S. 1196. A bill to amend title 49, United States Code, to require the National Transportation Safety Board and individual foreign air carriers to address the needs of families of passengers involved in aircraft accidents involving foreign air carriers; to the Committee on Commerce, Science, and Transportation.

By Mrs. FEINSTEIN:

S. 1197. A bill to reform the financing of Federal elections; to the Committee on Rules and Administration.

By Mr. ABRAHAM (for himself, Mr. KENNEDY, Mr. HATCH, Mr. LEAHY, Mr. DEWINE, Mr. DURBIN, Mr. BIDEN, and Mr. D'AMATO):

S. 1198. A bill to amend the Immigration and Nationality Act to provide permanent authority for entry into the United States of certain religious workers; considered and passed.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SPECTER:

S. 1191. A bill to reform the financing of Federal elections, and for other purposes; to the Committee on Rules and Administration.

THE SENATE CAMPAIGN FINANCE REFORM ACT OF 1997

Mr. SPECTER. Mr. President, in seeking recognition, I am putting forward legislation on campaign finance reform which builds upon the experience of the Governmental Affairs Committee hearings, which are now in progress, on illegalities and improprieties of campaign finance reform. I have served on that committee for the past 8 months while we have conducted the investigation and the 6 weeks of hearings which we have had. The legislation which I am about to introduce builds on those hearings.

At the outset, I compliment my colleagues, Senator JOHN MCCAIN and Senator Russ FEINGOLD, for the work which they have done with the leadership. I have stated publicly that I applaud their efforts, but I disagree with a key provision of their bill, S. 25, which would give candidates free television advertising time. I have been advised that the McCain-FEINGOLD bill may be modified as to that aspect.

I have talked to my colleague, Senator MCCAIN, today and had previously circulated my bill. Senator MCCAIN advises he is interested in bringing the matter to the floor next week. We discussed the possibility of integrating the legislation or my adding amendments to his proposed bill.

I have circulated this proposed legislation among a number of my colleagues on both sides of the aisle. I think there is an excellent chance we will have a number of cosponsors to this legislation. But I want to proceed now to make this brief statement on the substance of my legislation and to put the bill in so that our colleagues could consider this bill during the course of the next week before the matter comes to the Senate floor.

My bill does six things.

First, it eliminates ''soft money.'' We have seen an avalanche of soft money, into the hundreds of millions of dollars, influencing the 1996 election.

My bill, second, defines ''express advocacy'' to enforce the intent of the Federal election laws to prevent coordinated campaigns.

What we have seen on both sides of the aisle from both Democrats and Republicans are advertisements in the 1996 election, by the Republicans extolling the virtues of Senator Dole and criticizing President Clinton, and vice versa for the Democrats, praising President Clinton and criticizing Senator Dole. But for some reason those advertisements have not been defined to be ''express advocacy.''

The third provision of my bill would make ''independent expenditures'' truly independent by requiring affidavits from those who are involved in the process.

My proposal would say that if someone is to make an independent expenditure, that person will have to file with the Federal Election Commission, swearing under oath under the penalties of perjury that the expenditure is truly independent.

Then after that affidavit is filed with the FEC, the FEC will notify the candidate and the committee on behalf of whom the independent expenditure was made and require from that candidate and that committee an affidavit subject to the penalties of perjury that there is no coordination. My experience as prosecuting attorney has been that when people are compelled to take affidavits, they pay a lot more attention to what they are doing than some provision of the law which they might not know about, might not understand, or think has been disregarded. My sense is that as a general matter, not in all cases, but in many cases, these so-called independent expenditures are not independent at all.

The fourth provision that I am proposing would be to try to deal with the Buckley versus Valeo decision that anyone may spend as much of his or her own money that he or she chooses.

My bill incorporates the so-called Maine Standby Public Financing provision where, illustratively, if candidate A spends $10 million of his/her own money, then there would be public financing for the amount by which such expenditure exceeds the relevant spending cap.

I am opposed to public financing generally, and opposed S. 2 which was introduced in this body years ago on that subject, because I think there ought not be public financing. But this ''standby'' provision I think would act principally to deter somebody from spending $10 million of their own money. The Government would put up money equal to the amount of the excess. I think that would deter somebody from spending the money knowing that their financial advantage would be matched. And to the extent that the expenditures would have to be made, I think that is worthwhile. It would stop people from buying seats in the U.S. Congress.

The fifth provision would eliminate foreign transactions which funnel money into U.S. campaigns.

Our Governmental Affairs investigation has shown what happened in the so-called Young brothers' transaction which went through the Republican National Committee and ended up placing foreign money in a political committee. This legislation would preclude that from happening again.

The sixth and final provision would impose limitations and require reporting of contributions to the legal defense funds for Federal officeholders and candidates.

The Governmental Affairs hearings have again shown, with the actions of Mr. Charlie Trie, hundreds of thousands of dollars came into the Clinton campaign for the legal defense fund. They were not reported. They were not identified. They were kept secret until after the election had occurred. And they are first cousins to campaign contributions. And this legislation would impose limitations and required reporting.

Mr. President, this legislation is being introduced a little earlier than I had intended because I believe that we will have a number of cosponsors, Senators who are now considering the bill. But I thought it important to make this brief statement and to put the provisions of the bill into the CONGRESSIONAL RECORD so that Senators may have an opportunity to consider this proposal between now and next week when there may be an opportunity in one form or another to discuss campaign finance reform.

As I say, with the modification that Senator MCCAIN has apparently made taking out the provision requiring free television time, it may be possible to integrate these two bills or piecemeal amendments from my legislation into the McCain-Feingold bill. I had been unwilling to cosponsor that legislation because I think that constitutes a taking in violation of the provision against due process against taking without compensation.

Six months of investigation and 5 weeks of hearings by the Senate Governmental Affairs Committee have confirmed my conclusion and the view of most Americans that campaign finance reform is necessary. Politics is awash in money—corrupting some, appearing to corrupt others, and making almost everyone in or out of the system uneasy about the way political campaigns are financed.

I believe my colleagues Senator JOHN MCCAIN and Senator RUSS FEINGOLD have done an excellent job in providing leadership for campaign finance reform even though I disagree with the key provisions of their bill (S. 25) which would give candidates free television advertising time. In my judgment, taking such property without compensation is confiscatory and unconstitutional.

Our Government Affairs hearings have highlighted issues not covered by

the McCain-Feingold legislation and those hearings have suggested the need for other legislative reforms.

My proposed legislation would: First, end ''soft money''; second, define ''express advocacy'' to enforce the intent of the Federal election laws to prevent coordinated campaigns; third, require affidavits to make ''independent expenditures'' truly independent; fourth, eliminate foreign transactions which funnel money into U.S. campaigns; fifth, deter massive spending of personal wealth by adapting a new ''standby public financing'' framework similar to one recently enacted by Maine; and sixth, impose limitations and require reporting of contributions to legal defense funds for federal officeholders and candidates.

SOFT MONEY

The factual need for reform of the soft-money rules has been well documented. Public funding of Presidential campaigns was intended to eliminate collateral contributions. But soft money for so-called issue advocacy has created a gaping loophole that permits spending without limit. An estimated $223 million of soft money was raised by both parties in 1996. According to Congressional Quarterly, that figure represents almost 3 times what was raised as soft money in 1992 and more than 11 times that raised in 1980.

While many have focused on the allegedly corrupting influence of political action committees, PAC's pale in comparison to soft money. For example, Congressional Quarterly has also reported that Enron Corp. gave $44,000 less through its political action committee in 1996 than it did in 1994, but the firm quintupled its soft money contributions to $627,400.

Soft money flows not only from individuals, but also from corporations and labor unions, which are expressly prohibited from giving directly to candidates. Archer Daniels Midland donated a total of $380,000 to the Democratic and Republican National Committees during the recent election cycle. Phillip Morris, the Nation's leading tobacco company, donated a total of more than $2.7 million to the two parties in 1995 and 1996, with $2.1 million going to the Republican Party.

In the first half of 1997, Common Cause reports that the tobacco companies gave $1.9 million to Republican and Democratic committees, at a time when Congress and the President have begun consideration of the tobacco litigation settlement. In 1996, telecommunications companies reportedly donated $14.5 million in soft money; twice as much as they did in 1992. In short, both parties have emerged as the vehicles for evading post-Watergate contribution limits, and neither will disarm unilaterally.

Currently, there is a $20,000 cap on the amount that any individual can give to the national committee of a political party in any 1 year. In order to circumvent this limit, some individuals contribute to the non-Federal accounts of political parties which are not subject to any caps. These funds are then often spent on behalf of the party's candidate in a Federal election.

To close this loophole the bill:

Maintains the $20,000 a year cap which would apply to the total amount individuals can contribute to political parties, whether at the national, State or local level, for use in Federal elections.

Prohibits the national committees of political parties from soliciting or receiving any contributions not subject to the provisions and caps of the Federal Election Campaign Act.

Provides that State party committee expenditures that may influence the outcome of a Federal election may be made only from funds subject to the limitations and prohibitions imposed by Federal law.

Expands the reporting requirements so that all national committees, including all congressional and Senate campaign committees, must report all receipts and disbursements, whether or not in connection with a Federal election.

These restrictions on soft money contributions to parties are constitutional and consistent with the reasoning applied by the Supreme Court in Buckley. The logic of Buckley and its progeny permits Congress to cap campaign contributions when necessary to avoid the impropriety and the appearance of impropriety caused by large gifts. In Buckley the Supreme Court struck down certain caps on campaign expenditures that were originally included in the Federal Election Campaign Act [FECA]. At the same time, however, Buckley upheld a number of FECA's caps on campaign contributions, including the $1,000 cap in the amount that individuals can contribute to candidates, the $5,000 cap on the amount that individuals can contribute to political action committees, and the $20,000 cap on the amount that individuals can contribute to national committees of political parties. Buckley also upheld FECA's $25,000 cap on the total amount an individual can contribute to campaigns, PAC's and national committees in any 1 year. This bill extends the scope of these permitted caps to cover contributions to the State and local committees of political parties for use in Federal campaigns.

The concept of proposing further caps on contributions to political parties was endorsed by the Supreme Court in its decision in Colorado Republican Federal Campaign Committee versus Federal Election Commission. In that case, the Court ruled that the sections of FECA that limited the amount of independent expenditures that could be made by a political party were unconstitutional. In reaching this conclusion, however, the Court approved limiting individual contributions to political parties:

> The greatest danger of corruption . . . appears to be from the ability of donors to give sums up to $20,000 to a party which may be used for independent party expenditures for the benefit of a particular candidate. *We could understand how Congress, were it to conclude that the potential for evasion of the individual contribution limits was a serious matter, might decide to change the statute's limitations on contributions to political parties.* [Emphasis added]

The potential for evasion of the contribution limits clearly does exist, and the fact of evasion of these limits clearly does exist. It is indeed time that Congress changes FECA's limitations on contributions to political parties.

EXPRESS AND ISSUE ADVOCACY

In the 1996 Presidential elections, the line was blurred beyond recognition between party and candidate activities. There is substantial evidence that soft money was spent illegally during the 1996 campaign by both parties. According to a November 18, 1996, article in Time magazine, President Clinton's media strategists collaborated in the creation of a DNC television commercials. The article describes a cadre of Clinton-Gore advisors, including Dick Morris, working side by side with DNC operatives to craft the DNC advertisement which extolled the President's accomplishments and criticized Republican policies. Republicans did the same.

Such cooperation constitutes violation of the Federal Election Campaign Act [FECA] which provides:

> Expenditures made by any person in cooperation, consultation, or concert, with, or at the request or suggestion of, a candidate, his authorized political committees, or their agents, shall be considered to be a contribution to such candidate. 2 U.S.C. 441a(a)(7)(B)(1)

Thus, if the alleged cooperation between the Clinton/Gore campaign and the DNC took place, then all of the money spent on those DNC advertisements constituted contributions to the Clinton campaign. Under FECA, such contributions would have to be reported upon receipt and would have to be included when calculating the campaign's compliance with FECA's strict contribution and expenditure limits. The failure to treat the expenditures as contributions would be a violation of FECA, and the knowing and willful failure to treat the expenditures as contributions would be a criminal violation of FECA.

There are indications that the Clinton/Gore campaign advisors did realize they were violating the law at the time. The Time article quotes one as saying, ''If the Republicans keep the Senate, they're going to subpoena us.''

The content of the DNC and RNC advertisements appears to have violated Federal election law. When an entity engages in issues advocacy to promote a particular policy, it is exempt from the limitation of FECA and can fund these activities from any source. When an entity engages in express advocacy on behalf of a particular candidate, it is subject to the limitations of FECA and is not permitted to fund such activities with soft money. Where the

DNC and RNC advertisements did contain express advocacy, and funded these advertisements with soft money, then these committees violated FECA.

The FEC defines ''express advocacy'' as follows:

Communications using phrases such as ''vote for President,'' ''reelect your Congressman,'' ''Smith for Congress,'' or language which, when taken as a whole and with limited reference to external events, can have no other reasonable meaning than to urge the election or defeat of a clearly identified federal candidate. 11 CFR 100.22

In my judgment, both the DNC and RNC television advertisement crossed the line from issues advocacy to express advocacy. While the DNC and RNC ads did not use the words ''Vote for Clinton'' or ''Dole for President,'' these advertisements certainly urged the election of one candidate and the defeat of another. For example, the following is the script of a widely broadcast DNC television commercial:

American values. Do our duty to our parents. President Clinton protects Medicare. The Dole/Gingrich budget tried to cut Medicare $270 billion. Protect families. President Clinton cut taxes for millions of working families. The Dole/Gingrich budget tried to raise taxes on eight million of them. Opportunity. President Clinton proposes tax breaks for tuition. The Dole/Gingrich budget tried to slash college scholarships. Only President Clinton's plan meets our challenges, protects our values.

Does this advertisement convey any core message other than urging us to vote for President Clinton?

The RNC ads similarly crossed the line into express advocacy. The following is the script of a widely broadcast RNC television commercial:

(Announcer) Compare the Clinton rhetoric with the Clinton record.

(Clinton) ''We need to end welfare as we know it.''

(Announcer) But he vetoed welfare reform not once, but twice. He vetoed work requirements for the able-bodied. He vetoed putting time limits on welfare. And Clinton still supports giving welfare benefits to illegal immigrants. The Clinton rhetoric hasn't matched the Clinton record.

(Clinton) ''Fool me once, shame on you. Fool me twice, shame on me.''

(Announcer) Tell President Clinton you won't be fooled again.

Similarly, the Democrats, through their shared use of campaign consultants such as Dick Morris for Clinton-Gore 1996 and the Democratic National Committee, crossed the line into illegal contributions on television advertisements.

There has been substantial information in the public domain about the President's personal activities in preparing television commercials for the 1996 campaign. The activity of the President has been documented in a book by Dick Morris and in public statements by former Chief of Staff, Leon Panetta. There is no doubt—and the Attorney General conceded this in oversight hearings by the Judiciary Committee on April 30, 1997—that there would be a violation of the Federal election law if, and when the President prepared campaign commercials that were express advocacy commercials contrasted with issue advocacy commercials.

This bill will end the charade by providing a clear-cut statutory definition of express advocacy wherever the name or likeness of a candidate appears with language which praises or criticizes that candidate.

INDEPENDENT EXPENDITURES

This bill would put teeth into the law to make independent expenditures truly independent. Current law requires political committees or individuals to file reports quarterly until the end of a campaign and to report expenditures of more than $1,000 within 24 hours during the final 20 days of the campaign. This legislation would require reporting for independent expenditures of $10,000 or more within 24 hours during the last 3 months of a campaign. This bill would require the individual making the independent expenditure or the treasurer of the committee making the independent expenditure to take and file an affidavit with the FEC that the expenditures were not coordinated with the candidate or his-her committee. Then, the Federal Election Commission would notify within 48 hours the candidate, campaign treasurer, and campaign manager of that independent expenditure. Those individuals would then have 48 hours to take and file affidavits with the FEC that the expenditures were not coordinated with the candidate or his/her committees.

Taking such affidavits coupled with the penalty for perjury would be significant steps to preclude illegal coordination.

CLAMPING DOWN ON FOREIGN CONTRIBUTIONS

Anyone who has watched the Governmental Affairs hearings knows the alarming role of illegal foreign contributions in our 1996 campaigns. This legislation would strengthen the existing law to better prevent transactions which effectively fund domestic political campaigns with foreign financing schemes.

Under current law, it is illegal for a foreign national to contribute money or anything of value, including loan guarantees, either directly or indirectly through another person, in connection with an election to any political office. Knowing and willful violations can result in criminal penalties against the offending parties.

Mr. Haley Barbour's recent testimony before the Governmental Affairs Committee highlights the need to strengthen and more actively enforce the foreign money statute to ensure that foreign nationals do not circumvent this intended prohibition on foreign political contributions. This bill would clarify the law to cover all arrangements from foreign entities through third parties where funds from these transactions ultimately reach a U.S. political party or candidate.

In his testimony, Mr. Barbour acknowledged that the National Policy Forum [NPF], which he headed, received a $2.1 million loan guarantee in October 1994, from Young Brothers Development, the U.S. subsidiary of a Hong Kong company which provided the money. The loan guarantee served as collateral for a loan NPF received from a U.S. bank. Shortly thereafter, NPF sent two checks totaling $1.6 million to the Republican National Committee [RNC]. NPF ultimately defaulted on its loan with the U.S. bank and Young Brothers eventually ended up paying approximately $700,000 to cover the default.

The weak link in the existing law is that many people, including Attorney General Reno, have argued that the Federal campaign finance law does not apply to soft money. Accordingly, there are those who would argue that the NPF transaction described above would be legal so long as only soft money was involved. We need to make it 100 percent clear that foreign nationals cannot contribute to U.S. political parties or candidates under any circumstances. My bill closes this potential loophole by explicitly stating that the foreign money provisions of the bill apply to all foreign contributions and donations, both soft and hard money.

LIMITING INDIVIDUAL EXPENDITURES

The decision of the Supreme Court of the United States in Buckley versus Valeo prohibits legislation limiting the amount of money an individual may spend on his-her campaign. Maine recently enacted a statute designed to deal with this issue which provides a model for Federal legislation.

Under the Maine legislation, a voluntary cap is placed on the total amount that candidates can spend during their campaigns for public office. The law further provides that if one candidate exceeds the spending limit, an opponent who has complied with the limit will be given public matching funds in an amount equal to the amount by which the offending candidate exceeded the spending limit. With such matching funds available, it would be a real deterrent to prevent a candidate from exceeding the expenditure cap since that candidate would no longer receive an advantage from his or her additional expenditure. This provision would probably not result in significant public expenditures; and to the extent it did, it would be worth it.

LEGAL DEFENSE FUND

This bill would subject contributions for legal defense funds to limits and mandatory disclosure for all Federal office holders and candidates. Testimony before the Governmental Affairs Committee disclosed that Mr. Yah Lin ''Charlie'' Trie brought in $639,000 for President Clinton's legal defense fund. While those funds were ultimately returned, there was never any identification of the donors and the fact of those contributions was delayed until after the 1996 election.

Contributions to legal defense funds pose a public policy issue similar to campaign contributions.

This bill would impose the same limits on contributions to legal defense

funds which are currently required for political contributions with jurisdiction for such reporting being vested in the Federal Election Commission.

So at this time, Mr. President, I urge my colleagues to take a look at the legislation. I ask unanimous consent that the bill be printed in the RECORD.

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

S. 1191

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Senate Campaign Finance Reform Act of 1997''.

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

TITLE I—SENATE ELECTION SPENDING LIMITS AND BENEFITS

SEC. 101. SENATE ELECTION SPENDING LIMITS AND BENEFITS.

(a) IN GENERAL.—The Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.) is amended by adding at the end the following:

''TITLE V—SPENDING LIMITS AND BENEFITS FOR SENATE ELECTION CAMPAIGNS

''SEC. 501. CANDIDATES ELIGIBLE TO RECEIVE BENEFITS.

''(a) IN GENERAL.—For purposes of this title, a candidate is an eligible Senate candidate if the candidate—

''(1) meets the primary and general election filing requirements of subsections (c) and (d);

''(2) meets the primary and runoff election expenditure limits of subsection (b); and

''(3) meets the threshold contribution requirements of subsection (e).

''(b) PRIMARY AND RUNOFF EXPENDITURE LIMITS.—The requirements of this subsection are met if—

''(1) the candidate and the candidate's authorized committees did not make expenditures for the primary election in excess of 67 percent of the general election expenditure limit under section 502(a); and

''(2) the candidate and the candidate's authorized committees did not make expenditures for any runoff election in excess of 20 percent of the general election expenditure limit under section 502(a).

''(c) PRIMARY FILING REQUIREMENTS.—

''(1) IN GENERAL.—The requirements of this subsection are met if the candidate files with the Commission a certification that—

''(A) the candidate and the candidate's authorized committees—

''(i) will meet the primary and runoff election expenditure limits of subsection (b); and

''(ii) will accept only an amount of contributions for the primary and runoff elections that does exceed those limits; and

''(B) the candidate and the candidate's authorized committees will meet the general election expenditure limit under section 502(a).

