter; Lawrence Z. Lorber; Virginia A. Seitz, Members.

DECISION OF THE BOARD OF DIRECTORS

These cases, consolidated on appeal, arise out of the privatization of the internal postal operations of the House of Representatives. Appellants are nine former employees of the House of Representatives, who served in House Postal Operations (the ''HPO'') under the Chief Administrative Officer (the ''CAO'') of the House. Appellants lost their jobs as a result of the privatization of the House's internal mail functions. They subsequently filed claims with the Office of Compliance alleging that the notice of the privatization that they received did not satisfy the requirements of the Worker Adjustment and Retraining Notification Act (the ''WARN Act''), as applied by section 205 of the Congressional Accountability Act of 1995 (the ''CAA''), 2 U.S.C. §1315, and the Board's implementing regulations.

Pursuant to section 405 of the CAA, 2 U.S.C. §1405, a Hearing Officer was appointed who heard all nine cases. Eight of the cases, in which the parties were represented by the same counsel, were consolidated for one hearing; the case of appellant Schmelzer, which raised the same issues, was heard in a separate hearing by the same Hearing Officer. In separate decisions issued the same day, the Hearing Officer determined, among other things, that the CAO had given legally sufficient notice to all appellants and, finding no violation of the Act, ordered entry of judgment in favor of the CAO in each case. Decision of the Hearing Officer in Gerald J. Schmelzer v. Office of the Chief Administrative Officer, U.S. House of Representatives (the ''Schmelzer Decision'') at 58-60. Decision of the Hearing Officer in Avis Quick et al. v. Office of the Chief Administrative Officer, U.S. House of Representatives (the ''Quick Decision'') at 59-61. (All citations hereinafter to the Hearing Officer's Decision or Findings of Fact shall be to Schmelzer, unless otherwise stated.)

The Hearing Officer found that a memorandum that the Office of the CAO distributed to HPO employees on December 13, 1995 (the ''December 13, 1995 memorandum'')[1] constituted written notice which substantially complied with the CAA's notice requirements, even though it was technically deficient, principally because it did not state the specific date on which appellants' employment would terminate, as required by the Board's regulations. The Hearing Officer concluded, however, that in the particular circumstances of this case, the technical defects of the memorandum were not fatal because the memorandum provided a general indication of the termination date and because that date had been communicated in meetings attended by all appellants, was widely publicized, was generally well-known, and was readily ascertainable by HPO employees. Decision at 58. These appeals followed.

I.

The Hearing Officer determined that the December 13, 1995 memorandum ''needs to be read in context'' in order to decide whether the omission of the specific closing date of the HPO compelled a finding of violation, Decision at 53, and, to that end, he considered the long and public process leading up to the privatization, including a series of updating memoranda and employee meetings which predated the terminations occasioned by the privatization of the HPO by sixty days or more. He found the following facts to be relevant.

The CAO's first plan to privatize HPO functions was submitted to the Committee on House Oversight of the House of Representatives (the ''Committee'') on February 28, 1995, and, at the Committee's request, the CAO twice submitted revised plans over the next several months. See Decision at 5. The Hearing Officer found that, during this period, the possible privatization of HPO operations was ''a subject of discussion and interest'' among HPO employees. Id.

On June 14, 1995, the Committee directed the CAO to issue a request for proposals (''RFP'') to contract out House mail functions, and, on that same day, CAO managers distributed a memorandum to HPO staff informing them of the Committee's action and assuring them that any selected vendor would be required to interview all interested current employees for future employment with the vendor. House Comm. on House Oversight, 104th Cong., 1st Sess., Resolution, ''Postal Operations.'' The Hearing Officer found that, at this point, the ''level of interest'' of HPO employees in the possibility of privatization ''increased.'' Decision at 5. An RFP was published in Commerce Business Daily during August, and, on September 8, 1995, the Office of the CAO distributed another memorandum to HPO employees. See id. at 6.

The memorandum of September 8, 1995 stated that it was written in response to employee inquiries: ''many of you have requested an update on the status of the [RFP] to outsource Postal Operations.''[2] Id. The memorandum reiterated that the winning bidder would ''interview all interested Postal Operations employees for possible employment.'' Id. The memorandum also gave employees a schedule for the transition to the private contractor, stating that final bids were due in by September 15, 1995 and that review and recommendation on award of the contract was due to the Committee at the beginning of November. See id. The September 8 memorandum concluded by telling employees when the privatization was due to take place: ''[t]he new facilities management company is scheduled to begin operations in mid-December.'' Id. The memorandum also offered to answer any ''additional questions'' that employees might have. Id.

On December 13, 1995, the Committee adopted a resolution directing that ''all functions of House Postal Operations shall be terminated as of the close of business on Tuesday, February 13, 1996'' and authorizing the CAO to contract with Pitney Bowes Management Services, Inc. (''PBMS'' or ''Pitney Bowes'') to provide those internal mail services for the House. House Comm. on House Oversight, 104th Cong., 1st Sess., Resolution, ''House Postal Contract.''[3] The Committee resolution also instructed the CAO ''to immediately provide sixty days notice to existing House employees affected [by the privatization].'' Id. One of the appellants attended the Committee meeting, and the resolution of the Committee was posted for several days on the bulletin board at the main HPO facility. See Findings of Fact at 3; Quick Findings of Fact at 4.

On that same day, soon after the Committee meeting, in response to the Committee's action, CAO management asked all HPO employees who were present at work to attend either of two meetings. It was at these meetings that CAO officials distributed the December 13, 1995 memorandum, which announced to employees the award of the contract to Pitney Bowes and explained that the contractor would distribute applications for employment the next day and would make its hiring decisions in January, 1996. See Decision at 7. The memorandum also promised that support, resources, and employee assistance programs would be provided ''[t]o make the transition from employment with the U.S. House of Representatives as smooth as possible. * * *'' Id. at 48. CAO managers also explained at the December 13 meeting that February 14, 1996, Valentine's Day, was the target date for Pitney Bowes to begin operations. See id. at 57.

Appellant Schmelzer acknowledged having received a copy of the December 13, 1995 memorandum at one of the meetings, as did one of the other appellants. See id. at 46; Quick Decision at 48. All of the other appellants likewise attended one of the meetings. See Quick Decision at 47–48.

On the next day, December 14, 1995, further meetings were convened, at which Pitney Bowes met with the employees and distributed job applications. Several representatives of the CAO and of Pitney Bowes spoke, and it was stated at several points that Pitney Bowes would begin serving as the House's mail delivery contractor on Valentine's Day, February 14, 1996. See Findings of Fact at 4; Quick Findings of Fact at 5. All appellants attended one of these meetings, and all submitted job applications to Pitney Bowes. See Findings of Fact at 4; Quick Findings of Fact at 5.

On January 22, 1996, individual letters were hand-delivered to all HPO employees present

[1] The December 13, 1995 memorandum is reproduced as Appendix A to this opinion.

[2] The September 8, 1995 memorandum is reproduced as Appendix B to this opinion.

[3] The December 13, 1995 Committee Resolution is reproduced as Appendix C to this opinion.