''(2) DEADLINE FOR FILING CERTIFICATION.—The certification under paragraph (1) shall be filed not later than the date the candidate files as a candidate for the primary election.

''(d) GENERAL ELECTION FILING REQUIREMENTS.—

''(1) IN GENERAL.—The requirements of this subsection are met if the candidate files a certification with the Commission under penalty of perjury that—

''(A) the candidate and the candidate's authorized committees—

''(i) met the primary and runoff election expenditure limits under subsection (b); and

''(ii) did not accept contributions for the primary or runoff election in excess of the primary or runoff expenditure limit under subsection (b), whichever is applicable, reduced by any amounts transferred to the current election cycle from a preceding election cycle;

''(B) at least one other candidate has qualified for the same general election ballot under the law of the candidate's State; and

''(C) the candidate and the authorized committees of the candidate—

''(i) except as otherwise provided by this title, will not make expenditures that exceed the general election expenditure limit under section 502(a);

''(ii) will not accept any contributions in violation of section 315; and

''(iii) except as otherwise provided by this title, will not accept any contribution for the general election involved to the extent that the contribution would cause the aggregate amount of contributions to exceed the sum of the amount of the general election expenditure limit under section 502(a), reduced by any amounts transferred to the current election cycle from a previous election cycle and not taken into account under subparagraph (A)(ii).

''(2) DEADLINE FOR FILING CERTIFICATION.—The certification under paragraph (1) shall be filed not later than 7 days after the earlier of—

''(A) the date on which the candidate qualifies for the general election ballot under State law; or

''(B) if under State law, a primary or runoff election to qualify for the general election ballot occurs after September 1, the date on which the candidate wins the primary or runoff election.

''(e) THRESHOLD CONTRIBUTION REQUIREMENTS.—

''(1) IN GENERAL.—The requirements of this subsection are met if the candidate and the candidate's authorized committees have received allowable contributions during the applicable period in an amount at least equal to the lesser of—

''(A) 10 percent of the general election expenditure limit under section 502(a); or

''(B) $250,000.

''(2) DEFINITIONS.—In this subsection:

''(A) ALLOWABLE CONTRIBUTION.—The term 'allowable contribution' means a contribution that is made as a gift of money by an individual pursuant to a written instrument identifying the individual as the contributor.

''(B) APPLICABLE PERIOD.—The term 'applicable period' means—

''(i) the period beginning on January 1 of the calendar year preceding the calendar year of the general election involved and ending on the date on which the certification under subsection (c)(2) is filed by the candidate; or

''(ii) in the case of a special election for the office of Senator, the period beginning on the date on which the vacancy in the office occurs and ending on the date of the general election.

''SEC. 502. LIMITATION ON EXPENDITURES.

''(a) GENERAL ELECTION EXPENDITURE LIMIT.—

''(1) IN GENERAL.—The aggregate amount of expenditures for a general election by an eligible Senate candidate and the candidate's authorized committees shall not exceed the greater of—

''(A) $950,000; or

''(B) $400,000; plus

''(i) 30 cents multiplied by the voting age population not in excess of 4,000,000; and

''(ii) 25 cents multiplied by the voting age population in excess of 4,000,000.

''(2) INDEXING.—The amounts determined under paragraph (1) shall be increased as of the beginning of each calendar year based on the increase in the price index determined under section 315(c), except that the base period shall be calendar year 1997.

''(b) PAYMENT OF TAXES.—The limitation under subsection (a) shall not apply to any expenditure for Federal, State, or local taxes with respect to earnings on contributions raised.

''SEC. 503. MATCHING FUNDS FOR ELIGIBLE SENATE CANDIDATES IN RESPONSE TO EXPENDITURES BY NON-ELIGIBLE OPPONENTS.

''(a) IN GENERAL.—Not later than 5 days after the Commission determines that a Senate candidate has made or obligated to make expenditures or accepted contributions during an election in an aggregate amount in excess of the applicable election expenditure limit under section 502(a) or 501(b), the Commission shall make available to an eligible Senate candidate in the same election an aggregate amount of funds equal to the amount in excess of the applicable limit.

''(b) ELIGIBLE SENATE CANDIDATE OPPOSED BY MORE THAN 1 NON-ELIGIBLE SENATE CANDIDATE.—For purposes of subsection (a), if an eligible Senate candidate is opposed by more than 1 non-eligible Senate candidate in the same election, the Commission shall take into account only the amount of expenditures of the non-eligible Senate candidate that expends, in the aggregate, the greatest amount of funds.

''(c) TIME TO MAKE DETERMINATIONS.—The Commission may, on the request of a candidate or on its own initiative, make a determination whether a candidate has made or obligated to make an aggregate amount of expenditures in excess of the applicable limit under subsection (a).

''(d) USE OF FUNDS.—Funds made available to a candidate under subsection (a) shall be used in the same manner as contributions are used.

''(e) TREATMENT OF FUNDS.—An expenditure made with funds made available to a candidate under this section shall not be treated as an expenditure for purposes of the expenditure limits under sections 501(b) and 502(a).

''SEC. 504. CERTIFICATION BY COMMISSION.

''(a) IN GENERAL.—Not later than 48 hours after an eligible candidate qualifies for a general election ballot, the Commission shall certify the candidate's eligibility for matching funds under section 503.

''(b) DETERMINATIONS BY COMMISSION.—A determination (including a certification under subsection (a)) made by the Commission under this title shall be final, except to the extent that the determination is subject to examination and audit by the Commission under section 505.

''SEC. 505. REVOCATION; MISUSE OF BENEFITS.

''(a) REVOCATION OF STATUS.—If the Commission determines that any eligible Senate candidate has received contributions or made or obligated to make expenditures in excess of—

''(1) the applicable primary election expenditure limit under this title; or

''(2) the applicable general election expenditure limit under this title,

the Commission shall revoke the certification of the candidate as an eligible Senate candidate and notify the candidate of the revocation.

''(b) MISUSE OF BENEFITS.—If the Commission determines that any benefit made available to an eligible Senate candidate under this title was not used as provided for in this title or that a candidate has violated any of the spending limits contained in this Act, the Commission shall notify the candidate, and the candidate shall pay the Commission an amount equal to the value of the benefit.''.

(b) TRANSITION PERIOD.—Expenditures made before January 1, 1998, shall not be counted as expenditures for purposes of the limitations contained in the amendment made by subsection (a).

TITLE II—REDUCTION OF SPECIAL INTEREST INFLUENCE

Subtitle A—Provisions Relating to Soft Money of Political Party Committees

SEC. 201. SOFT MONEY OF POLITICAL PARTY COMMITTEES.

Title III of the Federal Election Campaign Act of 1971 (2 U.S.C. 301 et seq.) is amended by adding at the end the following:

''SEC. 324. SOFT MONEY OF POLITICAL PARTY COMMITTEES.

''(a) NATIONAL COMMITTEES.—A national committee of a political party (including a national congressional campaign committee of a political party, an entity that is established, financed, maintained, or controlled by the national committee, a national congressional campaign committee of a political party, and an officer or agent of any such party or entity but not including an entity regulated under subsection (b)) shall not solicit or receive any contributions, donations, or transfers of funds, or spend any funds, not subject to the limitations, prohibitions, and reporting requirements of this Act.

''(b) STATE, DISTRICT, AND LOCAL COMMITTEES.—

''(1) LIMITATION.—Any amount that is expended or disbursed by a State, district, or local committee of a political party (including an entity that is established, financed, maintained, or controlled by a State, district, or local committee of a political party and an agent or officer of any such committee or entity) during a calendar year in which a Federal election is held, for any activity that might affect the outcome of a Federal election, including any voter registration or get-out-the-vote activity, any generic campaign activity, and any communication that identifies a candidate (regardless of whether a candidate for State or local office is also mentioned or identified) shall be made from funds subject to the limitations, prohibitions, and reporting requirements of this Act.

''(2) ACTIVITY NOT INCLUDED IN PARAGRAPH (1).—

''(A) IN GENERAL.—Paragraph (1) shall not apply to an expenditure or disbursement made by a State, district, or local committee of a political party for—

''(i) a contribution to a candidate for State or local office if the contribution is not designated or otherwise earmarked to pay for an activity described in paragraph (1);

''(ii) the costs of a State, district, or local political convention;

''(iii) the non-Federal share of a State, district, or local party committee's administrative and overhead expenses (but not including the compensation in any month of any individual who spends more than 20 percent of the individual's time on activity during the month that may affect the outcome of a Federal election) except that for purposes of this paragraph, the non-Federal share of a party committee's administrative and overhead expenses shall be determined by applying the ratio of the non-Federal disbursements to the total Federal expenditures and non-Federal disbursements made by the committee during the previous presidential election year to the committee's administrative and overhead expenses in the election year in question;

''(iv) the costs of grassroots campaign materials, including buttons, bumper stickers, and yard signs that name or depict only a candidate for State or local office; and

''(v) the cost of any campaign activity conducted solely on behalf of a clearly identified candidate for State or local office, if the candidate activity is not an activity described in paragraph (1).

''(B) FUNDRAISING.—Any amount that is expended or disbursed by a national, State, district, or local committee, by an entity that is established, financed, maintained, or controlled by a State, district, or local committee of a political party, or by an agent or officer of any such committee or entity to raise funds that are used, in whole or in part, to pay the costs of an activity described in subparagraph (A) shall be made from funds subject to the limitations, prohibitions, and reporting requirements of this Act.

''(c) TAX-EXEMPT ORGANIZATIONS.—No national, State, district, or local committee of a political party shall solicit any funds for or make any donations to an organization that is exempt from Federal taxation under section 501(c) of the Internal Revenue Code of 1986.

''(d) CANDIDATES.—

''(1) IN GENERAL.—Except as provided in paragraph (2), no candidate, individual holding Federal office, or agent of a candidate or individual holding Federal office may—

''(A) solicit or receive funds in connection with an election for Federal office unless the funds are subject to the limitations, prohibitions, and reporting requirements of this Act; or

''(B) solicit or receive funds that are to be expended in connection with any election for other than a Federal election unless the funds—

''(i) are not in excess of the amounts permitted with respect to contributions to candidates and political committees under paragraphs (1) and (2) of section 315(a); and

''(ii) are not from sources prohibited by this Act from making contributions with respect to an election for Federal office.

''(2) EXCEPTION.—Paragraph (1) does not apply to the solicitation or receipt of funds by an individual who is a candidate for a State or local office if the solicitation or receipt of funds is permitted under State law for the individual's State or local campaign committee.''.

SEC. 202. STATE PARTY GRASSROOTS FUNDS.

(a) INDIVIDUAL CONTRIBUTIONS.—Section 315(a)(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(1)) (as amended by section 105) is amended—

(1) in subparagraph (C) by striking ''or'' at the end;

(2) by redesignating subparagraph (D) as subparagraph (E); and

(3) by inserting after subparagraph (C) the following:

''(D) to—

''(i) a State Party Grassroots Fund established and maintained by a State committee of a political party in any calendar year which, in the aggregate, exceed $20,000;

''(ii) any other political committee established and maintained by a State committee of a political party in any calendar year which, in the aggregate, exceed $5,000;

except that the aggregate contributions described in this subparagraph that may be made by a person to the State Party Grassroots Fund and all committees of a State Committee of a political party in any State in any calendar year shall not exceed $20,000; or''.

(b) MULTICANDIDATE COMMITTEE CONTRIBUTIONS TO STATE PARTY.—Section 315(a)(2) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(2)) is amended—

(1) in subparagraph (B), by striking ''or'' at the end;

(2) by redesignating subparagraph (C) as subparagraph (D); and

(3) by inserting after subparagraph (B) the following:

''(C) to—

''(i) a State Party Grassroots Fund established and maintained by a State committee of a political party in any calendar year which in the aggregate, exceed $15,000;

''(ii) to any other political committee established and maintained by a State committee of a political party which, in the aggregate, exceed $5,000;

except that the aggregate contributions described in this subparagraph that may be made by a multicandidate political committee to the State Party Grassroots Fund and all committees of a State Committee of a political party in any State in any calendar year shall not exceed $15,000; or''.

(c) OVERALL LIMIT.—

(1) IN GENERAL.—Section 315(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)) is amended by striking paragraph (3) and inserting the following:

''(3) OVERALL LIMIT.—

''(A) ELECTION CYCLE.—No individual shall make contributions during any election cycle that, in the aggregate, exceed $60,000.

''(B) CALENDAR YEAR.—No individual shall make contributions during any calendar year—

''(i) to all candidates and their authorized political committees that, in the aggregate, exceed $25,000; or

''(ii) to all political committees established and maintained by State committees of a political party that, in the aggregate, exceed $20,000.

''(C) NONELECTION YEARS.—For purposes of subparagraph (B)(i), any contribution made to a candidate or the candidate's authorized political committees in a year other than the calendar year in which the election is held with respect to which the contribution is made shall be treated as being made during the calendar year in which the election is held.''.

(2) DEFINITION.—Section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431) is amended by adding at the end the following:

''(20) ELECTION CYCLE.—The term 'election cycle' means—

''(A) in the case of a candidate or the authorized committees of a candidate, the period beginning on the day after the date of the most recent general election for the specific office or seat that the candidate seeks and ending on the date of the next general election for that office or sea; and

''(B) in the case of all other persons, the period beginning on the first day following the date of the last general election and ending on the date of the next general election.''.

(d) STATE PARTY GRASSROOTS FUNDS.—

(1) IN GENERAL.—Title III of the Federal Election Campaign Act of 1971 (2 U.S.C. 301 et seq.) (as amended by section 201) is amended by adding at the end the following:

''SEC. 325. STATE PARTY GRASSROOTS FUNDS.

''(a) DEFINITION.—In this section, the term 'State or local candidate committee' means a committee established, financed, maintained, or controlled by a candidate for other than Federal office.

''(b) TRANSFERS.—Notwithstanding section 315(a)(4), no funds may be transferred by a State committee of a political party from its State Party Grassroots Fund to any other State Party Grassroots Fund or to any other political committee, except a transfer may be made to a district or local committee of the same political party in the same State if the district or local committee—

''(1) has established a separate segregated fund for the purposes described in section 324(b)(1); and

''(2) uses the transferred funds solely for those purposes.

''(c) AMOUNTS RECEIVED BY GRASSROOTS FUNDS FROM STATE AND LOCAL CANDIDATE COMMITTEES.—

''(1) IN GENERAL.—Any amount received by a State Party Grassroots Fund from a State or local candidate committee for expenditures described in section 324(b)(1) that are for the benefit of that candidate shall be treated as meeting the requirements of 324(b)(1) and section 304(f) if—

''(A) the amount is derived from funds which meet the requirements of this Act with respect to any limitation or prohibition as to source or dollar amount specified in paragraphs (1)(A) and (2)(A) of section 315(a); and

''(B) the State or local candidate committee—

''(i) maintains, in the account from which payment is made, records of the sources and amounts of funds for purposes of determining whether those requirements are met; and

''(ii) certifies that the requirements were met.

''(2) DETERMINATION OF COMPLIANCE.—For purposes of paragraph (1)(A), in determining whether the funds transferred meet the requirements of this Act described in paragraph (1)(A)—

''(A) a State or local candidate committee's cash on hand shall be treated as consisting of the funds most recently received by the committee; and

''(B) the committee must be able to demonstrate that its cash on hand contains funds meeting those requirements sufficient to cover the transferred funds.

''(3) REPORTING.—Notwithstanding paragraph (1), any State Party Grassroots Fund that receives a transfer described in paragraph (1) from a State or local candidate committee shall be required to meet the reporting requirements of this Act, and shall submit to the Commission all certifications received, with respect to receipt of the transfer from the candidate committee.''.

(2) DEFINITION.—Section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431) (as amended by subsection (c)(2)) is amended by adding at the end the following:

''(21) STATE PARTY GRASSROOTS FUND.—The term 'State Party Grassroots Fund' means a separate segregated fund established and maintained by a State committee of a political party solely for the purpose of making expenditures and other disbursements described in section 325(a).''.

SEC. 203. REPORTING REQUIREMENTS.

(a) REPORTING REQUIREMENTS.—Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) (as amended by section 232) is amended by adding at the end the following:

''(f) POLITICAL COMMITTEES.—

''(1) NATIONAL AND CONGRESSIONAL POLITICAL COMMITTEES.—The national committee of a political party, any congressional campaign committee of a political party, and any subordinate committee of either, shall report all receipts and disbursements during the reporting period, whether or not in connection with an election for Federal office.

''(2) OTHER POLITICAL COMMITTEES TO WHICH SECTION 325 APPLIES.—A political committee (not described in paragraph (1)) to which section 325(b)(1) applies shall report all receipts and disbursements.

''(3) OTHER POLITICAL COMMITTEES.—Any political committee to which paragraph (1) or (2) does not apply shall report any receipts or disbursements that are used in connection with a Federal election.

''(4) TRANSFERS TO STATE COMMITTEES.—Any political committee shall include in its report under paragraph (1) or (2) the amount of any contribution received by a national committee which is to be transferred to a State committee for use directly (or primarily to support) activities described in section 325(b)(2) and shall itemize such amounts to the extent required by subsection (b)(3)(A).

''(5) ITEMIZATION.—If a political committee has receipts or disbursements to which this subsection applies from any person aggregating in excess of $200 for any calendar year, the political committee shall separately itemize its reporting for such person in the same manner as required in paragraph (3)(A), (5), or (6) of subsection (b).

''(6) REPORTING PERIODS.—Reports required to be filed under this subsection shall be filed for the same time periods required for political committees under subsection (a).''.

(b) REPORT OF EXEMPT CONTRIBUTIONS.—Section 301(8) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)) is amended by adding at the end the following:

''(C) The exclusion provided in subparagraph (B)(viii) shall not apply for purposes of any requirement to report contributions under this Act, and all such contributions aggregating in excess of $200 shall be reported.''.

(c) REPORTS BY STATE COMMITTEES.—Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) (as amended by subsection (a)) is amended by adding at the end the following:

''(g) FILING OF STATE REPORTS.—In lieu of any report required to be filed by this Act, the Commission may allow a State committee of a political party to file with the Commission a report required to be filed under State law if the Commission determines such reports contain substantially the same information.''.

(d) OTHER REPORTING REQUIREMENTS.—

(1) AUTHORIZED COMMITTEES.—Section 304(b)(4) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(4)) is amended—

(A) by striking ''and'' at the end of subparagraph (H);

(B) by inserting ''and'' at the end of subparagraph (I); and

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

''(J) in the case of an authorized committee, disbursements for the primary election, the general election, and any other election in which the candidate participates;''.

(2) NAMES AND ADDRESSES.—Section 304(b)(5)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(5)(A)) is amended—

(A) by striking ''within the calendar year''; and

(B) by inserting '', and the election to which the operating expenditure relates'' after ''operating expenditure''.

Subtitle B—Soft Money of Persons Other Than Political Parties

SEC. 211. SOFT MONEY OF PERSONS OTHER THAN POLITICAL PARTIES.

Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) (as amended by section 203) is amended by adding at the end the following:

''(h) ELECTION ACTIVITY OF PERSONS OTHER THAN POLITICAL PARTIES.—

''(1) IN GENERAL.—A person other than a committee of a political party that makes aggregate disbursements totaling in excess of $10,000 for activities described in paragraph (2) shall file a statement with the Commission—

''(A) within 48 hours after the disbursements are made; or

''(B) in the case of disbursements that are made within 20 days of an election, within 24 hours after the disbursements are made.

''(2) ACTIVITY.—The activity described in this paragraph is—

''(A) any activity described in section 315(b)(2)(A) that refers to any candidate for Federal office, any political party, or any Federal election; and

''(B) any activity described in subparagraph (B) or (C) of section 315(b)(2).

''(3) ADDITIONAL STATEMENTS.—An additional statement shall be filed each time additional disbursements aggregating $10,000 are made by a person described in paragraph (1).

''(4) APPLICABILITY.—This subsection does not apply to—

''(A) a candidate or a candidate's authorized committees; or

''(B) an independent expenditure.

''(5) CONTENTS.—A statement under this section shall contain such information about the disbursements as the Commission shall prescribe, including—

''(A) the name and address of the person or entity to whom the disbursement was made;

''(B) the amount and purpose of the disbursement; and

''(C) if applicable, whether the disbursement was in support of, or in opposition to, a candidate or a political party, and the name of the candidate or the political party.''.

Subtitle C—Contributions

SEC. 221. PROHIBITION OF CONTRIBUTIONS TO FEDERAL CANDIDATES AND OF DONATIONS OF ANYTHING OF VALUE TO POLITICAL PARTIES BY FOREIGN NATIONALS.

Section 319 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441e) is amended—

(1) by striking the heading and inserting ''PROHIBITION OF CONTRIBUTIONS TO CANDIDATES AND DONATIONS OF ANYTHING OF VALUE TO POLITICAL PARTIES BY FOREIGN NATIONALS''; and

(2) in subsection (a)—

(A) by inserting ''or to make a donation of money or any other thing of value to a political committee of a political party'' after ''office''; and

(B) by inserting ''or donation'' after ''contribution'' the second place it appears.

SEC. 222. CLOSING OF SOFT MONEY LOOPHOLE.

Section 315(a)(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(3)) is amended by striking ''contributions'' and inserting ''contributions (as defined in section 301) to a candidate or donations (including a contribution as defined in section 301) to political committees''.

SEC. 223. CONTRIBUTIONS TO DEFRAY LEGAL EXPENSES OF CERTAIN OFFICIALS.

(a) CONTRIBUTIONS TO DEFRAY LEGAL EXPENSES.—

(1) PROHIBITION ON MAKING OF CONTRIBUTIONS.—It shall be unlawful for any person to make a contribution to a candidate for nomination to, or election to, a Federal office (as defined in section 301(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(3))), an individual who is a holder of a Federal office, or any head of an Executive department, or any entity established on behalf of such individual, to defray legal expenses of such individual—

(1) to the extent it would result in the aggregate amount of such contributions from such person to or on behalf of such individual to exceed $10,000 for any calendar year; or

(2) if the person is—

(A) a foreign national (as defined in section 319(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441e(b)); or

(B) a person prohibited from contributing to the campaign of a candidate under section 316 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441b).

(2) PROHIBITION ON ACCEPTANCE OF CONTRIBUTIONS.—No person shall accept a contribution if the contribution would violate paragraph (1).

(3) PENALTY.—A person that knowingly and willfully commits a violation of paragraph (1) or (2) shall be fined an amount not to exceed the greater of $25,000 or 300 percent of the contribution involved in such violation, imprisoned for not more than 1 year, or both.

(4) CONSTRUCTION OF PROHIBITION.—Nothing in this section shall be construed to permit the making of a contribution that is otherwise prohibited by law.

(b) REPORTING REQUIREMENTS.—A candidate for nomination to, or election to, a Federal office, an individual who is a holder of a Federal office, or any head of an Executive department, or any entity established on behalf of such individual, that accepts contributions to defray legal expenses of such individual shall file a quarterly report with the Federal Election Commission including the following information:

(1) The name and address of each contributor who makes a contribution in excess of $25.

(2) The amount of each contribution.

(3) The name and address of each individual or entity receiving disbursements from the fund.

(4) A brief description of the nature and amount of each disbursement.

(5) The name and address of any provider of pro bono services to the fund.

(6) The fair market value of any pro bono services provided to the fund.

Subtitle D—Independent Expenditures

SEC. 231. CLARIFICATION OF DEFINITIONS RELATING TO INDEPENDENT EXPENDITURES.

Section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431) is amended by striking paragraphs (17) and (18) and inserting the following:

''(17) INDEPENDENT EXPENDITURE.—The term 'independent expenditure' means an expenditure that—

''(A) contains express advocacy; and

''(B) is made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and which is not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate.

''(18) EXPRESS ADVOCACY.—

''(A) IN GENERAL.—The term 'express advocacy' means a communication that, taken as a whole and with limited reference to external events, makes positive statements about or negative statements about or makes an expression of support for or opposition to a specific candidate, a specific group of candidates, or candidates of a particular political party.

''(B) EXPRESSION OF SUPPORT FOR OR OPPOSITION TO.—In subparagraph (A), the term 'expression of support for or opposition to' includes a suggestion to take action with respect to an election, such as to vote for or against, make contributions to, or participate in campaign activity, or to refrain from taking action.

''(C) VOTING RECORDS.—The term 'express advocacy' does not include the publication and distribution of a communication that is limited to providing information about votes by elected officials on legislative matters and that does not expressly advocate the election or defeat of a clearly identified candidate.''.

SEC. 232. REPORTING REQUIREMENTS FOR INDEPENDENT EXPENDITURES.

(a) TIME FOR REPORTING CERTAIN EXPENDITURES.—Section 304(c) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(c)) is amended—

(1) in paragraph (2), by striking the undesignated matter after subparagraph (C);

(2) by redesignating paragraph (3) as paragraph (4); and

(3) by inserting after paragraph (2), as amended by paragraph (1), the following:

''(d) TIME FOR REPORTING CERTAIN EXPENDITURES.—

''(1) EXPENDITURES AGGREGATING $1,000.—

''(A) INITIAL REPORT.—A person that makes or obligates to make independent expenditures aggregating $1,000 or more after the 20th day, but more than 24 hours, before an election shall file a report describing the expenditures within 24 hours after that amount of independent expenditures has been made or obligated to be made.

''(B) ADDITIONAL REPORTS.—After a person files a report under subparagraph (A), the person filing the report shall file an additional report each time that independent expenditures are made or obligated to be made aggregating an additional $1,000 with respect to the same election as that to which the initial report relates.

''(2) EXPENDITURES AGGREGATING $10,000.—

''(A) INITIAL REPORT.—A person that makes or obligates to make independent expenditures aggregating $10,000 or more after the 90th day and up to and including the 20th day before an election shall file a report describing the expenditures within 24 hours after that amount of independent expenditures has been made or obligated to be made.

''(B) ADDITIONAL REPORTS.—After a person files a report under subparagraph (A), the person filing the report shall file an additional report each time that independent expenditures are made or obligated to be made aggregating an additional $10,000 with respect to the same election as that to which the initial report relates.

''(3) CONTENTS OF REPORT.—A report under this subsection—

''(A) shall be filed with the Commission;

''(B) shall contain the information required by subsection (c).''.

(b) AFFIDAVIT REQUIREMENT.—Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) (as amended by subsection (a)) is amended—

(1) in subsection (c)(2)(B), by inserting ''(in the case of a committee, by both the chief executive officer and the treasurer of the committee)'' after ''certification''; and

(2) by adding at the end the following:

''(e) CERTIFICATION REQUIREMENTS.—

''(1) COMMISSION.—Not later than 48 hours after receipt of a certification under subsection (c)(2)(B), the Commission shall notify the candidate to which the independent expenditure refers and the candidate's campaign manager and campaign treasurer that an expenditure has been made and a certification has been received.

''(2) CANDIDATE.—Not later than 48 hours after receipt of notification under paragraph (1), the candidate and the candidate's campaign manager and campaign treasurer shall each file with the Commission a certification, under penalty of perjury, stating whether or not the independent expenditure was made in cooperation, consultation, or concert, with, or at the request or suggestion of, the candidate or authorized committee or agent of such candidate.''.

TITLE III—APPROPRIATIONS

SEC. 301. AUTHORIZATION OF APPROPRIATIONS.

The Federal Election Campaign Act of 1971 is amended—

(1) by striking section 314 (2 U.S.C. 439c) and inserting the following:

''SEC. 314. [REPEALED].'';

and

(2) by inserting after section 407 the following:

''SEC. 408. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this Act and chapters 95 and 96 of the Internal Revenue Code of 1986 such sums as are necessary.''.

TITLE IV—SEVERABILITY; JUDICIAL REVIEW; EFFECTIVE DATE; REGULATIONS

SEC. 401. SEVERABILITY.

If any provision of this Act, an amendment made by this Act, or the application of such provision or amendment to any person or circumstance is held to be unconstitutional, the remainder of this Act, the amendments made by this Act, and the application of the provisions of such to any person or circumstance shall not be affected thereby.

SEC. 402. EXPEDITED REVIEW OF CONSTITUTIONAL ISSUES.

(a) DIRECT APPEAL TO SUPREME COURT.—An appeal may be taken directly to the Supreme Court of the United States from any interlocutory order or final judgment, decree, or order issued by any court ruling on the constitutionality of any provision of this Act or amendment made by this Act.

(b) ACCEPTANCE AND EXPEDITION.—The Supreme Court shall, if it has not previously ruled on the question addressed in the ruling below, accept jurisdiction over, advance on the docket, and expedite the appeal to the greatest extent possible.

SEC. 403. EFFECTIVE DATE.

Except as otherwise provided in this Act, the amendments made by, and the provisions of, this Act shall take effect on January 1, 1998.

SEC. 404. REGULATIONS.

The Federal Election Commission shall prescribe any regulations required to carry out this Act not later than 9 months after the effective date of this Act.

By Ms. SNOWE (for herself, Mr. KERRY and Mr. KENNEDY):

S. 1192. A bill to limit the size of vessels permitted to fish for Atlantic mackerel or herring, to the size permitted under the appropriate fishery

management plan; to the Committee on Commerce, Science, and Transportation.

THE NORTH ATLANTIC FISHERIES RESOURCE CONSERVATION ACT

Ms. SNOWE. Mr. President, in keeping with the old adage that those who do not know history are doomed to repeat it, I am introducing a bill today with Senator KERRY which is designed to avoid repeating the mistakes of the past in fisheries management.

Most of the major commercial fisheries in both the United States and the world are either fully exploited or overexploited. In many instances, these fisheries have approached or reached an overfished condition because the fishing fleets which targeted them became overcapitalized before the management system in place could respond effectively to this excess fishing capacity. As a result, we find ourselves today faced with case after case of having to make wrenching management decisions to reduce fishing effort that have substantial socioeconomic impacts on coastal communities that depend on fishing for their livelihoods.

In the cases of Atlantic herring and Atlantic mackerel, however, we still have time. Through torturous but ultimately fortunate historical circumstances, the offshore stocks of these fisheries remain, at least according to the best information presently available, fairly abundant. And because of their relative abundance, these fisheries have attracted increasing attention from fishermen in the Northeast and the mid-Atlantic, many of whom have been displaced from the now-depleted New England groundfish fishery.

Earlier this year, however, a dramatic new proposal came to light which could alter the planned course of sustainable development for these fisheries. A United States-Dutch group intends to bring a 369 foot factory trawler into the Atlantic herring and mackerel fisheries by the spring of 1998. This vessel is more than twice the size of any other vessel currently fishing in New England, and it intends to harvest 50,000 tons of fish annually. Many concerns have been raised from Maine to New Jersey about the potential impacts that this enormous vessel will have on the herring and mackerel stocks, and on the composition of the fisheries that have been developing in recent years through the hard work of many people in the region. To take one example of these concerns, while the National Marine Fisheries Service indicates that herring is, according to the best information, fairly abundant off Georges Bank and southern New England, there are legitimate concerns about the health of the Gulf of Maine stocks which form the major source of supply for the sardine and lobster bait industries, and which do appear to interact and aggregate with the offshore stocks at certain times of the year. Unfortunately, today's science cannot tell us with a high degree of precision what impacts the increased fishing of offshore stocks would have on all of the key Gulf of Maine stocks.

The uncertainties surrounding the Atlantic Star proposal are the kinds of things that must be carefully reviewed, and the most appropriate forums for reviewing these questions are the regional fishery management councils established to manage our fisheries under the Magnuson-Stevens Act. Unfortunately, neither of the councils with jurisdiction over herring and mackerel had addressed the issues raised by the Atlantic Star before the vessel's owners were able to get it permitted. The Atlantic herring fishery does not have a federal fishery management plan, meaning that it is largely unregulated. And the existing management plan for mackerel was developed before it was known that the Atlantic Star would seek to operate in that fishery.

To ensure that the Atlantic Star and other vessels of its class receive the thorough consideration intended in the Magnuson-Stevens Act, the bill introduced by Senator KERRY and I calls a temporary timeout on the entry of very large vessels into the herring and mackerel fisheries until the councils have time to act. Our bill states that no vessel over 165 feet or with greater than 3,000 horsepower can harvest these species unless the appropriate council specifically authorizes it in a fishery management plan or plan amendment. But unlike other bills that have been introduced on this issue, our bill ensures that this matter is addressed in a reasonable timeframe. It establishes deadlines for action on the Atlantic Star by the councils and the Commerce Department of September 30, 1998, whether the decision is favorable or unfavorable.

Mr. President, this bill simply ensures that the analytical and deliberative process outlined in the Magnuson-Stevens Act has a chance to work as it was intended. And when the issue is the introduction of a dramatically different new fishing technology into two relatively healthy fisheries of substantial importance to many people who live in the region, the integrity of this process could not be more important. It is unfortunate that this issue was not resolved by the councils and the Commerce Department sooner, but the fact is that it was not, and Congress, if it is to ensure that our fisheries are managed responsibly, must intervene in a responsible manner. The remedy that we have proposed is responsible, temporary, and reasonable.

Mr. KERRY. Mr. President, I rise today to join with my friend and colleague, the distinguished Senator from Maine, in introducing legislation on a topic of growing importance to coastal communities throughout the Northeast—conservation of North Atlantic fisheries resources.

Since I arrived in the Senate over 12 years ago, I have worked to address the many challenges confronting our ocean and coastal resources. After all, few States draw as much of their national and regional identity from their coasts as does Massachusetts. My efforts have been principally through my participation as a member on the Commerce, Science, and Transportation Committee, and particularly as ranking member of the Oceans and Fisheries Subcommittee and as co-chair of its predecessor, the National Ocean Policy Study.

During my tenure, I have worked with my colleagues to develop innovative policy solutions to achieve the long-term protection and sustainable use of vulnerable marine resources. Our goal has been to ensure strong coastal economies and a clean, healthy ocean environment from the Gulf of Maine to the Gulf of Alaska.

One of our recent successes was last year's bill to reauthorize and strengthen the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act). That legislation, the Sustainable Fisheries Act, ultimately should provide the framework for rebuilding depleted fish stocks and developing management schemes to prevent overfishing. Unfortunately, many of the ideas and safeguards the new law contains represent difficult lessons learned from the devastating collapse of the New England groundfish fishery. In other regional fisheries, we have been too late to stop the depletion.

This brings us to the issue at hand: How can we prevent repetition of the groundfish experience, maintain the current health of Atlantic herring and mackerel stocks, and encourage their sustainable use? The first step, of course, is through development of conservative and comprehensive fishery management plans. Toward that end, on June 17, 1997, I wrote the National Marine Fisheries Service, asking it to work with the New England Fishery Management Council to ensure the immediate development and implementation of a fishery management plan for Atlantic herring. Such a plan is essential to protect herring stocks and traditional fishery participants as proposals move forward to expand the herring fishery in Federal waters.

Atlantic herring is an important part of New England's fishing tradition. For generations, we have harvested herring for use as canned sardines, as bait in lobster pots, and for other products. Fishermen using small boats form the base of the fishery, and it is those fishermen, more than any others, who seek an intelligent plan for managing the fishery and protecting against overharvest. In addition, Atlantic herring play a key role in the marine ecosystem off New England coasts by providing a primary food source for whales, seabirds, and other fish including groundfish, tuna, striped bass, and bluefish.

The challenge now is to prevent a flood of new or displaced boats from entering the herring fishery and overwhelming the harvesting capacity of the resource. The National Marine Fisheries Service estimates that herring stocks are now at levels that

would support an expanded harvest level. However, New England's past has taught us that in an unregulated environment, this current healthy condition could rapidly be reversed. Given the present lack of a Federal fishery management plan for herring and questionable scientific information on the status of the stocks, the uncontrolled expansion of this fishery could have devastating consequences.

We need to slow down the increase in fishing power entering the herring fishery, and we need to give the New England Council the time to develop a thoughtful Federal management plan for herring that responds to local interests and needs. While I had hoped that the council and the Secretary of Commerce would be able to accomplish these goals through the process established by the Magnuson-Stevens Act and other fishery laws, it has become clear in recent weeks that we must impose temporary legislative safeguards until that process is complete.

The bill which Senators SNOWE, KENNEDY, and I are introducing today, the North Atlantic Fisheries Resource Conservation Act, provides those safeguards. First, by September 30, 1998, the New England and Mid-Atlantic Councils and the Secretary of Commerce are required to develop and implement both a fishery management plan for herring and a plan amendment for Atlantic mackerel. Second, a fishing vessel that is longer than 165 feet or has engines that exceed 3,000 horsepower is prohibited from harvesting either herring or mackerel until the councils and the Secretary have addressed the potential impact of such vessels in the management plan.

While the provisions of the North Atlantic Fisheries Resource Conservation Act are specific to two Northeast fisheries, the issues which they address should become part of a broader national policy debate about our vision for the American fishing industry in the 21st century. For over two decades, our fishery policies have focused on two goals: conservation and management of U.S. fishery resources and development of the domestic fishing industry. We have succeeded beyond our expectations in achieving the second goal of developing the U.S. fishing industry. I am optimistic that the Sustainable Fisheries Act will move us toward achieving the first goal of improving conservation and management. With the achievement of those goals, however, come new questions. What do we want our fishing industry to look like in the years to come? What should we as a nation do to preserve traditional coastal communities centered on small-boat fishermen? What restrictions if any should be placed on enormous factory trawlers? In New England, these large ships conjure up memories of foreign factory trawlers vacuuming up and destroying U.S. fishery resources in the days before the Magnuson-Stevens Act. Are such ships an appropriate element in other U.S. fisheries?

The legislation before us today focuses on the actions needed to safeguard the Atlantic herring and mackerel fisheries. However, I look forward to the broader debate. By the prompt enactment of this legislation I hope we can contribute to that debate and begin to shift the national example set by New England fisheries from one of overfishing and painful rebuilding toward one of conservative management that is successful in preserving both the fishermen and the fish.

By Mr. CHAFEE (for himself, Mr. CRAIG, Mr. ROCKEFELLER, Mr. JEFFORDS, Mr. DEWINE, Mr. COATS, Mr. BOND, Ms. LANDRIEU, and Mr. LEVIN):

S. 1195. A bill to promote the adoption of children in foster care, and for other purposes; to the Committee on Finance.

THE PROMOTION OF ADOPTION SAFETY AND SUPPORT FOR ABUSED AND NEGLECTED CHILDREN ACT

Mr. CHAFEE. Mr. President, I am pleased to introduce the Promotion of Adoption, Safety and Support for Abused and Neglected Children Act, the so-called PASS Act. This legislation will make critical reforms to the Nation's child welfare and foster care system and will go a long way toward improving the lives of the hundreds of thousands of abused and neglected children across America. These are children without a safe family setting. They are children who face abuse and neglect every day of their lives. They are America's forgotten children. And, all too often, they are children without hope.

This chilling picture has brought the sponsors of this bill together to take immediate action. The goals of the PASS Act are twofold: to ensure that abused and neglected children are in safe settings, and to move children more rapidly out of the foster care system and into permanent placements.

While the goal of reunifying children with their biological families is laudable, we should not be encouraging States to return abused or neglected children to homes that are clearly unsafe. Regrettably, this is occurring under current law.

About 500,000—half a million—abused or neglected children currently live outside their homes, either in foster care or with relatives. In Rhode Island alone, there are nearly 1,500 children who have been removed from their homes and are in foster care. The Rhode Island Department of Children and Families has an active case load of about 7,700 children who have been abused or neglected.

Many of these children will be able to return to their parents, but many will not. Too often, children who cannot return to their parents wait for years in foster care before they are adopted. In today's child welfare system, it has become a lonely and tragic wait with no end. To us, that is an unacceptable way of life for any child to have to endure.

The PASS Act seeks to shorten the time a child must wait to be adopted, all the while ensuring that wherever a child is placed, his or her safety and health will be the first concern.

The PASS Act also contains important new financial incentives to help these children find adoptive homes. State agencies will receive bonuses for each child that is adopted, and families who open their hearts and their homes to these children will be eligible for Federal financial assistance and Medicaid coverage for the child.

I believe the PASS Act is a good bipartisan, compromise package. The sponsors of this bill have worked hard to come together in support of a child welfare reform bill. And we expect this new, revised legislation to move quickly through the Senate, as the Majority Leader has indicated that adoption legislation is one of a select few priorities to be dealt with before expected adjournment in early November.

But the real reason we need to move this bill is not because of legislative haste. It is because each passing day we do not act to bring hope and relief to abused and neglected children is a dark day for Congress and the Nation.

Finally let me thank my friend JAY ROCKEFELLER, who has worked so tirelessly on these issues and whose leadership was key to this bill. I also want to pay special tribute to LARRY CRAIG—without his commitment to these children this agreement would not have been possible. I am proud of this bipartisan effort, and I hope all of my colleagues will support this measure. I ask unanimous consent that the full text of the legislation be printed in the RECORD.

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

S. 1195

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Promotion of Adoption, Safety, and Support for Abused and Neglected Children (PASS) Act''.

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

TITLE I—REASONABLE EFFORTS AND SAFETY REQUIREMENTS FOR FOSTER CARE AND ADOPTION PLACEMENTS

SEC. 101. CLARIFICATION OF THE REASONABLE EFFORTS REQUIREMENT.

Section 471(a)(15) of the Social Security Act (42 U.S.C. 671(a)(15)) is amended to read as follows:

''(15) provides that—

''(A) in determining reasonable efforts, as described in this section, the child's health and safety shall be the paramount concern;

''(B) reasonable efforts shall be made to preserve and reunify families when possible—

''(i) prior to the placement of a child in foster care, to prevent or eliminate the need for removing the child from the child's home when the child can be cared for at home without endangering the child's health or safety; or

''(ii) to make it possible for the child to safely return to the child's home;

''(C) reasonable efforts shall not be required on behalf of any parent—

''(i) if a court of competent jurisdiction has made a determination that the parent has—

''(I) committed murder of another child of the parent;

''(II) committed voluntary manslaughter of another child of the parent;

''(III) aided or abetted, attempted, conspired, or solicited to commit such murder or voluntary manslaughter; or

''(IV) committed a felony assault that results in serious bodily injury to the child or another child of the parent;

''(ii) if a court of competent jurisdiction determines that returning the child to the home of the parent would pose a serious risk to the child's health or safety (including but not limited to cases of abandonment, torture, chronic physical abuse, sexual abuse, or a previous involuntary termination of parental rights with respect to a sibling of the child); or

''(iii) if the State, through legislation, has specified cases in which the State is not required to make reasonable efforts because of serious circumstances that endanger a child's health or safety;

''(D) if reasonable efforts to preserve or reunify a family are not made in accordance with subparagraph (C), and placement with either parent would pose a serious risk to the child's health or safety, or in any case in which a State's goal for the child is adoption or placement in another permanent home, reasonable efforts shall be made to place the child in a timely manner with an adoptive family, with a qualified relative or legal guardian, or in another planned permanent living arrangement, and to complete whatever steps are necessary to finalize the adoption or legal guardianship; and

''(E) reasonable efforts of the type described in subparagraph (D) may be made concurrently with reasonable efforts of the type described in subparagraph (B);''.

SEC. 102. INCLUDING SAFETY IN CASE PLAN AND CASE REVIEW SYSTEM REQUIREMENTS.

Title IV of the Social Security Act (42 U.S.C. 601 et seq.) is amended—

(1) in section 422(b)(10)(B) (as redesignated by section 5592(a)(1)(A)(iii) of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 644))—

(A) in clause (iii)(I), by inserting ''safe and'' after ''where''; and

(B) in clause (iv), by inserting ''safely'' after ''remain''; and

(2) in section 475—

(A) in paragraph (1)—

(i) in subparagraph (A), by inserting ''safety and'' after ''discussion of the''; and

(ii) in subparagraph (B)—

(I) by inserting ''safe and'' after ''child receives''; and

(II) by inserting ''safe'' after ''return of the child to his own''; and

(B) in paragraph (5)—

(i) in subparagraph (A), in the matter preceding clause (i), by inserting ''a safe setting that is'' after ''placement in''; and

(ii) in subparagraph (B)—

(I) by inserting ''the safety of the child,'' after ''determine''; and

(II) by inserting ''and safely maintained in'' after ''returned to''.

SEC. 103. MULTIDISCIPLINARY/MULTIAGENCY CHILD DEATH REVIEW TEAMS.

(a) STATE CHILD DEATH REVIEW TEAMS.—Section 471 of the Social Security Act (42 U.S.C. 671) is amended by adding at the end the following:

''(c)(1) In order to investigate and prevent child death from fatal abuse and neglect, not later than 2 years after the date of the enactment of this subsection, a State, in order to be eligible for payments under this part, shall submit to the Secretary a certification that the State has established and is maintaining, in accordance with applicable confidentiality laws, a State child death review team, and if necessary in order to cover all counties in the State, child death review teams on the regional or local level, that shall review child deaths, including deaths in which—

''(A) there is a record of a prior report of child abuse or neglect or there is reason to suspect that the child death was caused by, or related to, child abuse or neglect; or

''(B) the child who died was a ward of the State or was otherwise known to the State or local child welfare service agency.

''(2) A child death review team established in accordance with this subsection should have a membership that will present a range of viewpoints that are independent from any specific agency, and shall include representatives from, at a minimum, specific fields of expertise, such as law enforcement, health, mental health, and substance abuse, and from the community.

''(3) A State child death review team shall—

''(A) provide support to a regional or local child death review team;

''(B) make public an annual summary of case findings;

''(C) provide recommendations for systemwide improvements in services to investigate and prevent future fatal abuse and neglect; and

''(D) if the State child death review team covers all counties in the State on its own, carry out the duties of a regional or local child death review team described in paragraph (4).

''(4) A regional or local child death review team shall—

''(A) conduct individual case reviews;

''(B) recommend followup procedures for child death cases; and

''(C) suggest and assist with system improvements in services to investigate and prevent future fatal abuse and neglect.''.

(b) FEDERAL CHILD DEATH REVIEW TEAM.—Section 471 of the Social Security Act (42 U.S.C. 671), as amended by subsection (a), is amended by adding at the end the following:

''(d)(1) The Secretary shall establish a Federal child death review team that shall consist of at least the following:

''(A) Representatives of the following Federal agencies who have expertise in the prevention or treatment of child abuse and neglect:

''(i) Department of Health and Human Services.

''(ii) Department of Justice.

''(iii) Bureau of Indian Affairs.

''(iv) Department of Defense.

''(v) Bureau of the Census.

''(B) Representatives of national child-serving organizations who have expertise in the prevention or treatment of child abuse and neglect and that, at a minimum, represent the health, child welfare, social services, and law enforcement fields.

''(2) The Federal child death review team established under this subsection shall—

''(A) review reports of child deaths on military installations and other Federal lands, and coordinate with Indian tribal organizations in the review of child deaths on Indian reservations;

''(B) upon request, provide guidance and technical assistance to States and localities seeking to initiate or improve child death review teams and to prevent child fatalities; and

''(C) develop recommendations on related policy and procedural issues for Congress, relevant Federal agencies, and States and localities for the purpose of preventing child fatalities.''.

SEC. 104. STATES REQUIRED TO INITIATE OR JOIN PROCEEDINGS TO TERMINATE PARENTAL RIGHTS FOR CERTAIN CHILDREN IN FOSTER CARE.

(a) REQUIREMENT FOR PROCEEDINGS.—Section 475(5) of the Social Security Act (42 U.S.C. 675(5)) is amended—

(1) by striking ''and'' at the end of subparagraph (C);

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

(3) by adding at the end the following:

''(E) in the case of a child who has been in foster care under the responsibility of the State for 12 of the most recent 18 months, or for a lifetime total of 24 months, or, if a court of competent jurisdiction has determined an infant to have been abandoned (as defined under State law), or made a determination that the parent has committed murder of another child of such parent, committed voluntary manslaughter of another child of such parent, aided or abetted, attempted, conspired, or solicited to commit such murder or voluntary manslaughter, or committed a felony assault that results in serious bodily injury to the surviving child or to another child of such parent, the State shall file a petition to terminate the parental rights of the child's parents (or, if such a petition has been filed by another party, seek to be joined as a party to the petition), and, concurrently, to identify, recruit, process, and approve a qualified family for an adoption, unless—

''(i) at the option of the State, the child is being cared for by a relative; or

''(ii) a State court or State agency has documented a compelling reason for determining that filing such a petition would not be in the best interests of the child.''.

(b) DETERMINATION OF BEGINNING OF FOSTER CARE.—Section 475(5) of the Social Security Act (42 U.S.C. 675(5)), as amended by subsection (a), is amended—

(1) by striking ''and'' at the end of subparagraph (D);

(2) by striking the period at the end of subparagraph (E) and inserting ''; and''; and

(3) by adding at the end the following:

''(F) a child shall be considered to have entered foster care on the latter of—

''(i) the first time the child is removed from the home; or

''(ii) the date of the first judicial hearing on removal of the child from the home.''.

(c) ELIMINATION OF UNNECESSARY COURT DELAYS.—

(1) ONE-YEAR STATUTE OF LIMITATIONS FOR APPEALS OF ORDERS TERMINATING PARENTAL RIGHTS.—Section 471(a) of the Social Security Act (42 U.S.C. 671(a)), as amended by section 5591(b) of the Balanced Budget Act of 1997, is amended—

(A) by striking ''and'' at the end of paragraph (18);

(B) by striking the period at the end of paragraph (19) and inserting ''; and''; and

(C) by adding at the end the following:

''(20) provides that an order terminating parental rights shall only be appealable during the 1-year period that begins on the date the order is issued.''.

(2) ONE-YEAR STATUTE OF LIMITATIONS FOR APPEALS OF ORDERS OF REMOVAL.—Section 471(a) of the Social Security Act (42 U.S.C. 671(a)), as amended by subsection (a), is amended—

(A) in paragraph (19), by striking ''and'' at the end;

(B) in paragraph (20), by striking the period and inserting ''; and''; and

(C) by adding at the end the following:

''(21) provides that a court-ordered removal of a child shall only be appealable during the 1-year period that begins on the date the order is issued.''.

(d) RULE OF CONSTRUCTION.—Nothing in part E of title IV of the Social Security Act (42 U.S.C. 670 et seq.), as amended by this Act, shall be construed as precluding State courts or State agencies from initiating or finalizing the termination of parental rights for reasons other than, or for timelines earlier than, those specified in part E of title IV of such Act, when such actions are determined to be in the best interests of the child.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by this section shall apply to children entering foster care under the responsibility of the State after the date of enactment of this Act.

(2) TRANSITION RULE FOR CURRENT FOSTER CARE CHILDREN.—Subject to paragraph (3), with respect to any child in foster care under the responsibility of the State on or before the date of enactment of this Act, the amendments made by this section shall not apply to such child until the date that is 1 year after the date of enactment of this Act.

(3) DELAY PERMITTED IF STATE LEGISLATION REQUIRED.—The provisions of section 501(b) shall apply to the effective date of the amendments made by this section.

SEC. 105. NOTICE OF REVIEWS AND HEARINGS; OPPORTUNITY TO BE HEARD.

Section 475(5) of the Social Security Act (42 U.S.C. 675(5)), as amended by section 104(b), is amended—

(1) by striking ''and'' at the end of subparagraph (E);

(2) by striking the period at the end of subparagraph (F) and inserting ''; and''; and

(3) by adding at the end the following:

''(G) the foster parents (if any) of a child and any relative providing care for the child are provided with notice of, and an opportunity to be heard in, any review or hearing to be held with respect to the child, except that this subparagraph shall not be construed to make any foster parent or relative a party to such a review or hearing solely on the basis of such notice and opportunity to be heard.''.

SEC. 106. USE OF THE FEDERAL PARENT LOCATOR SERVICE FOR CHILD WELFARE SERVICES.

Section 453 of the Social Security Act (42 U.S.C. 653), as amended by section 5534 of the Balanced Budget Act of 1997, is amended—

(1) in subsection (a)(2)—

(A) in the matter preceding subparagraph (A), by inserting ''or making or enforcing child custody or visitation orders'' after ''obligations,''; and

(B) in subparagraph (A)—

(i) by striking ''or'' at the end of clause (ii);

(ii) by striking the comma at the end of clause (iii) and inserting ''; or''; and

(iii) by inserting after clause (iii) the following:

''(iv) who has or may have parental rights with respect to a child,''; and

(2) in subsection (c)—

(A) by striking the period at the end of paragraph (3) and inserting ''; and''; and

(B) by adding at the end the following:

''(4) a State agency that is administering a program operated under a State plan under subpart 1 of part B, or a State plan approved under subpart 2 of part B or under part E.''.

SEC. 107. CRIMINAL RECORDS CHECKS FOR PROSPECTIVE FOSTER AND ADOPTIVE PARENTS AND GROUP CARE STAFF.

Section 471(a) of the Social Security Act (42 U.S.C. 671(a)), as amended by section 104(c)(2), is amended—

(1) by striking ''and'' at the end of paragraph (20);

(2) by striking the period at the end of paragraph (21) and inserting ''; and''; and

(3) by adding at the end the following:

''(22) provides procedures for criminal records checks and checks of a State's child abuse registry for any prospective foster parent or adoptive parent, and any employee of a residential child-care institution before the foster parent or adoptive parent, or the residential child-care institution may be finally approved for placement of a child on whose behalf foster care maintenance payments or adoption assistance payments are to be made under the State plan under this part, including procedures requiring that—

''(A) in any case in which a criminal record check reveals a criminal conviction for child abuse or neglect, or spousal abuse, a criminal conviction for crimes against children, or a criminal conviction for a crime involving violence, including violent drug-related offenses, rape, sexual or other physical assault, battery, or homicide, approval shall not be granted, unless the individual provides substantial evidence to local law enforcement officials and the State child protection agency proving that there are extraordinary circumstances which demonstrate that approval should be granted; and

''(B) in any case in which a criminal record check reveals a criminal conviction for a felony or misdemeanor not involving violence, or a check of any State child abuse registry indicates that a substantiated report of abuse or neglect exists, final approval may be granted only after consideration of the nature of the offense or incident, the length of time that has elapsed since the commission of the offense or the occurrence of the incident, the individual's life experiences during the period since the commission of the offense or the occurrence of the incident, and any risk to the child.''.

SEC. 108. DEVELOPMENT OF STATE GUIDELINES TO ENSURE SAFE, QUALITY CARE TO CHILDREN IN OUT-OF-HOME PLACEMENTS.

Section 471(a)(10) of the Social Security Act (42 U.S.C. 671(a)(10)) is amended—

(1) by inserting ''and guidelines'' after ''standards'' each place it appears; and

(2) by inserting ''ensuring quality services that protect the safety and health of children in foster care placements with nonprofit and for-profit agencies,'' after ''related to''.

SEC. 109. DOCUMENTATION OF EFFORTS FOR ADOPTION OR LOCATION OF A PERMANENT HOME.

Section 475 of the Social Security Act (42 U.S.C. 675) is amended—

(1) in paragraph (1)—

(A) in the last sentence—

(i) by striking ''the case plan must also include''; and

(ii) by redesignating such sentence as subparagraph (D) and indenting appropriately; and

(B) by adding at the end, the following:

''(E) In the case of a child with respect to whom the State's goal is adoption or placement in another permanent home, documentation of the steps taken by the agency to find an adoptive family or other permanent living arrangement for the child, to place the child with an adoptive family, legal guardian, or in another planned permanent living arrangement, and to finalize the adoption or legal guardianship. At a minimum, such documentation shall include child specific recruitment efforts such as the use of State, regional, and national adoption exchanges including electronic exchange systems.''; and

(2) in paragraph (5)(B), by inserting ''(including the requirement specified in paragraph (1)(E))'' after ''case plan''.

TITLE II—INCENTIVES FOR PROVIDING PERMANENT FAMILIES FOR CHILDREN

SEC. 201. ADOPTION INCENTIVE PAYMENTS.

Part E of title IV of the Social Security Act (42 U.S.C. 670–679) is amended by inserting after section 473 the following:

''SEC. 473A. ADOPTION INCENTIVE PAYMENTS.

''(a) GRANT AUTHORITY.—Subject to the availability of such amounts as may be provided in advance in appropriations Acts for this purpose, the Secretary may make a grant to each State that is an incentive-eligible State for a fiscal year in an amount

equal to the adoption incentive payment payable to the State for the fiscal year under this section, which shall be payable in the immediately succeeding fiscal year.

''(b) INCENTIVE-ELIGIBLE STATE.—A State is an incentive-eligible State for a fiscal year if—

''(1) the State has a plan approved under this part for the fiscal year;

''(2) the number of foster child adoptions in the State during the fiscal year exceeds the base number of foster child adoptions for the State for the fiscal year;

''(3) the State is in compliance with subsection (c) for the fiscal year; and

''(4) the fiscal year is any of fiscal years 1998 through 2002.

''(c) DATA REQUIREMENTS.—

''(1) IN GENERAL.—A State is in compliance with this subsection for a fiscal year if the State has provided to the Secretary the data described in paragraph (2) for fiscal year 1997 (or, if later, the fiscal year that precedes the first fiscal year for which the State seeks a grant under this section) and for each succeeding fiscal year.

''(2) DETERMINATION OF NUMBERS OF ADOPTIONS.—

''(A) DETERMINATIONS BASED ON AFCARS DATA.—Except as provided in subparagraph (B), the Secretary shall determine the numbers of foster child adoptions and of special needs adoptions in a State during each of fiscal years 1997 through 2002, for purposes of this section, on the basis of data meeting the requirements of the system established pursuant to section 479, as reported by the State in May of the fiscal year and in November of the succeeding fiscal year, and approved by the Secretary by April 1 of the succeeding fiscal year.

''(B) ALTERNATIVE DATA SOURCES PERMITTED FOR FISCAL YEAR 1997.—For purposes of the determination described in subparagraph (A) for fiscal year 1997, the Secretary may use data from a source or sources other than that specified in subparagraph (A) that the Secretary finds to be of equivalent completeness and reliability, as reported by a State by November 30, 1997, and approved by the Secretary by March 1, 1998.

''(3) NO WAIVER OF AFCARS REQUIREMENTS.—This section shall not be construed to alter or affect any requirement of section 479 or any regulation prescribed under such section with respect to reporting of data by States, or to waive any penalty for failure to comply with the requirements.

''(d) ADOPTION INCENTIVE PAYMENT.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the adoption incentive payment payable to a State for a fiscal year under this section shall be equal to the sum of—

''(A) $2,000, multiplied by amount (if any) by which the number of foster child adoptions in the State during the fiscal year exceeds the base number of foster child adoptions for the State for the fiscal year; and

''(B) $2,000, multiplied by the amount (if any) by which the number of special needs adoptions in the State during the fiscal year exceeds the base number of special needs adoptions for the State for the fiscal year.

''(2) PRO RATA ADJUSTMENT IF INSUFFICIENT FUNDS AVAILABLE.—For any fiscal year, if the total amount of adoption incentive payments otherwise payable under this section for a fiscal year exceeds the amount appropriated for that fiscal year, the amount of the adoption incentive payment payable to each State under this section for the fiscal year shall be—

''(A) the amount of the adoption incentive payment that would otherwise be payable to the State under this section for the fiscal year; multiplied by

''(B) the percentage represented by the amount appropriated for that year, divided by the total amount of adoption incentive payments otherwise payable under this section for the fiscal year.

''(e) 2-YEAR AVAILABILITY OF INCENTIVE PAYMENTS.—Payments to a State under this section in a fiscal year shall remain available for use by the State through the end of the succeeding fiscal year.

''(f) LIMITATIONS ON USE OF INCENTIVE PAYMENTS.—A State shall not expend an amount paid to the State under this section except to provide to children or families any service (including post adoption services) that may be provided under part B or E. Amounts expended by a State in accordance with the preceding sentence shall be disregarded in determining State expenditures for purposes of Federal matching payments under section 474.

''(g) DEFINITIONS.—As used in this section:

''(1) FOSTER CHILD ADOPTION.—The term 'foster child adoption' means the final adoption of a child who, at the time of adoptive placement, was in foster care under the supervision of the State.

''(2) SPECIAL NEEDS ADOPTION.—The term 'special needs adoption' means the final adoption of a child for whom an adoption assistance agreement is in effect under section 473.

''(3) BASE NUMBER OF FOSTER CHILD ADOPTIONS.—The term 'base number of foster child adoptions for a State' means, with respect to a fiscal year, the largest number of foster child adoptions in the State in fiscal year 1997 (or, if later, the first fiscal year for which the State has furnished to the Secretary the data described in subsection (c)(2)) or in any succeeding fiscal year preceding the fiscal year.

''(4) BASE NUMBER OF SPECIAL NEEDS ADOPTIONS.—The term 'base number of special needs adoptions for a State' means, with respect to a fiscal year, the largest number of special needs adoptions in the State in fiscal year 1997 (or, if later, the first fiscal year for which the State has furnished to the Secretary the data described in subsection (c)(2)) or in any succeeding fiscal year preceding the fiscal year.

''(h) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—For grants under this section, there are authorized to be appropriated to the Secretary $15,000,000 for each of fiscal years 1999 through 2003.

''(2) AVAILABILITY.—Amounts appropriated under paragraph (1) are authorized to remain available until expended, but not after fiscal year 2003.''.

SEC. 202. PROMOTION OF ADOPTION OF CHILDREN WITH SPECIAL NEEDS.

(a) IN GENERAL.—Section 473(a) of the Social Security Act (42 U.S.C. 673(a)) is amended by striking paragraph (2) and inserting the following:

''(2)(A) For purposes of paragraph (1)(B)(ii), a child meets the requirements of this paragraph if such child—

''(i) prior to termination of parental rights and the initiation of adoption proceedings was in the care of a public or licensed private child care agency or Indian tribal organization either pursuant to a voluntary placement agreement (provided the child was in care for not more than 180 days) or as a result of a judicial determination to the effect that continuation in the home would be contrary to the safety and welfare of such child, or was residing in a foster family home or child care institution with the child's minor parent (either pursuant to such a voluntary placement agreement or as a result of such a judicial determination); and

''(ii) has been determined by the State pursuant to subsection (c) to be a child with special needs, which needs shall be considered by the State, together with the circumstances of the adopting parents, in determining the amount of any payments to be made to the adopting parents.

''(B) Notwithstanding any other provision of law, and except as provided in paragraph (7), a child who is not a citizen or resident of the United States and who meets the requirements of subparagraph (A) and is otherwise determined to be eligible for the receipt of adoption assistance payments, shall be eligible for adoption assistance payments under this part.

''(C) A child who meets the requirements of subparagraph (A) and who is otherwise determined to be eligible for the receipt of adoption assistance payments shall continue to be eligible for such payments in the event that the child's adoptive parent dies or the child's adoption is dissolved, and the child is placed with another family for adoption.''.

(b) EXCEPTION.—Section 473(a) of the Social Security Act (42 U.S.C. 673(a)) is amended by adding at the end the following:

''(7)(A) Notwithstanding any other provision of this subsection, no payment may be made to parents with respect to any child that—

''(i) would be considered a child with special needs under subsection (c);

''(ii) is not a citizen or resident of the United States; and

''(iii) was adopted outside of the United States or was brought into the United States for the purpose of being adopted.

''(B) Subparagraph (A) shall not be construed as prohibiting payments under this part for a child described in subparagraph (A) that is placed in foster care subsequent to the failure, as determined by the State, of the initial adoption of such child by the parents described in such subparagraph.''.

(c) REQUIREMENT FOR USE OF STATE SAVINGS.—Section 473(a) of the Social Security Act (42 U.S.C. 673(a)), as amended by subsection (b), is amended by adding at the end the following:

''(8) A State shall spend an amount equal to the amount of savings (if any) in State expenditures under this part resulting from the application of paragraph (2) on and after the effective date of the amendment to such paragraph made by section 202(a) of the Promotion of Adoption, Safety, and Support for Abused and Neglected Children (PASS) Act to provide to children or families any service (including post-adoption services) that may be provided under this part or part B.''.

SEC. 203. TECHNICAL ASSISTANCE.

(a) IN GENERAL.—The Secretary of Health and Human Services may, directly or through grants or contracts, provide technical assistance to assist States and local communities to reach their targets for increased numbers of adoptions and, to the extent that adoption is not possible, alternative permanent placements, for children in foster care.

(b) LIMITATIONS.—The technical assistance provided under subsection (a) shall support the goal of encouraging more adoptions out of the foster care system, when adoptions promote the best interests of children, and shall include the following:

(1) The development of best practice guidelines for expediting termination of parental rights.

(2) Models to encourage the use of concurrent planning.

(3) The development of specialized units and expertise in moving children toward adoption as a permanency goal.

(4) The development of risk assessment tools to facilitate early identification of the children who will be at risk of harm if returned home.

(5) Models to encourage the fast tracking of children who have not attained 1 year of age into adoptive and pre-adoptive placements.

(6) Development of programs that place children in pre-adoptive families without waiting for termination of parental rights.

(7) Development of programs to recruit adoptive parents.

SEC. 204. ADOPTIONS ACROSS STATE AND COUNTY JURISDICTIONS.

(a) ELIMINATION OF GEOGRAPHIC BARRIERS TO INTERSTATE ADOPTION.—Section 471(a) of the Social Security Act (42 U.S.C. 671(a)), as amended by section 106, is amended—

(1) by striking ''and'' at the end of paragraph (21);

(2) by striking the period at the end of paragraph (22) and inserting ''; and''; and

(3) by adding at the end the following:

''(23) provides that neither the State nor any other entity in the State that receives funds from the Federal Government and is involved in adoption or foster care placements may—

''(A) deny to any person the opportunity to become an applicant for custody of a child, licensure as a foster or adoptive parent, or for foster care maintenance payments or adoption assistance payments under this part on the basis of the geographic residence of the person or of the child involved; or

''(B) delay or deny the placement of a child for adoption, into foster care, or in the child's original home on the basis of the geographic residence of an adoptive or foster parent or of the child involved.''.

(b) STUDY OF INTERJURISDICTIONAL ADOPTION ISSUES.—

(1) IN GENERAL.—The Secretary of Health and Human Services (in this subsection referred to as the ''Secretary'') shall appoint an advisory panel that shall—

(A) study and consider how to improve procedures and policies to facilitate the timely and permanent adoptions of children across State and county jurisdictions;

(B) examine, at a minimum, interjurisdictional adoption issues—

(i) concerning the recruitment of prospective adoptive families from other States and counties;

(ii) concerning the procedures to grant reciprocity to prospective adoptive family home studies from other States and counties;

(iii) arising from a review of the comity and full faith and credit provided to adoption decrees and termination of parental rights orders from other States; and

(iv) concerning the procedures related to the administration and implementation of the Interstate Compact on the Placement of Children; and

(C) not later than 12 months after the final appointment to the advisory panel, submit to the Secretary the report described in paragraph (3).

(2) COMPOSITION OF ADVISORY PANEL.—In establishing the advisory panel required under paragraph (1), the Secretary shall appoint members from the general public who are individuals knowledgeable on adoption and foster care issues, and with due consideration to representation of ethnic or racial minorities and diverse geographic areas, and who, at a minimum, include the following:

(A) Adoptive and foster parents.

(B) Public and private child welfare agencies that place children in and out of home care.

(C) Family court judges.

(D) Adoption attorneys.

(E) An Administrator of the Interstate Compact on the Placement of Children and an Administrator of the Interstate Compact on Adoption and Medical Assistance.

(F) A representative cross-section of individuals from other organizations and individuals with expertise or advocacy experience in adoption and foster care issues.

(3) CONTENTS OF REPORT.—The report required under paragraph (1)(C) shall include the results of the study conducted under subparagraphs (A) and (B) of paragraph (1) and recommendations on how to improve procedures to facilitate the interjurisdictional adoption of children, including interstate and intercounty adoptions, so that children will be assured timely and permanent placements.

(4) CONGRESS.—The Secretary shall submit a copy of the report required under paragraph (1)(C) to the appropriate committees of Congress, and, if relevant, make recommendations for proposed legislation.

SEC. 205. FACILITATION OF VOLUNTARY MUTUAL REUNIONS BETWEEN ADOPTED ADULTS AND BIRTH PARENTS AND SIBLINGS.

The Secretary of Health and Human Services, at no net expense to the Federal Government, may use the facilities of the Department of Health and Human Services to facilitate the voluntary, mutually requested reunion of an adult adopted child who is 21 years of age or older with—

(1) any birth parent of the adult child; or

(2) any adult adopted sibling who is 21 years of age or older, of the adult child,

if all such persons involved in any such reunion have, on their own initiative, expressed a desire for a reunion and agree to keep confidential the name and location of the other birth parent of the adult adopted child and any other adult adopted sibling of the adult adopted child.

SEC. 206. ANNUAL REPORT ON STATE PERFORMANCE IN PROTECTING CHILDREN.

(a) IN GENERAL.—Part E of title IV of the Social Security Act (42 U.S.C. 670 et seq.) is amended by adding at the end the following:

''SEC. 479A. ANNUAL REPORT.

''(a) IN GENERAL.—The Secretary shall issue an annual report containing ratings of the performance of each State in protecting children who are placed in foster care, for adoption, or with a relative or guardian. The report shall include ratings on outcome measures for categories related to safety and permanence for children.

''(b) OUTCOME MEASURES.—

''(1) IN GENERAL.—The Secretary shall develop a set of outcome measures to be used in preparing the report.

''(2) CATEGORIES.—In developing the outcome measures, the Secretary shall develop measures that can track performance over time for the following categories:

''(A) The number of children placed annually for adoption, the number of placements of children with special needs, and the number of children placed permanently in a foster family home, with a relative, or with a guardian who is not a relative.

''(B) The number of children, including those with parental rights terminated, that annually leave foster care at the age of majority without having been adopted or placed with a guardian.

''(C) The median and mean length of stay of children in foster care, for children with parental rights terminated, and children for whom parental rights are retained by the biological or adoptive parent.

''(D) The median and mean length of time between a child having a plan of adoption and termination of parental rights, between the availability of a child for adoption and the placement of the child in an adoptive family, and between the placement of the child in such a family and the finalization of the adoption.

''(E) The number of deaths of children in foster care and other out-of-home care, including kinship care, resulting from substantiated child abuse and neglect.

''(F) The specific steps taken by the State to facilitate permanence for children.

''(3) MEASURES.—In developing the outcome measures, the Secretary shall use data from the Adoption and Foster Care Analysis and Reporting System established under section 479 to the maximum extent possible.

''(c) RATING SYSTEM.—The Secretary shall develop a system (including using State census data and poverty rates) to rate the performance of each State based on the outcome measures.

''(d) INFORMATION.—In order to receive funds under this part, a State shall annually provide to the Secretary such adoption, foster care, and guardianship information as the Secretary may determine to be necessary to issue the report for the State.

''(e) PREPARATION AND ISSUANCE.—On October 1, 1998, and annually thereafter, the Secretary shall prepare, submit to Congress, and issue to the States the report described in subsection (a). Each report shall rate the performance of a State on each outcome measure developed under subsection (b), include an explanation of the rating system developed under subsection (c) and the way in which scores are determined under the rating system, analyze high and low performances for the State, and make recommendations to the State for improvement.''.

(b) CONFORMING AMENDMENTS.—Section 471(a) of the Social Security Act (42 U.S.C. 671(a)), as amended by section 204(a), is amended—

(1) in paragraph (22), by striking ''and'' at the end;

(2) in paragraph (23), by striking the period and inserting ''; and''; and

(3) by adding at the end the following:

''(24) provides that the State shall annually provide to the Secretary the information required under section 479A.''.

TITLE III—ADDITIONAL IMPROVEMENTS AND REFORMS

SEC. 301. EXPANSION OF CHILD WELFARE DEMONSTRATION PROJECTS.

Section 1130(a) of the Social Security Act (42 U.S.C. 1320a–9(a)) is amended by striking ''10'' and inserting ''15''.

SEC. 302. PERMANENCY PLANNING HEARINGS.

Section 475(5)(C) of the Social Security Act (42 U.S.C. 675(5)(C)) is amended—

(1) by striking ''dispositional'' and inserting ''permanency planning'';

(2) by striking ''no later than'' and all that follows through ''12 months'' and inserting ''not later than 12 months after the original placement (and not less frequently than every 6 months''; and

(3) by striking ''future status of'' and all that follows through ''long term basis)'' and inserting ''permanency plans for the child (including whether and, if applicable, when, the child will be returned to the parent, referred for termination of parental rights, placed for adoption, or referred for legal guardianship, or other planned permanent living arrangement)''.

SEC. 303. KINSHIP CARE.

(a) REPORT.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall—

(A) not later than March 1, 1998, convene the advisory panel provided for in subsection (b)(1) and prepare and submit to the advisory panel an initial report on the extent to which children in foster care are placed in the care of a relative (in this section referred to as ''kinship care''); and

(B) not later than November 1, 1998, submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a final report on the matter described in subparagraph (A), which shall—

(i) be based on the comments submitted by the advisory panel pursuant to subsection

(b)(2) and other information and considerations; and

(ii) include the policy recommendations of the Secretary with respect to the matter.

(2) REQUIRED CONTENTS.—Each report required by paragraph (1) shall—

(A) include, to the extent available for each State, information on—

(i) the policy of the State regarding kinship care;

(ii) the characteristics of the kinship care providers (including age, income, ethnicity, and race);

(iii) the characteristics of the household of such providers (such as number of other persons in the household and family composition);

(iv) how much access to the child is afforded to the parent from whom the child has been removed;

(v) the cost of, and source of funds for, kinship care (including any subsidies such as medicaid and cash assistance);

(vi) the goal for a permanent living arrangement for the child and the actions being taken by the State to achieve the goal;

(vii) the services being provided to the parent from whom the child has been removed; and

(viii) the services being provided to the kinship care provider; and

(B) specifically note the circumstances or conditions under which children enter kinship care.

(b) ADVISORY PANEL REVIEW.—

(1) IN GENERAL.—The advisory board on child abuse and neglect established under section 102 of the Child Abuse Prevention and Treatment Act (42 U.S.C. 5102), or, if on the date of enactment of this Act such advisory board does not exist, the advisory panel authorized under paragraph (2), shall review the report prepared pursuant to subsection (a) and submit to the Secretary comments on the report not later than July 1, 1998.

(2) AUTHORIZATION FOR APPOINTMENTS.—Subject to paragraph (1), the Secretary of Health and Human Services, in consultation with the Chairman of the Committee on Ways and Means of the House of Representatives and the Chairman of the Committee on Finance of the Senate, may appoint an advisory board for the purpose of reviewing and commenting on the report prepared pursuant to subsection (a). Such advisory board shall include parents, foster parents, former foster children, State and local public officials responsible for administering child welfare programs, private persons involved in the delivery of child welfare services, representatives of tribal governments and tribal courts, judges, and academic experts.

SEC. 304. STANDBY GUARDIANSHIP.

It is the sense of Congress that the States should have in effect laws and procedures that permit any parent who is chronically ill or near death, without surrendering parental rights, to designate a standby guardian for the parent's minor children, whose authority would take effect upon—

(1) the death of the parent;

(2) the mental incapacity of the parent; or

(3) the physical debilitation and consent of the parent.

SEC. 305. CLARIFICATION OF ELIGIBLE POPULATION FOR INDEPENDENT LIVING SERVICES.

Section 477(a)(2)(A) of the Social Security Act (42 U.S.C. 677(a)(2)(A)) is amended by inserting ''(including children with respect to whom such payments are no longer being made because the child has accumulated assets, not to exceed $5,000, which are otherwise regarded as resources for purposes of determining eligibility for benefits under this part)'' before the comma.

SEC. 306. COORDINATION AND COLLABORATION OF SUBSTANCE ABUSE TREATMENT AND CHILD PROTECTION SERVICES.

(a) STUDY AND REPORT ON SOURCES OF SUPPORT FOR SUBSTANCE ABUSE PREVENTION AND TREATMENT FOR PARENTS AND CHILDREN AND COLLABORATION AMONG STATE AGENCIES.—

(1) STUDY.—Not later than 12 months after the date of the enactment of this Act, the Comptroller General of the United States shall—

(A) prepare an inventory of all Federal and State programs that may provide funds for substance abuse prevention and treatment services for families receiving services directly or through grants or contracts from public child welfare agencies; and

(B) examine—

(i) the availability and results of joint prevention and treatment activities conducted by State substance abuse prevention and treatment agencies and State child welfare agencies; and

(ii) how such agencies (jointly or separately) are responding to and addressing the needs of infants who are exposed to substance abuse.

(2) REPORT TO CONGRESS.—Not later than 18 months after the date of enactment of this Act, the Comptroller General of the United States shall submit to the appropriate committees of Congress a report on the study conducted under paragraph (1). Such report shall include—

(A) a description of the extent to which clients of child welfare agencies have substance abuse treatment needs, the nature of those needs, and the extent to which those needs are being met;

(B) a description of the barriers that prevent the substance abuse treatment needs of clients of child welfare agencies from being treated appropriately;

(C) a description of the collaborative activities of State child welfare and substance abuse prevention and treatment agencies to jointly assess clients' needs, fund substance abuse prevention and treatment, train and consult with staff, and evaluate the effectiveness of programs serving clients in both agencies' caseloads;

(D) a summary of the available data on the treatment and cost-effectiveness of substance abuse treatment services for clients of child welfare agencies; and

(E) recommendations, including recommendations for Federal legislation, for addressing the needs and barriers, as described in subparagraphs (A) and (B), and for promoting further collaboration of the State child welfare and substance abuse prevention and treatment agencies in meeting the substance abuse treatment needs of families.

(b) PRIORITY IN PROVIDING SUBSTANCE ABUSE TREATMENT.—Section 1927 of the Public Health Service Act (42 U.S.C. 300x–27) is amended—

(1) in the heading, by inserting ''**AND CARETAKER PARENTS**'' after ''**WOMEN**''; and

(2) in subsection (a)—

(A) in paragraph (1)—

(i) by inserting ''all caretaker parents who are referred for treatment by the State or local child welfare agency and who'' after ''referred for and''; and

(ii) by striking ''is given'' and inserting ''are given''; and

(B) in paragraph (2)—

(i) by striking ''such women'' and inserting ''such pregnant women and caretaker parents''; and

(ii) by striking ''the women'' and inserting ''the pregnant women and caretaker parents''.

(c) FOSTER CARE PAYMENTS FOR CHILDREN WITH PARENTS IN RESIDENTIAL FACILITIES.—Section 472(b) of the Social Security Act (42 U.S.C. 672(b)) is amended—

(1) in paragraph (1), by striking ''or'' at the end;

(2) in paragraph (2), by striking the period and inserting '', or''; and

(3) by adding at the end the following:

''(3) placed with the child's parent in a residential program that provides treatment and other necessary services for parents and children, including parenting services, when—

''(A) the parent is attempting to overcome—

''(i) a substance abuse problem and is complying with an approved treatment plan;

''(ii) being a victim of domestic violence;

''(iii) homelessness;

''(iv) special needs resulting from being a teenage parent; or

''(v) post-partum depression;

''(B) the safety of the child can be assured;

''(C) the range of services provided by the program is designed to appropriately address the needs of the parent and child;

''(D) the goal of the case plan for the child is to try to reunify the child with the family within a specified period of time;

''(E) the parent described in subparagraph (A)(i) has not previously been treated in a residential program serving parents and their children together; and

''(F) the amount of foster care maintenance payments made to the residential program on behalf of such child do not exceed the amount of such payments that would otherwise be made on behalf of the child.''.

SEC. 307. REAUTHORIZATION AND EXPANSION OF FAMILY PRESERVATION AND SUPPORT SERVICES.

(a) REAUTHORIZATION OF FAMILY PRESERVATION AND SUPPORT SERVICES.—

(1) IN GENERAL.—Section 430(b) of the Social Security Act (42 U.S.C. 629(b)) is amended—

(A) in paragraph (4), by striking ''or'' at the end;

(B) in paragraph (5), by striking the period and inserting a semicolon; and

(C) by adding at the end the following:

''(6) for fiscal year 1999, $275,000,000;

''(7) for fiscal year 2000, $295,000,000;

''(8) for fiscal year 2001, $315,000,000;

''(9) for fiscal year 2002, $335,000,000; and

''(10) for fiscal year 2003, $355,000,000.''.

(2) CONFORMING AMENDMENT.—Section 430(d)(1) of the Social Security Act (42 U.S.C. 630(d)(1)) is amended by striking ''and 1998'' and inserting ''1998, 1999, 2000, 2001, 2002, and 2003''.

(b) EXPANSION FOR TIME-LIMITED FAMILY REUNIFICATION SERVICES.—

(1) ADDITION TO STATE PLAN; MINIMUM SPENDING REQUIREMENT.—Section 432 of the Social Security Act (42 U.S.C. 629b) is amended—

(A) in subsection (a)—

(i) in paragraph (4), by striking ''and community-based family support services with significant portions'' and inserting '', community-based family support services, and time-limited family reunification services, with not less than 25 percent''; and

(ii) in paragraph (5)(A), by striking ''and community-based family support services'' and inserting '', community-based family support services, and time-limited family reunification services''; and

(B) in subsection (b)(1), by striking ''and family support'' and inserting '', family support, and family reunification services''.

(2) DEFINITION OF TIME-LIMITED FAMILY REUNIFICATION SERVICES.—Section 431(a) of the Social Security Act (42 U.S.C. 631(a)) is amended—

(A) by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively; and

(B) by inserting after paragraph (4) the following:

''(5) TIME-LIMITED FAMILY REUNIFICATION SERVICES.—

''(A) IN GENERAL.—The term 'time-limited family reunification services' means the services and activities described in subparagraph (B) that are provided to a child that is removed from the child's home and placed in a foster family home or a child care institution and to the parents or primary caregiver of such a child, in order to facilitate the reunification of the child safely and appropriately within a timely fashion, but only during the 1-year period that begins on the date that the child is removed from the child's home.

''(B) SERVICES AND ACTIVITIES DESCRIBED.—The services and activities described in this subparagraph are the following:

''(i) Individual, group, and family counseling.

''(ii) Inpatient, residential, or outpatient substance abuse treatment services.

''(iii) Mental health services.

''(iv) Assistance to address domestic violence.

''(v) Transportation to or from any of the services and activities described in this subparagraph.''.

(3) ADDITIONAL CONFORMING AMENDMENTS.—

(A) PURPOSES.—Section 430(a) of the Social Security Act (42 U.S.C. 629(a)) is amended by striking ''and community-based family support services'' and inserting '', community-based family support services, and time-limited family reunification services''.

(B) EVALUATIONS.—Subparagraphs (B) and (C) of section 435(a)(2) of the Social Security Act (42 U.S.C. 629d(a)(2)) are each amended by striking ''and family support'' each place it appears and inserting '', family support, and family reunification''.

SEC. 308. INNOVATION GRANTS TO REDUCE BACKLOGS OF CHILDREN AWAITING ADOPTION AND FOR OTHER PURPOSES.

Part E of title IV of the Social Security Act (42 U.S.C. 670 et seq.) is amended by inserting after section 477, the following:

''SEC. 478. INNOVATION GRANTS.

''(a) AUTHORITY TO MAKE GRANTS.—The Secretary may make grants, in amounts determined by the Secretary, to States with approved applications described in subsection (c), for the purpose of carrying out the innovation projects described in subsection (b).

''(b) INNOVATION PROJECTS DESCRIBED.—The innovation projects described in this subsection are projects that are designed to achieve 1 or more of the following goals:

''(1) Reducing a backlog of children in long-term foster care or awaiting adoption placement.

''(2) Ensuring, not later than 1 year after a child enters foster care, a permanent placement for the child.

''(3) Identifying and addressing barriers that result in delays to permanent placements for children in foster care, including inadequate representation of child welfare agencies in termination of parental rights and adoption proceedings, and other barriers to termination of parental rights.

''(4) Implementing or expanding community-based permanency initiatives, particularly in communities where families reflect the ethnic and racial diversity of children in the State for whom foster and adoptive homes are needed.

''(5) Developing and implementing community-based child protection activities that involve partnerships among State and local governments, multiple child-serving agencies, the schools, and community leaders in an attempt to keep children free from abuse and neglect.

''(6) Establishing new partnerships with businesses and religious organizations to promote safety and permanence for children.

''(7) Assisting in the development and implementation of the State guidelines described in section 471(a)(10).

''(8) Developing new staffing approaches to allow the resources of several States to be used to conduct recruitment, placement, adoption, and post-adoption services on a regional basis.

''(9) Any other goal that the Secretary specifies by regulation.

''(c) APPLICATION.—An application for a grant under this section may be submitted for fiscal year 1998 or 1999 and shall contain—

''(1) a plan, in such form and manner as the Secretary may prescribe, for an innovation project described in subsection (b) that will be implemented by the State for a period of not more than 5 consecutive fiscal years, beginning with fiscal year 1998 or 1999, as applicable;

''(2) an assurance that no waivers from provisions in law, as in effect at the time of the submission of the application, are required to implement the innovation project; and

''(3) such other information as the Secretary may require by regulation.

''(d) DURATION.—An innovation project approved under this section shall be conducted for not more than 5 consecutive fiscal years, except that the Secretary may terminate a project before the end of the period originally approved if the Secretary determines that the State conducting the project is not in compliance with the terms of the plan and application approved by the Secretary under this section.

''(e) MATCHING REQUIREMENT.—A State shall not receive a grant under this section unless, for each year for which a grant is awarded, the State agrees to match the grant with $1 for every $3 received.

''(f) NONSUPPLANTING.—Any funds received by a State under a grant made under this section shall supplement but not replace any other funds that may be available for the same purpose in the localities involved.

''(g) EVALUATIONS AND REPORTS.—

''(1) STATE EVALUATIONS.—Each State administering an innovation project under this section shall—

''(A) provide for ongoing and retrospective evaluation of the project, meeting such conditions and standards as the Secretary may require; and

''(B) submit to the Secretary such reports, at such times, in such format, and containing such information as the Secretary may require.

''(2) REPORTS TO CONGRESS.—The Secretary shall, on the basis of reports received from States administering projects under this section, submit interim reports, and, not later than 6 months after the conclusion of all projects administered under this section, a final report to Congress. A report submitted under this subparagraph shall contain an assessment of the effectiveness of the State projects administered under this section and any recommendations for legislative action that the Secretary considers appropriate.

''(h) REGULATIONS.—Not later than 60 days after the date of enactment of this section, the Secretary shall promulgate final regulations for implementing this section.

''(i) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to make grants under this section not more than $50,000,000 for each of fiscal years 1998 through 2003.''.

TITLE IV—MISCELLANEOUS

SEC. 401. PRESERVATION OF REASONABLE PARENTING.

Nothing in this Act is intended to disrupt the family unnecessarily or to intrude inappropriately into family life, to prohibit the use of reasonable methods of parental discipline, or to prescribe a particular method of parenting.

SEC. 402. REPORTING REQUIREMENTS.

Any information required to be reported under this Act shall be supplied to the Secretary of Health and Human Services through data meeting the requirements of the Adoption and Foster Care Analysis and Reporting System established pursuant to section 479 of the Social Security Act (42 U.S.C. 679), to the extent such data is available under that system. The Secretary shall make such modifications to regulations issued under section 479 of such Act with respect to the Adoption and Foster Care Analysis and Reporting System as may be necessary to allow States to obtain data that meets the requirements of such system in order to satisfy the reporting requirements of this Act.

SEC. 403. REPORT ON FIDUCIARY OBLIGATIONS OF STATE AGENCIES RECEIVING SSI PAYMENTS.

Not later than 12 months after the date of enactment of this Act, the Commissioner of Social Security shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate concerning State or local child welfare service agencies that act as representative payees on behalf of children under the care of such agencies for purposes of receiving supplemental security income payments under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) (including supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66) for the benefit of such children. Such report shall include an examination of the extent to which such agencies—

(1) have complied with the fiduciary responsibilities attendant to acting as a representative payee under title XVI of such Act; and

(2) have received supplemental security income payments on behalf of children that the agencies cannot identify or locate, and if so, the disposition of such payments.

SEC. 404. ALLOCATION OF ADMINISTRATIVE COSTS OF DETERMINING ELIGIBILITY FOR MEDICAID AND TANF.

(a) MEDICAID.—Section 1903 of the Social Security Act (42 U.S.C. 1396b) is amended—

(1) in subsection (a)(7), by striking ''section 1919(g)(3)(B)'' and inserting ''subsection (x) and section 1919(g)(3)(C)''; and

(2) by adding at the end the following:

''(x)(1) Notwithstanding any other provision of law, for purposes of determining the amount to be paid to a State under subsection (a)(7) for quarters in any fiscal year, beginning with fiscal year 1997, amounts expended for the proper and efficient administration of the State plan under this title (including under any waiver of such plan) shall not include common costs related to determining the eligibility under such State plan (or waiver) of individuals in a household applying for or receiving benefits under the State program under part A of title IV unless the State elects the option described in paragraph (2).

''(2) A State that meets the requirements of paragraph (3) may elect to allocate equally between the State program under part A of title IV and the State plan under this title (including any waiver of such plan) the administrative costs associated with such programs that are incurred in serving households and individuals eligible or applying for benefits under the State program under part A of title IV and under the State plan (or under a waiver of such plan) under this title.

''(3) A State meets the requirements of this paragraph if the Secretary determines that—

''(A) the State conforms the eligibility rules and procedures of, and integrates the administration of the eligibility procedures of, the State program funded under part A of title IV and the State plan under this title (including any waiver of such plan); and

''(B) the State uses the same application form for assistance described in section 1931(e).''.

(b) TANF.—

(1) IN GENERAL.—Section 408(a) of the Social Security Act (42 U.S.C. 608(a)) is amended by adding at the end the following:

''(12) DESIGNATION OF GRANTS UNDER THIS PART IN ALLOCATING ADMINISTRATIVE COSTS.—Subject to section 1903(x), a State to which a grant is made under section 403 shall designate the program funded under this part as the primary program for the purpose of allocating common administrative costs incurred in serving households eligible or applying for benefits under such program and any other Federal means-tested public benefit program administered by the State.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) to section 408 of the Social Security Act (42 U.S.C. 608) shall take effect as if included in the enactment of section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193; 110 Stat. 2112).

TITLE V—EFFECTIVE DATE

SEC. 501. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this Act, the amendments made by this Act shall take effect on October 1, 1997.

(b) DELAY PERMITTED IF STATE LEGISLATION REQUIRED.—In the case of a State plan under part B or E of title IV of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirements imposed by the amendments made by this Act, the State plan shall not be regarded as failing to comply with the requirements of such part solely on the basis of the failure of the plan to meet such additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

Mr. CRAIG. Mr. President, I am pleased to join my distinguished colleagues in introducing PASS, the Promotion of Adoption, Safety and Support for Abused and Neglected Children Act.

Foster care was never intended to be anything more than a temporary refuge for children from troubled families. Yet all too often, ''temporary'' becomes ''permanent,'' and decisions made for children in the system are driven by considerations other than the child's own well-being. Tragically, it's the children who ultimately pay for the flaws in the system—sometimes with their very lives.

The problem does not lie with the vast majority of foster parents, relatives, and caseworkers who work valiantly to provide the care needed by these children. Rather, the problem is the system itself, and incentives built into it, that frustrate the goal of moving children to permanent, safe, loving homes.

PASS will fundamentally shift the foster care paradigm, without destroying what is good and necessary in the system. For the first time, a child's health and safety will have to be the paramount concerns in any decisions made by the State. for the first time, efforts to find an adoptive or other permanent home will not only be required but documented and rewarded. For the first time, steps will have to be taken to free a child for adoption or other permanent placement if the child has been languishing in foster care for a year or more.

These are only some of the many critical reforms in Pass, designed to promote adoption, ensure the safety of abused and neglected children, accelerate permanent placement, and fix flaws in the system. The package, taken as a whole, will make an enormous difference in the lives of thousands of children.

This comprehensive bill is the product of extensive discussion and negotiation among Senators representing a veritable universe of viewpoints on adoption and foster care reform. Although we may have come to the table from different perspectives, we agreed on a fundamental principle: that reforms are needed to ensure that a child's health, safety and permanency are paramount concerns of the foster care system. In the end, on behalf of the children, we came together and resolved our differences. PASS is the result, and I commend it to all our colleagues.

Change is needed now; every day of delay is an eternity to a child unfairly bearing the burdens of the current system. I hope every Senator will take a careful look at PASS, and work with us to achieve true reforms in this area.

Mr. ROCKEFELLER. Mr. President, abused and neglected children are among the most vulnerable and poorly protected members of American society. Too many of these children are left to wander aimlessly through the foster care system—a system which, from the outset, was never designed or intended to be a permanent home. We can no longer continue to sentence these foster children to endless waits—a legal limbo in which they no longer feel welcome in their biological families but are unable to be adopted into new and loving homes. Despite the thousands of dedicated foster parents and child welfare workers who strive daily to effectively address the many needs of abused and neglected children in an overloaded system, we know that nothing can replace a permanent and loving home made by adults who can be counted on without condition or limitation.

Acknowledging our collective obligation to allow no child to fall between the cracks, I am proud to join together with Senator JOHN CHAFEE and my other colleagues in a truly extraordinary bipartisan effort to introduce the Promotion of Adoption Safety and Support for Abused and Neglected Children Act [PASS]. Under Senator CHAFEE's committed leadership on children's issues, this bipartisan group has worked extremely hard to forge an effective compromise—a compromise which offers concrete, practical strategies to provide permanency in lives of foster children and to ensure that health and safety are built into every level of America's abuse and neglect system. Central to this entire effort was also Senator LARRY CRAIG, who brought focus and determination to the sometimes difficult bipartisan negotiations. I would like to take this opportunity to extend my most sincere thanks to my other colleagues, Senators JEFFORDS, DEWINE, COATS, BOND, LANDRIEU, and LEVIN for making possible this outstanding example of bipartisan teamwork.

The Promotion of Adoption Safety and Support for Abused and Neglected Children Act will fundamentally shift the focus of the foster care system by insisting that a child's health, safety, and opportunity to find a permanent home should be the paramount concern when a State makes any decision concerning the well-being of abused and neglected children. As a comprehensive package based on bipartisan consensus, PASS will accelerate and improve the response to these concerns, promote safe adoptions, and restore safety and permanency to the lives of abused and neglected children.

The main objective of this bill is to move abused and neglected children into adoptive or other permanent homes and to do so more quickly and more safely than ever before. Right now, many foster care children are forced to wait years before being adopted—even in cases where loving families are ready and willing to adopt them. Some children lose their chance for adoption altogether. While PASS preserves the requirement to reunify families where appropriate, it does not require States to use reasonable efforts to reunify families that have been irreparably broken by abandonment, torture, physical abuse, sexual abuse, murder, manslaughter, and sexual assault. The PASS Act maintains the delicate balance in protecting the rights of parents and families while placing primary focus where it should be: on the health and safety of child.

PASS encourages adoptions by rewarding States financial incentives for facilitating adoption for all foster children—especially those with special needs which, sadly, make them more difficult to place. For those situations where children cannot go home again, PASS requires States to use reasonable efforts to place them into safe adoptive homes or into the permanent care of loving relatives. In addition, PASS cuts by one-third the time that an abused and neglected child must wait in order to be placed in such adoptive homes. In response to a candid and focused look at today's foster care crisis,

the bill also seeks to rescue children from the legal limbo of the current system by requiring States to take the necessary legal steps to free for adoption those children who have been forced to linger in the system for a year or more. PASS also prevents further abuse of children in the foster care system by requiring criminal records checks for all foster and adoptive parents. PASS is about helping the individual child but, equally as importantly, fixing the system.

It is always the right time to focus on the needs of children—especially those unfortunate enough to find themselves in the sometimes dysfunctional labyrinth of the abuse and neglect system. Unfortunately, however, reform has never been more necessary. President Clinton's ''Adoption 2002 Report'' found that there are currently half a million children in temporary foster care placements. One hundred thousand of those children should be adopted, but less than half of that number are legally eligible to become part of an adoptive family. In my home State of West Virginia alone, referrals to Child Protective Services are expected to rise to an all-time high of 17,000 this year. Foster care placements have jumped from 2,900 children in January 1996 to 3,113 children in January 1997. These staggering figures reveal a foster care crisis of unprecedented proportions.

PASS is the first step in a vital, ongoing effort to put children at the very top of our national agenda. It is time that we provide all children with their most profound wish: to live in a safe and loving home with caretakers who treat them with respect and dignity. If we are unable to address this most fundamental need, these children will not be able to grow, learn, and provide a secure place for their own families. It is unthinkable to deny abused and neglected children such vital opportunities.

Mr. BOND. Mr. President, there may not be many things in life on which there is a consensus but I think we all can agree on the vital importance of ensuring the safety of abused and neglected children and moving them out of the foster care system more rapidly and into permanent homes. I am proud to join with my colleagues in this bipartisan effort to develop the new, consensus legislation called the Promotion of Adoption, Safety, and Support for Abused and Neglected Children [PASS] Act.

The reality is that all too often children simply languish in the foster care system. Nationwide, there are more than 500,000 children in foster care. In Missouri, there are 10,361 children in the foster care system. Since 1975, the number of reported incidents of abuse and neglect has increased from less than 10,000 to 52,964 in 1995, an all-time high and frightening statistic.

Federal law has hindered State child welfare agencies from moving more quickly to place children who are in foster care because of abuse and neglect into permanent homes.

The PASS Act will provide incentives to increase adoptions and reduce by one third the amount of time a child lingers in foster care waiting for a permanency plan, with a review required every six months so that foster care is truly viewed as a temporary care system for our most vulnerable children.

The bill clarifies ''reasonable efforts'' and establishes a federal standard so that the health and safety of the child is the primary concern, above family reunification interest. There are some parents for whom reunification with their children is not reasonable—certainly sustained abuse or neglect or danger of physical harm would fit that category. In those cases, we need to move swiftly to get the children out of harm's way and then quickly to get them into permanent homes.

Just count the number of cases of child abuse and neglect that has been reported over the past few months. One too many! A little, five-year old Kansas City girl named Angel Hart was beaten and drowned to death by her mother's boyfriend because she could not recite the alphabet.

Under the PASS Act, States are encouraged to enact laws that would make it easier to terminate parental rights in abusive cases and prevent abused and neglected children from returning to homes in which their health and safety are at risk. In addition, this legislation promotes adoption of all special needs children and ensures health coverage for special needs children who are adopted.

I am very optimistic that Congress will move this bill forward this year. There are far too many innocent lives at stake and no child should be denied a loving home. Unfortunately, for thousands of kids now caught in permanent limbo in the foster care system, that is exactly what is happening. The PASS Act will improve child safety and permanency, enabling some children to return home safely and others to move to adoptive families more quickly.

By Mr. MCCAIN (for himself, Mr. GORTON, Mr. HOLLINGS, and Mr. FORD):

S. 1196. A bill to amend title 49, United States Code, to require the National Transportation Safety Board and individual foreign air carriers to address the needs of families of passengers involved in aircraft accidents involving foreign air carriers; to the Committee on Commerce, Science, and Transportation.

THE FOREIGN AIR CARRIER FAMILY SUPPORT ACT

Mr. MCCAIN. Mr. President, I am pleased to join with my colleagues, Senator GORTON, Senator HOLLINGS and Senator FORD, to introduce the Foreign Air Carrier Family Support Act. This bill would require foreign air carriers to implement disaster family assistance plans should an accident involving their carriers occur on American soil. I would like to recognize my colleagues in the House, especially Representative UNDERWOOD from Guam, who introduced the companion bill in the House of Representatives earlier this week.

The legislation, if enacted, would build on the family assistance provisions that we enacted last year as part of the Federal Aviation Reauthorization Act of 1996. Let me be clear about one point. Domestic air carriers are already operating under the same legislative requirements set out in the legislation before us today.

The need for extending the requirements to foreign air carriers came into a clear focus with the tragic crash of Korean Air Flight 801 in Guam. I do not intend to single out Korean Air for blame. An accident of this magnitude, involving the loss of more than 200 lives, in rough and isolated terrain, is bound to create mass confusion and hysteria. Even so, coverage of the accident made us all acutely aware of the criticisms made by the family members, and the pain they suffered in relation to the search and rescue efforts, as well as the media involvement following the accident.

The U.S. civil, military and Federal personnel at the scene should be commended for their contributions toward the search and rescue efforts. I also praise their attempts to console and assist family members on Guam, as well as those who traveled to the accident site from South Korea and the continental United States. Without a doubt, though, their efforts would have been more productive had there been a prearranged plan in effect. Greater coordination would have made things easier not only for the victims' family members, but also for the National Transportation Safety Board [NTSB] officials and military personnel who were on-site and who had to respond immediately in an emotional and potentially hazardous situation.

The Foreign Air Carrier Family Support Act would require a foreign air carrier to provide the Secretary of Transportation and the Chairman of the NTSB with a plan for addressing the needs of the families of passengers involved in an aircraft accident that involves an aircraft under the control of that foreign air carrier, and that involves a significant loss of life. The Secretary of Transportation could not grant permission for the foreign air carrier to operate in the United States unless the Secretary had received a sufficient family assistance plan.

The family assistance plan required of the foreign air carrier would include a reliable, staffed toll-free number for the passengers' families, and a process for expedient family notification prior to public notice of the passengers' identities. An NTSB employee would serve as director of family support services, with the assistance of an independent nonprofit organization with experience in disasters and post-trauma communication with families. The foreign air

carrier would provide these family liaisons with updated passenger lists following the crash. The legislation would require that the carrier consult and coordinate with the families on the disposition of remains and personal effects.

This is important legislation. It is critical, given the increasing global nature of aviation. As we work to promote and implement open skies agreements with foreign countries, these countries' carriers will have increasing freedom to operate in the United States and its territories.

I plan to bring this legislation before the Commerce Committee for markup as early as next week. Unfortunate but true, we have already seen the positive effects of the congressionally mandated family assistance provisions, as they relate to domestic air carriers. I urge my colleagues to support extending these assistance provisions to foreign carriers operating in the United States.

Mr. GORTON. Mr. President, I rise to join my distinguished colleagues, Senator MCCAIN, Senator HOLLINGS, and Senator FORD to introduce the Foreign Air Carrier Family Support Act. This act will provide assistance to the families of aviation accident victims who were flying on foreign airlines operating in the United States, assistance that is now provided in the event of the crash of a domestic airline. I would also take this opportunity to recognize Representative UNDERWOOD of Guam who recently introduced the companion bill in the House with Representative DUNCAN and Representative LIPINSKI.

The recent tragic crash of Korean Air Flight 801 in Guam, which took the lives of more than 200 people, clearly shows the need for this legislation. As we all know, the news of an air disaster spreads quickly around the world, with pictures and reports about the crash. The media is often at the sight of crash as soon as, if not before, the rescue teams.

You can imagine how devastating it was for the family members of those flying on Flight 801, as it would be for any family members, to receive media reports about a crash just after it happened. Anyone in such a situation wants to know as quickly as possible what has happened to their loved ones. That is why the Congress passed the Aviation Disaster Family Assistance Act of 1996, which obligates domestic air carriers to have disaster support plans in place. It is why we now need to extend this type of plan to foreign air carriers in the event that they have an accident on American soil.

Despite the best efforts of rescue personnel and National Transportation Safety Board personnel, it is clear that family members would have been better served if an accident plan had been in effect following the crash of flight 801. Coverage of the accident made us aware that family members suffered a great deal of pain in relation to the search and rescue efforts. We have, sadly enough, already seen the positive effects of family assistance plans for the accidents of domestic air carriers.

Simply stated, the bill would require that following an accident resulting in a significant loss of life, the foreign airline would have a plan in place to publicize a toll-free number, have staff available to take calls, have an up-to-date list of passengers, and have a process to notify families—in person if possible—before any public notification that a family member was onboard the crashed aircraft. A National Transportation Safety Board employee would serve as the director of family support services, with the assistance of an independent nonprofit organization with experience in disasters and post-trauma communication with families. The legislation also requires the Secretary of Transportation to refuse a foreign air carrier a permit to operate in the U.S. if the carrier does not have a plan in place.

As Senator MCCAIN indicated, he plans to bring this legislation before the Commerce Committee for markup as early as next week. I will work with Senator MCCAIN to see that we move this legislation as expeditiously as possible.

I hope that it will never be necessary for the plans required under this legislation to be used. However, should a foreign air carrier have an accident in the United States, we should extend to the family members of victims the consideration and compassion that this legislation provides. I would urge my colleagues to join me in supporting this bill.

Mr. HOLLINGS. Mr. President, I rise to join my colleagues, Senators MCCAIN, GORTON, and FORD in introducing the Foreign Air Carrier Family Support Act, which will assign to foreign air carriers the statutory duty to provide support to the families of victims of aircraft accidents.

Last month, 228 people died in the crash of Korean Air flight 801 in Guam. The United States, as a policy matter, has decided that our air carriers must be prepared to work with the families of victims. In fact, we require our carriers to file plans covering items like toll-free phone lines, notification of families of the accident, consultation on the disposition of the remains, and the return of family possessions.

These changes came about following the crash of TWA flight 800 last July. It was clear, following the crash, that the families of the victims needed assistance, and in a coordinated way. The National Transportation Safety Board representatives worked night and day to let the families know what was going on, but the carriers, too, have a responsibility and those responsibilities, for U.S. carriers, were statutorily imposed. The bill today will make sure that foreign carriers like Korean Air will have similar responsibilities for crashes that occur in the United States.

I urge my colleagues to support the bill.

Mr. FORD. Mr. President, I want to join my colleagues in sponsoring the Foreign Air Carrier Family Support Act. The bill, which I hope will be considered shortly by the Commerce Committee, is intended to close a loophole in law. Last year, we passed legislation requiring U.S. air carriers to file plans with the Secretary and NTSB outlining how they would address the needs of the families of victims of aviation disasters. The bill today will require foreign airlines that serve the United States. In light of the tragic crash in Guam, this bill will make sure that carriers like Korean Air are prepared to deal with the families of victims when a crash occurs on U.S. soil.

The bill is supported by the administration and I hope that we can pass it quickly.

By Mrs. FEINSTEIN:

S. 1197. A bill to reform the financing of Federal elections; to the Committee on Rules and Administration.

THE CAMPAIGN FINANCE REFORM ACT OF 1997

Mrs. FEINSTEIN. Mr. President, I rise today to introduce legislation on campaign spending reform.

I recognize that this is not the first bill introduced in Congress on this issue. In fact, at last count, there were 85 bills introduced in either the House or the Senate on campaign finance reform—17 of them in the Senate alone.

Frankly, I would be quite satisfied if the bill I am introducing today was tabled in favor of a floor vote on the McCain-Feingold bill, of which I am a cosponsor.

Last week, all 45 Democrats in the Senate pledged to vote for McCain-Feingold if given the opportunity. Combined with the three Republican cosponsors of the bill, this legislation needs only three more votes for passage. Surely there are three more Republicans who will support this bill.

But we are not there yet, and I believe strongly that action must be taken on this subject now. Today. This Congress. This session.

- This Congress has spent $10 million in taxpayer funds investigating wrongdoing in the last election cycle.
- Eighty-four Members of this Congress have called for special prosecutors.
- We've spent 6 months in public hearings decrying how bad the system is, how bad soft money is, and how badly we need reform.

There is nothing to hide behind if this Congress does not act on reform.

I do not believe Members of this body can or should be able to take a pass on reform based on disagreements with McCain-Feingold, or based on an all-or-nothing attitude. Therefore, I offer my legislation as a bill that contains the common denominators—the basic elements—of reform that many of us profess to agree on.

Let me state clearly; I am a cosponsor of McCain-Feingold and will vote

for McCain-Feingold if it comes to the floor for approval, as I believe it should.

My legislation is an alternative, focussed on what I, and what most of my colleagues, have said are the most pressing areas in need of reform: the elimination of soft money, greater disclosure on contributions, and regulation of dollars now unregulated.

The cornerstone of any campaign reform bill must address the issue of soft money. After all the charges and disclosures about the abuse of soft money in federal campaigns, we would be hard-pressed to explain to the public why we did not take action at least on this issue.

However, just banning soft money—for which there appears to be sufficient support in both Houses—cannot be our only action. A simple ban on soft money will force the shifting of these dollars into unregulated independent expenditure campaigns where huge amounts of anonymous money is used to influence campaigns and—most commonly—to attack candidates.

Between $135 and $150 million was spent on so-called issue ads in 1996—about 35 percent of the $400 million spent on all campaign advertising in 1996, according to a new study released yesterday by the Annenberg Center at the University of Pennsylvania. The study—the most comprehensive on this issue to date—showed that, compared with other forms of political advertising and coverage, the content of issue ads were the highest in ''pure attack.''

To this end, I have prepared this small package of measures—many of which appear in other bills—which, taken together, is a step on the road to spending reform, and would be a solid step forward in the battle to decrease the flood of unregulated money in campaigns.

Specifically, this bill would:

Ban soft money to national parties. During the last election, both parties spent a combined total of over $270 million in soft money. Democrats spent $122 million and Republicans spent almost $150 million. Over the first 6 months of this year, both parties have raised $34 million in soft money, with Republicans out-pacing Democrats $23 to $11 million.

Change the definition of ''express advocacy'' to include any communication that uses a candidate's name or picture within 60 days of an election as ''express advocacy''. Only ''hard'' dollars—limited in amount and fully disclosed—could be used to fund independent campaigns of a candidate's name or image is used in express advocacy for or against a candidate.

Change the personal contribution limit from $1,000 per election to $2,000 per election and index those contribution limits for inflation in the future. The $1,000 per election limits have not been changed since 1974. That was 23 years ago and, as every candidate knows, the cost of printing postage and buying media has more than quadrupled in that time.

Increase the disclosure requirements so that any group or individual spending more than $10,000 up to 20 days prior to an election would have to report that to the FEC within 48 hours. This threshold drops to $1,000 within 20 days of an election.

Implement a policy whereby if a person is not eligible to vote in U.S. elections, he or she would not be permitted to contribute to candidates or parties.

Lower the threshold for reporting contributions to candidates from $200 to $50. This increases disclosure.

Allow the FEC to seek an injunction in U.S. District Court if it has evidence that a violation of campaign laws is about to occur.

Permit the FEC to refer matters to the Attorney General for prosecution if any significant evidence of criminal wrongdoing exists.

I believe a bill containing these elements is doable this year and I offer it as a package for the consideration of this body.

In closing, it is my sincere hope we will move to enact meaningful campaign finance reform this year. If we can't act now, after all that has been said and done this year, I'm afraid we never will. The American people deserve more than lip service on campaign reform.

I implore the majority leader to bring the McCain-Feingold bill to the floor and allow us to debate it, amend it, and vote on it. If we can't agree on the McCain-Feingold bill, then let us vote on an alternative such as mine. Either way, let us have at it.

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. 1197

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Bipartisan Campaign Reform Act of 1997''.

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

TITLE I—BAN ON SOFT MONEY OF POLITICAL PARTY COMMITTEES

SEC. 101. SOFT MONEY OF POLITICAL PARTY COMMITTEES.

Title III of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.) is amended by adding at the end the following:

''SEC. 324. SOFT MONEY OF PARTY COMMITTEES.

''(a) NATIONAL COMMITTEES.—

''(1) ALL CONTRIBUTIONS, DONATIONS, TRANSFERS, AND SPENDING TO BE SUBJECT TO THIS ACT.—A national committee of a political party (including a national congressional campaign committee of a political party), an entity that is directly or indirectly established, financed, maintained, or controlled by a national committee or its agent, an entity acting on behalf of a national committee, and an officer or agent acting on behalf of any such committee or entity (but not including an entity regulated under subsection (b)) shall not solicit or receive any contributions, donations, or transfers of funds, or spend any funds, that are not subject to the limitations, prohibitions, and reporting requirements of this Act.

''(2) DONATION LIMIT.—In addition to the amount of contributions that a person may make to a national committee of a political party under section 315, a person may make donations of anything of value to a national committee of a political party (including a national congressional campaign committee of a political party), an entity that is directly or indirectly established, financed, maintained, or controlled by a national committee or its agent, an entity acting on behalf of a national committee, and an officer or agent acting on behalf of any such committee or entity (but not including an entity regulated under subsection (b)) in an aggregate amount not exceeding $25,000 during the 24 months preceding the date of a general election for Federal office.

''(b) STATE, DISTRICT, AND LOCAL COMMITTEES.—

''(1) IN GENERAL.—Any amount that is expended or disbursed by a State, district, or local committee of a political party (including an entity that is directly or indirectly established, financed, maintained, or controlled by a State, district, or local committee of a political party and an officer or agent acting on behalf of any such committee or entity) during a calendar year in which a Federal election is held, for any activity that might affect the outcome of a Federal election, including any voter registration or get-out-the-vote activity, any generic campaign activity, and any communication that refers to a candidate (regardless of whether a candidate for State or local office is also mentioned or identified) shall be made from funds subject to the limitations, prohibitions, and reporting requirements of this Act.

''(2) ACTIVITY EXCLUDED FROM PARAGRAPH (1).—

''(A) IN GENERAL.—Paragraph (1) shall not apply to an expenditure or disbursement made by a State, district, or local committee of a political party for—

''(i) a contribution to a candidate for State or local office if the contribution is not designated or otherwise earmarked to pay for an activity described in paragraph (1);

''(ii) the costs of a State, district, or local political convention;

''(iii) the non-Federal share of a State, district, or local party committee's administrative and overhead expenses (but not including the compensation in any month of any individual who spends more than 20 percent of the individual's time on activity during the month that may affect the outcome of a Federal election) except that for purposes of this paragraph, the non-Federal share of a party committee's administrative and overhead expenses shall be determined by applying the ratio of the non-Federal disbursements to the total Federal expenditures and non-Federal disbursements made by the committee during the previous presidential election year to the committee's administrative and overhead expenses in the election year in question;

''(iv) the costs of grassroots campaign materials, including buttons, bumper stickers, and yard signs that name or depict only a candidate for State or local office; and

''(v) the cost of any campaign activity conducted solely on behalf of a clearly identified candidate for State or local office, if the candidate activity is not an activity described in paragraph (1).

''(B) FUNDRAISING COSTS.—Any amount spent by a national, State, district, or local committee, by an entity that is established, financed, maintained, or controlled by a State, district, or local committee of a political party, or by an agent or officer of any such committee or entity to raise funds that are used, in whole or in part, to pay the costs of an activity described in paragraph (1) shall be made from funds subject to the limitations, prohibitions, and reporting requirements of this Act.

''(c) TAX-EXEMPT ORGANIZATIONS.—A national, State, district, or local committee of a political party (including a national congressional campaign committee of a political party), an entity that is directly or indirectly established, financed, maintained, or controlled by any such national, State, district, or local committee or its agent, an agent acting on behalf of any such party committee, and an officer or agent acting on behalf of any such party committee or entity), shall not solicit any funds for or make any donations to an organization that is exempt from Federal taxation under section 501(c) of the Internal Revenue Code of 1986.

''(d) CANDIDATES.—

''(1) IN GENERAL.—A candidate, individual holding Federal office, or agent of a candidate or individual holding Federal office shall not—

''(A) solicit, receive, transfer, or spend funds in connection with an election for Federal office unless the funds are subject to the limitations, prohibitions, and reporting requirements of this Act;

''(B) solicit, receive, or transfer funds that are to be expended in connection with any election other than a Federal election unless the funds—

''(i) are not in excess of the amounts permitted with respect to contributions to candidates and political committees under section 315(a) (1) and (2); and

''(ii) are not from sources prohibited by this Act from making contributions with respect to an election for Federal office; or

''(C) solicit, receive, or transfer any funds on behalf of any person that are not subject to the limitations, prohibitions, and reporting requirements of the Act if the funds are for use in financing any campaign-related activity or any communication that refers to a clearly identified candidate for Federal office.

''(2) EXCEPTION.—Paragraph (1) does not apply to the solicitation or receipt of funds by an individual who is a candidate for a State or local office if the solicitation or receipt of funds is permitted under State law for the individual's State or local campaign committee.''.

SEC. 102. STATE PARTY GRASSROOTS FUNDS.

(a) INDIVIDUAL CONTRIBUTIONS.—Section 315(a)(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(1)) is amended—

(1) in subparagraph (B) by striking ''or'' at the end;

(2) by redesignating subparagraph (C) as subparagraph (D); and

(3) by inserting after subparagraph (B) the following:

''(C) to—

''(i) a State Party Grassroots Fund established and maintained by a State committee of a political party in any calendar year which, in the aggregate, exceed $20,000;

''(ii) any other political committee established and maintained by a State committee of a political party in any calendar year which, in the aggregate, exceed $5,000;

except that the aggregate contributions described in this subparagraph that may be made by a person to the State Party Grassroots Fund and all committees of a State Committee of a political party in any State in any calendar year shall not exceed $20,000; or''.

(b) LIMITS.—

(1) IN GENERAL.—Section 315(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)) is amended by striking paragraph (3) and inserting the following:

''(3) OVERALL LIMITS.—

''(A) INDIVIDUAL LIMIT.—No individual shall make contributions during any calendar year that, in the aggregate, exceed $30,000.

''(B) CALENDAR YEAR.—No individual shall make contributions during any calendar year—

''(i) to all candidates and their authorized political committees that, in the aggregate, exceed $25,000; or

''(ii) to all political committees established and maintained by State committees of a political party that, in the aggregate, exceed $20,000.

''(C) NONELECTION YEARS.—For purposes of subparagraph (B)(i), any contribution made to a candidate or the candidate's authorized political committees in a year other than the calendar year in which the election is held with respect to which the contribution is made shall be treated as being made during the calendar year in which the election is held.''.

(c) DEFINITIONS.—Section 301 of the Federal Election Campaign Act of 1970 (2 U.S.C. 431) is amended by adding at the end the following:

''(20) GENERIC CAMPAIGN ACTIVITY.—The term 'generic campaign activity' means a campaign activity that promotes a political party and does not refer to any particular Federal or non-Federal candidate.

''(21) STATE PARTY GRASSROOTS FUND.—The term 'State Party Grassroots Fund' means a separate segregated fund established and maintained by a State committee of a political party solely for purposes of making expenditures and other disbursements described in section 325(d).''.

(d) STATE PARTY GRASSROOTS FUNDS.—Title III of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.) (as amended by section 101) is amended by adding at the end the following:

''SEC. 325. STATE PARTY GRASSROOTS FUNDS.

''(a) DEFINITION.—In this section, the term 'State or local candidate committee' means a committee established, financed, maintained, or controlled by a candidate for other than Federal office.

''(b) TRANSFERS.—Notwithstanding section 315(a)(4), no funds may be transferred by a State committee of a political party from its State Party Grassroots Fund to any other State Party Grassroots Fund or to any other political committee, except a transfer may be made to a district or local committee of the same political party in the same State if the district or local committee—

''(1) has established a separate segregated fund for the purposes described in subsection (d); and

''(2) uses the transferred funds solely for those purposes.

''(c) AMOUNTS RECEIVED BY GRASSROOTS FUNDS FROM STATE AND LOCAL CANDIDATE COMMITTEES.—

''(1) IN GENERAL.—Any amount received by a State Party Grassroots Fund from a State or local candidate committee for expenditures described in subsection (d) that are for the benefit of that candidate shall be treated as meeting the requirements of 324(b)(1) and section 304(e) if—

''(A) the amount is derived from funds which meet the requirements of this Act with respect to any limitation or prohibition as to source or dollar amount specified in section 315(a) (1)(A) and (2)(A)(i); and

''(B) the State or local candidate committee—

''(i) maintains, in the account from which payment is made, records of the sources and amounts of funds for purposes of determining whether those requirements are met; and

''(ii) certifies that the requirements were met.

''(2) DETERMINATION OF COMPLIANCE.—For purposes of paragraph (1)(A), in determining whether the funds transferred meet the requirements of this Act described in paragraph (1)(A)—

''(A) a State or local candidate committee's cash on hand shall be treated as consisting of the funds most recently received by the committee; and

''(B) the committee must be able to demonstrate that its cash on hand contains funds meeting those requirements sufficient to cover the transferred funds.

''(3) REPORTING.—Notwithstanding paragraph (1), any State Party Grassroots Fund that receives a transfer described in paragraph (1) from a State or local candidate committee shall be required to meet the reporting requirements of this Act, and shall submit to the Commission all certifications received, with respect to receipt of the transfer from the candidate committee.

''(d) DISBURSEMENTS AND EXPENDITURES.—A State committee of a political party may make disbursements and expenditures from its State Party Grassroots Fund only for—

''(1) any generic campaign activity;

''(2) payments described in clauses (v), (x), and (xii) of paragraph (8)(B) and clauses (iv), (viii), and (ix) of paragraph (9)(B) of section 301;

''(3) subject to the limitations of section 315(d), payments described in clause (xii) of paragraph (8)(B), and clause (ix) of paragraph (9)(B), of section 301 on behalf of candidates other than for President and Vice President;

''(4) voter registration; and

''(5) development and maintenance of voter files during an even-numbered calendar year.''.

SEC. 103. REPORTING REQUIREMENTS.

(a) REPORTING REQUIREMENTS.—Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) (as amended by section 202) is amended by adding at the end the following:

''(e) POLITICAL COMMITTEES.—

''(1) NATIONAL AND CONGRESSIONAL POLITICAL COMMITTEES.—The national committee of a political party, any congressional campaign committee of a political party, and any subordinate committee of either, shall report all receipts and disbursements during the reporting period, whether or not in connection with an election for Federal office.

''(2) OTHER POLITICAL COMMITTEES TO WHICH SECTION 324 APPLIES.—A political committee (not described in paragraph (1)) to which section 324(b)(1) applies shall report all receipts and disbursements made for activities described in section 324(b) (1) and (2)(iii).

''(3) OTHER POLITICAL COMMITTEES.—Any political committee to which paragraph (1) or (2) does not apply shall report any receipts or disbursements that are used in connection with a Federal election.

''(4) ITEMIZATION.—If a political committee has receipts or disbursements to which this subsection applies from any person aggregating in excess of $200 for any calendar year, the political committee shall separately itemize its reporting for such person in the same manner as required in paragraphs (3)(A), (5), and (6) of subsection (b).

''(5) REPORTING PERIODS.—Reports required to be filed under this subsection shall be filed for the same time periods required for political committees under subsection (a).''.

(b) BUILDING FUND EXCEPTION TO THE DEFINITION OF CONTRIBUTION.—Section 301(8) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)) is amended—

(1) by striking clause (viii); and

(2) by redesignating clauses (ix) through (xiv) as clauses (viii) through (xiii), respectively.

(c) REPORTS BY STATE COMMITTEES.—Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) (as amended by subsection (a)) is amended by adding at the end the following:

''(f) FILING OF STATE REPORTS.—In lieu of any report required to be filed by this Act, the Commission may allow a State committee of a political party to file with the Commission a report required to be filed under State law if the Commission determines such reports contain substantially the same information.''.

(d) OTHER REPORTING REQUIREMENTS.—

(1) AUTHORIZED COMMITTEES.—Section 304(b)(4) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(4)) is amended—

(A) by striking ''and'' at the end of subparagraph (H);

(B) by inserting ''and'' at the end of subparagraph (I); and

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

''(J) in the case of an authorized committee, disbursements for the primary election, the general election, and any other election in which the candidate participates;''.

(2) NAMES AND ADDRESSES.—Section 304(b)(5)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(5)(A)) is amended by inserting '', and the election to which the operating expenditure relates'' after ''operating expenditure''.

TITLE II—INDEPENDENT EXPENDITURES; SOFT MONEY

SEC. 201. EXPRESS ADVOCACY.

(a) DEFINITION OF EXPENDITURE.—Section 301(9)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(9)(A)) is amended—

(1) by striking ''and'' at the end of clause (i);

(2) by striking the period at the end of clause (ii) and inserting a semicolon; and

(3) by adding at the end the following:

''(iii) any payment during an election year (or in a nonelection year, during the period beginning on the date on which a vacancy for Federal office occurs and ending on the date of the special election for that office) for a communication that is made through any broadcast medium, newspaper, magazine, billboard, direct mail, or similar type of general public communication or political advertising by a national, State, district, or local committee of a political party, including a congressional campaign committee of a party, that refers to a clearly identified candidate; and

''(iv) any payment for a communication that contains express advocacy.''.

(b) DEFINITION OF INDEPENDENT EXPENDITURE.—Section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431) is amended by striking paragraph (17) and inserting the following:

''(17) INDEPENDENT EXPENDITURE.—

''(A) IN GENERAL.—The term 'independent expenditure' means an expenditure that—

''(i) contains express advocacy; and

''(ii) is made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and which is not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate.''.

(b) DEFINITION OF EXPRESS ADVOCACY.—Section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431) (as amended by section 102(c)) is amended by adding at the end the following:

''(22) EXPRESS ADVOCACY.—

''(A) IN GENERAL.—The term 'express advocacy' includes—

''(i) a communication that conveys a message that advocates the election or defeat of a clearly identified candidate for Federal office by using an expression such as 'vote for,' 'elect,' 'support,' 'vote against,' 'defeat,' 'reject,' '(name of candidate) for Congress', 'vote pro-life,' or 'vote pro-choice', accompanied by a listing or picture of a clearly identified candidate described as 'pro-life' or 'pro-choice,' 'reject the incumbent', or a similar expression;

''(ii) a communication that is made through a broadcast medium, newspaper, magazine, billboard, direct mail, or similar type of general public communication or political advertising that involves aggregate disbursements of $10,000 or more, that refers to a clearly identified candidate, that a reasonable person would understand as advocating the election or defeat of the candidate, and that is made within 60 days before the date of a primary election (and is targeted to the State in which the primary is occurring), or 60 days before a general election; or

''(iii) a communication that is made through a broadcast medium, newspaper, magazine, billboard, direct mail, or similar type of general public communication or political advertising that involves aggregate disbursements of $10,000 or more, that refers to a clearly identified candidate, that a reasonable person would understand as advocating the election or defeat of a candidate, that is made before the date that is 30 days before the date of a primary election, or 60 days before the date of a general election, and that is made for the purpose of advocating the election or defeat of the candidate, as shown by 1 or more factors such as a statement or action by the person making the communication, the targeting or placement of the communication, or the use by the person making the communication of polling, demographic, or other similar data relating to the candidate's campaign or election.

''(B) EXCLUSION.—The term 'express advocacy' does not include the publication or distribution of a communication that is limited solely to providing information about the voting record of elected officials on legislative matters and that a reasonable person would not understand as advocating the election or defeat of a particular candidate.''.

SEC. 202. REPORTING REQUIREMENTS FOR CERTAIN INDEPENDENT EXPENDITURES.

Section 304(c) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(c)) is amended—

(1) in paragraph (2), by striking the undesignated matter after subparagraph (C);

(2) by redesignating paragraph (3) as paragraph (7); and

(3) by inserting after paragraph (2), as amended by paragraph (1), the following:

''(d) TIME FOR REPORTING CERTAIN EXPENDITURES.—

''(1) EXPENDITURES AGGREGATING $1,000.—

''(A) INITIAL REPORT.—A person (including a political committee) that makes or obligates to make independent expenditures aggregating $1,000 or more after the 20th day, but more than 24 hours, before an election shall file a report describing the expenditures within 24 hours after that amount of independent expenditures has been made.

''(B) ADDITIONAL REPORTS.—After a person files a report under subparagraph (A), the person shall file an additional report each time that independent expenditures aggregating an additional $1,000 are made or obligated to be made with respect to the same election as that to which the initial report relates.

''(2) EXPENDITURES AGGREGATING $10,000.—

''(A) INITIAL REPORT.—A person (including a political committee) that makes or obligates to make independent expenditures aggregating $10,000 or more at any time up to and including the 20th day before an election shall file a report describing the expenditures within 48 hours after that amount of independent expenditures has been made or obligated to be made.

''(B) ADDITIONAL REPORTS.—After a person files a report under subparagraph (A), the person shall file an additional report each time that independent expenditures aggregating an additional $10,000 are made or obligated to be made with respect to the same election as that to which the initial report relates.

''(3) PLACE OF FILING; CONTENTS.—A report under this subsection—

''(A) shall be filed with the Commission; and

''(B) shall contain the information required by subsection (b)(6)(B)(iii), including the name of each candidate whom an expenditure is intended to support or oppose.''.

SEC. 203. SOFT MONEY OF PERSONS OTHER THAN POLITICAL PARTIES.

Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) (as amended by section 103(c)) is amended by adding at the end the following:

''(g) ELECTION ACTIVITY OF PERSONS OTHER THAN POLITICAL PARTIES.—

''(1) IN GENERAL.—A person other than a committee of a political party that makes aggregate disbursements totaling in excess of $10,000 for activities described in paragraph (2) shall file a statement with the Commission—

''(A) within 48 hours after the disbursements are made; or

''(B) in the case of disbursements that are made within 20 days of an election, within 24 hours after the disbursements are made.

''(2) ACTIVITY.—The activity described in this paragraph is—

''(A) any activity described in section 316(b)(2)(A) that refers to any candidate for Federal office, any political party, or any Federal election; and

''(B) any activity described in subparagraph (B) or (C) of section 316(b)(2).

''(3) ADDITIONAL STATEMENTS.—An additional statement shall be filed each time additional disbursements aggregating $10,000 are made by a person described in paragraph (1).

''(4) APPLICABILITY.—This subsection does not apply to—

''(A) a candidate or a candidate's authorized committees; or

''(B) an independent expenditure.

''(5) CONTENTS.—A statement under this section shall contain such information about the disbursements as the Commission shall prescribe, including—

''(A) the name and address of the person or entity to whom the disbursement was made;

''(B) the amount and purpose of the disbursement; and

''(C) if applicable, whether the disbursement was in support of, or in opposition to, a candidate or a political party, and the name of the candidate or the political party.''.

TITLE III—ENFORCEMENT

SEC. 301. FILING OF REPORTS USING COMPUTERS AND FACSIMILE MACHINES.

Section 302(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(a)) is amended by striking paragraph (11) and inserting at the end the following:

''(11) FILING REPORTS.—

''(A) COMPUTER ACCESSIBILITY.—The Commission may prescribe regulations under which persons required to file designations, statements, and reports under this Act—

''(i) are required to maintain and file a designation, statement, or report for any calendar year in electronic form accessible by computers if the person has, or has reason to expect to have, aggregate contributions or expenditures in excess of a threshold amount determined by the Commission; and

''(ii) may maintain and file a designation, statement, or report in that manner if not required to do so under regulations prescribed under clause (i).

''(B) FACSIMILE MACHINE.—The Commission shall prescribe regulations which allow persons to file designations, statements, and reports required by this Act through the use of facsimile machines.

''(C) VERIFICATION OF SIGNATURE.—In prescribing regulations under this paragraph, the Commission shall provide methods (other than requiring a signature on the document being filed) for verifying designations, statements, and reports covered by the regulations. Any document verified under any of the methods shall be treated for all purposes (including penalties for perjury) in the same manner as a document verified by signature.''.

SEC. 302. AUDITS.

(a) RANDOM AUDITS.—Section 311(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 438(b)) is amended—

(1) by inserting ''(1)'' before ''The Commission''; and

(2) by adding at the end the following:

''(2) RANDOM AUDITS.—

''(A) IN GENERAL.—Notwithstanding paragraph (1), the Commission may conduct random audits and investigations to ensure voluntary compliance with this Act.

''(B) LIMITATION.—The Commission shall not conduct an audit or investigation of a candidate's authorized committee under subparagraph (A) until the candidate is no longer a candidate for the office sought by the candidate in an election cycle.

''(C) APPLICABILITY.—This paragraph does not apply to an authorized committee of a candidate for President or Vice President subject to audit under section 9007 or 9038 of the Internal Revenue Code of 1986.''.

(b) EXTENSION OF PERIOD DURING WHICH CAMPAIGN AUDITS MAY BE BEGUN.—Section 311(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 438(b)) is amended by striking ''6 months'' and inserting ''12 months''.

SEC. 303. AUTHORITY TO SEEK INJUNCTION.

Section 309(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437g(a)) is amended—

(1) by adding at the end the following:

''(13) AUTHORITY TO SEEK INJUNCTION.—

''(A) IN GENERAL.—If, at any time in a proceeding described in paragraph (1), (2), (3), or (4), the Commission believes that—

''(i) there is a substantial likelihood that a violation of this Act is occurring or is about to occur;

''(ii) the failure to act expeditiously will result in irreparable harm to a party affected by the potential violation;

''(iii) expeditious action will not cause undue harm or prejudice to the interests of others; and

''(iv) the public interest would be best served by the issuance of an injunction;

the Commission may initiate a civil action for a temporary restraining order or a preliminary injunction pending the outcome of the proceedings described in paragraphs (1), (2), (3), and (4).

''(B) VENUE.—An action under subparagraph (A) shall be brought in the United States district court for the district in which the defendant resides, transacts business, or may be found, or in which the violation is occurring, has occurred, or is about to occur.'';

(2) in paragraph (7), by striking ''(5) or (6)'' and inserting ''(5), (6), or (13)''; and

(3) in paragraph (11), by striking ''(6)'' and inserting ''(6) or (13)''.

SEC. 304. REPORTING REQUIREMENTS FOR CONTRIBUTIONS OF $50 OR MORE.

Section 304(b)(3)(A) of the Federal Election Campaign Act at 1971 (2 U.S.C. 434(b)(3)(A) is amended—

(1) by striking ''$200'' and inserting ''$50''; and

(2) by striking the semicolon and inserting '', except that in the case of a person who makes contributions aggregating at least $50 but not more than $200 during the calendar year, the identification need include only the name and address of the person''.

SEC. 305. INCREASE IN PENALTY FOR KNOWING AND WILLFUL VIOLATIONS.

Section 309(a)(5)(B) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437g(a)(5)(B)) is amended by striking ''the greater of $10,000 or an amount equal to 200 percent'' and inserting ''the greater of $15,000 or an amount equal to 300 percent''.

SEC. 306. PROHIBITION OF CONTRIBUTIONS BY INDIVIDUALS NOT QUALIFIED TO REGISTER TO VOTE.

(a) PROHIBITION.—Section 319 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441e) is amended—

(1) in the heading by adding ''AND INDIVIDUALS NOT QUALIFIED TO REGISTER TO VOTE'' at the end; and

(2) in subsection (a)—

(A) by striking ''(a) It shall'' and inserting the following:

''(a) PROHIBITIONS.—

''(1) FOREIGN NATIONALS.—It shall''; and

(B) by adding at the end the following:

''(2) INDIVIDUALS NOT QUALIFIED TO REGISTER TO VOTE.—It shall be unlawful for an individual who is not qualified to register to vote in a Federal election to make a contribution, or to promise expressly or impliedly to make a contribution, in connection with a Federal election; or for any person to solicit, accept, or receive a contribution in connection with a Federal election from an individual who is not qualified to register to vote in a Federal election.''.

(b) INCLUSION IN DEFINITION OF IDENTIFICATION.—Section 301(13) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(13)) is amended—

(1) in subparagraph (A)—

(A) by striking ''and'' the first place it appears; and

(B) by inserting '', and an affirmation that the individual is an individual who is not prohibited by section 319 from making a contribution'' after ''employer''; and

(2) in subparagraph (B) by inserting ''and an affirmation that the person is a person that is not prohibited by section 319 from making a contribution'' after ''such person''.

SEC. 307. USE OF CANDIDATES' NAMES.

Section 302(e) of the Federal Election Campaign Act of 1971 (2 U.S.C. 432(e)) is amended by striking paragraph (4) and inserting the following:

''(4)(A) The name of each authorized committee shall include the name of the candidate who authorized the committee under paragraph (1).

''(B) A political committee that is not an authorized committee shall not—

''(i) include the name of any candidate in its name, or

''(ii) except in the case of a national, State, or local party committee, use the name of any candidate in any activity on behalf of such committee in such a context as to suggest that the committee is an authorized committee of the candidate or that the use of the candidate's name has been authorized by the candidate.''.

SEC. 308. PROHIBITION OF FALSE REPRESENTATION TO SOLICIT CONTRIBUTIONS.

Section 322 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441h) is amended—

(1) by inserting after ''SEC. 322.'' the following: ''(a)''; and

(2) by adding at the end the following:

''(b) No person shall solicit contributions by falsely representing himself as a candidate or as a representative of a candidate, a political committee, or a political party.''.

SEC. 309. EXPEDITED PROCEDURES.

Section 309(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437g(a)) (as amended by section 303) is amended by adding at the end the following:

''(14)(A) If the complaint in a proceeding was filed within 60 days immediately preceding a general election, the Commission may take action described in this subparagraph.

''(B) If the Commission determines, on the basis of facts alleged in the complaint and other facts available to the Commission, that there is clear and convincing evidence that a violation of this Act has occurred, is occurring, or is about to occur and it appears that the requirements for relief stated in paragraph (13)(A) (ii), (iii), and (iv) are met, the Commission may—

''(i) order expedited proceedings, shortening the time periods for proceedings under paragraphs (1), (2), (3), and (4) as necessary to allow the matter to be resolved in sufficient time before the election to avoid harm or prejudice to the interests of the parties; or

''(ii) if the Commission determines that there is insufficient time to conduct proceedings before the election, immediately seek relief under paragraph (13)(A).

''(C) If the Commission determines, on the basis of facts alleged in the complaint and other facts available to the Commission, that the complaint is clearly without merit, the Commission may—

''(i) order expedited proceedings, shortening the time periods for proceedings under paragraphs (1), (2), (3), and (4) as necessary to allow the matter to be resolved in sufficient time before the election to avoid harm or prejudice to the interests of the parties; or

''(ii) if the Commission determines that there is insufficient time to conduct proceedings before the election, summarily dismiss the complaint.''.

SEC. 310. REFERENCE OF SUSPECTED VIOLATION TO THE ATTORNEY GENERAL.

Section 309(a)(5) of Federal Election Campaign Act of 1971 (2 U.S.C. 437g(a)) is amended by striking subparagraph (C) and inserting the following:

''(C) REFERRAL TO THE ATTORNEY GENERAL.—The Commission may at any time, by an affirmative vote of 4 of its members, refer a possible violation of this Act or chapter 95 or 96 of the Internal Revenue Code of 1986 to the Attorney General of the United States, without regard to any limitations set forth in this section.''.

TITLE IV—MISCELLANEOUS

SEC. 401. CONTRIBUTION LIMITS; INDEXING.

(a) INCREASE IN CANDIDATE CONTRIBUTION LIMIT.—Section 315(a)(1)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(1)(A)) is amended by striking ''$1,000'' and inserting ''$2,000''.

(b) INDEXING OF CANDIDATE CONTRIBUTION LIMIT.—Section 315(c) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(c)) is amended—

(1) in the second sentence of paragraph (1), by striking ''subsection (b) and subsection (d)'' and inserting ''subsections (a)(1)(A), (b), and (d)''; and

(2) in paragraph (2)(B), by striking ''means the calendar year 1974.'' and inserting ''means—

''(i) for purposes of subsections (b) and (d), calendar year 1974; and

''(ii) for purposes of subsection (a)(1)(A), calendar year 1997.''.

SEC. 402. USE OF CONTRIBUTED AMOUNTS FOR CERTAIN PURPOSES.

Title III of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.) is amended by striking section 313 and inserting the following:

''SEC. 313. USE OF CONTRIBUTED AMOUNTS FOR CERTAIN PURPOSES.

''(a) PERMITTED USES.—A contribution accepted by a candidate, and any other amount received by an individual as support for activities of the individual as a holder of Federal office, may be used by the candidate or individual—

''(1) for expenditures in connection with the campaign for Federal office of the candidate or individual;

''(2) for ordinary and necessary expenses incurred in connection with duties of the individual as a holder of Federal office;

''(3) for contributions to an organization described in section 170(c) of the Internal Revenue Code of 1986; or

''(4) for transfers to a national, State, or local committee of a political party.

''(b) PROHIBITED USE.—

''(1) IN GENERAL.—A contribution or amount described in subsection (a) shall not be converted by any person to personal use.

''(2) CONVERSION TO PERSONAL USE.—For the purposes of paragraph (1), a contribution or amount shall be considered to be converted to personal use if the contribution or amount is used to fulfill any commitment, obligation, or expense of a person that would exist irrespective of the candidate's election campaign or individual's duties as a holder of Federal officeholder, including—

''(A) a home mortgage, rent, or utility payment;

''(B) a clothing purchase;

''(C) a noncampaign-related automobile expense;

''(D) a country club membership;

''(E) a vacation or other noncampaign-related trip;

''(F) a household food item;

''(G) a tuition payment;

''(H) admission to a sporting event, concert, theater, or other form of entertainment not associated with an election campaign; and

''(G) dues, fees, and other payments to a health club or recreational facility.''.

SEC. 403. CAMPAIGN ADVERTISING.

Section 318 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441d) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1)—

(i) by striking ''Whenever'' and inserting ''Whenever a political committee makes a disbursement for the purpose of financing any communication through any broadcasting station, newspaper, magazine, outdoor advertising facility, mailing, or any other type of general public political advertising, or whenever'';

(ii) by striking ''an expenditure'' and inserting ''a disbursement''; and

(iii) by striking ''direct''; and

(B) in paragraph (3), by inserting ''and permanent street address'' after ''name''; and

(2) by adding at the end the following:

''(c) Any printed communication described in subsection (a) shall be—

''(1) of sufficient type size to be clearly readable by the recipient of the communication;

''(2) contained in a printed box set apart from the other contents of the communication; and

''(3) consist of a reasonable degree of color contrast between the background and the printed statement.

''(d)(1) Any broadcast or cablecast communication described in subsection (a)(1) or subsection (a)(2) shall include, in addition to the requirements of those subsections, an audio statement by the candidate that identifies the candidate and states that the candidate has approved the communication.

''(2) If a broadcast or cablecast communication described in paragraph (1) is broadcast or cablecast by means of television, the communication shall include, in addition to the audio statement under paragraph (1), a written statement which—

''(A) appears at the end of the communication in a clearly readable manner with a reasonable degree of color contrast between the background and the printed statement, for a period of at least 4 seconds; and

''(B) is accompanied by a clearly identifiable photographic or similar image of the candidate.

''(e) Any broadcast or cablecast communication described in subsection (a)(3) shall include, in addition to the requirements of those subsections, in a clearly spoken manner, the following statement: '_____ is responsible for the content of this advertisement.' (with the blank to be filled in with the name of the political committee or other person paying for the communication and the name of any connected organization of the payor). If broadcast or cablecast by means of television, the statement shall also appear in a clearly readable manner with a reasonable degree of color contrast between the background and the printed statement, for a period of at least 4 seconds.''.

SEC. 404. LIMIT ON CONGRESSIONAL USE OF THE FRANKING PRIVILEGE.

Section 3210(a)(6)(A) of title 39, United States Code, is amended to read as follows:

''(A) A Member of Congress shall not mail any mass mailing as franked mail during a year in which there will be an election for the seat held by the Member during the period between January 1 of that year and the date of the general election for that Office, unless the Member has made a public announcement that the Member will not be a candidate for reelection to that year or for election to any other Federal office.''.

TITLE V—CONSTITUTIONALITY; EFFECTIVE DATE; REGULATIONS

SEC. 501. SEVERABILITY.

If any provision of this Act or amendment made by this Act, or the application of a provision or amendment to any person or circumstance, is held to be unconstitutional, the remainder of this Act and amendments made by this Act, and the application of the provisions and amendment to any person or circumstance, shall not be affected by the holding.

SEC. 502. REVIEW OF CONSTITUTIONAL ISSUES.

An appeal may be taken directly to the Supreme Court of the United States from any final judgment, decree, or order issued by any court ruling on the constitutionality of any provision of this Act or amendment made by this Act.

SEC. 503. EFFECTIVE DATE.

Except as otherwise provided in this Act, this Act and the amendments made by this Act take effect on the date that is 60 days after the date of enactment of this Act.

SEC. 504. REGULATIONS.

The Federal Election Commission shall prescribe any regulations required to carry out this Act and the amendments made by this Act not later than 270 days after the effective date of this Act.

ADDITIONAL COSPONSORS

S. 10

At the request of Mr. HATCH, the name of the Senator from Kentucky [Mr. MCCONNELL] was added as a cosponsor of S. 10, a bill to reduce violent juvenile crime, promote accountability by juvenile criminals, punish and deter violent gang crime, and for other purposes.

S. 89

At the request of Ms. SNOWE, the name of the Senator from California [Mrs. BOXER] was added as a cosponsor of S. 89, a bill to prohibit discrimination against individuals and their family members on the basis of genetic information, or a request for genetic services.

S. 232

At the request of Mr. HARKIN, the name of the Senator from New Jersey [Mr. TORRICELLI] was added as a cosponsor of S. 232, a bill to amend the Fair Labor Standards Act of 1938 to prohibit discrimination in the payment of wages on account of sex, race, or national origin, and for other purposes.

S. 290

At the request of Mr. MURKOWSKI, the name of the Senator from Delaware [Mr. ROTH] was added as a cosponsor of S. 290, a bill to establish a visa waiver pilot program for nationals of Korea who are traveling in tour groups to the United States.

S. 294

At the request of Mrs. HUTCHISON, the name of the Senator from Arkansas [Mr. HUTCHINSON] was added as a cosponsor of S. 294, a bill to amend chapter 51 of title 18, United States Code, to establish Federal penalties for the killing or attempted killing of a law enforcement officer of the District of Columbia, and for other purposes.